

LEG. FINANCE - BILLS 1981 - 1982 1687

SB 524 cont. - SB 532

1687

Table IV
 Comparison of Proprietary Factors v.s. 50% Rule of Thumb for Estimating Ch. 116 Income Taxes
 (\$ Millions)

	(1)	(2)	(3)	(4)	(5)	(6)
FY	<u>AS 43.21 (Accrual)</u>	<u>Proprietary Factor</u>	<u>Ch. 116 Income Tax (Accrual)</u>	<u>Windfall Profits Deductions</u>	<u>AS 43.21 Less Windfall Deduction</u>	<u>Ratio of Ch. 116 To AS 43.21 Less Windfall Deduction</u>
83	1402.6	31.1%	436.2	426.7	975.9	44.7%
84	1535.1	35.3%	541.9	483.6	1051.5	51.5%
85	1649.6	36.2%	597.2	536.3	1113.3	53.6%
					Average	49.9%

1. Table 17, "Erickson"
2. See text of this memo.
3. Col. 1 x Col. 2
4. Table 17, "Erickson"
5. Col. 1 - Col. 4
6. Col. 3 ÷ Col. 5

This analysis is based on Table 17 of "Fiscal Analysis of the Proposed Backstop Tax Legislation", Gregg Erickson, May 1981 and uses price assumptions then current.

Prepared by: Legislative Finance
 Milt Barker
 1/27/82

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF — STATE CAPITOL

JUNEAU 99801

MEMORANDUM

DATE: March 13, 1982

TO: Honorable Al Adams, Chairman
House Finance Committee

FROM: Milt Barker, ^{MB}Fiscal Analyst
Legislative Finance Division

SUBJ: FY 83 Fiscal Impact of Ch. 116, SLA 1981

At your request, I have estimated the FY 83 fiscal impact of changes made last session in the petroleum corporate income tax and severance tax in SB 524 (Ch. 116, SLA 1981). The impact is estimated using the medium price estimates from my February 24, 1982 memo.

Table I (attached) shows that the liquid general funds available for FY 82 are \$266.6 million less as a result of that legislation. This ignores the potential liability the state would have under the previous statutes.

Table I also shows that if the former statutes were still in place, except that income tax deductions were allowed for windfall profits taxes and "warts", the amount available for FY 83 would be \$163.9 million less than under current statutes. This occurs principally because of retroactive deductions claimed in FY 82. The revenue for FY 83 would be greater under previous statutes even with windfall and "warts" deductions by approximately \$90 million.

The amount available under previous statutes as shown in Table I would not necessarily be the result of a repeal of Ch. 116, depending on the effective date of the repeal. Since July 1981, severance taxes generally have accrued at the higher 15% rate, undiminished by any ELF factor. The corporate income taxes also have accrued at a higher 11% tax rate for calendar 1981.

NOTE: The amounts available for appropriation are net of the \$1.8 billion appropriated to the permanent fund and \$209.2 million appropriated for FY 83 last session. These two items have already been appropriated. They do not represent an amount available for appropriation unless they are first repealed by law.

MB:bf

cc: Representative Halford

FY 83 Available for Appropriation		Revenue	
	FY 82	FY 82	FY 83
Current Statutes	\$1855.9	\$3722.9	\$3362.5
Previous Statutes	2122.5	3831.0	3521.0
Previous Statutes with Deductions	1692.0	3469.3	3452.2

(\$ Millions)

If oil prices do reach, and in real dollars stay at, the levels used in this memo, the value to oil companies of a windfall profits tax deduction will be minimal after FY 82. (See Table III.)

March 13, 1982

Honorable Al Adams, Chairman

TABLE I
GENERAL FUNDS AVAILABLE FOR APPROPRIATION
MEDIUM PRICE ESTIMATE
(\$ Millions)

	Current Statutes		Previous Statutes		Previous Statutes With Windfall & Warts Deductions	
	Liquid General Funds	Total General Funds	Liquid General Funds	Total General Funds	Liquid General Funds	Total General Funds
General Fund Balance 6/30/81 ¹	490.8	891.6	490.8	891.6	490.8	891.6
<u>FY 82</u>						
Revenue ²						
Royalty (Net of Permanent Fund)	1108.0	1108.0	1108.0	1108.0	1108.0	1108.0
Severance	1519.2	1519.2	1127.1	1127.1	1127.1	1127.1
Petroleum Corporate Income Tax	434.7	434.7	934.9	934.9	573.2	573.2
Property Tax	155.0	155.0	155.0	155.0	155.0	155.0
Other	506.0	506.0	506.0	506.0	506.0	506.0
Total Revenue	3722.9	3722.9	3831.0	3831.0	3469.3	3469.3
Lapse and Loan Repayments ¹	74.0	50.0	74.0	50.0	74.0	50.0
Appropriations ³	<u>(5609.1)</u>	<u>(5609.1)</u>	<u>(5609.1)</u>	<u>(5609.1)</u>	<u>(5609.1)</u>	<u>(5609.1)</u>
General Fund Balance 6/30/82	(1321.4)	(944.6)	(1213.3)	(836.5)	(1575.0)	(1198.2)
<u>FY 83</u>						
Revenue ²						
Royalty (Net of Permanent Fund)	983.9	983.9	983.9	983.9	983.9	983.9
Severance	1320.5	1320.5	975.4	975.4	975.4	975.4
Petroleum Corporate Income Tax	372.6	372.6	876.2	876.2	807.4	807.4
Property Tax	157.7	157.7	157.7	157.7	157.7	157.7
Other	527.8	527.8	527.8	527.8	527.8	527.8
Total Revenue	3362.5	3362.5	3521.0	3521.0	3452.2	3452.2
Loan Repayments ¹	24.0	--	24.0	--	24.0	--
Appropriations ⁴	<u>(209.2)</u>	<u>(209.2)</u>	<u>(209.2)</u>	<u>(209.2)</u>	<u>(209.2)</u>	<u>(209.2)</u>
General Funds Available for Appropriation	1857.9	2208.7	2122.5	2475.3	1692.0	2044.8

NOTES TO TABLE I:

1. "Executive Budget, FY 83", Budget & Management, Office of the Governor.
2. From Table II of this Memo and Table III of February 24, 1982 Memo of Milt Barker.
3. This is the figure in "Executive Budget, FY 83" increased by \$400 million in Permanent Fund appropriations that had to be deleted and reduced by \$50 million that had been included for supplementals.
4. \$100 million for energy and \$101.2 million for municipal aid in Ch. 92, SLA 81 and \$8.0 for senior citizen housing in Ch. 76, SLA 81.

TABLE II
PROJECTED PETROLEUM REVENUES
PREVIOUS STATUTES
(\$ Millions)

	(1) <u>Sadlerochit</u>	(2) <u>Kuparuk</u>	(3) <u>Cook Inlet</u>	(4) <u>TAPS</u>	(5) <u>Total (Accrual Basis)</u>	(6) <u>Retro "Warts" & Windfall Deductions</u>	(7) <u>Total (Cash Basis)</u>
<u>Previous Statutes</u>							
<u>FY 82</u>							
Severance	1072.2	26.4	28.5	--	1127.1	--	1127.1
Petroleum Corporate Income Tax	703.8	15.9	56.1	191.7	967.5	--	934.9
<u>FY 83</u>							
Severance	895.5	51.8	28.1	--	975.4	--	975.4
Petroleum Corporate Income Tax	566.3	27.4	45.9	206.2	845.8	--	876.2
<u>Previous Statutes with Windfall Profits Tax and Warts Deductions</u>							
<u>FY 82</u>							
Severance	1072.2	26.4	28.5	--	1127.1	--	1127.1
Petroleum Corporate Income Tax	578.3	15.9	24.7	191.7	810.6	(244.0)	573.2
<u>FY 83</u>							
Severance	895.5	51.8	28.1	--	975.4	--	975.4
Petroleum Corporate Income Tax	562.1	27.4	10.6	206.2	806.3	--	807.4

PREPARED BY:

Legislative Finance Div.
March 11, 1982

NOTES TO TABLE II

1. Severance = production x (in-value price + field costs) from Table VI of February 24, 1982 memo from Milt Barker x .875 working interest x .1225 tax x ELF from Col. 6, Table 5, "Fiscal Analysis of the Proposed Backstop Tax Legislation", Gregg Erickson, May 1981.
Income tax = (production x (in-value price + field cost) less royalty from Table III of Barker memo less severance from above less other deductions from "Erickson" Table 9) x .094.
2. Severance = production x (in-value price + field costs) from Table VII of Barker memo x .875 working interest x .1225 tax rate x Sadlerochit ELF factors from Col. 6, Table 5 "Erickson".
Income Tax = (production x (in-value price + field costs) less royalty from Table III of Barker memo less severance from above less other deductions from "Erickson" Table 10) x .094.
3. Severance = oil production from Col. 2, Table 12 "Erickson" x (Sadlerochit in-value price + \$10 per barrel for FY 82 and FY 83) x .875 working interest x .1225 tax rate x ELF factors of .23, and .27 for FY 82-83 derived from data in December 1981 "Petroleum Production Revenue Forecast" plus gas severance taxes from "Petroleum Production Revenue Forecast."
Income Tax = (oil production x price plus gas production x price from Table 12 "Erickson" less royalty from Table III from Barker memo, less severance from above less additional deductions from Table 12 "Erickson") x .094.
4. Income Tax = net income from Col. 8, Table II "Erickson" except FY 83 estimate which uses \$2,193.7 million net income based on a tariff of \$6.08 to account for Exxon's reduced tariff x .094.
5. Sum of columns 1 through 4.
6. Windfall profits tax of \$2.016.2 million for FY 81 at a tax rate of .094 = \$189.5 FY 81 tax benefit for this deduction. This is lagged one quarter of a year to put the benefit on a collections basis using \$18.9 million from "Erickson" Table 17, Note 2 as the value of windfall deductions for the last quarter of FY 80. "Warts" deductions for FY 81 and prior years have a value of \$83 million according to the Department of Revenue fiscal note for FCCS SB 524.
7. FY 82 and FY 83 severance = Col. 5.
FY 82 and FY 83 income tax = Col. 5 income tax lagged one quarter plus Col. 6.
8. Previous Statutes with Windfall Profit Tax and Warts Deductions
In this second set of estimates, the Sadlerochit income tax figure allows deduction of windfall profits taxes shown in Table III and the Cook Inlet income tax figures allow deductions of windfall profit taxes derived from Line 5, Table 17, "Erickson".

