

LEG. FINANCE - BILLS 1977 - 1978 681

HB 192 cont. thru HB 200 681

HB 192

AGREEMENT

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THIS AGREEMENT, dated and effective as of this 11th day of January, 1977, by and between CHEVRON U.S.A. INC. (a wholly owned subsidiary of and successor in interest to STANDARD OIL COMPANY OF CALIFORNIA), hereinafter collectively called "seller," and the STATE OF ALASKA, acting by its Commissioner of Natural Resources, hereinafter "purchaser,"

W I T N E S S E T H :

WHEREAS, on February 1, 1974, purchaser and seller entered into those certain leases listed on the attached Exhibit A, whereby purchaser herein as lessor leased to seller herein as lessee all those certain lands more specifically described in said leases, for the purposes of exploration, development and production of oil and gas pursuant to the terms of said leases; and

WHEREAS, in consideration for the issuance of said leases, seller as lessee paid to purchaser as lessor the sum of \$16,609,060 in bonuses at the time the leases were issued, and subsequently has paid \$152,440 to purchaser for rental under said leases; and

WHEREAS, seller as lessee has incurred certain exploration costs in connection with said leases (both prior and subsequent to their issuance), including without limitation amounts for geological and geophysical exploration, legal services, special studies, and pre-drilling costs; and

WHEREAS, approximately one year after said leases were issued, a suit was initiated by private parties against both seller and purchaser herein, said suit alleging that the required procedure for issuance of such leases had not been followed by purchaser herein as lessor; and

ATTORNEY GENERAL, STATE OF ALASKA
POUCH K. JUNEAU, ALASKA 99811
PHONE 455-3600

ATTORNEY GENERAL STATE OF ALASKA
STATE CAPITOL
POUCH K, JUNEAU, ALASKA 99811
PHONE 455-3500

1 WHEREAS, said litigation is still pending in the
2 courts awaiting action by the Superior Court of the State of
3 Alaska; and

4 WHEREAS, purchaser herein as lessor has defended
5 seller's title as lessee to said lands throughout the suit,
6 and has fulfilled its obligations as lessor in every way
7 during the pendency of said action; and

8 WHEREAS, in light of the continuing legal proceedings
9 concerning the validity of procedures under which the leases
10 were issued, as well as substantial public debate which had
11 arisen over the question of whether or not it was in the
12 public interest to have issued the leases at all, the Second
13 Session of the Ninth State Legislature adopted Ch. 113 SLA 1976.
14 Under the terms of said Act, the Commissioner of Natural
15 Resources was authorized to negotiate for the repurchase of
16 all of lessee's interest in said leases; and

17 WHEREAS, pursuant to good faith negotiations,
18 seller and purchaser, acting by and through the Commissioner
19 of Natural Resources under the authority conferred upon him
20 by the second sentence of subsection (d) of said Ch. 113 SLA
21 1976, have reached agreement for the repurchase of said
22 leases by the State as herein set forth;

23 NOW THEREFORE, it is AGREED as follows:

24 1. Seller agrees to sell and purchaser agrees to
25 purchase all of seller's interest in those certain leases
26 listed on the attached Exhibit A. The purchase price for
27 said conveyance is \$17,441.012, together with interest at
28 the rate of 8% per annum compounded annually on that portion
29 of the total payment composed of cash bonus and rentals
30 heretofore paid by seller to purchaser, an amount of \$16,761,500
31 Said interest shall accrue from the date of original payment
32 of the cash bonus and rental until final payment by purchaser

1 as set forth below. For purposes of calculating accrued
2 interest on bonus and rental payments as above stated, 97%
3 of all payments by purchaser hereunder shall be treated as
4 interest-bearing.

5 2. The above-stated purchase price shall be paid
6 by purchaser in the following manner:

7 a. The sum of \$12,000,000 shall be paid to
8 seller by purchaser promptly upon appropriation of
9 such sum by the Legislature. Such payment shall
10 be by means of a valid and sufficient warrant
11 immediately payable in Federal Reserve funds.

12 b. As of the effective date of this agree-
13 ment, seller may withhold any payments due or
14 hereafter becoming due to the State of Alaska from
15 seller on account of oil and gas lease bonuses and
16 rentals, oil and gas royalties payable to the
17 State in cash, oil and gas taxes (which term
18 includes taxes on reserves, severance or production
19 taxes, taxes on income attributable to oil and gas
20 operations in the State of Alaska, and any other
21 taxes of any kind that may be measured by or
22 payable in respect of oil and gas operations), and
23 any and all permit fees until such time as the
24 entire purchase price, as above stated, is paid in
25 full. Each such payment so withheld shall be
26 credited to seller as of the date each becomes due
27 and payable, and interest shall thereon cease on
28 97% of the amount so credited to seller. For the
29 purpose of determining the amounts to be withheld
30 and credited hereunder, "seller" includes Standard
31 Oil Company of California and its subsidiaries;
32 however, payments otherwise due the State of Alaska

ATTORNEY GENERAL, STATE OF ALASKA
STATE CAPITOL
POUCH K. JUNEAU, ALASKA 99811
PHONE 465-3660

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

1 as set forth below. For purposes of calculating accrued
2 interest on bonus and rental payments as above stated, 97%
3 of all payments by purchaser hereunder shall be treated as
4 interest-bearing.

5 2. The above-stated purchase price shall be paid
6 by purchaser in the following manner:

7 a. The sum of \$12,000,000 shall be paid to
8 seller by purchaser promptly upon appropriation of
9 such sum by the Legislature. Such payment shall
10 be by means of a valid and sufficient warrant
11 immediately payable in Federal Reserve funds.

12 b. As of the effective date of this agree-
13 ment, seller may withhold any payments due or
14 hereafter becoming due to the State of Alaska from
15 seller on account of oil and gas lease bonuses and
16 rentals, oil and gas royalties payable to the
17 State in cash, oil and gas taxes (which term
18 includes taxes on reserves, severance or production
19 taxes, taxes on income attributable to oil and gas
20 operations in the State of Alaska, and any other
21 taxes of any kind that may be measured by or
22 payable in respect of oil and gas operations), and
23 any and all permit fees until such time as the
24 entire purchase price, as above stated, is paid in
25 full. Each such payment so withheld shall be
26 credited to seller as of the date each becomes due
27 and payable, and interest shall thereon cease on
28 97% of the amount so credited to seller. For the
29 purpose of determining the amounts to be withheld
30 and credited hereunder, "seller" includes Standard
31 Oil Company of California and its subsidiaries;
32 however, payments otherwise due the State of Alaska

ATTORNEY GENERAL, STATE OF ALASKA
STATE CAPITOL
POUCH X, JUNEAU, ALASKA 99811
PHONE 485-3500

ATTORNEY GENERAL, STATE OF ALASKA
STATE CAPITOL
POUCH K, JUNEAU, ALASKA 99811
PHONE 485-3000

1 by a partly owned subsidiary shall only be withheld
2 and credited in proportion to the ownership by
3 Standard Oil Company of California in the shares
4 of stock entitled to vote for directors of such
5 subsidiary. In the event such withholding,
6 together with the cash payments, does not result
7 in payment of the entire purchase price by December
8 31, 1978, upon request of seller, purchaser shall
9 promptly request an appropriation from the Legislature
10 covering the unpaid balance, and if granted, such
11 balance shall be paid immediately in cash to
12 seller.

13 In the event it should ever be determined
14 that any amount so withheld and credited was not
15 authorized to be withheld by said Ch. 113 SLA
16 1976, the same shall be immediately refunded by
17 seller to purchaser, and a like amount shall be
18 withheld and credited from such payments as are
19 authorized to be withheld by said Ch. 113 SLA
20 1976.

21 Such withholding of taxes shall constitute
22 taxes paid in the amounts so withheld for the
23 purpose of any provisions contained in the laws
24 and regulations of Alaska pertaining to, or making
25 reference to, the payment of such taxes including
26 Sections 43.55.018 and 43.58.030 of the Alaska
27 Statutes.

28 c. Upon final execution of this agreement
29 and payment of said sum of \$12,000,000, seller
30 shall promptly execute and deliver to purchaser a
31 formal instrument of surrender of said leases.
32

ATTORNEY GENERAL, STATE OF ALASKA
STATE CAPITOL
POUCH K. JUNEAU, ALASKA 99811
PHONE 485-3600

1 3. In the event purchaser fails to pay the sum of
2 \$12,000,000 prior to June 30, 1978, seller may notify purchaser
3 in writing within 30 days thereafter that it elects to
4 receive payment of any outstanding balance of the purchase
5 price in credits as set forth in 2.b. above in lieu of such
6 cash payment. In the event seller does not so notify purchaser,
7 this agreement shall become null and void and, upon repayment
8 by seller to purchaser of all payments (cash or credits)
9 made by purchaser on the purchase price as above stated,
10 together with 8% interest on such amount compounded annually,
11 seller may exercise all rights as lessee pursuant to said
12 leases and as provided in said Ch. 113 SLA 1976. The term
13 of said leases shall be extended for the maximum period of
14 the moratorium provided for in Ch. 113 SLA 1976, and no
15 lease rentals shall be due the purchaser for the period of
16 the moratorium.

