

REG. FINANCE - BILLS 1979 - 1980 1130
HB 618 cont., thru HB 624 430

CATEGORY: SOCIAL SERVICES

AGENCY: DEPARTMENT OF HEALTH AND SOCIAL SERVICES

PROGRAM: SOCIAL AND ECONOMIC ASSISTANCE FOR THE AGED

BRU(S): OFFICE ON AGING

It is the goal of the Office on Aging to improve the physical, emotional, and social well-being; the economic independence and the longevity of older Alaskans.

The Office on Aging is essentially the State's aging program's broker. Using Federal and state matching funds, it contracts with senior citizen and community service groups for the provision of meals, transportation and other support services for the State's elderly (60 years or older) residents. The major programs operated by the Office on Aging include:

Social Services: Grants are awarded to community public and private non-profit organizations to provide any of an extensive variety of services for older Alaskans to enable them to live independently. Priority services are Access Services (transportation, escort, information and referral), In-Home Services, and Legal Services.

Nutrition Services: Grants are awarded to community public and private non-profit organizations to provide nutritious meals on a daily basis to older Alaskans. While most of the meals are served in congregate settings, a significant proportion of them are delivered to the homes of those who are unable to come to congregate meal sites.

Community Service Employment for Older Americans: Grants are awarded to community public and private non-profit organizations to provide subsidized employment for low-income persons 55 years old or older who have poor employment prospects. Enrollees are employed in part-time positions and perform community service functions.

Training: The Office on Aging receives a small block of training funds which must be used to support "aging network" training activities, planned in accordance with Federally specified guidelines.

Advocacy Assistance: The Office on Aging receives funds for the Older Americans Advocacy Assistance Program which is designed to assist states in meeting the new Federal mandates to operate a statewide Long Term Care Ombudsman program and to serve as the State's effective and visible advocate for the elderly. Advocacy functions under this program include provision of both personal and issues advocacy on behalf of institutionalized and noninstitutionalized older Alaskans for the purpose of helping them receive the benefits and rights to which they are already entitled and supporting them in their efforts to secure additional benefits.

The Governor's FY 81 budget recommendation for the Office on Aging includes a new Federally funded statistical Clerk position whose duties would include tabulating and reporting Senior Citizen Employment program statistics for use by Federal and State agencies. The recommendation also provides for an expansion of the Senior Citizen Employment Program.

COMPONENT DESCRIPTION	79 AUTH	79 FINAL	79 ACT	80 AUTH	80 SUPL	80 RP	GOVERNOR
ADMINISTRATION	595.3	650.6	557.8	765.0		87.3	909.3
GRANTS	4045.1	4097.8	3275.3	5208.7		26.2	5373.3
** TOTAL	4640.4	4748.4	3833.1	5973.7		113.5	6282.6
** CHANGE VERSUS 80 AUTH							5.1%
OBJECT DESCRIPTION							
PERS. SERV.	433.9	479.8	452.5	520.0		12.4	694.4
TRAVEL	77.4	100.1	50.4	56.5		29.3	110.3
CONTRACTUAL	78.6	105.5	50.1	163.5		68.6	158.3
COMMODITIES	4.0	5.2	3.6	4.0		1.7	7.3
EQUIPMENT	1.4	7.5	5.7	2.8		1.5	9.8
GRANTS, CLMS	4045.1	4050.3	3270.8	5226.9			5292.9
MISC.							9.6
FUNDING SOURCE							
FED. RECEIPT	4316.0	4341.1	3481.6	5525.9		113.5	5665.7
*G. F. MATCH	324.4	407.3	351.5	417.8			600.0
GENERAL FUND				380			16.9
** GENERAL FUND CHANGE VS. 80 AUTH							37.7%
POSITIONS							
FULL-TIME	15.0	15.0	15.0	18.0			19.0
PART-TIME			7.0				6.0
STAFF MONTHS	180.0	180.0	190.5	216.0			276.0

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. H.B. 618
 Title An Act Establishing an Older Alaska Commission
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected ~~Department of Health and Social Services~~ Department of Administration
 Program Category Affected Social and Economic Assistance for the Aged
 BRU, Program, or Subprogram(s) Affected Office on Aging
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		694.4				
200 TRAVEL		122.3				
300 CONTRACTUAL		158.3				
400 COMMODITIES		7.3				
500 EQUIPMENT		9.8				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		5,292.9				
800 MISCELLANEOUS		9.6				
TOTAL		6,294.6				

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		628.9				
FEDERAL FUNDS		5,665.7				
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		19.0				
PART TIME						
TEMPORARY						

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

Transfer from Department of Health and Social Services to Department of Administration. An addition in cost in the travel component to cover the cost of transportation and per diem for two more meetings for a total of six meetings of the Commission and an increase in the number of members from seven members to eleven members (\$12,000).

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

Prepared by: [Signature] Date: 1/29/80
 Division/Office: Department of Health and Social Services
 PII: 765-498

Approval DHSS Mgt. & Bdgt.: [Signature] Date: 1/29/80

CATEGORY: SOCIAL SERVICES

AGENCY: DEPARTMENT OF HEALTH AND SOCIAL SERVICES

PROGRAM: SOCIAL AND ECONOMIC ASSISTANCE FOR THE AGED

BRU(S): OFFICE ON AGING

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The Governor's FY 81 budget recommendation for the Office on Aging includes a new federally funded statistical Clerk position whose duties would include tabulating and reporting Senior Citizen Employment program statistics for use by Federal and State agencies. The recommendation also provides for an expansion of the Senior Citizen Unemployment Program.

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TRAVEL	77.4	100.1	50.4	56.5		29.3	110.3
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EQUIPMENT	1.4	7.5	5.7	2.8		1.5	9.8
GRANTS, CLMS	4045.1	4050.3	3270.8	5226.9			5292.9
MISC.							9.6
FUNDING SOURCE							
FED. RECEIPT	4316.0	4341.1	3481.6	5525.9		113.5	5665.7
G. F. MATCH	324.4	407.3	351.5	417.8			600.0
GENERAL FUND				30.0			16.9
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POSITIONS							
FULL-TIME	15.0	15.0	15.0	18.0			19.0
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THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

HB 618

I. REQUEST

Bill/Resolution No. S.B. 328/ H.B. 618
 Title An Act Establishing an Older Alaskans Commission
 Requested by Rules Committee Date 1/15 and 24/80

II. FISCAL DETAIL

Agency Affected Administration and Health and Social Services
 Program Category Affected Social and Economic Assistance for the Aged
 Budget Request Unit(s) Affected _____

EXPENDITURES (Thousands of Dollars)

	FY80	FY81	FY 82	FY83	FY84	FY 85
100 PERSONAL SERVICES		851.2	946.9	1,041.6	1,145.7	1,260.3
200 TRAVEL		133.8	147.2	161.9	178.1	195.9
300 CONTRACTUAL		169.3	186.2	204.9	225.3	247.2
400 COMMODITIES		9.8	10.8	11.9	13.1	14.4
500 EQUIPMENT		16.3	2.0	2.0	2.0	2.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		6,292.9	6,922.2	7,614.4	8,375.9	9,213.4
		9.6	0	0	0	0
TOTAL		7,482.9	8,215.3	9,036.7	9,940.1	10,933.9

FUNDING (Thousands of Dollars)

GENERAL FUND		1,817.2	2,549.6	3,371.0	4,274.4	5,268.2
FEDERAL FUNDS		5,665.7	5,665.7	5,665.7	5,665.7	5,665.7
OTHER (Specify)						

POSITIONS

FULL TIME		24	24	24	24	24
PART TIME						
TEMPORARY						

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

The Older Alaskans Commission, which would be established by these bills, would provide statewide coordination for all efforts to provide services to the elderly of Alaska. As written, these bills would bring the Office on Aging into the Department of Administration as an agency directly operated by the Older Alaskans Commission. The Office on Aging is presently a part of the Department of Health and Social Services.

In order to accomplish the duties prescribed under Section 44.21.230, five new positions will be required:

Executive Director (R24)
 Clerk Typist III (R8)
 Accounting Clerk III (R10)
 Research Analyst III (R18)
 Planner IV (R19)

IV. DATE 2/8/80

PREPARED BY George J. Michael
 AGENCY Administration
 PHONE 465-4401

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

ORIGIN: SOCIAL SERVICES

AGENCY: DEPARTMENT OF HEALTH AND SOCIAL SERVICES

PROGRAM: SOCIAL AND ECONOMIC ASSISTANCE FOR THE AGED

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Also, included in the above computation of costs is \$1,000,000 in grant funds which is proposed for the Older Alaskans Commission by S.B. 327/H.B. 610. It is assumed that these additional grant funds will be handled by the present Office on Aging staff, except for the additional Accounting Clerk which is included above.

The Governor's Advisory Board on Aging would be abolished and replaced by the Commission. Therefore, travel and per diem expense is included in above costing for the 11 member commission, plus the Executive Director and 2 meetings for the Planner.

Inflation is computed at 10% per year for years beyond FY 81. Inflation is included in all categories, including grants, except for one time purchases of equipment items. Items of equipment for years beyond FY 81 are for replacement of worn out office furnishings only.

