

**HB**

**334**

SFIN

FILE

**SENATE FINANCE COMMITTEE REPORT**

REPORTED OUT
JAN 24 2002
SENATE FINANCE COMMITTEE

DATE: 1/23/02

FURTHER:

DATE TURNED IN TO OFFICE:

01/24/02

Finance Committee considered CS FOR HOUSE BILL NO. 334(FIN)

*HB 334 APPROPRIATION: GRANT TO ARCTIC POWER FOR ANWR*

"An Act making appropriations for a grant to Arctic Power to promote the opening of the Arctic National Wildlife Refuge for oil and gas exploration and development; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

- same title
- new title

**House Bill:**

- same title
- technical title
- new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>		✗		
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✗			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR:				

SENATE FINANCE COMMITTEE  
-2000 COMMITTEE ACTION

1/24/02

Bill Number	HB 334		
Amendment	#		
Motion	move from Committee		
<u>Motion by</u>	Ward		
<u>Objection by</u>	Austerman		
Removed			
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Leman	✓		
Senator Olson	✓		
Senator Ward	✓		
Senator Wilken	✓		
Senator Austerman			✓
Senator Green	✓		
Senator Hoffman	✓		
Co-Chair Donley	✓		
Co-Chair Kelly			
<u>Tally</u>			
Yea	7		
Nay	1		
Absent			
<u>MOTION</u>	PASS		

SENATE FINANCE

COMMITTEE

Amendment Number: #1

Bill Number: HB 334

Sponsor: Hoffman Date: 1/24/02

Logged In By: Mindy

BY: SENATOR

AMENDMENT

OFFERED IN SENATE FINANCE  
TO: CSHB 334 (FIN)

HOFFMAN

Page 1, line 2, following "development"

INSERT: making an appropriation for tourism marketing programs; making an appropriation for salmon marketing programs; and

Page 2, following line 2:

INSERT NEW BILL SECTION TO READ:

\* Sec. 2. TOURISM INDUSTRY ASSISTANCE PACKAGE. (a) The sum of \$800,000 is appropriated from the general fund to the Department of Community and Economic Development for the fiscal years ending June 30, 2002, and June 30, 2003, for payment as a grant under AS 37.05.316 to the Alaska Travel Industry Association for additional tourism marketing efforts to mitigate the economic impacts to the Alaska tourism industry from the September 11, 2001, terrorist attacks. The amount appropriated in this subsection includes \$250,000 for international tourism marketing.

(b) The sum of \$200,000 is appropriated from the general fund to the Department of Transportation and Public Facilities, Alaska Marine Highway system, for the fiscal years ending June 30, 2002, and June 30, 2003, for additional marketing efforts to mitigate the economic impacts to the Alaska tourism industry from the September 11, 2001, terrorist attacks.

\*Sec. 2. SALMON INDUSTRY ASSISTANCE PACKAGE. (a) The sum of \$1,000,000 is appropriated from the general fund to the Department of Community and Economic Development, Alaska Seafood Marketing Institute, for the fiscal years ending June 30, 2002, and June 30, 2003 to implement expanded international salmon niche marketing programs in developing overseas markets, to conduct strategic salmon market analysis, and for grants to develop and support regional salmon niche marketing programs.

Renumber following bill sections accordingly.

Page 2, line 3, following "made by"

INSERT: Sec. 1 of

SENATE FINANCE COMMITTEE  
1/24/2002 COMMITTEE ACTION

Bill Number	HB 334		
Amendment	#1		
Motion	adopt		
<u>Motion by</u>	Hoffman		
<u>Objection by</u>	Olson/Austerman		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	Vote	N
Senator Austerman			✓
Senator Green			✓
Senator Hoffman	✓		
Senator Leman			✓
Senator Olson	✓		
Senator Ward			✓
Senator Wilken			✓
Co-Chair Donley			✓
Co-Chair Kelly			✓
<u>Tally</u>			
Yea	2		
Nay	6		
Absent	1		
<b>MOTION</b>	<b>FAIL</b>		

REPRESENTATIVE  
**BILL WILLIAMS**  
Co-Chair  
(907) 465-3424  
Fax: (907) 465-3793

INTERIM ADDRESS  
50 Front Street, Suite 203  
Ketchikan, Alaska 99901  
(907) 247-4627  
Fax (907) 225-7157

