

LEG. FINANCE - BILLS 1977 - 1978 744

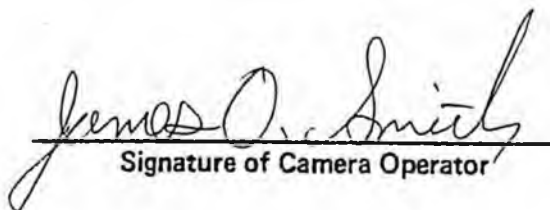
HB 583 thru HB 588

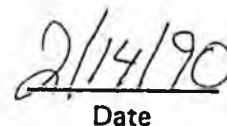


# RECORDS CERTIFICATION



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

  
Signature of Camera Operator

  
Date

# COMMITTEE REPORT

## HOUSE

3/7473

FURTHER: \_\_\_\_\_

Date: 3/4/78

Mr. Speaker:

The Committee on FINANCE has had HR 583

"An Act relating to unemployment insurance; effective date."

under consideration and (a majority of the committee) (the committee reports it back as follows)

- 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 \_\_\_\_\_ ( ) new title              ( ) same title
- ( ) AND attaches a Letter of Intent              ( ) New Fiscal Note
- ( ) reports it back without recommendation
- ( ) and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Signature]  
\_\_\_\_\_  
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[Signature]  
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[Signature]  
Chairman

Introduced: 1/10/78  
Referred: Labor & Management  
and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 583

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to unemployment insurance; and pro-  
7 viding for an effective date."

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

9 \* Section 1. AS 23.20.408(g) is repealed and re-enacted to read:

10 (g) There is a state "off" indicator for a week if, for the  
11 period consisting of that week and the immediately preceding 12 weeks,  
12 the rate of insured unemployment was either (1) less than four per  
13 cent; or (2) less than five per cent and was less than 120 per cent of  
14 the average of the rates of insured unemployment for the corresponding  
15 13-week period in each of the preceding two calendar years.

16 \* Sec. 2. AS 23.20.525(a)(16)(C)(ii) is amended to read:

17 (ii) if that individual is not an employee of that  
18 other person within the meaning of paragraph (10) [(A)] of  
19 this subsection [PARAGRAPH];

20 \* Sec. 3. Chapter 122, sec. 27(a), SLA 1977 is amended to read:

21 (a) Notwithstanding the provisions of AS 23.20.350, benefits  
22 may be paid to an individual after December 31, 1977 on wages earned  
23 by that individual in a category of employment which was not covered  
24 under AS 23.20 at any time during calendar year 1975 and which was  
25 service which is covered under AS 23.20, effective January 1, 1978, as  
26 the result of enactment of sec. 18 [19] of this Act.

27 \* Sec. 4. Section 1 of this Act takes effect immediately in accordance  
28 with AS 01.10.070(c) and is retroactive to March 3, 1977.

29 \* Sec. 5. Sections 2 and 3 of this Act take effect immediately in

1 accordance with AS 01.10.070(c) and are retroactive to January 1, 1978.

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148593

January 10, 1978

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 unemployment insurance. Last session the legislature passed HCS SB 116 which made a number of changes to AS 23.20, most of which were necessary to assure state conformity with federal requirements for unemployment insurance programs. The enacted bill became chapter 122 of the 1977 Session Laws of Alaska.

After its enactment, drafting errors were discovered in AS 23.20.408(g), AS 23.20.525(a)(16)(C)(ii), and sec. 27(a) of the session law. As to AS 23.20.408(g), the federal government has taken the position that last session's Act is not adequate, and that the wording proposed in this bill is the only acceptable wording to assure compliance with federal law. In AS 23.20.-525(a)(16)(C)(ii), an incorrect reference to another statutory provision is being corrected. Finally, the error in sec. 27(a) of ch. 122, SLA 1977 arose as the result of amendments which were made to the bill after its introduction and which resulted in a renumbering of bill sections. Sec. 27(a) contained a reference to one of the bill sections which was renumbered, however that reference inadvertently was not also corrected.

This bill will correct these errors and make the corrected provisions effective retroactively to the date they were to take effect under ch. 122 SLA 1977.

Sincerely,

S/SSH

Jay S. Hammond  
Governor

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST HOUSE BILL NO 583  
Bill/Resolution No. \_\_\_\_\_  
Title "An Act relating to unemployment insurance; and providing for an effective date"  
Requested by Rules Committee by request of the Governor Date \_\_\_\_\_

II. FISCAL DETAIL  
Agency Affected \_\_\_\_\_  
Program Category Affected \_\_\_\_\_  
Budget Request Unit(s) Affected \_\_\_\_\_

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						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Passage of section 3 of the attached bill will allow us to share the costs of benefits paid to workers who are being covered for the first time under the state law with the federal government. Without passage of this bill and the federal sharing of liability, the State's Unemployment Insurance Trust Fund would experience a loss of \$3-4 million. Although this money does not affect the department's budget, it could have an adverse effect on employers' unemployment insurance taxes.

IV. DATE 2 December 1977 PREPARED BY Tom Haas, Finance Officer  
AGENCY Employment Security Division, Labor  
PHONE 465-2720  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

R/o  
orig. bill

H

I. REQUEST HOUSE BILL NO 583  
Bill/Resolution No. \_\_\_\_\_  
Title "An Act relating to unemployment insurance; and providing for an effective date"  
Requested by Rules Committee by request of the Governor Date \_\_\_\_\_

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Agency Affected \_\_\_\_\_  
Program Category Affected \_\_\_\_\_  
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300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

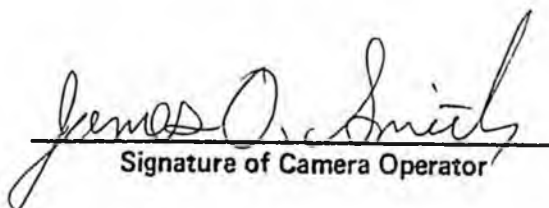
Passage of section 3 of the attached bill will allow us to share the costs of benefits paid to workers who are being covered for the first time under the state law with the federal government. Without passage of this bill and the federal sharing of liability, the State's Unemployment Insurance Trust Fund would experience a loss of \$3-4 million. Although this money does not affect the department's budget, it could have an adverse effect on employers' unemployment insurance taxes.

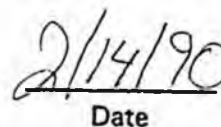
IV. DATE 2 December 1977 PREPARED BY Tom Haas, Finance Officer  
AGENCY Employment Security Division, Labor  
PHONE 465-2720  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)



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Signature of Camera Operator

  
Date

STATE OF ALASKA  
Inter-Department Route Slip

TO:  
MAIL STATION NUMBER 3100 - House Finance

DEPARTMENT House Finance Committee

ATTENTION Jim Rhode

- |  |  |
|--|--|
| <input type="checkbox"/> Approval      | <input type="checkbox"/> Note & Return               |
| <input type="checkbox"/> Signature     | <input type="checkbox"/> Initial & Return            |
| <input type="checkbox"/> Comment       | <input type="checkbox"/> Return As Requested         |
| <input type="checkbox"/> Contact Me    | <input type="checkbox"/> Return For Approval         |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action            |
| <input type="checkbox"/> For Your File | <input checked="" type="checkbox"/> Your Information |

Remarks: Back up material  
for House Bills 584 and  
741 referred to Finance  
from C+RA

FROM:  
MAIL STATION NUMBER 3100 - Rudd

DEPARTMENT House C+RA Committee

BY Annette Smith DATE 3/29/78

Original sponsors: Rudd, Cotten  
and Miller

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

IN THE HOUSE

CS FOR HOUSE BILL NO. 741

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act providing state aid for extending municipal police protection services; and providing for an effective date."

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

\* Section 1. AS 43.18.010(a)(1) is amended by adding a new subparagraph to read:

(C) in addition to the payment authorized in this paragraph, to facilitate the extension of municipal police protection services, payment shall be made to a unified municipality or organized borough assuming responsibility for police protection services areawide within the municipality, in the area of the borough outside cities, or within a service area of the municipality; the payment authorized by this subparagraph may be paid only in the fiscal year in which extension of police protection is implemented and shall be determined at the rate authorized in this paragraph on the basis of the population to be served by the extension of the service.