17 4. Purchaser has no present intent to re-offer
18 for oil and gas lease the area covered by the leases which
19 are the subject of this agreement. However, in the event
20 the purchaser elects to offer such area for oil and gas
21 lease at any time in the future, upon request of seller,
22 purchaser agrees to seek such legal authority as may be
23 necessary from the Legislature to enable it to negotiate
24 with seller for oil and gas leases covering such area on
25 mutually acceptable terms. Even if the necessary authority
26 is granted by the Legislature, if the negotiations do not
27 produce a mutually satisfactory agreement as to lease terms,
28 the purchaser herein, as lessor, shall be free to offer such
29 area for oil and gas lease through competitive bidding, as
30 provided by existing law.

31 CHEVRON U.S.A. INC.

STATE OF ALASKA

32 By _____

By _____
Commissioner
of Natural Resources

APPROVED:

STATE OF ALASKA

By: _____
Jay S. Hammond
Governor

STATE OF CALIFORNIA)
COUNTY OF _____)

ss.

THIS CERTIFIES that on this _____ day of January, 1977, before me, a Notary Public in and for the State of California, personally appeared _____ to me known and known to me to be the person whose name is subscribed to the foregoing Agreement, and after being first duly sworn according to law he stated to me under oath that he is the _____ of CHEVRON U.S.A. INC., a corporation organized under the laws of _____, that he has been authorized by said corporation to execute the foregoing Agreement on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary Public for California
My commission expires: _____

STATE OF ALASKA)
FIRST JUDICIAL DISTRICT)

ss.

THIS CERTIFIES that on this _____ day of January, 1977 before me, a Notary Public in and for the State of Alaska, personally appeared Guy R. Martin and Jay S. Hammond, to me known and known to me to be the persons whose names are subscribed to the foregoing Agreement, and after being first duly sworn according to law they stated to me under oath that they are the Commissioner of Natural Resources and Governor, respectively, of the STATE OF ALASKA, that they are authorized to execute the foregoing Agreement on behalf of the State of Alaska and they executed the same freely and voluntarily as their free act and deed as officials of the State of Alaska.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary Public for Alaska
My commission expires: _____

ATTORNEY GENERAL, STATE OF ALASKA
STATE CAPITOL
POUCH K. JUNEAU, ALASKA 99811
PHONE 423-3000

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EXHIBIT A

LEASES

<u>Lease No.</u>	<u>Tracts Covered</u>
63084	C28-054
63085	C28-055
63100	C28-078
63080	C28-049
63083	C28-053
63086	C28-056
63093	C28-071
63099	C28-077
63082	C28-052
63097	C28-075
63098	C28-076
63090	C28-064
63091	C28-065
63092	C28-069
63087	C28-057

ATTORNEY GENERAL STATE OF ALASKA
STATE CAPITOL
FOUCH K. JUNEAU, ALASKA 99811
PHONE 465-3500

HB192

<u>Item</u>	<u>Amount Included</u>
1. Lease Bonus	\$ 16,609,060
2. Lease Rentals	152,440
3. Geological and geophysical	227,175
4. Land and Legal Services	28,293
5. Pre-Drilling Costs	355,750
6. Special Studies for SoCal required for well permits and drilling operations	38,497
7. Telecommunications Charges	11,797
8. Study: Effect of Drilling Platform on Marine Life	<u>18,000</u>
TOTAL:	\$ 17,441,012

EXHIBIT 2

Introduced: 2/9/77
Referred: Resources and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 192

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a supplemental appropriation to the

7

Department of Natural Resources for ch. 113 SLA 1976;

8

and providing for an effective date."

9

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

10

* Section 1. The sum of \$12,000,000 is appropriated from the general

11

fund to the Department of Natural Resources, for the purposes of ch. 113

12

SLA 1976 (Kachemak Bay), for Fiscal Year 1977.

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* Sec. 2. This Act takes effect immediately in accordance with AS 01.-

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10.070(c).

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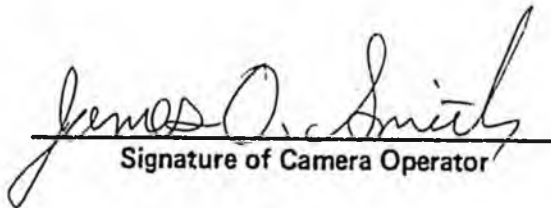
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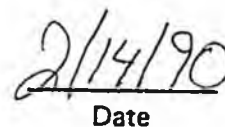


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

COMMITTEE REPORT
SENATE

4/5/77

May 25, 1977

Date

Mr. President:

The Committee on Finance has had HB 192 supplemental appropriation, Dept. of Natural Resources for ch. 113, SLA 1976 under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with ^{Senate} CS for HB 192 - Finance and that CS for HB 192 - Finance do pass and Rec.
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- AND attaches a report of its intent
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

<u>[Signature]</u>	<u>[Signature]</u>	<u>Tilbon Do Pass</u>
<u>[Signature]</u>	<u>" "</u>	<u>John R. Matthews No Rec.</u>
<u>[Signature]</u>	<u>Do Pass</u>	
<u>[Signature]</u>		

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

[Signature]
Chairman

Original sponsor: By the Rules Committee
by request of the Governor

Offerred: 4/5/77
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 192

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Natural Resources for ch. 113 SLA 1976;
8 and providing for an effective date."

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

10 * Section 1. The sum of \$14,500,000 is appropriated from the general fund
11 to the Department of Natural Resources, for the purposes of ch. 113 SLA 1976
12 (Kachemak Bay), for the fiscal year ending June 30, 1977.

13 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
14 070(c).

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AGREEMENT

THIS AGREEMENT, dated and effective as of this _____ day of _____, 1977, by and between LORNA CALL, and NINA BURGLIN and BRIAN R. BURGLIN, by Lorna Call, their Attorney-in-fact, hereinafter called "seller," and the STATE OF ALASKA, acting by its Commissioner of Natural Resources, hereinafter called "purchaser,"

W I T N E S S E T H

WHEREAS, on February 1, 1974, purchaser and seller entered into those certain leases listed on the attached Exhibit A, whereby purchaser herein as lessor leased to seller herein as as lessee all those certain lands more specifically described in said leases, for the purposes of exploration, development and production of oil and gas pursuant to the terms of said leases; and

WHEREAS, in consideration for the issuance of said leases, seller as lessee paid to purchaser as lessor the sum of \$6,218 in bonuses at the time the leases were issued, and subsequently has paid \$22,620 to purchaser for rental under said leases; and

WHEREAS, seller as lessee has incurred certain expenses in connection with said leases, including without limitation amounts for brokers fees, personal time, telephone and travel expenses; and

WHEREAS, approximately one year after said leases were issued, a suit was initiated by private parties against both seller and purchaser herein, said suit alleging that the required procedure for issuance of such leases had not been followed by purchaser herein as lessor; and

WHEREAS, said litigation is still pending in the courts awaiting action by the Superior Court of the State of Alaska; and

WHEREAS, purchaser herein as lessor has defended seller's title as lessee to said lands throughout the suit, and has fulfilled its obligations as lessor in every way during the pendency of said action; and

WHEREAS, in light of the continuing legal proceedings concerning the validity of procedures under which the leases were issued, as well as substantial public debate which has arisen over the question of whether or not it was in the public interest to have issued the leases at all, the Second Session of the Ninth State Legislature adopted Ch. 113 SLA 1976. Under the terms of said Act, the Commissioner of Natural Resources was authorized to negotiate for the repurchase of all of lessee's interest in said leases; and

WHEREAS, pursuant to good faith negotiations, seller and purchaser, acting by and through the Commissioner of Natural Resources under the authority conferred upon him by the second sentence of subsection (d) of said Ch. 113 SLA 1976, have reached agreement for the repurchase of said leases by the State as herein set forth:

NOW THEREFORE, it is AGREED as follows:

1. Seller agrees to sell and purchaser agrees to purchase all of seller's interest in those certain leases listed on the attached Exhibit A. The purchase price for said conveyance is \$31,030, together with interest at the rate of 8% per annum compounded annually on that portion of the total payment composed of cash bonus and rentals heretofore paid by seller to purchaser, an amount of \$28,838. Said interest shall accrue from the date of original payment of the cash bonus and rental until payment by purchaser as set forth below.

2. The above-state purchase price shall be paid by purchaser promptly upon appropriation of such sum by the Legislature. Such payment shall be by means of a valid and sufficient warrant immediately payable in Federal Reserve funds.

3. Upon execution of this agreement and payment of the purchase price, seller shall promptly execute and deliver to purchaser a formal instrument of surrender of said leases.

4. In the event purchaser fails to pay the purchase price prior to June 30, 1978, this agreement shall become null and void and seller may exercise all rights as lessee pursuant to said leases and as provided in said Ch. 113 SLA 1976. The term of said leases shall be extended for the maximum period of the moratorium provided for in Ch. 113 SLA 1976, and no lease rentals shall be due the purchaser for the period of the moratorium.

5. Purchaser has no present intent to re-offer for oil and gas lease the area covered by the leases which are the subject of this agreement. However, in the event the purchaser elects to offer such area for oil and gas lease at any time in the future, upon request of seller, purchaser agrees to seek such legal authority as may be necessary from the Legislature to enable it to negotiate with seller for oil and gas leases covering such area on mutually acceptable terms. Even if the necessary authority is granted by the Legislature, if the negotiations do not produce a mutually satisfactory agreement as to lease terms, the purchaser herein, as lessor, shall be free to offer such area for oil and gas lease through competitive bidding, as provided by existing law.