**Alaska State Legislature**  
**House Finance Committee**

State Capitol, Juneau, Alaska 99801-1182

REPRESENTATIVE  
**ELDON MULDER**  
Co-Chair  
(907) 465-2547  
Fax: (907) 465-3518

INTERIM ADDRESS  
716 W. 4th Avenue  
Anchorage, Alaska 99501  
(907) 269-0265  
Fax: (907) 269-0264

## HOUSE BILL 334

# Appropriation to Arctic Power to Promote Opening ANWR

CSHB 334 appropriates \$1,100,000 to Arctic Power to use in its campaign to secure necessary support in the United States Senate to pass legislation opening ANWR to oil exploration. The energy bill will be considered early in this session so it is important that Arctic Power be active in its promotion of opening ANWR in January and February of this year.

HB 334 reappropriates \$700,000 in unused funds from the gas pipeline study authorized through the Legislative Budget and Audit Committee along with \$400,000 from the general fund. Included in the \$400,000 is \$100,000 for video project on the value of opening the arctic plain by the City of Kaktovik

With the growing fiscal gap in Alaska's state budget, and the long term decrease in state revenue from existing fields, it is imperative we develop additional new fields in the future. ANWR is an important part of our fiscal future.

This appropriation will help Alaska work effectively toward that goal.



## Arctic Power ANWR Program 2002

**ANWR:**  
JOBS AND ENERGY  
FOR AMERICA

**ARCTIC POWER**  
1049 West 5th Avenue, Suite 102  
Anchorage, Alaska 99501  
(907) 274-2697  
Fax (907) 274-2706  
<http://www.anwr.org>

203 Maryland Avenue, N.E.  
Washington, D.C. 20002  
(202) 544-5363  
Fax (202) 544-8616  
<http://www.anwr.org>

### Assumptions

- Legislation to open the Coastal Plain of ANWR **can** be passed in early 2002
- This legislation **must** pass the Senate before April of 2002 to avoid entanglement with election year politics
- Arctic Power faces a need for 3 months of funding to complete its task

### Monthly Expenditures

**\$500,000.00**

Routine monthly expenses maintaining Washington, DC offices and additional expenses of campaign in Anchorage. Professional consultants, including DC campaign coordination, coalition management, and grassroots campaign assistance, and attorneys. This budget averages approximately \$170,000 per month.

### Campaign Expenditures

**\$500,000.00**

Print and radio ads in 11 targeted states, grassroots campaign, telephone patch-throughs to Senate offices, etc.

**\$350,000.00**

Media preparation, congressional notices, press releases

**\$80,000.00**

Polling

**\$40,000.00**

DC travel for Hill visits

**\$30,000.00**

### TOTAL AMOUNT REQUESTED

**\$1,000,000.00**



3 January ~~2001~~ 2002

**ANWR:**  
JOBS AND ENERGY  
FOR AMERICA

To: Kim Duke  
Executive Director

**ARCTIC POWER**  
1049 West 5th Avenue, Suite 102  
Anchorage, Alaska 99501  
(907) 274-2697  
Fax (907) 274-2706  
<http://www.anwr.org>

From: Roger Herrera  
DC Consultant

203 Maryland Avenue, N.E.  
Washington, D.C. 20002  
(202) 544-5363  
Fax (202) 544-8616  
<http://www.anwr.org>

RE: 'Outside' funds pledged and paid for ANWR campaign advertising

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The Jobs Power (union coalition) 'pot' for open ANWR advertising has been funded, to date, as follows:

\$150,000	Arctic Power
\$100,000	The industry, pro-Energy Alliance
\$300,000	Committed funds from labor unions, of which \$70,000 has been paid

Additionally, the Teamsters have already expended in excess of \$100,000 on the ANWR campaign.

Thus, we have support from non-Arctic Power sources of between \$475,000 and \$600,000. I would predict that the 'outside' money will increase beyond these pledged sums before we are finally successful in opening the Coastal Plain.

