

LEG. FINANCE - BILLS 1977 - 1978 / 04
HB 323 cont., thru HB 327

Introduced: 3/9/77
Referred: Resource i
Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 323

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 oil and gas exploration,
7 production, and pipeline and marine transportation
8 property tax; and providing for an effective date."

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

10 * Section 1. AS 43.56.010(d) is amended to read:

11 CHAPTER 56. OIL AND GAS EXPLORATION, PRODUCTION,
12 AND PIPELINE AND MARINE TRANSPORTATION PROPERTY TAXES.

13 (d) A tax paid to a municipality under AS 29.53.045 on or before
14 June 30 of the tax year shall be credited against the tax levied under
15 (a) of this section for that tax year. If, however, a tax is not paid
16 to a municipality until after June 30 of the taxable year, the depart-
17 ment upon application shall refund to the taxpayer the amount of tax
18 paid to the municipality under AS 29.53.045. The credit or refund of
19 taxes paid to a municipality may not exceed the total amount of tax
20 levied by the department upon the taxpayer for the tax year, under (a)
21 of this section. Current property taxes which are collected by one or
22 more municipalities under AS 29.53.055 or any other authority which
23 exceed the limitations set out in AS 29.53.045 or AS 29.53.050 are not
24 allowed as a credit against, or refund of, the tax levied under this
25 section. The credit or refund is only allowed for taxes paid for the
26 current tax year.

27 * Sec. 2. AS 43.56.060(a) is amended to read:

28 Sec. 43.56.060. ASSESSMENT. (a) The department shall assess
29 property for the tax levied under sec. 10(b) of this chapter and AS

1 29.53.045 on property used or committed by contract or other agreement
2 for use for the pipeline transportation of gas or unrefined oil, [OR]
3 for the production of gas or unrefined oil, for refining of gas or
4 unrefined oil, or for the processing, liquefaction, or manufacture of
5 natural gas or oil products at its full and true value as of January
6 1 of the assessment year. The department shall assess property for
7 the tax levied under sec. 10(b) of this chapter and AS 29.53.045 on
8 property used or committed by contract or other agreement for use in
9 the marine transportation of gas or unrefined oil during any portion
10 of the previous calendar year at its full and true value as of January
11 1 of the previous calendar year as apportioned under sec. 65 of this
12 chapter.

13 * Sec. 3. AS 43.56.060(e)(2) is amended to read:

14 (2) determined on each January 1 thereafter with due regard
15 to the economic value of the property based on the estimated life of
16 the proven reserves of gas or unrefined oil then technically, econom-
17 ically and legally deliverable into the transportation facility;
18 [HOWEVER, IF THE PROVEN RESERVES OF GAS OR UNREFINED OIL THEN TECHNI-
19 CALLY, ECONOMICALLY AND LEGALLY DELIVERABLE INDICATE AN ECONOMIC LIFE
20 MATERIALLY SHORTER THAN THE ESTIMATED PHYSICAL LIFE OF THE TRANSPORTA-
21 TION FACILITY, THE FULL AND TRUE VALUE IS THE ACTUAL COST REDUCED BY
22 AN ANNUAL ALLOWANCE FOR DEPRECIATION ON A STRAIGHT LINE BASIS OVER AN
23 ECONOMIC LIFE BASED ON THE ACTUAL ELAPSED LIFE FROM THE COMMENCEMENT
24 OF FULL OPERATION TO THE DATE OF ASSESSMENT PLUS THE ESTIMATED REMAIN-
25 ING LIFE OF THE PROVEN RESERVES OF GAS AND UNREFINED OIL THEN TECHNI-
26 CALLY, ECONOMICALLY AND LEGALLY DELIVERABLE INTO THE TRANSPORTATION
27 FACILITY AS OF THE DATE OF THE ASSESSMENT;]

28 * Sec. 4. AS 43.56.060 is amended by adding new subsections to read:

29 (h) The full and true value of taxable property used or committed

1 by contract or other agreement for the refining of gas or unrefined
2 oil or in the processing, liquefaction or manufacture of gas or oil
3 products is determined on the basis of replacement cost less deprecia-
4 tion based on the useful life of the property.

5 (i) The full and true value of taxable property used or
6 committed by contract or other agreement for the marine transportation
7 of gas or unrefined oil is determined on the basis of replacement cost
8 less depreciation based on the useful life of the property as apportioned
9 under sec. 65 of this chapter.

10 * Sec. 5. AS 43.56 is amended by adding a new section to read:

11 Sec. AS 43.56.065. METHOD OF APPORTIONMENT. (a) The full and
12 true value of the taxable marine transportation property shall be
13 apportioned to this state by multiplying that value by the days-spent-
14 in-port apportionment fraction. The numerator of the fraction is the
15 number of days spent in ports within the state loading or unloading
16 gas or unrefined oil, and the denominator of the fraction is the
17 number of days spent in ports both within the state and outside the
18 state loading or unloading gas or unrefined oil.

19 (b) For purposes of this section,

20 (1) "days spent in port" does not include periods when
21 ships are tied up because of strikes or withheld from service for
22 repairs, or because of seasonal reduction of service; days spent
23 in a port shall be computed by dividing the total number of hours in
24 that port by 24 and rounding to the nearest day;

25 (2) "port" includes a tanker terminal, dock, moorage,
26 another vessel or any other facility, fixed or floating, from which
27 gas or unrefined oil is loaded or unloaded.

28 * Sec. 6. AS 43.56.070 is amended by adding a new subsection to read:

29 (c) For purposes of this section, a return reporting marine

1 transportation values and days-spent-in-port information for the
2 previous calendar year shall be submitted to the department on a date
3 specified by regulation.

4 * Sec. 7. AS 43.56.210(6) is amended to read:

5 (6) "taxable property" means real and tangible personal
6 property within this state used or committed by contract or other
7 agreement for use [WITHIN THIS STATE] primarily in the exploration
8 for, production of, [OR] pipeline transportation of, refining of,
9 gas or unrefined oil, or in the processing, liquefaction or manufacture
10 of natural gas or oil products, including [(EXCEPT FOR] property used
11 [SOLELY] for the liquefaction [RETAIL DISTRIBUTION OR LIQUEFACTION] of
12 natural gas [)], or in the operation or maintenance of facilities used
13 in the exploration for, production of, [OR] pipeline transportation
14 of, refining of, gas or unrefined oil, or in the processing, liquefac-
15 tion or manufacture of natural gas or oil products, including machinery,
16 appliances, supplies, equipment, drilling rigs, wells (whether producing
17 or not), gathering lines and transmission lines, pumping stations,
18 compressor stations, power plants, topping plants, processing units,
19 refineries and refining equipment, gas processing plants and equip-
20 ment, liquefied natural gas facilities, roads, tank farms, tanker ter-
21 minals, docks and other port facilities, air strips and communication
22 equipment and facilities, maintenance equipment and facilities, and
23 maintenance camps and other related facilities; "taxable property"
24 also means property used or committed by contract or other agreement
25 for use primarily in the marine transportation of gas or unrefined oil
26 including tankers, all classes of crude carriers, ships, barges or
27 other marine vessels used in connection with the transportation of gas
28 or unrefined oil; "taxable property" does not include permanent resi-
29 dences, office buildings requiring substantial local government services,

1 by January 15 of the following year.

2 * Sec. 9. AS 29.53.050(b) is amended to read:

3 (b) No municipality, or combination of municipalities occupying
4 the same geographical area, in whole or in part, may levy taxes (1)
5 which will result in tax revenues from all sources exceeding \$1,500
6 [\$1,000] a year, as adjusted in accordance with (c) of this section,
7 for each person residing within their boundaries or (2) upon values
8 which, when combined with the value of property otherwise taxable by
9 the municipality, exceed the product of 225 per cent of the average
10 per capita assessed full and true value of property in the state
11 multiplied by the number of residents of the taxing municipality. If
12 two or more municipalities occupying the same geographical area, in
13 whole or in part, attempt to levy a tax (1) the combined levy of which
14 would result in tax revenues from all sources exceeding \$1,500
15 [\$1,000] a year, as adjusted in accordance with (c) of this section,
16 for each person residing within their boundaries or (2) upon value
17 which, when combined with the value of property otherwise taxable by
18 the municipality, exceed the product of 225 per cent of the average
19 per capita assessed full and true value of property in the state
20 multiplied by the number of residents of the taxing municipality, the
21 commissioner of community and regional affairs shall apportion the
22 lawful levy and equitably divide these revenues on the basis of need,
23 services performed and other considerations in the public interest.
24 For the purpose of this subsection, population shall be determined by
25 the commissioner of community and regional affairs based on the latest
26 statistics of the United States Bureau of the Census or on other
27 reliable population data. For purposes of this subsection the average
28 per capita assessed full and true value of property in the state shall
29 be calculated without regard to the assessed value of taxable property

1 property used for retail distribution of gas, oil or oil products, or
2 gas pipeline systems operated as utilities and regulated by the Alaska
3 Public Utilities Commission;

4 * Sec. 8. AS 29.53.045(b) is amended to read:

5 (b) A municipality may levy and collect a tax on the full and
6 true value of taxable property taxable under AS 43.56 as valued by the
7 Department of Revenue at a rate not to exceed that which produces an
8 amount of revenue from the total municipal property tax equivalent to
9 \$1,500 a year for each person residing within its boundaries. The
10 commissioner of revenue shall adjust the limitation provided for in
11 this section in accordance with changes in the Consumer Price Index
12 for Anchorage, Alaska, published by the Bureau of Labor Statistics,
13 United States Department of Labor. The adjusted limitation becomes
14 effective on the January 1 following its adjustment and applies to
15 taxes levied for that tax year. The Consumer Price Index for October
16 1976 is considered the initial Consumer Price Index. In making the
17 adjustments under this section, the commissioner shall comply with the
18 following procedure:

19 (1) after November 30 and before December 31 of each year
20 the commissioner shall calculate the change in the October Consumer
21 Price Index for the current year from the October Consumer Price Index
22 for the previous year;

23 (2) the commissioner shall then

24 (A) compute the percentage increase or decrease for
25 that period and

26 (B) adjust the most current limitation set out in this
27 section by the same percentage increase or decrease, rounded to
28 the nearest dollar;

29 (3) and report the adjusted limitation to each municipality

1 by January 15 of the following year.

2 * Sec. 9. AS 29.53.050(b) is amended to read:

3 (b) No municipality, or combination of municipalities occupying
4 the same geographical area, in whole or in part, may levy taxes (1)
5 which will result in tax revenues from all sources exceeding \$1,500
6 [\$1,000] a year, as adjusted in accordance with (c) of this section,
7 for each person residing within their boundaries or (2) upon values
8 which, when combined with the value of property otherwise taxable by
9 the municipality, exceed the product of 225 per cent of the average
10 per capita assessed full and true value of property in the state
11 multiplied by the number of residents of the taxing municipality. If
12 two or more municipalities occupying the same geographical area, in
13 whole or in part, attempt to levy a tax (1) the combined levy of which
14 would result in tax revenues from all sources exceeding \$1,500
15 [\$1,000] a year, as adjusted in accordance with (c) of this section,
16 for each person residing within their boundaries or (2) upon value
17 which, when combined with the value of property otherwise taxable by
18 the municipality, exceed the product of 225 per cent of the average
19 per capita assessed full and true value of property in the state
20 multiplied by the number of residents of the taxing municipality, the
21 commissioner of community and regional affairs shall apportion the
22 lawful levy and equitably divide these revenues on the basis of need,
23 services performed and other considerations in the public interest.
24 For the purpose of this subsection, population shall be determined by
25 the commissioner of community and regional affairs based on the latest
26 statistics of the United States Bureau of the Census or on other
27 reliable population data. For purposes of this subsection the average
28 per capita assessed full and true value of property in the state shall
29 be calculated without regard to the assessed value of taxable property

1 under AS 43.58.

2 * Sec. 10. AS 29.53.050 is amended by adding a new subsection to read:

3 (c) The commissioner of revenue shall adjust the \$1,500 per
4 person per year limitation provided for in (b) of this section in
5 accordance with changes in the Consumer Price Index for Anchorage,
6 Alaska, published by the Bureau of Labor Statistics, United States
7 Department of Labor. The adjusted limitation becomes effective on the
8 January 1 following its adjustment and applies to taxes levied for
9 that tax year. The Consumer Price Index for October 1976 is considered
10 the initial Consumer Price Index. In making the adjustments under
11 this section, the commissioner shall comply with the following procedure:

12 (1) after November 30 and before December 31 of each year
13 the commissioner shall calculate the change in the October Consumer
14 Price Index for the current year from the October Consumer Price Index
15 for the previous year;

16 (2) the commissioner shall then

17 (A) compute the percentage increase or decrease for
18 that period and

19 (B) adjust the most current limitation set out in this
20 section by the same percentage increase or decrease, rounded to
21 the nearest dollar;

22 (3) and report the adjusted limitation to each municipality
23 by January 15 of the following year.