STATE OF ALASKA

LORNA CALL

Commissioner of
Natural Resources

NINA BURGLIN AND
BRIAN R. BURGLIN
by LORNA CALL, ATTORNEY-IN-FACT

APPROVED:

STATE OF ALASKA

By: _____
Jay S. Hammond
Governor

STATE OF NEW MEXICO)
) ss.
COUNTY OF _____)

THIS CERTIFIES that on this _____ day of _____, 1977, before me, a Notary Public in and for the State of New Mexico, personally appeared LORNA CALL, to me known and known to me to be the person whose name is subscribed to the foregoing Agreement, and after being first duly sworn according to law she stated to me under oath that she signed the foregoing agreement on her own behalf, and on behalf of Nina Burglin and Brian R. Burglin, as their attorney-in-fact, and that she executed the foregoing Agreement freely and voluntarily.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary Public for New Mexico
My commission expires:

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

THIS CERTIFIES that on this _____ day of _____, 1977, before me, a Notary Public in and for the State of Alaska, personally appeared Robert LeResche and Jay S. Hammond, to me known and known to me to be the persons whose names are subscribed to the foregoing Agreement, and after being first duly sworn according to law they stated to me under oath that they are the Commissioner of Natural Resources and Governor, respectively, of the STATE OF ALASKA, that they are authorized to execute the foregoing Agreement on behalf of the State of Alaska and they executed the same freely and voluntarily as their free act and deed as officials of the State of Alaska.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary Public for Alaska
My commission expires:

EXHIBIT A

Leases

Lease No.

Tracts Covered

ADL 063067
ADL 063068
ADL 063072
ADL 063074
ADL 063076
ADL 063077

C28-025
C28-026
C28-033
C28-038
C28-041
C28-042

Introduced: 2/9/77
Referred: Resources and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 192

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Natural Resources for ch. 113 SLA 1976;
8 and providing for an effective date."

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

10 * Section 1. The sum of \$12,000,000 is appropriated from the general
11 fund to the Department of Natural Resources, for the purposes of ch. 113
12 SLA 1976 (Kachemak Bay), for Fiscal Year 1977.

13 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
14 10.070(c).

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Barbara C. Manley
P.O. Box 955
Homer, Alaska 99603

February 28, 1977

The Honorable John C. Sackett
Alaska State Senate
Pouch V
Juneau, Alaska 99801

Dear Senator Sackett:

Reference HB 192

I respectfully ask that you will vote to oppose the appropriation of 12 million dollars, the cash portion of the total 21.1 million dollars to be paid to buy back the Chevron, USA oil leases in Kachemak Bay, for these reasons:

1. The legislative authority for the buy-back of these leases, HOUSE CS FOR CS FOR SENATE BILL NO 720, was passed under emotional duress. No legislation based on emotionalism (i.e. misinformation and half-truths reported on the GEORGE F. FERRIS, drilling rig, incident in Kachemak Bay May-June, 1976) can be good legislation; nor can it be in the best interest of the state nor the people whom you represent.

2. The close proximity of the Kachemak Bay leases to federal lease jurisdiction. The Kachemak Bay area will be exposed to virtually the same calculated risks from federal lease exploration, but without producing revenue to the State of Alaska.

3. The 1973 sale was slightly under 25 million dollars in lease bonus for 64 tracts, 32 of which are located in Kachemak Bay. The purchase price to buy back the Chevron, USA leases (15 tracts) is 21.1 million dollars. Presumably, Texaco will agree to the sale price of 3.5 million dollars. This is 24.6 million dollars to buy back leases from two companies.

Shell Oil Company paid 5.3 million dollars for their tracts. They will have this amount due them, plus unknown millions of dollars in interest, exploration expense and a drilling rig contract. Also, leases are owned by Union Oil Company, Texas International Petroleum, Simasko Production Company and a number of private individuals.

These millions of dollars are not "refunds" from the original approximately 25 million dollars bonus money as the administration and many legislators would have the taxpayers be dupes enough to believe.

These are millions of tax dollars to be taken from the general fund; they are dollars that will become a deficit for the taxpayers to pay. These are tax dollars to be spent for the benefit of a few privileged elitists and selfish, special interest groups. It is money that should be spent to benefit Alaskans of all classes and all interests.

4. It is millions^f tax dollars that could:

(a) Provide docks and airports on the Alaska Peninsula,

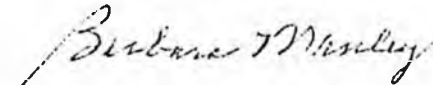
The Honorable John C. Sackett
page 2

the Aleutian Islands, to handle fish products, the groceries and general supplies needed for sheer survival for the residents in those outlying communities.

- (b) Provide judicial facilities in our remote areas.
- (c) Provide facilities to offer a little comfort for our senior citizens; permit them a little pride and dignity in their few remaining years.
- (d) Provide means for a better quality education for our children.
- (e) Provide means to meet health needs of many of our Alaskan residents.
- (f) Provide means to help re-new our renewable resources, especially the salmon fisheries.
- (g) Deny spending these tax dollars and help provide a divers viable economy in the Kachemak Bay communities so that many can be employed. Help them to maintain pride and self reliance.

Thank you for your consideration. Please oppose HB 192 and use these millions of dollars to truly make Alaska a better place to live for many Alaskans.

Sincerely,



BARBARA C. MANLEY

P.S. It has been recommended by many people in this area that HCS CSSB 720 should be repealed.

RECEIVED: 5/2/77

February 8, 1977

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill for appropriation of \$12,000,000 to the Department of Natural Resources, to implement ch. 113 SLA 1976 (Kachemak Bay).

The purpose of the appropriation is to fulfill obligations of the State of Alaska under a contract to repurchase all of the leases presently held by Chevron, U.S.A. in Kachemak Bay. Chevron is the successor in interest to Standard Oil of California, which was the original lessee in the sale made by the State in 1973. Pursuant to ch. 113 SLA 1976, the administration initiated negotiations with Standard Oil of California and concluded an agreement last week. A copy of the contract is enclosed, together with an attachment showing the breakdown of items which are included in the total purchase price. That purchase price is in the approximate amount of \$21,000,000, nearly all of which is composed of money previously paid by Standard Oil of California to the State together with interest on those amounts.

Ch. 113 SLA 1976 specifically authorized the Commissioner of Natural Resources to utilize credits for taxes and royalties owed by Standard Oil of California to the State as a part of the purchase price. The contract of repurchase calls for just such a credit mechanism. During the next two years, we anticipate that approximately \$9,000,000 will be credited from payments due the State. This leaves a balance of approximately \$12,000,000, which is the amount of the requested appropriation.

Sincerely,

Jay S. Hammond
Governor

Enclosure

March 1, 1977

The Honorable Kay Poland
Chairman
Senate Resources Committee
Alaska State Legislature
Juneau, Alaska 99811

Re: HB 192
Supplemental Appropriation
for Kachemak Bay

Dear Senator Poland:

On February 8, 1977, I transmitted a bill to the House of Representatives for an appropriation of \$12,000,000 to fulfill obligations of the State of Alaska under a contract to repurchase leases held by Chevron, U.S.A. in Kachemak Bay. The agreement was negotiated, and executed by the Commissioner of Natural Resources and myself, pursuant to ch. 113 SLA 1976. The bill passed the House and is presently before the Senate Resources Committee.

On February 25, 1977, I executed a second agreement with Texaco, Inc., and respectfully request the Senate Resources Committee to amend HB 192 to include an additional sum of \$2,500,000 to cover the Texaco agreement. This would make the total appropriation under this bill \$14,500,000. A copy of the Texaco agreement is enclosed, together with an attachment showing the breakdown of items which are included in the total purchase price. That purchase price is in the approximate amount of \$3,400,000, nearly all of which is composed of money previously paid by Texaco to the State, together with interest on those amounts.

Ch. 113 SLA 1976 specifically authorized the Commissioner of Natural Resources to utilize credits for taxes and royalties owed by Texaco to the State as part of the purchase price and the agreement of repurchase includes such a provision. During the next two years, we anticipate that approximately \$900,000 will be credited from payments due the State, leaving a balance of \$2,500,000, the amount of the requested additional appropriation.

The Honorable Kay Poland

-2-

March 1, 1977

The agreements with Texaco and Chevron together represent roughly 85 per cent of the Kachemak Bay leases issued on the basis of percentage of the original bonuses paid. We recently sent out letters to the remaining lessees in an effort to conclude agreements with them as well.

