

LEG. FINANCE - BILLS 1977 - 1978 894

SB 100 thru SB 103



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

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SB 100
 Title Miscellaneous Transfer of Agencies
 Requested by Office of the Gov Date January 27, 1977

II. FISCAL DETAIL Commerce and Economic Development, Community & Regional Affairs
 Agency Affected Office of the Governor, Education, Public Safety, Fish and Game
 Program Category Affected Gov. Government, Education, Development, BP/EC, Admin of Justice
 Budget Request Unit(s) Affected Council on the Arts, Police Standards, Inlay Office,
Commercial Fisheries Entry Commission, Criminal Justice Planning Agency, State
Geographical Board

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		(15.3)	(16.0)	(16.0)	(17.6)	
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL		(15.3)	(16.0)	(16.0)	(17.6)	

RESOURCES (Thousands of Dollars)

GENERAL FUND		(15.3)	(16.0)	(16.0)	(17.6)	
FEDERAL FUNDS						
OTHER RESOURCES						

POSITIONS

FULL TIME		(1)	(1)	(1)	(1)	
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparing Instructions, Section III) The removal of the specified agencies from the Office of the Governor will reduce the amount of administrative support activity required in the Governor's Office. The administrative support requirements of the Budget Request Units (BRUs) that would be transferred can be absorbed by the existing staffs of the new agencies to which the BRUs would be assigned. A major consequence of this reorganization will be the increased productivity of the central BRUs involved made possible by their being more closely allied to the line agencies with which they are associated.

The decreased workload in the Governor's Office will allow the deletion of one Accounting Clerk position (011 01000) and the downgrading of an Accountant III to an Accountant II and a Personal Officer to a Personal Aide/Secretary. The deletion of the accounting clerk position results in the savings in expenditures shown in the above table.

(continued on next page)

IV. DATE January 27, 1977

PREPARED BY [Signature]
 Council Law
 Office of the Governor

Original Legislative Finance
 as Budget and Management
 Time System (that Legislative Council)

The downward reclassification of the Personnel Officer and Accountant III positions is not expected to have an economic impact in the near future because of the stipulation in the personnel rules which prohibits reduction of an incumbent's salary in connection with a reclassification action. The incumbents have served in these positions for approximately five years and it is anticipated that they will continue to serve in them for the foreseeable future.

160

January 28, 1977

The Honorable John L. Pader
President of the Senate
Alaska State Legislature
Juneau, Alaska 99011

Dear Mr. President:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.069(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill to transfer certain agencies out of my office and to repeal the statutes pertaining to others which are not necessary or which have no funding or no staff or no actual existence. The MANAGEMENT AND EFFICIENCY REVIEW recommended removing these agencies from my office.

Agencies being transferred, and their recipient departments, are:

- Commercial Fisheries Entry
Commission Department of
Fish and Game
- Police Standards Council Department of
Public Safety
- State Geographic Board Department of
Community and Regional Affairs
- Alaska State Office (In Tokyo) Department of
Commerce and Economic Development
- State Council on the Arts Department of
Education

Statutes pertaining to the following agencies are being repealed: Athletic Commission, International Development Commission, Commission for Northern Operation of Rail Transportation and Highways, Rural Affairs Commission, Commission on the Involvement of Young People in Government, and Yukon-Valley Commission.

In addition, by sec. 15, the Pioneers' Home Advisory Board is given an express location in the Department of Administration. And sec. 10 merely shifts from the attorney general "with the approval of the governor" to the governor directly the responsibility for appointing the Director of the Criminal Justice Planning Agency. Section 3, pertaining to the Police Standards Council, is worded as it is in order to emphasize the council's independence in performing its functions such as setting standards for municipal police. Section 12 adds the commissioner of education to the Alaska State Council on the Arts. And secs. 1, 5, 7, 8, 9, 13, and 14 make clean-up amendments consistent with the other changes proposed by the bill.

I urge special consideration of this bill as it implements portions of recommendations 1, 3 and 6 of the Management and Efficiency Review study.

Sincerely,



Jay S. Hammond
Governor

Introduced: 1/28/77
Referred: State Affairs and
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 100

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making miscellaneous transfers and termina-
7 tions of executive agencies; and providing for an
8 effective date."

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

10 * Section 1. AS 14.40.150(b) is amended to read:

11 (b) At least one member of the Board of Regents shall be a full-
12 time student, appointed from a list of two students submitted to the
13 governor from each campus site of the University of Alaska after an
14 election is held at each campus site. [ELECTIONS SHALL BE CONDUCTED
15 UNDER RULES ESTABLISHED BY THE GOVERNOR'S COMMISSION ON THE INVOLVEMENT
16 OF YOUNG PEOPLE IN GOVERNMENT (AS 44.19.777 - 44.19.787).] The term
17 of office of a student regent is two years. For purposes of this
18 subsection, "full-time student" means

19 (1) a person who, at the time of appointment, is enrolled
20 in courses at the University of Alaska equal to nine academic credit
21 hours or the equivalent of nine academic credit hours in career
22 education, including but not limited to vocational and technical
23 programs, or

24 (2) a person who, at the time of appointment, is enrolled
25 in graduate courses at the University of Alaska equal to six graduate
26 academic credit hours.

27 * Sec. 2. AS 16.43.020(a) is amended to read:

28 (a) There is established in the Department of Fish and Game the
29 Alaska Commercial Fisheries Entry Commission as a regulatory and

1 quasi-judicial agency of the state. The commission consist, of three
2 members appointed by the governor and confirmed by the legislature in
3 joint session.

4 * Sec. 3. AS 18.65.140 is amended to read:

5 Sec. 18.65.140. CREATION. There is created [IN THE OFFICE OF
6 THE GOVERNOR] the Alaska Police Standards Council, the members of
7 which are appointed by and serve at the pleasure of the governor, and
8 which is assigned to the Department of Public Safety for any necessary
9 administrative purposes.

10 * Sec. 4. AS 44.19.350 is amended to read:

11 Sec. 44.19.350. STATE GEOGRAPHIC BOARD. There is in the Depart-
12 ment of Community and Regional Affairs [OFFICE OF THE GOVERNOR] a
13 State Geographic Board.

14 * Sec. 5. AS 44.19.360 is amended to read:

15 Sec. 44.19.360. COMPOSITION. The State Geographic Board consists
16 of the commissioner [DIRECTOR] of the Department of Community and
17 Regional Affairs, the curator of the state museum, the state historical
18 librarian, the commissioner of the Department of Highways, the com-
19 missioner of the Department of Natural Resources, the commissioner of
20 the Department of Education, the director of the division of lands,
21 and one other person appointed by the governor.

22 * Sec. 6. AS 44.19.640 is amended to read:

23 Sec. 44.19.640. ALASKA STATE OFFICE CREATED. There is created
24 within the Department of Commerce and Economic Development [OFFICE OF
25 THE GOVERNOR] an Alaska State Office to be opened and maintained in
26 Tokyo, Japan, as an outlet for economic development, resource, and
27 trade information, and as a contact point for government and private
28 industry of Alaska and the Far East in promoting and carrying on trade
29 between the state and the Far East.

1 * Sec. 7. AS 44.19.650 is amended to read:

2 Sec. 44.19.650. PERSONNEL. The office shall be staffed by
3 personnel selected by the commissioner of commerce and economic de-
4 velopment [GOVERNOR] on the basis of [HIS] experience, training and
5 linguistic ability and such subordinate personnel who in his dis-
6 cretion the commissioner [GOVERNOR] may find necessary to hire.

7 * Sec. 8. AS 44.19.670 is amended to read:

8 Sec. 44.19.670. ANNUAL REPORT. The commissioner [GOVERNOR]
9 shall annually report to the legislature on the activities and accom-
10 plishments of the office.

11 * Sec. 9. AS 44.19.680 is amended to read:

12 Sec. 44.19.680. EXPENSES. The expenses of operating the office
13 shall be included in the appropriations made to the Department of
14 Commerce and Economic Development [OFFICE OF THE GOVERNOR].

15 * Sec. 10. AS 44.19.758(a) is amended to read:

16 (a) The governor [ATTORNEY GENERAL] may, WITH THE APPROVAL OF
17 THE GOVERNOR, select a director for the execution of the program
18 entrusted to the commission by secs. 752 - 756 of this chapter.

19 * Sec. 11. AS 44.19.900 is amended to read:

20 Sec. 44.19.900. CREATION. There is created in the Department of
21 Education [OFFICE OF THE GOVERNOR] an Alaska State Council on the
22 Arts.

23 * Sec. 12. AS 44.19.905 is amended to read:

24 Sec. 44.19.905. COMPOSITION. The Alaska State Council on the
25 Arts shall consist of the commissioner of education and 11 members,
26 broadly representative of all fields of the performing, visual, and
27 fine arts, who are widely known for their competence and experience or
28 interest in connection with the performing, visual, and fine arts.

29 * Sec. 13. AS 44.19.910 is amended to read:

1 Sec. 44.19.910. APPOINTMENT. The members shall be appointed by
2 the governor from among citizens of Alaska. In making the appointments,
3 consideration shall be given to the recommendations made by representa-
4 tive civic, educational, and professional associations and groups
5 concerned with or engaged in the production or presentation of the
6 performing, visual, and fine arts generally. In making the appoint-
7 ments, consideration shall be given to having state-wide geographical
8 representation on the council. The members of the council, other than
9 the commissioner of education, [SHALL] serve at the pleasure of the
10 governor and their appointments are not subject to legislative confir-
11 mation.

