

LEG. FINANCE - BILLS 1983 - 1984 2076

CSSB 265 cont. - SB 269

2076

The Honorable Mitchell Abood
June 7, 1983
Page 1

15 AAC 105.120(5)(K) and is authorized as a special draw raffle. By enacting the Bill in the form presented to your committee, CS for SB 265 (State Affairs), the rat game's status as a special draw raffle and its exclusion from the three-day limitation would continue.

However, if the rat game does spin, we recommend changing the period of an activity back to the three consecutive days (i.e. take out the state fair language) and change the definition of "numbers wheels" to exclude the rat game:

(23) "numbers wheel" means any electronic, mechanical, or other device with numbers or other figures that are selected randomly and used in a game of chance in which the outcome is determined by the number or figure selected by the device; not including Hamster games in which a hamster is placed in an enclosure with several numbered exit holes where the winner is determined by which hole the hamster enters, or slot machines or other devices that operate by insertion of a coin or other object that may entitle the person operating the machine to receive a prize by strict dependence on the element of chance.

The second problem with the amendment is with the wording of the amendment itself. I do not know what an "authorized state fair" is. Representative Mike Miller mentioned something about a state fair board or other type of certifying group, but all we have been able to find in Alaska law are provisions in AS 03.20 relating to state aid to agricultural and industrial fairs. Presumably, anyone could operate a "state fair" with the only distinction between fairs being that some get state aid and others do not. Along with the problem of what comprises an authorized state fair is the period of the fair itself. There are no time limits in the law, but take note of several rain festivals in Southeast Alaska which advertise the period as January 1 - December 31.

In the original definition of "one activity" it was intended that the qualified organization or municipality could operate an event lasting no more than three consecutive days. The new wording reads as if the state fair would be the qualified organization in the case of games at the fair. I do not believe that is the intent of the amendment because the example at the hearing was the operation of a game by an Elks Club. If the period of a state fair is used to measure the period for an activity, the following definition would better reach the intent of the concerned member of your committee:

Handwritten note:
Hanson
Scrup
is definitely
does spin

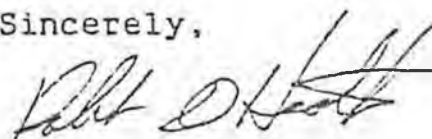
The Honorable Mitchell Abood
June 7, 1983
Page 2

For the purpose of this subsection, "one activity" means a single event lasting no more than three consecutive days or, for an activity conducted at an agricultural or industrial fair receiving state aid under the provisions of AS 03.20.010 - 03.20.080, for the period of the fair or 10 days, whichever is less.

Thus, there are three alternatives: 1) enact the bill in the form presented to your committee because the rat games are classified as special draw raffles under current law and therefore are not the subject of the Monte Carlo provisions; 2) return the period of an activity to a maximum of three days (which would not open state fairs up to gambling) and amend the definition of what constitutes a numbers wheel; 3) rework the language of the time period of an activity to limit the period of the authorized games in line with legislative intent. We believe either of the first two alternatives to be preferable to the third.

I hope what I have presented in this letter will be helpful to you as the Bill goes into the House Finance Committee. If we may be of further assistance to you, please call me or Donald M. Bullock, Jr. with whom you have previously been in contact.

Sincerely,



Robert D. Heath
Commissioner of Revenue

RDH:DMB:jas

EXPLANATION OF CHANGES MADE IN PROPOSED HCS CS SB 265 (FIN)

The actual changes are shown on the draft bill.

The purpose of these changes is to insure that the "hamster game" or "rat game" conducted by the Elks Club at the Palmer State Fair can continue. The House State Affairs Committee attempted to clear up this problem, but the Department of Revenue found problems with their language, fearing that illegal gambling at the Palmer fair could result.

The new language reflected in this committee substitute has been agreed to by DOR. It removes the "hamster game" from the definition of a numbers wheel so that it could continue for more than three days. The Elks' operation of a "hamster game" is currently regulated by DOR as a special draw raffle. This regulation would continue under the proposed language in this draft bill.

In sum, Monte Carlo Night and the "hamster game" can continue, and there is no possibility of illegal gambling at the Palmer fair.

Key: — new language
[...] deleted language

Levv
6/15/83

Original sponsors: V.Fischer, Faiks,
Josephson, et al

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 265 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to permits issued for games of
7 chance and contests of skill."

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

9 * Section 1. AS 05.15.030 is amended by adding a new subsection to
10 read:

11 (b) In addition to the requirements of (a) of this section, an
12 applicant for a permit to conduct an activity under AS 05.15.100(b)
13 shall notify the law enforcement agency having jurisdiction over the
14 location of the proposed activity. The commissioner of revenue may
15 not issue a permit for the proposed activity unless the application is
16 accompanied by the written approval of the law enforcement agency
17 having jurisdiction.

18 * Sec. 2. AS 05.15.100 is amended by adding a new subsection to read:

19 (b) The commissioner of revenue also may issue a permit giving a
20 municipality or qualified organization the privilege of conducting an
21 activity involving the use of playing cards, dice, and numbers wheels.
22 A municipality or qualified organization may apply for a permit for
23 only one activity a year under this subsection. For the purpose of
24 this subsection, "one activity" means ^{[AN AUTHORIZED STATE FAIR OR} a single event lasting no more
25 than three consecutive days.