JEFF BLUMENBERG, New Mexico, Chairman

DANIEL K. AKAKA, Hawaii  
 BYRON L. DORGAN, North Dakota  
 BOB GRAHAM, Florida  
 RON WYDEN, Oregon  
 TIM JOHNSON, South Dakota  
 KY L. LANDRIEU, Louisiana  
 JIM BAYH, Indiana  
 JANE FENSTEIN, California  
 CHARLES E. SCHUMER, New York  
 MAURA CANTWELL, Washington  
 THOMAS R. CARPER, Delaware

FRANK R. MURKOWSKI, Alaska  
 PETE V. DOMENICI, New Mexico  
 DON NICOLAS, Oklahoma  
 LARRY E. CRAIG, Idaho  
 BEN HIGHTHORSE CAMPBELL, Colorado  
 CRAIG THOMAS, Wyoming  
 RICHARD C. SHELBY, Kentucky  
 CONRAD BURNS, Missouri  
 JON KYL, Arizona  
 CHUCK HAGEL, Nebraska  
 GORDON SMITH, Oregon

ROBERT M. SIMON, STAFF DIRECTOR  
 SAM E. FOWLER, CHIEF COUNSEL  
 BRIAN P. MALNAK, REPUBLICAN STAFF DIRECTOR  
 JAMES P. BERRNE, REPUBLICAN CHIEF COUNSEL

## United States Senate

COMMITTEE ON  
 ENERGY AND NATURAL RESOURCES

WASHINGTON, DC 20510-6150

ENERGY.SENATE.GOV

December 13, 2001

The Honorable Rick Halford  
 Senate President  
 State Capitol, Room 107  
 Juneau, AK 99801-1182

Dear Mr. President:

The political battle to open the coastal plain of the Arctic National Wildlife Refuge remains active and viable. It is our expectation that the long awaited Senate debate on an energy bill that includes ANWR will be initiated when Congress resumes in January, 2002, after the Christmas recess.

We do not expect the vote to be an easy one because the Leader of the Senate, Mr. Daschle, will probably not concede us a straight up and down vote on ANWR. Consequently, we may need 60 senate votes to prevail.

It is our opinion that we can win this fight, but only if the support from the State of Alaska, Arctic Power and the labor unions continues unabated, both with their lobbying efforts in Washington D.C. and with the grass roots support across the Nation.

The issue could not have passed in the House of Representatives without the active input from the State and those pro-ANWR groups. Their efforts in the Senate have been very successful but were thwarted by the anthrax induced closure of the Senate office buildings since October.

To provide an example of how we have progressed in the past couple months, attached is a summary of recent polling and a copy of a public opinion strategy poll which was conducted between December 4<sup>th</sup> and 6<sup>th</sup>. Clearly, public opinion continues to make a shift in a favorable direction for drilling in ANWR.

The teams are in place, but such an intense effort requires money over and above the funds raised from private donations. As such, we ask for your continued financial support of Arctic Power.

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We all realize how opening ANWR can transform Alaska's future economy. It is also critical to our national security - as President Bush has appropriately expressed. We have White House support, we have a majority of votes in the Senate, but financial help from Alaska remains critical to overcoming the opposition. We can and must win this issue, and we look forward to your generous and timely help to Arctic Power.

Sincerely,



Frank H. Murkowski  
United States Senator

cc: The Honorable Brian Porter  
The Honorable Tony Knowles

JEFF BLUMENTHAL, New Mexico, Chairman

DANIEL K. AKAKA, Hawaii  
BYRON L. DORGAN, North Dakota  
BOB GRAHAM, Florida  
RON WYDEN, Oregon  
TIM JOHNSON, South Dakota  
VYV L. LANDRIVEU, Louisiana  
AN BAYM, Indiana  
JANIE FEINSTEIN, California  
CHARLES E. SCHUMER, New York  
MARIA CANTWELL, Washington  
THOMAS R. CARPER, Delaware

FRANK R. MURKOWSKI, Alaska  
PETE V. DOMENICI, New Mexico  
DON NICLES, Chairman  
LARRY E. CRAIG, Idaho  
BEN NORTON, Colorado  
CRAIG THOMAS, Wyoming  
RICHARD C. SHELBY, Alabama  
CONRAD BURNS, Montana  
JOH KYL, Arizona  
CHUCK HAGEL, Nebraska  
GORDON SMITH, Oregon

ROBERT M. SIMON, STAFF DIRECTOR  
SAM E. FOWLER, CHIEF COUNSEL  
BRIAN P. MALNAC, REPUBLICAN STAFF DIRECTOR  
JAMES P. BEIRNE, REPUBLICAN CHIEF COUNSEL

# United States Senate

COMMITTEE ON  
ENERGY AND NATURAL RESOURCES

WASHINGTON, DC 20510-6150

ENERGY.SENATE.GOV

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Speaker of the House  
State Capitol, Room 208  
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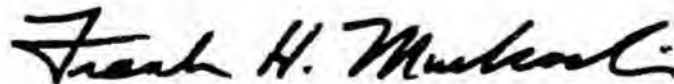
The issue could not have passed in the House of Representatives without the active input from the State and those pro-ANWR groups. Their efforts in the Senate have been very successful but were thwarted by the anthrax induced closure of the Senate office buildings since October.

