

LEG. FINANCE - BILLS 1977 - 1978 937
SB 271 cont. thru SB 279

SB 271

~~copy coming~~

- ① Should get commitment from Dept to establish standards for allowable levels of service. (May have already done that) - ② Possibly add "certificate of need" into bill - ③ ~~if~~ may be questionable to allow reimbursement for depreciation since they don't allow reimbursement for capital expenditure.

①. Need upper limits Pg. 1 - ln. 15. : Using state Salaries.

Is he saying the FY 78 Supplemental is built into the fiscal note?

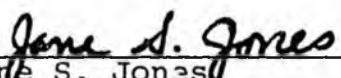
ATTENTION: Senators John Sackett and Joseph Orsini

To: Senate Finance Committee

From: Jane S. Jones

Subject: CSSB 271

I WOULD LIKE TO BE NOTIFIED AND TO TESTIFY WHEN CSSB271
IS HEARD BY YOUR COMMITTEE.



Jane S. Jones
1566 Evergreen Ave.,

Juneau, AK 99801

586-6968

3-3-78

TO: Senate Finance Committee Members

FROM: Jane S. Jones, 1566 Evergreen Avenue, Juneau, Alaska 99801 (586-6968)

SUBJECT: CSSB 271, an Act relating to the purchase by the State of social services.

I am a licensed foster parent for the State of Alaska. My concern with CSSB 271 deals with section 47.40.040. As amended it will delete lines 22-24: CHILD CARE COSTS FOR FOSTER HOMES SHALL BE COMPUTED IN THE SAME MANNER AS FOR CHILD CARE AND NURSING HOME INSTITUTIONS EXCEPT THAT NO SALARY COSTS MAY BE CONSIDERED.

Foster parents have the same problems as the institutions (private providers) have in that they receive only the projected rate estimated by the state, which generally results in payment less than the actual costs. I agree that this bill is necessary as it will correct an inequity that presently exists. But, deleting the language (lines 22-24) will leave foster parents in the present position of subsidizing the actual costs of child care. This does not carry out the express intent of the Legislature which, as you know, is found at AS 47.40.010 (...pay all expenses...).

It is important to note that the state will be paying \$7,000,000 for the care of 252 children through private providers if this bill is passed. The state also provides care for 546 children through foster homes at a cost of \$2,096,640. If lines 22-24 are not deleted there will only be an additional fiscal impact of \$48,000. If these lines are deleted the foster homes will be forced to absorb this money, and many are reluctant to continue to do so.

As the state is receiving the most efficient utilization of its funds through the use of foster homes (no salaries are paid and no depreciation costs are assessed) it would be a mistake in judgment to jeopardize the existence of foster homes because the resulting cost per child cared for by private providers will surely increase. The present annual costs are \$27,777 per child through private providers vs \$3,840 per child through foster homes.

ADDITIONAL INFORMATION ATTACHED

Lawrence & Jane Jones -- Foster Parents

PROGRAM SUMMARY

Lawrence and Jane Jones are foster parents licensed by the State of Alaska for care of three boys between the ages of twelve and nineteen. The majority of these placements are long term and we are divided with two placements from Corrections and one from Social Services. The parents education and experience are equivalent to state positions in the field of child care.

This foster home offers the following services to the children in its care:

- a. Family environment and involvement.
- b. Parent involvement with schools:
 1. Encourage education appropriate for child.
 2. Work closely with teachers and counselors to assure that the program the child is assigned to is one that best serves the needs of the child.
 3. Tutoring at home.
 4. Encourage the children to participate in school activities and sports.
- c. Where the need exists and the resources are available we seek and refer the children to other agencies for specialized counseling - such as alcoholism and drug abuse, sex education, mental health, and family counseling.
- d. We encourage relationships and communications with their natural families, and often have siblings in our home for meals, recreation and overnight visits.
- e. We offer informal counseling, both with individuals and the family as a whole.
- f. We work closely with social worker and probation officers in planning and implementing case plans including both short and long range goals.
- g. Emancipation plan:
 1. Survival Skills - this includes basic everyday skills such as cooking, sewing, laundering, money management, income tax preparation, shopping by cost comparison, ordering from catalogs, voting, being organized and efficient with their time, encouragement in obtaining driving skills, etc.
 2. Job Services - this includes knowledge on how to complete job applications, encouragement of responsibility in obtaining and holding a job, assistance in finding employment
- h. We work towards helping them have a better self image, better self-understanding, and the ability to set and reach personal goals.
- i. Follow-up: After a child is released we maintain contact with them through visits, calls and letters whenever possible.

Memorandum

ACTUAL MONTHLY COST OF CARE PER FOSTER CHILD PLACED IN THE HOME

Food.	-	\$ 133.
Clothing	-	50
Rent (Housing)-		94
Electric	-	15
Oil (Heat)	-	23
Gargage	-	2
Water/Sewage	-	3
Recreation	-	17
Transportation	-	10
Telephone	-	3
Allowances	-	23
* Miscellaneous	-	33
		<hr/>
TOTAL:		\$406

(* Miscellaneous includes school supplies, haircuts, shop fees, toiletries, cable TV, gifts, stamps, film, books, Community School classes, etc.)

The above does not include any compensation for the 24 hours/seven days a week that is logged by the foster parents in the caring for the child in their home.

Foster care payments per child (teenage) per month	=	\$320.00
Actual costs of care per child per month incurred	=	\$406.00
Cost to foster parents per child per month	=	\$ 86.00

\$86 X 3 foster children = \$258

SUMMARY: \$258 is what we pay per month to care for three of the children in the states care. Is it difficult to discern why persons willing to serve as foster parents are few?

RECOMMENDATIONS

- A. That the foster care payments be raised to cover the actual full cost of care for the child placed.
- B. That the Department of Health and Social Services take a look at the services rendered for the cost incurred to the state, and while doing so that they compare the services received from the foster home with those of a small group home (full cost of care facility) in the state.
- C. That the Department of Health and Social Services give consideration to the possibility of placing a cost value on the time and energies involved in being a foster parent and therefore allowing compensation in the way of monies to be involved in the cost of care to foster families.
- D. That the Department of Health and Social Services study the possibility of putting greater emphasis on foster care services throughout the state.

Lawrence and Jane Jones
1566 Evergreen Avenue
Juneau, Alaska 99801
PHONE: 586-6968

COMMITTEE REPORT

SENATE

4/12/77

_____ Date

Mr. President:

The Committee on FINANCE has had SB 271
purchase by the state of social services
under consideration. A majority of the members of the Committee

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

MEMBERS SIGNING THE MAJORITY REPORT:

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

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

Chairman

COMMITTEE REPORT

**Finance

3/22/77

SENATE

4-11-77 Date

Mr. President:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had SB 271 purchase by the state of social services 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 SB 271 *same title* and that CS for 271 do pass *with*
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- AND attaches a report of its intent
- (other) _____

fy note

MEMBERS SIGNING THE MAJORITY REPORT:

Summer _____

Ed Willis _____

PATRICK RODEY _____

Bradley _____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

Glenn Hackney
Chairman

Offered: 4/12/77
Referred: Finance

Original sponsor: Hackney

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR SENATE BILL NO. 271

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 purchase by the state of social
7 services; and providing for an effective date."

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

9 * Section 1. AS 47.40.010(a) is repealed and re-enacted to read:

10 (a) When the department purchases services for persons for whom
11 the state has assumed responsibility under the laws of the state, the
12 department shall

13 (1) adopt regulations within a year from the effective date
14 of this Act governing purchase of services by the department;

15 (2) determine standards of allowable cost which are reason-
16 able and necessary;

17 (3) pay monthly to providers of services a sum equal to one-
18 twelfth of

19 (A) the estimated total billings of the first year of
20 operation for the full cost of services, or

21 (B) the total of an amount equal to

22 (i) the billings for the previous fiscal year in
23 second and subsequent years of operation; and

24 (ii) an adjustment for the cost of living based on
25 the United States Department of Labor's cost-of-living index
26 for Anchorage, Alaska; and

27 (iii) any salary increases allowed;

28 (4) cost settle all allowable expenses related directly to
29 the full cost of services.

COMMITTEE COPY

1 * Sec. 2. AS 47.40.020 is amended to read:

2 Sec. 47.40.020. LICENSING [AND SUPERVISION]. Anyone providing
3 services which are purchased by the department under this chapter shall
4 [, IF REQUIRED BY THE DEPARTMENT,] be licensed [AND SUPERVISED] in the
5 same manner as boarding homes, foster homes and other institutions as
6 provided for in AS 47.35.010 - 47.35.080.

7 * Sec. 3. AS 47.40.040 is amended to read:

8 Sec. 47.40.040. REIMBURSEMENT FOR [DETERMINATION OF] FULL COST OF
9 SERVICES. (a) In this chapter, payment for "full cost" of services
10 shall be made upon the determination of a provisional per diem rate
11 based upon [DETERMINED BY] the per person, per day cost in the preceding
12 fiscal year plus a cost-of-living increase based upon the United States
13 Department of Labor cost-of-living index for Anchorage, Alaska. Per-
14 sonnel salary increases determined to be reasonable and necessary shall
15 also be allowed. Cost settling shall occur upon determination of a
16 final rate based upon a departmental audit [PROPORTIONATE SHARE OF
17 ANTICIPATED COST-OF-LIVING AND STAFF SALARY INCREMENT INCREASES] for
18 the fiscal year for which the full cost of services, determined to be
19 reasonable and necessary by the department, is being determined. An
20 interim cost settlement will be made upon the submission of a year-end
21 expenditure report by the child care agency, with a final settlement
22 made at the time a departmental audit is completed [CHILD CARE COSTS FOR
23 FOSTER HOMES SHALL BE COMPUTED IN THE SAME MANNER AS FOR CHILD CARE AND
24 NURSING HOME INSTITUTIONS EXCEPT THAT NO SALARY COSTS MAY BE CONSIDERED].

25 (b) Full cost of services does not include the following:

26 (1) expenses, including salaries and fees, incurred in
27 raising funds;

28 (2) funds expended for construction, major equipment and
29 major [OTHER] capital expenditures;

1 (3) amounts for depreciation of real property in excess of
2 the minimum amounts which would be authorized for the depreciation of
3 the property under AS 43.20 [DEPRECIATION AND REPLACEMENT COSTS OF, AND
4 COSTS OF ADDITIONS TO, MAJOR PROPERTY AND EQUIPMENT];

5 (4) religious training and education; [AND]

6 (5) services determined to be nonallowable under departmental
7 regulations; and [PROVIDED WHICH ARE SUBSTANDARD TO, OR EXCEED, THE
8 REQUIREMENTS OF THE DEPARTMENT]

9 (6) cost of additions to major property and equipment.