24 * Sec. 11. If a provision of this Act relating to taxation of marine
25 transportation property or any other provision of this Act is held invalid
26 or unenforceable, it is the intent of the legislature that the invalidity
27 or unenforceability of that provision does not affect the validity or en-
28 forceability of any other provision of this Act.

29 * Sec. 12. This Act is retroactive to January 1, 1977, except that

1 marine transportation property shall be assessed in accordance with AS
2 43.56.060(a) for the first time in 1978 under the assessment and collection
3 procedures set out in AS 43.56 based upon its apportioned value during
4 1977.

5 * Sec. 13. This Act takes effect immediately in accordance with AS
6 01.10.070(c).

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

148323

March 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 relating to the oil and gas exploration, production, and pipeline and marine transportation property tax.

The Department of Revenue has recently completed its study of Alaska's oil and gas tax structure and has made several recommendations. One set of recommendations dealt with the state's 20-mill property tax imposed by AS 43.56. This bill would implement that set of recommendations.

The bill corrects four problem areas in the current property tax: the omission of certain important kinds of oil-and-gas-related properties from the definition of taxable property; present uncertainty about how pipelines should be valued; the static nature of the \$1500 per-capita limitation on municipal taxation, and the extent to which municipal property tax payments should be allowed as credits against the state tax. The bill's features are described below:

Section 1 of the bill makes clear that taxes paid to municipalities which exceed the statutory limitations in AS 29.53.045 and 29.53.050 are not creditable against the state tax.

Section 3 of the bill removes the current uncertainty on pipeline valuation by ensuring that pipelines will be valued on the basis of their full and true value

with due regard to their economic value. This will eliminate the possibility of pipelines being valued under the depressed valuation method of actual cost depreciated.

Section 4 of the bill defines full and true value of property used in refining or liquefying of gas or oil as replacement cost less depreciation. It also defines the value of taxable marine transportation property.

Section 7 adds new categories of taxable property including oil refineries, gas processing plants and liquefied natural gas facilities. This will mean greater revenues to the state from these important oil and gas properties.

Section 8 and 9 of the bill tie the \$1500 per capita municipal limitation to the Anchorage cost-of-living index in order that the limitation would increase over time as inflation raises the cost to municipalities of providing services to its residents.

In addition, Sections 2, 4, 5, 6, and 7 are aimed at amending the relevant provisions of AS 43.56 to provide for the taxation of marine transportation property (i.e. tankers) on an apportioned basis determined by the number of days spent on parts loading and unloading gas and unrefined oil divided by the total number of days-spent-in-ports everywhere. Although these provisions raise close and difficult questions of constitutional law regarding the ability of the state and municipalities to impose an ad valorem property tax on such vessels in light of the traditional application of the "home port" doctrine, it is the view of the Department of Law that these vessels have sufficient nexus with the state to bring them within the constitutional parameters of the state's taxing power.

Sincerely,

Jay S. Hammond
Governor

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 323
 Title Oil and Gas Exploration, Production and Pipeline Property Tax
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Department of Revenue
 Program Category Affected Petroleum Revenue Division
 Budget Request Unit(s) Affected _____

EXPENDITURES

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		10,000.	10,000.	10,000.	10,000.	10,000.
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		10,000.	10,000.	10,000.	10,000.	10,000.

FUNDING

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND		10,000.	10,000.	10,000.	10,000.	10,000.
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
FULL TIME						
PART TIME						
TEMPORARY						

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

The inclusion of the new categories of taxable property including marine transportation property, LNG facilities and refineries would require additional amounts of contractual funds for professional appraisal services.

IV. DATE March 7, 1977 PREPARED BY John R. Messenger, Deputy Commissioner
 AGENCY Department of Revenue
 PHONE 4652300
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Original sponsor: Rules Committee by request
of the Governor

Offered: 4/6/77
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 323

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 oil and gas exploration, pro-
7 duction, and pipeline and marine transportation proper-
8 ty tax; and providing for an effective date."

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

10 * Section 1. AS 43.56.010(d) is amended to read:

11 (d) A tax paid to a municipality under AS 29.53.045 on or before
12 June 30 of the tax year shall be credited against the tax levied under
13 (a) of this section for that tax year. If, however, a tax is not paid
14 to a municipality until after June 30 of the taxable year, the depart-
15 ment upon application shall refund to the taxpayer the amount of tax
16 paid to the municipality under AS 29.53.045. The credit or refund of
17 taxes paid to a municipality may not exceed the total amount of tax
18 levied by the department upon the taxpayer for the tax year, under (a)
19 of this section. Current property taxes which are collected by one or
20 more municipalities under AS 29.53.055 or any other authority which
21 exceed the limitations set out in AS 29.53.045 or 29.53.050 are not
22 allowed as a credit against, or refund of, the tax levied under this
23 section. The credit or refund is only allowed for taxes paid for the
24 current tax year.

25 * Sec. 2. AS 43.56.060(e)(2) is amended to read:

26 (2) determined on each January 1 thereafter with due regard
27 to the economic value of the property based on the estimated life of the
28 proven reserves of gas or unrefined oil then technically, economically
29 and legally deliverable into the transportation facility; [HOWEVER, IF

1 THE PROVEN RESERVES OF GAS OR UNREFINED OIL THEN TECHNICALLY, ECONOMICALLY
2 CALLY AND LEGALLY DELIVFABLE INDICATE AN ECONOMIC LIFE MATERIALLY
3 SHORTER THAN THE ESTIMATED PHYSICAL LIFE OF THE TRANSPORTATION FACILITY,
4 THE FULL AND TRUE VALUE IS THE ACTUAL COST REDUCED BY AN ANNUAL ALLOW-
5 ANCE FOR DEPRECIATION ON A STRAIGHT LINE BASIS OVER AN ECONOMIC LIFE
6 BASED ON THE ACTUAL ELAPSED LIFE FROM THE COMMENCEMENT OF FULL OPERATION
7 TO THE DATE OF ASSESSMENT PLUS THE ESTIMATED REMAINING LIFE OF THE
8 PROVEN RESERVES OF GAS AND UNREFINED OIL THEN TECHNICALLY, ECONOMICALLY
9 AND LEGALLY DELIVERABLE INTO THE TRANSPORTATION FACILITY AS OF THE DATE
10 OF THE ASSESSMENT;]

11 * Sec. 3. AS 43.56.210(6) is amended to read:

12 (6) "taxable property" means real and tangible personal prop-
13 erty within this state used or committed by contract or other agreement
14 for use [WITHIN THIS STATE] primarily in the exploration for, production
15 of, or pipeline transportation of gas or unrefined oil (except for pro-
16 perty used solely for the retail distribution or liquefaction of natural
17 gas), or in the operation or maintenance of facilities used in the ex-
18 ploration for, production of, or pipeline transportation of gas or un-
19 refined oil, including machinery, appliances, supplies, equipment,
20 drilling rigs, wells (whether producing or not), gathering lines and
21 transmission lines, pumping stations, compressor stations, power plants,
22 topping plants, processing units, roads, tank farms, tanker terminals,
23 docks and other port facilities, air strips and communication equipment
24 and facilities, maintenance equipment and facilities, and maintenance
25 camps and other related facilities; "taxable property" does not include
26 permanent residences, office buildings requiring substantial local
27 government services, or gas pipeline systems operated as utilities and
28 regulated by the Alaska Public Utilities Commission;

29 * Sec. 4. AS 29.53.045(b) is amended to read:

1 (b) A municipality may levy and collect a tax on the full and true
2 value of taxable property taxable under AS 43.56 as valued by the
3 Department of Revenue at a rate not to exceed that which produces an
4 amount of revenue from the total municipal property tax equivalent to
5 \$1,500 a year for each person residing within its boundaries. The
6 commissioner of revenue shall adjust the limitation provided for in this
7 section in accordance with changes in the Consumer Price Index for
8 Anchorage, Alaska, published by the Bureau of Labor Statistics, United
9 States Department of Labor. The adjusted limitation becomes effective
10 on the January 1 following its adjustment and applies to taxes levied
11 for that tax year. The Consumer Price Index for October 1976 is con-
12 sidered the initial Consumer Price Index. In making the adjustments
13 under this section, the commissioner shall comply with the following
14 procedure:

15 (1) after November 30 and before December 31 of each year the
16 commissioner shall calculate the change in the October Consumer Price
17 Index for the current year from the October Consumer Price Index for the
18 previous year;

19 (2) the commissioner shall then

20 (A) compute the percentage increase or decrease for that
21 period and

22 (B) adjust the most current limitation set out in this
23 section by the same percentage increase or decrease, rounded to the
24 nearest dollar;

25 (3) and report the adjusted limitation to each municipality
26 by January 15 of the following year.

27 * Sec. 5. AS 29.53.050(b) is amended to read:

28 (b) No municipality, or combination of municipalities occupying
29 the same geographical area, in whole or in part, may levy taxes (1)

1 which will result in tax revenues from all sources exceeding \$1,500
2 [\$1,000] a year, as adjusted in accordance with (c) of this section,
3 for each person residing within their boundaries or (2) upon values
4 which, when combined with the value of property otherwise taxable by the
5 municipality, exceed the product of 225 per cent of the average per
6 capita assessed full and true value of property in the state multiplied
7 by the number of residents of the taxing municipality. If two or more
8 municipalities occupying the same geographical area, in whole or in
9 part, attempt to levy a tax (1) the combined levy of which would result
10 in tax revenues from all sources exceeding \$1,500 [\$1,000] a year, as
11 adjusted in accordance with (c) of this section, for each person re-
12 siding within their boundaries or (2) upon value which, when combined
13 with the value of property otherwise taxable by the municipality, exceed
14 the product of 225 per cent of the average per capita assessed full and
15 true value of property in the state multiplied by the number of resi-
16 dents of the taxing municipality, the commissioner of community and
17 regional affairs shall apportion the lawful levy and equitably divide
18 these revenues on the basis of need, services performed and other
19 considerations in the public interest. For the purpose of this subsec-
20 tion, population shall be determined by the commissioner of community
21 and regional affairs based on the latest statistics of the United States
22 Bureau of the Census or on other reliable population data. For purposes
23 of this subsection the average per capita assessed full and true value
24 of property in the state shall be calculated without regard to the
25 assessed value of taxable property under AS 43.58.

26 * Sec. 6. AS 29.53.050 is amended by adding a new subsection to read:

27 (c) The commissioner of revenue shall adjust the \$1,500 per
28 person per year limitation provided for in (b) of this section in
29 accordance with changes in the Consumer Price Index for Anchorage,

1 Alaska, published by the Bureau of Labor Statistics, United States
2 Department of Labor. The adjusted limitation becomes effective on the
3 January 1 following its adjustment and applies to taxes levied for that
4 tax year. The Consumer Price Index for October 1976 is considered the
5 initial Consumer Price Index. In making the adjustments under this
6 section, the commissioner shall comply with the following procedure:

7 (1) after November 30 and before December 31 of each year the
8 commissioner shall calculate the change in the October Consumer Price
9 Index for the current year from the October Consumer Price Index for the
10 previous year;

11 (2) the commissioner shall then

12 (A) compute the percentage increase or decrease for that
13 period and

14 (B) adjust the most current limitation set out in this
15 section by the same percentage increase or decrease, rounded to the
16 nearest dollar;

17 (3) and report the adjusted limitation to each municipality
18 by January 15 of the following year.

19 * Sec. 7. This Act is retroactive to January 1, 1977.

20 * Sec. 8. This Act takes effect immediately in accordance with AS 01.10.-

21 070(c).

22

23

24

25

26

27

28

29

#

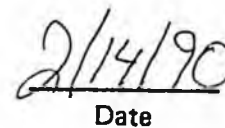


RECORDS CERTIFICATION



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

THE AMERICAN LEGION - DEPARTMENT OF ALASKA

P. O. BOX 250 JUNEAU, ALASKA 99802

March 11, 1978

Resolution passed by the Department Executive Committee
at Anchorage, Alaska

RESOLUTION NO. 78-7

WHEREAS, The Alaska State Legislature has proposed a bill
(HB 324) providing for the exemption of payment of certain real property
taxes for disabled veterans; and

WHEREAS, Exemption of payment would apply to only those disabled
veterans whose adjusted gross income is less than \$20,000.00; and

WHEREAS, other reasonable restrictions have been written into
the bill in fairness to the general public; now, therefore, be it

RESOLVED, That The American Legion, Department of Alaska, in Exec-
utive Committee Meeting assembled in Anchorage, Alaska on March 11, 1978,
recommend and support the passage of HB 324; and be it further

RESOLVED, That a copy of this resolution be sent to each member
of the Alaska Legislature and to the Governor of Alaska.

/s/ Wallace E. Utley
WALLACE E. UTLEY
Department Commander

ATTEST:



WILLIAM C. KELM
Department Adjutant

"An Act providing for exemption of disabled veterans from payment of real property taxes."