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Sincerely,

A handwritten signature in black ink that reads "Frank H. Murkowski". The signature is written in a cursive, flowing style.

Frank H. Murkowski  
United States Senator

cc: The Honorable Tony Knowles  
The Honorable Rick Halford



## Arctic Power ANWR Program 2001

**ANWR:**  
JOBS AND ENERGY  
FOR AMERICA

### Grant 02-D0-001 Expenditure Summary

#### ARCTIC POWER

1049 West 5th Avenue, Suite 102  
Anchorage, Alaska 99501  
(907) 274-2697  
Fax (907) 274-2706  
<http://www.anwr.org>

203 Maryland Avenue, N.E.  
Washington, D.C. 20002  
(202) 544-5363  
Fax (202) 544-8616  
<http://www.anwr.org>

<b>DC Education / Travel</b>	<b>\$1,736,450.68</b>
Media management, development, placement	\$1,135,334.97
Coalition & grassroots management, polling	\$254,228.85
Professional consultants	\$129,261.52
Legal services	\$186,904.17
Office expenditures / travel	\$30,721.17
<b>Target States</b>	<b>\$43,190.41</b>
<b>ANWR Tours</b>	<b>\$36,086.14</b>
<b>Communications Materials</b>	<b>\$11,162.97</b>
<b>Media</b>	<b>\$18,238.17</b>
<b>Union Outreach</b>	<b>\$18,853.57</b>
<b>Total:</b>	<b>\$1,863,981.94</b>
<b>5% Administration Fee</b>	<b>\$93,199.10</b>
<b>TOTAL:</b>	<b>\$1,957,181.04</b>

Testimony of Jim Sykes to Senate Finance Committee  
RE: HB 334 Funding for Arctic Power

Chairmen, Members of the Committee:

Thank you for the opportunity to address HB334. My name is Jim Sykes, founder of Oilwatch Alaska. I appear before you to oppose spending public funds for lobbying by Arctic Power.

I hope you consider some of the financial downsides of Arctic Refuge oil. If the Arctic Refuge were opened for drilling, almost two barrels of oil would have to be produced to earn the same amount of royalties we now get out of *one* produced barrel. Senator Murkowski told the Palmer Chamber of Commerce, January 16<sup>th</sup>, the maximum royalty the state could expect from Arctic Refuge oil is 50%--that translates to more than a 44% loss of revenue *per barrel* compared with oil produced on state lands.

Government and industry estimates project another 30 years of oil development from lands West of the Arctic Refuge. Add in West Sak heavy oil, which the U.S. Energy Information Administration estimates has three to six billion barrels of potentially recoverable oil, and the estimate rises to 40 years. Additionally, 93% of North Slope's estimated natural gas reserves lie *outside* the Arctic Refuge.

Opening the Arctic Refuge takes away the state's leverage to prioritize oil development on state lands--including West Sak heavy oil and natural gas.

In terms of lobbying, consider this: The published 2000 Annual reports from Exxon-Mobil, BP and Phillips taken together show a total net profit of 33.7 Billion dollars. When they become available, 2001 reports may have lower figures, but Exxon-Mobil and BP are among the largest and most profitable companies in the world.

The Alaska Department of Revenue projects a total FY2003 income of 6.36 billion dollars from all sources. Spending proposals for FY2003 total 7.3 billion dollars. The difference, as you well know is roughly a billion dollar shortfall.

Now here we sit, a billion dollars in the hole, and HB 334 asks the state to spend a million dollars on something that is not needed, while the extremely profitable oil companies who benefit most, are contributing next to nothing. Let oil companies fund Arctic Power if they think opening the Refuge is so important. Let the state of Alaska meet its needs in public safety, health, education other important areas.