10 * Sec. 4. AS 47.40 is amended by adding a new section to read:

11 Sec. 47.40.051. SERVICES. The department shall select services
12 that

13 (1) are the nearest to the child's home community when
14 available;

15 (2) best meet the child's needs;

16 (3) promote stability for child and family.

17 * Sec. 5. AS 47.40.050 is repealed.

18 * Sec. 6. AS 47.40.080 is amended by adding a new paragraph to read:

19 (4) "cost settling" means the process by which, on an annual
20 basis, the actual costs incurred by a provider of services to the state
21 under this chapter are compared to the amount he has received in the
22 form of the daily rate; if state payments exceed the provider's costs,
23 the provider shall refund the excess to the state; if the provider's
24 costs exceed the state payments, the state shall pay the provider the
25 excess amount.

26 * Sec. 7. This Act takes effect July 1, 1977.

Introduced: 3/22/77
Referred: Health, Education &
Social Services and Finance

1 IN THE SENATE

BY HACKNEY

2 SENATE BILL NO. 271

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 purchase by the state of social
7 services; and providing for an effective date."

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

9 * Section 1. AS 47.40.010(a) is repealed and re-enacted to read:

10 (a) When the department purchases services for persons for whom
11 the state has assumed responsibility under the laws of the state, the
12 department shall

13 (1) adopt regulations governing purchase of services by
14 the department;

15 (2) determine standards of allowable cost which are reason-
16 able and necessary;

17 (3) pay monthly to providers of services a sum equal to one-
18 twelfth of

19 (A) the estimated total billings of the first year of
20 operation for the full cost of services, or

21 (B) the total billings for the previous fiscal year in
22 second and subsequent years of operation;

23 (4) cost settle all allowable expenses related directly to
24 the full cost of services.

25 * Sec. 2. AS 47.40.020 is amended to read:

26 Sec. 47.40.020. LICENSING [AND SUPERVISION]. Anyone providing
27 services which are purchased by the department under this chapter shall
28 [, IF REQUIRED BY THE DEPARTMENT,] be licensed [AND SUPERVISED] in the
29 same manner as boarding homes, foster homes and other institutions as

1 provided for in AS 47.35.010 - 47.35.080.

2 * Sec. 3. AS 47.40.040 is amended to read:

3 Sec. 47.40.040. REIMBURSEMENT FOR [DETERMINATION OF] FULL COST OF
4 SERVICES. (a) In this chapter, payment for "full cost" of services
5 shall be made upon the determination of a provisional per diem rate
6 based upon [DETERMINED BY] the per person, per day cost in the preceding
7 fiscal year plus a cost-of-living increase based upon the United States
8 Department of Labor cost-of-living index for Anchorage, Alaska. Per-
9 sonnel salary increases determined to be reasonable and necessary shall
10 also be allowed. Cost settling shall occur upon determination of a
11 final rate based upon a departmental audit to be completed within 60
12 days of the close of [PROPORTIONATE SHARE OF ANTICIPATED COST-OF-LIVING
13 AND STAFF SALARY INCREMENT INCREASES FOR] the fiscal year for which the
14 full cost of services, determined to be reasonable and necessary by the
15 department, is being determined. Child care costs for foster homes shall
16 be computed in the same manner as for child care and nursing home insti-
17 tutions except that no salary costs may be considered.

18 (b) Full cost of services does not include the following:

19 (1) expenses, including salaries and fees, incurred in
20 raising funds;

21 (2) funds expended for construction, major equipment and
22 major [OTHER] capital expenditures;

23 [(3) DEPRRCIATION AND REPLACEMENT COSTS OF, AND COSTS OF
24 ADDITIONS TO, MAJOR PROPERTY AND EQUIPMENT;]

25 (4) religious training and education; [AND]

26 (5) services determined to be nonallowable under departmental
27 regulations; and [PROVIDED WHICH ARE SUBSTANDARD TO, OR EXCEED, THE
28 REQUIREMENTS OF THE DEPARTMENT]

29 (6) cost of additions to major property and equipment.

1 * Sec. 4. AS 47.40 is amended by adding a new section to read:

2 Sec. 47.40.051. SERVICES. The department shall select services
3 that

4 (1) are the nearest to the child's home community when
5 available;

6 (2) best meet the child's needs;

7 (3) promote stability for child and family.

8 * Sec. 5. AS 47.40.050 is repealed.

9 * Sec. 6. This Act takes effect July 1, 1977.
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS Senate Bill No. 271

Title An Act Relating to the Purchase by the State of Social Services

Requested by _____ Date March 25, 1977

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services

Program Category Affected Social Services and Administration of Justice

Budget Request Unit(s) Affected Program Services (Division of Social Services)
Juvenile Confinement (Division of Corrections)

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		2,949.7	3,126.7	3,314.3	3,513.1	3,723.9
TOTAL		2,949.7	3,126.7	3,314.3	3,513.1	3,723.9

FUNDING (Thousands of Dollars)

GENERAL FUND		2,650.3	2,809.3	2,977.9	3,156.5	3,345.9
FEDERAL FUNDS		299.4	317.4	336.4	356.6	378.0
OTHER (Specify)						

POSITIONS

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

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

A. Assumption: A 6% cost of living allowance for fiscal years subsequent to FY 1978 with no caseload increase.

B. Program Summary

- Language of Sec. 47.40.040 (a) will be amended to delete audit requirement "within 60 days of the close of the fiscal year.....". If this requirement remains, up to seven (7) additional auditors will be needed. Costs for additional auditors are not included in this document.
- An additional \$2,749,700 is the difference between the Governor's Budget, and the reported \$7,000,000 maximum projected cost developed by child care agency personnel, and included in the purchase of Care Task Force Report. (copy available on request).
- Depreciation costs of \$200,000 are included. This assumes depreciation based ranging from \$250,000 to \$1,000,000 for twenty (20) facilities (see page 2)

IV. DATE March 25, 1977

PREPARED BY Roger C. Lange, Administrator

AGENCY H&SS, Quality Control/Collection Agency

Original: Legislative Finance

PHONE 465-3331

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Roger C. Lange

with depreciation periods ranging from thirty (30) to forty (40) years.

4. 30% of Social Services units eligible for Federal financial participation of 50%. Budget request includes 209 children for the Division of Social Services and 100 children for the Division of Corrections. Therefore, Federal financial participation computed as follows:

$$\text{FFP} = \frac{209}{309} \times 30\% \times 50\% = 10.15\% \text{ of Total Expenditures}$$

ALASKA STATE LEGISLATURE

TENTH Legislature FIRST Session

SENATE BILL NO. 271

By HACKNEY

"An Act relating to the purchase by the state of social services; and providing for an effective date."

social services

Introduced in the Senate 3/22/77

HISTORY IN THE SENATE

19 77

3 22

Read first time and referred to Committee on Health, Education & Social Services and Finance
Reported back with recommendation that

4 12 HESS replaced with do pass to Finance

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

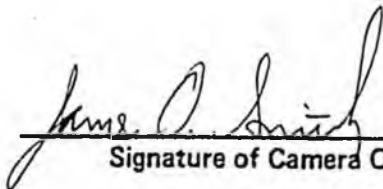
Chapter No.



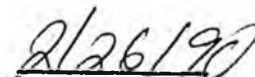
RECORDS CERTIFICATION



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.



Signature of Camera Operator



Date

white



Alaska State Legislature

April 27, 1977

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

M E M O R A N D U M

TO: Representative Clark Gruening
Chairman
House Ways and Means Subcommittee

FROM: Milt Barker
Fiscal Analyst
Legislative Finance Division

SUBJECT: SB 274

At your request, I have reviewed some of the possible ramifications of SB 274. My conclusions are:

- I. Over the long run, the consideration the State receives for its royalty oil would not depend on whether it is taken in value or in kind.
 - A. Section 211.63(d) of Title 10 of the Code of Federal Regulations sets forth conditions under which the FEA allows termination of supplier/purchaser relationships. The provisions which would be relevant to termination of the supplier/purchaser relationship by the State of Alaska are Section 211.63(d)(1)(i) and (iii) which state:
 - (d) Termination of supplier/purchaser relationships.
 - (1) Any supplier/purchaser relationship established under paragraph (b) of this section may be terminated as follows:
 - (i) at the option of the purchaser, as evidenced by its written consent thereto together with notice of the termination date given to the producer, provided all subsequent purchasers of the crude oil involved have consented to such termination in writing;

-
-
-
- (iii) by a producer (as defined in Part 212 of this chapter), if the present purchaser as to any old, new or stripper well lease crude oil (as defined in §§ 212.72

and 212.74 of Part 212 of this chapter) refuses, within a fifteen day period after receipt of written notice as to that offer made from the producer, to meet any bona fide written offer made by another purchaser to purchase such crude oil at a lawful price above the price paid by the present purchaser.

- B. If the State takes its oil in value and is subsequently offered a higher remuneration from another party, which is not matched by the producer, the State would be able to take its royalty in kind and deliver it for the higher remuneration.
- C. On the other hand, if the State takes in kind and sells its royalty oil, it is also protected should another party offer a higher reward. However, it is conceivable that at some point the consideration the State would receive by taking in value might be higher than the sales price of its in kind oil. With no offer forthcoming from the majors, the State would be locked in to a lesser remuneration. This undesirable state of affairs could be precluded by writing the sales contract to at least match the amount the State would receive in value as specified in the lease document (See II.A. below).

II. Over the short run, the State would probably receive greater value for its royalty oil by taking consideration in cash rather than in kind.

- A. Paragraph 15 of the State's "Competitive Oil & Gas Lease" states:

"The field market price or value of royalty oil or gas shall not be less than the highest of:
(1) The price actually paid or agreed to be paid to Lessee at the well by the purchaser thereof, if any; or (2) The posted price of Lessee in the field for such oil or gas at the well, if any, or (3) The prevailing price received by other producers in the field at the well for oil of like grade and gravity or gas of like kind and quality at the time such oil or gas is removed from said land or run into storage, or such gas is delivered to an extraction plant.

thus assuring the State as high a value for all its

royalty oil as that obtained on the sale of any amount by any lessee, which includes major oil companies who will both process and market crude.