TABLE III
SADLEROCUIT WINDFALL PROFIT TAX ESTIMATES

	(1)	(2)	(3)	(4)	(5)
	<u>WORKING INTEREST PRODUCTION (Millions of Barrels)</u>	<u>WELLHEAD PRICE PER BARREL</u>	<u>WINDFALL BASE PRICE</u>	<u>NET WINDFALL (\$ MILLIONS)</u>	<u>WINDFALL PROFITS TAX (\$ MILLIONS)</u>
FY 82	479.2	19.42	14.92	1907.9	1335.6
FY 83	479.2	16.80	16.65	63.9	44.7

NOTES:

1. Assumes production of 1.5 million BPD less 1/8 royalty exempt from windfall profits tax.
2. From Table VI of February 24, 1982 memo from Milt Barker.
3. Table 7, Col. 3, "Fiscal Analysis of the Proposed Backstop Tax Legislation," Gregg Erickson, May 1981.
4. (Col. 1 x (Col. 2 - Col. 3)) - (Severance taxes from Table II) (Col. 2 - Col. 3)/Col. 2.
5. Col. 4 x .7.

COMMITTEE REPORT

HOUSE

FURTHER:

Date: _____

Mr. Speaker:

The Committee on _____ has had _____

The Committee on _____ has had _____

under consideration and reports it back as follows:

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

MEMBERS SIGNING
DO PASS

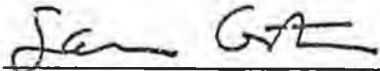
MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Letter of Intent

HOUSE FINANCE COMMITTEE SUBSTITUTE
FOR SB 524(Fin)

HCSSB 524(Fin) provides an increase in the investment tax credit allowed for in state investments for corporations doing business in Alaska. In addition, the House Finance Committee substitute includes the revisions to tax chapters AS 43.20, AS 43.21, 43.55, and AS 43.58 introduced by the Governor in Sponsor Substitute for HB 200, and the record and report of the Special Gas Pipeline Committee on SSB 200 is incorporated as part of the House Finance Committee record and report on HCS SB 524.



Rep. Sam Cotten, Chairman
House Finance Committee

Original sponsor: Finance Committee

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 524 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to taxes; and providing for an effective date."
7

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

9 * Section 1. AS 43.20.011(e) is amended to read:

10 (e) There is imposed for each taxable year upon the entire taxable
11 income of every corporation derived from sources within the state
12 a tax consisting of a normal tax equal to 5.4 percent of taxable income,
13 and a surtax which is equal to 4.0 percent of taxable income, except
14 that the tax on a corporation doing business in the state which
15 derives income from [ENGAGED IN] the production or pipeline transportation
16 of crude oil or natural gas in the state shall be determined and
17 paid in accordance with AS 43.21. Income from sharing in a regional
18 Native corporation's revenue that is required to be divided under
19 sec. 7(i) and sec. 7(j) of the Alaska Native Claims Settlement Act
20 (P.L. 92-203) is taxable income of the recipient under this chapter,
21 except that a recipient who is subject to AS 43.21 shall treat the
22 income as taxable under AS 43.21.040. For tax years beginning after
23 December 31, 1979, the surtax exemption is \$50,000. For controlled
24 corporations described in secs. 1561 - 1563 of the Internal Revenue
25 Code only one surtax exemption may be allowed for the controlled group.

26 * Sec. 2. AS 43.20.036(b) is amended to read:

27 (b) For purposes of calculating the income tax payable under this
28 chapter, the taxpayer may apply as a credit against his tax liability
29 the [JOB DEVELOPMENT] investment credit allowed as to federal taxes

1 under Internal Revenue Code sec. 38 (26 U.S.C. 38) [50] upon only the
2 first \$20,000,000 [\$500,000] of qualified investment put into use in
3 the state for each taxable year [(26 U.S.C. SEC. 50)]. This limitation
4 does not apply to the amounts invested in equipment which meets the
5 definition of a certified pollution control facility as defined under
6 Internal Revenue Code sec. 169 (26 U.S.C. sec. 169) as in effect on
7 June 19, 1975 [THE EFFECTIVE DATE OF THIS ACT] except that the date
8 specified in Internal Revenue Code [THAT] section 169(d) as a condition
9 of qualifying a certified pollution control facility for a deduction
10 does not apply.

11 * Sec. 3. AS 43.21.010 is amended to read:

12 Sec. 43.21.010. APPLICATION. This chapter applies to every cor-
13 poration doing business in the state which derives income from the pro-
14 duction of oil or gas from a lease or property in the state [,] or from
15 the pipeline transportation of oil or gas in the state. The tax calcu-
16 lated under this chapter is measured by the total taxable income of the
17 corporation during the tax period as determined under [DEFINED IN]
18 AS 43.21.020 - 43.21.040 and is calculated [DETERMINED] at the rates
19 established under AS 43.20.011(e).

20 * Sec. 4. AS 43.21.020(c) is amended to read:

21 (c) Net income from oil and gas production shall be determined by
22 the department by deducting from gross income the following:

23 (1) royalties paid in kind or in value;

24 (2) taxes imposed under AS 43.55 and AS 43.57 which are ac-
25 tually paid or incurred by the corporation on the production from a
26 lease or property in the state;

27 (3) taxes imposed under AS 43.56 and AS 29.53 which are ac-
28 tually paid or incurred by the corporation on property used directly in
29 the production of oil or gas from a lease or property in the state, in-

1 cluding property used in production, gathering, treatment, or prepara-
2 tion of the oil or gas for pipeline transportation, but only if those
3 property tax payments were due and payable only after the date of com-
4 mercial production from the lease or property with which the property
5 was associated;

6 (4) the direct costs incurred by or for the corporation in
7 operating the lease or property, including the direct costs of produc-
8 ing, gathering, treating, or preparing the oil or gas for pipeline
9 transportation, but not of any payments received for those activities
10 and not including any indirect cost or overhead expense;

11 (5) depreciation (using the unit of production method or
12 such other reasonable methods as the department may by regulation es-
13 tablish on property used directly in the production, gathering, treat-
14 ment, or preparation of the oil or gas for pipeline transportation in-
15 cluding amortization of capitalized interest for investments in this
16 property at a rate not to exceed the average cost of borrowed capital
17 to the taxpayer during the year in which it is capitalized;

18 (6) the amortization of lease acquisition payments and taxes
19 paid or incurred under AS 43.56 and AS 29.53 (including capitalized in-
20 terest on both) for or on producing properties before the commencement
21 of commercial production from the lease or property for which the prop-
22 erty is being used;

23 (7) interest expense of the corporation, not capitalized
24 during construction, that was paid or incurred in connection with prop-
25 erty in Alaska; however, unless (f) of this section applies, the inter-
26 est expense may [TO THE EXTENT THAT IT DOES] not exceed that portion of
27 the total interest paid by the consolidated business of which the cor-
28 poration is a part, determined by multiplying the total interest [(RE-
29 DUCED BY INTERCOMPANY TRANSACTIONS WITHIN THE CONSOLIDATED BUSINESS)]

1 by a fraction, the numerator of which is the value of the corporation's
2 real and tangible personal property used directly in the production of
3 oil or gas from a lease or property in the state and the denominator of
4 which is the value of all real and tangible personal property of the
5 consolidated business; in this subsection, "total interest paid by
6 the consolidated business" does not include interest expense arising
7 from intercompany obligations within the consolidated business except
8 to the extent that the interest expense reflects a pass-through of in-
9 terest on a third-party borrowing by the parent or other member of the
10 consolidated business with the purpose, expressed at the time of the
11 third-party borrowing, of financing Alaska business activity of the
12 taxpayer corporation;

13 (8) expenses incurred by the corporation after December 31,
14 1977, of unsuccessful exploration of oil or gas in the state including
15 the acquisition costs of abandoned properties, dry hole costs, and the
16 costs of geologic and geophysical exploration related to those aban-
17 doned properties;

18 (9) general overhead or administrative expense incurred by
19 the corporation attributable to deriving income from the production of
20 oil or gas from a lease or property in the state to the extent, except
21 as provided in (f) of this section, that it does not exceed [THE LESSER
22 OF:

23 (A)] that portion of the total general overhead or ad-
24 ministrative expense incurred by the consolidated business of
25 which the corporation is a part, determined by multiplying the
26 total general overhead or administrative expense by a fraction,
27 the numerator of which is the value of the corporation's real and
28 tangible personal property used directly in the production of oil
29 or gas from a lease or property in the state and the denominator

1 of which is the value of all real and tangible personal property
2 of the consolidated business;

3 (10) the amount of income from the production of oil and gas
4 from a lease or property that is divided among the regional Native
5 corporations under sec. 7(i) of the Alaska Native Claims Settlement
6 Act (P.L. 92-203);

7 (11) the amount by which the total tax paid or incurred by
8 the taxpayer under AS 43.58 for leases or properties in the state ex-
9 ceeds the amount of credit allowed to the taxpayer under AS 43.58.041;

10 (12) the tax imposed by sec. 4986 of the Internal Revenue
11 Code that is paid or incurred by the taxpayer for oil production from
12 leases or properties in the state [, OR

13 (B) THE SUM OF \$0.12 FOR EACH BARREL OF OIL AND \$0.02
14 FOR EACH THOUSAND CUBIC FEET OF GAS PRODUCED FROM A LEASE OR PROP-
15 ERTY IN THE STATE].