Sincerely,

Jay S. Hammond
Governor

Enclosures

AGREEMENT

THIS AGREEMENT, dated and effective as of this 18th day of February, 1977, by and between TEXACO Inc., hereinafter called "seller," and the STATE OF ALASKA, acting by its Commissioner of Natural Resources, hereinafter "purchaser,"

W I T N E S S E T H:

WHEREAS, on February 1, 1974, purchaser and seller entered into that certain lease described as Lease No. ADL 63095 Tract C 28-073, whereby purchaser herein as lessor leased to seller herein as lessee all those certain lands more specifically described in said lease, for the purposes of exploration, development and production of oil and gas pursuant to the terms of said lease; and

WHEREAS, in consideration for the issuance of said lease, seller as lessee paid to purchaser as lessor the sum of \$2,617,264 in bonuses at the time the lease was issued, and subsequently has paid \$9,960 to purchaser for rental under said lease; and

WHEREAS, seller as lessee has incurred certain exploration costs in connection with said lease (both prior and subsequent to the issuance), including without limitation amounts for geological and geophysical exploration, special studies, and pre-drilling costs; and

WHEREAS, approximately one year after said lease was issued, a suit was initiated by private parties against both seller and purchaser herein, said suit alleging that the required procedure for issuance of such lease had not been followed by purchaser herein as lessor; and

WHEREAS, said litigation is still pending in the courts awaiting action by the Superior Court of the State of Alaska; and

WHEREAS, purchaser herein as lessor has defended seller's title as lessee to said lands throughout the suit, and has fulfilled its obligations as lessor in every way during the pendency of said action; and

WHEREAS, in light of the continuing legal proceedings concerning the validity of procedures under which the leases were issued, as well as substantial public debate which had arisen over the question of whether or not it was in the public interest to have the leases at all, the Second Session of the Ninth State Legislature adopted Ch. 113 SLA 1976. Under the terms of said Act, the Commissioner of Natural Resources was authorized to negotiate for the repurchase of all of lessee's interest in said lease; and

WHEREAS, Texaco enters into this agreement in order to amicably settle the foregoing controversies and not because it accepts allegations that drilling or other associated activities would be harmful to the marine environment of Kachemak Bay; and

WHEREAS, pursuant to good faith negotiations, seller and purchaser, acting by and through the Commissioner of Natural Resources under the authority conferred upon him by the second sentence of subsection (d) of said Ch. 113 SLA 1976, have reached agreement for the repurchase of said lease by the State as herein set forth;

NOW, THEREFORE, it is AGREED as follows:

1. Seller agrees to sell and purchaser agrees to purchase all of seller's interest in that certain lease described as Tract C 28-073, Lease No. ADL 63095. The purchase price for said conveyance is \$2,749,267, together with interest at the rate of 8% per annum compounded annually on that portion of the total payment composed of cash bonus and rentals heretofore paid by seller to purchaser, an amount of \$2,627,224. Said interest shall accrue from the date of original payment of the cash bonus and rental until final payment by purchaser as set forth below. For purposes of calculating accrued interest on bonus and rental payments as above stated, 97% of all payments by purchaser hereunder shall be treated as interest-bearing.

2. The above-stated purchase price shall be paid by purchaser in the following manner:

a. The sum of \$2,500,000 shall be paid to seller by purchaser promptly upon appropriation of such sum by the Legislature. Such payment shall be by means of a valid and sufficient warrant immediately payable in Federal Reserve funds.

b. As of the effective date of this agreement, seller may withhold any payments due or hereafter becoming due to the State of Alaska from seller on account of oil and gas lease bonuses and rentals, oil and gas royalties payable to the State in cash, oil and gas taxes (which term includes taxes on reserves, severance or production taxes, taxes on income attributable to oil and gas operations in the State of Alaska, and any other taxes of any kind that may be measured by or payable in respect of oil and gas operations), and any and all permit fees until such time as the entire purchase price, as above stated, is paid in full. Each such payment so withheld shall be credited to seller as of the date each becomes due and payable, and interest shall thereon cease on 97% of the amount so credited to seller. In the event such withholding, together with the cash payments, does not result in payment of the entire purchase price by December 31, 1978, upon request of seller, purchaser shall promptly request an appropriation from the Legislature covering the unpaid balance, and if granted, such balance shall be paid immediately in cash to seller.

In the event it should ever be determined that any amount so withheld and credited was not authorized to be withheld by said Ch. 113 SLA 1976, the same shall be immediately refunded by seller to purchaser, and a like amount shall be withheld and credited from such payments as are authorized to be withheld by said Ch. 113 SLA 1976.

Such withholding of taxes shall constitute taxes paid in the amounts so withheld for the purpose of any provisions contained in the laws and regulations of Alaska pertaining to, or making reference to, the payment of such taxes including Sections 43.55.018 and 43.58.030 of the Alaska Statutes.

c. Upon final execution of this agreement and payment of said sum of \$2,500,000, seller shall promptly execute and deliver to purchaser a formal instrument of surrender of said lease.

3. In the event purchaser fails to pay the sum of \$2,500,000 prior to June 30, 1978, seller may notify purchaser in writing within 30 days thereafter that it elects to receive payment of any outstanding balance of the purchase price in credits as set forth in 2.b. above in lieu of such cash payment. In the event seller does not so notify purchaser, this agreement shall become null and void and, upon repayment by seller to purchaser of all payments (cash or credits) made by purchaser on the purchase price as above stated, together with 8% interest on such amount compounded annually, seller may exercise all rights as lessee pursuant to said lease and as provided in said Ch. 113 SLA 1976. The term of said lease shall be extended for the maximum period of the moratorium provided for in Ch. 113 SLA 1976, and no lease rentals shall be due the purchaser for the period of the moratorium.

4. Purchaser has no present intent to re-offer for oil and gas lease the area covered by the lease which is the subject of this agreement. However, in the event the purchaser elects to offer such area for oil and gas lease at any time in the future, upon request of seller, purchaser agrees to seek such legal authority as may be necessary from the Legislature to enable it to negotiate with seller for oil and gas lease covering such area on mutually acceptable terms. Even if the

necessary authority is granted by the Legislature, if the negotiations do not produce a mutually satisfactory agreement as to lease terms, the purchaser herein, as lessor, shall be free to offer such area for oil and gas lease through competitive bidding, as provided by existing law.

TEXACO Inc.

By 
ITS ATTORNEY IN FACT

STATE OF ALASKA

By 
Commissioner
of Natural Resources

APPROVED:

STATE OF ALASKA

BY:

Jay S. Hammond
Governor

STATE OF CALIFORNIA)
COUNTY OF Los Angeles) ss.

THIS CERTIFIES that on this 17 day of February, 1977 before me, a Notary Public in and for the State of California, personally appeared W.C. King to me known and known to me to be the person whose name is subscribed to the foregoing Agreement, and after being first duly sworn according to law he stated to me under oath that he is the President of TEXACO Inc., a corporation organized under the laws of the State of Delaware, that he has been authorized by said corporation to execute the foregoing Agreement on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.

WITNESS my hand and official seal the day and year in this certificate first above written.



Terry L. Quinn
Notary Public for California
My commission expires: 5-24-78

STATE OF ALASKA)
FIRST JUDICIAL DISTRICT) ss.

THIS CERTIFIES that on this 25th day of February, 1977, before me, a Notary Public in and for the State of Alaska, personally appeared Guy R. Martin and Jay S. Hammond, to me known and known to me to be the persons whose names are subscribed to the foregoing Agreement, and after being first duly sworn according to law they stated to me under oath that they are the Commissioner of Natural Resources and Governor, respectively, of the STATE OF ALASKA, that they are authorized to execute the foregoing Agreement on behalf of the State of Alaska and they executed the same freely and voluntarily as their free act and deed as officials of the State of Alaska.

WITNESS my hand and official seal the day and year in this certificate first above written.

T. Quinn J. Long
Notary Public for Alaska
My commission expires: 1-1-78

PURCHASE PRICE BREAKDOWN

1.	Lease Bonus	\$2,617,264	
2.	Lease Rentals	<u>9,960</u>	
	Total Bonus & Rentals		\$2,627,224
3.	Geophysical Survey Expenses	7,063	
4.	Geophysical Interpretation		
	Amount Requested: \$46,552		
	Amount Allowed:	32,513	
5.	Geological Interpretation	9,852	
6.	Administrative Expenses		
	Amount Requested: \$79,934		
	Amount Allowed:	39,967	
7.	1974 Marine Species		
	Research	20,000	
8.	1974 Oceanographic Study	<u>12,648</u>	
	Total Direct Related Expenses		122,043
9.	Interest on Bonus and Rentals		
	to February 1, 1977		<u>685,240</u>
	Approximate Total Purchase Price		<u>\$3,434,507</u>
	Appropriation Requested		<u>2,500,000</u>
	Balance, with interest, to		
	Be Paid by Credits		\$ 934,507

Handwritten notes:
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All com files
on supp. app.