- B. These companies should be able to market crude more readily and beneficially than the State can, particularly under the excess supply conditions currently existing on the West Coast.
- C. Should none of the producers sell any oil, the State would attempt to establish value as the highest price received for oil of like quality in a relevant market, for example, the price of foreign crude in Los Angeles net of transportation costs. The oil companies might argue that the price should be based on controlled prices. Economic theory and a Texas Supreme Court case on the valuation of gas support the State's position. Besides, with oil surpluses on the West Coast and the lack of refinery facilities there for both particular producers and the handling of the higher sulfur Prudhoe crude, it is highly likely that some sales or exchanges of Prudhoe crude will be made.

III. However, there remains a possibility that by receiving greater short-term rewards for its oil taken in value, the State would be deprived of longer-term economic benefits because no offer would be forthcoming which would better the existing consideration the State receives in monetary terms (bringing Sec. 211.63(d)(1)(iii) into effect) while also committing to in-state uses of the royalty oil.

- A. However, avoidance of transportation costs might provide the edge for making such an offer.
- B. But it might be met by the producer for anti-competitive reasons if nothing else, thus precluding Alaska's taking oil in kind under Sec. 211.63(d)(1)(iii).
- C. There remains an unresolved legal question as to whether the State might then take its royalty in kind under Sec. 211.63(d)(1)(i), perhaps disposing of it at a lesser price in exchange for the benefits of economic development. The four attached legal opinions and Covington & Burling's March 23 Request for Interpretation to the FEA address this question. Without making any overall judgement on the matter, I would like to call your attention to the following considerations:

1. The FEA rulings cited regarding the allocation of government-owned royalty oil seem to be situations in which oil is already being taken in kind (see Chapman, Gadsby, Hannah, and Duff, February 9, pages six and nine re: the two California State Lands Commission and J & W Refining).
2. If in value is not considered a first sale, then first sale would be to crude customers of the producer. However, wouldn't only a pro rata share of the royalty oil equal to the proportion of all the producer's oil sold be considered a first sale to the producer's customers? And wouldn't the rest have to be considered first sale to the producer after all whose sole consent to our taking in kind would be sufficient for that portion of our royalty oil? Wouldn't the same pro rata portion of our royalty be subject to subsequent purchaser consent if in value is considered a first sale to the producer in the first place? It seems the arguments about first sale may be of no consequence and that with only the producers' consent, a substantial portion of Alaska's royalty oil could be taken in kind after production begins.
3. To the extent production remains below the maximum ultimately achieved for a field, doesn't the increased production yet to come remain exempt from allocation regulations since no first sale has yet occurred? In other words, this might provide a grace period of up to a few years for some portion of the production, e.g., roughly 300,000 BPD for Kuparuk and Lisburne.

IV. In the final analysis, it seems that Sec. 211.63(d)(1)(iii) provides a guaranteed escape hatch. Suppose Alaska is receiving oil in value and contemplates taking it in kind for in-state use, but a lesser price would be received in return for the benefits of economic development. Sec. 211.63(d)(1)(iii) offers no help and suppose the FEA prevents Alaska from receiving oil in kind under (d)(1)(i) however construed and whatever paper consent we have from the producers.

Now what Alaska would be doing by taking a lesser price for its oil in kind is, of course, subsidizing whatever economic development is contemplated. But this could be done also by the State picking up the tab for some other portion of the package, e.g., providing the land, tax forgiveness, low interest State financing, or outright construction of facilities, thus enabling the price for the oil to be jacked back up to where the State could take it in kind under Sec. 211.63(d)(1)(iii).

Chugach Natives, Inc.

April 6, 1977

Chenega

The Honorable Hugh Malone
Speaker of the House of Representatives
Pouch V
Juneau, AK

English Bay

Dear Mr. Malone:

Eyak

I am attaching a copy of testimony which I prepared for delivery before the Senate Resources Committee on Monday, March 28, 1977, in support of legislation (Senate Bill 274) sponsored by Senator Kay Poland.

Fortunately, the committee, recognizing that S.B. 274 is urgent and desirable, approved the measure before hearing testimony on that day.

Port Graham

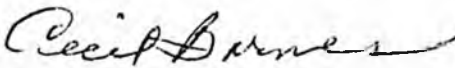
Because of the importance of S.B. 274 to Alaska, I am taking the liberty as president of Chugach Natives, Inc., one of Alaska's twelve regional corporations, to furnish to you for your consideration the testimony which I prepared for delivery.

Tatitlek

The officers and shareholders of Chugach Natives, Inc., would be grateful for your support of this important measure in the interest of all Alaskans.

Sincerely,

Cordova


Cecil Barnes
President

Seward

CK

Enclosure

Valdez

TESTIMONY PREPARED FOR DELIVERY BY CECIL BARNES TO THE SENATE
COMMITTEE ON NATURAL RESOURCES, MONDAY, MARCH 28, 1977

Madame Chairman, my name is Cecil Barnes. I am president of Chugach Natives, Inc., one of the twelve Alaska Native regional corporations organized under state law and the Alaska Native Claims Settlement Act. Chugach Natives, Inc., appreciates the opportunity to submit its views in support of Senate Bill 274.

The people I represent have lived traditionally in the Prince William Sound area. We favor in that area of Alaska the kind of economic growth that is consistent with our historically rich commercial fisheries and high quality of life. We believe that processing of state royalty oil, taken by the state in kind, can satisfy that criterion.

Accordingly, Chugach is a participant in the corporation known as Alaska Consolidated Shipping, Inc., which has submitted an offer to buy Alaska state royalty oil. Our position, therefore, in support of S.B. 274 could be perceived as one that is based upon selrish interests, but in that respect, I should note that under the Claims Settlement Act, 50% of our net income and 50% of the net income of each of the other regional corporation participants, must be distributed to village corporations and non-village shareholders. Thus, financial benefit from acceptance of the Alaska Consolidated Shipping proposal would be experienced in the state economy broadly, at regional and village levels throughout Southcentral Alaska, and at the individual level everywhere.

However, the question raised by S.B. 274 is not whether the state should accept the particular proposal of one offering group or another. Instead, the question is whether the presumption embodied in existing law - that royalty oil should be taken in value by the state, instead of in kind, is a wiser presumption than the one which would be created if S.B. 274 were enacted - that the state should take its royalty oil in kind instead of in value.

We believe that S.B. 274 sets out the wiser presumption, and does so without undermining the discretionary authority of the royalty board, the Commissioner of Natural Resources, or the Legislature. It's a better presumption because it makes sense, other things being equal, that Alaska policy be geared to the creation of more jobs and a more diverse economy, and that state government should strive to avoid the reduction in wellhead price which would be experienced if major producers must transport Alaska's 1/8 royalty oil, in addition to their own. That is because such transportation can only be carried out at premium transportation costs, because of the scarcity of uncommitted American bottom oil tankers, and paying premium transportation costs to ship owners will reduce North Slope wellhead values. Moreover, we believe that the presumption that the state take its oil in kind instead of in value is vital if inertia within the executive branch is to be overcome. After all, it's administratively easier for state officials to deal only with dollars instead of the opportunity as well as the challenges that arise when oil is taken in kind. S.B. 274 would compel in a way which existing law cannot do that state

officials make a conscious examination of the alternatives and arrive at a conscientious judgment. Under existing law, no decision is tantamount to the rejection of the idea that oil in kind be taken, a result which is consistent with administrative ease but inconsistent, we respectfully submit, with the larger public interest.

Madame Chairman, time is growing short, and soon no decision by the state executive branch will be same as a decision to forego taking oil in kind. We urge early and favorable consideration of S.B. 274 as soon as possible, so that Alaska law will at last reflect the correct presumption - presumptions which we feel are supported by the overwhelming number of Alaskans from all walks of life.



JUNEAU ALASKA

Alaska State Legislature

MEMORANDUM

TO: Representative Steve Cowper
Chairman
House Finance Committee

FROM: Senator Kay Poland *KEP*
Chairman
Senate Resources Committee

April 6, 1977

Re: SB 274

On April 5, there was passed on to the House Finance Committee Senate Bill 274, dealing with the taking of State royalty oil and gas in kind. Alaska's entire congressional delegation had earlier recommended the taking of royalties exclusively in kind as an aid to meeting the FEA's Mandatory Allocation Regulation.

There is an urgency to this measure not normally called for in legislation if it is to be of any assistance. Some reports indicate that April 15 will be none to soon, because of Alyeska's plan to begin placing oil into the pipeline for testing purposes, though May 1, is generally accepted as a deadline.

The latest information we have on the Mandatory Allocation problem is that though we can enter in a valid take back provision with the producer, such an agreement is not binding on any subsequent purchaser. The waiver given in the Bill will enable the Commissioner to either independently seek out alternative buyers on the State's account or join with producers and subsequent purchasers in termination agreements at the time of the contract, as appears to be a condition of the FEA if it is to allow such a supplier/purchaser agreement. At the present time the FEA will allow the State to enter into such agreements with the producers or with subsequent purchasers, but will not allow the producers to obtain the agreement with subsequent, unknown, purchaser on behalf of the State. The waiver requested of the FEA by the State is a setting aside of major national policy designed to protect small refineries from exactly the terms the State wishes the producers to impose. Both Governor Hammond and Attorney General Gross had indicated to me that the requested waivers would arrive by April 1. To this date the waiver has not arrived.

Memorandum to
Representative Steve Cowper

-2-

April 6, 1977

Senate Bill 274 is identical to Senate Bill 174 of the Ninth Legislature. That Bill passed the Senate 18-2 in 1975, but died in House Resources because of the vigorous opposition by the former Commissioner of Natural Resources, Guy Martin. It was, and is, the intent of the Bill to indicate Alaska's intent to control the disposition of its resources from the wellhead to the market place. It was, and still is, the intent that if the Administration cannot make up its mind in the matter, the Legislature should end the indecision. Had the Bill been allowed to pass last year, there would not have been the need to ask for special consideration within the Prudhoe Bay Unitization Agreement to allow the initial taking in kind to be accomplished with 30 days notice instead of 180. The Bill continues to allow the taking of oil in value if the Commissioner, with the approval of the Board and concurrence of the Legislature, determines that taking in money is to the best interests of the State. Otherwise, it must be taken in kind.