16 * Sec. 5. AS 43.21.020 is amended by adding a new subsection to read:

17 (f) If a corporation demonstrates to the satisfaction of the de-
18 partment that it paid or incurred actual expenses for interest or for
19 general overhead or administration attributable to deriving income from
20 the production of oil or gas from a lease or property in the state in
21 an amount greater than the amount determined under (c)(7) or (c)(9) of
22 this section, the department may allow the corporation to deduct the
23 greater amount.

24 * Sec. 6. AS 43.21.040(b) is repealed and reenacted to read:

25 (b) The total taxable income of the consolidated business is its
26 entire income less the portion of that entire income attributable to
27 worldwide production and pipeline transportation of oil and gas. In
28 this section,

29 (1) for a member of a consolidated business who is required

1 to file under the Internal Revenue Code, "entire income" means taxable
2 income under Subtitle F and chapter 1 of Subtitle A of the Internal
3 Revenue Code of 1954, as amended, except that those provisions adopted
4 after December 31, 1975, that change or modify exemptions from tax are
5 not adopted by reference as a part of this section until the second
6 January 1 following the effective date of the federal law;

7 (2) for a member of a consolidated business who is not
8 required to file under the Internal Revenue Code, "entire income" means
9 book income, except that a taxpayer may elect to report his income as
10 the income would be determined under (1) of this subsection.

11 * Sec. 7. AS 43.21 is amended by adding a new section to read:

12 Sec. 43.21.045. CREDITS. For purposes of calculating the tax
13 payable under this chapter, the taxpayer may apply as a credit against
14 his tax liability the investment credit allowed under AS 43.20.036(b)
15 and AS 43.20.021(d).

16 * Sec. 8. AS 43.21.050 is amended by adding a new subsection to read:

17 (d) If the methods of allocation and apportionment provided in
18 this chapter do not fairly represent the extent of a corporation's
19 business activity in the state, the corporation may petition for or the
20 department may require, in respect to all or any part of the corpora-
21 tion's business activity, if reasonable, the employment of any method
22 authorized under art. IV, sec. 18, of the multistate tax compact
23 (AS 43.19.010) to effectuate an equitable allocation and apportionment
24 of the corporation's income. The commissioner shall include in his
25 annual report required in AS 43.21.110 a report on all relief granted
26 under this subsection, including for each case a statement of the
27 changes in tax liability resulting from the granting of relief, the tax
28 years involved, and a description of the method of determining taxable
29 income that was substituted for those provided in this chapter.

1 * Sec. 9. AS 43.21.070 is amended to read:

2 Sec. 43.21.070. PAYMENT OF TAX. The tax levied under this chap-
3 ter is payable to the department on or before September 30 of each year
4 or in installments, including prepayments of estimated tax, at the
5 times and under the conditions the department may by regulation re-
6 quire. This tax is payable on the due date set out in this section
7 even though the assessment is under appeal or the validity, enforce-
8 ability or application of this chapter or any provision of this chapter
9 is challenged before the department or in the courts.

10 * Sec. 10. AS 43.58 is amended by adding new sections to read:

11 Sec. 43.58.011. FINDINGS AND PURPOSES. (a) The legislature
12 finds that

13 (1) since statehood the level of public services and public
14 facilities provided by the state government to its citizens has been
15 much below the level provided by other states to their citizens, and
16 this inadequacy has been the result of insufficient state revenues;

17 (2) there exists in Alaska today a level of public services
18 and public facilities far below that which Alaskans are reasonably
19 entitled to expect, and these unmet needs include inadequate public
20 transportation facilities, inadequate public health care facilities and
21 programs, inadequate communications facilities, inadequate public
22 education facilities, inadequate levels of police protection, over-
23 burdened justice facilities, and inadequate energy facilities, and an
24 economy overly dependent on nonrenewable resource development;

25 (3) with the increased revenues that have resulted from
26 increased development of oil resources in Alaska, this legislature,
27 acting on behalf of all the people of Alaska, has embarked upon a leg-
28 islative program intended to begin fulfilling some of the unmet public
29 needs described in (2) of this subsection, and it will take many years

1 of expenditures at current or increased levels to meet these needs;

2 (4) a part of this program includes preparing for the time
3 when the revenues derived from Alaska's nonrenewable resources begin to
4 decline and this preparation includes funding of the Alaska permanent
5 fund, encouraging development of renewable resources, and encouraging
6 economic diversification efforts;

7 (5) there is presently pending in the courts litigation
8 brought by certain taxpayers challenging the constitutionality of the
9 Oil and Gas Corporate Income Tax (AS 43.21), and if the taxpayers in
10 that litigation are successful, the future revenues available to meet
11 the important public needs described in (2) of this subsection will be
12 significantly diminished;

13 (6) it is in the public interest to provide an alternative
14 means of generating revenues sufficient to meet the state's present and
15 future needs if the constitutional challenge to AS 43.21 is successful;

16 (7) imposing additional or alternative state taxes upon
17 small businesses and newly developing industries in Alaska would have a
18 significantly adverse impact upon those businesses and would be coun-
19 terproductive to efforts to encourage economic diversification;

20 (8) the level of taxation currently imposed by the state on
21 the oil industry does not impose an undue burden on that industry and
22 has not discouraged exploration and development of oil resources in
23 Alaska;

24 (9) development of natural gas resources in Alaska has
25 lagged behind oil development in the state and additional or alterna-
26 tive taxes on the natural gas industry may discourage future natural
27 gas development;

28 (10) the imposition of a property tax on oil reserves with a
29 credit for income taxes paid will best provide sufficient alternative

1 revenues without discouraging economic diversification and without
2 discouraging present or future exploration and development of oil
3 resources;

4 (11) it appears that the Congress of the United States has
5 affirmatively granted the authority to tax developed and leased property
6 received under the Alaska Native Claims Settlement Act only to local
7 governments, for a 20-year period, and that a state tax on developed or
8 leased property received under the Alaska Native Claims Settlement Act
9 would be in conflict with the intent and purpose of that Act.

10 (b) The purposes of this Act are to

11 (1) enact a tax that will generate sufficient revenues to

12 (A) meet any judgment that might be rendered against
13 the state in the litigation concerning the Oil and Gas Corporate
14 Income Tax; and

15 (B) provide revenue comparable to the present and
16 projected future revenues derived from AS 43.21 if the Oil and Gas
17 Corporate Income Tax is found to be unconstitutional;

18 (2) avoid imposing cumulative tax liability on taxpayers
19 subject to the Oil and Gas Corporate Income Tax (AS 43.21) by granting
20 a credit of taxes paid under AS 43.21 for those persons subject to the
21 oil reserves property tax;

22 (3) avoid discouraging future exploration and development of
23 oil resources by imposing the tax only on property having commercial
24 production;

25 (4) avoid discouraging the development of economic diver-
26 sification and the development of natural gas production in the state;

27 (5) avoid creating a conflict with federal law by exempting
28 from this tax property received under the Alaska Native Claims Set-
29 tlement Act.

1 Sec. 43.58.021. AD VALOREM TAX. (a) Beginning July 1, 1981, an
2 annual tax is levied each tax year on the full and true value of tax-
3 able property under this chapter.

4 (b) The rate of levy is 25 mills, unless a different rate is en-
5 acted for a tax year no later than the last day of February in that tax
6 year.

7 Sec. 43.58.031. EXEMPTIONS. (a) The following property that
8 would otherwise be taxable property is exempt from taxation under this
9 chapter:

10 (1) property of the United States or the state;

11 (2) property exempt from state taxation under the laws of
12 the United States including the exemption of property, whether or not
13 developed or leased to third-parties, under sec. 21(d) of the Alaska
14 Native Claims Settlement Act (P.L. 92-203, 85 Stat. 688, 43 U.S.C.
15 1601, et. seq.);

16 (3) that portion of the full and true value of taxable prop-
17 erty attributable to gas reserves.

18 (b) Notwithstanding the exemptions from taxation authorized by
19 (a) of this section, a leasehold or similar interest held by a third
20 party in property described in (a)(1) or (a)(2) of this section is
21 taxable under this chapter to the extent of the interest.

22 Sec. 43.58.041. CREDITS. (a) The amount of tax under AS 43.21
23 paid during a tax year under this chapter by a taxpayer or the tax-
24 payer's consolidated business for tax periods under AS 43.21 beginning
25 after December 31, 1980, is allowed as a credit against the tax levied
26 under this chapter in the tax year for the taxpayer's taxable property.
27 The credit may not exceed the total amount of tax due for the tax year
28 under this chapter for all of the taxpayer's taxable properties.

29 (b) In addition to the credit allowed under (a) of this section,

1 the amount of tax paid under AS 43.21 by a taxpayer or the taxpayer's
2 consolidated business before July 1, 1981, is allowed as a credit
3 against the tax levied under this chapter for the taxpayer's taxable
4 properties.