12 * Sec. 14. AS 44.19.915 is amended to read:

13 Sec. 44.19.915. TERMS OF OFFICE. The term of office of each
14 member, other than the commissioner of education, is three years [,
15 PROVIDED THAT OF THE MEMBERS FIRST APPOINTED THREE SHALL BE APPOINTED
16 FOR TERMS OF ONE YEAR, FOUR FOR TERMS OF TWO YEARS, AND FOUR FOR TERMS
17 OF THREE YEARS]. All vacancies shall be filled for the balance of the
18 unexpired term in the same manner as original appointments.

19 * Sec. 15. AS 44.21.100 is amended to read:

20 Sec. 44.21.100. ALASKA PIONEERS' HOME ADVISORY BOARD. There is
21 created within the Department of Administration the Alaska Pioneers'
22 Home Advisory Board.

23 * Sec. 16. AS 05.05, 44.19.600 - 44.19.640, 44.19.700 - 44.19.714,
24 44.19.720 - 44.19.728, 44.19.777 - 44.19.787, and 44.20 are repealed.

25 * Sec. 17. The revisor of statutes shall appropriately relocate the
26 statutes amended by this Act and the statutes directly related to those
27 amended by this Act.

28 * Sec. 18. This Act takes effect July 1, 1977.

John

Want would like to see
if SB 100 (or more) could be included
with SB 11 (or more) (see
note) to 2:00 p.m. - 1:00
Would it work in 5:00

Go

1:25

for

Original Sponsor: Rules Committee by
Request of the Governor

Offered: 5/16/77
Referred: Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 100

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making miscellaneous transfers and termina-
7 tions of executive agencies; and providing for an
8 effective date."

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

10 * Section 1. AS 14.40.150(b) is amended to read:

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13 governor from each campus site of the University of Alaska after an
14 election is held at each campus site. [ELECTIONS SHALL BE CONDUCTED
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2 members appointed by the governor and confirmed by the legislature in
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7 which are appointed by and serve at the pleasure of the governor, and
8 which is assigned to the Department of Public Safety for any necessary
9 administrative purposes. The council may hire and direct staff as it
10 considers necessary. Council staff is in the partially exempt service
11 under AS 39.25.120.

12 * Sec. 4. AS 39.25.120 is amended by adding a new paragraph to read:

13 (19) staff of the Alaska Police Standards Council.

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6 44.19.777 - 44.19.787, and 44.20 are repealed.

7 * Sec. 14. The revisor of statutes shall appropriately relocate the
8 statutes amended by this Act and the statutes directly related to those
9 amended by this Act.

10 * Sec. 15. This Act takes effect July 1, 1977.

Original sponsors: Croft, Huber,
Kerttula and Bradley

Offered: 5/10/77
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 134

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 paperwork requirements of state
7 government; and providing for an effective date."

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

9 * Section 1. AS 37 is amended by adding a new chapter to read:

10 CHAPTER 35. ALASKA PAPERWORK REDUCTION AND
11 SIMPLIFICATION ACT.

12 Sec. 37.35.010. LEGISLATIVE INTENT. The legislative intent of
13 this chapter is declared to be as follows: Information reporting re-
14 quirements of the state government have proliferated to the point that
15 they have placed an unprecedented paperwork burden upon citizens and
16 businessmen. It is hereby declared to be the policy of the state to
17 reduce, simplify and minimize those requirements and the forms they
18 necessitate to the fullest extent consistent with the necessity of
19 gathering data sufficient to assure the efficient and effective opera-
20 tion of the necessary programs of state government. It is essential
21 that there be a comprehensive and ongoing examination of the policies
22 and procedures of the state government which have produced this paper-
23 work burden in order to assure that this policy is fully implemented on
24 a continuing basis.

25 Sec. 37.35.020. CREATION AND DUTIES OF PAPERWORK REDUCTION CO-
26 ORDINATOR. Within 15 days of the effective date of this Act, the
27 governor shall appoint a person within the Office of the Governor to
28 serve as the paperwork reduction coordinator. The coordinator serves at
29 the pleasure of the governor and may be replaced at any time by the

1 governor. The coordinator shall establish and implement a forms reduc-
2 tion management program which shall apply to every agency of state
3 government. In so doing, the coordinator is authorized and directed to

4 (1) make an inventory of all forms used by every agency along
5 with a brief statement of the authorization, need and use for each;

6 (2) assign a number to each form determined to be properly
7 authorized, needed and used;

8 (3) direct the destruction and prohibit the further use of
9 each form determined not to be properly authorized, needed and used;

10 (4) establish basic state design and specification criteria
11 for standardizing all forms to which numbers are assigned, to be made
12 effective with respect to each form when the agency concerned has
13 exhausted its current inventory of that form;

14 (5) design and require the use of composite forms by agencies
15 needing and needing the same or similar information from individuals or
16 businesses.

17 (6) deny the use by any agency of a form to obtain informa-
18 tion from individuals or businesses which can be obtained from another
19 agency already gathering that information unless the information is of a
20 small quantity and can be obtained directly from the individual or
21 business without any significant added burden;

22 (7) provide assistance to all agencies in determining the
23 need for and design of new forms;

24 (8) develop procedures for the most efficient, economical and
25 timely procurement, receipt, storage and distribution of forms by all
26 agencies.

27 (9) coordinate the program with the existing state archives
28 and records management programs;

29 (10) develop and promulgate regulations and standards

1 necessary to implement the foregoing authority and the legislative
2 intent of this chapter.

3 Sec. 37.35.030. COMPLIANCE BY AGENCIES. Upon the appointment of
4 the paperwork reduction coordinator, no agency may issue or cause to be
5 printed or otherwise duplicated or distributed any form which does not
6 have the prior approval of the coordinator or to which the coordinator
7 has not assigned a number. Each agency shall comply immediately and
8 fully with directives of the coordinator for the elimination or redesign
9 of any form in use on the effective date of this Act and shall provide
10 the coordinator with whatever personnel or staff assistance is required
11 to carry out these directives. Compliance with the provisions of this
12 chapter and regulations and standards promulgated by the coordinator
13 under his authority is mandatory upon the chief executive officer of
14 each agency or his designee.

15 Sec. 37.35.040. REPORT TO LEGISLATURE. The governor shall make a
16 written report to the legislature at least once each year. The report
17 shall be made no later than the 11th day after the legislature convenes
18 in regular session. The report shall advise the legislature concerning
19 the administration and operation of this chapter and shall contain such
20 recommendations for amendment of this chapter as the governor considers
21 needed and proper.

22 Sec. 37.35.050. CONSTRUCTION OF CHAPTER. This chapter shall be
23 liberally construed to carry out its purposes and objectives of reducing
24 the paperwork burden of state government and to achieve the statement of
25 legislative intent contained in sec. 10 of this chapter.

26 Sec. 37.35.060. DEFINITIONS. For the purposes of this chapter,

27 (1) "agency" means an administrative unit within state
28 government which utilizes one or more printed forms for information
29 reporting by citizens or businesses;

(2) "coordinator" means the paperwork reduction coordinator.

(3) "form" means a printed or otherwise mass-duplicated document of standard format distributed by an agency for the purpose of gathering information from citizens or businesses.

(4) "program" means the forms reduction and management program.

Sec. 37.35.070. SHORT TITLE. This chapter may be cited as the Alaska Paperwork Reduction and Simplification Act.

Sec. 2. This Act expires on July 1, 1979.

Sec. 3. This Act takes effect immediately in accordance with AS 01.10.070(c).

COMMITTEE REPORT
SENATE

5/16/77

Date

Mr. President:

The Committee on FINANCE has had SB 100
making miscellaneous transfers and terminations of executive agencies
under consideration. A majority of the members of the Committee

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

MEMBERS SIGNING THE MAJORITY REPORT:

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

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

Chairman

COMMITTEE REPORT

SENATE

**Finance

1/28/77

May 14, 1977 Date

Mr. President:

The Committee on STATE AFFAIRS has had SB 100 making miscellaneous transfers and terminations of executive agencies under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for 5.100 and that CS for 5.100 pass with individual Rec.
- (and) recommends it be referred to the committee
- reports it back without recommendation
- AND attaches a report of its intent
- (other)

MEMBERS SIGNING THE MAJORITY REPORT:

<u>J. Kuebel</u>	<u>Do-pass</u>	_____
<u>John Baker</u>	<u>NO REC</u>	_____
<u>W. H. ...</u>	<u>NO REC</u>	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

J. Kuebel
Chairman

Original Sponsor: Rules Committee by
Request of the Governor

Offered: 3/16/77
Referred: Finance

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4 Arts.

5 * Sec. 9. AS 44.19.905 is amended to read:

6 Sec. 44.19.905. COMPOSITION. The Alaska State Council on the
7 Arts shall consist of the commissioner of education and 11 members,
8 broadly representative of all fields of the performing, visual, and
9 fine arts, who are widely known for their competence and experience or
10 interest in connection with the performing, visual, and fine arts.

11 * Sec. 10. AS 44.19.910 is amended to read:

12 Sec. 44.19.910. APPOINTMENT. The members shall be appointed by
13 the governor from among citizens of Alaska. In making the appointments,
14 consideration shall be given to the recommendations made by representa-
15 tive civic, educational, and professional associations and groups
16 concerned with or engaged in the production or presentation of the
17 performing, visual, and fine arts generally. In making the appoint-
18 ments, consideration shall be given to having state-wide geographical
19 representation on the council. The members of the council, other than
20 the commissioner of education, [SHALL] serve at the pleasure of the
21 governor and their appointments are not subject to legislative confir-
22 mation.