26 * Sec. 3. AS 05.15.140 is amended by adding new subsections to read:

27 (b) In an application for a permit, a municipality or qualified
28 organization shall disclose the name and address of each person re-
29 sponsible for the operation of the activity and whether any person

1 named

2 (1) has ever been convicted of a felony or gambling misde-
3 meanor; or

4 (2) has a prohibited financial interest, as defined in
5 regulations adopted by the commissioner, in the operation of the
6 activity.

7 (c) The commissioner of revenue may not issue a permit for an
8 activity operated by a person who has been convicted of a felony or a
9 gambling misdemeanor.

10 (d) Application forms for permits shall contain a notice that a
11 false statement in the application is punishable by law.

12 * Sec. 4. AS 05.15.160 is repealed and reenacted to read:

13 Sec. 05.15.160. AUTHORIZED EXPENSES. No item of expense may be
14 incurred or paid in connection with the operation of an activity under
15 a permit issued under this chapter except for bona fide expenses
16 reasonably necessary for

17 (1) goods, wares, and merchandise necessary for the opera-
18 tion of the activity;

19 (2) personal services rendered that are not directly or
20 indirectly involved with the operation of the activity; or

21 (3) personal services involved with the operation of the
22 activity provided the services are performed by an employee of the
23 municipality, qualified organization, or a consultant hired by the
24 municipality or qualified organization conducting the activity and the
25 compensation is not related to the receipts from the activity.

26 * Sec. 5. AS 05.15.180 is amended to read:

27 Sec. 05.15.180. LIMITATIONS ON AUTHORIZED ACTIVITY. (a) Except
28 as provided in AS 05.15.100(b), this [THIS] chapter does not authorize
29 the use of playing cards, dice, roulette wheels, coin-operated instru-

1 ments or machines, or other objects or instruments used, designed, or
2 intended primarily for gaming or gambling or any other method or
3 implement not expressly authorized by the commissioner.

4 (b) With the exception of raffles, lotteries, [AND] raffle clas-
5 sics, and other activities authorized under AS 05.15.100(b), no activ-
6 ity may be licensed under this chapter unless it existed in the state
7 in substantially the same form and was conducted in substantially the
8 same manner before January 1, 1959.

9 * Sec. 6. AS 05.15.180 is amended by adding a new subsection to read:

10 (c) The operation of activities licensed under AS 05.15.100(b)
11 is limited as follows:

12 (1) no cash prizes may be awarded;

13 (2) only money substitutes such as chips or scrip may be
14 used by a player in the activity;

15 (3) the money substitutes may be exchanged only for prizes
16 other than money and may not be otherwise exchanged or sold; and

17 (4) additional limitations that may be established by the
18 commissioner of revenue under adopted regulations.

19 * Sec. 7. AS 05.15.200 is repealed and reenacted to read:

20 Sec. 05.15.200. PENALTIES. (a) A person who knowingly violates
21 or aids or solicits a person to violate this chapter is guilty of a
22 violation for the first offense and a class B misdemeanor for the
23 second and each subsequent offense.

24 (b) A person who, with the intent to mislead a public servant in
25 the performance of the public servant's duty, submits a false state-
26 ment in an application for a permit under this chapter, is guilty of
27 unsworn falsification.

28 * Sec. 8. AS 05.15.210 is amended by adding a new paragraph to read:

29 (23) "numbers wheel" means any electronic, mechanical, or

1 other device with numbers or other figures that are selected randomly
2 and used in a game of chance in which the outcome is determined by the
3 number or figure selected by the device; not including games in which
4 a hamster or other animal is placed in an enclosure with several
5 numbered exit holes and the winner is determined by which hole the
6 hamster or other animal exits, or slot machines or other devices that
7 operate by insertion of a coin or other object that may entitle the
8 person operating the machine to receive a prize by strict dependence
9 on the element of chance.

10 * Sec. 9. AS 11.66.280(2) is amended by adding a new subparagraph to
11 read:

12 (C) an activity authorized by the commissioner of
13 revenue under AS 05.15.010 - 05.15.210;

Introduced: 4/19/83
Referred: State Affairs and
Finance

BY V, FISCHER, FAIKS,
JOSEPHSON, STURGULEWSKI,
PETTYJOHN AND P. FISCHER

1 IN THE SENATE

2 SENATE BILL NO. 265

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to permits issued for games of
7 chance and contests of skill."

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

9 * Section 1. AS 05.15.030 is amended by adding a new subsection to
10 read:

11 (b) In addition to the requirements of (a) of this section, an
12 applicant for a permit to conduct an activity under AS 05.15.100(b)
13 shall notify the law enforcement agency nearest to the location of the
14 proposed activity of the application. The commissioner of revenue may
15 not issue a permit for the proposed activity unless the law enforce-
16 ment agency approves the permit.