\* Sec. 2. This Act takes effect July 1, 1978.

FISCAL NOTE

i. REQUEST

Bill/Resolution No. House Bill no. 741

Title "An Act providing state aid for extending municipal police protection services"

Requested by House Community & Regional Affairs Date 2/14/78

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs

Program Category Affected Development

Budget Request Unit(s) Affected Municipal Revenue Sharing

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		680.4	0	585.4	0	
TOTAL						

FUNDING (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
GENERAL FUND		680.4	0	585.4	0	
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
FULL TIME						
PART TIME						
TEMPORARY						

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

Assumptions

1. Municipal residents currently receiving state aid for police protection services would not be counted under this bill.
2. Populations have been upwardly adjusted at the annual compounded rate of 2 1/2%.
3. The Muldoon, Sand Lake, Chugiak and Egan River service areas of the Municipality of Anchorage will be eligible for payment during fiscal year 1979.

IV. DATE 2/15/78

PREPARED BY Bruce Aronson *Bruce Aronson*

AGENCY Department of Community and Regional Affairs

PHONE 465-4700

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

4. The population of the Fairbanks North Star Borough and the City and Borough of Juneau will be receiving municipal police protection services during fiscal year 1981.
5. No other boroughs will assume additional police protection services.
6. No major changes in the State's Department of Public Safety policies are anticipated.
7. Assumption of services may be areawide, nonareawide, or on a service area basis.

Introduced: 1/10/78  
Referred: Community & Regional  
Affairs and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 584

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to providing equivalent property tax  
7 payments to senior citizen renters; and providing for  
8 an effective date."

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

10 \* Section 1. AS 29.73.060(b) is amended to read:

11 (b) For purposes of determining payments to eligible persons,  
12 the department shall calculate a property tax equivalent percentage  
13 for each home rule or general law municipality, which levies a general  
14 property tax, at the rate of one [1/2] per cent per mil. This percent-  
15 age applied to the annual rent charged to the applicant or \$750 [\$375],  
16 whichever is less, is the property tax equivalency payment.

17 \* Sec. 2. This Act is retroactive to January 1, 1978.

18 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
19 10.070(c).

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1-10-78

January 10, 1978

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 to amend the existing law on equivalent property tax payments to senior citizen renters. The bill changes the rate for determining the amount of a payment from 1/2 percent per mil to 1 percent per mil and doubles the \$375 maximum on payments. This will bring the payments to renters more into line with the tax benefits to home owners.

As things now stand, no limits are placed on the amount of real property taxes waived for home owners. Equity and common sense call for equal treatment for renters. It appears likely that those who rent are even in greater need of the relief.

Sincerely,

S/ JSH

Jay S. Hammond  
Governor

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

Revised 1/12/78

I. REQUEST

Bill/Resolution No. HB 584

Title Property Tax Equivalency Payments for Senior Citizens

Requested by Governor

Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs

Program Category Affected Social Services

Budget Request Unit(s) Affected Senior Citizen Tax Exemption

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			314.2	404.3	521.0	672.0
TOTAL						

FUNDING (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND			314.2	404.3	521.0	672.0
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)

Grant requirement is based on FY 77 actual expenditures as illustrated on page 2B of Analytic Statement in the FY 79 BRU. Projections are based on estimated annual rate of increases of 12% in number of applicants and 15% in average payment per applicant.

The Department recommends this legislation for the following reasons:

1. FY 77 average annual payment per renter was \$192.50 in contrast to the average annual homeowner exemption of \$450. The increased formula computation @ 1% per mill would have raised the average renter payment to \$385 in FY 77 which acts to equalize the benefits of the companion programs.

2. Since it is generally accepted that renters have lower incomes than homeowners, the impact of inflating property values and accelerating tax rates upon rising market rental charges can be assumed to create as much, if not greater, need for relief among renters as among homeowners. (continued on attached page)

IV. DATE 1/12/78

PREPARED BY LaDonna Brown  
AGENCY Office of the State Assessor

PHONE 465-4739

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

FISCAL NOTE (continued)

3. Equivalent relief to renters would provide added personal resources to meet market rent rates. This reduces the necessity for direct public intervention in the housing market and at the same time supports the cover program goal to increase the independent decision making alternatives of individual seniors in Alaska.

The FY 79 costs included in this Fiscal Note are based on an effective date for the Legislation of January 1, 1978.

January 10, 1978

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 to amend the existing law on equivalent property tax payments to senior citizen renters. The bill changes the rate for determining the amount of a payment from 1/2 percent per mil to 1 percent per mil and doubles the \$375 maximum on payments. This will bring the payments to renters more into line with the tax benefits to home owners.

As things now stand, no limits are placed on the amount of real property taxes waived for home owners. Equity and common sense call for equal treatment for renters. It appears likely that those who rent are even in greater need of the relief.

Sincerely,

S/ JSH

Jay S. Hammond  
Governor

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

Revised 1/12/78

I. REQUEST  
Bill/Resolution No. HB 584  
Title Property Tax Equivalency Payments for Senior Citizens  
Requested by Governor Date \_\_\_\_\_

II. FISCAL DETAIL  
Agency Affected Community & Regional Affairs  
Program Category Affected Social Services  
Budget Request Unit(s) Affected Senior Citizen Tax Exemption

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
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500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			314.2	404.3	521.0	672.0
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND			314.2	404.3	521.0	672.0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Grant requirement is based on FY 77 actual expenditures as illustrated on page 2B of Analytic Statement in the FY 79 BRU. Projections are based on estimated annual rate of increases of 12% in number of applicants and 15% in average payment per applicant.

The Department recommends this legislation for the following reasons:

1. FY 77 average annual payment per renter was \$192.50 in contrast to the average annual homeowner exemption of \$450. The increased formula computation @ 1% per mill would have raised the average renter payment to \$385 in FY 77 which acts to equalize the benefits of the companion programs.
2. Since it is generally accepted that renters have lower incomes than homeowners, the impact of inflating property values and accelerating tax rates upon rising market rental charges can be assumed to create as much, if not greater, need for relief among renters as among homeowners. (continued on attached page)

IV. DATE 1/12/78 PREPARED BY LaDonna Brown  
AGENCY Office of the State Assessor  
PHONE 465-4739  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

FISCAL NOTE (continued)

3. Equivalent relief to renters would provide added personal resources to meet market rent rates. This reduces the necessity for direct public intervention in the housing market and at the same time supports the cover program goal to increase the independent decision making alternatives of individual seniors in Alaska.

The FY 79 costs included in this Fiscal Note are based on an effective date for the Legislation of January 1, 1978.

Introduced: 1/10/78  
Referred: Community & Regional  
Affairs and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 584

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to providing equivalent property tax  
7 payments to senior citizen renters; and providing for  
8 an effective date."

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

10 \* Section 1. AS 29.73.060(b) is amended to read:

11 (b) For purposes of determining payments to eligible persons,  
12 the department shall calculate a property tax equivalent percentage  
13 for each home rule or general law municipality, which levies a general  
14 property tax, at the rate of one [1/2] per cent per mil. This percent-  
15 age applied to the annual rent charged to the applicant or \$750 [\$375],  
16 whichever is less, is the property tax equivalency payment.

17 \* Sec. 2. This Act is retroactive to January 1, 1978.

18 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
19 10.070(c).