23 * Sec. 11. AS 44.19.915 is amended to read:

24 Sec. 44.19.915. TERMS OF OFFICE. The term of office of each
25 member, other than the commissioner of education, is three years [;
26 PROVIDED THAT OF THE MEMBERS FIRST APPOINTED THREE SHALL BE APPOINTED
27 FOR TERMS OF ONE YEAR, FOUR FOR TERMS OF TWO YEARS, AND FOUR FOR TERMS
28 OF THREE YEARS]. All vacancies shall be filled for the balance of the
29 unexpired term in the same manner as original appointments.

1 * Sec. 12. AS 44.21.100 is amended to read:

2 Sec. 44.21.100. ALASKA PIONEERS' HOMES ADVISORY BOARD. There is
3 created within the Department of Administration the Alaska Pioneers'
4 Homes Advisory Board.

5 * Sec. 13. AS 05.05, AS 44.19.700 - 44.19.714, 44.19.720 - 44.19.728,
6 44.19.777 - 44.19.787, and 44.20 are repealed.

7 * Sec. 14. The revisor of statutes shall appropriately relocate the
8 statutes amended by this Act and the statutes directly related to those
9 amended by this Act.

10 * Sec. 15. This Act takes effect July 1, 1977.
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Introduced: 1/28/77
Referred: State Affairs and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 100

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making miscellaneous transfers and termina-
7 tions of executive agencies; and providing for an
8 effective date."

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

10 * Section 1. AS 14.40.150(b) is amended to read:

11 (b) At least one member of the Board of Regents shall be a full-
12 time student, appointed from a list of two students submitted to the
13 governor from each campus site of the University of Alaska after an
14 election is held at each campus site. [ELECTIONS SHALL BE CONDUCTED
15 UNDER RULES ESTABLISHED BY THE GOVERNOR'S COMMISSION ON THE INVOLVEMENT
16 OF YOUNG PEOPLE IN GOVERNMENT (AS 44.19.777 - 44.19.787).] The term
17 of office of a student regent is two years. For purposes of this
18 subsection, "full-time student" means

19 (1) a person who, at the time of appointment, is enrolled
20 in courses at the University of Alaska equal to nine academic credit
21 hours or the equivalent of nine academic credit hours in career
22 education, including but not limited to vocational and technical
23 programs, or

24 (2) a person who, at the time of appointment, is enrolled
25 in graduate courses at the University of Alaska equal to six graduate
26 academic credit hours.

27 * Sec. 2. AS 16.43.020(a) is amended to read:

28 (a) There is established in the Department of Fish and Game the
29 Alaska Commercial Fisheries Entry Commission as a regulatory and

SB 100

1 quasi-judicial agency of the state. The commission consists of three
2 members appointed by the governor and confirmed by the legislature in
3 joint session.

4 * Sec. 3. AS 18.65.140 is amended to read:

5 Sec. 18.65.140. CREATION. There is created [IN THE OFFICE OF
6 THE GOVERNOR] the Alaska Police Standards Council, the members of
7 which are appointed by and serve at the pleasure of the governor, and
8 which is assigned to the Department of Public Safety for any necessary
9 administrative purposes.

10 * Sec. 4. AS 44.19.350 is amended to read:

11 Sec. 44.19.350. STATE GEOGRAPHIC BOARD. There is in the Depart-
12 ment of Community and Regional Affairs [OFFICE OF THE GOVERNOR] a
13 State Geographic Board.

14 * Sec. 5. AS 44.19.360 is amended to read:

15 Sec. 44.19.360. COMPOSITION. The State Geographic Board consists
16 of the commissioner [DIRECTOR] of the Department of Community and
17 Regional Affairs, the curator of the state museum, the state historical
18 librarian, the commissioner of the Department of Highways, the com-
19 missioner of the Department of Natural Resources, the commissioner of
20 the Department of Education, the director of the division of lands,
21 and one other person appointed by the governor.

22 * Sec. 6. AS 44.19.640 is amended to read:

23 Sec. 44.19.640. ALASKA STATE OFFICE CREATED. There is created
24 within the Department of Commerce and Economic Development [OFFICE OF
25 THE GOVERNOR] an Alaska State Office to be opened and maintained in
26 Tokyo, Japan, as an outlet for economic development, resource, and
27 trade information, and as a contact point for government and private
28 industry of Alaska and the Far East in promoting and carrying on trade
29 between the state and the Far East.

1 * Sec. 7. AS 44.19.650 is amended to read:

2 Sec. 44.19.650. PERSONNEL. The office shall be staffed by
3 personnel selected by the commissioner of commerce and economic de-
4 velopment [GOVERNOR] on the basis of [HIS] experience, training and
5 linguistic ability and such subordinate personnel who in his dis-
6 cretion the commissioner [GOVERNOR] may find necessary to hire.

7 * Sec. 8. AS 44.19.670 is amended to read:

8 Sec. 44.19.670. ANNUAL REPORT. The commissioner [GOVERNOR]
9 shall annually report to the legislature on the activities and accom-
10 plishments of the office.

11 * Sec. 9. AS 44.19.680 is amended to read:

12 Sec. 44.19.680. EXPENSES. The expenses of operating the office
13 shall be included in the appropriations made to the Department of
14 Commerce and Economic Development [OFFICE OF THE GOVERNOR].

15 * Sec. 10. AS 44.19.758(a) is amended to read:

16 (a) The governor [ATTORNEY GENERAL] may [. WITH THE APPROVAL OF
17 THE GOVERNOR,] select a director for the execution of the program
18 entrusted to the commission by secs. 752 - 756 of this chapter.

19 * Sec. 11. AS 44.19.900 is amended to read:

20 Sec. 44.19.900. CREATION. There is created in the Department of
21 Education [OFFICE OF THE GOVERNOR] an Alaska State Council on the
22 Arts.

23 * Sec. 12. AS 44.19.905 is amended to read:

24 Sec. 44.19.905. COMPOSITION. The Alaska State Council on the
25 Arts shall consist of the commissioner of education and 11 members,
26 broadly representative of all fields of the performing, visual, and
27 fine arts, who are widely known for their competence and experience or
28 interest in connection with the performing, visual, and fine arts.

29 * Sec. 13. AS 44.19.910 is amended to read:

1 Sec. 44.19.910. APPOINTMENT. The members shall be appointed by
2 the governor from among citizens of Alaska. In making the appointments,
3 consideration shall be given to the recommendations made by representa-
4 tive civic, educational, and professional associations and groups
5 concerned with or engaged in the production or presentation of the
6 performing, visual, and fine arts generally. In making the appoint-
7 ments, consideration shall be given to having state-wide geographical
8 representation on the council. The members of the council, other than
9 the commissioner of education, [SHALL] serve at the pleasure of the
10 governor and their appointments are not subject to legislative confir-
11 mation.

12 * Sec. 14. AS 44.19.915 is amended to read:

13 Sec. 44.19.915. TERMS OF OFFICE. The term of office of each
14 member, other than the commissioner of education, is three years [;
15 PROVIDED THAT OF THE MEMBERS FIRST APPOINTED THREE SHALL BE APPOINTED
16 FOR TERMS OF ONE YEAR, FOUR FOR TERMS OF TWO YEARS, AND FOUR FOR TERMS
17 OF THREE YEARS]. All vacancies shall be filled for the balance of the
18 unexpired term in the same manner as original appointments.

19 * Sec. 15. AS 44.21.100 is amended to read:

20 Sec. 44.21.100. ALASKA PIONEERS' HOME ADVISORY BOARD. There is
21 created within the Department of Administration the Alaska Pioneers'
22 Home Advisory Board.

23 * Sec. 16. AS 05.05, 44.19.400 - 44.19.440, 44.19.700 - 44.19.714,
24 44.19.720 - 44.19.728, 44.19.777 - 44.19.787, and 44.20 are repealed.

25 * Sec. 17. The revisor of statutes shall appropriately relocate the
26 statutes amended by this Act and the statutes directly related to those
27 amended by this Act.

28 * Sec. 18. This Act takes effect July 1, 1977.
29

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 100
Title Miscellaneous Transfer of Agencies
Requested by Office of the Governor Date January 27, 1977

II. FISCAL DETAIL Commerce and Economic Development, Community & Regional Affairs
Agency Affected Office of the Governor, Education, Public Safety, Fish and Game
Program Category Affected Gen. Government, Education, Development, HRMEC, Admin of Justice
Budget Request Unit(s) Affected Council on the Arts, Police Standards, Tokyo Office, Commercial Fisheries Entry Commission, Criminal Justice Planning Agency, State Geographical Board

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		(15.3)	(16.0)	(16.8)	(17.6)	
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		(15.3)	(16.0)	(16.8)	(17.6)	

FUNDING (Thousands of Dollars)

GENERAL FUND		(15.3)	(16.0)	(16.8)	(17.6)	
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME		(1)	(1)	(1)	(1)	
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III) The removal of the specified agencies from the Office of the Governor will reduce the amount of administrative support activity required in the Governor's Office. The administrative support requirements of the Budget Request Units (BRU's) that would be transferred can be absorbed by the existing staffs of the new agencies to which the BRU's would be assigned. A major consequence of this reorganization will be the increased productivity of the several BRU's involved made possible by their being more closely allied to the line agencies with which they are associated.

The decreased workload in the Governor's Office will allow the deletion of one Accounting Clerk position (PCN 01-0026) and the downgrading of an Accountant III to an Accountant II and a Personnel Officer to a Personnel Technician. The deletion of the accounting clerk position results in the savings in expenditures shown in the above table.