John Sackett - a₂
AGREEMENT promised

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. THIS AGREEMENT, dated and effective as of this 11th day of January, 1977, by and between CHEVRON U.S.A. INC. (a wholly owned subsidiary of and successor in interest to STANDARD OIL COMPANY OF CALIFORNIA), hereinafter collectively called "seller," and the STATE OF ALASKA, acting by its Commissioner of Natural Resources, hereinafter "purchaser,"

W I T N E S S E T H :

WHEREAS, on February 1, 1974, purchaser and seller entered into those certain leases listed on the attached Exhibit A, whereby purchaser herein as lessor leased to seller herein as lessee all those certain lands more specifically described in said leases, for the purposes of exploration, development and production of oil and gas pursuant to the terms of said leases; and

WHEREAS, in consideration for the issuance of said leases, seller as lessee paid to purchaser as lessor the sum of \$16,609,060 in bonuses at the time the leases were issued, and subsequently has paid \$152,440 to purchaser for rental under said leases; and

WHEREAS, seller as lessee has incurred certain exploration costs in connection with said leases (both prior and subsequent to their issuance), including without limitation amounts for geological and geophysical exploration, legal services, special studies, and pre-drilling costs; and

WHEREAS, approximately one year after said leases were issued, a suit was initiated by private parties against both seller and purchaser herein, said suit alleging that the required procedure for issuance of such leases had not been followed by purchaser herein as lessor; and

ATTORNEY GENERAL, STATE OF ALASKA
STATE CAPITOL
POUCH K, JUNEAU, ALASKA 99811
PHONE 465-3600

ATTORNEY GENERAL, STATE OF ALASKA
STATE CAPITOL
POUCH K, JUNEAU, ALASKA 99811
PHONE 485-3000

1 WHEREAS, said litigation is still pending in the
2 courts awaiting action by the Superior Court of the State of
3 Alaska; and

4 WHEREAS, purchaser herein as lessor has defended
5 seller's title as lessee to said lands throughout the suit,
6 and has fulfilled its obligations as lessor in every way
7 during the pendency of said action; and

8 WHEREAS, in light of the continuing legal proceedings
9 concerning the validity of procedures under which the leases
10 were issued, as well as substantial public debate which had
11 arisen over the question of whether or not it was in the
12 public interest to have issued the leases at all, the Second
13 Session of the Ninth State Legislature adopted Ch. 113 SLA 1976.
14 Under the terms of said Act, the Commissioner of Natural
15 Resources was authorized to negotiate for the repurchase of
16 all of lessee's interest in said leases; and

17 WHEREAS, pursuant to good faith negotiations,
18 seller and purchaser, acting by and through the Commissioner
19 of Natural Resources under the authority conferred upon him
20 by the second sentence of subsection (d) of said Ch. 113 SLA
21 1976, have reached agreement for the repurchase of said
22 leases by the State as herein set forth;

23 NOW THEREFORE, it is AGREED as follows:

24 1. Seller agrees to sell and purchaser agrees to
25 purchase all of seller's interest in those certain leases
26 listed on the attached Exhibit A. The purchase price for
27 said conveyance is \$17,441.012, together with interest at
28 the rate of 8% per annum compounded annually on that portion
29 of the total payment composed of cash bonus and rentals
30 heretofore paid by seller to purchaser, an amount of \$16,761,500
31 Said interest shall accrue from the date of original payment
32 of the cash bonus and rental until final payment by purchaser

1 as set forth below. For purposes of calculating accrued
2 interest on bonus and rental payments as above stated, 97%
3 of all payments by purchaser hereunder shall be treated as
4 interest-bearing.

5 2.. The above-stated purchase price shall be paid
6 by purchaser in the following manner:

7 a. The sum of \$12,000,000 shall be paid to
8 seller by purchaser promptly upon appropriation of
9 such sum by the Legislature. Such payment shall
10 be by means of a valid and sufficient warrant
11 immediately payable in Federal Reserve funds.

12 b. As of the effective date of this agree-
13 ment, seller may withhold any payments due or
14 hereafter becoming due to the State of Alaska from
15 seller on account of oil and gas lease bonuses and
16 rentals, oil and gas royalties payable to the
17 State in cash, oil and gas taxes (which term
18 includes taxes on reserves, severance or production
19 taxes, taxes on income attributable to oil and gas
20 operations in the State of Alaska, and any other
21 taxes of any kind that may be measured by or
22 payable in respect of oil and gas operations), and
23 any and all permit fees until such time as the
24 entire purchase price, as above stated, is paid in
25 full. Each such payment so withheld shall be
26 credited to seller as of the date each becomes due
27 and payable, and interest shall thereon cease on
28 97% of the amount so credited to seller. For the
29 purpose of determining the amounts to be withheld
30 and credited hereunder, "seller" includes Standard
31 Oil Company of California and its subsidiaries;
32 however, payments otherwise due the State of Alaska

ATTORNEY GENERAL, STATE OF ALASKA
STATE CAPITOL
POUGH K. JUNEAU, ALASKA 99801
PHONE 485-3500

ATTORNEY GENERAL, STATE OF ALASKA
STATE CAPITOL
POUCH K, JUNEAU, ALASKA 99811
PHONE 463-3600

1 by a partly owned subsidiary shall only be withheld
2 and credited in proportion to the ownership by
3 Standard Oil Company of California in the shares
4 of stock entitled to vote for directors of such
5 subsidiary. In the event such withholding,
6 together with the cash payments, does not result
7 in payment of the entire purchase price by December
8 31, 1978, upon request of seller, purchaser shall
9 promptly request an appropriation from the Legislature
10 covering the unpaid balance, and if granted, such
11 balance shall be paid immediately in cash to
12 seller.

13 In the event it should ever be determined
14 that any amount so withheld and credited was not
15 authorized to be withheld by said Ch. 113 SLA
16 1976, the same shall be immediately refunded by
17 seller to purchaser, and a like amount shall be
18 withheld and credited from such payments as are
19 authorized to be withheld by said Ch. 113 SLA
20 1976.

21 Such withholding of taxes shall constitute
22 taxes paid in the amounts so withheld for the
23 purpose of any provisions contained in the laws
24 and regulations of Alaska pertaining to, or making
25 reference to, the payment of such taxes including
26 Sections 43.55.018 and 43.58.030 of the Alaska
27 Statutes.

28 c. Upon final execution of this agreement
29 and payment of said sum of \$12,000,000, seller
30 shall promptly execute and deliver to purchaser a
31 formal instrument of surrender of said leases.
32

ATTORNEY GENERAL, STATE OF ALASKA
STATE CAPITOL
POUCH K, JUNEAU, ALASKA 99811
PHONE 455-3000

1 3. In the event purchaser fails to pay the sum of
2 \$12,000,000 prior to June 30, 1978, seller may notify purchaser
3 in writing within 30 days thereafter that it elects to
4 receive payment of any outstanding balance of the purchase
5 price in credits as set forth in 2.b. above in lieu of such
6 cash payment. In the event seller does not so notify purchaser,
7 this agreement shall become null and void and, upon repayment
8 by seller to purchaser of all payments (cash or credits)
9 made by purchaser on the purchase price as above stated,
10 together with 8% interest on such amount compounded annually,
11 seller may exercise all rights as lessee pursuant to said
12 leases and as provided in said Ch. 113 SLA 1976. The term
13 of said leases shall be extended for the maximum period of
14 the moratorium provided for in Ch. 113 SLA 1976, and no
15 lease rentals shall be due the purchaser for the period of
16 the moratorium.

17 4. Purchaser has no present intent to re-offer
18 for oil and gas lease the area covered by the leases which
19 are the subject of this agreement. However, in the event
20 the purchaser elects to offer such area for oil and gas
21 lease at any time in the future, upon request of seller,
22 purchaser agrees to seek such legal authority as may be
23 necessary from the Legislature to enable it to negotiate
24 with seller for oil and gas leases covering such area on
25 mutually acceptable terms. Even if the necessary authority
26 is granted by the Legislature, if the negotiations do not
27 produce a mutually satisfactory agreement as to lease terms,
28 the purchaser herein, as lessor, shall be free to offer such
29 area for oil and gas lease through competitive bidding, as
30 provided by existing law.

31 CHEVRON U.S.A. INC.

STATE OF ALASKA

32 By _____

By _____
Commissioner
of Natural Resources

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APPROVED:

STATE OF ALASKA

By: Jay S. Hammond
Governor

STATE OF CALIFORNIA)
COUNTY OF _____) ss.

THIS CERTIFIES that on this _____ day of January, 1977, before me, a Notary Public in and for the State of California, personally appeared _____ to me known and known to me to be the person whose name is subscribed to the foregoing Agreement, and after being first duly sworn according to law he stated to me under oath that he is the _____ of CHEVRON U.S.A. INC., a corporation organized under the laws of _____, that he has been authorized by said corporation to execute the foregoing Agreement on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary Public for California
My commission expires: _____

STATE OF ALASKA)
FIRST JUDICIAL DISTRICT) ss.

THIS CERTIFIES that on this _____ day of January, 1977 before me, a Notary Public in and for the State of Alaska, personally appeared Guy R. Martin and Jay S. Hammond, to me known and known to me to be the persons whose names are subscribed to the foregoing Agreement, and after being first duly sworn according to law they stated to me under oath that they are the Commissioner of Natural Resources and Governor, respectively, of the STATE OF ALASKA, that they are authorized to execute the foregoing Agreement on behalf of the State of Alaska and they executed the same freely and voluntarily as their free act and deed as officials of the State of Alaska.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary Public for Alaska
My commission expires: _____

ATTORNEY GENERAL, STATE OF ALASKA
STATE CAPITOL
POUCH K. JUNEAU, ALASKA 99811
PHONE 465-3300

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EXHIBIT A

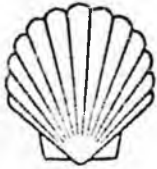
LEASES

<u>Lease No.</u>	<u>Tracts Covered</u>
63084	C28-054
63085	C28-055
63100	C28-078
63080	C28-049
63083	C28-053
63086	C28-056
63093	C28-071
63099	C28-077
63082	C28-052
63097	C28-075
63098	C28-076
63090	C28-064
63091	C28-065
63092	C28-069
63087	C28-057

ATTORNEY GENERAL, STATE OF ALASKA
STATE CAPITOL
POUCH K, JUNEAU, ALASKA 99911
PHONE 485-3600

<u>Item</u>	<u>Amount Included</u>
1. Lease Bonus	\$ 16,609,060
2. Lease Rentals	152,440
3. Geological and geophysical	227,175
4. Land and Legal Services	28,293
5. Pre-Drilling Costs	355,750
6. Special Studies for SoCal required for well permits and drilling operations	38,497
7. Telecommunications Charges	11,797
8. Study: Effect of Drilling Platform on Marine Life	<u>18,000</u>
TOTAL:	\$ 17,441,012

EXHIBIT 2



SHELL OIL COMPANY

601 W. 5TH AVENUE, SUITE 810
ANCHORAGE, ALASKA 99501

March 1, 1977

Dear Senator:

You will soon be considering House Bill 192, which, if approved, will appropriate \$12 million for the re-purchase by the State of Chevron's oil and gas leases in Kachemak Bay, Lower Cook Inlet. The total acquisition cost will actually be about \$21 million. Further, we assume that you will soon be asked to appropriate another \$3.5 million to re-acquire the leases of Texaco.