5 (c) In applying the credits under (a) and (b) of this section,
6 the credit allowed under (a) of this section shall be applied before
7 applying any credit under (b) of this section. Credit under (b) of
8 this section shall be applied only to the extent that the combined
9 amount of applied credit under (a) and (b) of this section does not ex-
10 ceed three-quarters of the total amount of tax levied under this chap-
11 ter for all of the taxpayer's taxable properties. If the amount of the
12 credit under (b) of this section exceeds the amount that may be applied
13 for a tax year against the tax levied under this chapter, the excess
14 credit under (b) of this section may be carried forward and applied in
15 subsequent tax years until it has been exhausted.

16 (d) For purposes of determining and applying credits under (a)
17 and (b) of this section, tax paid by a taxpayer under AS 43.20 shall be
18 treated the same as if it had been paid under AS 43.21, but only if the
19 taxpayer would have been subject to AS 43.21 had the taxpayer been a
20 corporation.

21 Sec. 43.58.051. REDETERMINATION OF LIABILITY. If the income tax
22 liability of a taxpayer or the taxpayer's consolidated business under
23 AS 43.20 or AS 43.21 for a tax period is redetermined and adjusted
24 after the credit for that tax period has been applied under AS 43.58.-
25 041, or if the income tax liability of the taxpayer or the taxpayer's
26 consolidated business is redetermined under AS 43.20 and adjusted after
27 the credit for that tax period has been applied under AS 43.58.041,
28 then the taxpayer's tax liability under this chapter for the tax year
29 in which the credit was applied shall be redetermined, taking into

1 account the adjustment to the taxpayer's income tax liability.

2 Sec. 43.58.061. ASSESSMENT. (a) The department shall assess
3 taxable property under this chapter to the owner of it at its full and
4 true value as of July 1 of each tax year.

5 (b) The full and true value of taxable property under this chap-
6 ter is the estimated price that the property would bring for its proven
7 reserves in an open market and under the then prevailing market con-
8 ditions in a sale between a willing seller and a willing buyer both
9 conversant with the property and with prevailing values. In determin-
10 ing this value, the department shall consider all factors that may be
11 known by the department to affect the value of taxable property, in-
12 cluding but not limited to the discounted present value of the expected
13 future net income from the proven reserves of the taxable property.

14 (c) In assessing taxable property under this chapter, the depart-
15 ment may not include the assessed value of property subject to tax un-
16 der AS 43.56.

17 (d) In discounting the expected future net income from the tax-
18 able property to its present value under (b) of this section, the de-
19 partment shall presume that the appropriate discount rate is 11.6 per-
20 centage points above the rate of inflation implicit in the GNP deflator
21 over the five calendar years immediately preceding the assessment date.
22 A taxpayer may rebut this presumption only by proving to the department
23 by clear and convincing evidence that the use of the presumed discount
24 rate in the valuation of the property would result in constructive
25 fraud. In this subsection, "GNP deflator" means the deflator for the
26 gross national product published by the United States Department of
27 Commerce.

28 Sec. 43.58.071. ASSESSMENT ROLL. The department shall prepare
29 annually the assessment roll for taxation under this chapter. The roll

1 shall contain:

- 2 (1) a description of all taxable property;
- 3 (2) the assessed value of all taxable property; and
- 4 (3) the names and addresses of persons owning or otherwise
- 5 holding an interest in taxable property.

6 Sec. 43.58.081. ASSESSMENT NOTICE. On or before October 15 of

7 each tax year, the department shall send to every owner of taxable

8 property named in the assessment roll a notice of assessment showing

9 the assessed value of the property. The notice of assessment is effec-

10 tive on the date of its mailing.

11 Sec. 43.58.091. APPEAL. (a) A person aggrieved by the action of

12 the department in making an assessment may appeal that action and ob-

13 tain a formal hearing upon its validity before the department by filing

14 written objections to the assessment not later than 20 days after the

15 effective date of the assessment notice.

16 (b) The procedures for conduct of the formal hearing shall be in

17 accordance with AS 43.05.240. At the hearing the appellant bears the

18 burden of proof. In the absence of this proof the assessment is to be

19 upheld by the department. If the department, after hearing, determines

20 that a correction of the assessment is warranted, the department shall

21 correct the assessment and the assessment roll.

22 (c) Within 30 days after the decision by the department following

23 the hearing, a person aggrieved by that decision may appeal to the su-

24 perior court.

25 Sec. 43.58.101. CERTIFICATION. On or before February 1 of the

26 tax year, the department shall certify the final assessment roll. The

27 department shall mail to the owner, operator, or other person filing a

28 return and paying tax on the taxable property a statement of the amount

29 of tax due no later than March 15 of the tax year.

1 Sec. 43.58.111. SUPPLEMENTAL ASSESSMENT ROLLS. The department
2 shall, using the procedures set out in this chapter for the original
3 roll, prepare a supplemental assessment roll to include property omitted
4 from the original roll and property from which commercial production
5 commences after the beginning of the tax year. If property is included
6 on the supplemental assessment roll because commercial production from
7 it commences after the beginning of the tax year, the assessed value of
8 the property shall be reduced pro rata in proportion to the portion of
9 the tax year preceding the commencement of commercial production from
10 the property.

11 Sec. 43.58.121. INVESTIGATION. (a) The department may make an
12 investigation of property on which a return has been filed or on prop-
13 erty for which no return has been filed. In either case, the depart-
14 ment shall make its own valuation of the taxable property, which is
15 prima facie evidence of full and true value.

16 (b) An employee or agent of the department may enter any premises
17 necessary for the investigation during reasonable hours and may examine
18 property and other appropriate records. The owner of taxable property,
19 upon request, shall furnish to the employee or agent of the department
20 reasonable assistance required for the investigation. If an employee
21 or agent of the department seeking to enter any premises necessary for
22 an investigation under this section or to obtain reasonable assistance
23 required for an investigation under this section is refused entry or
24 assistance, the superior court may, after reasonable notice to and
25 hearing of the owner, order the owner to allow the entry or to furnish
26 the assistance.

27 (c) For the purpose of the investigation, the owner, operator, or
28 other person filing a return and paying the tax on the taxable property
29 or his representative may be required to present himself for examina-

1 tion under oath by the department.

2 Sec. 43.58.131. LIMITATIONS ON ASSESSMENT, COLLECTION, AND REFUND
3 OF TAXES. The limitations on assessment, collection, and refund of
4 taxes under AS 43.05.260, 43.05.270, and 43.05.275 apply to the tax
5 levied under this chapter except that a redetermination of tax under
6 AS 43.58.041(d) is not subject to these limitations.

7 Sec. 43.58.141. RETURNS AND PAYMENT OF TAX. (a) A return of
8 taxable property shall be submitted no later than August 1 on the form
9 prescribed by the department based on property values existing on
10 July 1 of each tax year

11 (1) by a person who is the owner of the property, or who
12 controls that property as agent, or on account of any other person;

13 (2) by a guardian or other person who has charge of taxable
14 property belonging to a minor or other person;

15 (3) by the trustee of a trust estate holding taxable proper-
16 ty in trust for the benefit of another person;

17 (4) by the executor or administrator of a deceased person's
18 estate which includes taxable property;

19 (5) by the receiver of a corporation having taxable property.

20 (b) The person required to submit the return specified under (a)
21 of this section is primarily liable for payment of the tax levied by
22 this chapter. The persons or estates specified in (a)(2) - (5) of this
23 section in whose behalf the tax levied by this chapter is to be paid
24 are secondarily liable for payment of the tax. With the written ap-
25 proval of the department, an operator or nonoperator of the lease or
26 property may submit returns or make payment of the tax levied under
27 this chapter on behalf of himself and such other persons as the depart-
28 ment may approve.

29 (c) The tax levied under this chapter is payable to the depart-

1 ment on or before June 30 of each tax year or in installments, includ-
2 ing prepayments, at the times and under the conditions the department
3 may by regulation require. This tax is payable on the due date set out
4 in this subsection or at the times required by the department under its
5 regulations even though the assessment is under appeal or the validity,
6 enforceability, or application of this chapter or any provision of this
7 chapter is challenged before the department or in the courts.

8 (d) With the prior written approval of the department, a person
9 submitting returns or making payments as required under this chapter
10 for more than one taxable property may regard those properties as a
11 single taxable property for purposes of submitting those reports or
12 making those payments.

13 (e) A person making payment of the tax levied under this chapter
14 on behalf of one or more other persons owning or otherwise holding an
15 interest in a taxable property may withhold a proportionate share of
16 the payment from any proceeds or other benefits from the taxable prop-
17 erty owed to a person on whose behalf the payment is made. Unless
18 otherwise specifically provided by written contract or agreement, the
19 person so withholding a proportionate share of the tax levied under
20 this chapter incurs no liability to those from whom it is withheld by
21 virtue of having made the withholding.

22 (f) By written notice the department may require a person filing
23 a return to submit additional information to the department within 30
24 days.

25 Sec. 43.58.151. REGULATIONS. The department may adopt regula-
26 tions in accordance with the Administrative Procedure Act (AS 44.62) as
27 appropriate to administer and enforce this chapter.