(continued on next page)

IV. DATE January 27, 1977 PREPARED BY Leonard Lane
AGENCY Office of the Governor
PHONE 465-3860
Original Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

The downward reclassification of the Personnel Officer and Accountant III positions is not expected to have an economic impact in the near future, because of the stipulation in the personnel rules which prohibits reduction of an incumbent's salary in connection with a reclassification action. The incumbents have served in these positions for approximately five years and it is anticipated that they will continue to serve in them for the foreseeable future.

January 28, 1977

The Honorable John L. Rader
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

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 transfer certain agencies out of my office and to repeal the statutes pertaining to others which are not necessary or which have no funding or no staff or no actual existence. The MANAGEMENT AND EFFICIENCY REVIEW recommended removing these agencies from my office.

Agencies being transferred, and their recipient departments, are:


Commercial Fisheries Entry Commission	Department of Fish and Game
Police Standards Council	Department of Public Safety
State Geographic Board	Department of Community and Regional Affairs
Alaska State Office (in Tokyo)	Department of Commerce and Economic Development
State Council on the Arts	Department of Education

Statutes pertaining to the following agencies are being repealed: Athletic Commission, International Development Commission, Commission for Northern Operation of Rail Transportation and Highways, Rural Affairs Commission, Commission on the Involvement of Young People in Government, and Yukon-Taiya Commission.

In addition, by sec. 15, the Pioneers' Home Advisory Board is given an express location in the Department of Administration. And sec. 10 merely shifts from the attorney general "with the approval of the governor" to the governor directly the responsibility for appointing the Director of the Criminal Justice Planning Agency. Section 3, pertaining to the Police Standards Council, is worded as it is in order to emphasize the council's independence in performing its functions such as setting standards for municipal police. Section 12 adds the commissioner of education to the Alaska State Council on the Arts. And secs. 1, 5, 7, 8, 9, 13, and 14 make clean-up amendments consistent with the other changes proposed by the bill.

I urge special consideration of this bill as it implements portions of recommendations 1,3 and 6 of the Management and Efficiency Review study.

Sincerely,



Jay S. Hammond
Governor

ALASKA STATE LEGISLATURE

TENTH Legislature FIRST Session

SENATE BILL..... NO. 100...

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

"An Act making miscellaneous transfers and terminations of executive agencies; and providing for an effective date."

transfers & terminations of executive agencies
Introduced in the Senate 1/25/1977

HISTORY IN THE SENATE

19 77

1 23

Read first time and referred to Committee on

State Affairs and Finance

Reported back with recommendation that *replace with 1.00 favor to the 2.00*

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
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

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 Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

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

2/26/97
Date

COMMITTEE REPORT

5/19/77

SENATE

_____ Date

Mr. President:

The Committee on FINANCE has had SB 102
relating to an employee suggestion award system
under consideration. A majority of the Members of the Committee

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

MEMBERS SIGNING THE MAJORITY REPORT:

MEMBERS NOT CONCURRENCE IN THE MAJORITY REPORT:

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

Chairman

COMMITTEE REPORT

SENATE

**Finance

1/28/77

May 19, 1977 Date

Mr. President:

The Committee on STATE AFFAIRS has had SB 102

Act relating to an employee suggestion award system and effective date under consideration. A majority of the members of the committee

recommends it do pass

recommends it do not pass

recommends it do pass with attached amendment(s)

recommends it be replaced with CS for _____ and that CS for _____ do pass

(and) recommends it be referred to the _____ committee

reports it back without recommendation

AND attaches a report of its intent

(other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

Handwritten signatures and "Do Pass" written on the lines.

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

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

Handwritten signature of the Chairman.

Introduced: 1/28/77
Referred: State Affairs and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 102

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act related to an employee suggestion award
7 system; and providing for an effective date."

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

9 * Section 1. AS 39.25.150 is amended by adding a new paragraph to read:

10 (25) an employee suggestion award system; awards under this
11 system are not considered salary or wage payments as those terms are
12 used in this section.

13 * Sec. 2. This Act takes effect July 1, 1977.

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____
 Title An Act relating to an Employee Suggestion Award System
 Requested by Governor Date 12/28/76

II. FISCAL DETAIL

Agency Affected Administration
 Program Category Affected General Government
 Budget Request Unit(s) Affected Personnel Management

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		47.2	49.6	52.1	54.7	57.4
200 TRAVEL		9.0	9.5	10.0	10.5	11.0
300 CONTRACTUAL		5.5	5.8	6.1	6.4	6.7
400 COMMODITIES		.7	.7	.8	.8	.9
500 EQUIPMENT		2.3	.2	.2	.2	.2
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		64.7	65.8	69.2	72.6	76.2

FUNDING (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND		64.7	65.8	69.2	72.6	76.2
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
FULL TIME		2	2	2	2	2
PART TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

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

The program would be administered by a Director (Range 20) with support provided by a Clerk Typist (Range 8). Projected first year benefits are \$450,000. Experience from private industry and other governmental agencies indicate benefits increase each year of the program's operation. Awards would be based on 10% of the hard dollar benefits. Consequently, net savings are estimated as follows:

Projected First Year Benefits:	\$450,000
Less:	
Program Cost	(64,700)
Awards (10% of benefits)	(45,000)
Net Savings	<u>\$340,300</u>

IV. DATE 12/28/76

PREPARED BY [Signature]
 AGENCY Administration
 PHONE 465-2204 or 2277

Original ~~XXXXXXXXXXXX~~

cc: Budget and Management
~~XX~~ Office of the Governor (Fran Ulmer)
 Richard M. Freer, Deputy Commissioner
 () ~~XXXXXXXXXXXX~~ State Internal Auditor

January 28, 1977

The Honorable John L. Rader
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

Under 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 permit the establishment of an employee suggestion award system by expanding the scope of the personnel rules under AS 39.25.150 to include such a system. This measure is prompted by recommendation number 12 of the Governor's Management Efficiency Review which pointed out that "state employees are often able to offer sound advice regarding problems of government." An employee suggestion award system would provide an incentive to state employees to make suggestions for improving the efficiency of state government.

Sincerely,

Jay S. Hammond
Governor

ALASKA STATE LEGISLATURE

TENTH Legislature FIRST Session

SENATE BILL NO. 102

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act relating to an employee suggestion award system; and providing for an effective date."

employee suggestion award system

Introduced in the Senate 1/28, 19 77

HISTORY IN THE SENATE

19 77

1 28

Read first time and referred to Committee on State Affairs and Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by President
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

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 Speaker
Returned to senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

Reported correctly enrolled

Sent to Governor

By Governor

Filed with Lt. Governor

Chapter No

Introduced: 1/28/77
Referred: State Affairs and
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 102

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act related to an employee suggestion award
7 system; and providing for an effective date."

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

9 * Section 1. AS 39.25.150 is amended by adding a new paragraph to read:

10 (25) an employee suggestion award system; awards under this
11 system are not considered salary or wage payments as those terms are
12 used in this section.

13 * Sec. 2. This Act takes effect July 1, 1977.

January 28, 1977

The Honorable John L. Rader
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

Under 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 permit the establishment of an employee suggestion award system by expanding the scope of the personnel rules under AS 39.25.150 to include such a system. This measure is prompted by recommendation number 12 of the Governor's Management Efficiency Review which pointed out that "state employees are often able to offer sound advice regarding problems of government." An employee suggestion award system would provide an incentive to state employees to make suggestions for improving the efficiency of state government.

Sincerely,

Jay S. Hammond
Governor



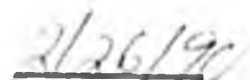
RECORDS CERTIFICATION



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



Signature of Camera Operator



Date

COMMITTEE REPORT
SENATE

FURTHER: _____

Date: _____

Mr. President:

The Committee on _____ has had _____

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:

Chairman

Introduced: 4/18/79
Referred: Finance

BY THE RULES COMMITTEE BY REQUEST
(for the Joint Interim Committee
on Gas Pipeline Financing)

1 IN THE SENATE

2 SENATE CONCURRENT RESOLUTION NO. 37

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 Relating to a continued study of a
6 direct investment by the state in the
7 Alaska natural gas pipeline project.

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

9 WHEREAS in 1978 the legislature adopted Senate Concurrent Resolution
10 No. 102 relating to a direct investment by the state in the Alaska natural
11 gas pipeline project; and

12 WHEREAS in that resolution the legislature recognized the benefits which
13 may result to the State of Alaska through timely construction of the natural
14 gas pipeline; and

15 WHEREAS that resolution established a Joint Interim Committee on Gas
16 Pipeline Financing to review and consider the merits of direct investment by
17 the State of Alaska in the pipeline project; and

18 WHEREAS the committee was directed, in consultation with the governor,
19 to determine if direct state financial participation in the project appeared
20 to be in the best interests of the state; and

21 WHEREAS, if direct participation was in the best interests of the state,
22 the committee, again in consultation with the governor, was directed to
23 propose legislation to authorize a maximum of \$500,000,000 in direct state
24 financial participation in the project; and

25 WHEREAS the committee has been organized, a chairman elected, and its
26 work initiated under Senate Concurrent Resolution No. 102; and

27 WHEREAS the committee submitted a written report to the legislature on
28 January 31, 1979; and

29 WHEREAS, because of delays beyond the committee's control in the develop-

1 ment of data necessary and pertinent to the scheduling of financing and
2 construction of the Alaska natural gas pipeline, it was considered irrespon-
3 sible for the committee, in consultation with the governor, to make recommen-
4 dations regarding state financial participation in the report made to the
5 legislature on January 31, 1979; and

6 WHEREAS certain matters concerning construction of the Alaska natural
7 gas pipeline, such as wellhead pricing and rolled-in pricing, have been
8 resolved satisfactorily by Congress; and

9 WHEREAS the legislature still wishes to study the desirability, neces-
10 sity, and feasibility of state financial participation in the pipeline;

11 BE IT RESOLVED by the Alaska State Legislature that the Joint Interim
12 Committee on Gas Pipeline Financing is directed to continue its efforts to
13 develop, in consultation with the governor, a report for the legislature
14 examining the economic feasibility of the pipeline and alternative methods by
15 which the legislature may assist timely construction of the pipeline, includ-
16 ing the desirability of direct financial participation in the pipeline; and

17 BE IT FURTHER RESOLVED that the Joint Interim Committee on Gas Pipeline
18 Financing submit a written report to the Second regular Session of the
19 Eleventh Legislature.