17 * Sec. 2. AS 05.15.100 is amended by adding a new subsection to read:

18 (b) The commissioner of revenue also may issue a permit giving a
19 municipality or qualified organization the privilege of conducting an
20 activity involving the use of playing cards, dice, and numbers wheels.
21 A municipality or qualified organization may conduct only one activity
22 a year under this subsection and must obtain a separate permit for
23 each activity.

24 * Sec. 3. AS 05.15.180 is amended to read:

25 Sec. 05.15.180. LIMITATIONS ON AUTHORIZED ACTIVITY. (a) Except
26 as provided in AS 05.15.100(b), this [THIS] chapter does not authorize
27 the use of playing cards, dice, roulette wheels, coin-operated instru-
28 ments or machines, or other objects or instruments used, designed, or
29 intended primarily for gaming or gambling or any other method or

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

Introduced: 4/19/83
Referred: State Affairs and
Finance

BY V, FISCHER, FAIKS,
JOSEPHSON, STURGULEWSKI,
PETTYJOHN AND P. FISCHER

1 IN THE SENATE

2

SENATE BILL NO. 265

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to permits issued for games of
7 chance and contests of skill."

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

9 * Section 1. AS 05.15.030 is amended by adding a new subsection to
10 read:

11 (b) In addition to the requirements of (a) of this section, an
12 applicant for a permit to conduct an activity under AS 05.15.100(b)
13 shall notify the law enforcement agency nearest to the location of the
14 proposed activity of the application. The commissioner of revenue may
15 not issue a permit for the proposed activity unless the law enforce-
16 ment agency approves the permit.

17 * Sec. 2. AS 05.15.100 is amended by adding a new subsection to read:

18 (b) The commissioner of revenue also may issue a permit giving a
19 municipality or qualified organization the privilege of conducting an
20 activity involving the use of playing cards, dice, and numbers wheels.
21 A municipality or qualified organization may conduct only one activity
22 a year under this subsection and must obtain a separate permit for
23 each activity.

24 * Sec. 3. AS 05.15.180 is amended to read:

25 Sec. 05.15.180. LIMITATIONS ON AUTHORIZED ACTIVITY. (a) Except
26 as provided in AS 05.15.100(b), this [THIS] chapter does not authorize
27 the use of playing cards, dice, roulette wheels, coin-operated instru-
28 ments or machines, or other objects or instruments used, designed, or
29 intended primarily for gaming or gambling or any other method or

1 implement not expressly authorized by the commissioner.

2 (b) With the exception of raffles, lotteries, [AND] rain clas-
3 sics, and other activities authorized under AS 05.15.100, no activity
4 may be licensed under this chapter unless it existed in the state in
5 substantially the same form and was conducted in substantially the
6 same manner before January 1, 1959.

1
Offered: 4/30/83
Referred: Finance

Original sponsors: V.Fischer, Faiks,
Josephson, et al

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 265 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to permits issued for games of
7 chance and contests of skill."

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

9 * Section 1. AS 05.15.030 is amended by adding a new subsection to
10 read:

11 (b) In addition to the requirements of (a) of this section, an
12 applicant for a permit to conduct an activity under AS 05.15.100(b)
13 shall notify the law enforcement agency having jurisdiction over the
14 location of the proposed activity. The commissioner of revenue may
15 not issue a permit for the proposed activity unless the application is
16 accompanied by the written approval of the law enforcement agency
17 having jurisdiction.

18 * Sec. 2. AS 05.15.100 is amended by adding a new subsection to read:

19 (b) The commissioner of revenue also may issue a permit giving a
20 municipality or qualified organization the privilege of conducting an
21 activity involving the use of playing cards, dice, and numbers wheels.
22 A municipality or qualified organization may apply for a permit for
23 only one activity a year under this subsection. For the purpose of
24 this subsection, "one activity" means a single event lasting no more
25 than three consecutive days.

26 * Sec. 3. AS 05.15.140 is amended by adding new subsections to read:

27 (b) In an application for a permit, a municipality or qualified
28 organization shall disclose the name and address of each person re-
29 sponsible for the operation of the activity and whether any person

1 named

2 (1) has ever been convicted of a felony or gambling misde-
3 meanor; or

4 (2) has a prohibited financial interest, as defined in
5 regulations adopted by the commissioner, in the operation of the
6 activity.

7 (c) The commissioner of revenue may not issue a permit for an
8 activity operated by a person who has been convicted of a felony or a
9 gambling misdemeanor.

10 (d) Application forms for permits shall contain a notice that a
11 false statement in the application is punishable by law.

12 * Sec. 4. AS 05.15.160 is repealed and reenacted to read:

13 Sec. 05.15.160. AUTHORIZED EXPENSES. No item of expense may be
14 incurred or paid in connection with the operation of an activity under
15 a permit issued under this chapter except for bona fide expenses
16 reasonably necessary for

17 (1) goods, wares, and merchandise necessary for the opera-
18 tion of the activity;

19 (2) personal services rendered that are not directly or
20 indirectly involved with the operation of the activity; or

21 (3) personal services involved with the operation of the
22 activity provided the services are performed by an employee of the
23 municipality, qualified organization, or a consultant hired by the
24 municipality or qualified organization conducting the activity and the
25 compensation is not related to the receipts from the activity.