Ideas that would actually make money include a Windfall Equal Sharing Tax ("WEST"), designed to allow the State to share equally in incremental revenues when oil prices increase. windfall profit sharing tax. Presently, when oil prices rise, the state share decreases. If the state and oil industry are truly partners, then rising profits should be split equally. If prices rose like they did from 1999 to 2000, it could mean an extra 1 1/2 billion dollars to the State of Alaska, depending on how the tax details are structured. Respected petroleum analyst Richard Fineberg made this proposal. Secondly, corporate taxes could be equalized in a manner proposed by Representative Croft. Corporate rates would be lowered, but the special tax reduction for oil companies would be removed.

If Alaska's oil producers are truly interested in opening the Arctic Refuge, they have billions of dollars from which they can make contributions to Arctic Power. The net profits from eight hours of oil flowing through the Trans Alaska Pipeline would provide a million dollars.

As legislators call for decreases in state spending and a hiring freeze, it would be irresponsible to waste money on Arctic Power while Alaskans struggle to meet basic government needs—public safety, education, safe roadways, and so forth.

There is plenty of oil and gas available for at least two more generations outside the Arctic Refuge. Significant new jobs and revenue can be derived from the oil-bearing lands that are already open. It would be irresponsible to give public money to Arctic Power. Please don't do it.

Thank you.



Jim Sykes,

PO Box 696 Palmer, AK 99645

**Subject:** [Fwd: Opposed to HB 334]

**Date:** Thu, 24 Jan 2002 09:56:53 -0900

**From:** Paul Caldwell <Paul\_Caldwell@legis.state.ak.us>

**To:** Mindy\_Rowland@legis.state.ak.us

Mindy,  
Received this from the Legislative Finance web page.  
Paul

---

**Subject:** Opposed to HB 334

**Date:** Thu, 24 Jan 2002 10:18:19 -0800 (PST)

**From:** Jeralyn and Bruce <bljh\_mtndog@yahoo.com>

**To:** LegFinance@legis.state.ak.us

Dear honorable members of the State Finance Committee;

I am alarmed that the State is considering giving an additional one million dollars to Arctic Power for lobbying. This would be a poor use of public funds. The State has spent enough funding this private lobbying organization. Any additional funding for Arctic Power should come from private industry not the dwindling State coffers.

Spending the million dollars on our schools, which so desperately need funding, would be a much better investment for the State of Alaska than giving it to Arctic Power.

Thank you,  
Sincerely,  
Jeralyn Hath  
P.O. Box 137  
Denali Pk, AK 99755

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Do You Yahoo!?  
Great stuff seeking new owners in Yahoo! Auctions!  
<http://auctions.yahoo.com>

HB 334-APPROP: GRANT TO ARCTIC POWER FOR ANWR  
SENATE FINANCE COMMITTEE

SIGN - IN

✓ NAME: Nico Bus Subject/Bill No: HB 334  
Co./Dept./Title: DNR Phone: 465-2406  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

SITE: ANCHORAGE LIO

SUBJECT OF MEETING:

COMMITTEE: Senate Finance

HB 334

DATE: 1-24-2002

UPDATE #:



## PLEASE SIGN IN

P R I N T YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

DO YOU WANT  
TO TESTIFY?  
Y or N

P R I N T YOUR NAME	ADDRESS (MAILING & ZIP)	REPRESENTING	DO YOU WANT TO TESTIFY? Y or N
✓ Steve Conn		AKPIRG	Yes
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			

SITE: FAIRBANKS LIO

COMMITTEE: (S) Finance

DATE: 01/24/02

SUBJECT OF MEETING:

HB 334

UPDATE #: 3



## PLEASE SIGN IN

DO YOU WANT

PRINT YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

TO TESTIFY?

Y or N

PRINT YOUR NAME	ADDRESS (MAILING & ZIP)	REPRESENTING	TO TESTIFY? Y or N
✓ Fred Brown		Fbx CLC <sup>Central</sup> <sup>Labor</sup> Member Council	Y
Email address:			
✓ John Brown		President ↑	Y
Email address:			
✓ Don Lowry			Y
Email address:			
✓ Luci Beach			Y
Email address:			
✓ Leon Tomasic	retired construction worker		Y
Email address:			
✓ Debbie Miller			Y
Email address:			