28 Sec. 43.58.161. DEFINITIONS. In this chapter

29 (1) "commercial production" means the production of oil or

1 gas for purposes of sale or other beneficial use, except when the sale
2 or beneficial use is incidental to the testing of an unproven well or
3 unproved completion interval;

4 (2) "department" means the Department of Revenue;

5 (3) "gas" means all hydrocarbon substances not defined as
6 oil in this chapter;

7 (4) "oil" means crude petroleum and other hydrocarbons re-
8 gardless of gravity that, when recovered, are recovered at the wellhead
9 in liquid form, and the liquid hydrocarbons known as distillate or
10 condensate that are recovered by separation from gas other than at a
11 gas processing plant;

12 (5) "operator" means the person conducting the exploration,
13 development, or production operation for a property;

14 (6) "property" means any right, title, or interest in or the
15 right to produce or recover oil or gas including:

16 (A) a mineral interest;

17 (B) a leasehold interest;

18 (C) a working interest, royalty interest, overriding
19 royalty interest, production payment, net profit interest, or any
20 other interest in a lease, concession, joint venture, or other
21 agreement for oil and gas exploration, development, or production;

22 (D) a working interest, royalty interest, overriding
23 royalty interest, production payment, net profit interest, or any
24 other interest in an agreement for unitization or pooling under
25 the provision of sec. 614(b)(3) of the Internal Revenue Code of
26 1954 as defined on the effective date of this paragraph;

27 (7) "proven reserves" means the volumes of oil and gas in a
28 known deposit which geological and engineering information indicate to
29 be recoverable in the future under prevailing economic conditions and

1 technology;

2 (8) "tax year" means a calendar period beginning on July 1
3 of one calendar year and ending on June 30 of the following calendar
4 year;

5 (9) "taxable property" means a property having commercial
6 production.

7 * Sec. 11. AS 43.58.041 has been included in sec. 10 of this Act so that
8 persons subject to the tax under AS 43.21 will not bear the cumulative bur-
9 den of both the tax under AS 43.21 and AS 43.58. It is the intent of the
10 legislature that the inclusion of this section granting tax credits does not
11 in any manner change the intent, validity, or enforceability of the basic ad
12 valorem tax imposed by this Act. If the inclusion of AS 43.58.041, or any
13 portion of it, results in a judicial decision that the ad valorem tax im-
14 posed by this Act is invalid, then AS 43.58.041, or that portion of it that
15 causes the invalidity, is void and of no effect, and AS 43.58, enacted in
16 sec. 10 of this Act, shall be read as if that section or that portion of it
17 had never been included.

18 * Sec. 12. If an exemption under AS 43.58.031(1), (2), or (3) is held
19 invalid by a final judgment of a court from which an appeal is not taken,
20 then that exemption is void, and AS 43.58, enacted in sec. 10 of this Act,
21 shall be read as if that exemption had never been included.

22 * Sec. 13. If the method of determining taxable income under either
23 AS 43.21.020 or 43.21.030 is held invalid by a final judgment of a court
24 from which an appeal is not taken, and if as a result of that judgment a
25 corporation, whether or not a party named in that judgment, receives a re-
26 fund of taxes or estimated taxes paid under AS 43.21, then the provisions of
27 AS 43.20 apply to that corporation for the entire period for which it re-
28 ceives the refund.

29 * Sec. 14. (a) Notwithstanding the provisions of AS 43.58.021(b), en-

1 acted in sec. 10 of this Act, the rate of levy under AS 43.58 for the tax
2 year beginning July 1, 1981, is 30 mills.

3 (b) Notwithstanding the provisions of AS 43.58.041(c), enacted in
4 sec. 10 of this Act, for the tax year beginning July 1, 1981, credit under
5 AS 43.58.041(b) shall be applied only to the extent that the combined amount
6 of applied credit under AS 43.58.041(a) and (b) does not exceed two-thirds
7 of the total amount of tax levied under AS 43.58 for all of the taxpayer's
8 taxable properties.

9 * Sec. 15. TRANSITION. During the first year of the annual tax levied
10 under AS 43.58.021, the value of taxable property shall be assessed as of
11 the effective date of sec. 10 of this Act. During the first year of the tax
12 levied under AS 43.58.021, the return required under AS 43.58.141 shall be
13 submitted no later than 30 days after the effective date of sec. 10 of this
14 Act, and the Department of Revenue shall send the notice of assessment
15 required under AS 43.58.081 no later than 60 days after the effective date
16 of sec. 10 of this Act.

17 * Sec. 16. AS 43.21.040(d) and (e) are repealed.

18 * Sec. 17. AS 43.55.011(d), 43.55.012(a), 43.55.018; AS 43.58.010,
19 43.58.020, 43.58.030, 43.58.040, 43.58.050, 43.58.060, 43.58.070, 43.58.080,
20 43.58.090, 43.58.100, 43.58.110, 43.58.150, 43.58.160, 43.58.170, 43.58.180,
21 43.58.190, and 43.58.200 are repealed.

22 * Sec. 18. Sections 1, 3 - 6, 8, 9, 13, and 16 of this Act are retro-
23 active to January 1, 1978, and apply to tax years beginning after
24 December 31, 1977.

25 * Sec. 19. Sections 11, 12, and 18 of this Act take effect immediately
26 in accordance with AS 01.10.070(c).

27 * Sec. 20. Sections 2 and 7 of this Act take effect September 1, 1981,
28 and apply to expenditures that qualify for the investment credit that are
29 made on or after that date.

AMENDMENT #1 to CSHB 200 (GP)

Add a new section 15, renumber following sections accordingly:

^N Section 15 Transitional Section.

During the first year of the annual tax levied under 43.58.021, the value of taxable property shall be assessed as of the effective date of this Act. During the first year of the tax levied under AS 43.58.021 the return required under AS 43.58.141 shall be submitted no later than 30 days after the effective date of this Act, and the Department shall send the notice of assessment required under AS 43.58.081. no later than sixty days after the effective date of this Act. "

Delete Section ~~16.~~

17

Malone

AMENDMENT #2 to HCSSSHB 200(GP)

Add a new section to read: p. 6, Line 10-11, new Sec. 7

Sec. 43.21.045. CREDITS. For purposes of calculating the income tax payable under this chapter, the taxpayer may apply as a credit against his tax liability the investment credit allowed under AS 43.20.021(d) and 43.20.036(b).

Introduced: 4/28/81
Referred: Resources and
Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 SENATE BILL NO. 524

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to an investment tax credit allowed
7 against the state corporate income tax; and providing
8 for an effective date.

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

10 * Section 1. AS 43.20.036(b) is amended to read:

11 (b) For purposes of calculating the income tax payable under this
12 chapter, the taxpayer may apply as a credit against his tax liability
13 the [JOB DEVELOPMENT] investment credit allowed as to federal taxes
14 under Internal Revenue Code sec. 38 (26 U.S.C. 38) [50] upon only the
15 first \$20,000,000 [\$500,000] of qualified investment put into use for
16 each taxable year [(26 U.S.C. SEC. 50)]. This limitation does not apply
17 to the amounts invested in equipment which meets the definition of a
18 certified pollution control facility as defined under Internal Revenue
19 Code sec. 169 (26 U.S.C. sec. 169) as in effect on June 19, 1975 [THE
20 EFFECTIVE DATE OF THIS ACT] except that the date specified in Internal
21 Revenue Code [THAT] section 169(d) as a condition of qualifying a cer-
22 tified pollution control facility for a deduction does not apply.

23 * Sec. 2. This Act is retroactive to July 1, 1980, and applies to
24 expenditures which qualify for the investment credit which are made on or
25 after that date.

26 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
27 070(c).

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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 524
 Title An Act relating to an investment tax credit
 Requested by Senate Resources Committee Date April 29, 1981

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Collection and Management
 BRU, Program, or Subprogram(s) Affected Audit Division

(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) NONE

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND		[6,000.0]	[6,500.0]	[7,000.0]	[7,500.0]
FEDERAL FUNDS					
OTHER (Specify Fund Source)					

POSITIONS

NONE

FULL TIME					
PART TIME					
TEMPORARY					

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

This bill will primarily benefit multistate and multinational corporations. The estimated revenue loss would be approximately 5 to 7 million dollars of corporate income tax.

IV. DATE April 29, 1981 PREPARED BY Gary L. Jenkins
 AGENCY Audit Division
 PHONE 465-2320
 Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

COMMITTEE REPORT

HOUSE

FURTHER:

Date: _____

Mr. Speaker:

The Committee on _____ has had _____

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- new title
- and recommends _____
- 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

Original sponsor: Ferttula

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 525 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to sale and lease of state land."

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

8 * Section 1. AS 38.05.057(c) is amended to read:

9 (c) The commissioner may adopt regulations under the Administra-
10 tive Procedure Act (AS 44.62) which specify qualifications for lottery
11 participants in addition to [DIFFERENT FROM] those specified in (b) of
12 this section if

13 (1) an interest in land limited to agricultural purposes is
14 to be sold under (a) of this section;

15 (2) the sale is a part of a program to develop agricultural
16 land as a renewable resource of the state; and

17 (3) the regulations include residency, skill, experience, and
18 financial requirements necessary to qualify persons who are competent
19 and financially able to develop the land as a successful agricultural
20 enterprise.

21 * Sec. 2. AS 38.05 is amended by adding a new section to read:

22 Sec. 38.05.061. SALE FOR LESS THAN MARKET VALUE. If a bid is not
23 received for or in excess of the advertised appraised market value at a
24 public sale by auction of land, the director shall immediately solicit
25 bids for less than the advertised appraised market value. The notice
26 for the public sale by auction shall state that bids for less than
27 advertised appraised market value will be solicited and may be accepted
28 at the public sale by auction if a bid for or in excess of appraised
29 market value is not received. Subject to AS 38.05.066, a bid received

1 for less than the advertised appraised market value under this section
2 may be rejected only if the director makes a public determination that

3 (1) there was substantial difficulty in establishing fair
4 market value for the land;

5 (2) there was a substantial lack of competitive offers for or
6 public interest in the land; or

7 (3) the revenue needs of the state require a rejection of the
8 bids at the sale.