The present Bill actually lessens some of the restrictions on the Commissioner and the Board, in that it waives legislative approval for non-renewable contracts not exceeding one year. This will be helpful to the State in meeting the yet unresolved problem of complying with the Mandatory Allocation Regulations of the FEA.

KP:ke

cc: All members - House Finance
Press

Introduced: 3/23/77
Referred: Resources

1 IN THE SENATE

BY POLAND

2 SENATE BILL NO. 274 am

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 taking of oil and gas royalty-
7 in-kind; and providing for an effective date."

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

9 * Section 1. AS 38.05.182 is amended to read:

10 Sec. 38.05.182. ROYALTY ON NATURAL RESOURCES. (a) Any royalty
11 provided for in secs. 135 - 181 of this chapter shall [MAY] be taken in
12 kind rather than in money unless [IF] the commissioner, with the consent
13 of the board [ALASKA ROYALTY OIL AND GAS DEVELOPMENT ADVISORY BOARD],
14 determines that the taking in money [KIND] would be in the best interest
15 of the state. The consent of the board is required only with respect to
16 oil and gas royalty-in-kind under sec. 183 of this chapter. The action
17 of the commissioner and the board with respect to oil and gas royalty-
18 in-kind under sec. 183 of this chapter is subject to the prior approval
19 of the legislature in accordance with AS 38.06.055, except for nonrenew-
20 able contracts not exceeding one year in duration which may be entered
21 into to relieve a shortage of storage capacity. In this section "board"
22 means the Alaska Royalty Oil and Gas Development Advisory Board.

23 * Sec. 2. AS. 38.05.182 is amended by adding a new subsection to read:

24 (b) A purchaser of royalty oil on a one year non-renewable basis
25 remains eligible to negotiate a long term purchase agreement in
26 accordance with all the other provisions of AS 38.05.182, AS 38.05.183,
27 and AS 38.06.055.

28 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
29 070(c).

COMMITTEE REPORT
HOUSE

May 3, 1977 Date

Mr. Speaker:

The Committee on Finance has had SB 274
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 H 274 (Finance) and that
CS for SB 274 (Finance) do pass
- (and) recommends it be referred to the _____
committee
- reports it back without recommendation
- AND attaches a report of its intent
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

<u>[Signature]</u>	<u>Do Pass</u>	<u>[Signature]</u>
<u>[Signature]</u>	" "	<u>[Signature]</u>
<u>[Signature]</u>	" "	<u>[Signature]</u>

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

<u>Freeman</u>	recommends:	<u>No Rec</u>
<u>Rhoads</u>	recommends:	<u>No Rec</u>
<u>[Signature]</u>	recommends:	<u>No Rec</u>
<u>[Signature]</u>		<u>[Signature]</u>

Chairman

Original sponsor: Poland

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

HOUSE CS FOR SENATE BILL NO. 274

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 taking of oil and gas royalty
7 in kind; and providing for an effective date."

8

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

9

* Section 1. AS 38.05.182 is amended to read:

10

Sec. 38.05.182. ROYALTY ON NATURAL RESOURCES. (a) Any royalty
11 provided for in secs. 135 - 181 of this chapter may be taken in kind
12 rather than in money if the commissioner [, WITH THE CONSENT OF THE
13 ALASKA ROYALTY OIL AND GAS DEVELOPMENT ADVISORY BOARD,] determines that
14 the taking in kind would be in the best interest of the state. [THE
15 CONSENT OF THE BOARD IS REQUIRED ONLY WITH RESPECT TO OIL AND GAS ROYALTY-
16 IN-KIND UNDER SEC. 183 OF THIS CHAPTER.] However, royalties on oil and
17 gas shall be taken in kind unless

18

(1) the commissioner determines that the taking in money would
19 be in the best interest of the state; and

20

(2) the Alaska Royalty Oil and Gas Development Advisory Board
21 approves the taking in money.

22

(b) The commissioner shall submit a determination to take royalty
23 in money approved under (a) of this section to the legislature at the
24 first opportunity during a current session or, if the legislature is not
25 in session, at the next regular session. The legislature, within 60
26 days or by the adjournment of the session, whichever comes sooner, may
27 revoke the determination by concurrent resolution.

28

* Sec. 2. AS 38.06.055(a) is amended to read:

29

(a) In addition to the approval by the board required under sec.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

50 of this chapter, no sale, exchange or other disposition of oil or gas or of the rights or waiver of the rights to receive future production of royalty oil or gas may be made by the commissioner of natural resources under AS 38.05.183 without the prior approval of the legislature by a concurrent resolution concurred in by a majority of the members of each house except for sales, exchanges, or other dispositions made for a term of no more than one year.

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

Original sponsor: Poland

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

HOUSE CS FOR SENATE BILL NO. 274

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 taking of oil and gas royalty
7 in kind; and providing for an effective date."

8

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

9

* Section 1. AS 38.05.182 is amended to read:

10

Sec. 38.05.182. ROYALTY ON NATURAL RESOURCES. (a) Any royalty
11 provided for in secs. 135 - 181 of this chapter may be taken in kind
12 rather than in money if the commissioner [, WITH THE CONSENT OF THE
13 ALASKA ROYALTY OIL AND GAS DEVELOPMENT ADVISORY BOARD,] determines that
14 the taking in kind would be in the best interest of the state. [THE
15 CONSENT OF THE BOARD IS REQUIRED ONLY WITH RESPECT TO OIL AND GAS ROYALTY-
16 IN-KIND UNDER SEC. 183 OF THIS CHAPTER.] However, royalties on oil and
17 gas shall be taken in kind unless

18

(1) the commissioner determines that the taking in money would
19 be in the best interest of the state; and

20

(2) the Alaska Royalty Oil and Gas Development Advisory Board
21 approves the taking in money.

22

(b) The commissioner shall submit a determination to take royalty
23 in money approved under (a) of this section to the legislature at the
24 first opportunity during a current session or, if the legislature is not
25 in session, at the next regular session. The legislature, within 60
26 days or by the adjournment of the session, whichever comes sooner, may
27 revoke the determination by concurrent resolution.

28

* Sec. 2. AS 38.06.055(a) is amended to read:

29

(a) In addition to the approval by the board required under sec.

1 50 of this chapter, no sale, exchange or other disposition of oil or gas
2 or of the rights or waiver of the rights to receive future production of
3 royalty oil or gas may be made by the commissioner of natural resources
4 under AS 38.05.183 without the prior approval of the legislature by a
5 concurrent resolution concurre^d in by a majority of the members of each
6 house except for sales, exchanges, or other dispositions made for a term
7 of no more than one year.

8 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
9 070(c).

5-3

An amendment
to be offered
on the floor.

A M E N D M E N T

OFFERED IN THE HOUSE:

By: FINANCE COMMITTEE

To: HCS HOUSE BILL No. _____

SENATE BILL No. 274 ~~am~~

PAGE: _____

LINE: _____

Page 1, line 16, after "state;" insert "and"

Page 1, line 18: Delete "; and" and insert "."

Page 1, line 19: Delete paragraph (3) and insert "At the first opportunity, the commissioner shall submit ~~no~~ ^{no money} approved determination to take royalty in ~~the~~ ^{to} a regular session of the legislature which may, within 60 days or the adjournment of the session, whichever comes sooner, revoke such determination by a concurrent resolution concurred in by a majority of the members of each house."

(PW)

COMMITTEE REPORT

HOUSE

4/5/77

5-2-77

Date

Mr. Speaker:

The Committee on FINANCE has had SB 274 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 ^{Finance} HCS for SB 274 and that

^{Finance} HCS for SB 274 do pass

(and) recommends it be referred to the _____ committee

reports it back without recommendation

AND attaches a report of its intent

(other) _____

(Same title)

MEMBERS SIGNING THE MAJORITY REPORT:

McIntosh _____
Swanson _____
Buchholz _____
Freeman _____
Russ _____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

Joseph recommends: No rec
Hammond recommends: No rec
Duncan recommends: No Rec

Chairman

COMMITTEE REPORT

HOUSE

4/5/77

5-2-77

Date

Mr. Speaker:

The Committee on FINANCE has had SB 274 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 SB 274 and that CS for SB 274 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: Poland

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 274 am

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 taking of oil and gas royalty
7 in kind; and providing for an effective date."

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

9 * Section 1. AS 38.05.182 is repealed and re-enacted to read:

10 Sec. 38.05.182. ROYALTY ON NATURAL RESOURCES. Any royalty pro-
11 vided for in secs. 135 - 181 of this chapter may be taken in kind
12 rather than in money if the commissioner determines that the taking in
13 kind would be in the best interest of the state. However, royalties on
14 oil and gas shall be taken in kind unless

15 (1) the commissioner determines that the taking in money
16 would be in the best interest of the state;

17 (2) the Alaska Royalty Oil and Gas Development Advisory Board
18 approves the taking in money; and

19 (3) after submission of the proposal to the legislature dur-
20 ing a regular or special session, the legislature does not disapprove
21 the taking in money within 60 days or the adjournment of the session,
22 whichever comes sooner.

23 * Sec. 2. AS 38.06.055(a) is amended to read:

24 (a) In addition to the approval by the board required under sec.
25 50 of this chapter, no sale, exchange or other disposition of oil or gas
26 or of the rights or waiver of the rights to receive future production of
27 royalty oil or gas may be made by the commissioner of natural resources
28 under AS 38.05.183 without the prior approval of the legislature by a
29 concurrent resolution concurred in by a majority of the members of each

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

house except for sales, exchanges, or other dispositions made for a term of no more than one year.


* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-070(c).