FY81
Older Alaskans Commission

Office on Aging (19 positions)	\$ 6,282,600
State	\$ 616,900
Fed.	5,665,700

Additional staff: Salary and benefits (ben. @ 33%)	\$ 156,811
Executive Director (R24A)	\$ 49,822
Clerk-typist III (R8A)	17,718
Accounting Clerk III (R10)	19,853
Research Analyst III (R18)	33,474
Planner IV (R19)	<u>35,944</u>
Total S & B	\$ 156,811

Travel & per diem:	\$ 23,500
Executive Director	\$ 3,500
Planner	2,000
Commission (11 members)	<u>18,000</u>
(additional cost above Travel for Aging Board)	\$ 23,500

Contractual Services:	\$ 11,000
Telephones	\$ 4,500
Postage & mailing	600
Advertising	750
Subscriptions	150
Copier	3,000
Printing & duplicating	<u>2,000</u>

Commodities (office supplies) \$ 2,500

Equipment - desks, chairs, bookcases,
filing cabinets, work tables,
miscellaneous to outfit the five
new positions \$ 6,500

Additional grants (SB 327/HB 610) \$1,000,000

Total \$7,482,911

1	POSITION TITLE Executive Director			RANGE/STEP 24A	BARG. UNIT. S	LOCATION Juneau	GOV	APPROV	DISAPP
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY 1	FORM 12 PAGE/LINE	LEG		
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION: S.B. 328/H.B. 618 calls for an executive director to be employed by the Older Alaskans Commission, serving at the pleasure of the commission. The executive director will head the agency which has overall responsibility for coordination of all services to the elderly of Alaska, including but not limited to the following: 1) Review, evaluate and comment upon state programs; 2) Collect facts and statistics, and make studies of conditions and problems pertaining to the employment, health, financial security, social welfare and other concerns which bear upon the well being of older Alaskans; 3) Provide information about public programs which are of interest or benefit to older Alaskans; 4) Appoint special committees, including persons who are not members of the commission, to complete necessary studies; 5) Promote community education efforts; 6) Apply for and accept grants, contributions and appropriations, including federal funds; 7) Contract for necessary services; 8) Consult and cooperate with persons, organizations, and groups interested in or concerned with programs of assistance to older Alaskans; 9) Set standards for levels of services for older Alaskans.			
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY		40,228						
5	BENEFITS		6,095						
6	FICA		1,975						
7	HEALTH INS.		1,524						
8	TOTAL PERSONAL SERVICES		49,822						
9	TRAVEL		3,500						
10	CONTRACTUAL		4,200						
11	COMMODITIES		500						
12	EQUIPMENT		1,500						
13	OTHER								
14	TOTAL COST		59,522						
	CODE	FUNDING SOURCE							
15		FED RCPTS.							
16		GF MATCH.							
17		GEN. FUND		59,522					
18		I-A RCPTS.							
19		PGM RCPTS							
20		OTHER							
21	CONTINUATION								
22	ADDITION		X	FOR B&M USE ONLY					
4A KEY NUMBER				COLUMN NO.					

AGENCY Administration PROGRAM AREA Social & Economic Assistance for the Aged

BRU Older Alaskans Commission

FY 81

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page 1 of 5

REVISED DATE _____

1	POSITION TITLE Planner IV			RANGE/STEP 19A	BARG. UNIT. G	LOCATION Juneau	GOV	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY 2	FORM 12 PAGE/LINE	LEG.		
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION: This position is needed to oversee and plan for the orderly review and evaluation of State programs concerned with the problems and needs of older Alaskans, and for making recommendations for improvement in these programs. This position is also instrumental in formulating a State plan, which may increase federal participation in funding services to the elderly. The position will supervise a Research Analyst III in collecting and analyzing facts and statistics which bear upon the well being of older Alaskans.			
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY		28,260						
5	BENEFITS		4,281						
6	FICA		1,879						
7	HEALTH INS.		1,524						
8	TOTAL PERSONAL SERVICES		35,944						
9	TRAVEL		2,000						
10	CONTRACTUAL		2,500						
11	COMMODITIES		500						
12	EQUIPMENT		1,000						
13	OTHER								
14	TOTAL COST		41,944						
	CODE	FUNDING SOURCE							
15		FED RCPTS.							
16		GF MATCH.							
17		GEN. FUND		41,944					
18		I-A RCPTS.							
19		PGM RCPTS							
20		OTHER							
21	CONTINUATION		FOR B&M USE ONLY						
22	ADDITION	XX							
4A KEY NUMBER		COLUMN NO.							

AGENCY Administration PROGRAM AREA Social & Economic Assistance for the Aged

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FY 81

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page 2 of 5

REVISED DATE _____

1	POSITION TITLE Research Analyst III			RANGE/STEP 18A	BARG. UNIT. G	LOCATION Juneau	GOV	APPROV.	DISAPP.						
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY 3	FORM 12 PAGE/LINE	LEG								
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:									
	1	2	3												
4	PERSONAL SERVICES: SALARY		26,232	This position is needed to compile facts and statistics, and make studies of conditions and problems pertaining to the employment, health, financial security, social welfare, and other concerns which bear upon the well being of older Alaskans. Gathering and analysis of pertinent data is essential to the proper evaluation and informed recommendations about programs affecting older Alaskans.											
5	BENEFITS		3,974												
6	FICA		1,744												
7	HEALTH INS.		1,524												
8	TOTAL PERSONAL SERVICES		33,474												
9	TRAVEL		-0-												
10	CONTRACTUAL		2,000												
11	COMMODITIES		500												
12	EQUIPMENT		1,000												
13	OTHER														
14	TOTAL COST		36,974												
	CODE	FUNDING SOURCE													
15		FED RCPTS.													
16		GF MATCH.													
17		GEN. FUND		36,974											
18		I-A RCPTS.													
19		PGM RCPTS													
20		OTHER													
21	CONTINUATION		FOR B&M USE ONLY												
22	ADDITION	XX													
4A. KEY NUMBER				COLUMN NO.											

AGENCY Administration PROGRAM AREA Social & Economic Assistance for the Aged

BRU Older Alaskans Commission

FY 81

13 REQUEST FOR NEW
POSITION.

COMPONENT _____

Page 3 of 5

REVISED
DATE _____

1	POSITION TITLE Clerk Typist III			RANGE/STEP 8A	BARG. UNIT. G	LOCATION Juneau	GOV	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY 4	FORM 12 PAGE/LINE	LEG		
3	TYPE OF EXPENDITURE			AMOUNT					
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY		13,296						
5	BENEFITS		2,014						
6	FICA		884						
7	HEALTH INS.		1,524						
8	TOTAL PERSONAL SERVICES		17,718						
9	TRAVEL		-0-						
10	CONTRACTUAL		1,100						
11	COMMODITIES		500						
12	EQUIPMENT		2,000						
13	OTHER								
14	TOTAL COST		21,318						
JUSTIFICATION:									
This position will serve as support to the Executive Director and the 11 member Commission. Duties include acting as secretary receptionist, typing, filing, copying, processing travel and per diem claims, recording of Commission meetings, making travel and meeting arrangements, etc.									
	CODE	FUNDING SOURCE							
15		FED RCPTS.							
16		GF MATCH.							
17		GEN. FUND			21,318				
18		I-A RCPTS.							
19		PGM RCPTS							
20		OTHER							
21	CONTINUATION								
22	ADDITION		XX	FOR B&M USE ONLY					
4A KEY NUMBER _____ COLUMN NO. _____									

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Page 4 of 5

REVISED DATE _____

1	POSITION TITLE Accounting Clerk III			RANGE/STEP 10A	BARG. UNIT. G	LOCATION Juneau	GOV	APPROV.	DISAPP.					
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No.	PRIORITY 5	FORM 12 PAGE/LINE	LEG							
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION:								
	1	2	3											
4	PERSONAL SERVICES:				<p>This position is needed due to the additional administrative workload which will be brought on the Department of Administration in its role of coordinating services to the elderly. \$1,000,000 in additional grant funds will be administered by the Older Alaskans Commission under S.B. 327/H.B. 610, and sufficient fiscal staff does not exist in either the Office on Aging or the Department of Administration to administer these additional funds.</p>									
	SALARY		15,048											
5	BENEFITS		2,280											
6	FICA		1,001											
7	HEALTH INS.		1,524											
8	TOTAL PERSONAL SERVICES		19,853											
9	TRAVEL		-0-											
10	CONTRACTUAL		1,200											
11	COMMODITIES		500											
12	EQUIPMENT		1,000											
13	OTHER													
14	TOTAL COST		22,553											
	CODE	FUNDING SOURCE												
15		FED RCPTS.												
16		GF MATCH.												
17		GEN. FUND		22,553										
18		I-A RCPTS.												
19		PGM RCPTS												
20		OTHER												
21	CONTINUATION													
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AGENCY Administration PROGRAM AREA Social & Economic Assistance for the Aged

BRJ Older Alaskans Commission

FY 81

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page 5 of 5

REVISED DATE _____



RECORDS CERTIFICATION



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

James O. Smith
Signature of Camera Operator

3/20/90
Date

Introduced: 1/28/80
Referred: State Affairs and
Finance

BY MOSS, BETTISWORTH, BRANSON,
HAYES, MCKINNON, METCALFE, MILLER,
MUNSON, O'CONNELL, PARR, PHILLIPS,
ROGERS, SMITH AND ZHAROFF

1 IN THE HOUSE

2 HOUSE BILL NO. 623

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-
7 tion bonds in the amount of \$120,000,000 for the pur-
8 pose of paying the cost of construction of an extension
9 of the Alaska Railroad; and providing for an effective
10 date."

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

12 * Section 1. For the purpose of paying the cost of construction of an
13 extension of the Alaska Railroad between Eielson Air Force Base and the
14 Johnson River southeast of Delta Junction, general obligation bonds of the
15 state in the principal amount of not more than \$120,000,000 shall be issued
16 and sold. The full faith, credit and resources of the state are pledged to
17 the payment of the principal of and interest and redemption premium, if any,
18 on these bonds. These bonds shall be issued under the provisions of AS 37.15
19 as those provisions read at the time of issuance.

20 * Sec. 2. If the issuance of these bonds is authorized by the qualified
21 voters of the state, a special fund of the state to be known as the "Alaska
22 Railroad Extension Construction Fund" shall be established, to which shall be
23 credited the proceeds of the sale of the bonds described in sec. 1 of this
24 Act except for the accrued interest and premiums. The amount of \$120,000,000
25 is appropriated from the "Alaska Railroad Extension Construction Fund" to the
26 Department of Transportation and Public Facilities to be used for the purpose
27 described in sec. 1 of this Act.

28 * Sec. 3. If the issuance of these bonds is authorized by the qualified
29 voters of the state, the amount of \$420,000 or as much of that amount as is

1 found necessary is appropriated from the general fund of the state to the
2 state bond committee to carry out the provisions of this Act and to pay
3 expenses incident to the sale and issuance of the bonds authorized in this
4 Act. The amounts expended from the appropriation authorized by this section
5 shall be reimbursed to the general fund from the proceeds of the sale of the
6 bonds authorized by this Act.

7 * Sec. 4. The amount withdrawn from the public facility planning fund for
8 the purpose of advance planning for the improvements financed under this Act
9 shall be reimbursed to the fund from the proceeds of the sale of bonds autho-
10 rized by this Act.