COMMITTEE REPORT

HOUSE

4/26/77

_____ Date

Mr. Speaker:

The Committee on FINANCE has had HB 324 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

COMMITTEE REPORT

HOUSE

4/26/77

_____ Date

Mr. Speaker:

The Committee on FINANCE has had HB 324

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 providing for exemption of disabled veterans from payment of real property taxes"

COMMITTEE REPORT

3-9-77

HOUSE

FINANCE

April 26, 1977 Date

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 324 under consideration. A majority of the members of the Committee

- checkbox recommends it do pass
checkbox recommends it do not pass
checkbox recommends it do pass with attached amendment(s)
checkbox recommends it be replaced with CS for HB 324 (same title) and that CS for HB 324 do pass
checkbox (and) recommends it be referred to the committee
checkbox reports it back without recommendation
checkbox AND attaches a report of its intent
checkbox (other)

MEMBERS SIGNING THE MAJORITY REPORT:

Handwritten signatures and recommendations: C.F. Bradley - Do Pass, Tim Kelly - Do Pass, Dan Bennett - No Pass, 2) O'Neil - No Rec.

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

Three lines for non-concurring members, each starting with 'recommends:'

Signature of C.F. Bradley, Chairman

3496
Chenoweth

Original sponsors: McKinnon, Bradley,
and Meekins

Offered: 4/26/77
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 324

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for exemption of disabled veterans
7 from payment of real property taxes."

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

9 * Section 1. AS 29.53.020(e) and (f) are amended to read:

10 (e) The real property owned and occupied as a permanent place of
11 abode by a resident 65 years of age or over, or by a disabled veteran
12 without regard to his age whose adjusted gross income is less than
13 \$20,000, is exempt from taxation of the assessed value of the real
14 property up to and including an assessed value limit determined no later
15 than January 15 of each year by the commissioner of the Department of
16 Community and Regional Affairs. The assessed value limit is the upper
17 limit of the third quartile class in a frequency distribution of pre-
18 vious year assessed values in the state. Only one exemption may be
19 granted with respect to the same property and, if two or more persons
20 are eligible for an exemption with respect to the same property, the
21 parties shall decide between or among themselves which shall receive the
22 benefit of the exemption. No real property may be exempted under this
23 subsection which the assessor determines, after notice and hearing to
24 the parties concerned, has been conveyed to the applicant primarily for
25 the purpose of obtaining the exemption. The determination of the
26 assessor is appealable under AS 44.62.560 - 44.62.570.

27 (f) No exemption may be granted except upon written application
28 for the exemption on a form prescribed by the state assessor for use by
29 local assessors. The claimant must file the application no later than

1 January 15 of the assessment year for which the exemption is sought, but
2 during the same year the governing body of the municipality for good
3 cause shown may waive the claimant's failure to make timely application
4 for the exemption for that year and authorize the assessor to accept the
5 application as if timely filed. The claimant must file a separate
6 application for each assessment year in which the exemption is sought.
7 If an application is filed within the required time and is approved by
8 the assessor, he shall allow an exemption in accordance with the pro-
9 visions of this section. If a claimant whose failure to file by
10 January 15 of the assessment year has been waived as provided in this
11 subsection and the application for exemption is approved, the amount of
12 tax which the claimant may have already paid for the assessment year
13 with respect to the property exempted shall be refunded to him. The
14 assessor may at any time require proof in the form he considers neces-
15 sary of the right and amount of an exemption claimed under this section,
16 and in that respect may as one form of proof require authorization from
17 a disabled veteran claiming an exemption under (e) of this section to
18 verify adjusted gross income level by reference to adjusted gross in-
19 come shown in the latest state income tax return of the applicant for
20 all or part of the assessment year for which an exemption is sought.

21 * Sec. 2. AS 29.53.020(1) is repealed and re-enacted to read:

22 (i) In (e) - (i) of this section,

23 (1) "adjusted gross income" means, with respect to an appli-
24 cant, his adjusted gross income as defined in sec. 62 of the Internal
25 Revenue Code (26 U.S.C. 62) for the year preceding the tax year for
26 which application for exemption is filed;

27 (2) "disabled veteran" means a person honorably separated
28 from the military service of the United States who is a resident of the
29 state, whose disability was incurred or aggravated in the line of duty

1 in the uniformed services of the United States, and whose disability has
2 been rated by the branch of the service or the Veterans Administration
3 at 40 per cent or more;

4 (3) "real property" includes but is not limited to mobile
5 homes, whether classified as real or personal property for municipal
6 tax purposes.

Introduced: 3/9/77
Referred: State Affairs and
Finance

3496
Chenoweth

1 IN THE HOUSE

BY MCKINNON, BRADLEY AND MEEKINS

2 HOUSE BILL NO. 324

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for exemption of disabled veterans
7 from payment of real property taxes."

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

9 * Section 1. AS 29.53.020(e) is amended to read:

10 (e) The real property owned and occupied as a permanent place of
11 abode by a resident 65 years of age or over or by a disabled veteran
12 without regard to his age is exempt from taxation of the assessed value
13 of the real property up to and including an assessed value limit deter-
14 mined no later than January 15 of each year by the commissioner of the
15 Department of Community and Regional Affairs. The assessed value limit
16 is the upper limit of the third quartile class in a frequency distribu-
17 tion of previous year assessed values in the state. Only one exemption
18 may be granted with respect to the same property and, if two or more
19 persons are eligible for an exemption with respect to the same property,
20 the parties shall decide between or among themselves which shall receive
21 the benefit of the exemption. No real property may be exempted under
22 this subsection which the assessor determines, after notice and hearing
23 to the parties concerned, has been conveyed to the applicant primarily
24 for the purpose of obtaining the exemption. The determination of the
25 assessor is appealable under AS 44.62.560 - 44.62.570.

26 * Sec. 2. AS 29.53.020(1) is repealed and re-enacted to read:

27 (1) In (e) - (1) of this section,

28 (1) "real property" includes but is not limited to mobile
29 homes, whether classified as real or personal property for municipal

1 tax purposes;

2 (2) "disabled veteran" means a person honorably separated
3 from the military service of the United States who is a resident of the
4 state, whose disability was incurred or aggravated in the line of duty
5 in the uniformed services of the United States, and whose disability has
6 been rated by the branch of the service or the Veterans Administration
7 at 50 per cent or more.

ALASKA STATE LEGISLATURE

TENTH... Legislature . . . FIRST Session

HOUSE . . . BILL NO. 324
By . . . MCKINNON, BRADLEY AND MEEKINS

"An Act providing for exemption of disabled veterans from payment of real property taxes."

Disabled vets exempt real prop. tax

Introduced in the House 3-9, 1977

HISTORY IN THE HOUSE

19 77	<p>Read first time and referred to Committee on State Affairs and Finance</p> <p>Reported back with recommendation that</p> <p>Read second time and</p> <p>Read third time and</p> <p style="text-align: center;">PASS Effective Date</p> <p>Yeas Yeas</p> <p>Nays Nays</p> <p>Absent Absent</p> <p>Excused Excused</p> <p style="text-align: center;">Reconsideration</p> <p style="text-align: center;">PASS Effective Date</p> <p>Yeas Yeas</p> <p>Nays Nays</p> <p>Absent Absent</p> <p>Excused Excused</p> <p>Reported correctly engrossed</p> <p>Signed by Speaker</p> <p>Sent to Senate</p>
-------	--

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19	<p>Read first time and referred to Committee on</p> <p>Reported back with recommendation that</p> <p>Read second time and</p> <p>Read third time and</p> <p style="text-align: center;">PASS Effective Date</p> <p>Yeas Yeas</p> <p>Nays Nays</p> <p>Absent Absent</p> <p>Excused Excused</p> <p style="text-align: center;">Reconsideration</p> <p style="text-align: center;">PASS Effective Date</p> <p>Yeas Yeas</p> <p>Nays Nays</p> <p>Absent Absent</p> <p>Excused Excused</p> <p>Reported correctly engrossed</p> <p>Signed by President</p> <p>Returned to House</p>
----	---

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

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

COMMITTEE REPORT

HOUSE

3/10/77

Date

Mr. Speaker:

The Committee on FINANCE has had HB 326 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:

Blank lines for signing members of the majority report.

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

recommends:
recommends:
recommends:

Chairman

"An Act making a special appropriation to the New Capital Site Planning Commission; effective date."

COMMITTEE REPORT

3-9-77

HOUSE

FINANCE

3-9-77

Date

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB ~~325~~ 326

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:

<u>Ed Dankworth</u>	<u>Do Pass</u>	<u>L. P. Bradley</u> ^{Do}
<u>Bulwile</u>	<u>Do Pass</u>	<u>Joe McKinnon</u> ^{Pass}
<u>Tom Kelly</u>	<u>Do Pass</u>	
<u>Kris W. Feltham</u>	<u>No Pass</u>	

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

L. P. Bradley
Chairman

3667
Vassar

Introduced: 3/9/77
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 HOUSE BILL NO. 326

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 New
7 Capital Site Planning Commission; and providing for an
8 effective date."

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

10 * Section 1. The sum of \$275,000 is appropriated from the general fund to
11 the New Capital Site Planning Commission for the purpose of funding the
12 authorized expenses of the commission for the fiscal year ending June 30, 1977.

13 * Sec. 2. This Act takes effect upon the effective date of a version of
14 an Act entitled "An Act relating to the New Capital Site Planning Commission."
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

ALASKA STATE LEGISLATURE

TENTH Legislature FIRST Session

HOUSE BILL NO. 326

By THE STATE AFFAIRS COMMITTEE

"An Act making a special appropriation to the New Capital Site Planning Commission; and providing for an effective date."

Spec. approp. New Cap. Site Comm.

Introduced in the House 3-9, 1977

HISTORY IN THE HOUSE

19 77

Mar. 9

Read first time and referred to Committee on State Affairs 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.

Introduced: 3/9/77
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2

HOUSE BILL NO. 326

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 New

7

Capital Site Planning Commission; and providing for an

8

effective date."

9

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

10

* Section 1. The sum of \$275,000 is appropriated from the general fund to

11

the New Capital Site Planning Commission for the purpose of funding the

12

authorized expenses of the commission for the fiscal year ending June 30, 1977.

13

* Sec. 2. This Act takes effect upon the effective date of a version of

14

an Act entitled "An Act relating to the New Capital Site Planning Commission."

15

16

17

18

19

20

21

22

23

24

25

26

27

28

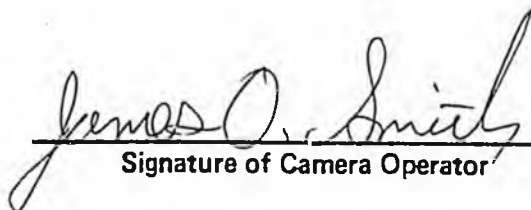
29

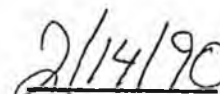
#



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

1700 CIA

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. H.B. 327
 Title Establishing the Alaska Energy Corporation
 Requested by House Commerce Committee Date 4/19/77

II. FISCAL DETAIL
 Agency Affected Commerce & Economic Development
 Program Category Affected Development
 Budget Request Unit(s) Affected (NEW) Alaska Energy Corporation

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		188.7				
200 TRAVEL		42.4				
300 CONTRACTUAL		233.2				
400 COMMODITIES		3.2				
500 EQUIPMENT		12.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		479.5	Unable to estimate at this time. Please see analysis.			

FUNDING (Thousands of Dollars)

GENERAL FUND		479.5				
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME		7.0				
PART TIME						
TEMPORARY						

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

Personal Services: Executive Director: New position \$45-\$50,000, depending on experience
 Civil Engineer IV: Range 24 \$2988/month
 Electrical Eng.: Range 21 \$2356/month
 Economist, Principal: Range 20 \$2187/month
 Secretary I: Range 10 \$1083/month
 Clk. Typist III: Range 8 \$957/month
 Clk. Typist III: Range 8 \$957/month

Contractual Funds: 175.00 for contractual studies, feasibility studies.

The FY 78 costs estimated above are those associated with establishing the corporation and developing the program, procedures and plans for the Corporation; am unable to estimate the costs for the FY79, 80, 81, and 82 at this time. Given the scope and powers of this corporation the costs would be tremendous.

IV. DATE 4/19/77 PREPARED BY William C. McConkey
 AGENCY Commerce & Economic Development
 PHONE 272-0527 Anch./465-2500 Juneau
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

FOUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

May 10, 1977

SUBJECT: Fiscal Impact of HB 327

TO: The Honorable Joe McKinnon
Attention: Jim Grandjean

FROM: Ken Humphreys *J.K.H.*
Research Analyst

In response to your request for a fiscal note on HB 327, we have contacted Mr. William McConkey, Director of the Division of Energy and Power Development to secure the needed data. He indicated that the data which is currently available would not support even a rude guess concerning the fiscal impact of the subsidy portion of the bill.

We have reviewed material currently available, including the Rural Energy Survey, and agree with Mr. McConkey that an extensive effort would be required in order to gather price and use figures which will permit a reasonable estimate. It would require an interim project of some magnitude to fill in the gaps in the data and arrive at a figure which can be relied upon. We will furnish sample figures for some selected municipalities for which we do have data.