We have been asked to inform you of Shell Oil Company's position concerning our leases in Kachemak Bay which we acquired for \$5.4 million in the 1973 sale.

We are not seeking negotiations with the State at this time in hopes that the State will not see fit to complete the execution of its option to re-acquire the leases.

Our hopes in this respect are derived from the language in the Act which imposed the moratorium. The Act provides that the Commissioner of Natural Resources "may" enter into negotiations to reacquire the leases. Also, in reference to possible condemnation action after the moratorium expires, the word "may" is again used.

We interpret the language to mean that there is a reasonable chance that the State will not find it necessary or appropriate to reacquire the leases, and that drilling could proceed if and when the validity of the leases is established by the pending court proceedings. In fact, the 1976 Act establishing the drilling moratorium states that one purpose of the moratorium is to "permit the Department of Fish and Game a reasonable time to develop plans to insure protection for the living resources of the bay from possible pollution incidental to drilling activities." Perhaps this has now been done.

Our prime objective remains to drill under our Kachemak Bay leases. These leases were purchased in good faith after expending considerable sums in preparation for the lease sale. Thereafter, additional sizeable expenditures were invested in preparing to drill and in assisting in the defense of the court attack on the leases.

March 1, 1977

Page II

We are convinced that we can operate in Kachemak Bay without significant harmful effects on the environment and without detriment to the fishing industry. We further believe that the development of the hydrocarbon resources under the Bay will inure to the benefit of all of the citizens of Alaska, as well as the nation.

Yours very truly, ^

A handwritten signature in cursive script that reads "T. S. Cate".

T. S. Cate
Land Representative

TSC/rrp

Barbara C. Manley
P.O. Box 955
Homer, Alaska 99603

February 28, 1977

The Honorable John C. Sackett
Alaska State Senate
Pouch V
Juneau, Alaska 99801

Dear Senator Sackett:

Reference HB 192

I respectfully ask that you will vote to oppose the appropriation of 12 million dollars, the cash portion of the total 21.1 million dollars to be paid to buy back the Chevron, USA oil leases in Kachemak Bay, for these reasons:

1. The legislative authority for the buy-back of these leases, HOUSE CS FOR CS FOR SENATE BILL NO 720, was passed under emotional duress. No legislation based on emotionalism (i.e. misinformation and half-truths reported on the GEORGE F. FERRIS, drilling rig, incident in Kachemak Bay May-June, 1976) can be good legislation; nor can it be in the best interest of the state nor the people whom you represent.

2. The close proximity of the Kachemak Bay leases to federal lease jurisdiction. The Kachemak Bay area will be exposed to virtually the same calculated risks from federal lease exploration, but without producing revenue to the State of Alaska.

3. The 1973 sale was slightly under 25 million dollars in lease bonus for 64 tracts, 32 of which are located in Kachemak Bay. The purchase price to buy back the Chevron, USA leases (15 tracts) is 21.1 million dollars. Presumably, Texaco will agree to the sale price of 3.5 million dollars. This is 24.6 million dollars to buy back leases from two companies.

Shell Oil Company paid 5.3 million dollars for their tracts. They will have this amount due them, plus unknown millions of dollars in interest, exploration expense and a drilling rig contract. Also, leases are owned by Union Oil Company, Texas International Petroleum, Simasko Production Company and a number of private individuals.

These millions of dollars are not "refunds" from the original approximately 25 million dollars bonus money as the administration and many legislators would have the taxpayers be dupes enough to believe.

These are millions of tax dollars to be taken from the general fund; they are dollars that will become a deficit for the taxpayers to pay. These are tax dollars to be spent for the benefit of a few privileged elitists and selfish, special interest groups. It is money that should be spent to benefit Alaskans of all classes and all interests.

4. It is millions^f tax dollars that could:

(a) Provide docks and airports on the Alaska Peninsula,

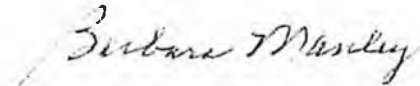
The Honorable John C. Sackett
page 2

the Aleutian Islands, to handle fish products, the groceries and general supplies needed for sheer survival for the residents in those outlying communities.

- (b) Provide judicial facilities in our remote areas.
- (c) Provide facilities to offer a little comfort for our senior citizens; permit them a little pride and dignity in their few remaining years.
- (d) Provide means for a better quality education for our children.
- (e) Provide means to meet health needs of many of our Alaskan residents.
- (f) Provide means to help re-new our renewable resources, especially the salmon fisheries.
- (g) Deny spending these tax dollars and help provide a divers viable economy in the Kachemak Bay communities so that many can be employed. Help them to maintain pride and self reliance.

Thank you for your consideration. Please oppose HB 192 and use these millions of dollars to truly make Alaska a better place to live for many Alaskans.

Sincerely,



BARBARA C. MANLEY

P.S. It has been recommended by many people in this area that HCS CSSB 720 should be repealed.

Introduced: 2/9/77
Referred: Resources and
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 192

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Natural Resources for ch. 113 SLA 1976;
8 and providing for an effective date."

9

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

10

* Section 1. The sum of \$12,000,000 is appropriated from the general
11 fund to the Department of Natural Resources, for the purposes of ch. 113
12 SLA 1976 (Kachemak Bay), for Fiscal Year 1977.

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* Sec. 2. This Act takes effect immediately in accordance with AS 01.-
14 10.070(c).

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STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL
JUNEAU 99811

April 20, 1977

Honorable John Sackett
Chairman
Senate Finance Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: HB 192--Supplemental Appropriation
for Kachemak Bay

Dear Senator Sackett,

Your committee has before it HB 192, the Kachemak Bay appropriation bill. The bill passed the house, passed out of the Senate Resources Committee and is now before your committee.

The bill, initially appropriating \$12,000,000 to cover our repurchase agreement with Chevron, U.S.A. was amended by the Resources Committee to increase the appropriation by \$2,500,000 to cover our agreement with Texaco as well. Since the amendment we have concluded an agreement with Lorna Call and her associates for six tracts for a sum of approximately \$36,500 and we are presently negotiating with Texas International Petroleum Corp. for repurchase of their two tracts. Details of the Call transaction should be in your file.

Attached to this letter is a proposed committee substitute for a total appropriation of \$14,551,000 covering the sum needed for the Chevron, Texaco and Call agreements, and providing an additional sum of \$15,000 for any agreement we may reach with Texas International.

The language of the proposed committee substitute differs from the language of the present bill, but the difference is

Honorable John Sackett

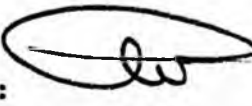
-2-

April 20, 1977

one of form not of substance. Our version breaks down the total appropriation to show how that total is to be apportioned among the several lessees with whom we have or expect to conclude agreements.

Early passage of this bill is obviously essential to the overall repurchase of the leases; so I hope you will give it your earliest attention.

Sincerely,

By: 

AVRUM M. GROSS
ATTORNEY GENERAL

Original sponsor: By the Rules Committee Offered:
by request of the Governor

1
2 IN THE HOUSE

BY THE FINANCE COMMITTEE

3 SENATE CS FOR HOUSE BILL NO. 192

4 IN THE LEGISLATURE OF THE STATE OF ALASKA

5 TENTH LEGISLATURE - FIRST SESSION

6 A BILL

7 For an Act entitled: "An Act making a supplemental appropriation
8 to the Department of Natural Resources
9 for repurchase of certain oil and gas leases
10 in Kachemak Bay, pursuant to ch. 113 SLA
11 1976; and providing for an effective date."

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

13 * Section 1. The sum of \$14,551,000 is appropriated from
14 the general fund to the Department of Natural Resources, for
15 the purposes of repurchasing certain oil and gas leases in
16 Kachemak Bay, from the lessees named below, under agreements
17 executed pursuant to ch. 113 SLA 1976, for the fiscal year ending
18 June 30, 1977, such amount to be apportioned as follows:

19 Chevron, U.S.A. \$12,000,000
20 Texaco, Inc. 2,500,000
21 Lorna Call, et al. 36,500
22 Texas International 15,000

23 * Sec. 2. This Act takes effect immediately in accordance
24 with AS 01.10.070(c).
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RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

2/14/90
Date

HB 196

February 9, 1977

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill providing for an increase in liquor taxes and liquor license fees to produce a necessary \$10,000,000 in revenue.