11 * Sec. 5. The question whether the bonds authorized in this Act are to be
12 issued shall be submitted to the qualified voters of the state at the next
13 general election and shall read substantially as follows:

14 Proposition

15 State General Obligation Alaska Railroad Extension

16 Construction Bonds \$120,000,000

17 Shall the State of Alaska issue its general obligation bonds
18 in the principal amount of not more than \$120,000,000
19 for the purpose of paying the cost of construction of an
20 extension of the Alaska Railroad between Eielson Air Force
21 Base and the Johnson River?

22 Bonds Yes []

23 Bonds No []

24 * Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-
25 070(c).

Original sponsors: Moss, Bettisworth,
Branson, et al

Offered: 3/4/80
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2

CS FOR HOUSE BILL NO. 623

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act providing for the issuance of general obligation bonds in the amount of \$250,000,000 for the purpose of paying the cost of construction of an extension of the Alaska Railroad; and providing for an effective date."

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

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* Section 1. For the purpose of paying the cost of construction of an extension of the Alaska Railroad between Eielson Air Force Base and the Johnson River southeast of Delta Junction, general obligation bonds of the state in the principal amount of not more than \$250,000,000 shall be issued and sold. The full faith, credit and resources of the state are pledged to the payment of the principal of and interest and redemption premium, if any, on these bonds. These bonds shall be issued under the provisions of AS 37.15 as those provisions read at the time of issuance.

* Sec. 2. If the issuance of these bonds is authorized by the qualified voters of the state, a special fund of the state to be known as the "Alaska Railroad Extension Construction Fund" shall be established, to which shall be credited the proceeds of the sale of the bonds described in sec. 1 of this Act except for the accrued interest and premiums. The amount of \$250,000,000 is appropriated from the "Alaska Railroad Extension Construction Fund" to the Department of Transportation and Public Facilities to be used for the purpose described in sec. 1 of this Act.

* Sec. 3. If the issuance of these bonds is authorized by the qualified voters of the state, the amount of \$875,000 or as much of that amount as is

1 found necessary is appropriated from the general fund of the state to the
2 state bond committee to carry out the provisions of this Act and to pay
3 expenses incident to the sale and issuance of the bonds authorized in this
4 Act. The amounts expended from the appropriation authorized by this section
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19 for the purpose of paying the cost of construction of an
20 extension of the Alaska Railroad between Eielson Air Force
21 Base and the Johnson River?

22 Bonds Yes []

23 Bonds No []

24 * Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-
25 070(c).

(7)

COMMITTEE REPORT

HOUSE

3/4

1/28/80

FURTHER: FINANCE

Date: 2-27-80

Mr. Speaker:

The Committee on STATE AFFAIRS has had HR 623

"An Act providing for the issuance of general obligation bonds in the amount of \$120,000,000 for the purpose of paying the cost of construction of an extension of the Alaska Railroad; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass [] do not pass
- [] do pass with attached amendments(s)
- replace with CS for HR 623 DO PASS [~~same title~~ new title]
- and recommends CS HR 623 do pass
- [] AND attaches a "Letter of Intent" [] New Fiscal Note
- [] reports it back without recommendation
- [] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

W. Miller

Ben Paul

Terry Gaudin

Roy M. Stratton

Henry M. ...

COMMITTEE COPY

W. Miller
CHAIRMAN

7766
Chenoweth

Original sponsors: Moss, Bettisworth,
Branson, et al

Offered: 3/4/80
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 623

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

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29 voters of the state, the amount of \$875,000 or as much of that amount as is

COMMITTEE COPY

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21 Base and the Johnson River?

22 Bonds Yes []

23 Bonds No []

24 * Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-
25 070(c).
26
27
28
29

7766
Lenoweth

Introduced: 1/28/80
Referred: State Affairs and Finance
Finance

BY MOSS, BETTISWORTH, BRANSON,
HAYES, MCKINNON, METCALFE, MILLER,
MUNSON, O'CONNELL, PARR, PHILLIPS,
ROGERS, SMITH AND ZHAROFF *BROWN*

1 IN THE HOUSE

2 HOUSE BILL NO. 623

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the issuance of general obliga-
7 tion bonds in the amount of \$120,000,000 for the pur-
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24 Act except for the accrued interest and premiums. The amount of \$120,000,000
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18 in the principal amount of not more than \$120,000,000
19 for the purpose of paying the cost of construction of an
20 extension of the Alaska Railroad between Eielson Air Force
21 Base and the Johnson River?

22 Bonds Yes []

23 Bonds No []

24 * Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-
25 070(c).

ALASKA STATE LEGISLATURE

ELEVENTH Legislature SECOND Session

HOUSE BILL NO. 623

By MOSS, BETTISWORTH, BRANSON, HAYES, MCKINNON, METCALFE, MILLER, MUNSON, O'Connell, PARR, PHILLIPS, ROGERS, SMITH AND ZHAROFF

"An Act relating to community schools; and providing for an effective date."

Community Schools

Introduced in the House 1/28, 1980

HISTORY IN THE HOUSE

1980

Jan. 28

Read first time and referred to Committee on

State Affairs and Finance
Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused
Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused
Reported correctly engrossed
Signed by President
Passed to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment thus adopting:
VOTE

Failed to concur in Senate amendment; asked Senate to recede
VOTE

Senate receded from amendment
VOTE

Senate failed to recede from amendment
VOTE

CC appointed by House

CC appointed by Senate

CC adopted by House
VOTE

CC adopted by Senate
VOTE

To enrolling
Reported correctly enrolled
Sent to Governor

..... by Governor

Filed with L. Governor

Chapter No.



RECORDS CERTIFICATION



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

James O Smith
Signature of Camera Operator

3/20/90
Date

COMMITTEE REPORT
SENATE

FURTHER: None

4/18/80

Date: 5-23-80

Mr. President:

The Committee on FINANCE has had CSHB 624 ~~mm~~
royalty on natural resources of the state and the Alaska Royalty Oil and Gas
Development Advisory Board

under consideration and (a majority of the committee) (the committee)
reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with ^SCS for CSHB 624 as Amended same title
 new title
- and recommends none
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

*Delivered to
Legis aff
5-24-80 am*

Original sponsors: Miles and Chatterton

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 624 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the royalty on natural resources of
7 the state and the Alaska Royalty Oil and Gas Develop-
8 ment Advisory Board; and providing for an effective
9 date."

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

11 * Section 1. AS 38.06.020 is amended to read:

12 Sec. 38.06.020. ESTABLISHMENT. There is established in the De-
13 partment of Commerce and Economic Development [NATURAL RESOURCES] the
14 Alaska Royalty Oil and Gas Development Advisory Board.

15 * Sec. 2. AS 38.06.025 is amended to read:

16 Sec. 38.06.025. MEMBERSHIP. (a) The board consists of the com-
17 missioner of commerce and economic development; [NATURAL RESOURCES, WHO
18 IS CHAIRMAN], the commissioner of revenue, and three public members.

19 (b) Each of the public members shall possess experience in petro-
20 leum-related fields in such areas as exploration, development, production
21 and economics, and shall be appointed by the governor to serve at his
22 pleasure for three-year staggered terms and confirmed by a vote of a
23 majority of the members of the legislature in joint session. The public
24 members may not be state officers or employees.

25 (c) A chairman shall be elected by the board from among the
26 public members.

27 (d) A public member, upon the expiration of his term, shall
28 continue to hold office until [UNDER] his successor is appointed and
29 qualifies.

WC 6361
Chenoweth

Original sponsors: Miles and Chatterton

IN THE HOUSE

BY THE FINANCE COMMITTEE

(e) Vacancies in public membership shall be filled in the same manner as original appointment. An appointee to fill a vacancy

shall hold office for the balance of the term for which his predecessor on the board was appointed. A vacancy in board membership does not

impair the authority of a quorum of the board members to exercise all

For an Act entitled: "An Act relating to the royalty on natural resources of the powers and duties of the board.

* Sec. 3. AS 38.06.055 is repealed and re-enacted to read:

Sec. 38.06.055. LEGISLATIVE APPROVAL. (a) The commissioner of natural resources may not enter into a sale, exchange, or other disposition

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

tion of oil or gas or of the rights or waiver of the rights to receive

* Section 1. AS 38.06.020 is amended to read: future production of royalty oil or gas under AS 38.05.183 without the

prior approval of the legislature. There is established in the Department of Commerce and Economic Development (NATURAL RESOURCES) the exchange, or other disposition of oil or gas or of the rights or of a waiver of the rights to receive future production of royalty oil or gas

* Sec. 2. AS 38.06.025 is amended to read: only by enacting legislation. The recommendation required by this

section is in addition to the approval of the board required under AS 38.06.050. MEMBERSHIP. (a) The board consists of the commissioner of commerce and economic development; (NATURAL RESOURCES, WHO IS CHAIRMAN) the commissioner of revenue, and three public members.

(b) The provisions of (a) of this section do not apply to

(1) the sale, exchange, or other disposition of oil or gas lease-related fields in such areas as exploration, production and economics, and shall be appointed by the governor at his pleasure for three-year staggered terms and expiring by the end of a

(2) contracts for the sale of state-owned royalty gas or oil that specify the sale and delivery of not more than

(A) 400 barrels of crude oil per day;

(B) 460 barrels of natural gas liquids per day; or

(C) 2,400 Mcf of natural gas per day.

(c) A sale, exchange, or other disposition of oil or gas made under (b)(1) of this section may not be continued after the end of one year or renewed with the same party to provide relief for market or

storage conditions without the prior approval of the legislature under (a) of this section.