9 * Sec. 3. AS 38.05.065(b) is amended to read:

10 (b) The contract of sale for land sold under AS 38.05.057 and
11 under AS 38.05.078 shall require the remainder of the purchase price
12 to be paid in monthly, quarterly, or annual installments over a period
13 of not more than 20 years. Installment payments plus interest shall
14 be set on the level-payment basis. The interest rate to be charged
15 on installment payments is the prevailing rate for real estate mortgage
16 loans made by the federal land bank for the farm credit district for
17 Alaska at the time the contract is signed or nine percent, whichever
18 is less.

19 * Sec. 4. AS 38.05.310(a) is amended to read:

20 (a) Land [NO LAND] may not be sold or leased and [, OR] a renewal
21 lease may not be issued, except in the case of an oil or gas or mineral
22 lease, unless it has been appraised within one year [120 DAYS] before
23 the date fixed for the sale or lease. When land is offered at public
24 sale by auction but is not sold and is available at private sale, a [NO]
25 reappraisal is not required unless the director considers that a change
26 in value of the land [LANDS] may have occurred. A grazing lease may be
27 granted to a lessee of federal grazing land [LANDS] without prior apprai-
28 sal, if his federal lease was cancelled to allow the state to select the
29 land [LANDS] under lease. Land [NO LAND] may not be sold or leased for

1 less than the approved, appraised market value, except as provided in
2 AS 38.05.315, 38.05.320, 38.05.075 - 38.05.080, [38.05.057, 38.05.075 -
3 38.05.085 AND] 38.05.097, or 38.05.061.

4 * Sec. 5. The amendment to AS 38.05.065(b) made in sec. 3 of this Act
5 applies to land contracts issued after the effective date of this Act.
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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCSSB525 (Res)
 Title Relating to the sale and lease of State land
 Requested by House Finance Date 5/3/

II. FISCAL DETAIL

Agency Affected Dept. of Natural Resources
 Program Category Affected NRMEC
 BRU, Program, Or Subprogram(s) Affected Land Management
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-				

FUNDING (Thousands of Dollars)

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

POSITIONS

FULL TIME		-0-				
PART TIME						
TEMPORARY						

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

These amendments to AS 38.05 impose no additional administrative costs on the Department.

IV. DATE 5/4/82 PREPARED BY Mark Wittow
 AGENCY Department of Natural Resources
 Original: Legislative Finance PHONE 465-2400
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

Original sponsor: Kerttula

Offered: 4/16/82
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 525 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: An Act relating to sale and lease of state land."

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

8 * Section 1. AS 38.05.057(c) is amended to read:

9 (c) The commissioner may adopt regulations under the Administra-
10 tive Procedure Act (AS 44.62) which specify qualifications for lottery
11 participants in addition to [DIFFERENT FROM] those specified in (b) of
12 this section if

13 (1) an interest in land limited to agricultural purposes is
14 to be sold under (a) of this section;

15 (2) the sale is a part of a program to develop agricultural
16 land as a renewable resource of the state; and

17 (3) the regulations include residency, skill, experience, and
18 financial requirements necessary to qualify persons who are competent
19 and financially able to develop the land as a successful agricultural
20 enterprise.

21 * Sec. 2. AS 38.05.310(a) is amended to read:

22 (a) Land [NO LAND] may not be sold or leased and [, OR] a renewal
23 lease may not be issued, except in the case of an oil or gas or mineral
24 lease, unless it has been appraised within one year [120 DAYS] before
25 the date fixed for the sale or lease. When land is offered at public
26 sale by auction but is not sold and is available at private sale, a [NO]
27 reappraisal is not required unless the director considers that a change
28 in value of the land [LANDS] may have occurred. A grazing lease may be
29 granted to a lessee of federal grazing land [LANDS] without prior

A M E N D M E N T

OFFERED IN THE HOUSE:

By: Finance Committee

To: HCS HOUSE BILL No. _____

SENATE BILL No. 525 (Resources)

PAGE: 2

LINE: 5, 14, 24

Line 5: Delete "or (b) of this section." and insert "38.05.061".

Line 14: Delete "Notwithstanding" and insert "Subject to".

Line 24: Delete "Sec. 4. AS 38.05.310 (b) is repealed."

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

Original sponsor: Kerttula

Offered: 4/16/82
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 525 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: An Act relating to sale and lease of state land."

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

8 * Section 1. AS 38.05.057(c) is amended to read:

9 (c) The commissioner may adopt regulations under the Administra-
10 tive Procedure Act (AS 44.62) which specify qualifications for lottery
11 participants in addition to [DIFFERENT FROM] those specified in (b) of
12 this section if

13 (1) an interest in land limited to agricultural purposes is
14 to be sold under (a) of this section;

15 (2) the sale is a part of a program to develop agricultural
16 land as a renewable resource of the state; and

17 (3) the regulations include residency, skill, experience, and
18 financial requirements necessary to qualify persons who are competent
19 and financially able to develop the land as a successful agricultural
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1 appraisal, if his federal lease was cancelled to allow the state to
2 select the land [LANDS] under lease. Land [NO LAND] may not be sold or
3 leased for less than the approved, appraised market value, except as
4 provided in AS 38.05.315, 38.05.320, 38.05.075 - 38.05.080, [38.05.057,
5 38.05.075 - 38.05.085 AND] 38.05.097, ^{38.05.061} ~~or (b) of this section.~~

6 * Sec. 3. AS 38.05 is amended by adding a new section to read:

7 Sec. 38.05.061. SALE FOR LESS THAN MARKET VALUE. If a bid is not
8 received for or in excess of the advertised appraised market value at a
9 public sale by auction of land, the director shall immediately solicit
10 bids for less than the advertised appraised market value. The notice
11 for the public sale by auction shall state that bids for less than
12 advertised appraised market value will be solicited and may be accepted
13 at the public sale by auction if a bid for or in excess of appraised
14 market value is not received. ^{Subject to} ~~Notwithstanding~~ AS 38.05.060, a bid
15 received for less than the advertised appraised market value under this
16 section may be rejected only if the director makes a public determination
17 that

18 (1) there was substantial difficulty in establishing fair
19 market value for the land;

20 (2) there was a substantial lack of competitive offers for or
21 public interest in the land; or

22 (3) the revenue needs of the state require a rejection of the
23 bids at the sale.

24 * ~~Sec. 4. AS 38.05.310(b) is repealed.~~

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OFFERED IN THE HOUSE:

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Line 14: Delete "Notwithstanding" and insert "Subject to".

Line 24: Delete "Sec. 4. AS 38.05.310 (b) is repealed."

Introduced: 2/16/82
Referred: Resources and
Finance

1 IN THE HOUSE

BY COTTEN

2 HOUSE BILL NO. 871

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the rate of interest payable under
7 a contract to purchase land from the state."

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

9 * Section 4. AS 38.05.065(b) is amended to read:

10 (b) The contract of sale for land sold under AS 38.05.057 and
11 under AS 38.05.078 shall require the remainder of the purchase price to
12 be paid in monthly, quarterly, or annual installments over a period of
13 not more than 20 years. Installment payments plus interest shall be set
14 on the level-payment basis. The interest rate to be charged on install-
15 ment payments is the prevailing rate for real estate mortgage loans made
16 by the federal land bank for the farm credit district for Alaska at the
17 time the contract is signed or nine percent, whichever is less.

18
19 Sec. 5. Sec. 6 of this Act applies
20 TO LAND CONTRACTS ISSUED AFTER
21 the eff. DATE. of this Act.
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23
24

25 Sec. 6 This Act takes effect immediately
26 in Accord. w/ AS 01.10.070(c)
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Introduced: 2/16/82
Referred: Resources and
Finance

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Introduced: 4/28/81
Referred: Resources and
Finance

1 IN THE SENATE

BY KERTTULA

2 SENATE BILL NO. 525

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: An Act relating to land lotteries."

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9 (c) The commissioner may adopt regulations under the Administra-
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11 participants in addition to [DIFFERENT FROM] those specified in (b) of
12 this section if

13 (1) an interest in land limited to agricultural purposes is
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15 (2) the sale is a part of a program to develop agricultural
16 land as a renewable resource of the state; and

17 (3) the regulations include residency, skill, experience,
18 and financial requirements necessary to qualify persons who are compe-
19 tent and financially able to develop the land as a successful agricul-
20 tural enterprise.

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Original sponsor: Kerttula

Offered: 4/16/82
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2

HOUSE CS FOR SENATE BILL NO. 525 (Resources)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - SECOND SESSION

6

A BILL

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For an Act entitled: An Act relating to sale and lease of state land."

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5 38.05.075 - 38.05.085 AND] 38.05.097, or (b) of this section.

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Official Business

Alaska State Legislature

Senate

Committee on Finance

Pouch V
State Capitol
Juneau, Alaska 99811

June 3, 1982

The Senate Finance Committee has reviewed HCSSB 525 (Fin) am H (relating to sale and lease of state land) and recommends that the Senate not concur in the bill passed by the House, and that the bill be held in Senate Finance.

A handwritten signature in cursive script, appearing to read "Don Bennett".

Don Bennett, Co-chairman
Senate Finance Committee

A handwritten signature in cursive script, appearing to read "Ed Dankworth".

Ed Dankworth, Co-chairman
Senate Finance Committee



Alaska State Legislature
House

JUNEAU, ALASKA

MESSAGE TO THE SENATE

Date June 2, 1982

MR. PRESIDENT:

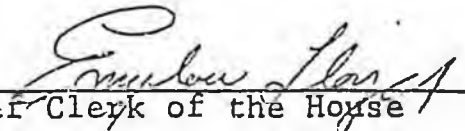
The House has passed SB 525 (relating to land lotteries) with the following amendment:

HCSSB 525(Fin) am H (relating to sale and lease of state land),

and it is transmitted herewith for consideration.

Formal engrossment has been waived on this bill, and the amendments adopted are attached hereto.