Section 1 of the bill amends AS 43.60.010(a) to increase the tax on liquor sold in the state.

The remaining sections of this bill provide for increases in liquor license fees, including the wholesale liquor license fees and wholesale malt beverage and wine license fees for those businesses which transact more than \$500,000 of business per year. Increases for other license fees are: beverage dispensary licenses -- from \$500 to \$750 and from \$1,000 to \$1,500; restaurant licenses -- from \$300 to \$500; roadhouse licenses -- from \$150 to \$250; club licenses - from \$400 to \$800; bottling works licenses -- from \$100 to \$500; retail licenses -- from \$600 to \$1,000.

Sincerely,

Jay S. Hammond
Governor

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 196 Act relating to the
 Title Excise tax on and license fees for sale of intoxicating liquors
 Requested by The Governor Date January 21, 1977

II. FISCAL DETAIL
 Agency Affected Revenue
 Program Category Affected General Government
 Budget Request Unit(s) Affected Audit

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

No additional cost will occur from this Act.

IV. DATE January 22, 1977 PREPARED BY John Messenger
 AGENCY Revenue
 PHONE 465-2301
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

CSHB 196

I. REQUEST

Bill/Resolution No. CSHB 196
Title Relating to the license fees for wholesale of intoxicating liquors.
Requested by House Finance Date 4/7/78

II. FISCAL DETAIL

Agency Affected Revenue
Program Category Affected Public Protection
Budget Request Unit(s) Affected Alcoholic Beverage Control

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

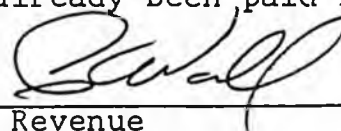
III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The bill does not change administrative costs.

General wholesale licensee fees will increase \$594,900 based upon 1977 returns. This increase occurs as the fee for business transacted over \$500,000 changes from the flat rate of \$5,000 to the 1% rate required by the bill.

Wholesale malt beverage and wine license fees will decrease \$800 based upon 1977 returns. This decrease occurs as the fee for business transacted over \$400,000 changes from the flat rate of \$5,000 to the 1% rate required by the bill.

The license year begins January 1. Recommend the effective date be changed to January 1, 1979 as fees have already been paid for calendar year 1978.

IV. DATE April 13, 1978 PREPARED BY  Philip A. Wall
AGENCY Revenue
PHONE 465-2313
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

COMMITTEE REPORT

4-19-77

HOUSE

_____ Date

Mr. Speaker:

The Committee on FINANCE has had HB 196 under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that CS for _____ do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- AND attaches a report of its intent
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

_____ Chairman

"An Act relating to the excise tax on and license fees for sale of intoxicating liquors; and providing for an effective date."

COMMITTEE REPORT

2-9-77

HOUSE

FINANCE

4/19/77 Date

Mr. Speaker:

The Committee on COMMERCE has had HB 196 under consideration. A ⁴³~~majority~~ of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for HB 196 and that CS for _____ do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- AND attaches a report of its intent
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

A. P. Bradley-Dofass _____

Joe McKinnon Do Pass _____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

Charles H. Pan recommends: Do Not Pass

Joe L. Horn recommends: No Rec

Joseph McKinnon
Chairman

Berry

Original sponsor: Rules Committee by
request of the Governor

Offered: 4/19/77
Referred: Finance

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 196

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the license fees for wholesale sale
7 of intoxicating liquors; and providing for an effective
8 date."

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

10 * Section 1. AS 04.10.110 is amended to read:

11 Sec. 04.10.110. WHOLESale LICENSE. (a) The holder of a general
12 wholesale license may sell intoxicating liquors in the original package,
13 and wine in bulk, in quantities of not less than five wine gallons to
14 holders of licenses. The holder of a general wholesale license may
15 not sell to a consumer. Liquor requiring internal revenue strip stamps
16 shall have the stamps intact on the package. A general wholesale license
17 shall be required for each distributing point. The general wholesale
18 license fee schedule is based upon the total amount of business trans-
19 acted during any year and is \$500 as a minimum license fee, to accompany
20 the application, and in payment of the fee for the first \$50,000 of
21 business transacted, and, in addition thereto, on the business transacted
22 during any year,

23 above \$50,000 and not

24 over \$75,000

a fee of \$250

25 above \$75,000 and not

26 over \$100,000

a fee of \$500

27 above \$100,000 and not

28 over \$125,000

a fee of \$750

29 above \$125,000 and not

1	over \$150,000	a fee of \$1000
2	above \$150,000 and not	
3	over \$175,000	a fee of \$1250
4	above \$175,000 and not	
5	over \$200,000	a fee of \$1500
6	above \$200,000 and not	
7	over \$250,000	a fee of \$2000
8	above \$250,000 and not	
9	over \$300,000	a fee of \$2500
10	above \$300,000 and not	
11	over \$350,000	a fee of \$3000
12	above \$350,000 and not	
13	over \$400,000	a fee of \$3500
14	above \$400,000 and not	
15	over \$500,000	a fee of \$4500
16	above \$500,000	<u>1 per cent of the business</u>
17		<u>transacted</u>
18		[A FEE OF \$5000]

(b) The holder of a wholesale malt beverage and wine license may sell malt beverages and wine in the original packages and malt beverages and wine in bulk in quantities of not less than five wine gallons to holders of licenses. The holder of a wholesale malt beverage and wine license may not sell to a consumer. The malt beverages and wine license fee schedule is based on the total amount of business transacted in any year and is \$100 as a minimum license fee, to accompany the application, and in payment of the fee for the first \$10,000 of business transacted, and, in addition, on the business transacted during any year,

28	above \$10,000 and not	
29	over \$25,000	a fee of \$150

1 above \$25,000 and not
2 over \$50,000 a fee of \$500
3 above \$50,000 and not
4 over \$75,000 a fee of \$750
5 above \$75,000 and not
6 over \$100,000 a fee of \$1000
7 above \$100,000 and not
8 over \$150,000 a fee of \$1500
9 above \$150,000 and not
10 over \$200,000 a fee of \$2000
11 above \$200,000 and not
12 over \$300,000 a fee of \$3000
13 above \$300,000 and not
14 over \$400,000 a fee of \$4000
15 above \$400,000 1 per cent of the business
16 transacted
17 [A FEE OF \$5000]

18 * Sec. 2. This Act takes effect July 1, 1977.
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Introduced: 2/9/77
Referred: Commerce and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 196

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the excise tax on and license
7 fees for sale of intoxicating liquors; and providing
8 for an effective date."

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

10 * Section 1. AS 43.60.010(a) is amended to read:

11 (a) Every brewer, distiller, bottler, jobber, retailer, whole-
12 saler, or manufacturer who sells intoxicating liquors in the state or
13 who consigns shipments of intoxicating liquors into the state, whether
14 or not the liquors are brewed, distilled, bottled, or manufactured in
15 the state, shall pay on all malt beverages (alcoholic content of one
16 per cent or more by volume) wines, and hard or distilled liquors, the
17 following taxes: (1) malt beverages at the rate of 75 [25] cents a
18 gallon or fraction of a gallon; (2) wine or other liquor of less than
19 14 [21] per cent alcohol by volume [OR LESS] at the rate of \$1.50 [60
20 CENTS] a gallon or fraction of a gallon; (3) wine or other liquor of
21 at least 14 per cent alcohol by volume but not more than 21 per cent
22 alcohol by volume at the rate of \$2.50 a gallon or fraction of a
23 gallon; and (4) [(3)] other liquors having a content of more than 21
24 per cent alcohol by volume at the rate of \$6.50 [\$4.00] a gallon.

25 * Sec. 2. AS 04.10.110 is amended to read:

26 Sec. 04.10.110. WHOLESALE LICENSE. (a) The holder of a general
27 wholesale license may sell intoxicating liquors in the original pack-
28 age, and wine in bulk, in quantities of not less than five wine gallons
29 to holders of licenses. The holder of a general wholesale license may

1 not sell to a consumer. Liquor requiring internal revenue strip
2 stamps shall have the stamps intact on the package. A general whole-
3 sale license shall be required for each distributing point. The
4 general wholesale license fee schedule is based upon the total amount
5 of business transacted during any year and is \$500 as a minimum license
6 fee, to accompany the application, and in payment of the fee for the
7 first \$50,000 of business transacted, and, in addition thereto, on the
8 business transacted during any year,

9	above \$50,000 and not	
10	over \$75,000	a fee of \$250
11	above \$75,000 and not	
12	over \$100,000	a fee of \$500
13	above \$100,000 and not	
14	over \$125,000	a fee of \$750
15	above \$125,000 and not	
16	over \$150,000	a fee of \$1000
17	above \$150,000 and not	
18	over \$175,000	a fee of \$1250
19	above \$175,000 and not	
20	over \$200,000	a fee of \$1500
21	above \$200,000 and not	
22	over \$250,000	a fee of \$2000
23	above \$250,000 and not	
24	over \$300,000	a fee of \$2500
25	above \$300,000 and not	
26	over \$350,000	a fee of \$3000
27	above \$350,000 and not	
28	over \$400,000	a fee of \$3500
29	above \$400,000 and not	

1 over \$500,000

a fee of \$4500

2 above \$500,000

1 per cent of the business
transacted

[A FEE OF \$5000]