# COMMITTEE REPORT

## HOUSE

3/17/78

FURTHER: \_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on FINANCE has had HR 584

"An Act relating to providing equivalent property tax payments to senior citizen renters; e.d."

under consideration and (a majority of the committee) (the committee reports it back as follows)

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 \_\_\_\_\_  new title                       same title

AND attaches a Letter of Intent                       New Fiscal Note

reports it back without recommendation

and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

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\_\_\_\_\_  
Chairman

# COMMITTEE REPORT

## HOUSE

FURTHER: FINANCE

1-10-78

Date: 3/17/78

Mr. Speaker:

The Committee on COMMUNITY & REGIONAL AFFAIRS has had HB 584  
"An Act relating to providing equivalent property tax payments to senior  
citizen renters; e.d."

under consideration and (a majority of the committee) (~~the committee reports it back as follows~~)

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and \_\_\_\_\_ ( ) new title                      ( ) same title

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( ) reports it back without recommendation

( ) and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

D. Smith Do Pass

Det. L. Smith

R. All E. P. R. L. Do Pass

[Signature] Do Pass

Merle H. Smith Do Pass

H. B. Rudd " "

H. B. Rudd  
Chairman

Introduced: 1/10/78  
Referred: Community & Regional  
Affairs and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 584

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

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10 \* Section 1. AS 29.73.060(b) is amended to read:

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19 10.070(c).  
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HB 594

January 10, 1978

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 to amend the existing law on equivalent property tax payments to senior citizen renters. The bill changes the rate for determining the amount of a payment from 1/2 percent per mil to 1 percent per mil and doubles the \$375 maximum on payments. This will bring the payments to renters more into line with the tax benefits to home owners.

As things now stand, no limits are placed on the amount of real property taxes waived for home owners. Equity and common sense call for equal treatment for renters. It appears likely that those who rent are even in greater need of the relief.

Sincerely,

S/ J.S.H.

Jay S. Hamm  
Governor

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

Revised 1/12/78

I. REQUEST

Bill/Resolution No. HB 584

Title Property Tax Equivalency Payments for Senior Citizens

Requested by Governor

Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs

Program Category Affected Social Services

Budget Request Unit(s) Affected Senior Citizen Tax Exemption

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			314.2	404.3	521.0	672.0
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND			314.2	404.3	521.0	672.0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Grant requirement is based on FY 77 actual expenditures as illustrated on page 2B of Analytic Statement in the FY 79 BRU. Projections are based on estimated annual rate of increases of 12% in number of applicants and 15% in average payment per applicant.

The Department recommends this legislation for the following reasons:

1. FY 77 average annual payment per renter was \$192.50 in contrast to the average annual homeowner exemption of \$450. The increased formula computation @ 1% per mill would have raised the average renter payment to \$385 in FY 77 which acts to equalize the benefits of the companion programs.

2. Since it is generally accepted that renters have lower incomes than homeowners, the impact of inflating property values and accelerating tax rates upon rising market rental charges can be assumed to create as much, if not greater, need for relief among renters as among homeowners. (continued on attached page)

IV. DATE 1/12/78

PREPARED BY LaDonna Brown  
AGENCY Office of the State Assessor  
PHONE 465-4739

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

FISCAL NOTE (continued)

3. Equivalent relief to renters would provide added personal resources to meet market rent rates. This reduces the necessity for direct public intervention in the housing market and at the same time supports the cover program goal to increase the independent decision making alternatives of individual seniors in Alaska.

The FY 79 costs included in this Fiscal Note are based on an effective date for the Legislation of January 1, 1978.

ALASKA STATE LEGISLATURE

TENTH Legislature SECOND Session

HOUSE ..... BILL ..... NO. 584...

By ... THE RULES COMMITTEE BY...  
REQUEST OF THE GOVERNOR

"An Act relating to providing  
equivalent property tax payments  
to senior citizen renters; and  
providing for an effective date."

Senior citizens prop. tax renters

Introduced in the House ..... 1-10-1978..

HISTORY IN THE HOUSE

19 78

Jan. 10

Read first time and referred  
to Committee on

CSHA 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 amend-  
ment; asked Sen. to recede

Senate receded from amendment

Senate failed to recede from  
amendment

FCC appointed by House

FCC appointed by Senate

FCC adopted

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No. ....



# RECORDS CERTIFICATION



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

James A. Smith  
Signature of Camera Operator

2/14/90  
Date

# COMMITTEE REPORT

## HOUSE

1-10-78

FURTHER: \_\_\_\_\_

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on FINANCE has had HB 588

"An Act making a supp. approp. to the Dept. of Natural Resources for repurchase of certain oil and gas leases in Kachemak Bay, pursuant to ch. 113 SLA 1976; e.d."

under consideration and (a majority of the committee) (the committee reports it back as follows)

- 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 \_\_\_\_\_ ( ) new title              ( ) same title

- ( ) AND attaches a Letter of Intent              ( ) New Fiscal Note  
( ) reports it back without recommendation  
( ) and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
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\_\_\_\_\_  
Chairman

In HFC 1/10/78

Introduced: 1/10/78  
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 588

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

12 \* Section 1. The sum of \$7,552,198.21 is appropriated from the general  
13 fund to the Department of Natural Resources, for the purpose of repurchas-  
14 ing certain oil and gas leases in Kachemak Bay, from the lessees named  
15 below, under agreements executed pursuant to ch. 113 SLA 1976, for the  
16 fiscal year ending June 30, 1978. This amount is to be apportioned as  
17 follows:

18	Shell Oil Company	\$7,500,000.00
19	Simasko Production Company	44,259.40
20	Texas International Petroleum Corp.	7,938.81

21 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
22 10.070(c).  
23  
24  
25  
26  
27  
28  
29

14 B 588

January 10, 1978

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 appropriating \$7,552,198.21 to the Department of Natural Resources, to implement ch. 113 SLA 1976 (Kachemak Bay). It is similar to the appropriation made in ch. 91 SLA 1977.

The purpose of the appropriation is to fulfill obligations of the State of Alaska under contracts with Shell Oil Company, Simasko Production Company, and Texas International Petroleum Corporation to repurchase all of their leases in Kachemak Bay. Pursuant to ch. 113 SLA 1976, the administration initiated negotiations with these companies and concluded agreements with them in June of 1977. Copies of the contracts are attached along with a breakdown of the purchase prices showing amounts for bonuses, rent, etc. It should be noted that the balance owed under the Shell contract is subject to adjustment upon tabulation of recent credits taken by Shell pursuant to the contract.

Ch. 113 SLA 1976 specifically authorized the commissioner of natural resources to use credits for future taxes and royalties of the lessees as part of the purchase price. The Shell contract takes advantage of roughly \$2.4 million in credits over the next two years. Additionally, the state was able to conclude an agreement with Union Oil Company in the principal amount of \$150,423, which will be entirely paid by future credits, foreclosing entirely the need for an appropriation.

This bill, along with the credit provisions of the contracts, concludes our monetary obligations for all but two of the leases. Two inexpensive leases along the shoreline of the Bay were required to be made subject to a condemnation action, since the state was unable to reach what we considered a fair agreement on these leases. We do not anticipate the judgment awarding compensation to be a significant sum of money.

Sincerely,

S/JSH

Jay S. Hammond  
Governor

7d /

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST HOUSE BILL NO. 588

Bill/Resolution No. Law Log #1  
 Title Appropriation for Kachemak Bay Repurchases  
 Requested by Governor Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Natural Resources  
 Program Category Affected NRMEC  
 Budget Request Unit(s) Affected Management & Administration (Commissioner's Office)

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	7,522.2					
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>7,552.2</b>					

FUNDING (Thousands of Dollars)

GENERAL FUND	7m552.2					
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Shell	\$7,500,000.00
Texas International	7,938.81
SIMASKO	44,259.40
TOTAL	<u>\$7,552,198.21</u>

IV. DATE Dec 9, 1977

PREPARED BY Fred Boness

AGENCY Natural Resources

PHONE 465-2400

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

143587

AGREEMENT

THIS AGREEMENT, dated and effective as of this 29 day of June, 1977, by and between TEXAS INTERNATIONAL PETROLEUM CORPORATION, hereinafter called "seller," and the STATE OF ALASKA, acting by its Commissioner of Natural Resources, hereinafter called "purchaser."