26 * Sec. 5. AS 05.15.180 is amended to read:

27 Sec. 05.15.180. LIMITATIONS ON AUTHORIZED ACTIVITY. (a) Except
28 as provided in AS 05.15.100(b), this [THIS] chapter does not authorize
29 the use of playing cards, dice, roulette wheels, coin-operated

1 instruments or machines, or other objects or instruments used,
2 designed, or intended primarily for gaming or gambling or any other
3 method or implement not expressly authorized by the commissioner.

4 (b) With the exception of raffles, lotteries, [AND] raiu clas-
5 sics, and other activities authorized under AS 05.15.100(b), no activ-
6 ity may be licensed under this chapter unless it existed in the state
7 in substantially the same form and was conducted in substantially the
8 same manner before January 1, 1959.

9 * Sec. 6. AS 05.15.180 is amended by adding a new subsection to read:

10 (c) The operation of activities licensed under AS 05.15.100(b)
11 is limited as follows:

12 (1) no cash prizes may be awarded;

13 (2) only money substitutes such as chips or scrip may be
14 used by a player in the activity;

15 (3) the money substitutes may be exchanged only for prizes
16 other than money and may not be otherwise exchanged or sold; and

17 (4) additional limitations that may be established by the
18 commissioner of revenue under adopted regulations.

19 * Sec. 7. AS 05.15.200 is repealed and reenacted to read:

20 Sec. 05.15.200. PENALTIES. (a) A person who knowingly violates
21 or aids or solicits a person to violate this chapter is guilty of a
22 violation for the first offense and a class B misdemeanor for the
23 second and each subsequent offense.

24 (b) A person who, with the intent to mislead a public servant in
25 the performance of the public servant's duty, submits a false state-
26 ment in an application for a permit under this chapter, is guilty of
27 unsworn falsification.

28 * Sec. 8. AS 05.15.210 is amended by adding a new paragraph to read:

29 (23) "numbers wheel" means any electronic, mechanical, or

1 other device with numbers or other figures that are selected randomly
2 and used in a game of chance in which the outcome is determined by the
3 number or figure selected by the device; not including slot machines
4 or other devices that operate by insertion of a coin or other object
5 that may entitle the person operating the machine to receive a prize
6 by strict dependence on the element of chance.

7 * Sec. 9. AS 11.66.280(2) is amended by adding a new subparagraph to
8 read:

9 (C) an activity authorized by the commissioner of
10 revenue under AS 05.15.010 - 05.15.210;

Offered: 4/30/83
Referred: Finance

Original sponsors: V.Fischer, Faiks,
Josephson, et al

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 265 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL
6 For an Act entitled: "An Act relating to permits issued for games of
7 chance and contests of skill."

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

9 * Section 1. AS 05.15.030 is amended by adding a new subsection to
10 read:

11 (b) In addition to the requirements of (a) of this section, an
12 applicant for a permit to conduct an activity under AS 05.15.100(b)
13 shall notify the law enforcement agency having jurisdiction over the
14 location of the proposed activity. The commissioner of revenue may
15 not issue a permit for the proposed activity unless the application is
16 accompanied by the written approval of the law enforcement agency
17 having jurisdiction.

18 * Sec. 2. AS 05.15.100 is amended by adding a new subsection to read:

19 (b) The commissioner of revenue also may issue a permit giving a
20 municipality or qualified organization the privilege of conducting an
21 activity involving the use of playing cards, dice, and numbers wheels.
22 A municipality or qualified organization may apply for a permit for
23 only one activity a year under this subsection. For the purpose of
24 this subsection, "one activity" means a single event lasting no more
25 than three consecutive days.

26 * Sec. 3. AS 05.15.140 is amended by adding new subsections to read:

27 (b) In an application for a permit, a municipality or qualified
28 organization shall disclose the name and address of each person re-
29 sponsible for the operation of the activity and whether any person

1 named

2 (1) has ever been convicted of a felony or gambling misde-
3 meanor; or

4 (2) has a prohibited financial interest, as defined in
5 regulations adopted by the commissioner, in the operation of the
6 activity.

7 (c) The commissioner of revenue may not issue a permit for an
8 activity operated by a person who has been convicted of a felony or a
9 gambling misdemeanor.

10 (d) Application forms for permits shall contain a notice that a
11 false statement in the application is punishable by law.

12 * Sec. 4. AS 05.15.160 is repealed and reenacted to read:

13 Sec. 05.15.160. AUTHORIZED EXPENSES. No item of expense may be
14 incurred or paid in connection with the operation of an activity under
15 a permit issued under this chapter except for bona fide expenses
16 reasonably necessary for

17 (1) goods, wares, and merchandise necessary for the opera-
18 tion of the activity;

19 (2) personal services rendered that are not directly or
20 indirectly involved with the operation of the activity; or

21 (3) personal services involved with the operation of the
22 activity provided the services are performed by an employee of the
23 municipality, qualified organization, or a consultant hired by the
24 municipality or qualified organization conducting the activity and the
25 compensation is not related to the receipts from the activity.