KH:mo

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 10, 1977

SUBJECT: Fiscal Impact of HB 327 (Work Order #4501)

TO: The Honorable Joe McKinnon

FROM: Ken Humphreys *K.H.*
Research Analyst

We have prepared the attached exhibit from the 1976-77 Rural Energy Survey. We selected the locations with current price and annual need figures for fuel oil and calculated the cost of subsidizing consumers to reduce the price to 54.4 cents per gallon (equivalent to an index of 120) at the indicated level of use. The cost, calculated in this way, totals \$858,477, about \$70 per capita.

It is very difficult to speculate about total cost of the program which HB 327 would establish from these figures. Annual, per capita need for fuel oil for the villages with population given in the attached exhibit is about 206 gallons; this figure seems low, reflecting use of wood, shortages, etc. and would undoubtedly rise if the price were lowered and availability increased. On the other hand, the average price of 91 cents per gallon is probably substantially higher than the average price would be for all of the areas which would receive assistance under HB 327. These two factors would tend to offset each other.

Based on A. R. Latham's memo of April 27 and 1976 population figures, we estimate that no more than 35 percent of the population would benefit directly under HB 327. At the \$70 per capita figure suggested by the attached exhibit and assuming a total state population of 400,000, the annual cost would amount to \$9,800,000.

As indicated in the previous memo, little confidence can be placed in this figure without much more data to support it. For now, I hope the attached exhibit and this memo will be of some use in your deliberations.

KH:jm
Attachment

PROJECTED ENERGY COST SUPPORT FOR SELECTED

LOCATION	POPULATION	PRICE OF OIL	ANNUAL NEED	COST OF DEPRESS PRICE TO \$.57
AVIACHAK	355	\$0.60	52,800	\$2,956.30
AKIAK	603	\$0.65	24,204	\$2,629.26
AKOLMUT	527	\$0.60	90,000	\$5,040.00
ALAVANUK	217	\$0.70	85,000	\$13,260.00
AMBLER	145	\$1.00	50,000	\$22,800.00
ANKUTYAK PASS	300	\$1.24	50,000	\$34,800.00
ANIAK	120	\$0.65	100,000	\$10,600.00
ANYIK	140	\$0.75	15,000	\$3,090.00
ATHAUTLUAK	85	\$0.62	35,640	\$2,708.64
BEAVER	170	\$0.90	3,000	\$1,068.00
BUCKLAND	122	\$1.23	58,000	\$39,788.00
CHLATHBALUK	124	\$0.85	20,000	\$6,120.00
DIOMEDE	400	\$0.88	16,000	\$5,376.00
GAMBELL	140	\$1.25	130,000	\$91,780.00
GRAYLING	630	\$1.00	5,000	\$2,280.00
HODDER BAY	47	\$1.00	100,000	\$45,600.00
IGIUSIG	46	\$0.67	6,000	\$756.00
IVANOFF BAY	164	\$0.61	15,000	\$990.00
UPPER KALSKAS	290	\$0.80	10,000	\$2,560.00
KASIGLUK	380	\$0.72	35,000	\$6,160.00
KIPMUK	205	\$0.83	102,300	\$29,257.80
KONGIGANAK	160	\$0.85	55,000	\$16,830.00
KOVUK	50	\$0.50	40,000	\$14,240.00
LIPE VILLAGE	200	\$2.00	15,000	\$21,840.00
MEKORVUK	500	\$1.10	40,000	\$22,240.00
MINTO	279	\$0.64	3,000	\$228.00
MT. VILLAGE	151	\$0.90	125,000	\$44,500.00
NAPAMUTE	279	\$1.10	400	\$222.40
NEW STUYAHOK	151	\$0.80	62,000	\$15,872.00
NIGHTMUTE	134	\$0.85	17,000	\$5,202.00
NOATAK	285	\$1.00	20,700	\$9,439.20
NONDALTON	259	\$1.05	11,000	\$5,566.00
NULLATO	331	\$1.30	36,000	\$27,216.00
OLD HARBOR	315	\$1.00	17,500	\$7,980.00
OSCARVILLE	150	\$0.65	55,000	\$5,230.00
PERRYVILLE	130	\$0.65	10,000	\$1,060.00
RED DEVIL	200	\$0.70	45,000	\$7,020.00
SAVONONGA	200	\$1.10	18,230	\$10,135.83
SCAMMON BAY	310	\$1.25	150,000	\$105,300.00
SHISHMARPEF	175	\$1.00	30,000	\$13,680.00
SULTENAK	80	\$1.00	50,000	\$24,800.00
STEVENS VILLAGE	303	\$1.50	35,000	\$15,960.00
ST. MARYS	425	\$0.60	1,855	\$1,773.38
TOGIK	234	\$0.85	62,000	\$3,472.00
TRANGOK BAY	235	\$0.85	250,000	\$76,500.00
TUNUTLUAK	235	\$0.85	50,000	\$15,300.00
TWIN HILLS	72	\$1.00	40,000	\$18,240.00
TOTALS	10,090	\$0.91	2,363,229	\$858,477.32
AVERAGE				



JUNEAU ALASKA

Alaska State Legislature

House

LETTER OF INTENT ON CSHB 327

During its deliberations on House Bill 327, the Commerce Committee was presented with two Fiscal Notes from the Department of Commerce and Economic Development. One estimates the costs associated with establishing the Alaska Energy Corporation created by HB 327, and developing the corporation's program, procedures and plans. The other Fiscal Note reflects the costs of establishing and publishing a state energy cost index for each municipality in the state.

Attempting to discern the fiscal impact of the subsidy portion of HB 327, the Committee considered what limited data is currently available to permit a reasonable estimate of this impact. Price and use figures from the 1976-77 Rural Energy Survey were utilized. Locations were selected that have current price and annual need figures for fuel oil. The cost of subsidizing consumers to reduce the price of fuel oil to 54.4 cents per gallon (equivalent to the index of 120 per HB 327) was calculated at the level of use. The result is an estimated \$70 per capita annual subsidy.

Again employing the limited data currently available, the Committee estimates that about 35 per cent of the state's population would benefit directly by enactment of HB 327. Using the \$70 annual per capita subsidy cost, and assuming a total state population of 400,000, the annual aggregate cost of the subsidy would amount to \$9,800,000.

The Committee acknowledges the difficulty in speculating on the total cost of the program using limited data. For example, the average annual per capita need for fuel oil in villages for which data is available is about 206 gallons. This figure could be low because it is reasonable to assume that if the price were lowered and availability were increased (per HB 327), the need figure would rise. On the other hand, the average price of fuel per gallon derived from today's data may well be substantially higher than the average price for all the areas that will receive assistance under HB 327. The two factors tend to offset each other, but certainty is not possible without more data.

The Committee recommends Committee Substitute for House Bill 327 based on the best data currently available, and feels that if it so desires, the Finance Committee may be able to fill in the gaps in the data and arrive at a more reliable subsidy cost, perhaps by an interim project.

A handwritten signature in cursive script that reads "Joe McKinnon".

Joe McKinnon
Chairman
House Commerce Committee

Original sponsors: Buchholdt and Guy

Offered: 5/13/77
Referred: Finance

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 327

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Energy Corporation."

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

8 * Section 1. AS 41 is amended by adding a new chapter to read:

9 CHAPTER 45. ALASKA ENERGY CORPORATION.

10 Sec. 41.45.010. LEGISLATIVE FINDING AND POLICY. (a) The legisla-
11 ture finds, determines and declares that

12 (1) there exist many areas of the state which suffer from
13 exorbitant energy costs;

14 (2) energy sufficient to supply the heating and other basic
15 needs of all the people of the state can be made available at reasonable
16 cost;

17 (3) the accelerated development of heretofore untapped fossil
18 fuel resources and the establishment of energy distribution systems at
19 reasonable cost to the consumer will benefit all Alaskans.

20 (b) It is declared to be the policy of the state, in the interests
21 of promoting the general welfare of all the people of the state, to
22 reduce consumer energy costs, to establish reasonable energy price
23 parity throughout the state and otherwise to encourage the long-term
24 economic growth of the state, including the development of its natural
25 resources, through the utilization of proximate fossil fuel resources
26 and the development of low-cost distribution systems by creating a
27 public corporation with powers, duties and functions as provided in this
28 chapter.

29 Sec. 41.45.020. CREATION OF CORPORATION. There is created the

1 Alaska Energy Corporation. The corporation is a public corporation of
2 the state in the Department of Commerce and Economic Development but
3 with separate and independent legal existence.

4 Sec. 41.45.030. DIRECTORS OF THE CORPORATION. The corporation is
5 governed by a board of directors which consists of the commissioner of
6 commerce and economic development and four public members appointed by
7 the governor. Directors other than the commissioner of commerce and
8 economic development serve at the pleasure of the governor and shall be
9 appointed to give representation to the major geographic areas of the
10 state. The directors must be residents of the state and qualified
11 voters at the time of appointment and shall comply with the requirements
12 of AS 39.50 (conflict of interest). The term of office of each director
13 appointed by the governor is four years except that the directors first
14 appointed shall have terms of one, two, three, and four years, res-
15 pectively. A vacancy in a directorship occurring other than by ex-
16 piration of term shall be filled in the same manner as the original
17 appointment but for the unexpired term only.

18 Sec. 41.45.040. OFFICERS AND QUORUM. The directors shall elect
19 one of the public members as chairman and other officers they determine
20 desirable. The powers of the corporation are vested in the directors,
21 and three directors of the corporation constitute a quorum. Action may
22 be taken and motions and resolutions adopted by the corporation at a
23 meeting by the affirmative vote of at least three directors. The direc-
24 tors of the corporation serve without compensation, but they shall
25 receive the same travel pay and per diem as provided by law for board
26 members.

27 Sec. 41.45.050. STAFF. The corporation shall employ an executive
28 director who may with the approval of the corporation select and employ
29 additional staff as necessary. In addition to its staff of regular

1 employees, the corporation may contract for and engage the services of
2 the bond counsel, consultants, experts, and financial advisors the
3 corporation considers necessary for the purpose of developing informa-
4 tion, or conducting studies, investigations, hearings, or other pro-
5 ceedings. The executive director and other personnel of the corpora-
6 tion are exempt from the provisions of AS 39.25.

7 Sec. 41.45.070. PURPOSE OF THE CORPORATION. The purpose of the
8 corporation is to promote, develop and advance the general prosperity and
9 economic welfare of the people of Alaska by providing low-cost energy
10 for heating and lighting use by residences, small businesses and public
11 facilities.

12 Sec. 41.45.080. POWERS OF THE CORPORATION. In furtherance of its
13 corporate purposes, the corporation has the following powers in addition
14 to its other powers:

- 15 (1) to sue and be sued;
- 16 (2) to have a seal and alter it at pleasure;
- 17 (3) to make and alter bylaws for its organization and inter-
18 nal management;
- 19 (4) to make rules and regulations governing the exercise of
20 its corporate powers;
- 21 (5) to acquire, whether by construction, purchase, gift or
22 lease, and to improve, equip and operate energy supply and distribution
23 facilities;
- 24 (6) to sell, lease as lessor or lessee, exchange, donate,
25 convey or encumber in any manner by mortgage or by creation of any other
26 security interest, real or personal property owned by it, or in which it
27 has an interest, when, in the judgment of the corporation, the action is
28 in furtherance of its corporate purposes;
- 29 (7) to accept gifts, grants or loans from, and enter into

1 contracts or other transactions regarding them, with a federal agency or
2 an agency or instrumentality of the state, municipality, private organ-
3 ization or other source;

4 (8) to enter into contracts with the United States or any
5 person and, subject to the laws of the United States and subject to
6 concurrence of the legislature, with a foreign country or its agencies,
7 for the construction, acquisition, operation and maintenance of all or
8 any part of an energy supply or distribution facility, either inside or
9 outside the state, and for the sale, transportation or transmission of
10 energy;

11 (9) to enter into contracts for the purchase, sale, exchange,
12 transportation, transmission, or use of energy with any person and with
13 the United States, and, subject to the laws of the United States and
14 subject to the concurrence of the legislature, with a foreign country or
15 its agencies;

16 (10) to apply to the appropriate agencies of the state, the
17 United States and to a foreign country and any other proper agency for
18 the permits, licenses, or approvals as may be necessary, and to con-
19 struct, maintain and operate energy supply or distribution facilities in
20 accordance with the licenses or permits, and to obtain, hold and use the
21 licenses and permits in the same manner as any other person or operating
22 unit;

23 (11) to perform feasibility studies with respect to electrical
24 and fossil fuel sources and distribution methods;

25 (12) to enter into contracts or agreements with respect to the
26 exercise of any of its powers, and do all things necessary or convenient
27 to carry out its corporate purposes and exercise the powers granted in
28 this chapter;

29 (13) to exercise the power of eminent domain in accordance

1 with AS 09.55.250 - 09.55.410.

2 Sec. 41.45.090. ENERGY DISTRIBUTION PROGRAMS. (a) The corpora-
3 tion shall provide to each municipality in the state in which the energy
4 cost index established by sec. 100 of this chapter exceeds 120 an energy
5 distribution program to provide to the residents of the municipality
6 electrical or fossil fuel energy for use for residences and for the
7 heating and lighting of small businesses and public facilities and, to
8 the extent economically feasible, to public utilities.