* Sec. 4. AS 38.05.183(a) is repealed and reenacted to read: vacancy shall (a) be filled by the board as a royalty under AS 38.05.182, or the sale, exchange or other disposal of a mineral obtained by the state as a royalty under AS 38.05.182, or the sale, exchange or other disposal of a right to receive future mineral production under a state lease under this chapter, shall be by competitive bid. The sale, exchange or other disposal shall be made by the commissioner to the bidder whose bid offers the greatest return to the state, determined by evaluating resources may not enter into a sale, exchange, or other disposition of oil or gas the cash value of the bid, and of the rights to receive future production the projected effects of the bid upon the economy of the state, including the legislature. The legislature may approve a sale, exchange, or (A) if the royalty is for oil or gas, a waiver of the rights (1) the ability of the bidder to refine or process only by enabling legislation in the state, and the commendation required by this section is in addition (2) to the ability of the bidder to provide refined AS 38.06.010 products or by-products for distribution and sale in the state

(b) with the best price ^{Competitive} benefits to purchasers or consumers;

(1) (B) if the royalty is for any natural resource other than oil or gas, the estimated effect of the bid, if accepted, on enter investment, on employment of residents, on new industrial and commercial development in the state directly related to use of the that royalty by the bidder, and on the development of other natural resources of the state. (c) 400 barrels of crude oil per day.

* Sec. 5. AS 38.05.183 is amended by adding a new subsection to read:

(e) Oil or gas taken in kind by the state as its royalty share may not be sold or otherwise disposed of for export from the state until the commissioner determines that the royalty-in-kind oil or gas is surplus year or renewed with the same priority to PSCS-CSHB 624(Finance)

storage conditions without the prior approval of the legislature under
(e) the present and projected intrastate domestic and industrial needs.

* The commissioner shall make public, in writing, the specific findings and reasons on which his determination is based, and shall, within 10 days of the convening of a regular session of the legislature, submit a report showing the immediate and long-range domestic and industrial needs of the state for oil and gas and an analysis of how these needs are to be met.

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

(1) the cash value of the bid; and

(2) the projected effects of the bid on the economy of the state, including,

(a) if the royalty is for oil or gas

(i) the ability of the bidder to utilize or produce the oil or gas in the state; and

(ii) the ability of the bidder to produce refined products or by-products for distribution and sale in the state with the best price benefits to purchasers or consumers;

(b) if the royalty is for any natural resource other than oil or gas, the estimated effect of the bid, if accepted, on investment, on employment of residents, on new industrial and commercial development in the state directly related to use of the royalty by the bidder, and on the development of other natural resources of the state.

* Sec. 5. AS 38.05.180 is amended by adding

(e) Oil or gas taken in kind by the state as its royalty share may not be sold or otherwise disposed of for export from the state until the commissioner determines that the royalty-in-kind is being sold for



Resource Development Council for Alaska, Inc.

444 West 7th Avenue, Anchorage, Alaska 99501
Box 616, Anchorage, Alaska 99510 - 807/278-9515

EXECUTIVE DIRECTOR
Paula P. Easley

February 13, 1980

PLEASE DELIVER

EXECUTIVE COMMITTEE
James D. Dyckhusjen
Frank Chirba, Vice President
Andy Pichinski, Vice President
Robert E. Smith, Secretary
Lee E. Fisher, Treasurer
Vern Blodt
Hanna Sigurd
E. W. Cooper
Paul Dunham
Robert W. Fleming
D. K. Gilbreath
Hazel Heath
Jack T. Matley
John R. Kelly
Merris Longland

TO: Representative Bill Mikes

RE: HB 624 concerning the Alaska Royalty Oil and Gas
Development Advisory Board

DIRECTORS/FOUNDERS

John A. White
Harold Chisum
Ray J. Arnesen
Doug Boehm
Walter Cooper
Dr. Earl Beutling
Leroy Carpenter
Tom Cahan
Darr Chua
Robert Davern
A. Jack DeWitt
Dr. James Dyer
Vern Blodt
Wayne E. Fisher
Tom Ehl
Rolly Goy
H. Ottemo, Jr.
Dale Grem
Howard J. Gray
Gordon Haring
Earl Hargis
Carl Hildebrand
James Hildebrand
William Hordley
Robert Hildebrand
H. Eldridge Hildebrand
George Hildebrand
Harold Hildebrand
Phillip Hildebrand
Gerald Hildebrand
Gene Jorg
Dave Kraling
Paul K. Kraling
Fauna Kraling
Karl Kraling
Dr. Charles Kraling
Earl Kraling
Robert Kraling
James Kraling
Rigmur Kraling
Jerrold Kraling
Richard Kraling
Don Kraling
Greg O. Kraling
Theodore Kraling
James Kraling
Alan Kraling
Robert Kraling
Ray Kraling
Neil Kraling
Charles Kraling
Ely Kraling
Lyle Kraling
Dennis Kraling
Chuck Kraling
Joe Kraling
Merris Thompson
Quinn Kraling
James Kraling
L. M. Kraling, Jr.
Lawrence Kraling
A. P. Kraling
Ronald Kraling

As you know, Bill, the Resource Development Council has attended and monitored meetings of the Alaska Royalty Board since its inception and worked to assure that the board had the financial resources to conduct studies and otherwise fulfill its obligations.

We believe the legislature intended the Royalty Board to innovatively approach means of enabling private enterprise to develop oil and gas royalty resources to benefit Alaskans and others.

Along this line, the Department of Commerce and Economic Development, through its Energy and Power Development Division, is responsible for finding innovative means of developing and conserving energy for Alaskans. There is a strong relationship between the responsibilities of the board and the Energy and Power Division.

Over the past months our Council has devoted--and will continue to do so--substantial effort toward bringing about a more streamlined approach to development issues within state government.

Therefore, we would prefer to see the board function within the Department of Commerce and Economic Development as a means of accomplishing that goal.

While the Commissioner of Natural Resources has done an outstanding job of negotiating royalty oil and gas contracts, we feel he should not also be required to be chairman of the board whose responsibility it is to approve them.

We appreciate your committee's concern for improving the means for dealing with Alaska's important royalty resources.

Thank you for placing these comments in the hearing record.

Paula P. Easley
Executive Director

HONORARY ADVISORS
Robert B. Anderson
Alden O. Anderson
Earl J. Anderson
William A. Egan
Walter J. Hildebrand
Richard Hildebrand
Robert C. Hildebrand
C. W. Hildebrand

STATE CONSULTANTS
Leroy Goy
Charles J. Hildebrand
Robert Hildebrand
Dr. Gene Hildebrand
Dale Tolle

12012 FAIRBANKS ALASKA 122 2-11 1150A AST

1968 FEB 11 PM 3 22

PMS REP BILL MILES COCHAIRMAN NATURAL RESOURCES COMMITTEE

JUN

1968
WOULD LIKE TO SUPPORT PASSAGE OF HOUSE BILL 624 TRANSFERING ALASKAN ROYALTY OIL AND GAS DEVELOPMENT ADVISORY BOARD TO ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT SINCE ROYALTY BOARD ADVISES ON USE AND DEVELOPMENT OF ALASKAS ROYALTY OIL AND GAS I BELIEVE IT IS CONSIDERABLY MORE APPROPRIATE FOR THE BOARD TO FUNCTION WITHIN THE DEPARTMENT OF COMMERCE RATHER THAN NATURAL RESOURCES IN THE PAST WE HAVE NOTICED POTENTIAL CONFLICTS BETWEEN THE TENDENCY OF THE NATURAL RESOURCES DEPARTMENT TO PURSUE WILDLIFE AND SURFACE LAND USE INTERESTS WHILE THE ROYALTY BOARD MUST DEAL WITH ECONOMIC AND COMMERCIAL ISSUES I BELIEVE THAT HOUSE BILL 624 WOULD PLACE THE ROYALTY BOARD ON A STRONGER INSTITUTIONAL AND FUNCTIONAL FOUNDATION THAN IT HAS BEEN

JOHN A CARLSON MAYOR FAIRBANKS NORTH STAR BOROUGH

Need effective
date -

2/16/80

To: Bill

From: Mary

Re: Second Draft Resources CS for HB 624

As drafted, the bill would do the following:

1. Place the Royalty Board in the Dept. of Commerce and Economic Development rather than in Natural Resources;
2. Make the Commissioner of Natural Resources a non-voting member and add the Commissioner of Commerce as a regular member;
3. Provide for the board chairman to be elected from among the public members;
4. Give the Board two specific powers: plan the wise development of Alaska's royalty interests; and direct the Commissioner of Natural Resources to solicit bids, etc. to dispose of royalty oil and gas. That is, the Board may initiate the bid process;
5. Give the Board these duties: recommend sale conditions; review proposed sales/disposition in order to make a recommendation to the legislature for approval or disapproval of the sale(s); hold public hearings on proposed sales; hire staff; and promulgate necessary regulations.
6. Have the Board submit its written review of the proposed sale to the legislature at the time the legislature is considering the royalty sale;
7. Require the Commissioner of Natural Resources to give the Board written notice of his intent to reject bids & waive competitive bidding;
8. Eliminate the Board from the bid/sale negotiation process, and remove its current power to approve or disapprove proposed sales.

AGO 787162

SECOND DRAFT
RESOURCES CS FOR HB 624

"An Act relating to the Alaska Royalty Oil and Gas Development Advisory Board"

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

*Section 1. AS 38.06.020 is amended to read:

Sec. 38.06.020. ESTABLISHMENT. There is established in the Department of Commerce and Economic Development (NATURAL RESOURCES) the Alaska Royalty Oil and Gas Development Advisory Board.

*Section 2. AS 38.06.025 is amended to read:

Sec. 38.06.025. MEMBERSHIP. The board consists of the commissioner of natural resources, who is a non-voting member (WHO IS CHAIRMAN), the commissioner of commerce and economic development, the commissioner of revenue, and three public members. Each of the public members shall possess experience in petroleum-related fields in such areas as exploration, development, production and economics, and shall be appointed by the governor to serve at his pleasure for three-year staggered terms and confirmed by a vote of a majority of the members of the legislature in joint session. The public members may not be state officers or employees. A chairman shall be elected by the board from among the public members. A public member upon the expiration of his term, shall continue to hold office until (UNDER) his successor is appointed and qualifies. Vacancies in public membership shall be filled in the same manner as original appointment. An appointee to fill a vacancy shall hold office for the balance of the term for which his predecessor on the board was appointed. A vacancy in board membership does not impair the authority of a quorum of the board members to exercise all the powers and duties of the board.