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE CONCURRENT RESOLUTION NO. 102
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TENTH LEGISLATURE - SECOND SESSION

5 Relating to a direct investment
6 by the state in the Alaska natural
7 gas pipeline project.

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

9 WHEREAS, Northwest Alaskan Pipeline Company has been selected by the
10 President and the Congress of the United States to construct a pipeline to
11 transport Alaskan natural gas from Prudhoe Bay to markets in the lower 48
12 states; and

13 WHEREAS, the cost of the project is estimated to be 10.5 billion
14 dollars, 3.7 billion dollars of which will be used to construct over 700
15 miles of pipeline in Alaska; and

16 WHEREAS, timely completion of the Alaska Highway Natural Gas project
17 to transport North Slope natural gas is a matter of vital concern to the
18 nation's energy future; and

19 WHEREAS, construction of the project will produce important social and
20 economic benefits for the people of Alaska, including approximately 20,000
21 new jobs, increased state and local tax revenue, enhanced availability of
22 natural gas for Alaskan communities, and stimulus and expansion of private
23 enterprise, including greater potential for development of in-state manu-
24 facturing, refining, and processing facilities; and

25 WHEREAS, Northwest Alaskan Pipeline Company has advised the state that
26 it would be of substantial assistance to the company in constructing the
27 gas line if the state were to provide financial aid, both through the means
28 of creating an authority with the power to issue tax-free bonds for invest-
29 ment in the pipeline and through the means of direct investment in the

1 pipeline, and

2 WHEREAS, Northwest Alaskan Pipeline Company has asserted that a direct
3 investment in the pipeline would be beneficial to Alaska, not only because
4 it would hasten the construction of the pipeline, but because it would
5 create a substantial return to Alaskans on the dollars invested, and

6 WHEREAS, unlike the creation of an authority to issue tax-free bonds,
7 a direct investment would be a direct commitment of taxpayers' funds to the
8 project and should only be undertaken after the legislature and the admini-
9 stration have had an opportunity to completely review all the economic data
10 pertaining to the pipeline, as well as the final financial plan for construc-
11 tion of the pipeline, and

12 WHEREAS, decision by the state not later than the first quarter of
13 1979 to participate in the direct financing of the project will materially
14 assist the project, and thereby realize the potential benefits of the
15 project for Alaskans,

16 BE IT RESOLVED by the Alaska State Legislature that

17 (1) under provisions of AS 24.70.090 and Rule 46(c), Uniform
18 Rules of the Alaska State Legislature, the Legislative Council is directed
19 to establish a joint interim committee on gas pipeline financing, consisting
20 of three members from each house of the legislature, to review and consider
21 a possible direct investment by the State of Alaska in the pipeline project,

22 (2) the governor, in consultation with the committee, is respect-
23 fully requested to determine if direct state financial participation in the
24 project appears to be in the best interest of the state,

25 (3) if it is determined that such participation is desirable,
26 the governor, again in consultation with the committee, is respectfully
27 requested to negotiate and enter into a specific agreement for direct state
28 financial participation, and

29 (4) if such an agreement is entered into, it must be submitted

1 to the legislature not later than the 15th day of the 1979 legislative
2 session for approval by law.

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April 20, 1978

The Honorable John Rader
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. President:

Under 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 today transmitting a bill for the creation of an authority to issue revenue bonds to aid in the financing of the Northwest Alaskan Pipeline project. This project can be of immeasurable aid to the State of Alaska. It can insure that we derive massive revenue from the use of our royalty gas and from taxes. The project can provide as many as 20,000 jobs for Alaskans and can insure real economic benefit to our state for years to come.

The authority I propose will be in a position to issue bonds backed solely by possible revenue from the pipeline project itself. No credit of the state will be involved in this transaction. In order to market the bonds, it will be necessary to obtain an amendment to the Internal Revenue Code making the bonds tax-exempt, and we will not be able to issue the bonds until that occurs. Nonetheless, it is critical in order to obtain that exemption that we first establish the legal mechanism to issue the bonds, and that is what this measure will accomplish.

I am also submitting a resolution which asks the Legislative Council to establish an interim committee on gas pipeline financing. There is no way today that anyone can say with assurance whether a direct investment in the pipeline would be a good idea or a bad idea since the facts are not sufficiently developed to make an evaluation. It is necessary, however, that we move forward with considering the proposal. I have directed members of my administration to work closely with the legislature as the legislature may consider proper in the

interim in reaching a decision on this matter, and I urge the legislature to take all necessary steps, including the adoption of the resolution, to get the process going.

The amounts of money involved in this transaction are enormous, but it is critical to realize that we are making no commitment now to back the project with any credit of the state. We should not be afraid to assist the project, however, in obtaining its own financing. The bill I am submitting, which closely follows the structure of the Alaska Industrial Development Authority, and the resolution I am submitting in conjunction with the bill should accomplish these ends.

Sincerely,

Jay S. Hammond
Governor

S/ JSH

Lowell Thomas, Jr.
Lieutenant Governor

**THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE**

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SCR 102
 Title Relating to a direct investment by the State in the Alaska Natural
 Requested by Governor's Office Date Gas Pipeline Project

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected _____
 Budget Request Unit(s) Affected _____

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		200.0				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		200.0	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND		200.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

This money will be used to hire legal and financial counsel to implement the Resolution of producing a negotiated Northwest financing agreement.

IV. DATE April 20, 1978 PREPARED BY *M. J. Sullivan*
 AGENCY Department of Revenue
 Original: Legislative Finance PHONE 465-2100
 cc: Budget and Management
 Prime Sponsor (Last Legislator Named)

Open

Country insurance Mkt. - Source.

AHIC at back Utility ...

Billions over 3 years.

Schedule. ((Part of financing plan.))

3 numbers to read down.

How Power Production

States of Exemption

1000. 70

Cathy
Put in my file on Clarks
Clarks + my backup
copies to: Miles
C. ...
S. ...
C. ...

MEMORANDUM

TO: Hon. Hugh Malone, Speaker, House of Representatives

FROM: Matthew D. Berman, Ph. D., economist, Trustees for Alaska, Anchorage, Alaska

SUBJECT: State Financial Assistance to the Alcan Pipeline Project

May 15, 1978

The House of Representatives is considering the merits of two proposals to assist financing of the Alaska Highway Natural Gas Pipeline project: HB 943, creating the Alaska Gas Pipeline Financing Authority, with the power to issue tax-exempt revenue bonds, and HCR 126, relating to direct equity investment in the project. The Bill and the Resolution are based on the "finding" of the Legislature that timely construction of the pipeline is in the best interest of the state.

This finding may be in error, for the following reasons:

1) It is not known at present what is the magnitude of the impact of the loss of field pressure from gas withdrawal on the difficulty of oil recovery;

2) The economic interests of the State of Alaska differ in several crucial ways from those of the operators (or the Federal Government);

3) The interaction of petroleum engineering and the divergence of economic interests may mean that it is far superior financially for the state to have gas sales delayed for several years.

Impact of the loss of field pressure on oil recovery

The state's petroleum engineering model of the Sadlerochit formation shows that the rate of withdrawal of gas and the timing of gas withdrawals have a substantial impact on ultimate recovery of oil and gas from the field and on the costs of recovery of a given amount of oil. However, this model is seriously out of date, since it was prepared in advance of any production data from the field. Since billions of dollars of state revenue are at stake, it is imperative that the Legislature request that an up-to-date model be prepared to calculate the tradeoffs involved. This should be done before any commitments are made to assist the natural gas pipeline.

Divergence of State and producers' financial interests

There are at least three reasons why the interests of the State of Alaska and those of the operators are likely to diverge:

on the issue of the preferred production rates over time for the field.

1) One of these reasons, outlined in the Doscher and Dougherty report prepared for the Legislative Affairs Office, is that the capital recovery factor which the oil companies use to discount future cash flows differs from that of the state. Two reasons for the discrepancy are a) future oil company income will pay corporate income taxes before it is given to the stockholders, so the before-tax rate of return must be substantially higher than bank interest rates; b) the rate of return which the state can achieve on the Permanent Fund is lower than the after-tax income available to the oil companies from other operations. Both these factors tend to increase the discount rate for the operators relative to the state. This causes the operators to want to realize income from oil (and gas) withdrawals more quickly than the state, other things equal.

2) The state earns most of its income from royalties and severance taxes (i.e., sales of oil and gas), while the operators seek profits (i.e., sales less costs). This means that the state would like to have the operators undertake all activities which increase the discounted cash flow of royalties and severance taxes, while the oil companies also consider the cost to them of these recovery procedures.

3) State oil revenues are earned at pump station one. The operators, on the other hand, sell a final product to consumers, and own the oil transportation systems. Since the state does not earn much income from the oil pipeline, pipeline tariffs affect the revenues to the state much more strongly than they affect the profits of the producers. One of the most important variables affecting pipeline tariffs is the rate of throughput, and it is clearly in the economic interests of the state to have more throughput, other things equal.