9 (b) An energy distribution program required by (a) of this section
10 may be operated directly by the corporation through the purchase, trans-
11 portation or transmission and retail sale of fossil fuel or electrical
12 energy, through arrangements for the distribution of state-owned royalty
13 oil or gas, by the direct local production and sale of fossil fuel or
14 electrical energy, or under a contractual agreement or subsidy arrange-
15 ment with a person or business capable of meeting the energy needs of
16 the municipality.

17 (c) The price charged to residential or business customers in the
18 municipality under a distribution program established under (a) of this
19 section may not result in a base index cost to the consumer in excess of
20 120.

21 (d) The corporation, in establishing an energy distribution pro-
22 gram under this section, shall choose the most economical form of energy
23 which will meet the needs of the community.

24 Sec. 41.45.100. ENERGY COST INDEX. Each year, on or before
25 December 15, the department shall establish and publish a state energy
26 cost index. The energy cost index number shall be established for each
27 municipality in the state. An index number of 100 shall represent the
28 average of the mean cost per British Thermal Unit of energy from the
29 most economical, widely available source in each of the four largest

1 municipalities in the state.

2 Sec. 41.45.110. ACCESS TO STATE ROYALTY OIL AND GAS. (a) The
3 corporation shall be offered and have access to available state royalty
4 oil and gas at 15 per cent below the prevailing market price at the
5 point of delivery to carry out the purposes of this chapter.

6 (b) Oil or gas received by the state as royalty shall not be con-
7 sidered surplus to the needs of the state and for sale to other parties
8 unless the requirements of the corporation have been satisfied.

9 Sec. 41.45.120. TAX EXEMPTION. All property of the corporation is
10 public property devoted to an essential public and governmental function
11 and purpose and is exempt from all taxes of the state or a municipality.

12 Sec. 41.45.130. PLANNING OF DISTRIBUTION PROGRAMS. The corpora-
13 tion shall submit a statement outlining the general plan of, demonstra-
14 tion of financial feasibility, and cost for each new distribution
15 program to the legislature and the commissioner of commerce and economic
16 development, together with a statement that the corporation intends to
17 operate the program itself or that it intends that the program be oper-
18 ated by another person under agreement with the corporation.

19 Sec. 41.45.140. ANNUAL AUDIT. The corporation shall have its
20 financial records audited annually by a certified public accountant.
21 The legislative auditor may prescribe the form and content of the finan-
22 cial records of the corporation and shall have access to these records
23 at any time.

24 Sec. 41.45.150. ANNUAL REPORT. Before March 1 of each year, the
25 corporation shall submit to the governor and the legislature a compre-
26 hensive report describing operations, income and expenditures for the
27 preceding 12-month period.

28 Sec. 41.45.160. BUDGET AND APPROPRIATIONS. The corporation shall
29 submit its annual budget to the legislature through the governor as

1 provided for state agencies by the Executive Budget Act (AS 37.07). It
2 may expend money directly appropriated by the legislature only as autho-
3 rized by the legislature.

4 Sec. 41.45.170. PUBLIC RECORDS; OPEN MEETINGS. The provisions of
5 AS 09.25.110 - 09.25.120 and AS 44.62.310 - 44.62.312 apply to the cor-
6 poration. The corporation shall publish a proposed agenda of its
7 meetings and afford the public an opportunity to be heard in accordance
8 with AS 44.62.312.

9 Sec. 41.45.180. DEFINITIONS. In this chapter, unless the context
10 requires otherwise,

11 (1) "corporation" means the Alaska Energy Corporation estab-
12 lished by this chapter;

13 (2) "department" means the Department of Commerce and Econo-
14 mic Development;

15 (3) "energy" includes any and all fossil fuel or electrical
16 energy distributed, bought or sold for purposes of lighting, heating,
17 and power;

18 (4) "facility" means a plant, works, system, facility, water
19 rights, fuel deposits or sources, and real estate and personal property
20 of any nature whatsoever, together with all facilities and appurtenances
21 related to them or necessary for the purposes of them used or useful in
22 the generation by means of water or fossil fuel of electric power and
23 the production, transmission, transportation, purchase, sale, exchange
24 and interchange of fossil fuel or electric power, and shall include any
25 interest in them, whether divided or undivided, or any right to the
26 capacity of them;

27 (5) "public agency" means any city or other municipal corpor-
28 ation, political subdivision, governmental unit, or public corporation
29 created by or under the laws of this state or of another state of the

1 United States, and any state or the United States, and any person, board
2 or other body declared by the laws of any state or the United States to
3 be a department, agency, or instrumentality of them;

4 (6) "small business" means a business with annual gross re-
5 ceipts less than \$100,000.

6 Sec. 41.45.190. SHORT TITLE. This chapter may be cited as the
7 Alaska Energy Corporation Act.
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Introduced: 3/9/77
Referred: Commerce and
Finance

1 IN THE HOUSE

BY BUCHHOLDT AND GUY

2 HOUSE BILL NO. 327

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Energy Corporation."

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

8 * Section 1. AS 41 is amended by adding a new chapter to read:

9 CHAPTER 45. ALASKA ENERGY CORPORATION.

10 Sec. 41.45.010. LEGISLATIVE FINDING AND POLICY. (a) The legisla-
11 ture finds, determines and declares that

12 (1) there exist many areas of the state which suffer from
13 exorbitant energy costs;

14 (2) energy sufficient to supply the heating and other basic
15 needs of all the people of the state can be made available at reasonable
16 cost;

17 (3) the accelerated development of heretofore untapped fossil
18 fuel resources and the establishment of energy distribution systems at
19 reasonable cost to the consumer will benefit all Alaskans.

20 (b) It is declared to be the policy of the state, in the interests
21 of promoting the general welfare of all the people of the state, to
22 reduce consumer energy costs, to establish reasonable energy price
23 parity throughout the state and otherwise to encourage the long-term
24 economic growth of the state, including the development of its natural
25 resources, through the utilization of proximate fossil fuel resources
26 and the development of low-cost distribution systems by creating a
27 public corporation with powers, duties and functions as provided in this
28 chapter.

29 Sec. 41.45.020. CREATION OF CORPORATION. There is created the

1 Alaska Energy Corporation. The corporation is a public corporation of
2 the state in the Department of Commerce and Economic Development but
3 with separate and independent legal existence.

4 Sec. 41.45.030. MEMBERSHIP OF THE CORPORATION. The corporation
5 consists of the commissioner of commerce and economic development and
6 four public members appointed by the governor. Directors other than the
7 commissioner of commerce and economic development shall be appointed to
8 give representation to the major geographic areas of the state. The
9 directors must be residents of the state and qualified voters at the
10 time of appointment and shall comply with the requirements of AS 39.50
11 (conflict of interest). The term of office of each director appointed
12 by the governor is four years except that the directors first appointed
13 shall have terms of one, two, three, and four years, respectively. A
14 vacancy in a directorship occurring other than by expiration of term
15 shall be filled in the same manner as the original appointment but for
16 the unexpired term only.

17 Sec. 41.45.040. OFFICERS AND QUORUM. The directors shall elect
18 one of the public members as chairman and other officers they determine
19 desirable. The powers of the corporation are vested in the directors,
20 and three directors of the corporation constitute a quorum. Action may
21 be taken and motions and resolutions adopted by the corporation at a
22 meeting by the affirmative vote of at least three directors. The direc-
23 tors of the corporation serve without compensation, but they shall
24 receive the same travel pay and per diem as provided by law for board
25 members.

26 Sec. 41.45.050. STAFF. The corporation shall employ an executive
27 director who may with the approval of the corporation select and employ
28 additional staff as necessary. In addition to its staff of regular
29 employees, the corporation may contract for and engage the services of

1 the bond counsel, consultants, experts, and financial advisors the
2 corporation considers necessary for the purpose of developing informa-
3 tion, or conducting studies, investigations, hearings, or other pro-
4 ceedings.

5 Sec. 41.45.070. PURPOSE OF THE CORPORATION. The purpose of the
6 corporation is to promote develop and advance the general prosperity and
7 economic welfare of the people of Alaska by providing energy for use by
8 residences and retail businesses.

9 Sec. 41.45.080. POWERS OF THE CORPORATION. In furtherance of its
10 corporate purposes, the corporation has the following powers in addition
11 to its other powers:

12 (1) to sue and be sued;

13 (2) to have a seal and alter it at pleasure;

14 (3) to make and alter bylaws for its organization and inter-
15 nal management;

16 (4) to make rules and regulations governing the exercise of
17 its corporate powers;

18 (5) to acquire, whether by construction, purchase, gift or
19 lease, and to improve, equip and operate energy supply and distribution
20 facilities;

21 (6) to sell, lease as lessor or lessee, exchange, donate,
22 convey or encumber in any manner by mortgage or by creation of any other
23 security interest, real or personal property owned by it, or in which it
24 has an interest, when, in the judgment of the corporation, the action is
25 in furtherance of its corporate purposes;

26 (7) to accept gifts, grants or loans from, and enter into
27 contracts or other transactions regarding them, with a federal agency or
28 an agency or instrumentality of the state, municipality, private organ-
29 ization or other source;

1 (8) to enter into contracts with the United States or any
2 person and, subject to the laws of the United States and subject to
3 concurrence of the legislature, with a foreign country or its agencies,
4 for the construction, acquisition, operation and maintenance of all or
5 any part of an energy supply or distribution facility, either inside or
6 outside the state, and for the sale, transportation or transmission of
7 energy;

8 (9) to enter into contracts for the purchase, sale, exchange,
9 transportation, transmission, or use of energy with any person and with
10 the United States, and, subject to the laws of the United States and
11 subject to the concurrence of the legislature, with a foreign country or
12 its agencies;

13 (10) to apply to the appropriate agencies of the state, the
14 United States and to a foreign country and any other proper agency for
15 the permits, licenses, or approvals as may be necessary, and to con-
16 struct, maintain and operate energy supply or distribution facilities in
17 accordance with the licenses or permits, and to obtain, hold and use the
18 licenses and permits in the same manner as any other person or operating
19 unit;

20 (11) to perform feasibility studies with respect to electrical
21 and fossil fuel sources and distribution methods;

22 (12) to enter into contracts or agreements with respect to the
23 exercise of any of its powers, and do all things necessary or convenient
24 to carry out its corporate purposes and exercise the powers granted in
25 this chapter;

26 (13) to exercise the power of eminent domain in accordance
27 with AS 09.55.250 - 09.55.410.

28 Sec. 41.45.090. ENERGY DISTRIBUTION PROGRAMS. (a) The corpora-
29 tion shall provide to each municipality in the state in which the energy

1 cost index established by sec. 100 of this chapter exceeds 120 an energy
2 distribution program to provide to the residents of the municipality
3 electrical or fossil fuel energy for use for residences and for the
4 heating and lighting of retail businesses and, to the extent economi-
5 cally feasible, to other nonmanufacturing commercial businesses.

6 (b) An energy distribution program required by (a) of this section
7 may be operated directly by the corporation through the purchase, trans-
8 portation or transmission and retail sale of fossil fuel or electrical
9 energy, through arrangements for the distribution of state-owned royalty
10 oil or gas, by the direct local production and sale of fossil fuel or
11 electrical energy, or under a contractual agreement or subsidy arrange-
12 ment with a person or business capable of meeting the energy needs of
13 the municipality.

14 (c) The price charged to residential or business customers in the
15 municipality under a distribution program established under (a) of this
16 section may not result in a base index cost to the consumer in excess of
17 120.

18 (d) The corporation, in establishing an energy distribution pro-
19 gram under this section, shall choose the most economical form of energy
20 which will meet the needs of the community.

21 Sec. 41.45.100. ENERGY COST INDEX. Each year, on or before
22 December 15, the department shall establish and publish a state energy
23 cost index. The energy cost index number shall be established for each
24 municipality in the state. An index number of 100 shall represent the
25 average cost per B.T.U. of energy from the most economical, widely
26 available source in one of the four largest municipalities in the state.

27 Sec. 41.45.110. ACCESS TO STATE ROYALTY OIL AND GAS. (a) The
28 corporation shall be offered and have access to available state royalty
29 oil and gas at 15 per cent below the prevailing market price at the

1 point of delivery to carry out the purposes of this chapter.

2 (b) Oil or gas received by the state as royalty shall not be con-
3 sidered surplus to the needs of the state and for sale to other parties
4 unless the requirements of the corporation have been satisfied.

5 Sec. 41.45.120. TAX EXEMPTION. All property of the corporation is
6 public property devoted to an essential public and governmental function
7 and purpose and is exempt from all taxes of the state or a political
8 subdivision of the state.

9 Sec. 41.45.130. PLANNING OF DISTRIBUTION PROGRAMS. The corpora-
10 tion shall submit a statement outlining the general plan of, demonstra-
11 tion of financial feasibility, and cost for each new distribution
12 program to the legislature and the commissioner of commerce and economic
13 development, together with a statement that the corporation intends to
14 operate the program itself or that it intends that the program be oper-
15 ated by another person under agreement with the corporation.