*Section 3. AS 38.06.040 is repealed and reenacted to read:

Sec. 38.06.040. POWERS AND DUTIES. The powers and duties of the board are to

(1) develop a plan to facilitate the wise development of Alaska's oil and gas royalty interests consistent with the promotion of private economic growth, applicable environmental standards, and public fiscal stability. The plan shall include consideration of the criteria established in AS 38.06.070;

(2) direct the commissioner of natural resources to solicit inquiries, development plans or bids from persons for the sale, exchange or other disposal of oil or gas or both obtained by the state as a royalty under AS 38.05.182, or for the sale, exchange or other disposal in whole or part of rights to receive future oil or gas production or both under a state lease, consistent with AS 38.06.070. The commissioner may reject any or all bids received;

(3) recommend conditions relating to the sale, delivery, transportation, or refining or processing within the state to be included by the commissioner of natural resources in the offer of and sale of oil and gas obtained by the state as royalty under AS 38.05.182;

(4) examine proposed sales, exchanges or other disposals of oil or gas or both obtained by the state as a royalty under AS 38.05.182, or of rights to receive future oil or gas production or both under a state lease, for the purpose of recommending to the legislature that it approve or disapprove the proposed sale, exchange or other disposal. In carrying out this provision, the board shall hold public hearings on proposed

sales, exchanges or other disposals of royalty oil or gas
to review the compliance of the proposals with AS 38.06.070;

(5) hire an executive director, consultants expert in
technical, economic or other relevant professions and other
persons as necessary to assist the board in the exercise of
its powers and duties;

(6) promulgate regulations under the Administrative
Procedure Act (AS 44.62) that are necessary or appropriate in
the exercise of its powers.

*Section 4. AS 38.06.050 is amended to read:

Sec. 38.06.050. BOARD REVIEW AND RECOMMENDATION (BOARD APPROVAL
REQUIRED).

(a) No sale, exchange, encumbrance, 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 written review of the sale by the board. The board's
recommendations shall be submitted to the legislature at the
time that a resolution for legislative approval of a proposed
disposition of royalty oil or gas is introduced in the legislature
(APPROVAL OF THE BOARD). This provision does not apply to
sales, exchanges, or other dispositions made for a term of no
more than one year, which may be entered into to relieve storage
or market conditions.

(b) Bids or applications for the purchase of royalty oil or gas may not be rejected by the commissioner of natural resources without prior written notice to (APPROVAL OF) the board.

(c) Competitive bidding in a sale, exchange or other disposition described in (a) of this section may not be waived by the commissioner of natural resources under AS 38.05.183 without prior written notice to (APPROVAL OF) the board.

((d) THE BOARD MAY REQUIRE CONDITIONS RELATING TO THE SALE, DELIVERY, TRANSPORTATION, OR REFINING OR PROCESSING WITHIN THE STATE TO BE INCLUDED BY THE COMMISSIONER OF NATURAL RESOURCES IN THE OFFER OF AND SALE BY COMPETITIVE BIDDING OF OIL AND GAS OBTAINED BY THE STATE AS ROYALTY UNDER AS 38.05.182.)

*Section 5. AS 38.06.055 (a) is amended to read:

(a) In addition to the recommendation (APPROVAL) by the board required under §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, which may be entered into to relieve storage or market conditions. Any short-term sale, exchange or other disposition entered into under the authority of this subsection may not be renewed without the prior approval of the legislature by a concurrent resolution concurred in by a majority of the members of each house.

SECOND DRAFT - 5
RESOURCES CS FOR HB 624

* Section 6. AS 38.06.070(b) is amended to read:

Sec. 38.06.070 (b). When it is economically feasible, the board may recommend (REQUIRE), as a condition of the sale of oil or gas obtained by the state as royalty, that the oil or gas be refined or processed in the state and (MAY), when it is feasible and in the best interests of the state to do so, may recommend that bidders enter into a contract (PROVIDE) for processing or refining of the oil or gas in the state (UNDER A CONTRACT ENTERED INTO BY COMPETITIVE BIDDING BEFORE) prior to the sale of the oil or gas.

* Section 7. AS 38.05.182 is repealed and reenacted to read:

Sec. 38.05.182. ROYALTY ON NATURAL RESOURCES. (a) Any royalty provided for in §§ 135-181 of this chapter may be taken in kind rather than in money if the commissioner determines that the taking in kind would be in the best interest of the state. However, royalties on oil and gas shall be taken in kind unless the commissioner determines that the taking in money would be in the best interest of the state.

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

*Section 7. AS 38.05.183 is amended to read:

Sec. 38.05.183. SALE OF ROYALTY. (a) The sale, exchange or other disposal of a mineral obtained by the state as a royalty under §182 of this chapter, or the sale, exchange or other disposal in whole or in part of a right to receive future mineral production under a state lease under this chapter, shall be by competitive bid and the sale, exchange or other disposal made to the highest responsible bidder, except that competitive bidding is not required when the commissioner, with advance written notice to (THE PRIOR WRITTEN APPROVAL OF) the Alaska Royalty Oil and Gas Development Advisory Board where applicable, determines that the best interest of the state does not require it or that no competition exists.

(b) When competitive bids are required, the commissioner, with advance written notice to (THE PRIOR WRITTEN APPROVAL OF) the Alaska Royalty Oil and Gas Development Advisory Board, may reject all bids if he determines that, because of the amount of the bids, the lack of responsibility on the part of the bidders, or for reasons consistent with the criteria set out in AS 38.06.070, the acceptance of the bids would not be in the best interest of the state.

(c) If the commissioner determines that a sale, exchange or other disposal of a mineral obtained by the state as a royalty under §182 of this chapter or of a right to receive future mineral production under a state lease under this chapter shall be made otherwise than by competitive bid, and the Alaska Royalty Oil and Gas Development Advisory Board where applicable has been notified in writing of (APPROVED) that determination, the commissioner

shall make public in writing the specific findings and conclusions upon which that determination is based.

(d) Oil or gas taken in kind by the state as its royalty share may not be sold or otherwise disposed of for export from the state until the commissioner (WITH THE APPROVAL OF THE ALASKA ROYALTY OIL AND GAS DEVELOPMENT ADVISORY BOARD) determines that the royalty-in-kind oil or gas is surplus to the present and projected intrastate domestic and industrial needs. The commissioner shall make public, in writing, the specific findings and reasons on which his determination is based and shall, within 10 days of the convening of a regular session of the legislature, submit a report showing the immediate and long-range domestic and industrial needs of the state for oil and gas and an analysis of how these needs are to be met.

Introduced: 1/28/80
Referred: Resource

1 IN THE HOUSE

BY MILES AND CHATTERTON

2 HOUSE BILL NO. 624

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Royalty Oil and Gas
7 Development Advisory Board."

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

9 * Section 1. AS 38.06.020 is amended to read:

10 Sec. 38.06.020. ESTABLISHMENT. There is established in the
11 Department of Commerce and Economic Development [NATURAL RESOURCES] the
12 Alaska Royalty Oil and Gas Development Advisory Board.

13 * Sec. 2. AS 38.06.025 is amended to read:

14 Sec. 38.06.025. MEMBERSHIP. The board consists of the commis-
15 sioner of commerce and economic development [NATURAL RESOURCES, WHO IS
16 CHAIRMAN,] the commissioner of revenue, and three public members. Each
17 of the public members shall possess experience in petroleum-related
18 fields in such areas as exploration, development, production and
19 economics, and shall be appointed by the governor to serve at his
20 pleasure for three-year staggered terms and confirmed by a vote of a
21 majority of the members of the legislature in joint session. The public
22 members may not be state officers or employees. A chairman shall be
23 elected by the board from among the public members. A public member,
24 upon the expiration of his term, shall continue to hold office until
25 [UNDER] his successor is appointed and qualifies. Vacancies in public
26 membership shall be filled in the same manner as original appointment.
27 An appointee to fill a vacancy shall hold office for the balance of the
28 term for which his predecessor on the board was appointed. A vacancy in
29 board membership does not impair the authority of a quorum of the board

members to exercise all the powers and duties of the board.

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Original sponsors: Miles and Chatterton

Offered: 4/18/80
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 624

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

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14 Sec. 38.06.025. MEMBERSHIP. The board consists of the commis-
15 sioner of commerce and economic development [NATURAL RESOURCES, WHO IS
16 CHAIRMAN,] the commissioner of revenue, and three public members. Each
17 of the public members shall possess experience in petroleum-related
18 fields in such areas as exploration, development, production and
19 economics, and shall be appointed by the governor to serve at his
20 pleasure for three-year staggered terms and confirmed by a vote of a
21 majority of the members of the legislature in joint session. The public
22 members may not be state officers or employees. A chairman shall be
23 elected by the board from among the public members. A public member,
24 upon the expiration of his term, shall continue to hold office until
25 [UNDER] his successor is appointed and qualifies. Vacancies in public
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27 An appointee to fill a vacancy shall hold office for the balance of the
28 term for which his predecessor on the board was appointed. A vacancy in
29 board membership does not impair the authority of a quorum of the board

Original sponsors: Miles and Chatterton

Offered: 4/18/80
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

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SENATE CS FOR CS FOR HOUSE BILL NO. 624

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act relating to the Alaska Royalty Oil and Gas

7

Development Advisory Board."

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

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sioner of commerce and economic development [NATURAL RESOURCES, WHO IS

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CHAIRMAN,] the commissioner of revenue, and three public members. Each

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of the public members shall possess experience in petroleum-related

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economics, and shall be appointed by the governor to serve at his

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pleasure for three-year staggered terms and confirmed by a vote of a

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majority of the members of the legislature in joint session. The public

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members may not be state officers or employees. A chairman shall be

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elected by the board from among the public members. A public member,

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upon the expiration of his term, shall continue to hold office until

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[UNDER] his successor is appointed and qualifies. Vacancies in public

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membership shall be filled in the same manner as original appointment.

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An appointee to fill a vacancy shall hold office for the balance of the

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term for which his predecessor on the board was appointed. A vacancy in

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board membership does not impair the authority of a quorum of the board

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Original sponsors: Miles and Chatterton

Offered: 4/18/80
Referred: Finance

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2

SENATE CS FOR CS FOR HOUSE BILL NO. 624

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the Alaska Royalty Oil and Gas
Development Advisory Board."

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

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* Section 1. AS 38.06.020 is amended to read:

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Sec. 38.06.020. ESTABLISHMENT. There is established in the

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Department of Commerce and Economic Development [NATURAL RESOURCES] the

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Alaska Royalty Oil and Gas Development Advisory Board.