Amendment No. 1 and 2


Chief Clerk of the House

AMENDMENT

adopted
v/c

#2

OFFERED IN THE HOUSE:

By: Bettisworth

To: HOUSE BILL No.

HOUSE BILL No. _____

SENATE BILL No. _____

525(Fin)

PAGE: 3

LINE: 4 & 5

Page 3, lines 4 & 5, delete all of sec. 5 and insert the following:

* Sec. 5. AS 38 is amended by adding a new chapter to read:
CHAPTER 09. HOMESTEAD ENTRY.

Sec. 38.09.010. HOMESTEAD ENTRY. (a) The director may designate and make available for homestead entry under this chapter state land available

(1) under AS 38.05.057; or

(2) under AS 38.05.077 unless the director determines that the land is more suitable for recreational or residential use.

(b) A homestead entry made under AS 38.05.057 may not exceed 320 acres.

(c) A homestead entry made under AS 38.05.077 may not exceed 160 acres.

(d) A person who has applied for or received state land under this chapter is not eligible for a loan under AS 03.10 for the habitable dwelling or the clearing of the land required under AS 38.09.040.

Sec. 38.09.020. QUALIFICATIONS FOR HOMESTEAD ENTRY. A person is qualified to apply for a homestead entry under this chapter if the person is

(1) qualified under AS 38.05.057 to participate in the disposal of land by lottery; or

(2) qualified under AS 38.05.077 to make an entry under the remote parcel disposal procedures.

Sec. 38.09.030. APPLICATION FOR HOMESTEAD ENTRY. (a) A person who has staked the exterior boundaries of a homestead entry under AS 38.05.077 and a person who has been selected to purchase land designated for homestead entry by lottery shall apply for the homestead entry on a form prepared by the department.

(b) The department may charge a fee for filing an application under this chapter

(c) A person who within the eight years immediately preceding the date of the application under (a) of this section has leased a remote parcel from the state or applied for a homestead entry under this chapter is not eligible for land under this chapter.

(d) A person who has obtained more than 15 acres of state land is not eligible for land under this chapter.

Sec. 38.09.040. PATENT FOR HOMESTEAD ENTRY. (a) A person who has made a homestead entry under this chapter and filed an application under AS 38.09.030(a) is entitled to a patent if, within seven years from the date of application, the applicant

(1) occupies the land for a total of 35 months;
(2) erects a habitable dwelling;
(3) clears and prepares for cultivation not less than one-fourth of the land entered if the land is limited to agricultural use except that the commissioner may substitute a development plan in place of the clearing requirement if the commissioner determines that clearing of the land is inappropriate;

(4) brushes the boundaries of the homestead entry and maintains the brushed boundaries so that they are easily visible from the ground;

(5) causes a survey of the homestead entry to be made that is acceptable to the director.

(b) The director shall require an applicant for homestead entry to submit proof necessary to establish compliance with the requirements of (a) of this section. An applicant is not required to submit proof under (a)(4) or (5) of this section if the land comprising the homestead entry has been surveyed.

(c) As used in this section, "habitable dwelling"

(1) means a permanent dwelling of not less than 400 square feet and its fixtures and facilities;

(2) does not include a mobile home unless it is permanently attached to a permanent foundation.

Sec. 38.09.050. HOMESTEAD APPLICATION VOID. An application for homestead entry and the interest of the applicant under the homestead entry is void if the applicant fails to comply with a requirement of AS 38.09.040(a). On the request of the director, the attorney general shall bring an action to declare the homestead entry void and, if necessary, to eject the homestead applicant.

Sec. 6. AS 38.04.020(g)(3) is amended to read:

(3) Land designated agricultural, commercial, industrial, or suitable for other disposal may [SHALL] be sold under AS 38.05.055 or 38.05.057. Land designated agricultural or suitable for disposal other than as commercial or industrial may be sold under AS 38.05.077.

* Sec. 7. AS 38.04.021(a) is amended to read:

Sec. 38.04.021. DISPOSAL OF MUNICIPAL [GRANT] LAND [ENTITLEMENTS]. (a) A municipality may apply for financial assistance for the execution of a land disposal program [OF GENERAL GRANT LAND ENTITLEMENTS RECEIVED FROM THE STATE UNDER AS 29.18.201 - 29.18.213] by submitting a request to the commissioner for inclusion in the request submitted to the legislature under AS 38.04.020(e). A municipality may request financial assistance for expenses of surveying land, designating subdivision plats, installing improvements required by municipal ordinance or regulation of the local platting board, and other reasonable direct costs of land disposal.

* Sec. 8. AS 38.05.057(a) is amended to read:

(a) The commissioner may dispose of land, including land limited to use for agricultural purposes, by lottery. The purchase price of land sold by lottery shall be the fair market value of the land as determined by the commissioner. The commissioner may sell land by lottery for less than the fair market value of the land if he determines that scarcity of land for private use in the area of the land to be sold has resulted in unrealistic land values. Before the commissioner determines the purchase price for land which is located in a municipality and which is to be sold under this section, he shall consult with the assessor of the municipality. The lottery shall be conducted in public by the commissioner or his representative. An applicant may not be selected to purchase land unless he is present on the date and at the place that the lottery is conducted unless medical reasons, attendance at school, or military service [OUTSIDE THE STATE] prevent attendance. [AN APPLICANT MAY BE REPRESENTED BY AN AGENT ON THE DAY OF THE LOTTERY IF THE LAND OFFERED FOR SALE IS COMMERCIAL, INDUSTRIAL, OR AGRICULTURAL LAND.] On the day of the lottery a purchaser selected by lot

shall deposit an amount equal to five percent of the purchase price, or if the purchaser elects to use land discounts granted under AS 38.05.058, five percent of the purchase price after deduction of the discount. If the land is designated for homestead entry, the applicant selected by lottery for homestead entry must file an application under AS 38.09.030(a).

* Sec. 9. AS 38.05.077(a) is amended to read:

(a) The commissioner shall designate remote parcel selection areas and shall dispose of remote parcels in accordance with AS 38.04.020. The commissioner may set the number of remote parcels that may be selected in each remote parcel selection area. A remote parcel may be purchased under AS 38.05.078 or an applicant may receive a patent to a remote parcel under AS 38.09. A remote parcel purchased under AS 38.05.078 may not exceed 40 acres. A remote parcel required under AS 38.09 may not exceed 160 acres.

* Sec. 10. AS 38.05.077(b) is amended to read:

(b) The commissioner may designate remote parcel selection areas where staking will be restricted to aliquot parts when parcels are 40 acres or larger and shall prescribe parcel selection procedures for each remote parcel selection area designated under (a) of this section. The parcel selection procedures shall include

- (1) the maximum size of a remote parcel that may be selected in the parcel selection area;
- (2) (repealed)
- (3) the minimum distance between remote parcels in the parcel selection area;
- (4) parcel dimensions, configuration, orientation and other parcel design requirements;
- (5) a description of land within the area that may not be included in a parcel;
- (6) a requirement that landmarks, monuments or other points be used as points of reference for the measurement of distances within an area; and
- (7) specification for the type of stakes to use to mark the corners of a parcel.

* Sec. 11. AS 38.05.077(c) is amended to read:

(d) Not later than 15 days after staking the exterior boundaries of a remote parcel, the person who staked the parcel shall file a sketch plat with the department which shows the location of the remote parcel. At the time of filing the sketch plat, the person who staked the parcel shall apply to lease the land or apply for homestead entry under AS 38.09. An application [TO LEASE THE LAND] shall be on a standard form prepared by the department. The annual rental payment for the first year of the lease shall be submitted to the department with the application. After the application to lease a remote parcel is approved, the commissioner shall offer to lease the land to the person who staked the remote parcel. A lease granted under this section shall contain the following terms:

- (1) a remote parcel may be leased for five years;
- (2) a remote parcel lease may be renewed at the option of the lessee for a second five-year period under the same terms as provided for the first five-year of the remote parcel lease;
- (3) a rental payment shall be paid annually and shall be \$10 per acre;
- (4) unless the land is surveyed, the lessee shall, within one year of approval of the lease application and continuously for the lease period, physically delineate the boundaries of the parcel by brushing a line so that they are readily visible from the ground.

* Sec. 12. AS 38.05.077(i)(3) is amended to read:

(3) certify that the applicant [HE] has not previously leased a remote parcel from the state nor made application for a homestead entry on state land within eight years immediately preceding the date of staking a remote parcel.

* Sec. 13. AS 38.05.082(a) is amended to read:

(a) The director, with the approval of the commissioner, may lease tide, [AND] submerged, and shore lands for fisheries development. Fisheries development includes the utilization of shore gill nets, [OR] set nets, or fish wheels for the taking of fish. Every lease issued under this section shall reserve to the public a right-of-way

for access to navigable water and other tide, [AND]
submerged, and shore lands.

* Sec. 14. AS 03.10.030 is amended by adding a new subsection to read:

(g) A person who has received state land under AS 38.09 is not eligible for a loan under this chapter for improvements to that land before patent to that land has been received.