26 * Sec. 5. AS 05.15.180 is amended to read:

27 Sec. 05.15.180. LIMITATIONS ON AUTHORIZED ACTIVITY. (a) Except
28 as provided in AS 05.15.100(b), this [THIS] chapter does not authorize
29 the use of playing cards, dice, roulette wheels, coin-operated

1 instruments or machines, or other objects or instruments used,
2 designed, or intended primarily for gaming or gambling or any other
3 method or implement not expressly authorized by the commissioner.

4 (b) With the exception of raffles, lotteries, [AND] rai n clas-
5 sics, and other activities authorized under AS 05.15.1J0(b), no activ-
6 ity may be licensed under this chapter unless it existed in the state
7 in substantially the same form and was conducted in substantially the
8 same manner before January 1, 1959.

9 * Sec. 6. AS 05.15.180 is amended by adding a new subsection to read:

10 (c) The operation of activities licensed under AS 05.15.100(b)
11 is limited as follows:

12 (1) no cash prizes may be awarded;

13 (2) only money substitutes such as chips or scrip may be
14 used by a player in the activity;

15 (3) the money substitutes may be exchanged only for prizes
16 other than money and may not be otherwise exchanged or sold; and

17 (4) additional limitations that may be established by the
18 commissioner of revenue under adopted regulations.

19 * Sec. 7. AS 05.15.200 is repealed and reenacted to read:

20 Sec. 05.15.200. PENALTIES. (a) A person who knowingly violates
21 or aids or solicits a person to violate this chapter is guilty of a
22 violation for the first offense and a class B misdemeanor for the
23 second and each subsequent offense.

24 (b) A person who, with the intent to mislead a public servant in
25 the performance of the public servant's duty, submits a false state-
26 ment in an application for a permit under this chapter, is guilty of
27 unsworn falsification.

28 * Sec. 8. AS 05.15.210 is amended by adding a new paragraph to read:

29 (23) "numbers wheel" means any electronic, mechanical, or

1 other device with numbers or other figures that are selected randomly
2 and used in a game of chance in which the outcome is determined by the
3 number or figure selected by the device; not including slot machines
4 or other devices that operate by insertion of a coin or other object
5 that may entitle the person operating the machine to receive a prize
6 by strict dependence on the element of chance.

7 * Sec. 9. AS 11.66.280(2) is amended by adding a new subparagraph to
8 read:

9 (C) an activity authorized by the commissioner of
10 revenue under AS 05.15.010 - 05.15.210;

Offered: 6/10/83
Referred: Finance

Original sponsors: V.Fischer, Faiks,
Josephson, et al

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 HOUSE CS FOR CS FOR SENATE BILL NO. 265 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to permits issued for games of
7 chance and contests of skill."

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

9 * Section 1. AS 05.15.030 is amended by adding a new subsection to
10 read:

11 (b) In addition to the requirements of (a) of this section, an
12 applicant for a permit to conduct an activity under AS 05.15.100(b)
13 shall notify the law enforcement agency having jurisdiction over the
14 location of the proposed activity. The commissioner of revenue may
15 not issue a permit for the proposed activity unless the application is
16 accompanied by the written approval of the law enforcement agency
17 having jurisdiction.

18 * Sec. 2. AS 05.15.100 is amended by adding a new subsection to read:

19 (b) The commissioner of revenue also may issue a permit giving a
20 municipality or qualified organization the privilege of conducting an
21 activity involving the use of playing cards, dice, and numbers wheels.
22 A municipality or qualified organization may apply for a permit for
23 only one activity a year under this subsection. For the purpose of
24 this subsection, "one activity" means an authorized state fair or a
25 single event lasting no more than three consecutive days.

26 * Sec. 3. AS 05.15.140 is amended by adding new subsections to read:

27 (b) In an application for a permit, a municipality or qualified
28 organization shall disclose the name and address of each person re-
29 sponsible for the operation of the activity and whether any person

1 named

2 (1) has ever been convicted of a felony or gambling misde-
3 meanor; or

4 (2) has a prohibited financial interest, as defined in
5 regulations adopted by the commissioner, in the operation of the
6 activity.

7 (c) The commissioner of revenue may not issue a permit for an
8 activity operated by a person who has been convicted of a felony or a
9 gambling misdemeanor.

10 (d) Application forms for permits shall contain a notice that a
11 false statement in the application is punishable by law.

12 * Sec. 4. AS 05.15.160 is repealed and reenacted to read:

13 Sec. 05.15.160. AUTHORIZED EXPENSES. No item of expense may be
14 incurred or paid in connection with the operation of an activity under
15 a permit issued under this chapter except for bona fide expenses
16 reasonably necessary for

17 (1) goods, wares, and merchandise necessary for the opera-
18 tion of the activity;

19 (2) personal services rendered that are not directly or
20 indirectly involved with the operation of the activity; or

21 (3) personal services involved with the operation of the
22 activity provided the services are performed by an employee of the
23 municipality, qualified organization, or a consultant hired by the
24 municipality or qualified organization conducting the activity and the
25 compensation is not related to the receipts from the activity.