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* Sec. 2. AS 38.06.025 is amended to read:

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Sec. 38.06.025. MEMBERSHIP. The board consists of the commis-

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sioner of commerce and economic development [NATURAL RESOURCES, WHO IS

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CHAIRMAN,] the commissioner of revenue, and three public members. Each

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of the public members shall possess experience in petroleum-related

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economics, and shall be appointed by the governor to serve at his

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pleasure for three-year staggered terms and confirmed by a vote of a

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majority of the members of the legislature in joint session. The public

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elected by the board from among the public members. A public member,

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[UNDER] his successor is appointed and qualified. Vacancies in public

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board membership does not impair the authority of a quorum of the board

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members to exercise all the powers and duties of the board.

Original sponsors: Miles and Chatterton

Offered: 3/6/80
Referred: Rules

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 624 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the royalty on natural resources of
7 the state and the Alaska Royalty Oil and Gas Develop-
8 ment Advisory Board; and providing for an effective
9 date."

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

11 * Section 1. AS 38.06.020 is amended to read:

12 Sec. 38.06.020. ESTABLISHMENT. There is established in the De-
13 partment of Commerce and Economic Development [NATURAL RESOURCES] the
14 Alaska Royalty Oil and Gas Development Advisory Board.

15 * Sec. 2. AS 38.06.025 is amended to read:

16 Sec. 38.06.025. MEMBERSHIP. (a) The board consists of the com-
17 missioner of commerce and economic development; [NATURAL RESOURCES, WHO
18 IS CHAIRMAN,] the commissioner of revenue; [,] the commissioner of
19 natural resources, who is a nonvoting member; and three public members.

20 (b) Each of the public members shall possess experience in
21 petroleum-related fields in such areas as exploration, development,
22 production and economics, and shall be appointed by the governor to
23 serve at his pleasure for three-year staggered terms and confirmed by a
24 vote of a majority of the members of the legislature in joint session.
25 The public members may not be state officers or employees.

26 (c) A chairman shall be elected by the board from among the
27 public members.

28 (d) A public member, upon the expiration of his term, shall
29 continue to hold office until [UNDER] his successor is appointed and

1 qualifies.

2 (e) Vacancies in public membership shall be filled in the
3 same manner as original appointment. An appointee to fill a vacancy
4 shall hold office for the balance of the term for which his predecessor
5 on the board was appointed. A vacancy in board membership does not
6 impair the authority of a quorum of the board members to exercise all
7 the powers and duties of the board.

8 * Sec. 7. AS 38.06.035(a) is amended to read:

9 (a) The board shall prescribe its own rules of procedure. It
10 shall meet at a time and place determined by the chairman, and at other
11 times and places as the chairman, or a majority of the board members,
12 considers necessary. A quorum is a majority of the voting members of
13 the board. The votes of the board members shall be recorded. Effective
14 action to carry out the powers granted under this chapter requires the
15 affirmative vote of a majority of the board members. No board member
16 may, with respect to a matter before the board, vote for or on behalf of
17 another member of the board.

18 * Sec. 4. AS 38.06.040 is repealed and re-enacted to read:

19 Sec. 38.06.040. POWERS AND DUTIES OF THE BOARD. (a) The board
20 shall

21 (1) in accordance with the criteria set out in AS 38.06.070,
22 develop a plan for the wise development of the state's oil and gas
23 royalty interests; the plan of development shall be consistent with

- 24 (A) growth of the private sector of the economy;
25 (B) environmental standards required by law; and
26 (C) public fiscal stability;

27 (2) hold public hearings on proposed sales, exchanges, or
28 other disposals of royalty oil or gas to determine whether the proposals
29 comply with AS 38.06.070;

1 (3) examine proposed sales, exchanges or other disposal of,
2 and recommend to the legislature that it approve or disapprove a
3 proposed sale, exchange or other disposal of

4 (A) the oil or gas that is obtained by the state as
5 royalty under AS 38.05.182; or

6 (B) the rights to receive future oil or gas production
7 under state leases; and

8 (4) recommend to the commissioner of natural resources the
9 conditions relating to the sale, delivery, transportation, refining or
10 processing of oil or gas which he may include in the offer and sale of
11 oil or gas obtained by the state as royalty under AS 38.05.182.

12 (b) The board may

13 (1) direct the commissioner of natural resources to solicit
14 development plans or bids consistent with the criteria set out in
15 AS 38.06.070 for

16 (A) the sale, exchange or other disposal of oil or gas
17 obtained by the state as royalty under AS 38.05.182; or

18 (B) the sale, exchange or other disposal of all or a
19 portion of the rights to receive future oil or gas production under
20 a state lease;

21 (2) employ an executive director, and contract for the ser-
22 vices of professionals, persons with knowledge of economics and other
23 disciplines, and persons with technical skills who may be necessary to
24 assist the board in the exercise of its powers and duties; and

25 (3) adopt regulations under the Administrative Procedure Act
26 (AS 44.62) that are necessary for the exercise of its powers and duties.

27 * Sec. 5. AS 38.06.050 is amended to read:

28 Sec. 38.06.050. BOARD REVIEW AND RECOMMENDATION [APPROVAL] RE-
29 QUIRED. (a) If legislative approval is required by AS 38.06.055, a

1 [NO] sale, exchange, encumbrance, or other disposition of oil or gas or
2 of the rights or waiver of the rights to receive future production of
3 royalty oil or gas may not be made by the commissioner of natural re-
4 sources under AS 38.05.183 without [THE] prior review of the proposed
5 sale, exchange, encumbrance or other disposition by [WRITTEN APPROVAL
6 OF] the board. A written recommendation of the board on the proposed
7 sale, exchange, encumbrance or other disposition of oil or gas or of
8 the rights or waiver of the rights to receive future production of
9 royalty oil or gas shall be submitted to the legislature at the time a
10 resolution approving the proposed sale, exchange, encumbrance or other
11 disposition is introduced in the legislature.

12 (b) Bids or applications for the purchase of royalty oil or gas
13 may [NOT] be rejected by the commissioner of natural resources if
14 [WITHOUT THE] prior written notice of the proposed disapproval is given
15 to [APPROVAL OF] the board.

16 (c) Competitive bidding in a sale, exchange or other disposition
17 described in (a) of this section may not be waived by the commissioner
18 of natural resources under AS 38.05.183 unless [WITHOUT THE] prior
19 written notice of proposed waiver is given to [APPROVAL OF] the board.

20 [(d) THE BOARD MAY REQUIRE CONDITIONS RELATING TO THE SALE, DE-
21 LIVERY, TRANSPORTATION, OR REFINING OR PROCESSING WITHIN THE STATE TO BE
22 INCLUDED BY THE COMMISSIONER OF NATURAL RESOURCES IN THE OFFER OF AND
23 SALE BY COMPETITIVE BIDDING OF OIL OR GAS OBTAINED BY THE STATE AS
24 ROYALTY UNDER AS 38.05.182.]

25 * Sec. 6. AS 38.06.055(a) is amended to read:

26 (a) In addition to the recommendation [APPROVAL] by the board
27 required under AS 38.06.050, a [NO] sale, exchange or other disposition
28 of oil or gas or of the rights or waiver of the rights to receive future
29 production of royalty oil or gas may not be made by the commissioner of

1 natural resources under AS 38.05.183 without the prior approval of the
2 legislature by a concurrent resolution concurred in by a majority of the
3 members of each house except for sales, exchanges, or other dispositions
4 made for a term of no more than one year, which may be entered into to
5 relieve storage or market conditions. Any short-term sale, exchange or
6 other disposition entered into under the authority of this subsection
7 may not be renewed without the prior approval of the legislature by a
8 concurrent resolution concurred in by a majority of the members of each
9 house.

10 * Sec. 7. AS 38.06.070(b) is amended to read:

11 (b) When it is economically feasible, the board may recommend to
12 the commissioner [REQUIRE], as a condition of the sale of oil or gas
13 obtained by the state as royalty, that the oil or gas be refined or
14 processed in the state and [MAY], when it is feasible and in the best
15 interests of the state to do so, may recommend to the commissioner that
16 bidders enter into a contract to process or refine [PROVIDE FOR PRO-
17 CESSING OR REFINING OF] the oil or gas in the state [UNDER A CONTRACT
18 ENTERED INTO BY COMPETITIVE BIDDING] before the sale of the oil or gas.

19 * Sec. 8. AS 38.05.182 is amended to read:

20 Sec. 38.05.182. ROYALTY ON NATURAL RESOURCES. (a) Any royalty
21 provided for in AS 38.05.135 - 38.05.181 may be taken in kind rather
22 than in money if the commissioner determines that the taking in kind
23 would be in the best interest of the state. However, royalties on oil
24 and gas shall be taken in kind unless

25 [(1)] the commissioner determines that the taking in money
26 would be in the best interest of the state [; AND

27 (2) THE ALASKA ROYALTY OIL AND GAS DEVELOPMENT ADVISORY BOARD
28 APPROVES THE TAKING IN MONEY].

29 (b) The commissioner shall submit a determination to take royalty

1 in money [APPROVED UNDER (a) OF THIS SECTION] to the legislature at the
2 first opportunity during a current session or, if the legislature is not
3 in session, at the next regular session. The legislature, within 60
4 days or by the adjournment of the session, whichever comes sooner, may
5 revoke the determination by concurrent resolution.

6 * Sec. 9. AS 38.05.183 is amended to read:

7 Sec. 38.05.183. SALE OF ROYALTY. (a) The sale, exchange or other
8 disposal of a mineral obtained by the state as a royalty under AS 38.-
9 05.182, or the sale, exchange or other disposal in whole or in part of a
10 right to receive future mineral production under a state lease under
11 this chapter, shall be by competitive bid and the sale, exchange or
12 other disposal made to the highest responsible bidder, except that
13 competitive bidding is not required when the commissioner, after prior
14 written notice to [WITH THE PRIOR WRITTEN APPROVAL OF] the Alaska
15 Royalty Oil and Gas Development Advisory Board under AS 38.06.050 [WHERE
16 APPLICABLE], determines that the best interest of the state does not
17 require it or that no competition exists.