Timing of gas sales to serve the state's best interest

There is some minimum time path of expected natural gas wellhead prices below which the oil companies will prefer to reinject gas to maintain field pressure rather than sell it. There is also a time path of expected gas prices below which it is in the state's interest to burn the gas, but this price threshold must be much higher for the state than for the oil companies. Because of the complex interactions of oil field operations and pipeline throughput on the discounted cash flows (which differ for the state and the operators), delay of gas sales may be the most powerful and cost-effective method of insuring oil conservation to maximize the financial benefits to the state from its oil and gas resources.

These issues involved in the tradeoffs between gas sales and oil revenues, and how the state interest differs from the operators' interest, are of critical importance to the state if it wishes to consider any kind of financial assistance for the Alcan gas pipeline. The state should certainly not put itself in the position of expediting construction of the line if delay of construction is actually a far more favorable policy.

Before the state commits itself to any type of financial assistance to the gas pipeline, it should commission a separate financial analysis, using the updated oil field engineering model, to see how state interests might best be served in terms of the discounted cash flow of revenue. This financial analysis, which should be performed independently of the field model by consultants not connected to the oil industry or petroleum engineering, should examine the discounted cash flows arising out of alternative specific oil and gas production strategies. Some of the issues which this study should examine are the revenue streams associated with changes in the timing of gas sales, and the advantages of using gas reinjection as a more cost-effective means of increasing ultimate oil recovery than various recovery operations.

HCR 88 is a Resolution currently being considered by the House which would direct the Legislative Affairs Agency to retain a consultant to carry out a comprehensive study of possible avenues of state financial participation in the Alcan project. The issues discussed in this memorandum suggest that this Resolution be amended to contain a provision both for a revised oil field engineering model to be prepared and for a financial analysis using that model to clarify the state's revenue position with respect to the timing of gas sales.



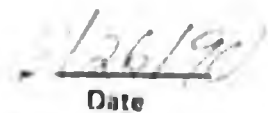
RECORDS CERTIFICATION



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Signature of Camera Operator



Date

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 455 2871

MEMORANDUM

April 25, 1977

SUBJECT: Investigation of Period Required for Revenue Generated
By Current Severance Tax Law to Exceed that Produced by
CSSB 103 (Resources)

TO: The Honorable John Huber

FROM: A. R. Latham
Research Analyst

In the last three years the wholesale price index for crude oil has escalated far faster than the controlled wellhead price for domestic oil. Consequently, the floor price has become the controlling price in Cook Inlet for the determination of severance taxes. Similar behavior could occur in Prudhoe Bay.

Without an escalator on the floor price, as in the case of CSSB 103 (Resources), it is conceivable that in the future the present law could produce greater revenues. To obtain a measure of when this might occur, we have proposed three scenarios:

1. The wellhead value of oil in FY 1978 is \$7.39; the rate of inflation of the wellhead value assumed to be 5%; the current floor price for oil is \$6.33; the rate of inflation for the floor price assumed to be 10%.
2. The wellhead value of oil in FY 1978 is \$7.39; the rate of inflation of the wellhead value assumed to be 5%; the current floor price for oil is \$6.33; the rate of inflation for the floor price assumed to be 8%.
3. The wellhead value of oil in FY 1978 is \$7.39; the rate of inflation of the wellhead value assumed to be 5%; the current floor price for oil is \$6.33; the rate of inflation for the floor price assumed to be 23% (the average rate of increase for the wholesale price index over the last three years).

Case one projects the period of 13 years for current law to generate more revenue than CSSB 103 (Resources). Case two projects 21 years; and case three projects four years. This period of time is very sensitive to the values one assumes for the inflation rates of the floor price and the wellhead price; what they may prove to be is indeed questionable.

ARL:jm

COMMITTEE REPORT
SENATE

_____ Date

Mr. President:

The Committee on _____ has had _____
under consideration. A majority of the members of the Committee

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

MEMBERS SIGNING THE MAJORITY REPORT:

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

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

Chairman

Original sponsor: Rules Committee by request
of the Legislative Council
(for the Subcommittee on Oil
and Gas Leasing and Taxing
Policies)

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 103 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act concerning the oil and gas properties produc-
7 tion tax; and providing for an effective date."

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

9 * Section 1. AS 43.55 is amended by adding new sections to read:

10 Sec. 43.55.011. OIL PRODUCTION TAX. (a) There is levied upon the
11 producer of oil a tax for all oil produced from each lease or property
12 in the state, less any oil the ownership or right to which is exempt
13 from taxation. The tax is equal to either the percentage-of-value
14 amount calculated under (b) of this section or the cents-per-barrel
15 amount calculated under (c) of this section, whichever is greater,
16 multiplied by the economic limit factor determined for the oil produc-
17 tion of the lease or property under sec. 13 of this chapter. If the
18 amounts calculated under (b) and (c) of this section are equal, the
19 amount calculated under (b) of this section shall be treated as if it
20 were the greater for purposes of this section.

21 (b) The percentage-of-value amount equals 12.5 per cent of the
22 gross value at the point of production of taxable oil produced from the
23 lease or property.

24 (c) The cents-per-barrel amount equals \$.65 per barrel of taxable
25 oil produced from the lease or property, as adjusted by sec. 12 of this
26 chapter.

27 (d) When the cents-per-barrel amount calculated under (c) of this
28 section is greater than the percentage-of-value amount calculated under
29 (b) of this section, an amount not less than \$.05 for each barrel of

1 taxable oil produced shall be paid by the state out of its
2 royalties from the oil whenever payment by the state is required under
3 the revenue-sharing provisions of sec. 9 of the Alaska Native Claims
4 Settlement Act (P.L. 92-203, 85 Stat. 683, 43 U.S.C. 1601 et seq.)
5 into the Alaska Native Fund, until all amounts paid in the fund equal
6 \$500,000,000.

7 Sec. 43.55.012. ADJUSTMENTS IN TAX RATES. The cents-per-barrel
8 amount set out in sec. 11(c) of this chapter applies to oil of 27
9 degrees API gravity. For each degree of API gravity less than 27
10 degrees the cents-per-barrel amount shall be reduced by \$.005 and for
11 each degree of API gravity greater than 27 degrees the cents-per-barrel
12 amount shall be increased by \$.005 except that oil above 40 degrees API
13 gravity shall be taxed as 40 degree oil. In applying the gravity ad-
14 justment under this subsection, fractional degrees of API gravity shall
15 be disregarded.

16 Sec. 43.55.013. ECONOMIC LIMIT FACTOR. (a) The economic limit
17 factor for oil production of a lease or property equals

$$(1 - [PEL/TP]) \exp \left(\frac{300 \times WD}{PEL} \right)$$

18 Where: PEL = the production rate at the economic limit;

19 TP = total production during the month for which the tax
20 is to be paid;

21 WD = the total number of well days in the month for which
22 the tax is to be paid; and

23 Where "exp" indicates that the expression following it is an exponent.

24 (b) The economic limit factor for gas production of a lease or
25 property equals one minus the ratio of the monthly production rate at
26 the economic limit to the production during the month for which the tax
27 is to be paid.

28 (c) The monthly production rate at the economic limit for a lease

1 or property is presumed to be 100 barrels times the number of well days
2 for the lease or property during the month for which the tax is to be
3 paid. The taxpayer may rebut this presumption at a formal hearing
4 under AS 43.05.420 by providing clear and convincing evidence of a
5 different monthly production rate at the economic limit for the lease
6 or property. The hearing shall be held before February 15 of the year
7 or within six months after commencement of oil production for a lease
8 or property. The monthly production rate at the economic limit for
9 the lease or property based upon the clear and convincing evidence
10 of the taxpayer shall be calculated by dividing the value determined
11 under (c) of this section into the average monthly direct operating
12 cost determined under (d) of this section and shall be used for purposes
13 of this section for all oil production during that calendar year from
14 the lease or property.

15 (d) The average monthly direct operating cost for oil production
16 operations of the lease or property shall be determined based on the
17 number of months operated during the preceding 12-month period. The
18 direct operating costs include production supplies, purchased fuel,
19 routine maintenance, and wages and benefits of employees working on the
20 production operations. The direct operating costs do not include
21 capital expenditures, tangible or intangible drilling expenses, costs of
22 well workovers, costs for replacement or repairs (other than routine
23 maintenance), depreciation or amortization, taxes, insurance, overhead,
24 money paid or set aside (or booked as being paid or set aside) to cover
25 the cost of terminating the oil production operations of the lease or
26 property, or any other cost not directly related to the oil production
27 operations of the lease or property.

28 (e) For the purposes of this chapter, the gross value of oil shall
29 be calculated as provided in sec. 150 of this chapter, and the gross

value of gas shall be calculated as provided in (b) of this section.

(f) Before February 15 of each year or within six months after commencement of gas production for a lease or property, the department shall notify the producer of gas of the monthly production rate at the economic limit for each lease or property in the state for that year. The monthly production rate at the economic limit for a lease or property shall be determined at a formal hearing under AS 43.05.240 and must be established by clear and convincing evidence presented by the taxpayer at that hearing. The monthly production rate at the economic limit for the lease or property based upon the clear and convincing evidence of the taxpayer shall be calculated by dividing the value determined under (b) of this section into the average monthly direct operating cost determined under (g) of this section.

(g) The average monthly direct operating cost for gas production operations of the lease or property shall be determined based on the number of months operated during the preceding 12-month period. The direct operating costs include drilling supplies, fuel, routine maintenance, and wages and benefits of employees working on the production operations. The direct operating costs do not include capital expenditures, tangible or intangible drilling expenses, costs of well workovers, costs for replacement or repairs (other than routine maintenance), depreciation or amortization, taxes, insurance, overhead, money paid or set aside (or booked as being paid or set aside) to cover the cost of terminating the gas production operations of the lease or property, or any other cost not directly related to the gas production operations of the lease or property.