26 * Sec. 5. AS 05.15.180 is amended to read:

27 Sec. 05.15.180. LIMITATIONS ON AUTHORIZED ACTIVITY. (a) Except
28 as provided in AS 05.15.100(b), this [THIS] chapter does not authorize
29 the use of playing cards, dice, roulette wheels, coin-operated

1 instruments or machines, or other objects or instruments used, de-
2 signed, or intended primarily for gaming or gambling or any other
3 method or implement not expressly authorized by the commissioner.

4 (b) With the exception of raffles, lotteries, [AND] rairn clas-
5 sics, and other activities authorized under AS 05.15.100(b), no activ-
6 ity may be licensed under this chapter unless it existed in the state
7 in substantially the same form and was conducted in substantially the
8 same manner before January 1, 1959.

9 * Sec. 6. AS 05.15.180 is amended by adding a new subsection to read:

10 (c) The operation of activities licensed under AS 05.15.100(b)
11 is limited as follows:

12 (1) no cash prizes may be awarded;

13 (2) only money substitutes such as chips or scrip may be
14 used by a player in the activity;

15 (3) the money substitutes may be exchanged only for prizes
16 other than money and not to otherwise exchanged or sold; and

17 (4) additional limitations that may be established by the
18 commissioner of revenue under adopted regulations.

19 * Sec. 7. AS 05.15.200 is repealed and reenacted to read:

20 Sec. 05.15.200. PENALTIES. (a) A person who knowingly violates
21 or aids or solicits a person to violate this chapter is guilty of a
22 violation for the first offense and a class B misdemeanor for the
23 second and each subsequent offense.

24 (b) A person who, with the intent to mislead a public servant in
25 the performance of the public servant's duty, submits a false state-
26 ment in an application for a permit under this chapter, is guilty of
27 unsworn falsification.

28 * Sec. 8. AS 05.15.210 is amended by adding a new paragraph to read:

29 (23) "numbers wheel" means any electronic, mechanical, or

1 other device with numbers or other figures that are selected randomly
2 and used in a game of chance in which the outcome is determined by the
3 number or figure selected by the device; not including slot machines
4 or other devices that operate by insertion of a coin or other object
5 that may entitle the person operating the machine to receive a prize
6 by strict dependence on the element of chance.

7 * Sec. 9. AS 11.66.280(2) is amended by adding a new subparagraph to
8 read:

9 .C) an activity authorized by the commissioner of
10 revenue under AS 05.15.010 - 05.15.210;

5/19/83

Senator Vic Fischer
Sectional Analysis CSSB 265 (SA)

Sec. 1 - Adds a requirement that a municipality or a qualified organization must notify and receive written approval from a local law enforcement agency before a permit for a game of chance or contest of skill may be issued by the Department of Revenue.

Sec. 2 - Limits the number of permissible events to one activity per year. An "activity" may last no more than three consecutive days.

Sec. 3 - Adds a requirement that a municipality or qualified organization must disclose the name and address of each person responsible for the operation of the activity and whether any person named 1) has ever been convicted of a felony or a gambling misdemeanor or 2) has a prohibited financial interest, as defined by regulation, in the operation of the activity. A permit may not be issued for an activity operated by a person convicted of a felony or gambling misdemeanor.

Sec. 4 - Repeals and reenacts the section authorizing the payment of expenses related to conducting a game of chance or contest of skill. Authorized expenses are limited to 1) goods necessary for operation of the activity, 2) personal services not involved in the operation of the activity [e.g. a plumber or maintenance person] and, 3) personal services performed by an employee or consultant of a municipality or qualified organization provided that the compensation is not related to the receipts from the activity.

Sec. 5 - Amends a limitation on authorized activities to allow the use of cards, roulette wheels, etc. in conjunction with "monte carlo night" type activities. Also exempts "monte carlo night" type activities from a prohibition against these activities unless they existed before January 1, 1959.

Sec. 6 - Limits the use of cash in permitted activities. No cash prizes may be awarded. Chips or script must be used in lieu of cash and can only be exchanged for prizes. Additional limitations may be established by regulation.

Sec. 7 - Changes the existing penalty provision to conform to classification under the new criminal code and adds a penalty for lying on an application for a permit.

Sec. 8 - Adds a definition of "numbers wheel."

Sec. 9 - Excludes "monte carlo night" type activities which are authorized by the Commissioner of Revenue from the definition of "gambling" in the criminal code.

Offered: 4/30/83
Referred: Finance

Original sponsors: V.Fischer, Faiks,
Josephson, et al

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE
2 CS FOR SENATE BILL NO. 265 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to permits issued for games of
7 chance and contests of skill."

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

9 * Section 1. AS 05.15.030 is amended by adding a new subsection to
10 read:

11 (b) In addition to the requirements of (a) of this section, an
12 applicant for a permit to conduct an activity under AS 05.15.100(b)
13 shall notify the law enforcement agency having jurisdiction over the
14 location of the proposed activity. The commissioner of revenue may
15 not issue a permit for the proposed activity unless the application is
16 accompanied by the written approval of the law enforcement agency
17 having jurisdiction.