18 (b) When competitive bids are required, the commissioner, after
19 prior written notice to [WITH THE PRIOR WRITTEN APPROVAL OF] the Alaska
20 Royalty Oil and Gas Development Advisory Board, may reject all bids if
21 he determines that because of the amount of the bids, the lack of re-
22 sponsibility on the part of the bidders, or for reasons consistent with
23 the criteria set out in AS 38.06.070, the acceptance of the bids would
24 not be in the best interest of the state.

25 (c) If the commissioner determines that a sale, exchange or other
26 disposal of a mineral obtained by the state as a royalty under AS 38.-
27 05.182 or of a right to receive future mineral production under a state
28 lease under this chapter shall be made otherwise than by competitive
29 bid, and the Alaska Royalty Oil and Gas Development Advisory Board

1 has been notified * writing of [WHERE APPLICABLE HAS APPROVED] that
2 determination, the commissioner shall make public in writing the speci-
3 fic findings and conclusions upon which that determination is based.

4 (d) Oil or gas taken in kind by the state as its royalty share may
5 not be sold or otherwise disposed of for export from the state until the
6 commissioner [WITH THE APPROVAL OF THE ALASKA ROYALTY OIL AND GAS DE-
7 VELOPMENT ADVISORY BOARD] determines that the royalty-in-kind oil or gas
8 is surplus to the present and projected intrastate domestic and in-
9 dustrial needs. The commissioner shall make public, in writing, the
10 specific findings and reasons on which his determination is based and
11 shall, within 10 days of the convening of a regular session of the
12 legislature, submit a report showing the immediate and long-range domes-
13 tic and industrial needs of the state for oil and gas and an analysis of
14 how these needs are to be met.

15 * Sec. 10. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

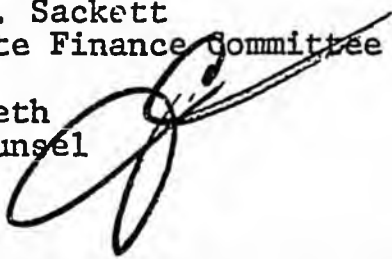
MEMORANDUM

May 21, 1980

SUBJECT: SCS CSHB 624 (Finance)

TO: Senator John C. Sackett
Chairman, Senate Finance Committee

FROM: John B. Chenoweth
Legislative Counsel



This came to me, following your committee's May 20th hearing on an earlier draft of it, with several amendments with a request that it be prepared in final form.

One of those amendments was a redraft of language appearing at AS 38.05.183(a)(2)(B), wherein the commissioner is to evaluate bids for resources (other than oil or gas) with reference to the projected effect of the bid on the state's economy, including, among other elements, "[the effect] on applicable environmental standards." The language in the bill version which accompanies this memo is taken directly from the provision as it was brought to me from the committee staff. I do not understand it. What effect can consideration and acceptance of a bid for the state's resources have on environmental standards? To the contrary, it seems to me that standards are the measures which the commissioner should apply in an evaluation of bids received. The language offered appears to have the effect of putting cart before horse. Moreover, your committee makes no effort to indicate what standards it has in mind when it directs the commissioner of natural resources to estimate the effect of the bid, leaving him to pick and choose among the standards which he believes may be applicable. Of such discretionary conduct are lawsuits often born.

In the same subparagraph, at the implicit suggestion of the revisor, I have inserted "if accepted" following "the estimated effect of the bid" to indicate that the bid itself (without subsequent action by the commissioner of natural resources) has no impact on any of the factors listed.

JBC:ljb

Enclosure

AGO 787181 +

Original sponsors: Miles and Chatterton

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 624 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the royalty on natural resources of
7 the state and the Alaska Royalty Oil and Gas Develop-
8 ment Advisory Board; and providing for an effective
9 date."

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

11 * Section 1. AS 38.06.020 is amended to read:

12 Sec. 38.06.020. ESTABLISHMENT. There is established in the De-
13 partment of Commerce and Economic Development [NATURAL RESOURCES] the
14 Alaska Royalty Oil and Gas Development Advisory Board.

15 * Sec. 2. AS 38.06.025 is amended to read:

16 Sec. 38.06.025. MEMBERSHIP. (a) The board consists of the com-
17 missioner of commerce and economic development; [NATURAL RESOURCES, WHO
18 IS CHAIRMAN,] the commissioner of revenue; the commissioner of natural
19 resources, who is a nonvoting member; [,] and three public members.

20 (b) Each of the public members shall possess experience in petro-
21 leum-related fields in such areas as exploration, development, production
22 and economics, and shall be appointed by the governor to serve at his
23 pleasure for three-year staggered terms and confirmed by a vote of a
24 majority of the members of the legislature in joint session. The public
25 members may not be state officers or employees.

26 (c) A chairman shall be elected by the board from among the
27 public members.

28 (d) A public member, upon the expiration of his term, shall
29 continue to hold office until [UNDER] his successor is appointed and

1 qualifies.

2 (e) Vacancies in public membership shall be filled in the
3 same manner as original appointment. An appointee to fill a vacancy
4 shall hold office for the balance of the term for which his predecessor
5 on the board was appointed. A vacancy in board membership does not
6 impair the authority of a quorum of the board members to exercise all
7 the powers and duties of the board.

8 * Sec. 3. AS 38.06.035(a) is amended to read:

9 (a) The board shall prescribe its own rules of procedure. It
10 shall meet at a time and place determined by the chairman, and at other
11 times and places as the chairman, or a majority of the board members,
12 considers necessary. A quorum is a majority of the voting members of
13 the board. The votes of the board members shall be recorded. Effective
14 action to carry out the powers granted under this chapter requires the
15 affirmative vote of a majority of the board members. No board member
16 may, with respect to a matter before the board, vote for or on behalf of
17 another member of the board.

18 * Sec. 4. AS 38.06.040 is repealed and re-enacted to read:

19 Sec. 38.06.040. POWERS AND DUTIES OF THE BOARD. (a) The board
20 shall

21 (1) in accordance with the criteria set out in AS 38.06.070,
22 develop a plan for the wise development of the state's oil and gas
23 royalty interests; the plan of development shall be consistent with

24 (A) growth of the private sector of the economy;

25 (B) environmental standards required by law; and

26 (C) public fiscal stability;

27 (2) hold public hearings on proposed sales, exchanges, or
28 other disposals of royalty oil or gas to determine whether the proposals
29 comply with AS 38.06.070;

1 (3) examine proposed sales, exchanges or other disposal of,
2 and recommend to the legislature that it approve or disapprove a pro-
3 posed sale, exchange or other disposal of

4 (A) the oil or gas that is obtained by the state as
5 royalty under AS 38.05.182; or

6 (B) the rights to receive future oil or gas production
7 under state leases; and

8 (4) recommend to the commissioner of natural resources the
9 conditions relating to the sale, delivery, transportation, refining or
10 processing of oil or gas which he may include in the offer and sale of
11 oil or gas obtained by the state as royalty under AS 38.05.182.

12 (b) The board may

13 (1) direct the commissioner of natural resources to solicit
14 development plans or bids consistent with the criteria set out in AS 38.-
15 06.070 for

16 (A) the sale, exchange or other disposal of oil or gas
17 obtained by the state as royalty under AS 38.05.182; or

18 (B) the sale, exchange or other disposal of all or a
19 portion of the rights to receive future oil or gas production under
20 a state lease;

21 (2) employ an executive director, and contract for the ser-
22 vices of professionals, persons with knowledge of economics and other
23 disciplines, and persons with technical skills who may be necessary to
24 assist the board in the exercise of its powers and duties; and

25 (3) adopt regulations under the Administrative Procedure Act
26 (AS 44.62) that are necessary for the exercise of its powers and duties.

27 * Sec. 5. AS 38.06.050 is amended to read:

28 Sec. 38.06.050. BOARD REVIEW AND RECOMMENDATION [APPROVAL] RE-
29 QUIRED. (a) If legislative approval is required by AS 38.06.055, a

1 [NO] sale, exchange, encumbrance, or other disposition of oil or gas or
2 of the rights or waiver of the rights to receive future production of
3 royalty oil or gas may not be made by the commissioner of natural re-
4 sources under AS 38.05.183 without [THE] prior review of the proposed
5 sale, exchange, encumbrance or other disposition by [WRITTEN APPROVAL
6 OF] the board. A written recommendation of the board on the proposed
7 sale, exchange, encumbrance or other disposition of oil or gas or of
8 the rights or waiver of the rights to receive future production of
9 royalty oil or gas shall be submitted to the legislature at the time a
10 resolution approving the proposed sale, exchange, encumbrance or other
11 disposition is introduced in the legislature.

12 (b) Bids or applications for the purchase of royalty oil or gas
13 may [NOT] be rejected by the commissioner of natural resources if [WITH-
14 OUT THE] prior written notice of the proposed disapproval is given to
15 [APPROVAL OF] the board.

16 (c) Competitive bidding in a sale, exchange or other disposition
17 described in (a) of this section may not be waived by the commissioner
18 of natural resources under AS 38.05.183 unless [WITHOUT THE] prior
19 written notice of proposed waiver is given to [APPROVAL OF] the board.

20 [(d) THE BOARD MAY REQUIRE CONDITIONS RELATING TO THE SALE, DE-
21 LIVERY, TRANSPORTATION, OR REFINING OR PROCESSING WITHIN THE STATE TO BE
22 INCLUDED BY THE COMMISSIONER OF NATURAL RESOURCES IN THE OFFER OF AND
23 SALE BY COMPETITIVE BIDDING OF OIL OR GAS OBTAINED BY THE STATE AS
24 ROYALTY UNDER AS 38.05.182.]

25 * Sec. 6. AS 38.06.055 is repealed and re-enacted to read:

26 Sec. 38.06.055. LEGISLATIVE APPROVAL. (a) The commissioner of
27 natural resources may not enter into a sale, exchange, or other disposi-
28 tion of oil or gas or of the rights or waiver of the rights to receive
29 future production of royalty oil or gas under AS 38.05.183 without the

1 prior approval of the legislature. The legislature may approve a sale,
2 exchange, or other disposition of oil or gas or of the rights or of a
3 waiver of the rights to receive future production of royalty oil or gas
4 only by enacting legislation. The recommendation required by this
5 section is in addition to the approval of the board required under
6 AS 38.06.050.