W I T N E S S E T H:

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

WHEREAS, in consideration for the issuance of said leases, seller as lessee paid to purchaser as lessor the sum of \$3,290 in bonuses at the time the leases were issued, and subsequently has paid \$9,608.00 to purchaser for rental under said leases; and

WHEREAS, seller as lessee has incurred certain exploration costs in connection with said leases, including without limitation amounts for geological and geophysical exploration, special studies, and pre-drilling costs; and

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

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

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

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

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

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

NOW, THEREFORE, it is AGREED as follows:

1. Seller agrees to sell and purchaser agrees to purchase all of seller's interest in those certain leases described in Exhibit "A", attached hereto. The purchase price for said conveyance is \$20,139.00, together with interest at the rate of 8% per annum compounded annually on that portion of the total payment composed of cash bonus and rentals heretofore paid by seller to purchaser, an amount of \$12,893.00. Said interest shall accrue from the date of original payment of the cash bonus and rental until final payment by purchaser as set forth below.

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

a. The sum of \$15,000 shall be paid within 30 days of execution of this agreement. The balance of the purchase price shall be paid to seller upon appropriation of such sum by the Legislature. Such payment shall be by means of a valid and sufficient warrant immediately payable in Federal Reserve funds.

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

3. In the event purchaser fails to pay the full purchase price and accrued interest prior to July 30, 1978, seller may notify purchaser in writing within 30 days thereafter that it elects to extend the period for repayment. In the event seller does not so notify purchaser, this agreement shall become null and void and, upon repayment by seller to purchaser of all payments made by purchaser on the purchase price as above stated, together with 8% interest on such amount compounded annually, seller may exercise all rights as lessee pursuant to said lease and as provided in said Ch. 113 SLA 1976. The term of said lease shall be extended for the maximum period of the moratorium.

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

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

TEXAS INTERNATIONAL  
PETROLEUM CORPORATION

By *Roy L. Jennings*  
Roy L. Jennings, Exec. V.P.

STATE OF ALASKA

By *Bert T. Reshe*  
Commissioner  
of Natural Resources

APPROVED:

STATE OF ALASKA

*[Signature]*  
Hammond  
Governor

STATE OF OKLAHOMA )

COUNTY OF OKLAHOMA )

ss.

THIS CERTIFIES that on this 29 day of June, 1977 before me, a Notary Public in and for the State of Oklahoma, personally appeared Roy L. Jennings, to me known and known to me to be the person whose name is subscribed to the foregoing Agreement, and after being first duly sworn according to law he stated to me under oath that he is the Executive Vice President of TEXAS INTERNATIONAL PETROLEUM CORPORATION, a corporation organized under the laws of Delaware, that he has been authorized by said corporation to execute the foregoing Agreement on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.

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



*Don L. Savage*  
Notary Public for Oklahoma  
My commission expires: 9/27/80



EXHIBIT A

Lease No.

Tract No.

63081

C28-51

63079

C28-48



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

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

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

20           NOW THEREFORE, it is AGREED as follows:

- 21           1. Seller agrees to sell and purchaser agrees to  
22 purchase all of seller's interest in those certain leases  
23 listed on the attached Exhibit A. The purchase price for  
24 said conveyance is \$39,421 together with interest at the  
25 rate of 8% per annum compounded annually on that portion of  
26 the total payment of cash bonus and rentals heretofore paid  
27 by seller to purchaser, an amount of \$18,669. Said interest  
28 shall accrue from the date of original payment of the cash  
29 bonus and rental until final payment by purchaser as set  
30 forth below.
- 31           2. The above-stated price shall be paid by purchaser  
32 promptly upon appropriation of such sum by the Legislature.

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

ATTORNEY GENERAL, STATE OF ALASKA  
STATE CAPITOL  
POUCH "C", JUNEAU, ALASKA 99801  
PHONE 465-3800

1 Such payment shall be by means of a valid and sufficient  
2 warrant immediately payable in Federal Reserve funds.

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

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

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

29 SIMASKO PRODUCTION COMPANY

30  
31 By W. H. H.  
32 Vice President

STATE OF ALASKA

By L. Pasche  
Commissioner  
of Natural Resources

APPROVED:

STATE OF ALASKA

By: Jay S. Hammond  
Jay S. Hammond  
Governor

STATE OF ALASKA  
CITY OF ANCHORAGE

ss.

THIS CERTIFIES that on this 22<sup>nd</sup> day of June, 1977, before me, a Notary Public in and for the State of Alaska, personally appeared W. R. STEWART to me known and known to me to be the person whose name is subscribed to the foregoing Agreement, and after being first duly sworn according to law he stated to me under oath that he is the VICE PRESIDENT of SIMASKO PRODUCTION COMPANY a corporation organized under the laws of ALASKA that he has been authorized by said corporation to execute the foregoing Agreement on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.

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

[Signature]  
Notary Public for Alaska

My commission expires: 9-22-78

STATE OF ALASKA  
FIRST JUDICIAL DISTRICT

ss.

THIS CERTIFIES that on this 8<sup>th</sup> day of July, 1977, before me, a Notary Public in and for the State of Alaska, personally appeared Robert LeResche and Jay S. Hammond, to me known and known to me to be the persons whose names are subscribed to the foregoing Agreement, and after being first duly sworn according to law they stated to me under oath that they are the Commissioner of Natural Resources and Governor, respectively, of the STATE OF ALASKA, that they are authorized to execute the foregoing Agreement on behalf of the State of Alaska and they executed the same freely and voluntarily as their free act and deed as officials of the State of Alaska.

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

Lennie Boston  
Notary Public for Alaska

My commission expires: Nov 2, 1980

ATTORNEY GENERAL, STATE OF ALASKA  
STATE CAPITOL  
POUCH K, JUNEAU, ALASKA 99811  
PHONE 465-3000

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EXHIBIT A

LEASES

<u>Lease No.</u>	<u>Tracts Covered</u>
63070	C28-29
63071	C28-30
63088	C28-59

ATTORNEY GENERAL, STATE OF ALASKA  
STATE CAPITOL  
POUCH K, JUNEAU, ALASKA 99811  
PHONE 465-3000

AGREEMENT

THIS AGREEMENT, dated and effective as of this 29th day of June, 1977, by and between SHELL OIL COMPANY, hereinafter called "seller," and the STATE OF ALASKA, acting by its Commissioner of Natural Resources, hereinafter called "purchaser,"

W I T N E S S E T H :

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

WHEREAS, in consideration for the issuance of said leases, seller as lessee paid to purchaser as lessor the sum of \$5,397,000 in bonuses at the time the leases were issued, and subsequently has paid \$18,000 to purchaser for rental under said leases; and

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

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

WHEREAS, said litigation entitled Kenneth D. Moore, et al vs. State of Alaska, Shell Oil Company, et al, No. 74-15169 I Civil is still pending in the courts awaiting action by the Superior Court of the State of Alaska; and

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

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

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

NOW THEREFORE, it is AGREED as follows:

1. Seller agrees to sell and purchaser agrees to purchase all of seller's interest in those certain leases listed on the attached Exhibit A. The purchase price for said conveyance is \$8,000,000, together with interest at the rate of 8% per annum compounded annually on that portion of the total payment composed of cash bonus and rentals heretofore paid by seller to purchaser, an amount of \$5,415,000. Said interest shall accrue from the date of original payment of the cash bonus and rental until final payment by purchaser as set forth below. For purposes of calculating accrued interest on bonus and rental payments as above stated, 68% of all payments by purchaser hereunder shall be treated as interest-bearing.

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

a. The sum of \$7,500,000 shall be paid to seller by purchaser promptly upon appropriation of such sum by the Legislature. Such payment shall be by means of a valid and sufficient warrant immediately payable in Federal Reserve funds.

b. As of the effective date of this agreement, seller may withhold any payments due or hereafter becoming due to the State of Alaska from seller on account of oil and gas lease bonuses and rentals, oil and gas royalties payable to the State in cash, oil and gas taxes (which term includes taxes on reserves, severance or production taxes, taxes on income attributable to oil and gas operations in the State of Alaska, and any other taxes of any kind that may be measured by or payable in respect of oil and gas operations), and any and all permit fees until such time as the entire purchase price, as above stated, is paid in full. Each such payment so withheld shall be credited to seller as of the date each becomes due and payable, and interest shall thereon cease on 68% of the amount so credited to seller. In the event such withholding, together with the cash payments, does not result in payment of the entire purchase price by December 31, 1979, upon request of seller, purchaser shall promptly request an appropriation from the Legislature covering the unpaid balance, and if granted, such balance shall be paid immediately in cash to seller.