3
4
5 (b) The holder of a wholesale malt beverage and wine license may
6 sell malt beverages and wine in the original packages and malt bever-
7 ages and wine in bulk in quantities of not less than five wine gallons
8 to holders of licenses. The holder of a wholesale malt beverage and
9 wine license may not sell to a consumer. The malt beverages and wine
10 license fee schedule is based on the total amount of business trans-
11 acted in any year and is \$100 as a minimum license fee, to accompany
12 the application, and in payment of the fee for the first \$10,000 of
13 business transacted, and, in addition, on the business transacted
14 during any year,

15 above \$10,000 and not

16 over \$25,000

a fee of \$150

17 above \$25,000 and not

18 over \$50,000

a fee of \$500

19 above \$50,000 and not

20 over \$75,000

a fee of \$750

21 above \$75,000 and not

22 over \$100,000

a fee of \$1000

23 above \$100,000 and not

24 over \$150,000

a fee of \$1500

25 above \$150,000 and not

26 over \$200,000

a fee of \$2000

27 above \$200,000 and not

28 over \$300,000

a fee of \$3000

29 above \$300,000 and not

1 over \$400,000

a fee of \$4000

2 above \$500,000

3 1 per cent of the business
4 transacted

[A FEE OF \$5000]

5 * Sec. 3. AS 04.10.040(a) is amended to read:

6 (a) The holder of a beverage dispensary license may sell for
7 cash or serve on the premises beer, wine and hard liquors for consump-
8 tion on the premises only. The beverage dispensary license fee is
9 \$750 [\$500] in all unincorporated communities and incorporated cities
10 having a population not exceeding 1,500 persons and \$1500 [\$1,000] in
11 all unincorporated communities and incorporated cities having a popula-
12 tion in excess of 1,500 persons. The population shall be determined
13 at the time of filing the application. Each applicant for a beverage
14 dispensary license shall file with the application a cash bond or a
15 surety bond executed by a surety company approved by the board. The
16 condition of the bond or undertaking shall be that the applicant or
17 applicants are the sole owners of the business to be licensed, and
18 that no other person is financially interested directly or indirectly,
19 and that the applicant or applicants will conduct the business in
20 accordance with the applicable laws pertaining to intoxicating liquor
21 in the state. The bond shall be in the penal sum of \$2,500. Upon
22 revocation of the license, the bond may be forfeited and the amount
23 deposited into the general fund of the state.

24 * Sec. 4. AS 04.10.050 is amended to read:

25 Sec. 04.10.050. RESTAURANT LICENSE. The holder of a restaurant
26 license may sell beer and wine in a restaurant with meals furnished in
27 good faith to patrons. The restaurant license fee is \$500 [\$300].

28 * Sec. 5. AS 04.10.060 is amended to read:

29 Sec. 04.10.060. ROADHOUSE LICENSE. The holder of a roadhouse

1 license whose licensed premises are located not less than 18 miles
2 from the corporate limits of a city and who serves food to the traveling
3 public, may sell beer and wine for consumption on the premises only.
4 The roadhouse license fee is \$250 [\$150].

5 * Sec. 6. AS 04.10.070 is amended to read:

6 Sec. 04.10.070. CLUB LICENSE. A club license gives to clubs,
7 fraternal organizations, and patriotic organizations, that have a
8 state or national charter, and that have been so incorporated and
9 active for a period of two years or more, the right to sell intoxicat-
10 ing liquors to members and their families only in their club rooms.
11 The club license fee is \$800 [\$400], except that where any club has
12 certified to the board that the gross sales of intoxicating liquor for
13 the preceding year were less than \$5,000 the club license fee is \$200.

14 * Sec. 7. AS 04.10.080 is amended to read:

15 Sec. 04.10.080. BOTTLING WORKS LICENSE. The holder of a bottling
16 works license may operate a bottling works where beer and wine may be
17 bottled and sold. No sale of beer or wine may be made to a consumer
18 or in quantities less than five wine gallons. The bottling works
19 license fee is \$500 [\$100].

20 * Sec. 8. AS 04.10.100 is amended to read:

21 Sec. 04.10.100. RETAIL LICENSE. The holder of a retail license
22 may sell for cash in his establishment intoxicating liquors in the
23 original packages and wine in bulk. All liquor requiring internal
24 revenue strip stamps shall have the stamps intact upon the packages.
25 The consumption of intoxicating liquor on premises licensed under this
26 provision is prohibited. Sales under a retail license are limited to
27 less than 20 wine gallons to any one person in any one sale. The
28 retail license fee is \$1,000 [\$600], but the retail license fee for a
29 retail liquor store having gross sales from the sale of intoxicating

1 liquors not exceeding \$20,000 in any calendar year is \$300.

2 * Sec. 9. This Act takes effect July 1, 1977.
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HB 196

February 9, 1977

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill providing for an increase in liquor taxes and liquor license fees to produce a necessary \$10,000,000 in revenue.

Section 1 of the bill amends AS 43.60.010(a) to increase the tax on liquor sold in the state.

The remaining sections of this bill provide for increases in liquor license fees, including the wholesale liquor license fees and wholesale malt beverage and wine license fees for those businesses which transact more than \$500,000 of business per year. Increases for other license fees are: beverage dispensary licenses -- from \$500 to \$750 and from \$1,000 to \$1,500; restaurant licenses -- from \$300 to \$500; roadhouse licenses -- from \$150 to \$250; club licenses - from \$400 to \$800; bottling works licenses -- from \$100 to \$500; retail licenses -- from \$600 to \$1,000.

Sincerely,

Jay S. Hammond
Governor

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 196 Act relating to the
 Title Excise tax on and license fees for sale of intoxicating liquors
 Requested by The Governor Date January 21, 1977

II. FISCAL DETAIL
 Agency Affected _____ Revenue _____
 Program Category Affected General Government
 Budget Request Unit(s) Affected Audit

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

No additional cost will occur from this Act.

IV. DATE January 22, 1977 PREPARED BY John Messenger
 AGENCY Revenue
 PHONE 465-2301
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

ALASKA STATE LEGISLATURE

TENTH Legislature FIRST Session

HOUSE BILL NO. 196

THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act relating to the excise tax on and license fees for sale of intoxicating liquors; and providing for an effective date."

Intox. liq. excise tax & lic. fees

Introduced in the House 2-9, 1977

HISTORY IN THE HOUSE

19 77
Feb. 9 Read first time and referred to Committee on Commerce and Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19 Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19 Received from Senate

Concurred in Senate amendment thus adopting:

Failed to concur in Senate amendment; asked Sen. to recede

Senate receded from amendment

Senate failed to recede from amendment

FCC appointed by House

FCC appointed by Senate

FCC adopted

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

2/14/90
Date

"An Act making a special appropriation to the Office of the Governor to fund Alaska's participation in the Pacific Marine Fisheries Commission; and providing for an effective date."

COMMITTEE REPORT

2-10-77

HOUSE

_____ Date

Mr. Speaker:

The Committee on FINANCE has had HB 200 under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that CS for _____ do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- AND attaches a report of its intent
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____	recommends:	_____
_____	recommends:	_____
_____	recommends:	_____

_____ Chairman

Introduced: 2/10/77
Referred: Finance

3290
mckenzi

1 IN THE HOUSE

BY ELIASON

2 HOUSE BILL NO. 200

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH 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 fund Alaska's participation in the
8 Pacific Marine Fisheries Commission; and providing for
9 an effective date."

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

11 * Section 1. The sum of \$22,100 is appropriated from the general fund to
12 the Office of the Governor for the purpose of funding Alaska's participation
13 in the Pacific Marine Fisheries Commission for the fiscal year ending June 30,
14 1978.

15 * Sec. 2. The unexpended and unobligated portion of this appropriation
16 lapses into the general fund June 30, 1978.

17 * Sec. 3. This Act takes effect July 1, 1977.

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COMMITTEE COPY

ALASKA STATE LEGISLATURE

TENTH Legislature FIRST Session

HOUSE BILL NO. 200

By ELIASON

"An Act making a special appropriation to the Office of the Governor to fund Alaska's participation in the Pacific Marine Fisheries Commission; and providing for an effective date"

Funding Pacific Marine Fish. Comm.

Introduced in the House 2-10, 1977

HISTORY IN THE HOUSE

19 77	Read first time and referred to Committee on Finance												
Feb. 10	Reported back with recommendation that												
	Read second time and												
	Read third time and												
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused		
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Yeas	Yeas												
Nays	Nays												
Absent	Absent												
Excused	Excused												
	Reported correctly engrossed												
	Signed by Speaker												
	Sent to Senate												
	CHIEF CLERK OF THE HOUSE												

HISTORY IN THE SENATE

19	Read first time and referred to Committee on												
	Reported back with recommendation that												
	Read second time and												
	Read third time and												
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	Reported correctly engrossed												
	Signed by President												
	Returned to House												
	SECRETARY OF THE SENATE												

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting:
	Failed to concur in Senate amendment; asked Sen. to recede
	Senate receded from amendment
	Senate failed to recede from amendment
	FCC appointed by House
	FCC appointed by Senate
	FCC adopted
	To enrolling
	Reported correctly enrolled
	Sent to Governor
 by Governor
	Filed with Lt. Governor
	Chapter No.

Introduced: 2/10/77
Referred: Finance

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BY ELIASON

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