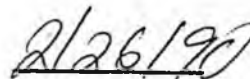
RECORDS CERTIFICATION



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

SENATE
JOURNAL SUPPLEMENT

March 23, 1977

Wednesday

No. 26

FISCAL NOTE

I. REQUEST

Bill Resolution No. SENATE BILL 275
 Title An Act relating to witnesses and providing for an effective date.
 Requested by The Governor Date 3-21-77

SB
275

II. FISCAL DETAIL

Agency Affected Department of Law
 Program Category Affected Administration of Justice
 Budget Request Unit(s) Affected Prosecution, Admin. & Support

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		25.0	26.5	28.1	29.8	31.6
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		25.0	26.5	28.1	29.8	31.6

FUNDING (Thousands of Dollars)

GENERAL FUND	25.0	26.5	28.1	29.8	31.6
FEDERAL FUNDS					
OTHER (Specify)					

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY					

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

Granting of immunity as proposed by Article 3 will have little, if any, financial impact and any changes which might occur therefrom would be slight. The proposed Article 4 will cause a financial impact estimated at \$25,000 for the first year. This figure represents a minimum amount necessary for short-term, two or three week periods, when witnesses would be placed in safe housing. Obviously, there will be years when this amount will be insufficient and, likewise, there will be years when much if not all of the appropriation will lapse. Copying costs have been projected using a 6% inflation factor. A companion bill requesting a special appropriation for implementing the purposes of this bill is also being introduced.

IV. DATE March 21, 1977 PREPARED BY Richard I. Repore, Acty. Officer
 AGENCY Department of Law
 OFFICE Legislative Finance PHONE 465-3695
 cc: Project and Management
Prime Sponsor (First Legislator Named)

Introduced: 3/23/77
Referred: Judiciary and Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 275

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 immunity and protection of wit-
7 nesses; and providing for an effective date."

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

9 * Section 1. AS 12.50 is amended by adding new sections to read:

10 ARTICLE 3. IMMUNITY OF WITNESSES.

11 Sec. 12.50.110. DECLARATION OF PURPOSE. The purpose of secs.
12 110 - 140 of this chapter is to provide a means to solve serious
13 felony offenses committed with a high degree of secrecy, through the
14 mechanism of witness immunity and, where necessary, the issuance of a
15 court order compelling testimony or the production of other evidence
16 or information in a criminal proceeding or investigation under specified
17 standards consistent with an individual's guarantee under the Constitu-
18 tion of the United States and the Constitution of the State of Alaska
19 not to be compelled to incriminate himself. Immunity should not be
20 extended to a witness under an order compelling testimony or the pro-
21 duction of other evidence or information unless a compelling state
22 interest has been demonstrated within the context of a criminal proceed-
23 ing or investigation in which the public interest in prosecuting the
24 offense which is the subject of a criminal proceeding or investigation
25 is of a nature sufficient to outweigh the individual privacy interests
26 of the witness as specified in sec. 130(a) of this chapter.

27 Sec. 12.50.120. PROSECUTORIAL IMMUNITY. (a) Whenever a person
28 has been or may be called to testify in a criminal proceeding or in-
29 vestigation before or ancillary to a court or a grand jury of the

1 State of Alaska, a state prosecuting attorney may, with the written
2 concurrence of the attorney general, execute in writing a grant of
3 immunity from prosecution to him upon terms that may be agreed upon
4 between the prosecution and the prospective witness.

5 (b) Whenever a person is called to testify in a proceeding under
6 a grant of immunity under (a) of this section, the grant of immunity
7 shall be made a part of the record of the proceeding.

8 Sec. 12.50.130. ORDER COMPELLING TESTIMONY OR OTHER EVIDENCE;
9 IMMUNITY OF WITNESS FROM PROSECUTION. (a) In the case of a person
10 who has been or may be called to testify or provide other evidence or
11 information in a criminal proceeding or investigation before or ancillary
12 to a court or a grand jury of the State of Alaska, the superior court
13 for the judicial district in which the proceeding is or may be held
14 shall issue, upon the in camera, ex parte application of a state
15 prosecuting attorney with the written concurrence of the attorney
16 general, an order requiring the person to testify or provide other
17 evidence or information as requested whenever the court finds that it
18 has first been demonstrated by affidavit or otherwise through clear
19 and convincing evidence that:

20 (1) the testimony or other evidence or information sought
21 to be compelled relates to and is likely to be material to an inquiry
22 into criminal activity which constitutes a felony offense or offenses,
23 the commission or attempted commission of which involves

24 (A) violence, threats of violence or a high potential
25 for violence;

26 (B) property loss or illegally obtained property of an
27 aggregate value in excess of \$10,000;

28 (C) blackmail under AS 11.15.300;

29 (D) extortion under AS 11.20.345;

1 (E) obtaining money or property by false pretenses
2 under AS 11.20.360;

3 (F) perjury or subordination of perjury under AS
4 11.30.010;

5 (G) bribery under AS 11.30.040 or accepting a bribe
6 under AS 11.30.050; or

7 (H) influencing witnesses, judges or jurors or ob-
8 structing the administration of justice under AS 11.30.320;

9 (2) the person who is the subject of the application has
10 refused or is likely to refuse to testify or provide other evidence or
11 information on the basis of his privilege against self-incrimination;
12 and

13 (3) all evidence, except as may be allowed under (c) of
14 this section, which may be sought by the state to be admitted in any
15 criminal proceeding brought against the person who is the subject of
16 the application for, or on account of, any transaction, matter,
17 occurrence, or thing concerning which he is compelled, after having
18 claimed his privilege against self-incrimination, to testify or provide
19 other evidence or information, has been filed in sealed form in camera
20 with the superior court.

21 (b) Whenever a witness refuses, on the basis of his privilege
22 against self-incrimination, to testify or provide other evidence or
23 information in a criminal proceeding or investigation before or
24 ancillary to a court or a grand jury of the State of Alaska and the
25 person presiding over the proceeding communicates to the witness an
26 order issued under (a) of this section, the witness may not refuse to
27 comply with the order and may not be excused from testifying or from
28 providing other evidence or information on the grounds that the testi-
29 mony or other evidence or information required of him may tend to

1 incriminate him or subject him to any penalty or forfeiture.

2 (c) No testimony or other evidence or information compelled
3 under (b) of this section which is responsive to an order issued under
4 (a) of this section, nor any evidence directly or indirectly derived
5 from the testimony or other evidence or information compelled, may be
6 used in any criminal proceeding brought against the witness nor may he
7 be subjected to any penalty or forfeiture for, or on account of,
8 testimony or other evidence of information compelled and responsive to
9 the order, or any evidence directly or indirectly derived from it;
10 except that no witness is immune or exempt under this subsection from
11 prosecution, penalty, or forfeiture for perjury, false swearing,
12 giving a false statement, or contempt committed while testifying or
13 providing other evidence or information, or failing or refusing to do
14 so, under compulsion as provided in this section.

15 (d) Except in a prosecution authorized under (c) of this section,
16 only evidence provided for under (a)(3) of this section may be admitted
17 into evidence in any proceeding brought against a witness who has been
18 compelled to testify or provide other evidence or information.

19 (e) Before issuance of an order under (a) of this section, the
20 court may require an assurance that steps have been, or will be
21 taken, if necessary, to provide the person who is the subject of the
22 application and members of his immediate family and household with
23 adequate protection from retribution, under sec. 150 of this chapter.

24 (f) No person other than the witness himself may question the
25 validity or otherwise challenge an order issued under (a) of this
26 section.

27 (g) For purposes of this section, "other evidence or information"
28 means any physical object, book, paper, document, record, recording,
29 or other material.

1 Sec. 12.50.140. WILFUL FAILURE OR REFUSAL TO COMPLY WITH AN
2 ORDER COMPELLING TESTIMONY OR OTHER EVIDENCE. (a) During the time it
3 remains within the power of a witness to comply with an order issued
4 under sec. 130(a) of this chapter, a wilful failure or refusal to
5 comply, without some lawful excuse for not complying, constitutes
6 civil contempt. After notice and a hearing before the court sitting
7 without a jury at which the witness is afforded an opportunity to show
8 cause why he should not be found in contempt, a witness who fails to
9 establish some lawful excuse for not complying and who persists in his
10 failure or refusal to comply shall be imprisoned until he complies or
11 until it no longer remains within his power to comply.

12 (b) A person who has wilfully failed or refused to comply with
13 an order issued under sec. 130(a) of this chapter without some lawful
14 excuse for not complying, who has been found in contempt under (a) of
15 this section, who has been afforded a further opportunity to comply,
16 and who no longer has it within his power to comply, is guilty of
17 criminal contempt and upon conviction is punishable by imprisonment
18 for a period not to exceed three years or by a fine of not more than
19 \$10,000 or by both.

20 ARTICLE 4. PROTECTION OF WITNESSES.

21 Sec. 12.50.150. AUTHORITY TO PROVIDE FOR PROTECTION OF WITNESSES.

22 (a) The attorney general, in cooperation with the commissioner of
23 public safety, is authorized to provide for the general safety and
24 security of a witness in a criminal proceeding or investigation and
25 members of the witness' immediate family and household whenever, in
26 the attorney general's judgment, testimony from, or a willingness to
27 testify by, such a witness would place the witness' life or person, or
28 the life or person of a member of his family or household, in jeopardy.

29 (b) The authority under (a) of this section includes, but is not

1 limited to, the authority to rent, purchase, modify, or remodel
2 protected housing facilities and to otherwise offer to provide for the
3 health, safety and welfare of witnesses and persons intended to be
4 called as witnesses, and members of their immediate families and
5 households.

6 (c) Any person availing himself of an offer of protection under
7 this section may do so for as long as the attorney general determines
8 the jeopardy to the witness' life or person or that of his family or
9 household continues, subject to the conditions and restrictions that
10 may from time to time be required.

11 (d) In this section, "witness" includes a potential witness.

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

COMMITTEE REPORT

SENATE

3/30/77

_____ Date

Mr. President:

The Committee on FINANCE has had SB 275
immunity and protection of witnesses
under consideration. A majority of the members of the Committee

recommends it do pass

recommends it do not pass

recommends it do pass with attached amendment(s)

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

(and) recommends it be referred to the _____
committee

reports it back without recommendation

AND attaches a report of its intent

(other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

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

Chairman

COMMITTEE REPORT

SENATE

3/23/77

**Finance

3/29

Date

Mr. President:

The Committee on Judiciary has had SB 275
immunity and protection of witnesses
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) reports it back as follows

MEMBERS SIGNING THE MAJORITY REPORT:

<u>2 Colletta</u>	<u>Do Pass</u>	_____
<u>2 PATRICK BODEY</u>	<u>DO PASS</u>	_____
_____	_____	_____
_____	_____	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

<u>1 Holman</u>	recommends:	<u>no rec.</u>
<u>1 Ziegler</u>	recommends:	<u>no rec.</u>
_____	recommends:	_____

George W. Holman
Chairman
None

Introduced: 3/23/77
Referred: Judiciary and Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 275

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 immunity and protection of wit-
7 nesses; and providing for an effective date."