(h) The value at the point of production of gas produced from the lease or property shall be determined on the basis of the highest price paid for gas of like quality and pressure in the same field.

(1) The department may aggregate two or more leases or properties (or portions of them), for purposes of determining economic limit factors under this section and applying them to sec. 11 of this chapter, when economically interdependent oil or gas production operations are not confined to a single lease or property. The department may also segregate a lease or property into two or more parts, for purposes of determining economic limit factors under this section and applying them under sec. 11 of this chapter, when two or more economically independent oil or gas production operations are being conducted on it.

(j) A determination of the monthly production rate at the economic limit for a lease or property is retroactive to January 1 of the current year. For production of a lease or property commencing after January 1, the determination of the monthly production rate at the economic limit for that lease or property made within six months after the commencement of production is retroactive to the commencement of production.

Sec. 43.55.016. GAS PRODUCTION TAX. (a) There is levied upon the producer of gas a tax for all gas produced from each lease or property in the state, less any gas the ownership or right to which is exempt from taxation. The tax is equal to either the percentage-of-value amount calculated under (b) of this section or the cents-per-Mcf amount calculated under (c) of this section, whichever is greater, multiplied by the economic limit factor determined for gas production of the lease or property under sec. 11 of this chapter. If the amounts calculated under (b) and (c) of this section are equal, the amount calculated under (b) of this section shall be treated as if it were the greater for purposes of this section.

(b) The percentage-of-value amount equals 10 per cent of the gross value at the point of production of the taxable gas produced from the lease or property.

(c) The cents-per-Mcf amount equals \$.064 per thousand cubic feet of taxable gas produced from the lease or property as adjusted by sec. 12 of this chapter.

Sec. 43.55.017. RELATION TO OTHER TAXES. (a) Except as provided in this chapter and in ch. 58 of this title, the taxes imposed by this chapter are in place of all taxes now imposed by the state or any of its municipalities, and neither the state nor a municipality may impose a tax upon

- (1) producing oil or gas leases;
- (2) oil or gas produced or extracted in the state;
- (3) the value of intangible drilling and exploration expenses.

(b) The taxes imposed by this chapter are in place of all taxes imposed by a municipality upon oil or gas in place or nonproducing oil or gas leases or properties.

(c) The taxes imposed by this chapter are not in place of the tax imposed by ch. 57 of this title or income taxes, franchise taxes or taxes upon the retail sale of oil or gas products.

★ Sec. 2. AS 43.55.020(a) is amended to read:

(a) The gross production tax on oil or gas shall be paid monthly. The tax is due on the 20th [LAST] day of each calendar month on oil or gas produced [REMOVED OR SOLD] from each lease or property during the preceding month. If the tax is not paid before the end of the month in which it becomes due, the tax becomes delinquent.

★ Sec. 3. AS 43.55.030(a)(1) is amended to read:

(1) a description of the lease or property from which the oil or gas was produced [REMOVED OR SOLD], by name, legal description, lease number or by accounting code numbers assigned to the department;

★ Sec. 4. AS 43.55.030(a)(3) is amended to read:

(3) the gross amount of oil or gas produced [REMOVED OR SOLD] from the lease or property, and the percentage of the gross amount owned by each producer for whom the tax is paid;

* Sec. 5. AS 43.55.030(a)(4) is amended to read:

(4) the total value of the oil or gas produced [REMOVED OR SOLD] from the lease or property owned by each producer for whom the tax is paid; and

* Sec. 6. AS 43.55.140 is amended by adding a new paragraph to read:

(12) "well days" means the number of days in which a well is operating during a month.

* Sec. 7. AS 43.55.010, 43.55.015 and 43.55.140(10) and (11) are repealed.

* Sec. 8. This Act takes effect July 1, 1977 and applies to production during the month of July, 1977, and succeeding months.

Introduced: 1/28/77
Referred: Resources and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE LEGISLATIVE
COUNCIL (for the Subcommittee
on Oil and Gas Leasing and
Taxing Policies)

1 IN THE SENATE

2 SENATE BILL NO. 103

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act concerning the oil and gas properties pro-
7 duction tax; and providing for an effective date."

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

9 * Section 1. AS 43.55.010(a) is amended to read:

10 (a) There is levied upon the producer of oil or gas a tax based
11 upon a per cent of the gross value at the point of production [AT THE
12 WELL] of all oil or gas produced [REMOVED OR SOLD] from each lease or
13 property in the state, less the value of any part the ownership or right
14 to which is exempt from taxation. The tax is determined according to
15 the following schedules, and any part which is exempt from taxation is
16 deducted from the tax levied on a pro rata basis as to each production
17 level tax bracket:

18 (1) oil: based upon the total production from each lease or
19 property [AVERAGE DAILY PRODUCTION FOR EACH WELL] for the calendar month
20 in barrels, the tax is

21 (A) zero [FIVE] per cent on the first 100 [300] barrels
22 of average daily per well production;

23 (B) four [SIX] per cent on the next 200 [700] barrels of
24 average daily per well production;

25 (C) six [EIGHT] per cent on the next 700 [ALL PRODUCTION
26 IN EXCESS OF 1,000] barrels of average daily per well production.

27 (D) nine per cent on the next 500 barrels of average
28 daily per well production.

29 (E) eleven per cent on the next 2,000 barrels of average

1 daily per well production;

2 (F) fourteen per cent on all production in excess of
3 3,500 barrels of average daily per well production;

4 (2) gas: the tax is four per cent of the gross value at the
5 point of production of the gas and liquid products produced each month.

6 * Sec. 2. AS 43.55.015(n) is amended to read:

7 (a) There is levied upon the producer of oil a tax on each barrel
8 of oil produced [REMOVED OR SOLD] from each lease or property in the
9 state less any part the ownership or right to which is exempt from
10 taxation. The tax is based upon the total production from each lease or
11 property [AVERAGE DAILY PRODUCTION FOR EACH WELL.] for the calendar month
12 in barrels determined according to the following schedule and any part
13 which is exempt from taxation is deducted from the tax levied on a pro
14 rata basis as to each production level bracket:

15 (1) \$.0000 [\$.16875] on each of the first 100 [300] barrels
16 of average daily per well production.

17 (2) \$.1350 [\$.2025] on each of the next 200 [700] barrels of
18 average daily per well production.

19 (3) \$.2025 [\$.2700] on each of the next 700 [BARREL OF PRO-
20 DUCTION IN EXCESS OF 1,000] barrels of average daily per well production.

21 (4) \$.3038 on each of the next 500 barrels of average
22 daily per well production.

23 (5) \$.3713 on each of the next 2,000 barrels of average daily
24 per well production.

25 (6) \$.4725 on each barrel of production in excess of 3,500
26 barrels of average daily per well production.

27 * Sec. 3. AS 43.55.015(c) is amended to read:

28 (c) The tax rates set out in this section will be increased or
29 decreased by a percentage equal to the percentage of change in the
30

1 Wholesale Price Index for crude petroleum published by the Bureau of
2 Labor Statistics, of the United States Department of Labor. The year
3 1967 is the base year of 100 for computing the tax rates. Changes in
4 tax rates will be computed based on changes from the December, 1973
5 Wholesale Price Index published in January, 1974 [IN THE WHOLESAL PRICE
6 INDEX OCCURRING AFTER JANUARY 1, 1974 AND WILL NOT INCLUDE CHANGES IN
7 THE WHOLESAL PRICE INDEX PRIOR TO JANUARY 1, 1974]. The department
8 shall post the changes in the tax rates at least semi-annually and shall
9 notify every person producing oil within the state of the changes.

10 * Sec. 4. AS 43.55.020(a) is amended to read:

11 (a) The gross production tax on oil or gas shall be paid monthly.
12 The tax is due on the 20th day [LAST DAY] of each calendar month on oil
13 or gas produced [REMOVED OR SOLD] from each lease or property during the
14 preceding month. If the tax is not paid before the end of the month in
15 which it becomes due, the tax becomes delinquent.

16 * Sec. 5. AS 43.55.020(e) is repealed and re-enacted to read:

17 (e) Gas produced, except gas used in the operation of a lease or
18 property in drilling for or producing oil or gas, or for repressuring,
19 is considered, for the purpose of this chapter, as gas produced from a
20 lease or property. Gas flared under a permit granted by the Department
21 of Natural Resources under AS 31.05.170(1)(H) shall be considered as
22 gas produced, except that it shall pay a severance tax equal to five
23 times the severance tax in effect for that period in which the gas was
24 flared.