16 Sec. 41.45.140. ANNUAL AUDIT. The corporation shall have its
17 financial records audited annually by a certified public accountant.
18 The legislative auditor may prescribe the form and content of the finan-
19 cial records of the corporation and shall have access to these records
20 at any time.

21 Sec. 41.45.150. ANNUAL REPORT. Before March 1 of each year, the
22 corporation shall submit to the governor and the legislature a compre-
23 hensive report describing operations, income and expenditures for the
24 preceding 12-month period.

25 Sec. 41.45.160. BUDGET AND APPROPRIATIONS. The corporation shall
26 submit its annual budget to the legislature through the governor as
27 provided for state agencies by the Executive Budget Act (AS 37.07). It
28 may expend money directly appropriated by the legislature only as autho-
29 rized by the legislature.

1 Sec. 41.45.170. PUBLIC RECORDS; OPEN MEETINGS. The provisions of
2 AS 09.25.110 - 09.25.120 and AS 44.62.310 - 44.62.312 apply to the cor-
3 poration. The corporation shall publish a proposed agenda of its
4 meetings and afford the public an opportunity to be heard in accordance
5 with AS 44.62.312.

6 Sec. 41.45.180. DEFINITIONS. In this chapter, unless the context
7 requires otherwise,

8 (1) "corporation" means the Alaska Energy Corporation estab-
9 lished by this chapter;

10 (2) "department" means the Department of Commerce and Econo-
11 mic Development;

12 (3) "energy" includes any and all fossil fuel or electrical
13 energy distributed, bought or sold for purposes of lighting, heating,
14 power and every other useful purpose;

15 (4) "facility" means a plant, works, system, facility, water
16 rights, fuel deposits or sources, and real estate and personal property
17 of any nature whatsoever, together with all facilities and appurtenances
18 related to them or necessary for the purposes of them used or useful in
19 the generation by means of water or fossil fuel of electric power and
20 the production, transmission, transportation, purchase, sale, exchange
21 and interchange of fossil fuel or electric power, and shall include any
22 interest in them, whether divided or undivided, or any right to the
23 capacity of them;

24 (5) "public agency" means any city or other municipal corpor-
25 ation, political subdivision, governmental unit, or public corporation
26 created by or under the laws of this state or of another state of the
27 United States, and any state or the United States, and any person, board
28 or other body declared by the laws of any state or the United States to
29 be a department, agency, or instrumentality of them.

1 Sec. 41.45.190. SHORT TITLE. This chapter may be cited as the
2 Alaska Energy Corporation Act.
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

HB 327

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 327
 Title An Act establishing the Alaska Energy Corporation
 Requested by House Commerce Committee Date 4/19/77

II. FISCAL DETAIL
 Agency Affected Commerce & Economic Development
 Program Category Affected Development
 Budget Request Unit(s) Affected Division of Energy & Power Development

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	20.0	20.0	25.0	25.0	30.0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	20.0	20.0	25.0	25.0	30.0

FUNDING (Thousands of Dollars)

GENERAL FUND		20.0	20.0	25.0	25.0	30.0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

Sec:100 of this Bill requires the Department to establish and publish a state energy cost index for each municipality in the state. The Division would contract for this work at an estimated cost of \$20,000. Increases in FY 80 and FY 82 reflect inflation.

IV. DATE 4/19/77 PREPARED BY William C. McConkey
 AGENCY Commerce & Economic Development

Original: Legislative Finance PHONE 272-0527 Anch.
 cc: Budget and Management 465-2500
 Prime Sponsor (First Legislator Named)

1413 327

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. H.B. 327
 Title Establishing the Alaska Energy Corporation
 Requested by House Commerce Committee Date 4/19/77

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development
 Program Category Affected Development
 Budget Request Unit(s) Affected (NEW) Alaska Energy Corporation

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		188.7				
200 TRAVEL		42.4				
300 CONTRACTUAL		233.2				
400 COMMODITIES		3.2				
500 EQUIPMENT		12.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		479.5	Unable to estimate at this time. Please see analysis.			

FUNDING (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND		479.5				
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
FULL TIME		7.0				
PART TIME						
TEMPORARY						

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

Personal Services: Executive Director: New position \$45-\$50,000, depending on experience
 Civil Engineer IV: Range 24 \$2988/month
 Electrical Eng.: Range 21 \$2356/month
 Economist, Principal: Range 20 \$2187/month
 Secretary I: Range 10 \$1083/month
 Clk. Typist III: Range 8 \$957/month
 Clk. Typist III: Range 8 \$957/month

Contractual Funds: 175.00 for contractual studies, feasibility studies.
 The FY 78 costs estimated above are those associated with establishing the corporation and developing the program, procedures and plans for the Corporation; am unable to estimate the costs for the FY79, 80, 81, and 82 at this time. Given the scope and powers of this corporation the costs would be tremendous.

IV. DATE 4/19/77 PREPARED BY William C. McConkey
 AGENCY Commerce & Economic Development
 PHONE 272-0527 Anch. / 465-2500 Juneau
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

5-13-77

COMMITTEE REPORT

HOUSE

_____ Date

Mr. Speaker:

The Committee on FINANCE has had HB 327 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

COMMITTEE REPORT

3-9-77

HOUSE

FINANCE

5-13-77

Date

Mr. Speaker:

The Committee on COMMERCE has had HB ~~327~~ 327 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 HB 327 and that CS for ~~327~~ do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- AND attaches a report of its intent ✓
- (other) AND ATTACHES TWO FISCAL NOTES ✓

MEMBERS SIGNING THE MAJORITY REPORT:

<u>[Signature]</u>	<u>Do Not Pass</u>	_____
<u>[Signature]</u>	<u>No Rec</u>	_____
<u>[Signature]</u>	<u>Do NOT PASS</u>	_____
<u>[Signature]</u>	<u>Do NOT PASS</u>	_____
<u>[Signature]</u>	<u>No Rec.</u>	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

<u>[Signature]</u>	recommends: <u>Do Pass</u>	_____
<u>[Signature]</u>	recommends: <u>Do Pass</u>	_____
_____	recommends: _____	_____

[Signature]
Chairman

Humphrey

Original sponsors: Buchholdt and Guy

Offered: 5/13/77
Referred: Finance

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 327

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Energy Corporation."

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

8 * Section 1. AS 41 is amended by adding a new chapter to read:

9 CHAPTER 45. ALASKA ENERGY CORPORATION.

10 Sec. 41.45.010. LEGISLATIVE FINDING AND POLICY. (a) The legisla-
11 ture finds, determines and declares that

12 (1) there exist many areas of the state which suffer from
13 exorbitant energy costs;

14 (2) energy sufficient to supply the heating and other basic
15 needs of all the people of the state can be made available at reasonable
16 cost;

17 (3) the accelerated development of heretofore untapped fossil
18 fuel resources and the establishment of energy distribution systems at
19 reasonable cost to the consumer will benefit all Alaskans.

20 (b) It is declared to be the policy of the state, in the interests
21 of promoting the general welfare of all the people of the state, to
22 reduce consumer energy costs, to establish reasonable energy price
23 parity throughout the state and otherwise to encourage the long-term
24 economic growth of the state, including the development of its natural
25 resources, through the utilization of proximate fossil fuel resources
26 and the development of low-cost distribution systems by creating a
27 public corporation with powers, duties and functions as provided in this
28 chapter.

29 Sec. 41.45.020. CREATION OF CORPORATION. There is created the

1 Alaska Energy Corporation. The corporation is a public corporation of
2 the state in the Department of Commerce and Economic Development but
3 with separate and independent legal existence.

4 Sec. 41.45.030. DIRECTORS OF THE CORPORATION. The corporation is
5 governed by a board of directors which consists of the commissioner of
6 commerce and economic development and four public members appointed by
7 the governor. Directors other than the commissioner of commerce and
8 economic development serve at the pleasure of the governor and shall be
9 appointed to give representation to the major geographic areas of the
10 state. The directors must be residents of the state and qualified
11 voters at the time of appointment and shall comply with the requirements
12 of AS 39.50 (conflict of interest). The term of office of each director
13 appointed by the governor is four years except that the directors first
14 appointed shall have terms of one, two, three, and four years, res-
15 pectively. A vacancy in a directorship occurring other than by ex-
16 piration of term shall be filled in the same manner as the original
17 appointment but for the unexpired term only.

18 Sec. 41.45.040. OFFICERS AND QUORUM. The directors shall elect
19 one of the public members as chairman and other officers they determine
20 desirable. The powers of the corporation are vested in the directors,
21 and three directors of the corporation constitute a quorum. Action may
22 be taken and motions and resolutions adopted by the corporation at a
23 meeting by the affirmative vote of at least three directors. The direc-
24 tors of the corporation serve without compensation, but they shall
25 receive the same travel pay and per diem as provided by law for board
26 members.

27 Sec. 41.45.050. STAFF. The corporation shall employ an executive
28 director who may with the approval of the corporation select and employ
29 additional staff as necessary. In addition to its staff of regular

1 employees, the corporation may contract for and engage the services of
2 the bond counsel, consultants, experts, and financial advisors the
3 corporation considers necessary for the purpose of developing informa-
4 tion, or conducting studies, investigations, hearings, or other pro-
5 ceedings. The executive director and other personnel of the corpore-
6 tion are exempt from the provisions of AS 39.25.

7 Sec. 41.45.070. PURPOSE OF THE CORPORATION. The purpose of the
8 corporation is to promote, develop and advance the general prosperity and
9 economic welfare of the people of Alaska by providing low-cost energy
10 for heating and lighting use by residences, small businesses and public
11 facilities.

12 Sec. 41.45.080. POWERS OF THE CORPORATION. In furtherance of its
13 corporate purposes, the corporation has the following powers in addition
14 to its other powers:

- 15 (1) to sue and be sued;
- 16 (2) to have a seal and alter it at pleasure;
- 17 (3) to make and alter bylaws for its organization and inter-
18 nal management;
- 19 (4) to make rules and regulations governing the exercise of
20 its corporate powers;
- 21 (5) to acquire, whether by construction, purchase, gift or
22 lease, and to improve, equip and operate energy supply and distribution
23 facilities;
- 24 (6) to sell, lease as lessor or lessee, exchange, donate,
25 convey or encumber in any manner by mortgage or by creation of any other
26 security interest, real or personal property owned by it, or in which it
27 has an interest, when, in the judgment of the corporation, the action is
28 in furtherance of its corporate purposes;
- 29 (7) to accept gifts, grants or loans from, and enter into

1 contracts or other transactions regarding them, with a federal agency or
2 an agency or instrumentality of the state, municipality, private organ-
3 ization or other source;

4 (8) to enter into contracts with the United States or any
5 person and, subject to the laws of the United States and subject to
6 concurrence of the legislature, with a foreign country or its agencies,
7 for the construction, acquisition, operation and maintenance of all or
8 any part of an energy supply or distribution facility, either inside or
9 outside the state, and for the sale, transportation or transmission of
10 energy;

11 (9) to enter into contracts for the purchase, sale, exchange,
12 transportation, transmission, or use of energy with any person and with
13 the United States, and, subject to the laws of the United States and
14 subject to the concurrence of the legislature, with a foreign country or
15 its agencies;

16 (10) to apply to the appropriate agencies of the state, the
17 United States and to a foreign country and any other proper agency for
18 the permits, licenses, or approvals as may be necessary, and to con-
19 struct, maintain and operate energy supply or distribution facilities in
20 accordance with the licenses or permits, and to obtain, hold and use the
21 licenses and permits in the same manner as any other person or operating
22 unit;

23 (11) to perform feasibility studies with respect to electrical
24 and fossil fuel sources and distribution methods;

25 (12) to enter into contracts or agreements with respect to the
26 exercise of any of its powers, and do all things necessary or convenient
27 to carry out its corporate purposes and exercise the powers granted in
28 this chapter;

29 (13) to exercise the power of eminent domain in accordance

1 with AS 09.55.250 - 09.55.410.

2 Sec. 41.45.090. ENERGY DISTRIBUTION PROGRAMS. (a) The corpora-
3 tion shall provide to each municipality in the state in which the energy
4 cost index established by sec. 100 of this chapter exceeds 120 an energy
5 distribution program to provide to the residents of the municipality
6 electrical or fossil fuel energy for use for residences and for the
7 heating and lighting of small businesses and public facilities and, to
8 the extent economically feasible, to public utilities.

9 (b) An energy distribution program required by (a) of this section
10 may be operated directly by the corporation through the purchase, trans-
11 portation or transmission and retail sale of fossil fuel or electrical
12 energy, through arrangements for the distribution of state-owned royalty
13 oil or gas, by the direct local production and sale of fossil fuel or
14 electrical energy, or under a contractual agreement or subsidy arrange-
15 ment with a person or business capable of meeting the energy needs of
16 the municipality.

17 (c) The price charged to residential or business customers in the
18 municipality under a distribution program established under (a) of this
19 section may not result in a base index cost to the consumer in excess of
20 120.

21 (d) The corporation, in establishing an energy distribution pro-
22 gram under this section, shall choose the most economical form of energy
23 which will meet the needs of the community.