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

9 * Section 1. AS 12.50 is amended by adding new sections to read:

10 ARTICLE 3. IMMUNITY OF WITNESSES.

11 Sec. 12.50.110. DECLARATION OF PURPOSE. The purpose of secs.
12 110 - 140 of this chapter is to provide a means to solve serious
13 felony offenses committed with a high degree of secrecy, through the
14 mechanism of witness immunity and, where necessary, the issuance of a
15 court order compelling testimony or the production of other evidence
16 or information in a criminal proceeding or investigation under specified
17 standards consistent with an individual's guarantee under the Constitu-
18 tion of the United States and the Constitution of the State of Alaska
19 not to be compelled to incriminate himself. Immunity should not be
20 extended to a witness under an order compelling testimony or the pro-
21 duction of other evidence or information unless a compelling state
22 interest has been demonstrated within the context of a criminal proceed-
23 ing or investigation in which the public interest in prosecuting the
24 offense which is the subject of a criminal proceeding or investigation
25 is of a nature sufficient to outweigh the individual privacy interests
26 of the witness as specified in sec. 130(a) of this chapter.

27 Sec. 12.50.120. PROSECUTORIAL IMMUNITY. (a) Whenever a person
28 has been or may be called to testify in a criminal proceeding or in-
29 vestigation before or ancillary to a court or a grand jury of the

1 State of Alaska, a state prosecuting attorney may, with the written
2 concurrence of the attorney general, execute in writing a grant of
3 immunity from prosecution to him upon terms that may be agreed upon
4 between the prosecution and the prospective witness.

5 (b) Whenever a person is called to testify in a proceeding under
6 a grant of immunity under (a) of this section, the grant of immunity
7 shall be made a part of the record of the proceeding.

8 Sec. 12.50.130. ORDER COMPELLING TESTIMONY OR OTHER EVIDENCE;
9 IMMUNITY OF WITNESS FROM PROSECUTION. (a) In the case of a person
10 who has been or may be called to testify or provide other evidence or
11 information in a criminal proceeding or investigation before or ancillary
12 to a court or a grand jury of the State of Alaska, the superior court
13 for the judicial district in which the proceeding is or may be held
14 shall issue, upon the in camera, ex parte application of a state
15 prosecuting attorney with the written concurrence of the attorney
16 general, an order requiring the person to testify or provide other
17 evidence or information as requested whenever the court finds that it
18 has first been demonstrated by affidavit or otherwise through clear
19 and convincing evidence that:

20 (1) the testimony or other evidence or information sought
21 to be compelled relates to and is likely to be material to an inquiry
22 into criminal activity which constitutes a felony offense or offenses,
23 the commission or attempted commission of which involves

24 (A) violence, threats of violence or a high potential
25 for violence;

26 (B) property loss or illegally obtained property of an
27 aggregate value in excess of \$10,000;

28 (C) blackmail under AS 11.15.300;

29 (D) extortion under AS 11.20.345;

1 (E) obtaining money or property by false pretenses
2 under AS 11.20.360;

3 (F) perjury or subordination of perjury under AS
4 11.30.010;

5 (G) bribery under AS 11.30.040 or accepting a bribe
6 under AS 11.30.050; or

7 (H) influencing witnesses, judges or jurors or ob-
8 structing the administration of justice under AS 11.30.320;

9 (2) the person who is the subject of the application has
10 refused or is likely to refuse to testify or provide other evidence or
11 information on the basis of his privilege against self-incrimination;
12 and

13 (3) all evidence, except as may be allowed under (c) of
14 this section, which may be sought by the state to be admitted in any
15 criminal proceeding brought against the person who is the subject of
16 the application for, or on account of, any transaction, matter,
17 occurrence, or thing concerning which he is compelled, after having
18 claimed his privilege against self-incrimination, to testify or provide
19 other evidence or information, has been filed in sealed form in camera
20 with the superior court.

21 (b) Whenever a witness refuses, on the basis of his privilege
22 against self-incrimination, to testify or provide other evidence or
23 information in a criminal proceeding or investigation before or
24 ancillary to a court or a grand jury of the State of Alaska and the
25 person presiding over the proceeding communicates to the witness an
26 order issued under (a) of this section, the witness may not refuse to
27 comply with the order and may not be excused from testifying or from
28 providing other evidence or information on the grounds that the testi-
29 mony or other evidence or information required of him may tend to

1 incriminate him or subject him to any penalty or forfeiture.

2 (c) No testimony or other evidence or information compelled
3 under (b) of this section which is responsive to an order issued under
4 (a) of this section, nor any evidence directly or indirectly derived
5 from the testimony or other evidence or information compelled, may be
6 used in any criminal proceeding brought against the witness nor may he
7 be subjected to any penalty or forfeiture for, or on account of,
8 testimony or other evidence of information compelled and responsive to
9 the order, or any evidence directly or indirectly derived from it;
10 except that no witness is immune or exempt under this subsection from
11 prosecution, penalty, or forfeiture for perjury, false swearing,
12 giving a false statement, or contempt committed while testifying or
13 providing other evidence or information, or failing or refusing to do
14 so, under compulsion as provided in this section.

15 (d) Except in a prosecution authorized under (c) of this section,
16 only evidence provided for under (a)(3) of this section may be admitted
17 into evidence in any proceeding brought against a witness who has been
18 compelled to testify or provide other evidence or information.

19 (e) Before issuance of an order under (a) of this section, the
20 court may require an assurance that steps have been, or will be
21 taken, if necessary, to provide the person who is the subject of the
22 application and members of his immediate family and household with
23 adequate protection from retribution, under sec. 150 of this chapter.

24 (f) No person other than the witness himself may question the
25 validity or otherwise challenge an order issued under (a) of this
26 section.

27 (g) For purposes of this section, "other evidence or information"
28 means any physical object, book, paper, document, record, recording,
29 or other material.

1 Sec. 12.50.140. WILFUL FAILURE OR REFUSAL TO COMPLY WITH AN
2 ORDER COMPELLING TESTIMONY OR OTHER EVIDENCE. (a) During the time it
3 remains within the power of a witness to comply with an order issued
4 under sec. 130(a) of this chapter, a wilful failure or refusal to
5 comply, without some lawful excuse for not complying, constitutes
6 civil contempt. After notice and a hearing before the court sitting
7 without a jury at which the witness is afforded an opportunity to show
8 cause why he should not be found in contempt, a witness who fails to
9 establish some lawful excuse for not complying and who persists in his
10 failure or refusal to comply shall be imprisoned until he complies or
11 until it no longer remains within his power to comply.

12 (b) A person who has wilfully failed or refused to comply with
13 an order issued under sec. 130(a) of this chapter without some lawful
14 excuse for not complying, who has been found in contempt under (a) of
15 this section, who has been afforded a further opportunity to comply,
16 and who no longer has it within his power to comply, is guilty of
17 criminal contempt and on conviction is punishable by imprisonment
18 for a period not to exceed three years or by a fine of not more than
19 \$10,000 or by both.

20 ARTICLE 4. PROTECTION OF WITNESSES.

21 Sec. 12.50.150. AUTHORITY TO PROVIDE FOR PROTECTION OF WITNESSES.

22 (a) The attorney general, in cooperation with the commissioner of
23 public safety, is authorized to provide for the general safety and
24 security of a witness in a criminal proceeding or investigation and
25 members of the witness' immediate family and household whenever, in
26 the attorney general's judgment, testimony from, or a willingness to
27 testify by, such a witness would place the witness' life or person, or
28 the life or person of a member of his family or household, in jeopardy.

29 (b) The authority under (a) of this section includes, but is not

1 limited to, the authority to rent, purchase, modify, or remodel
2 protected housing facilities and to otherwise offer to provide for the
3 health, safety and welfare of witnesses and persons intended to be
4 called as witnesses, and members of their immediate families and
5 households.

6 (c) Any person availing himself of an offer of protection under
7 this section may do so for as long as the attorney general determines
8 the jeopardy to the witness' life or person or that of his family or
9 household continues, subject to the conditions and restrictions that
10 may from time to time be required.

11 (d) In this section, "witness" includes a potential witness.

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

ALASKA STATE LEGISLATURE

TENTH Legislature FIRST Session

SENATE BILL NO. 275

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act relating to immunity and protection of witnesses; and providing for an effective date."

protection of witnesses

Introduced in the Senate 3/23/77

HISTORY IN THE SENATE

19	7	7	Read first time and referred to Committee on
3	23		Judiciary and Finance
3	30		Reported back with <i>Judiciary</i> recommendation that <i>Adopted</i> <i>move to Finance</i>
			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

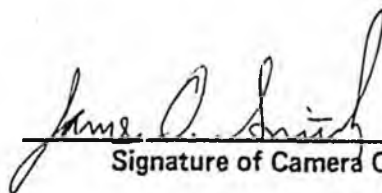
19		Received from House
		Reported correctly enrolled
		Sent to Governor
	 By Governor
		Filed with Lt. Governor
		Chapter No.



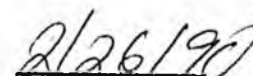
RECORDS CERTIFICATION



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.



Signature of Camera Operator



Date

Introduced: 3/23/77
Referred: Judiciary and Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 276

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Law for protection of witnesses; and providing
8 for an effective date."

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

10 * Section 1. The sum of \$25,000 is appropriated from the general fund
11 to the Department of Law for the purpose of protecting witnesses under AS
12 12.50.150.

13 * Sec. 2. Any unexpended portion of the appropriation made by sec. 1
14 lapses June 30, 1978.

15 * Sec. 3. This Act takes effect upon the effective date of an Act
16 providing for immunity and protection of witnesses.

