

S B

268

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: SB 268
(S) Publish Date: 2/01/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title Authorizing a public vote on state-guaranteed BRU Alaska Housing Finance Corp
veterans mortgage bonds Component Operations
Sponsor Rules Committee
Requester Governor Component No. 110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation authorizes a statewide public vote on \$500 million in revenue bonds to finance the Veterans Mortgage Program (VMP). Alaska is one of five states in the nation that established this program under the federal tax code. AHFC administers the program on behalf of the state.

Costs associated with the issuance of these bonds are anticipated to be covered with annual operating budget authorizations. Anticipated costs will be related to voter information dissemination about the bonds and the program. No additional budget authorization is necessary for these activities

If approved by voters, bond issuances in the future will be done based on loan demand.

Prepared by: John Bitney, Legislative Liaison Phone 330-8445
Division AHFC Date/Time 1/29/02 1:32 PM
Approved by: Larry Persily, Deputy Commissioner Date 01/29/2002
Agency Department of Revenue

AMENDMENT

OFFERED IN THE HOUSE
TO: CS SB 371 (RES) AM

- 1 Page 2 line 2, following "previously been:
- 2 INSERT: "fully considered and"

AMENDMENT

OFFERED IN THE HOUSE
TO: CS SB 371 (RES) am

BY REPRESENTATIVE

1 Page 2 line 3 following "programs;"

2 INSERT: "except for activities discharging drilling wastes in state waters."

3

AMENDMENT

OFFERED IN THE HOUSE
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BY REPRESENTATIVE

- 1 Page 2 line 3 following "programs;"
- 2 INSERT: "except for activities discharging drilling wastes in state waters."
- 3

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE

TO: CSSB 371 (RES) am

- 1 Page 1, line 9 following "ranges"
- 2 Delete ", including active ranges"

AMENDMENT

OFFERED IN THE HOUSE
TO: CS SB 371 (RES) am

BY REPRESENTATIVE

1 Page 1 line 1, following "Act"

2

3 **DELETES: "exempting the use of munitions in certain areas from a**
4 **waste disposal permit requirement of the Department of**
5 **Environmental Conservation; "**

6

7 Page 1 line 7 through page 1 line 10

8

9 **DELETE all material**

10

11 Renumber the following sections accordingly

TESTIMONY ON
BOMBING RANGE EXEMPTION (S.B. 371)
& THE "FOREST OIL AMENDMENT"
BEFORE THE ALASKA HOUSE RULES COMMITTEE
PRESENTED BY
BOB SHAVELSON
COOK INLET KEEPER
JUNEAU, ALASKA
MAY 12, 2002

Mr. Chairman, members of the committee, thank you for the opportunity to testify before the committee today. My name is Bob Shavelson and I am Executive Director of Cook Inlet Keeper. Cook Inlet Keeper was plaintiff in the lawsuit involving Forest Oil's Osprey platform in Cook Inlet, where a unanimous Supreme Court held the State failed to review toxic drilling waste discharges prior to project start-up. Keeper is also a co-plaintiff in the lawsuit trying to bring some accountability to military bombing activities in the rich wetlands of the Eagle River Flats estuary.

Let me start by saying I am a proud Alaska and a proud American. I believe in the values of justice, democracy, accountability, and the rule of law. These are the values which have made our nation the greatest and most powerful country on earth. With the fall of the Berlin wall and the defeat of communism, the American model of democratic capitalism is without parallel across the globe. But with technology and international trade accelerating the process of globalization, we Alaskans, and we Americans, have an obligation, a duty, to promote the ideals of openness, fairness, competition, equality and a level playing field.

I am here today because an oil company incorporated in New York, doing business in Denver, and dumping toxic wastes into Cook Inlet fisheries, wants to circumvent our democratic process. Forest Oil has had three years to address its dumping issues in Cook Inlet, yet it chose to fight in court instead. And it lost. So now, in the rush of the end of session, Forest Oil has crafted a

special interest amendment – the Forest Oil Amendment – to SB 371. The Senate took up the issue without any public review or comment the other day, and now, we are forced to deal with an issue with sweeping implications for our salmon fisheries and coastal resources with limited time and debate. This is not the Alaskan way, and it is not the American way. We are not a banana republic.

First off, and most importantly, there is no need for legislation on this issue. The Alaska Coastal Management Act already contains a process for exempting from permitting review activities which pose minor coastal impacts. It's called the ABC List and it's a 3" thick document which includes dozens and dozens of permits and activities which do not require individual project reviews. But industry lawyers have created an illusion of confusion, arguing that the Supreme Court decision will create a permitting quagmire. We're hearing arguments that a family could not build a basement to a home in the coastal zone without a huge pile of red tape and permitting. But this is false. The Supreme Court simply said that large polluting projects such as offshore oil platforms should undergo review to protect salmon fisheries and our rich coastal resources.

It's important to note that industry has time and again insisted that a phased approach to oil and gas development will ensure that each step of development will receive meaningful environmental review. But now the phasing shell game has been exposed, because if the "Forest Oil Amendment" passes, oil platforms and other large scale polluting projects will not be reviewed against coastal laws designed to protect our fisheries and coastal resources. Industry can't have it both ways – it can't evade comprehensive review at early, general stages of permitting, and then evade review again at the project specific stage.

Forest Oil is already getting a big lift on the back of Alaskans. At a time when we are staring down the barrel of a widening fiscal gap, when income taxes and PFD cuts are common options for reducing the looming deficit, the Redoubt Shoals Unit will enjoy a royalty reduction – from 12.5% to 5% - on the first 25 million barrels of oil and 35 trillion cubic feet of natural gas.