24 Sec. 41.45.100. ENERGY COST INDEX. Each year, on or before
25 December 15, the department shall establish and publish a state energy
26 cost index. The energy cost index number shall be established for each
27 municipality in the state. An index number of 100 shall represent the
28 average of the mean cost per British Thermal Unit of energy from the
29 most economical, widely available source in each of the four largest

1 municipalities in the state.

2 Sec. 41.45.110. ACCESS TO STATE ROYALTY OIL AND GAS. (a) The
3 corporation shall be offered and have access to available state royalty
4 oil and gas at 15 per cent below the prevailing market price at the
5 point of delivery to carry out the purposes of this chapter.

6 (b) Oil or gas received by the state as royalty shall not be con-
7 sidered surplus to the needs of the state and for sale to other parties
8 unless the requirements of the corporation have been satisfied.

9 Sec. 41.45.120. TAX EXEMPTION. All property of the corporation is
10 public property devoted to an essential public and governmental function
11 and purpose and is exempt from all taxes of the state or a municipality.

12 Sec. 41.45.130. PLANNING OF DISTRIBUTION PROGRAMS. The corpora-
13 tion shall submit a statement outlining the general plan of, demonstra-
14 tion of financial feasibility, and cost for each new distribution
15 program to the legislature and the commissioner of commerce and economic
16 development, together with a statement that the corporation intends to
17 operate the program itself or that it intends that the program be oper-
18 ated by another person under agreement with the corporation.

19 Sec. 41.45.140. ANNUAL AUDIT. The corporation shall have its
20 financial records audited annually by a certified public accountant.
21 The legislative auditor may prescribe the form and content of the finan-
22 cial records of the corporation and shall have access to these records
23 at any time.

24 Sec. 41.45.150. ANNUAL REPORT. Before March 1 of each year, the
25 corporation shall submit to the governor and the legislature a compre-
26 hensive report describing operations, income and expenditures for the
27 preceding 12-month period.

28 Sec. 41.45.160. BUDGET AND APPROPRIATIONS. The corporation shall
29 submit its annual budget to the legislature through the governor as

1 provided for state agencies by the Executive Budget Act (AS 37.07). It
2 may expend money directly appropriated by the legislature only as autho-
3 rized by the legislature.

4 Sec. 41.45.170. PUBLIC RECORDS; OPEN MEETINGS. The provisions of
5 AS 09.25.110 - 09.25.120 and AS 44.62.310 - 44.62.312 apply to the cor-
6 poration. The corporation shall publish a proposed agenda of its
7 meetings and afford the public an opportunity to be heard in accordance
8 with AS 44.62.312.

9 Sec. 41.45.180. DEFINITIONS. In this chapter, unless the context
10 requires otherwise,

11 (1) "corporation" means the Alaska Energy Corporation estab-
12 lished by this chapter;

13 (2) "department" means the Department of Commerce and Econo-
14 mic Development;

15 (3) "energy" includes any and all fossil fuel or electrical
16 energy distributed, bought or sold for purposes of lighting, heating,
17 and power;

18 (4) "facility" means a plant, works, system, facility, water
19 rights, fuel deposits or sources, and real estate and personal property
20 of any nature whatsoever, together with all facilities and appurtenances
21 related to them or necessary for the purposes of them used or useful in
22 the generation by means of water or fossil fuel of electric power and
23 the production, transmission, transportation, purchase, sale, exchange
24 and interchange of fossil fuel or electric power, and shall include any
25 interest in them, whether divided or undivided, or any right to the
26 capacity of them;

27 (5) "public agency" means any city or other municipal corpor-
28 ation, political subdivision, governmental unit, or public corporation
29 created by or under the laws of this state or of another state of the

1 United States, and any state or the United States, and any person, board
2 or other body declared by the laws of any state or the United States to
3 be a department, agency, or instrumentality of them;

4 (6) "small business" means a business with annual gross re-
5 ceipts less than \$100,000.

6 Sec. 41.45.190. SHORT TITLE. This chapter may be cited as the
7 Alaska Energy Corporation Act.

3473
Humphrey

Introduced: 3/9/77
Referred: Commerce and
Finance

1 IN THE HOUSE

BY BUCHHOLDT AND GUY

2 HOUSE BILL NO. 327

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Energy Corporation."

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

8 * Section 1. AS 41 is amended by adding a new chapter to read:

9 CHAPTER 45. ALASKA ENERGY CORPORATION.

10 Sec. 41.45.010. LEGISLATIVE FINDING AND POLICY. (a) The legisla-
11 ture finds, determines and declares that

12 (1) there exist many areas of the state which suffer from
13 exorbitant energy costs;

14 (2) energy sufficient to supply the heating and other basic
15 needs of all the people of the state can be made available at reasonable
16 cost;

17 (3) the accelerated development of heretofore untapped fossil
18 fuel resources and the establishment of energy distribution systems at
19 reasonable cost to the consumer will benefit all Alaskans.

20 (b) It is declared to be the policy of the state, in the interests
21 of promoting the general welfare of all the people of the state, to
22 reduce consumer energy costs, to establish reasonable energy price
23 parity throughout the state and otherwise to encourage the long-term
24 economic growth of the state, including the development of its natural
25 resources, through the utilization of proximate fossil fuel resources
26 and the development of low-cost distribution systems by creating a
27 public corporation with powers, duties and functions as provided in this
28 chapter.

29 Sec. 41.45.020. CREATION OF CORPORATION. There is created the

1 Alaska Energy Corporation. The corporation is a public corporation of
2 the state in the Department of Commerce and Economic Development but
3 with separate and independent legal existence.

4 Sec. 41.45.030. MEMBERSHIP OF THE CORPORATION. The corporation
5 consists of the commissioner of commerce and economic development and
6 four public members appointed by the governor. Directors other than the
7 commissioner of commerce and economic development shall be appointed to
8 give representation to the major geographic areas of the state. The
9 directors must be residents of the state and qualified voters at the
10 time of appointment and shall comply with the requirements of AS 39.50
11 (conflict of interest). The term of office of each director appointed
12 by the governor is four years except that the directors first appointed
13 shall have terms of one, two, three, and four years, respectively. A
14 vacancy in a directorship occurring other than by expiration of term
15 shall be filled in the same manner as the original appointment but for
16 the unexpired term only.

17 Sec. 41.45.040. OFFICERS AND QUORUM. The directors shall elect
18 one of the public members as chairman and other officers they determine
19 desirable. The powers of the corporation are vested in the directors,
20 and three directors of the corporation constitute a quorum. Action may
21 be taken and motions and resolutions adopted by the corporation at a
22 meeting by the affirmative vote of at least three directors. The direc-
23 tors of the corporation serve without compensation, but they shall
24 receive the same travel pay and per diem as provided by law for board
25 members.

26 Sec. 41.45.050. STAFF. The corporation shall employ an executive
27 director who may with the approval of the corporation select and employ
28 additional staff as necessary. In addition to its staff of regular
29 employees, the corporation may contract for and engage the services of

1 the bond counsel, consultants, experts, and financial advisors the
2 corporation considers necessary for the purpose of developing informa-
3 tion, or conducting studies, investigations, hearings, or other pro-
4 ceedings.

5 Sec. 41.45.070. PURPOSE OF THE CORPORATION. The purpose of the
6 corporation is to promote develop and advance the general prosperity and
7 economic welfare of the people of Alaska by providing energy for use by
8 residences and retail businesses.

9 Sec. 41.45.080. POWERS OF THE CORPORATION. In furtherance of its
10 corporate purposes, the corporation has the following powers in addition
11 to its other powers:

12 (1) to sue and be sued;

13 (2) to have a seal and alter it at pleasure;

14 (3) to make and alter bylaws for its organization and inter-
15 nal management;

16 (4) to make rules and regulations governing the exercise of
17 its corporate powers;

18 (5) to acquire, whether by construction, purchase, gift or
19 lease, and to improve, equip and operate energy supply and distribution
20 facilities;

21 (6) to sell, lease as lessor or lessee, exchange, donate,
22 convey or encumber in any manner by mortgage or by creation of any other
23 security interest, real or personal property owned by it, or in which it
24 has an interest, when, in the judgment of the corporation, the action is
25 in furtherance of its corporate purposes;

26 (7) to accept gifts, grants or loans from, and enter into
27 contracts or other transactions regarding them, with a federal agency or
28 an agency or instrumentality of the state, municipality, private organ-
29 ization or other source;

1 (8) to enter into contracts with the United States or any
2 person and, subject to the laws of the United States and subject to
3 concurrence of the legislature, with a foreign country or its agencies,
4 for the construction, acquisition, operation and maintenance of all or
5 any part of an energy supply or distribution facility, either inside or
6 outside the state, and for the sale, transportation or transmission of
7 energy;

8 (9) to enter into contracts for the purchase, sale, exchange,
9 transportation, transmission, or use of energy with any person and with
10 the United States, and, subject to the laws of the United States and
11 subject to the concurrence of the legislature, with a foreign country or
12 its agencies;

13 (10) to apply to the appropriate agencies of the state, the
14 United States and to a foreign country and any other proper agency for
15 the permits, licenses, or approvals as may be necessary, and to con-
16 struct, maintain and operate energy supply or distribution facilities in
17 accordance with the licenses or permits, and to obtain, hold and use the
18 licenses and permits in the same manner as any other person or operating
19 unit;

20 (11) to perform feasibility studies with respect to electrical
21 and fossil fuel sources and distribution methods;

22 (12) to enter into contracts or agreements with respect to the
23 exercise of any of its powers, and do all things necessary or convenient
24 to carry out its corporate purposes and exercise the powers granted in
25 this chapter;

26 (13) to exercise the power of eminent domain in accordance
27 with AS 09.55.250 - 09.55.410.

28 Sec. 41.45.090. ENERGY DISTRIBUTION PROGRAMS. (a) The corpora-
29 tion shall provide to each municipality in the state in which the energy

1 cost index established by sec. 100 of this chapter exceeds 120 an energy
2 distribution program to provide to the residents of the municipality
3 electrical or fossil fuel energy for use for residences and for the
4 heating and lighting of retail businesses and, to the extent economi-
5 cally feasible, to other nonmanufacturing commercial businesses.

6 (b) An energy distribution program required by (a) of this section
7 may be operated directly by the corporation through the purchase, trans-
8 portation or transmission and retail sale of fossil fuel or electrical
9 energy, through arrangements for the distribution of state-owned royalty
10 oil or gas, by the direct local production and sale of fossil fuel or
11 electrical energy, or under a contractual agreement or subsidy arrange-
12 ment with a person or business capable of meeting the energy needs of
13 the municipality.

14 (c) The price charged to residential or business customers in the
15 municipality under a distribution program established under (a) of this
16 section may not result in a base index cost to the consumer in excess of
17 120.

18 (d) The corporation, in establishing an energy distribution pro-
19 gram under this section, shall choose the most economical form of energy
20 which will meet the needs of the community.

21 Sec. 41.45.100. ENERGY COST INDEX. Each year, on or before
22 December 15, the department shall establish and publish a state energy
23 cost index. The energy cost index number shall be established for each
24 municipality in the state. An index number of 100 shall represent the
25 average cost per B.T.U. of energy from the most economical, widely
26 available source in one of the four largest municipalities in the state.

27 Sec. 41.45.110. ACCESS TO STATE ROYALTY OIL AND GAS. (a) The
28 corporation shall be offered and have access to available state royalty
29 oil and gas at 15 per cent below the prevailing market price at the

1 point of delivery to carry out the purposes of this chapter.

2 (b) Oil or gas received by the state as royalty shall not be con-
3 sidered surplus to the needs of the state and for sale to other parties
4 unless the requirements of the corporation have been satisfied.

5 Sec. 41.45.120. TAX EXEMPTION. All property of the corporation is
6 public property devoted to an essential public and governmental function
7 and purpose and is exempt from all taxes of the state or a political
8 subdivision of the state.

9 Sec. 41.45.130. PLANNING OF DISTRIBUTION PROGRAMS. The corpora-
10 tion shall submit a statement outlining the general plan of, demonstra-
11 tion of financial feasibility, and cost for each new distribution
12 program to the legislature and the commissioner of commerce and economic
13 development, together with a statement that the corporation intends to
14 operate the program itself or that it intends that the program be oper-
15 ated by another person under agreement with the corporation.

16 Sec. 41.45.140. ANNUAL AUDIT. The corporation shall have its
17 financial records audited annually by a certified public accountant.
18 The legislative auditor may prescribe the form and content of the finan-
19 cial records of the corporation and shall have access to these records
20 at any time.

21 Sec. 41.45.150. ANNUAL REPORT. Before March 1 of each year, the
22 corporation shall submit to the governor and the legislature a compre-
23 hensive report describing operations, income and expenditures for the
24 preceding 12-month period.

25 Sec. 41.45.160. BUDGET AND APPROPRIATIONS. The corporation shall
26 submit its annual budget to the legislature through the governor as
27 provided for state agencies by the Executive Budget Act (AS 37.07). It
28 may expend money directly appropriated by the legislature only as autho-
29 rized by the legislature.