In the event it should ever be determined that any amount so withheld and credited was not

authorized to be withheld by said Ch. 113 SLA 1976, the same shall be immediately refunded by seller to purchaser, and a like amount shall be withheld and credited from such payments as are authorized to be withheld by said Ch. 113 SLA 1976.

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

c. Seller shall execute and deliver to Purchaser a formal instrument of surrender of said leases promptly following the earlier of the following occurrences: (i) payment of said sum of \$7,500,000 and dismissal of the aforesaid Cause No. 74-15169 I Civil, or (ii) payment in full (cash or credits) of the aforesaid purchase price.

3. In the event purchaser fails to pay the sum of \$7,500,000 prior to July 30, 1978, seller may notify purchaser in writing within 30 days thereafter that it elects to receive payment of any outstanding balance of the purchase price in credits as set forth in 2.b. above in lieu of such cash payment. In the event seller does not so notify purchaser, this agreement shall become null and void and, upon repayment by seller to purchaser of all payments (cash or credits) made by purchaser on the purchase price as above stated, together with 8% interest on such amount compounded annually, seller may exercise all rights as lessee pursuant to said leases and as provided in said Ch. 113 SLA 1976. The term of said leases shall be extended for the maximum period of

the moratorium provided for in Ch. 113 SLA 1976, and no lease rentals shall be due the purchaser for the period of the moratorium nor during the life of this agreement.

4. Purchaser shall promptly undertake to obtain dismissal of the aforesaid Cause No. 74-15169 I Civil but, if said suit is not dismissed and the leases are subsequently determined to have been invalidly issued, this agreement shall nevertheless continue in force and Purchaser shall pay to Seller the aforesaid purchase price in full in accordance with the terms hereof.

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

SHELL OIL COMPANY

By: R. H. Nantz


STATE OF ALASKA

By: Charles

Commissioner  
of Natural Resources

APPROVED:

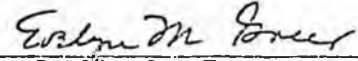
STATE OF ALASKA

By  S. Hammond  
Governor

STATE OF TEXAS )  
 )  
COUNTY OF HARRIS ) ss.  
 )

THIS CERTIFIES that on this 29 day of June, 1977, before me, a Notary Public in and for the State of Texas, personally appeared R. H. VANZ, to me known and known to me to be the person whose name is subscribed to the foregoing Agreement, and after being first duly sworn according to law he stated to me under oath that he is the VICE PRESIDENT of SHELL OIL COMPANY, a corporation organized under the laws of Delaware, that he has been authorized by said corporation to execute the foregoing Agreement on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.

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

  
Notary Public for Texas  
My commission expires: \_\_\_\_\_

EVELYN M. GRIER  
Notary Public in and for Harris County, Texas  
My Commission Expires September 20, 1978

STATE OF ALASKA )  
 )  
FIRST JUDICIAL DISTRICT ) ss.  
 )

THIS CERTIFIES that on this 11<sup>th</sup> day of July, 1977, before me, a Notary Public in and for the State of Alaska, personally appeared Robert LeResche and Jay S. Hammond, to me known and known to me to be the persons whose names are subscribed to the foregoing Agreement, and after being first duly sworn according to law they stated to me under oath that they are the Commissioner of Natural Resources and Governor, respectively, of the STATE OF ALASKA, that they are authorized to execute the foregoing Agreement on behalf of the State of Alaska and they executed the same freely and voluntarily as their free act and deed as officials of the State of Alaska.

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

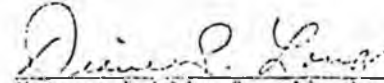
  
Notary Public for Alaska  
My commission expires January 4, 1979

EXHIBIT A

LEASES

<u>Lease No.</u>	<u>Tracts Covered</u>
63089	C28-060
63094	C28-072
63102	C28-080
63103	C28-081
63101	C28-079

Subtotal	\$ 20,139
Less 1977 Appropriation	<u>15,000</u>
	\$ 5,139
d. Interest on bonuses and rent at 8% per annum compounded annually to 1-18-78	\$ 2,799.81 *
Total Appropriation	<u>\$ 7,938.81</u>

\* Interest on bonuses and rent have accrued from the date they were paid. The 1977 appropriation reduces the interest bearing portion of the purchase price by approximately 13/20, which is the fractional representation of the interest bearing costs to the total purchase price. Additional nominal interest will accrue between 1/8/78 and the date of actual payment.

3. Simasko Production Company

a. Bonuses	\$ 5,517
b. Lease Rentals	13,152
c. Outside geological expense	1,600
d. Geological and geophysical evaluations	<u>37,821</u>
Subtotal	<u>\$ 39,421</u>
e. Interest on bonuses and rent at 8% per annum com- pounded annually to 1-23-78	\$ <u>4,838.40</u> *
Total Appropriation	<u>\$ 44,259.40</u>

\* Interest on bonuses and rent have accrued from the date they were paid.

PURCHASE PRICE BREAKDOWN

1. Shell Oil Company	
a. Lease Bonuses	\$5,397,000
b. Lease Rentals	18,000
c. Seismic	249,000
d. Other field work	347,000
e. Geophysical electronic data processing	111,000
f. Wildcat frilling (mobilization costs only, for George Ferris)	779,000
g. Environmental studies, hearings, etc.	184,000
h. Staff analysis	<u>915,000</u>
Subtotal	\$8,000,000
i. Interest on bonuses and rentals at 8% per annum, compounded annually, com- puted to 1-14-78	<u>\$1,940,410.31</u> *
Total Purchase Price	<u>\$9,940,410.31</u> *
Less anticipated credits	<u>\$2,440,410.31</u> *
Amount of Appropriation	<u>\$7,500,000.00</u>
2. Texas International Petroleum Corporation	
a. Bonuses	\$ 3,290
b. Lease Rentals	9,608
c. Geological and geophysical evaluation	<u>7,241</u>

\* - These figures are subject to adjustment upon tabulation of recent credits taken by Shell. This information will be provided as soon as it is compiled and verified by Shell. Adjustments in these figures will not, however, affect the size of the appropriation.



# Alaska State Legislature

## HOUSE CALENDAR

OFFICIAL BUSINESS OF THE HOUSE

SIXTY-FIRST DAY

Friday

March 10, 1978  
Convenes: 10:00 a.m.

Chaplain: Pastor Milton S. Hunt  
Resurrection Lutheran Church

### SECOND READING OF HOUSE BILLS

CSHB 54 amended "An Act relating to administration of state land; and providing for an effective date."  
(Returned to Judiciary from the calendar w/amendment No. 2 pending, p. 405, 1978 journal;  
Judiciary report w/2d CSHB (same title), p. 522, 1978 journal)

HB 588 "An Act making a supplemental appropriation to the Department of Natural Resources for repurchase of certain oil and gas leases in Kachemak Bay, pursuant to Ch. 113 SLA 1976; and providing for an effective date."  
(Fiscal Note & contracts, H. Suppl. No. 1, pp. 14 - 32;  
Finance report, p. 514, 1978 journal)

*Reconsideration SSB 514*

Committee Announcements on back -- Subject to Change

DAILY COMMITTEE ANNOUNCEMENTS

DATE: March 10, 1978

*Prepared by the Office of the  
Chief Clerk*

	Room	TIME	TOPIC
COMMERCE 465-3889 3824	COURT 628	8:00 a.m. 3/10	HB 615 Ak. essential property ins. inspection/placement prog. & tentatively: HCR 86 Fire & homeowners insurance in rural areas HB 656 Comprehensive homeowners insurance rates
FINANCE 465-3795	CAP. 411	8:30 a.m. 3/10	Close out of Natural Resources Budget
HESS 465-3797 3777	CAP. 110	3:00 p.m. 3/10	HB 681 State aid for school construction HB 700 State aid for school construction HB 853 Public school facilities construction
JUDICIARY 465-3718 3882	CAP. 124		To be announced
LABOR & MGT. 465-4981	ASBLY 207		No meeting
C&RA 465-3870	COURT 647	9:00 a.m. 3/10	HB 741 State aid for extending municipal police protection services HB 584 Providing equivalent property tax payments to senior citizen renters
RESOURCES 465-3715 3781	CAP. 118	1:30 p.m. 3/10	HB 798 Bonding of fish processors and buyers HB 811 Multiple use of d-2 lands
STATE AFFAIRS 465-3832 4988	CAP. 123-A	1:15 p.m. 3/10	Audio Conference: HB 751 Establishing Iditarod Trail Race Lottery
RULES 465-3764	CAP. 101		

SPECIAL COMMITTEE ON TELECOMMUNICATIONS (Tentatively Planned) 7:00 p.m., 3/10, Assembly 207, HB 545 Alaska Satellite User's Association, and discussion of other TV proposals.  
Discussion of Report of Gov.'s Office of Telecommunications on TV Demonstration project.