18 * Sec. 2. AS 05.15.100 is amended by adding a new subsection to read:

19 (b) The commissioner of revenue also may issue a permit giving a
20 municipality or qualified organization the privilege of conducting an
21 activity involving the use of playing cards, dice, and numbers wheels.
22 A municipality or qualified organization may apply for a permit for
23 only one activity a year under this subsection. For the purpose of
24 this subsection, "one activity" means a single event lasting no more
25 than three consecutive days.

26 * Sec. 3. AS 05.15.140 is amended by adding new subsections to read:

27 (b) In an application for a permit, a municipality or qualified
28 organization shall disclose the name and address of each person re-
29 sponsible for the operation of the activity and whether any person

1 named

2 (1) has ever been convicted of a felony or gambling misde-
3 meanor; or

4 (2) has a prohibited financial interest, as defined in
5 regulations adopted by the commissioner, in the operation of the
6 activity.

7 (c) The commissioner of revenue may not issue a permit for an
8 activity operated by a person who has been convicted of a felony or a
9 gambling misdemeanor.

10 (d) Application forms for permits shall contain a notice that a
11 false statement in the application is punishable by law.

12 * Sec. 4. AS 05.15.160 is repealed and reenacted to read:

13 Sec. 05.15.160. AUTHORIZED EXPENSES. No item of expense may be
14 incurred or paid in connection with the operation of an activity under
15 a permit issued under this chapter except for bona fide expenses
16 reasonably necessary for

17 (1) goods, wares, and merchandise necessary for the opera-
18 tion of the activity;

19 (2) personal services rendered that are not directly or
20 indirectly involved with the operation of the activity; or

21 (3) personal services involved with the operation of the
22 activity provided the services are performed by an employee of the
23 municipality, qualified organization, or a consultant hired by the
24 municipality or qualified organization conducting the activity and the
25 compensation is not related to the receipts from the activity.

26 * Sec. 5. AS 05.15.180 is amended to read:

27 Sec. 05.15.180. LIMITATIONS ON AUTHORIZED ACTIVITY. (a) Except
28 as provided in AS 05.15.100(b), this [THIS] chapter does not authorize
29 the use of playing cards, dice, roulette wheels, coin-operated

1 instruments or machines, or other objects or instruments used,
2 designed, or intended primarily for gaming or gambling or any other
3 method or implement not expressly authorized by the commissioner.

4 (b) With the exception of raffles, lotteries, [AND] rairn clas-
5 sics, and other activities authorized under AS 05.15.100(b), no activ-
6 ity may be licensed under this chapter unless it existed in the state
7 in substantially the same form and was conducted in substantially the
8 same manner before January 1, 1959.

9 * Sec. 6. AS 05.15.180 is amended by adding a new subsection to read:

10 (c) The operation of activities licensed under AS 05.15.100(b)
11 is limited as follows:

12 (1) no cash prizes may be awarded;

13 (2) only money substitutes such as chips or scrip may be
14 used by a player in the activity;

15 (3) the money substitutes may be exchanged only for prizes
16 other than money and may not be otherwise exchanged or sold; and

17 (4) additional limitations that may be established by the
18 commissioner of revenue under adopted regulations.

19 * Sec. 7. AS 05.15.200 is repealed and reenacted to read:

20 Sec. 05.15.200. PENALTIES. (a) A person who knowingly violates
21 or aids or solicits a person to violate this chapter is guilty of a
22 violation for the first offense and a class B misdemeanor for the
23 second and each subsequent offense.

24 (b) A person who, with the intent to mislead a public servant in
25 the performance of the public servant's duty, submits a false state-
26 ment in an application for a permit under this chapter, is guilty of
27 unsworn falsification.

28 * Sec. 8. AS 05.15.210 is amended by adding a new paragraph to read:

29 (23) "numbers wheel" means any electronic, mechanical, or

1 other device with numbers or other figures that are selected randomly
2 and used in a game of chance in which the outcome is determined by the
3 number or figure selected by the device; not including slot machines
4 or other devices that operate by insertion of a coin or other object
5 that may entitle the person operating the machine to receive a prize
6 by strict dependence on the element of chance.

7 * Sec. 9. AS 11.66.280(2) is amended by adding a new subparagraph to
8 read:

9 (C) an activity authorized by the commissioner of
10 revenue under AS 05.15.010 - 05.15.210;

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS SB 265 (SA)
 Title Act relating to permits issued for games of chance and contests orski
 Requested by Senator Sackett Date 5/19/83

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Operations
 BRU, Program, or Subprogram(s) Affected Public Services & Enforcement
 (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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

-0-

FUNDING (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 5/19/83

PREPARED BY *John C. Sackett*
 AGENCY State Senate
 PHONE 465-3753

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

STATE OF ALASKA
FISCAL NOTE

Revision Date 4/28, 1983

I. REQUEST

Bill/Resolution No. SB 265
Title: Act relating to permits issued for
games of chance and contests of skill
Sponsor: State Affairs
Requestor: V. Fischer

II. FISCAL DETAIL

Agency Affected: Department of Revenue
Program Category Affected: Rev. Operations
BRU, Program of Subprogram(s) Affected:
Public Svcs. & Enforcement