1 Sec. 41.45.170. PUBLIC RECORDS; OPEN MEETINGS. The provisions of
2 AS 09.25.110 - 09.25.120 and AS 44.62.310 - 44.62.312 apply to the cor-
3 poration. The corporation shall publish a proposed agenda of its
4 meetings and afford the public an opportunity to be heard in accordance
5 with AS 44.62.312.

6 Sec. 41.45.180. DEFINITIONS. In this chapter, unless the context
7 requires otherwise,

8 (1) "corporation" means the Alaska Energy Corporation estab-
9 lished by this chapter;

10 (2) "department" means the Department of Commerce and Econo-
11 mic Development;

12 (3) "energy" includes any and all fossil fuel or electrical
13 energy distributed, bought or sold for purposes of lighting, heating,
14 power and every other useful purpose;

15 (4) "facility" means a plant, works, system, facility, water
16 rights, fuel deposits or sources, and real estate and personal property
17 of any nature whatsoever, together with all facilities and appurtenances
18 related to them or necessary for the purposes of them used or useful in
19 the generation by means of water or fossil fuel of electric power and
20 the production, transmission, transportation, purchase, sale, exchange
21 and interchange of fossil fuel or electric power, and shall include any
22 interest in them, whether divided or undivided, or any right to the
23 capacity of them;

24 (5) "public agency" means any city or other municipal corpor-
25 ation, political subdivision, governmental unit, or public corporation
26 created by or under the laws of this state or of another state of the
27 United States, and any state or the United States, and any person, board
28 or other body declared by the laws of any state or the United States to
29 be a department, agency, or instrumentality of them.

1 Sec. 41.45.190. SHORT TITLE. This chapter may be cited as the
2 Alaska Energy Corporation Act.
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29



JUNEAU ALASKA

Alaska State Legislature

House

LETTER OF INTENT ON CSHB 327

During its deliberations on House Bill 327, the Commerce Committee was presented with two Fiscal Notes from the Department of Commerce and Economic Development. One estimates the costs associated with establishing the Alaska Energy Corporation created by HB 327, and developing the corporation's program, procedures and plans. The other Fiscal Note reflects the costs of establishing and publishing a state energy cost index for each municipality in the state.

Attempting to discern the fiscal impact of the subsidy portion of HB 327, the Committee considered what limited data is currently available to permit a reasonable estimate of this impact. Price and use figures from the 1976-77 Rural Energy Survey were utilized. Locations were selected that have current price and annual need figures for fuel oil. The cost of subsidizing consumers to reduce the price of fuel oil to 54.4 cents per gallon (equivalent to the index of 120 per HB 327) was calculated at the level of use. The result is an estimated \$70 per capita annual subsidy.

Again employing the limited data currently available, the Committee estimates that about 35 per cent of the state's population would benefit directly by enactment of HB 327. Using the \$70 annual per capita subsidy cost, and assuming a total state population of 400,000, the annual aggregate cost of the subsidy would amount to \$9,800,000.

The Committee acknowledges the difficulty in speculating on the total cost of the program using limited data. For example, the average annual per capita need for fuel oil in villages for which data is available is about 206 gallons. This figure could be lower because it is reasonable to assume that if the price were lowered and availability were increased (per HB 327), the need figure would rise. On the other hand, the average price of fuel per gallon derived from today's data may well be substantially higher than the average price for all the areas that will receive assistance under HB 327. The two factors tend to offset each other, but certainty is not possible without more data.

The Committee recommends Committee Substitute for House Bill 327 based on the best data currently available, and feels that if it so desires, the Finance Committee may be able to fill in the gaps in the data and arrive at a more reliable subsidy cost, perhaps by an interim project.

A handwritten signature in cursive script that reads "Joe McKinnon".

Joe McKinnon
Chairman
House Commerce Committee

PROJECTED ENERGY COST SUPPORT FOR SELECTED

LOCATION	POPULATION	PRICE OF OIL	ANNUAL NEED	COST OF DEPRESS PRICE TO \$.54
ATIACHAK	385	\$0.60	52,800	\$2,956.80
AKIAK		\$0.65	24,804	\$2,629.22
AKOLMUIT	608	\$0.60	90,000	\$5,040.00
ALAKANUK	527	\$0.70	85,000	\$13,260.00
AMBLER	217	\$1.00	50,000	\$22,800.00
ANAKTUVAK PASS	145	\$1.24	50,000	\$34,800.00
ANIAK	300	\$0.65	100,000	\$10,600.00
ANVIK	120	\$0.75	15,000	\$3,090.00
ATMAUTLUAK	140	\$0.62	35,640	\$2,708.64
BEAVER	85	\$0.90	3,000	\$1,068.00
BUCKLAND	170	\$1.23	58,000	\$39,788.00
CHUATHBALLUK	122	\$0.85	20,000	\$6,120.00
DIOMEDE	124	\$0.88	16,000	\$5,376.00
GAMBELL	400	\$1.25	130,000	\$91,780.00
GRAYLING	140	\$1.00	5,000	\$2,280.00
HOOVER BAY	630	\$1.00	100,000	\$45,600.00
IGIUGIG	47	\$0.67	6,000	\$756.00
IVANOFF BAY	46	\$0.61	15,000	\$990.00
UPPER KALSKAG	164	\$0.80	10,000	\$2,560.00
KASIGLUK	290	\$0.72	35,000	\$6,160.00
KIPNIK	380	\$0.83	102,300	\$29,257.80
KONGIGANAK	205	\$0.85	55,000	\$16,830.00
KOYUK	160	\$0.90	40,000	\$14,240.00
LIME VILLAGE	50	\$2.00	15,000	\$21,840.00
MEKORYUK		\$1.10	40,000	\$22,240.00
MINTO	200	\$0.64	3,000	\$288.00
MT. VILLAGE	500	\$0.90	125,000	\$44,500.00
NAPAIMUTE		\$1.10	400	\$222.40
NEW STUYAHOK	279	\$0.80	62,000	\$15,872.00
NEWTOK	151	\$0.85	17,000	\$5,202.00
NIGHTMUTE	134	\$1.00	20,700	\$9,439.20
NOATAK	286	\$1.05	11,000	\$5,566.00
NONDALTON	259	\$1.30	36,000	\$27,216.00
NUJLATO	331	\$1.00	17,500	\$7,980.00
OLD HARBOR	315	\$0.65	55,000	\$5,830.00
OSCARVILLE		\$0.65	10,000	\$1,060.00
PEPPERVILLE	130	\$0.70	45,000	\$7,020.00
RED DEVIL		\$1.10	18,230	\$10,135.83
RAUBONGA		\$1.25	150,000	\$105,900.00
SCAMMON BAY	200	\$1.00	30,000	\$13,680.00
SHIPMAREF	310	\$1.04	50,000	\$24,800.00
SHUNGNAK	175	\$1.00	35,000	\$15,960.00
STEVENS VILLAGE	80	\$1.50	1,855	\$1,773.33
ST. MARYS	303	\$0.60	62,000	\$3,472.00
TOGIAK	425	\$0.85	250,000	\$76,500.00
TOKSOOK BAY	284	\$0.85	50,000	\$15,300.00
TULUKSAK		\$1.00	40,000	\$18,240.00
TUNTUTULIAK	225	\$0.90	80,000	\$28,480.00
TWIN HILLS	72	\$0.75	45,000	\$9,270.00
TOTALS	10,099		2,368,229	\$858,477.32
AVERAGE		\$0.91		

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

May 10, 1977

SUBJECT: Fiscal Impact of HB 327 (Work Order #4501)

TO: The Honorable Joe McKinnon

FROM: Ken Humphreys *J.K.H.*
Research Analyst

We have prepared the attached exhibit from the 1976-77 Rural Energy Survey. We selected the locations with current price and annual need figures for fuel oil and calculated the cost of subsidizing consumers to reduce the price to 54.4 cents per gallon (equivalent to an index of 120) at the indicated level of use. The cost, calculated in this way, totals \$858,477, about \$70 per capita.

It is very difficult to speculate about total cost of the program which HB 327 would establish from these figures. Annual, per capita need for fuel oil for the villages with population given in the attached exhibit is about 206 gallons; this figure seems low, reflecting use of wood, shortages, etc. and would undoubtedly rise if the price were lowered and availability increased. On the other hand, the average price of 91 cents per gallon is probably substantially higher than the average price would be for all of the areas which would receive assistance under HB 327. These two factors would tend to offset each other.

Based on A. R. Latham's memo of April 27 and 1976 population figures, we estimate that no more than 35 percent of the population would benefit directly under HB 327. At the \$70 per capita figure suggested by the attached exhibit and assuming a total state population of 400,000, the annual cost would amount to \$9,800,000.

As indicated in the previous memo, little confidence can be placed in this figure without much more data to support it. For now, I hope the attached exhibit and this memo will be of some use in your deliberations.

KH:jm
Attachment

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

May 10, 1977

SUBJECT: Fiscal Impact of HB 327
TO: The Honorable Joe McKinnon
Attention: Jim Grandjean
FROM: Ken Humphreys *J.K.H.*
Research Analyst

In response to your request for a fiscal note on HB 327, we have contacted Mr. William McConkey, Director of the Division of Energy and Power Development to secure the needed data. He indicated that the data which is currently available would not support even a rude guess concerning the fiscal impact of the subsidy portion of the bill.

We have reviewed material currently available, including the Rural Energy Survey, and agree with Mr. McConkey that an extensive effort would be required in order to gather price and use figures which will permit a reasonable estimate. It would require an interim project of some magnitude to fill in the gaps in the data and arrive at a figure which can be relied upon. We will furnish sample figures for some selected municipalities for which we do have data.

KH:mo

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. H.B. 327
Title Establishing the Alaska Energy Corporation
Requested by House Commerce Committee Date 4/19/77

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development
Program Category Affected Development
Budget Request Unit(s) Affected (NEW) Alaska Energy Corporation

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		188.7				
200 TRAVEL		42.4				
300 CONTRACTUAL		233.2				
400 COMMODITIES		3.2				
500 EQUIPMENT		12.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		479.5	Unable to estimate at this time. Please see analysis			

FUNDING (Thousands of Dollars)

GENERAL FUND		479.5				
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME		7.0				
PART TIME						
TEMPORARY						

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

Personal Services: Executive Director: New position \$45-\$50,000, depending on experience
Civil Engineer IV: Range 24 \$2988/month
Electrical Eng.: Range 21 \$2356/month
Economist, Principal: Range 20 \$2187/month
Secretary I: Range 10 \$1083/month
Clk. Typist III: Range 8 \$957/month
Clk. Typist III: Range 8 \$957/month

Contractual Funds: 175.00 for contractual studies, feasibility studies.
The FY 78 costs estimated above are those associated with establishing the corporation and developing the program, procedures and plans for the Corporation; am unable to estimate the costs for the FY79, 80, 81, and 82 at this time. Given the scope and powers of this corporation the costs would be tremendous.

IV. DATE 4/19/77 PREPARED BY William C. McConkey
AGENCY Commerce & Economic Development
PHONE 272-0527 Anch. / 465-2500 Juneau
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 327
Title An Act establishing the Alaska Energy Corporation
Requested by House Commerce Committee Date 4/19/77

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development
Program Category Affected Development
Budget Request Unit(s) Affected Division of Energy & Power Development

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	20.0	20.0	25.0	25.0	30.0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	20.0	20.0	25.0	25.0	30.0

FUNDING (Thousands of Dollars)

GENERAL FUND		20.0	20.0	25.0	25.0	30.0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

Sec:100 of this Bill requires the Department to establish and publish a state energy cost index for each municipality in the state. The Division would contract for this work at an estimated cost of \$20,000. Increases in FY 80 and FY 82 reflect inflation.

IV. DATE 4/19/77

PREPARED BY William C. McConkey
AGENCY Commerce & Economic Development

Original: Legislative Finance
cc: Budget and Management

PHONE 272-0527 Anch.
465-2500

Prime Sponsor (First Legislator Named)

ALASKA STATE LEGISLATURE

TENTH Legislature FIRST Session

HOUSE BILL NO. 327

By BUCHHOLDT AND GUY

"An Act establishing the Alaska Energy Corporation."

Energy Corp.

Introduced in the House 3-9, 1977

HISTORY IN THE HOUSE																							
19 77	Read first time and referred to Committee on																						
Mar. 9	Commerce and Finance																						
	Reported back with recommendation that																						
	Read second time and																						
	Read third time and																						
	<table style="width: 100%; border: none;"> <tr><td style="text-align: center;">PASS</td><td style="text-align: center;">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> <tr><td colspan="2" style="text-align: center;">Reconsideration</td></tr> <tr><td style="text-align: center;">PASS</td><td style="text-align: center;">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	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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																						
	<table style="width: 100%; border: none;"> <tr><td style="text-align: center;">PASS</td><td style="text-align: center;">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> <tr><td colspan="2" style="text-align: center;">Reconsideration</td></tr> <tr><td style="text-align: center;">PASS</td><td style="text-align: center;">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	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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.