17
18
19
20
21
22
23
24
25
26
27
28
29

COMMITTEE REPORT

SENATE

3/30/77

_____ Date

Mr. President:

The Committee on FINANCE has had SB 276
spec. appropriation to the Dept. of Law for protection of witnesses
under consideration. A majority of the members of the Committee

recommends it do pass

recommends it do not pass

recommends it do pass with attached amendment(s)

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

(and) recommends it be referred to the _____
committee

reports it back without recommendation

AND attaches a report of its intent

(other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

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

Chairman

COMMITTEE REPORT

3/23/77

SENATE

**Finance

3/29

Date

Mr. President:

The Committee on Judiciary has had SB 276 special appropriation to Dept. of Law for protection of witnesses under consideration. A majority of the members of the Committee

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

MEMBERS SIGNING THE MAJORITY REPORT:

<u>Alvord</u>	_____	_____
<u>Golletta</u>	<u>Do Pass</u>	_____
<u>Patrick Roper</u>	<u>DO PASS</u>	_____
_____	_____	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

<u>Ziegler</u>	recommends:	<u>Do Pass, SB 275, the companion</u>
_____	recommends:	<u>bill should pass</u>
_____	recommends:	_____

George H. ...
Chairman
do pass

276

Introduced: 3/23/77
Referred: Judiciary and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

276

2 SENATE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Law for protection of witnesses; and providing
8 for an effective date."

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

10 * Section 1. The sum of \$25,000 is appropriated from the general fund
11 to the Department of Law for the purpose of protecting witnesses under AS
12 12.50.150.

13 * Sec. 2. Any unexpended portion of the appropriation made by sec. 1
14 lapses June 30, 1978.

15 * Sec. 3. This Act takes effect upon the effective date of an Act
16 providing for immunity and protection of witnesses.

17
18
19
20
21
22
23
24
25
26
27
28
29

ALASKA STATE LEGISLATURE

TENTH Legislature FIRST Session

SENATE BILL NO. 276

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act making a special appropriation to the Department of Law for protection of witnesses; and providing for an effective date."

spec. appro./Dept. of Law

Introduced in the Senate 3/23/1977

HISTORY IN THE SENATE

19 77		Read first time and referred to Committee on
3	23	Judiciary and Finance
3	30	Reported back with recommendation that <i>Judiciary to Finance</i>
		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

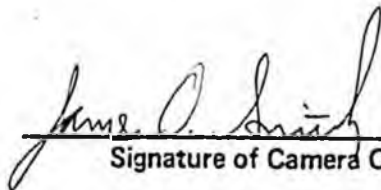
19		Received from House
		Reported correctly enrolled
		Sent to Governor
	 By Governor
		Filed with Lt. Governor
		Chapter No.



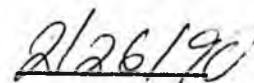
RECORDS CERTIFICATION



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.



Signature of Camera Operator



Date



Official Business

Alaska State Legislature

Senate

Office of the Majority Leader

Pouch V
State Capitol
Juneau, Alaska 99801

January 13, 1978

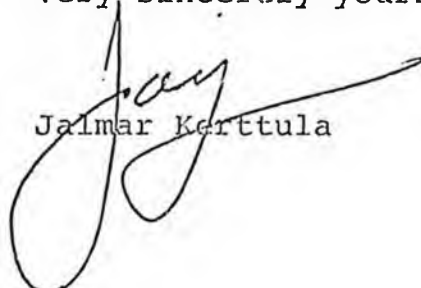
Senator John C. Sackett
Alaska State Senate

Dear John:

Thank you for your letter of January 12 concerning the funding of SB 279 and 281.

In regards to SB 279, I think perhaps we have another priority at this time for the Renewable Resources Development Fund. However, I do think that the fund would be a fine source for the Alaska Agricultural Loan Act (SB 281).

Very sincerely yours,


Jalmar Kerttula

January 12, 1978

Senator Jalmar Kerttula
Alaska State Senate

Dear Jay:

There are two bills currently in the Senate Finance Committee dealing with agricultural development: SB 279 and SB 281. These bills would make funds available for agricultural development from the General Fund.

Would you be interested in having these bills re-written to make funds available from the Alaska Renewable Resources Development Fund? This would seem to be an appropriate use of that fund.

Please let me know what you think.

Thank you.

Sincerely,

John C. Sackett

JCS/bvh

Introduced: 3/23/77
Referred: Resources and Finance

BY THE STATE AFFAIRS COMMITTEE
BY REQUEST (of the Agricultural
Policy Task Force)

1 IN THE SENATE

2 SENATE BILL NO. 279

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Univer-
7 sity of Alaska to develop environmentally sound manage-
8 ment practices for the production and marketing of
9 small grains in the Delta-Clearwater area of Alaska;
10 and providing for an effective date."

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

12 * Section 1. The sum of \$281,500 is appropriated from the general fund to
13 the University of Alaska for research to improve the production of small
14 grains in the unique soil and climatic conditions of the Delta-Clearwater
15 regio. of Alaska. Results of this research are needed for conservation farm
16 management practices used in subsistence, part-time and commercial grain pro-
17 duction in Interior Alaska.

18 * Sec. 2. The unexpended and unobligated portion of this appropriation
19 lapses into the general fund June 30, 1980.

20 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
21 070(c).

22

23

24

25

26

27

28

29

#

Delta-Clearwater

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

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

MEMORANDUM

SUBJECT: Fiscal Note, W.O. #3760
TO : Agricultural Taskforce '77
FROM : Deborah Behr *DB*
Research Analyst

Attached please find the fiscal note you requested on the agricultural grain project proposed in Delta-Clearwater area of Alaska. The fiscal note was prepared in consultation with the two project directors.

If the taskforce has additional questions on this topic, please do not hesitate to contact me at 465-4917.

DB:cm

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____ Senate Bill No. _____
Title Crop Production Project for Delta-Clearwater Area
Requested by _____ Date March 15, 1977

Senate State Affairs by
Agricultural Taskforce '77

II. FISCAL DETAIL

Agency Affected University of Alaska
Program Category Affected Education
Budget Request Unit(s) Affected Agricultural Experiment Station/Organized Research

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	-0-	58.6	65.0	73.3	-0-	-0-
200 TRAVEL	-0-	3.3	3.3	3.6	-0-	-0-
300 CONTRACTUAL	-0-	5.3	4.2	1.3	-0-	-0-
400 COMMODITIES	-0-	6.5	2.1	2.1	-0-	-0-
500 EQUIPMENT	-0-	44.9	3.3	4.5	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	118.6	77.9	84.8	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	118.6	77.9	84.8	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER (Specify)	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

FULL TIME	-0-	1	1	1	-0-	-0-
PART TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	2	2	2	-0-	-0-

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

See Attachment

Carol E. Lewis, Ph.D. Assistant Professor
Frank J. Wooding, Ph.D. Associate Professor
Resource Systems, Agronomy

IV. DATE March 16, 1977 PREPARED BY Carol E. Lewis
AGENCY Agronomy, Agricultural Experiment Station,
PHONE 479-7620 University of Alaska

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

Summary of
Senate Bill No.

100 Personal Services		\$196,916.18
FY78	\$58,588.80	
FY79	\$65,071.82	
FY80	\$73,255.56	
200 Travel		\$ 10,230.00
FY78	\$ 3,300.00	
FY79	\$ 3,300.00	
FY80	\$ 3,630.00	
300 Contractual Services		\$ 10,800.00
FY78	\$ 5,300.00	
FY79	\$ 4,200.00	
FY80	\$ 1,300.00	
400 Commodities		\$ 10,675.00
FY78	\$ 6,500.00	
FY79	\$ 2,050.00	
FY80	\$ 2,125.00	
500 Equipment		\$ 52,692.00
FY78	\$ 44,942.00	
FY79	\$ 3,250.00	
FY80	\$ 4,500.00	
TOTAL		\$281,313.18

Senate Bill No.
Analysis of Fiscal Note
Year I (FY 78)

Establishment of Research Field

100 Personal Services \$58,588.80

Senior Research Assistant \$29,217.92
NEW POSITION

The Senior Research Assistant would be a specialist in agronomy technology and would be responsible for statistical data analysis, background preparation, and other duties.

\$21,008.00	Salary (\$1750.67 per month x 12 months)
<u>3,340.27</u>	Leave Allowance (15.9%)
\$24,348.27	Total
<u>4,869.65</u>	Staff Benefits (20%)
<u>\$29,217.92</u>	Position Total

Senior Research Assistant \$ 2,709.65

This position would provide necessary soil analysis background. Would assist in planning and preparation of field.

\$ 1,948.27	Salary (\$974.14 per month x 2 months)
<u>309.77</u>	Leave Allowance (15.9%)
\$ 2,258.04	Total
<u>451.61</u>	Staff Benefits (20%)
<u>\$ 2,709.65</u>	Position Total

Co-Principal Investigator \$13,808.58

This position would be a resource systems analyst acting as co-principal investigator in coordinating, planning and evaluating the project. The position would assist in data analysis and provide the enterprise reports.

\$ 9,928.52	Salary (\$2,482.13 per month x 4 months)
<u>1,578.63</u>	Leave Allowance (15.9%)
\$11,507.15	Total
<u>2,301.43</u>	Staff Benefits (20%)
<u>\$13,808.58</u>	Position Total

Agricultural Supervisor \$ 2,532.65

This position would be responsible for supervising and performing field labor. Would be responsible for preparing initial data for review report. Would participate in planting of crops, harvest of grains, and other functions.

\$ 1,821.00	Salary (\$910.50 per month x 2 months)
289.54	Leave Allowance (15.9%)
<u>\$ 2,110.54</u>	Total
422.11	Staff Benefits (20%)
<u>\$ 2,532.65</u>	Position Total

Agricultural Helpers (8A) Temporary Help \$10,320.00
NEW POSITIONS

These two positions would be employed for summer to perform field operations and other tasks. These tasks would include operations associated with grain production and fallow procedures as well as care for project facilities, and other labor duties.