25 * Sec. 6. AS 43.55.030(a)(1) is amended to read:

26 (1) a description of the lease or property from which the oil
27 or gas was produced [REMOVED OR SOLD], by name, legal description,
28 lease number or by accounting code numbers assigned by the department;

29 * Sec. 7. AS 43.55.030(4)(3) is amended to read:

1 (3) the gross amount of oil or gas produced [REMOVED OR SOLD]
2 from the lease or property, and the percentage of the gross amount owned
3 by each producer for whom the tax is paid;

4 * Sec. 8. AS 43.55.030(a)(4) is amended to read:

5 (4) the total value of the oil or gas produced [REMOVED OR
6 SOLD] from the lease or property owned by each producer for whom the tax
7 is paid; and

8 * Sec. 9. AS 43.55.140 is amended by adding new paragraphs to read:

9 (12) "gross value at the point of production" means:

10 (A) for oil, the value of the oil at the point where it
11 is metered or measured (by automatic custody transfer meter, tank
12 gauge, or other method approved by the commissioner) in a condition
13 of pipeline quality on the premises of the lease or property from
14 which it is recovered, however, if the oil is not of pipeline
15 quality when it is removed from the premises of the lease or
16 property from which it is recovered, or if the oil recovered from a
17 lease or property is not metered or measured (by automatic custody
18 transfer meter, tank gauge, or other method approved by the com-
19 missioner) on the premises of the lease or property from which it
20 is recovered, then the gross value at the point of production is
21 the value of that oil at the off-premises location where the oil is
22 first metered or measured (by automatic custody transfer meter,
23 tank gauge, or other method approved by the commissioner) in a
24 condition of pipeline quality;

25 (B) for gas recovered from or in association with oil,
26 the value of the gas at the point where it is accurately metered or
27 measured after separation from the oil; for gas run through a
28 gas processing plant, the gross value at the point of production is
29 the full consideration received by the producer for the gas if sold
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it, an arm's length transaction or, in the absence of an arm's length transaction, is the sum of the value of the liquids extracted from the gas at the plant and the value of the residue gas, less a reasonable allowance for processing the gas at the plant and for transporting the gas to the plant from the premises upon which the oil production operation is conducted; and

(C) for gas not recovered from or in association with oil, the value of the gas at the point where it is accurately metered or measured or the value of the gas at the point of sale, if any, on the premises of the lease or property from which the gas is recovered, whichever is the higher value, for gas run through a gas processing plant, the gross value at the point of production is the full consideration received by the producer for the gas if sold in an arm's length transaction or, in the absence of an arm's length transaction, is the sum of the value of the liquids extracted from the gas at the plant and the value of the residue gas, less a reasonable allowance for processing the gas at the plant and for transporting the gas to the plant from the point where it was accurately metered or measured;

(13) "oil production operation" means the operation by which oil is recovered from a lease or property and rendered into oil of pipeline quality, and includes any gathering done before the oil is finally rendered into oil of pipeline quality;

(14) "pipeline quality" means good and marketable condition;

(15) "average daily per well production" means the amount calculated by dividing the total number of barrels of oil produced from each lease or property during the calendar month by the total number of wells produced on the lease or property any time during the calendar month and dividing that amount by the total number of days in the

1 calendar month.

2 * Sec. 10. AS 43.55.140(10) and (11) are repealed.

3 * Sec. 11. This Act takes effect July 1, 1977.

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STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCHY STATE CAPITOL
JUNEAU ALASKA 99801
907 465 3800

MEMORANDUM

February 24, 1977

SUBJECT: Fiscal Notes on HB 144 and SB 103

TO : Jay Hogan
Director of Legislative Finance

FROM : A.R. Latham 
Research Analyst

Our agency submitted a fiscal note on HB 144 and SB 103 indicating the amount of severance tax revenues which would be generated under these bills. The figures supplied did NOT include the EDIC.

It is clear that the fiscal note supplied on the bills by the Department of Revenue included the EDIC.

As an example: Adjusting our 1978 value of \$265.6 million by the EDIC yields a value of \$132.8 million; this compares to the Department's value of \$131.3 million.

AL:cm

Dr. Stewart - Ohio

PRUDHOE BAY

EFFECT OF PROPOSED SEVERANCE TAX INCREASES
CSSB 103

(In Millions)

Oil Revenues*	=	\$139,146	
Oil Tax @ 7.7%	=	10,714	(Current Rate)
Oil Tax @ 12.0%	=	16,697	(Proposed Rate)
Increase on Oil	=	\$ 5,983	<i>* 6 billion</i>

Gas Revenues**	=	\$ 20,700	
Gas Tax @ 4%	=	828	
Gas Tax @ 10%	=	2,070	
Increase on Gas	=	\$ 1,242	<i>* 1.24 billion</i>

INCREASE ON BOTH OIL AND GAS = \$7,225 *62.2%

* 1977-2005, From Wainwright Securities 4/1/77 Report

** Assumes 23 trillion CF Total Production at a constant \$1.00 per MCF Wellhead Price.

in an attachment to

The following is the text of President Carter's speech tonight (April 20th) insofar as it pertains to Alaska North Slope oil pricing:

"Inclusion of North Slope oil in the domestic composite price under the current provisions of EPCA would introduce a degree of unnecessary uncertainty into domestic crude oil pricing. This is because of the large volume of new Alaskan oil that would initially be moving into the composite average at a wellhead price anticipated to be considerably below the current average. Under the proposed amendments and extensions of the EPCA, this problem would be eliminated. The \$5.25, the \$11.28 and new oil pricing tiers, adjusted for inflation, would be substituted for the composite average limitation. Alaskan oil would be subject to an \$11.28 wellhead ceiling price, but would be treated as foreign oil for purposes of the entitlements program. New Alaskan oil finds would be subjected to the new oil wellhead price."

LARRY WILSON
TESTIMONY BEFORE THE
SENATE FINANCE COMMITTEE
APRIL 21, 1977

I have had less than 24 hours to review a draft of this bill which contains interlining, ~~posted-on~~ amendments and other notations which are unclear as to meaning.

Alaska's severance tax law is already by far the most complex in the country. This bill, which attempts to piece together ^{two} ~~two~~ separate bills, introduces a further complex concept which is far from clean in meaning and application.

It is not at all clear to me nor to Union's engineers, how the so-called "Economic Limit Factor" is to operate. In fact, ^{the terms} ~~reservoirs~~ used in the formula are not even clear.

- (1) The formula says, P.E.L. means the "production rate at the economic limit." Is this a daily rate? A monthly rate? See section 013(c) as renumbered, where the word "monthly" is used in connection with the production rate.
- (2) Is the statutory presumption of 100 barrels, before or after royalty? Is "total production during the month" before or after royalty? ✓
- (3) Production at the economic limit really means how many net barrels to the producer, times the value of the barrels, will equal the cash expenses for the same measuring period (for example, one month).

Monthly prod - to find out presumptions.

To arrive at a per day production rate, one first has to know the amount of expense and divide it by the value per barrel to get the number of barrels it takes to equal the expense. Those barrels are then divided by the number of wells, and then by the number of days in the month. Presumably, this is what is meant by "P.E.L." in the formula. But the well days in "P.E.L." will not necessarily be the same as the "well days" (W.D.) in the numerator of the exponent because in actual operation, some wells will not operate every day of the month.

See 94

We at Union have had no opportunity to do anything but work this formula out on a very simplified example. It was there that we began having problems in interpreting just what these terms really mean. What happens, and how does one calculate under a formula, when there is a sizeable amount of gas associated with oil production? Frankly, we do not know at this point how this is done and it is an important detail which has to be thought out.

I am aware that some sort of computer run has been made using these formulas. I was given one on Wednesday, April 13, when a ten percent tax and a 75¢ per barrel "floor" was being considered. That analysis raised Union's tax to a level of 12.7%. The latest one I received (about an hour ago, as this is being written) shows an effective rate of 11.0%. Assuming that the percentage is accurate (and we have not had time to check it out ourselves) and when the property tax is considered, this raises Union's tax

burden in Alaska to unreasonable levels. Since January 1, 1974, Union and other Cook Inlet producers have borne the brunt of the onerous cents per barrel tax, which has steadily risen while our oil values have remained virtually unchanged.

When I last checked it, about a year ago, Union and the other companies for whom Union reports severance taxes, had already paid over five million dollars in added taxes due to the cents per barrel mechanism which was supposed to be a protective device to the State rather than a means of obtaining a windfall.

In this bill, the cents-per-barrel rate is set at 65¢, but it becomes 69¢ per barrel when adjusted for a 35 degree oil. We wish to register our continued objection to the use of the so-called "floor" device which has effectively set a level which reflects an effective rate which is unreasonably high compared to our control price of around \$4.85 per barrel.

As noted, the economic limit factor is presumed by statute to be 100 barrels unless proven otherwise at a hearing by "clear and convincing" evidence. As I explained to the Senate Resources Committee, the "ground rules" for determining "economic limits" are unrealistic. In the original version of SB 238, one had to devise operating costs (limited ~~costs~~ stated expenses) by a per barrel value based on comparable oil at the West Coast back to the wellhead. For Union, this meant Indonesian crude valued at about \$14.50 per barrel on the West Coast, less about \$1.00 for transportation to Cook Inlet.

CS for SB 103 uses the same rules on operating expenses (Section 013(d)) but the "value" can be divided into the operating expense, now apparent to be ^{P.V.S} in Section 013(e). ^{IN} ~~Section 013(c)~~ ^{Sect 013 (e)} has apparently been lifted from another (e) ?

part of the law and inserted as the way or the means of identifying what the "value" is to be, which is to be divided into the operating expense. However, it is far from clear just what it is that 013(e) provides in the context of a "value" to divide into operating expense. Section 013(e) refers to "gross value"; see Section 013(c) as renumbered, which referred simply to "value". ✓

The "value" to be divided into the operating cost, has to be the value which the producer actually receives but Section 013(e) is far from clear in pinning this down.

A glaring deficiency in the bill is the limitation of operating expenses to the four listed in Section 013(d) and also in 013(g) in connection with gas. Union's engineers strongly disagree with this approach as being totally unrealistic. The operating expenses to be considered are generally any cash expenses that would be affected by a decision to produce or not to produce.

The four listed as being allowed are only a part of the proper expenses. This feature of the bill must undergo change to accord with reality in the oil business. ^{Such as} If structural limitations were put in the law, it could produce rather strange and distorted