# Alaska State Legislature

## SENATE CALENDAR

OFFICIAL BUSINESS OF THE SENATE

FRIDAY

March 10, 1978  
10:00 a.m.

Chaplain: Pastor W. D. Kirk, Glacier Valley Baptist Church

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### SIXTY-FIRST LEGISLATIVE DAY

#### SECOND READING OF SENATE BILLS

SSSB 473      Special appropriation to Department of Natural Resources for site planning, design & engineering campground accommodations on Skagway-Carcross Hwy  
eff. date  
(State Affairs report pg 337,  
Finance offered am, new FY note, pg 418)

#### SECOND READING OF SENATE RESOLUTIONS

SJR 46      Federal Energy Regulatory Commission to schedule hearings in Alaska on natural gas pipeline  
(Resources report pg 418)

Introduced: 2/9/78  
Referred: State Affairs and  
Finance

1 IN THE HOUSE

BY GRUENING

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 516

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the office of appropriate techno-  
7 logy; and providing for an effective date."

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

9 \* Section 1. AS 44.19 is amended by adding new sections to read:

10 Sec. 44.19.895. FINDINGS. The legislature finds that there is a  
11 need for development of small-scale and low cost alternatives for  
12 Alaskans in the area of building design, food production, recycling,  
13 transportation, energy and waste disposal. Therefore, the legislature  
14 finds that wider use of low-cost and small-scale technologies appropriate  
15 to Alaska should be encouraged.

16 Sec. 44.19.896. OFFICE OF APPROPRIATE TECHNOLOGY. There is  
17 established in the division of policy development and planning an office  
18 of appropriate technology.

19 Sec. 44.19.897. PURPOSE. The purpose of the office of appropriate  
20 technology is to assist in the development and use of low-cost and small-  
21 scale technologies appropriate to Alaska through dissemination of infor-  
22 mation and financial and technical assistance to individuals and  
23 businesses in Alaska.

24 Sec. 44.19.898. DUTIES OF OFFICE OF APPROPRIATE TECHNOLOGY. (a)  
25 The office of appropriate technology shall

26 (1) assist and advise the governor, the legislature, and all  
27 state departments and agencies in developing and implementing appropriate  
28 technologies;

29 (2) disseminate information pertaining to appropriate

1 technology;

2 (3) as funds are appropriated, make grants of financial  
3 assistance to persons engaged in the development and use of appropriate  
4 technology subject to a maximum grant of \$5,000; and

5 (4) assist persons engaged in the development and use of  
6 appropriate technology to obtain financial assistance from all available  
7 sources.

8 (b) Applications for grants made under this section shall be  
9 submitted to the office of appropriate technology. The office shall  
10 review all grant applications and shall submit complete applications to  
11 a screening committee composed of the director of policy development  
12 and planning or his designee, the commissioner of commerce and economic  
13 development or his designee, and the commissioner of natural resources  
14 or his designee. Grant awards must be approved by a majority of the  
15 screening committee. Applications for grants under this section shall  
16 be processed by the office within 30 days of receipt. The office may  
17 make grants in coordination with the National Center for Appropriate  
18 Technology or other funding sources. An applicant for funds for a demon-  
19 stration project shall include with his or her application a statement  
20 that the completed project will be available for public inspection.

21 Sec. 44.19.899. DEFINITIONS. In this chapter, "appropriate  
22 technology" means the Alaskan application of less costly, less wasteful  
23 and less energy-intensive techniques and methods of recycling, waste  
24 disposal, transportation, food production, energy and building design.

25 \* Sec. 2. This Act expires June 30, 1983.

Original sponsor: Rules Committee by  
request of the Governor

Offered: 3/9/78  
Referred: Rules

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 2d CS FOR HOUSE BILL NO. 54

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the administration of state land;  
7 and providing for an effective date."

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

9 \* Section 1. AS 38.05.050 is amended to read:

10 Sec. 38.05.050. FIXING SALE. The commissioner, upon recommenda-  
11 tion of the director, [DIRECTOR, WITH THE APPROVAL OF THE COMMISSIONER,]  
12 shall determine the lands to be sold, the limitations and conditions  
13 which attach to the lands sold, and the terms of the sale. The director  
14 shall fix the time of sale and the manner of giving notice of the sale.  
15 The sale shall take place at the time and location specified in the  
16 notice of sale and within the recording district where the property is  
17 located or an adjacent recording district.

18 \* Sec. 2. AS 38.05.115(a) and (b) are amended to read:

19 (a) The commissioner, upon recommendation of the director, shall  
20 determine the timber and other materials to be sold, and the limitations,  
21 conditions and terms of sale. The limitations, conditions and terms  
22 shall include the utilization, development and maintenance of the sus-  
23 tained yield principle, subject to preference among other beneficial  
24 uses. The director may negotiate sales of timber or materials without  
25 advertisement and on the limitations, conditions, and terms which he  
26 considers are in the best interests of the state, subject to the ap-  
27 proval of the commissioner. However, not more than 500 M.B.M. or equiva-  
28 lent other measure of timber or more than 25,000 cubic yards [\$5,000] of  
29 materials may be sold by nonadvertised, negotiated sale to the same

1 purchaser within a one-year period.

2 (b) Negotiated sales [FOR TIMBER OR MATERIALS] not exceeding 50  
3 M.B.M. or the equivalent other measure of timber or 2,500 cubic yards of  
4 materials [A VALUE OF \$500] are exempt from the provisions of AS 34.15.-  
5 150.

6 \* Sec. 3. AS 38.05.115 is amended by adding a new subsection to read:

7 (c) The limitations of this section are not applicable to timber  
8 which becomes state property under the provisions of AS 45.50.210 - AS  
9 45.50.235.

10 \* Sec. 4. AS 45.50.235 is amended by adding a new subsection to read:

11 (b) Timber property which becomes state property under the pro-  
12 visions of this section may be sold under terms and conditions estab-  
13 lished by the director of the division of lands.

14 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.-  
15 10.070(c).

Original sponsor: Rules Committee by  
request of the Governor

Offered: 5/14/77  
Referred: Rules

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 54

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 administration of state land;  
7 and providing for an effective date."

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

9 \* Section 1. AS 38.05.050 is amended to read:

10 Sec. 38.05.050. FIXING SALE. The director, with the approval of  
11 the commissioner, shall determine the lands to be sold, the limitations  
12 and conditions which attach to the lands sold, and the terms of the  
13 sale. The director shall fix the time of sale and the manner of  
14 giving notice of the sale. The sale shall take place at the time and  
15 location specified in the notice of sale and within the recording dis-  
16 trict where the property is located or an adjacent recording district.