In Cook Inlet, we are embarking on an exciting new effort to brand and market our salmon to combat the glut of farmed fish on the world market. These fisheries not only support important commercial enterprises, and the families and communities they support, but also the critical

recreational and subsistence lifestyles which make Alaska unique. Yet a recent EPA study shows we are starting to see problems in our fish. That's why it makes no sense to carve out a special interest waiver to corporations dumping toxic wastes into our fisheries.

We do not believe the Forest Oil Amendment should be linked to the military bombing range permit exception bill, and we oppose removing a basic permitting requirement from toxic bombing activities in a rich wetlands complex – Eagle River Flats - which supports Cook Inlet fisheries. Alaska should not be the first state in the nation to exempt the military from environmental laws. Congress has already considered this proposal for federal environmental laws and rejected it, and the President retains the authority to intervene in the case of national security.

But in closing, we are realists, and if this legislation does in fact have to move, we could look beyond the Osprey platform exploratory drilling issue, and entertain an amendment to this bill which will give future exploratory drilling activities in the coastal zone a choice: if a company wants to dump its drilling wastes into the fisheries of this State, it must undergo a coastal consistency review. In the alternative, if it opts to reinject its exploratory drilling wastes – which has long been technologically achievable and which is quickly becoming the industry standard – the State could exempt those wastes from coastal review. This is a big concession for us but in the interest of protecting the fisheries of Cook Inlet and beyond, we are willing to compromise. I hope this committee can see the logic in this proposal, and the fact that it is a win, win, win – for Alaskans, for the oil companies and for the fisheries and families and communities they support. Thank you.

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CS FOR SENATE BILL NO. 371(RES) am

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE RESOURCES COMMITTEE

Amended: 5/10/02

Offered: 5/6/02

Sponsor(s): SENATE STATE AFFAIRS COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act exempting the use of munitions in certain areas from a waste disposal permit
2 requirement of the Department of Environmental Conservation; relating to general or
3 nationwide permits under the Alaska coastal management program and to
4 authorizations and permits issued by the Alaska Oil and Gas Conservation Commission;
5 and providing for an effective date."

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 * **Section 1.** AS 46.03.100 is amended by adding a new subsection to read:

8 (h) This section does not apply to the firing or other use of munitions in
9 training activities conducted on active ranges, including active ranges operated by the
10 United States Department of Defense or a United States military agency.

11 * **Sec. 2.** AS 46.40.096 is amended by adding a new subsection to read:

12 (h) The reviewing entity may exclude from the consistency review and
13 determination process for a project

1 (1) an activity that is authorized under a general or nationwide permit
2 that has previously been determined to be consistent with the applicable coastal
3 management programs;

4 (2) the issuance of an authorization or permit issued by the Alaska Oil
5 and Gas Conservation Commission.

6 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 **RETROACTIVITY.** Section 2 of this Act is retroactive to August 1, 1998.

9 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).

10

SENATE BILL NO. 268

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 2/1/02

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the issuance of state-guaranteed revenue bonds by the Alaska
2 Housing Finance Corporation to finance mortgages for qualifying veterans; and
3 providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 **GUARANTEE OF REVENUE BONDS.** For the purpose of assisting the Alaska
8 Housing Finance Corporation to provide money for the purchase under AS 18.56 of
9 mortgages made for residences for qualifying veterans, revenue bonds of the Alaska Housing
10 Finance Corporation are unconditionally guaranteed as to principal and interest by the state in
11 the principal amount of not more than \$500,000,000. The full faith, credit, and resources of
12 the state are pledged to the payment of the principal of and interest on these bonds, and the
13 principal of and interest on the bonds are secured by the general obligation of the State of
14 Alaska. A statement of this pledge must be printed on the face of the bonds and must be

1 signed in manual or facsimile form by the governor. The provisions of AS 37.15 do not apply
 2 to the bonds. The guarantee authorized by this section is in addition to the guarantees
 3 authorized by sec. 5, ch. 35, SLA 1982; sec. 1, ch. 81, SLA 1983; sec. 1, ch. 115, SLA 1984;
 4 and sec. 1, ch. 134, SLA 1986.

5 * Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to
 6 read:

7 BOND AUTHORIZATION. If the question set out in sec. 4 of this Act is approved
 8 by the qualified voters of the state who vote on the question, the Alaska Housing Finance
 9 Corporation may issue not more than the principal amount of \$500,000,000 of its revenue
 10 bonds that are unconditionally guaranteed as to principal and interest by the state, the
 11 proceeds of which are to be expended by the Alaska Housing Finance Corporation to provide
 12 money for the purchase of mortgages made for residences for qualifying veterans. The
 13 authorization in this section to issue bonds is in addition to the authorizations to issue bonds
 14 that appear in sec. 6, ch. 35, SLA 1982; sec. 2, ch. 81, SLA 1983; sec. 2, ch. 115, SLA 1984;
 15 and sec. 2, ch. 134, SLA 1986.

16 * Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to
 17 read:

18 DEFINITION. As used in this Act, a "qualifying veteran" is a person who is a
 19 "qualified veteran" as that term is defined, or may be subsequently defined, under
 20 26 U.S.C. 143.

21 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to
 22 read:

23 BALLOT QUESTION. The question of the state guarantee of bonds referred to in this
 24 Act shall be submitted to the qualified voters of the state at the first general election after the
 25 effective date of this Act and shall read substantially as follows:

26 PROPOSITION

27 State Guaranteed Veterans Residential
 28 Mortgage Bonds \$500,000,000

29 Shall the State of Alaska unconditionally guarantee as a general
 30 obligation of the state the payment of principal and interest on
 31 revenue bonds of the Alaska Housing Finance Corporation issued

1 in the principal amount of not more than \$500,000,000 for the
2 purpose of purchasing mortgages made for residences for
3 qualifying veterans, as defined by law?

4 Bonds Yes []

5 Bonds No []

6 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).