* Sec. 15. AS 38.05.180 is amended by adding a new subsection to read:

(aa) In order to achieve the purpose of this chapter, the commissioner may require a person conducting geophysical exploration for oil or gas resources or drilling a stratigraphic test well on unleased state land to provide the commissioner with access to and copies of all uninterpreted exploration data acquired from these activities. The commissioner shall pay all reasonable costs of reproducing the data. The commissioner shall keep confidential all uninterpreted exploration data submitted to the department under this subsection and any reproduction, analysis, processing, or interpretation of the uninterpreted exploration data prepared by the department or by a third party on behalf of the department which is based in whole or in part upon the uninterpreted exploration data. An employee, agent or contractor of the state, who knowingly and willfully reveals uninterpreted exploration data or information that is required to be kept confidential under this subsection is guilty of a class A felony upon conviction. Each agent or contractor of the department who has access to uninterpreted exploration data or information derived from uninterpreted exploration data submitted under this subsection shall execute and post a bond in an amount determined by the commissioner. The bond shall be to the benefit of the state and the permittee. As used in this subsection, "uninterpreted exploration data"

(1) means

(A) field data that has been initially processed and is ready for geologic and geophysical analysis;

(B) data that corresponds to the data that a geophysical contractor would provide participants in a group seismic survey; and

(2) includes associated material necessary to locate, identify, analyze, or interpret the field data.

(bb) Persons required to provide copies of uninterpreted exploration data under AS 38.05.180(aa) are entitled to compensation not to exceed the state's pro rata share of the actual costs of acquisition, processing and reproduction of the data submitted. Persons entitled to compensation under this subsection shall provide the commissioner with documentation justifying these costs. The commissioner may provide for credits, in lieu of cash payments, which may be applied against (1) oil and gas royalty and rental payments payable to the state or (2) taxes payable under AS 43.55.011-43.55.150. Credits may be used during a limited period established by the commissioner and may be assigned during that period. No credit may exceed 50 percent of the payment toward which it is being applied. Amounts due the Alaska permanent fund (AS 37.10.065) and the Alaska renewable resources development fund (AS 37.11.020) shall be calculated before the application of credits under this subsection.

* Sec. 16. AS 38.05.180(aa) added by sec. 1 of this Act applies to uninterpreted exploration data acquired from geophysical surveys that were commenced on unleased state land on or after January 1, 1982.

* Sec. 17. The purpose of this Act is to provide for the settlement of certain claims and litigation and to transfer legal title and management of university-grant lands from the Department of Natural Resources to the Board of Regents of the University of Alaska.

* Sec. 18. Nothing in this Act precludes or prejudices negotiations between the Municipality of Anchorage and the University of Alaska to settle Case Number SAN-79-2801 Civil, Third Judicial District, State of Alaska or prejudices or otherwise affects the pursuit or outcome of that litigation or otherwise affects the rights or interests of the University of Alaska or the Municipality of Anchorage in that pending litigation.

* Sec. 19. The commissioner of natural resources is authorized and directed to convey to the Board of Regents of the University of Alaska all rights, title, and interest of the State of Alaska in and to those university-grant lands identified in Appendices E and K in the document entitled "Settlement Agreement Between the Department of Natural Resources, the Department of Revenue, and the Department of Administration and the University of Alaska and the Board of Regents, as Trustees for the University of Alaska," which was submitted to the Alaska State Legislature on March 26, 1982 (the date of the introduction of Senate Bill No. 875 (Twelfth Legislature)), the terms of which are hereby ratified as to the duties and obligations of the State of Alaska and the Board of Regents of the University of Alaska. However, the compensation due the university is subject to further appropriation by the 1983 legislature.

* Sec. 20. AS 14.40.170(a)(4) is amended to read:

(4) Have the care, control and management of all the real and personal property of the university, including the management of those university-grant lands conveyed to the board of regents of the university of Alaska under sec. 19 of House Committee Substitute for House Bill No. 525 (Finance) or bills passed by the Twelfth Legislature and enacted into law in accordance with the purposes provided for by the Act of March 4, 1915 (38 Stat. 1214), as amended, and the Act of January 21, 1929 (-5 Stat. 1091), as amended;

* Sec. 21. AS 14.40.170(a) is amended by adding a new paragraph to read:

(7) adopt reasonable rules providing for prudent trust management, and providing for adequate public notice of all sales, leases, exchanges or other dispositions of university-grant lands or interests in university-grant lands.

* Sec. 22. The amendment to AS 38.05.065(b) made in sec. 3 of this Act applies to land contracts issued after the effective date of this Act.

* Sec. 23. Secs. 5 - 14 of this Act take effect July 1, 1982.

* Sec. 24. Secs. 15 - 21 take effect immediately in accordance with AS 01.10.070(c).

Sutchffe

am # 1

AMENDMENT

OFFERED IN THE HOUSE:

By: _____

To: _____ HOUSE BILL No. _____

SENATE BILL No. HCSB 525

PAGE: 2

LINE: 7

DELETE EXISTING ~~(3)~~ (3).

ADD A NEW ~~(3)~~ (3)

(3) ~~the~~ Bid Amount is LESS
than the costs incurred by
the Department for the DISPOSAL
of the PARCEL of LAND.

adopted 20-11

Introduced: 4/28/81
Referred: Resources and
Finance

1 IN THE SENATE

BY KERTTULA

2 SENATE BILL NO. 525

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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Funding Information
General Fund \$15,000
Other Funds -0-
\$15,000

Introduced: 4/30/81
Referred: Finance

1 IN THE SENATE

BY BENNETT BY REQUEST

2

SENATE BILL NO. 532

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation to the City of
7 Fairbanks for the Boy Scouts of America 1981 National
8 Jamboree; and providing for an effective date."

9

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

10

* Section 1. The sum of \$15,000 is appropriated from the general fund
11 for payment as a grant to the City of Fairbanks for 1981 National Jamboree
12 expenses of the Midnight Sun Council of the Boy Scouts of America.

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* Sec. 2. The appropriation made by this Act shall be disbursed in
14 accordance with AS 37.05.315.

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* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
16 070(c).

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Alaska State Senate

HOME ADDRESS
1039 5TH AVENUE
FAIRBANKS, ALASKA 99701



Senator John Ludrovich
STANDING COMMITTEES - 1977-78
FINANCE
RESOURCES

4-22-81

APR 24 1981

Dear Don _____

Here is the information from
Mr. Grinnin on the Scout jamboree.
In 1977 only 4 platoons went.

I'm sure you realize what
the cost means to an average or less
family —

The goddam state of Alaska helps
the curlers, the skiers, Nahman
students & just about every begging
S. O. B.

The Boy Scouts teach Americanism
not socialism. You can show
this to any one you wish.

I hope you can get them 15 M.

P.S. I'm sure Jimmy Smith, sincerely
Bill Roy, Martha, Jagers
would support - also Bradley
& Colletta J.B.

Butler

KEITH B. GIANNI, M. D., F.A.C.P.

INTERNAL MEDICINE

NINETEENTH AND LATHROP, FAIRBANKS, ALASKA 99701

April 21, 1981

APR 24 1981

On July 20, thirty to forty Boy Scouts from the Interior and Bush will be flying to Seattle on Alaska Airlines and then onto Washington, D.C. for the 1981 National Jamboree. The accompanying fact sheet will give you the details of this exciting series of events which should be one of the great highlights of each young man's life.

The last National Jamboree in 1977 was attended by four Scouts from Fairbanks. This year the Regional organization allotted us only six spaces, but thirty Scouts are signed up and have paid their fees to date (\$1095.00). Ten more are anticipated to go.

Not only will this be a tremendous boost for Scouting in the Interior, but will mean that ten times as many boys as before will come back with new Scouting skills, enthusiasm and commitment. This will directly translate into development of those high Scouting qualities which we desire in all our community members.

Unfortunately, Scouts from our Council will have to pay more than any other in the USA (\$1500.00-see attached breakdown). Despite the great enthusiasm shown by so many Scouts, many have been intimidated by the large expense of this trip.

Thirty Scouts are fully paid thus far, but this has been a great sacrifice to them and their families. The last ten are becoming the real challenge and need the most help.

KEITH B. GIANNI, M. D., F.A.C.P.
INTERNAL MEDICINE

NINETEENTH AND LATHROP, FAIRBANKS, ALASKA 99701

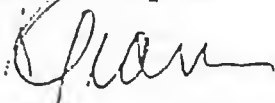
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I encourage your generous support for this most worthy effort for the following reasons:

1. The Scouting program embodies the highest ideals of our community. The National Jamboree reinforces these ideals in a dramatic fashion.
2. Our present group of Scouts have shown the most enthusiasm of any recent group.
3. The Scouts have been so chosen to be in the best position to develop within each troop, enthusiasm, skills and leadership that will last for some years to come in their own troops, and thus have a "cascade" effect on the community.
4. Our Scouting program has not been meeting expectations for some years. This is an unprecedented opportunity to build Scouting in our community and the Bush.

Thank you again for your consideration.

Sincerely,



Keith B. Gianni, M.D.
Chairman
National Jamboree Committee
Midnight Sun Council

1981 NATIONAL JAMBOREE FEES

	NATIONAL \$195	TRAVEL	REGIONAL	LOCAL	MONTH TOTAL	COMBINED TOTAL
OCT. 1	\$10				\$ 10	\$ 10
NOV. 1		\$100			100	110
DEC. 1		\$250			250	360
JAN. 1				\$200	200	560
FEB. 1	\$75	\$150	\$10		235	795
MAR. 1				\$200	200	995
APR. 1	\$110	\$100			290	1285
MAY 1				\$200	200	1485

JAMBOREE COMMITTEE

Keith Gianni - Chairman	1919 Lathrop Dr. 3	Fairbanks, Alaska 99701	452-6137
Bill Morgan	P.O. Box 2672	Fairbanks, Alaska 99707	456-6182
Mr. & Mrs. C. Cowles (Shirley & Charles)	2213 Mercier	Fairbanks, Alaska 99701	456-4505
Tom Byrnes	311 Noves Dr.	Fairbanks, Alaska 99701	452-2278
Pat Schachle	909 8th Ave.	Fairbanks, Alaska 99701	456-8177
Cliff Britton	SR 3 Box 30125	Fairbanks, Alaska 99701	479-3026

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