17 \* Sec. 2. AS 38.05.115(a) and (b) are amended to read:

18 (a) The director, with the approval of the commissioner, [COMMIS-  
19 SIONER, UPON RECOMMENDATION OF THE DIRECTOR,] shall determine the timber  
20 and other materials to be sold, and the limitations, conditions and  
21 terms of sale. The limitations, conditions and terms shall include the  
22 utilization, development and maintenance of the sustained yield prin-  
23 ciple, subject to preference among other beneficial uses. The d irector  
24 may negotiate sales of timber or materials without advertisement and on  
25 the limitations, conditions, and terms which he considers are in the  
26 best interests of the state, subject to the approval of the commissioner.  
27 However, not more than 500 M.B.M. or equivalent other measure of timber  
28 or more than 25,000 cubic yards [\$5,000] of materials may be sold by  
29 nonadvertised, negotiated sale to the same purchaser within a one-year

1 period.

2 (b) Negotiated sales [FOR TIMBER OR MATERIALS] not exceeding 50  
3 M.B.M. or the equivalent other measure of timber or 2,500 cubic yards  
4 of materials [A VALUE OF \$500] are exempt from the provisions of AS  
5 34.15.150.

6 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
7 10.070(c).

Introduced: 1/14/77  
Referred: Resources and  
Judiciary

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 54

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 administration of state land;  
7 and providing for an effective date."

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

9 \* Section 1. AS 38.05.050 is amended to read:

10 Sec. 38.05.050. FIXING SALE. The director, with the approval of  
11 the commissioner, shall determine the lands to be sold, the limitations  
12 and conditions which attach to the lands sold, and the terms of the  
13 sale. The director shall fix the time of sale and the manner of  
14 giving notice of the sale. The sale shall take place at the time and  
15 location specified in the notice of sale [AND WITHIN THE RECORDING  
16 DISTRICT WHERE THE PROPERTY IS LOCATED].

17 \* Sec. 2. AS 38.05.115(a) is amended to read:

18 (a) The commissioner, upon recommendation of the director, shall  
19 determine the timber and other materials to be sold, and the limita-  
20 tions, conditions and terms of sale. The limitations, conditions and  
21 terms shall include the utilization, development and maintenance of  
22 the sustained yield principle, subject to preference among other  
23 beneficial uses. The director may negotiate sales of timber or  
24 materials without advertisement and on the limitations, conditions,  
25 and terms which he considers are in the best interests of the state,  
26 subject to the approval of the commissioner. However, not more than  
27 500 M.B.M. or equivalent other measure of timber or more than 25,000  
28 cubic yards [\$5,000] of materials may be sold by nonadvertised,  
29 negotiated sale to the same purchaser within a one-year period.

1 \* Sec. 3. AS 38.05.115(b) is amended to read:

2 (b) Negotiated sales [FOR TIMBER OR MATERIALS] not exceeding 50  
3 M.B.M. or the equivalent other measure of timber or 2,500 cubic yards  
4 of materials [A VALUE OF \$500] are exempt from the provisions of AS  
5 34.13.150.

6 \* Sec. 4. This Act takes effect immediately in accordance with AS 01.-  
7 10.010(c).

No. 1

HOUSE JOURNAL  
SUPPLEMENT

January 10, 1978

HB  
588

FISCAL NOTE

I. REQUEST  
Bill/Resolution No. Law Log 41 HOUSE BILL NO. 588  
Title Appropriation for Eadsnak Bay Reservoirs  
Requested by Governor \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
Agency Affected Natural Resources  
Program Category Affected SEMP  
Budget Request Unit(s) Affected Management & Administration (Commissioner's Office)

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	7,522.2					
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	7,522.2					

FUNDING (Thousands of Dollars)

GENERAL FUND	7,522.2					
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Shell	\$7,500,000.00
Texas International	7,938.81
SIHASKO	44,259.40
TOTAL	\$7,552,198.21

IV. DATE Dec 9, 1977 PREPARED BY Fred Roys  
AGENCY Natural Resources  
PHONE 465-2400  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

33-001 (Rev. 10/76)

11/25/88

January 10, 1978

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 appropriating \$7,552,198.21 to the Department of Natural Resources, to implement ch. 113 SLA 1976 (Kachemak Bay). It is similar to the appropriation made in ch. 91 SLA 1977.

The purpose of the appropriation is to fulfill obligations of the State of Alaska under contracts with Shell Oil Company, Simasko Production Company, and Texas International Petroleum Corporation to repurchase all of their leases in Kachemak Bay. Pursuant to ch. 113 SLA 1976, the administration initiated negotiations with these companies and concluded agreements with them in June of 1977. Copies of the contracts are attached along with a breakdown of the purchase prices showing amounts for bonuses, rent, etc. It should be noted that the balance owed under the Shell contract is subject to adjustment upon tabulation of recent credits taken by Shell pursuant to the contract.

Ch. 113 SLA 1976 specifically authorized the commissioner of natural resources to use credits for future taxes and royalties of the lessees as part of the purchase price. The Shell contract takes advantage of roughly \$2.4 million in credits over the next two years. Additionally, the state was able to conclude an agreement with Union Oil Company in the principal amount of \$150,423, which will be entirely paid by future credits, foreclosing entirely the need for an appropriation.

This bill, along with the credit provisions of the contracts, concludes our monetary obligations for all but two of the leases. Two inexpensive leases along the shoreline of the Bay were required to be made subject to a condemnation action, since the state was unable to reach what we considered a fair agreement on these leases. We do not anticipate the judgment awarding compensation to be a significant sum of money.

Sincerely,

S/JSH

Jay S. Hammond  
Governor

74 1

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. Law Log #1 HOUSE BILL NO. 588  
 Title Appropriation for Kachemak Bay Repurchases  
 Requested by Governor Date \_\_\_\_\_

II. FISCAL DETAIL:  
 Agency Affected Natural Resources  
 Program Category Affected NRMEC  
 Budget Request Unit(s) Affected Management & Administration (Commissioner's Office)

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	7,522.2					
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	7,552.2					

FUNDING (Thousands of Dollars)

GENERAL FUND	7,552.2					
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Shell	\$7,500,000.00
Texas International	7,938.81
SIMASKO	44,259.40
TOTAL	\$7,552,198.21

IV. DATE Dec 9, 1977 PREPARED BY Fred Boness  
 AGENCY Natural Resources  
 Original: Legislative Finance PHONE 465-2400  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

143577

AGREEMENT

THIS AGREEMENT, dated and effective as of this 29 day of June, 1977, by and between TEXAS INTERNATIONAL PETROLEUM CORPORATION, hereinafter called "seller," and the STATE OF ALASKA, acting by its Commissioner of Natural Resources, hereinafter called "purchaser."

W I T N E S S E T H:

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

WHEREAS, in consideration for the issuance of said leases, seller as lessee paid to purchaser as lessor the sum of \$3,290 in bonuses at the time the leases were issued, and subsequently has paid \$9,608.00 to purchaser for rental under said leases; and

WHEREAS, seller as lessee has incurred certain exploration costs in connection with said leases, including without limitation amounts for geological and geophysical exploration, special studies, and pre-drilling costs; and

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

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

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

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

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

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

NOW, THEREFORE, it is AGREED as follows:

1. Seller agrees to sell and purchaser agrees to purchase all of seller's interest in those certain leases described in Exhibit "A", attached hereto. The purchase price for said conveyance is \$20,139.00, together with interest at the rate of 8% per annum compounded annually on that portion of the total payment composed of cash bonus and rentals heretofore paid by seller to purchaser, an amount of \$12,898.00. Said interest shall accrue from the date of original payment of the cash bonus and rental until final payment by purchaser as set forth below.

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

a. The sum of \$15,000 shall be paid within 30 days of execution of this agreement. The balance of the purchase price shall be paid to seller upon appropriation of such sum by the Legislature. Such payment shall be by means of a valid and sufficient warrant immediately payable in Federal Reserve funds.

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

3. In the event purchaser fails to pay the full purchase price and accrued interest prior to July 30, 1978, seller may notify purchaser in writing within 30 days thereafter that it elects to extend the period for repayment. In the event seller does not so notify purchaser, this agreement shall become null and void and, upon repayment by seller to purchaser of all payments made by purchaser on the purchase price as above stated, together with 8% interest on such amount compounded annually, seller may exercise all rights as lessee pursuant to said lease and as provided in said Ch. 113 SLA 1976. The term of said lease shall be extended for the maximum period of the moratorium.