\$ 8,600.00	Salary (\$1,075.00 per month x 4 months x 2 positions)
<u>1,720.00</u>	Staff Benefits (20%)
<u>\$10,320.00</u>	Position Total

200 Travel \$ 3,300.00

Travel would be required to monitor project progress and to gather research data, supervise project, and work at site. (35 trips @ \$20/day). (Fairbanks - Delta) \$ 700.00

Four trips from Palmer to Delta for engineering support to install and maintain tillage and irrigation equipment. (76 total days @ \$25/day). \$ 1,900.00

Three trips to Anchorage from Fairbanks to coordinate projects. Project staff would attend from Fairbanks and Palmer. (17.5 total days @ \$40/day). \$ 700.00

300 Contractual Services \$ 5,300.00

Establishment of Research Field \$ 4,200.00

Surveying will be necessary to layout land divisions for planting and to determine positions of irrigation systems. \$ 200.00

Land clearing must be done prior to planting to remove trees and other debris.	\$ 2,500.00	
Labor services will be necessary to construction of fences, storage sheds, entrance ways, etc.	\$ 1,500.00	
<u>Administration</u>		\$ 200.00
Copying of research project material	\$ 100.00	
Telephone services	\$ 100.00	
<u>Miscellaneous</u>		\$ 900.00
Sample analysis of soils, water, etc.	\$ 500.00	
Lease of combine (\$25 per acre x 10 acres)	\$ 250.00	
Lease of flatbed	\$ 150.00	
400 Commodities		<u>\$ 6,500.00</u>
<u>Project</u>		\$ 6,400.00
Diesel Fuel	\$ 50.00	
Small Tools	\$ 500.00	
Laboratory Chemicals	\$ 450.00	
Fertilizers and Lime	\$ 450.00	
Field Stakes, Markers, Tapes, etc.	\$ 250.00	
Seeds	\$ 0.00	
Fencing Materials	\$ 4,000.00	
Gravel and Culvert for Entrance	\$ 700.00	
<u>Administrative</u>		\$ 100.00
Office Supplies	\$ 100.00	
500 Equipment		<u>\$44,942.00</u>
<u>Major Equipment</u> (Prices as of 30 December, 1976, Craig Equipment Co.; All prices include discount to state purchasers).		\$37,387.00
4030 Tractor (80 PTO HP)	\$14,771.00	
1500 Power Till seeder w/sprayer and fertilizer attachment	\$ 3,460.00	
1600M Series Chisel Plow	\$ 1,585.00	
30' Rod Weeder	\$ 4,735.00	
1700 Mulch Tiller	\$ 4,698.00	
Shovels for chisel plow, 4 sets @ \$66/set	\$ 264.00	
210 Tandem Disk	\$ 2,874.00	

Irrigation Equipment (Prices as of 30 December, 1976, quotes from: Greer Tank and Welding, Torgerson Plumbing, Pioneer Wells, Fairbanks, Alaska). \$ 955.00

1000 gallon holding tank	\$ 370.00
42 gallon pressure tank and 1/2 HP pump	\$ 285.00
Sprinklers and piping	\$ 300.00
Installation (in-kind contribution)	\$ 0.00

Miscellaneous \$ 6,600.00

Prefabrication storage shed (Sears, Wards, 10' x 15' or 12' x 15')	\$ 900.00
--	-----------

Field Instrumentation (moisture meter, core drill).	\$ 3,000.00
---	-------------

500 gallon fuel tank and pump	\$ 200.00
-------------------------------	-----------

Camper shell for housing	\$ 2,500.00
--------------------------	-------------

TOTAL FY 78 COSTS \$118,630.80

Senate Bill No.
FY 79 Costs

100 Personal Services

\$65,071.82

Senior Research Assistant

\$32,675.38

Would continue project duties for 12 months of FY 78. Would prepare data documents detailing the project's accomplishments.

\$21,008.00	FY 78 Salary (\$1,750.67 per month x 12 months)
<u>2,100.80</u>	Salary Increase (10%)
\$23,108.80	Subtotal
<u>3,674.30</u>	Leave Allowance (15.9%)
\$26,783.10	Total
<u>5,892.28</u>	Staff Benefits (22%)
<u>\$32,675.38</u>	Position Total

Senior Research Assistant

\$ 3,030.30

This position would continue to provide necessary soil science expertise. Would also aid in field preparation and planning.

\$ 1,948.27	Salary (\$974.14 per month x 2 months)
<u>194.83</u>	Salary Increase (10%)
\$ 2,143.10	Subtotal
<u>340.75</u>	Leave Allowance (15.9%)
\$ 2,483.85	Total
<u>546.45</u>	Staff Benefits (22%)
<u>\$ 3,030.30</u>	Position Total

Co-Principal Investigator

\$15,442.60

This position would continue project duties for FY 78. Would assist in accumulation of data documents detailing project accomplishments to date.

\$ 9,928.52	Salary (\$2,482.13 per month x 4 months)
<u>992.85</u>	Salary Increase (10%)
\$10,921.37	Subtotal
<u>1,736.50</u>	Leave Allowance (15.9%)
\$12,657.87	Total
<u>2,784.73</u>	Staff Benefits (22%)
<u>\$15,442.60</u>	Position Total

Agricultural Supervisor \$ 2,382.34

This position would continue to supervise and perform field labor. Would participate in planting of crops, harvest of grains, and other functions.

\$ 1,821.00	Salary (\$910.50 per month x 2 months)
182.10	Salary Increase (10%)
<u>\$ 2,003.10</u>	Subtotal
318.49	Leave Allowance (15.9%)
<u>\$ 2,321.59</u>	Total
510.75	Staff Benefits (22%)
<u>\$ 2,832.34</u>	Position Total

Agricultural Helpers (8A) Temporary Help \$11,541.20

These two positions would be employed for summer to maintain garden and perform functions.

\$ 8,600.00	Salary (\$1,075 per month x 4 months x 2 positions)
860.00	Salary Increases (10%)
<u>\$ 9,460.00</u>	Subtotal
2,081.20	Staff Benefits (22%)
<u>\$11,541.20</u>	Position Total

200 Travel \$ 3,300.00

Travel would be required to continue monitoring project progress and to gather research data, supervise project, and work at site. (35 trips @ \$20/day). \$ 700.00

Four trips from Palmer to Delta for engineering support to maintain and monitor tillage and irrigation equipment. (76 total days @ \$25/day). \$ 1,900.00

Three trips to Anchorage from Fairbanks to coordinate project. Project staff would attend from Fairbanks and Palmer. (17.5 total days @ \$40/day). \$ 700.00

300 Contractual Services \$ 4,200.00

Project Services \$ 4,000.00

Maintenance of Facilities	\$ 200.00
Well, drilling and casing @ \$35/ft.	\$ 2,800.00
Sample Analysis	\$ 500.00
Combine lease @ \$25 per acre	\$ 250.00
Flatbed trailer lease	\$ 150.00
Housing maintenance	\$ 100.00

	<u>Administrative Services</u>		200.00
	Computer @ \$3000.00 in kind	\$	0.00
	Copying	\$	100.00
	Telephone	\$	100.00
400	Commodities		<u>\$ 2,050.00</u>
	Office Supplies	\$	100.00
	Laboratory Chemicals	\$	450.00
	Fertilizers and Lime	\$	450.00
	Field Stakes and Markers	\$	250.00
	Seeds	\$	0.00
	Fuel @ \$.50/gal diesel	\$	50.00
	Parts to Maintain Equipment	\$	750.00
500	Equipment		<u>\$ 3,250.00</u>
	Well Pump	\$	150.00
	Small tools	\$	500.00
	Tandem Skew Threader	\$	3,000.00
	Sale of Tanks and Pump (\$400.00)	\$	(400.00)
	TOTAL WITH UNIVERSITY LAND		\$77,871.82

Senate Bill No.
FY 80 Costs

100 Personal Services \$73,255.56

Senior Research Analyst \$36,532.15

Would maintain and finalize project.
Would assist in preparation of final
report on project findings.

\$23,108.80	FY 79 Salary (\$1,925.73 per month x 12 months)
<u>2,310.88</u>	Salary Increase (10%)
\$25,419.68	Subtotal
<u>4,041.73</u>	Leave Allowance (15.9%)
\$29,461.41	Total
<u>7,070.74</u>	Staff Benefits (24%)
<u>\$36,532.15</u>	Position Total

Senior Research Assistant \$ 3,387.98

This position would provide necessary
soil science expertise to complete
project and prepare research findings
report.

\$ 2,143.10	FY 79 Salary (\$1,071.55 per month x 2 months)
<u>214.31</u>	Salary Increase (10%)
\$ 2,357.41	Subtotal
<u>374.83</u>	Leave Allowance (15.9%)
\$ 2,732.24	Total
<u>655.74</u>	Staff Benefits (24%)
<u>\$ 3,387.98</u>	Position Total

Co-Principal Investigator \$17,265.34

This position would prepare final project
report and evaluate project's success on
cooperating co-principal investigator.

\$10,921.37	FY 79 Salary (\$2,730.35 per month x 4 months)
<u>1,092.14</u>	Salary Increase (10%)
\$12,013.51	Subtotal
<u>1,910.15</u>	Leave Allowance (15.9%)
\$13,923.66	Total
<u>3,341.68</u>	Staff Benefits (24%)
<u>\$17,265.34</u>	Position Total

Agricultural Supervisor \$ 3,166.65

This position would finalize field research.
Would continue to supervise planting of
crops, harvest or grains, and other functions.

\$ 2,003.10	FY 79 Salary (\$1,001.55 per month x 2 months)
<u>200.31</u>	Salary Increase (10%)
\$ 2,203.41	Subtotal
<u>350.34</u>	Leave Allowance (15.9%)
\$ 2,553.75	Total
<u>612.90</u>	Staff Benefits (24%)
<u>\$ 3,166.65</u>	Position Total

Agricultural Helpers (8A) Temporary Help \$12,903.44

The two positions would continue to maintain
garden and perform functions.

\$ 9,460.00	FY 79 Salary (\$1,182.50 per month x 4 months x 2 positions)
<u>946.00</u>	Salary Increases (10%)
\$10,406.00	Subtotal
<u>2,497.44</u>	Staff Benefits (24%)
<u>\$12,903.44</u>	Position Total

200 - Travel \$ 3,630.00

Travel would be required to continue \$ 770.00
monitoring project progress and to
gather research data, supervise project,
and work at site. (35 trips @ \$22/day).

Four trips from Palmer to Delta for \$ 2,090.00
engineering support to maintain and monitor
tillage and irrigation equipment. (76 total
days @ \$27.50/day).

Three trips to Anchorage from Fairbanks to \$ 770.00
coordinate project. Project staff would
attend from Fairbanks and Palmer. (17.5
total days @ \$44/day).

300 Contractual Services \$ 1,300.00

Project Services \$ 1,100.00

Housing Maintenance	\$ 100.00
Maintenance of Facilities	\$ 200.00
Sample Analysis	\$ 500.00
Combine Lease @ \$30 per acre	\$ 300.00

Administrative Services \$ 200.00

Computer @ \$3,000.00 in kind	\$ 0.00
Copying	\$ 100.00
Telephone	\$ 100.00
Publication Fees @ \$1,500.00 in kind	\$ 0.00