7 (b) The provisions of (a) of this section do not apply to

8 (1) the sale, exchange, or other disposition of oil or gas
9 for one year or less which sale, exchange, or other disposition is
10 entered into to relieve storage or market conditions;

11 (2) contracts for the sale of state-owned royalty gas or oil
12 that specify the sale and delivery of not more than

13 (A) 400 barrels of crude oil per day;

14 (B) 460 barrels of natural gas liquids per day; or

15 (C) 2,400 Mcf of natural gas per day.

16 (c) A sale, exchange, or other disposition of oil or gas made
17 under (b)(1) of this section may not be continued after the end of one
18 year or renewed with the same party to provide relief for market or
19 storage conditions without the prior approval of the legislature under
20 (a) of this section.

21 * Sec. 7. AS 38.06.070(b) is amended to read:

22 (b) When it is economically feasible, the board may recommend to
23 the commissioner [REQUIRE], as a condition of the sale of oil or gas
24 obtained by the state as royalty, that the oil or gas be refined or
25 processed in the state and [MAY], when it is feasible and in the best
26 interests of the state to do so, may recommend to the commissioner that,
27 before the sale of the oil or gas,

28 (1) bidders enter into a contract to process or refine [PROVIDE
29 FOR PROCESSING OR REFINING OF] the oil or gas in the state;

1 (2) the purchaser be a refiner who supplies products to Alaska
2 markets with price benefits to consumers; or

3 (3) the purchaser be a refiner who contributes to the state's
4 economy by processing natural resources in the state [UNDER A CONTRACT
5 ENTERED INTO BY COMPETITIVE BIDDING BEFORE THE SALE OF THE OIL OR GAS].

6 * Sec. 8. AS 38.05.182 is amended to read:

7 Sec. 38.05.182. ROYALTY ON NATURAL RESOURCES. (a) Any royalty
8 provided for in AS 38.05.135 - 38.05.181 may be taken in kind rather
9 than in money if the commissioner determines that the taking in kind
10 would be in the best interest of the state. However, royalties on oil
11 and gas shall be taken in kind unless

12 [(1)] the commissioner determines that the taking in money
13 would be in the best interest of the state [; AND

14 (2) THE ALASKA ROYALTY OIL AND GAS DEVELOPMENT ADVISORY BOARD
15 APPROVES THE TAKING IN MONEY].

16 (b) The commissioner shall submit a determination to take royalty
17 in money [APPROVED UNDER (a) OF THIS SECTION] to the legislature at the
18 first opportunity during a current session or, if the legislature is not
19 in session, at the next regular session. The legislature, within 60
20 days or by the adjournment of the session, whichever comes sooner, may
21 revoke the determination by concurrent resolution.

22 * Sec. 9. AS 38.05.183 is repealed and re-enacted to read:

23 Sec. 38.05.183. SALE OF ROYALTY. (a) The sale, exchange or other
24 disposal of a mineral obtained by the state as a royalty under AS 38.05.-
25 182, or the sale, exchange or other disposal of a right to receive
26 future mineral production under a state lease under this chapter, shall
27 be by competitive bid. The sale, exchange or other disposal shall be
28 made by the commissioner to the bidder whose bid offers the greatest
29 return to the state, determined by evaluating

1 (1) the cash value of the bid; and
2 (2) the projected effects of the bid upon the economy of the
3 state, including,

4 (A) if the royalty is for oil or gas,
5 (i) the ability of the bidder to refine or process
6 the oil or gas in the state; and
7 (ii) the ability of the bidder to provide refined
8 products or by-products for distribution and sale in the state
9 with the best price benefits to purchasers or consumers;

10 (B) if the royalty is for any natural resource other
11 than oil or gas, the estimated effect of the bid, if accepted, on
12 investment, on employment of residents, on new industrial and
13 commercial development in the state directly related to use of the
14 royalty by the bidder, on applicable environmental standards, and
15 on the development of other natural resources of the state.

16 (b) Competitive bidding for the sale of royalty oil and gas is not
17 required when the commissioner, after giving prior written notice to the
18 Alaska Royalty Oil and Gas Development Advisory Board under AS 38.06.-
19 050, when applicable, determines that the best interest of the state
20 does not require competitive bidding or that no competition exists.

21 (c) When competitive bids are required, the commissioner, after
22 giving prior written notice to the Alaska Royalty Oil and Gas Development
23 Advisory Board, may reject all bids if he determines that because of the
24 amount of the bids, the lack of responsibility on the part of the bid-
25 ders, or for reasons consistent with the criteria set out in AS 38.-
26 06.070, the acceptance of the bids would not be in the best interest of
27 the state.

28 (d) If the commissioner determines that a sale, exchange or other
29 disposal of a mineral obtained by the state as a royalty under AS 38.-

1 05.182 or of a right to receive future mineral production under a state
2 lease under this chapter shall be made otherwise than by competitive
3 bid, and the Alaska Royalty Oil and Gas Development Advisory Board has
4 been notified in writing of that determination, the commissioner shall
5 make public in writing the specific findings and conclusions upon which
6 that determination is based.

7 (e) Oil or gas taken in kind by the state as its royalty share may
8 not be sold or otherwise disposed of for export from the state until the
9 commissioner determines that the royalty-in-kind oil or gas is surplus
10 to the present and projected intrastate domestic and industrial needs.
11 The commissioner shall make public, in writing, the specific findings
12 and reasons on which his determination is based and shall, within 10
13 days of the convening of a regular session of the legislature, submit a
14 report showing the immediate and long-range domestic and industrial
15 needs of the state for oil and gas and an analysis of how these needs
16 are to be met.

17 * Sec. 10. This Act takes effect immediately in accordance with AS 01.10.-
18 070(c).

AMENDMENT TO SCS CSHB 624 (Finance)

P. 6, ll. 11-25, delete after "competitive bid." and substitute the following:

The sale, exchange or other disposal shall be made by the commissioner to the bidder whose bid offers the greatest return to the state, determined by evaluating

(1) the cash value of the bid; and
(2) the projected effects of the bid upon the economy of the state, including,

(A) if the royalty is for oil or gas,

- (i) the ability of the bidder to refine or process the oil or gas in the state; and
- (ii) the ability of the bidder to provide refined products or byproducts for distribution ~~and~~ and sale in the state with price benefits to purchasers or consumers;

(B) if the royalty is for any natural resource other than oil and gas, the estimated effect of the bid on investment, on employment of residents, on new industrial and commercial development in the state directly related to use of the royalty by the bidder, on applicable environmental standards, and on the development of other natural resources of the state.

Chenoweth
05:19:80*Proofed 5-17*P R O P O S E D A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 624

1
2 Delete the material in the section which amends AS 38.06.055(a), and insert
3 in its place:

4 "* Sec. . AS 38.06.055 is repealed and re-enacted to read:

5 Sec. 38.06.055. LEGISLATIVE APPROVAL. (a) In addition to the
6 recommendation of the board required under AS 38.06.050, the commis-
7 sioner of natural resources may not enter into a sale, exchange, or
8 other disposition of oil or gas or of the rights or waiver of the rights
9 to receive future production of royalty oil or gas under AS 38.05.183
10 without the prior approval of the legislature. The legislature may
11 approve a sale, exchange, or other disposition of oil or gas or of the
12 rights or of a waiver of the rights to receive future production of
13 royalty oil or gas only by enacting legislation relating to that sale,
14 exchange, or other disposition, or of the rights or waiver of the rights
15 to receive the oil or gas.

16 (b) The provisions of (a) of this section do not apply to

17 (1) the sale, exchange or other disposition of oil or gas for
18 a term of no more than one year which is entered into to relieve storage
19 or market conditions;

20 (2) contracts for the sale of state-owned royalty gas or oil
21 that specify the sale and delivery of not more than
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- (A) 400 barrels of crude oil per day;
- (B) 460 barrels of natural gas liquids per day; or
- (C) 2,400 Mcf of natural gas per day.

1 (c) A sale, exchange, or other disposition of oil or gas made
2 under (b)(1) of this section may not be renewed without the prior
3 approval of the legislature under (a) of this section."
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

May 13, 1980

The Honorable Tarry Gardiner
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a concurrent resolution providing for legislative approval of the proposed contract between the State of Alaska and the Municipality of Anchorage.

The contract provides for the sale of all of the state's royalty gas from the Kenai and Kenai Deep Units located near Kenai to the Municipality of Anchorage. In exchange for the gas, the Municipality of Anchorage guarantees that it will pay the state the sum the state would have received from the producers if royalty were paid in value. The Municipality is required under the contract to use the gas to meet the electrical requirements of the customers of its electric utility, Municipal Light and Power. A copy of the contract document is attached.

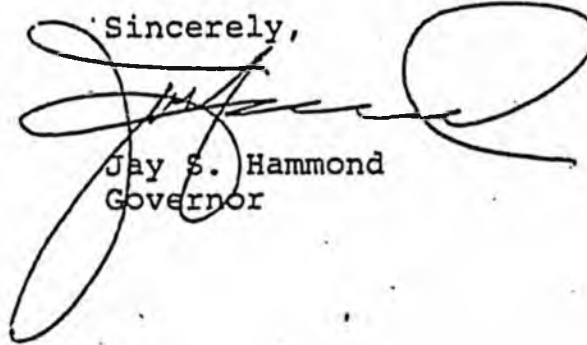
This resolution is being concurrently submitted to both the Senate and House in order to expedite consideration.

The Alaska Supreme Court's decision in State v. A.L.I.V.E. VOLUNTARY, 606 P.2d 769 (Alaska 1980) does, I believe settle the issue of the constitutionality of the legislature's approval of an executive act by means of a concurrent resolution. Nevertheless, in the interest of comity, and recognizing the desire of the Legislature as expressed in AS 38.06.055, I am submitting this contract to you. I agree to abide by the wishes of the legislature in this matter, and the contract is worded so that it takes effect upon your approval. Therefore, and as a matter of contract law, it will not take effect unless and until the legislature approves it.

May 13, 1980

I hope that you agree that this sale is in the best interest of all Alaskans, and I urge your prompt approval.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jay S. Hammond". The signature is written over the typed name and title.

Jay S. Hammond
Governor