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

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

TEXAS INTERNATIONAL  
PETROLEUM CORPORATION

By *Roy L. Jennings*  
Roy L. Jennings, Exec. V.P.

STATE OF ALASKA

By *Bert R. Reshe*  
Commissioner  
of Natural Resources

APPROVED:

STATE OF ALASKA

*[Signature]*  
Hammond  
Governor

STATE OF OKLAHOMA )  
COUNTY OF OKLAHOMA )

ss.

THIS CERTIFIES that on this 29 day of June, 1977 before me, a Notary Public in and for the State of Oklahoma, personally appeared Roy L. Jennings, to me known and known to me to be the person whose name is subscribed to the foregoing Agreement, and after being first duly sworn according to law he stated to me under oath that he is the Executive Vice President of TEXAS INTERNATIONAL PETROLEUM CORPORATION, a corporation organized under the laws of Delaware, that he has been authorized by said corporation to execute the foregoing Agreement on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.

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



*Dora L. Savage*  
Notary Public for Oklahoma  
My commission expires: 9/27/80



EXHIBIT A

Lease No.

Tract No.

63081

C28-51

63079

C28-48



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

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

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

20           NOW THEREFORE, it is AGREED as follows:

21           1. Seller agrees to sell and purchaser agrees to  
22 purchase all of seller's interest in those certain leases  
23 listed on the attached Exhibit A. The purchase price for  
24 said conveyance is \$39,421 together with interest at the  
25 rate of 8% per annum compounded annually on that portion of  
26 the total payment of cash bonus and rentals heretofore paid  
27 by seller to purchaser, an amount of \$18,669. Said interest  
28 shall accrue from the date of original payment of the cash  
29 bonus and rental until final payment by purchaser as set  
30 forth below.

31           2. The above-stated price shall be paid by purchaser  
32 promptly upon appropriation of such sum by the Legislature.

ATTORNEY GENERAL, STATE OF ALASKA  
STATE CAPITOL  
POUCH N. JUNEAU, ALASKA 99811  
PHONE 483-3600

1 Such payment shall be by means of a valid and sufficient  
2 warrant immediately payable in Federal Reserve funds.

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

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

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

29 SIMASKO PRODUCTION COMPANY

30  
31 By W. H. H.  
32 Vice President

STATE OF ALASKA

By L. E. Pascho  
Commissioner  
of Natural Resources

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

APPROVED:

STATE OF ALASKA

By: Jay S. Hammond  
Governor

STATE OF ALASKA

CITY OF ANCHORAGE

ss.

THIS CERTIFIES that on this 22<sup>nd</sup> day of June, 1977, before me, a Notary Public in and for the State of Alaska, personally appeared W. R. STEWART to me known and known to me to be the person whose name is subscribed to the foregoing Agreement, and after being first duly sworn according to law he stated to me under oath that he is the VICE PRESIDENT of SIMASKO PRODUCTION COMPANY a corporation organized under the laws of ALASKA that he has been authorized by said corporation to execute the foregoing Agreement on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.

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

Charles D. Morrison  
Notary Public for Alaska

My commission expires: 7-22-78

STATE OF ALASKA

FIRST JUDICIAL DISTRICT

ss.

THIS CERTIFIES that on this 8<sup>th</sup> day of July, 1977, before me, a Notary Public in and for the State of Alaska, personally appeared Robert LeResche and Jay S. Hammond, to me known and known to me to be the persons whose names are subscribed to the foregoing Agreement, and after being first duly sworn according to law they stated to me under oath that they are the Commissioner of Natural Resources and Governor, respectively, of the STATE OF ALASKA, that they are authorized to execute the foregoing Agreement on behalf of the State of Alaska and they executed the same freely and voluntarily as their free act and deed as officials of the State of Alaska.

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

Lennie Boston  
Notary Public for Alaska

My commission expires: Nov 2, 1980

ATTORNEY GENERAL, STATE OF ALASKA  
STATE CAPITOL  
POUCH K. JUNEAU, ALASKA 99811  
PHONE 465-3000

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EXHIBIT A

LEASES

<u>Lease No.</u>	<u>Tracts Covered</u>
63070	C28-29
63071	C28-30
63088	C28-59

ATTORNEY GENERAL, STATE OF ALASKA  
STATE CAPITOL  
FOUCH K. JUNEAU, ALASKA 95811  
PHONE 463-3600

AGREEMENT

THIS AGREEMENT, dated and effective as of this 29th day of June, 1977, by and between SHELL OIL COMPANY, hereinafter called "seller," and the STATE OF ALASKA, acting by its Commissioner of Natural Resources, hereinafter called "purchaser,"

W I T N E S S E T H :

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

WHEREAS, in consideration for the issuance of said leases, seller as lessee paid to purchaser as lessor the sum of \$5,397,000 in bonuses at the time the leases were issued, and subsequently has paid \$18,000 to purchaser for rental under said leases; and

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

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

WHEREAS, said litigation entitled Kenneth D. Moore, et al vs. State of Alaska, Shell Oil Company, et al, No. 74-15169 i Civil is still pending in the courts awaiting action by the Superior Court of the State of Alaska; and

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

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

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

NOW THEREFORE, it is AGREED as follows:

1. Seller agrees to sell and purchaser agrees to purchase all of seller's interest in those certain leases listed on the attached Exhibit A. The purchase price for said conveyance is \$8,000,000, together with interest at the rate of 8% per annum compounded annually on that portion of the total payment composed of cash bonus and rentals heretofore paid by seller to purchaser, an amount of \$5,415,000. Said interest shall accrue from the date of original payment of the cash bonus and rental until final payment by purchaser as set forth below. For purposes of calculating accrued interest on bonus and rental payments as above stated, 68% of all payments by purchaser hereunder shall be treated as interest-bearing.

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

a. The sum of \$7,500,000 shall be paid to seller by purchaser promptly upon appropriation of such sum by the Legislature. Such payment shall be by means of a valid and sufficient warrant immediately payable in Federal Reserve funds.

b. As of the effective date of this agreement, seller may withhold any payments due or hereafter becoming due to the State of Alaska from seller on account of oil and gas lease bonuses and rentals, oil and gas royalties payable to the State in cash, oil and gas taxes (which term includes taxes on reserves, severance or production taxes, taxes on income attributable to oil and gas operations in the State of Alaska, and any other taxes of any kind that may be measured by or payable in respect of oil and gas operations), and any and all permit fees until such time as the entire purchase price, as above stated, is paid in full. Each such payment so withheld shall be credited to seller as of the date each becomes due and payable, and interest shall thereon cease on 68% of the amount so credited to seller. In the event such withholding, together with the cash payments, does not result in payment of the entire purchase price by December 31, 1979, upon request of seller, purchaser shall promptly request an appropriation from the Legislature covering the unpaid balance, and if granted, such balance shall be paid immediately in cash to seller.

In the event it should ever be determined that any amount so withheld and credited was not

authorized to be withheld by said Ch. 113 SLA 1976, the same shall be immediately refunded by seller to purchaser, and a like amount shall be withheld and credited from such payments as are authorized to be withheld by said Ch. 113 SLA 1976.

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

c. Seller shall execute and deliver to Purchaser a formal instrument of surrender of said leases promptly following the earlier of the following occurrences: (i) payment of said sum of \$7,500,000 and dismissal of the aforesaid Cause No. 74-15169 I Civil, or (ii) payment in full (cash or credits) of the aforesaid purchase price.

3. In the event purchaser fails to pay the sum of \$7,500,000 prior to July 30, 1978, seller may notify purchaser in writing within 30 days thereafter that it elects to receive payment of any outstanding balance of the purchase price in credits as set forth in 2.b. above in lieu of such cash payment. In the event seller does not so notify purchaser, this agreement shall become null and void and, upon repayment by seller to purchaser of all payments (cash or credits) made by purchaser on the purchase price as above stated, together with 8% interest on such amount compounded annually, seller may exercise all rights as lessee pursuant to said leases and as provided in said Ch. 113 SLA 1976. The term of said leases shall be extended for the maximum period of