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	29.5	31.5	34.0	36.5	39.5
200 TRAVEL	-	4.5	4.8	5.0	5.5	6.0
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	4.5	5.0	5.5	6.0	6.5
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING		38.5	41.3	44.5	48.0	52.0

CAPITAL	-	-	-	-	-	-
---------	---	---	---	---	---	---

REVENUE	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FUNDING: (Thousands of Dollars)						
GENERAL FUND	-	38.5	41.3	44.5	48.0	52.0
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	one	one	one	one	one
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

OFFICE OF
MANAGEMENT & BUDGET

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

APR 28 1983

BUDGET REVIEW

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Marcy Rehfeld
Division: Commissioner's Office

Phone: 465-2300
Date: 4/27/83

Approved by Commissioner: *Marcy Rehfeld*
Department: Revenue

Date: 4/28/83

Distribution:

Original to Legislative Finance

Copy to Office of Management and Budget (for Legislature introduced bills)

Copy to Department (for Governor introduced bills)

Copy to Sponsor

Copy to Requestor (if different from Sponsor)

ANALYSIS: cs SB 265

To insure equitable compliance with the law, a full time investigator will be needed and audit and investigation will require a minimum of eight field trips per year.

Supplies and commodities include new forms, mail outs and miscellaneous clerical supplies. All instruction and forms will require immediate revision and reprint.

STATE OF ALASKA
FISCAL NOTE

Revision Date 4/22, 1983

I. REQUEST

Bill/Resolution No. SB 265
Title: Act relating to permits issued for
games of chance and contests of skill
Sponsor: State Affairs
Requestor: V. Fischer

II. FISCAL DETAIL

Agency Affected: Department of Revenue
Program Category Affected: Rev. Operations
BRU, Program of Subprogram(s) Affected:
Public Svcs. & Enforcement

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	29.5	31.5	34.0	36.5	39.5
200 TRAVEL	-	4.5	4.8	5.0	5.5	6.0
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	4.5	5.0	5.5	6.0	6.5
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING		38.5	41.3	44.5	48.0	52.0
CAPITAL	-	-	-	-	-	-

REVENUE

FUNDING: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND	-	38.5	41.3	44.5	48.0	52.0
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS:

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL-TIME	-	one	one	one	one	one
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Marcy Rehfeld

Division: Commissioner's Office

Phone: 465-2300

Date: 4/27/83

Approved by Commissioner: *[Signature]*

Department: Revenue

Date: 4/28/83

Distribution:

Original to Legislative Finance

Copy to Office of Management and Budget (for Legislature introduced bills)

Copy to Department (for Governor introduced bills)

Copy to Sponsor

Copy to Requestor (if different from Sponsor)

ANALYSIS: SB 265

To insure equitable compliance with the law, a full time investigator will be needed and audit and investigation will require a minimum of eight field trips per year.

Supplies and commodities include new forms, mail outs and miscellaneous clerical supplies. All instruction and forms will require immediate revision and reprint.

STATE OF ALASKA
FISCAL NOTE

Revision Date 4/28, 1983

I. REQUEST

Bill/Resolution No SB 265
Title: Act relating to permits issued for games of chance and contests of skill
Sponsor: State Affairs
Requestor: V. Fischer

II. FISCAL DETAIL

Agency Affected: Department of Revenue
Program Category Affected: Rev. Operations
BRU, Program of Subprogram(s) Affected: Public Svcs. & Enforcement

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	29.5	31.5	34.0	36.5	39.5
200 TRAVEL	-	4.5	4.8	5.0	5.5	6.0
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	4.5	5.0	5.5	6.0	6.5
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING		38.5	41.3	44.5	48.0	52.0
CAPITAL	-	-	-	-	-	-

REVENUE

FUNDING: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND	-	38.5	41.3	44.5	48.0	52.0
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS:

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL-TIME	-	one	one	one	one	one
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Marcy Rehfeld
Division: Commissioner's Office

Phone: 465-2300

Date: 4/27/83

Approved by Commissioner: [Signature]
Department: Revenue

Date: 4/29/83

Distribution:

Original to Legislative Finance
Copy to Office of Management and Budget (for Legislature introduced bills)
Copy to Department (for Governor introduced bills)
Copy to Sponsor
Copy to Requestor (if different from Sponsor)

ANALYSIS: SB 265

To insure equitable compliance with the law, a full time investigator will be needed and audit and investigation will require a minimum of eight field trips per year.

Supplies and commodities include new forms, mail outs and miscellaneous clerical supplies. All instruction and forms will require immediate revision and reprint.

COMMITTEE REPORT
SENATE

4/19/83

FURTHER: Finance

Date: 4/28/83

Mr. President:

The Committee on State Affairs has had SB 265

Relating to permits issued for games of chance and contests of skill.

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 SB 265 (SA) 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:

1 Arthur Sturgis

Hirschman

2 Bill Kelly No Rec

2 Tom Kelly - no rec

1 Hirschman - pass

CHAIRMAN

COMMITTEE REPORT
SENATE

FURTHER:

Date: _____

Mr. President:

The Committee on _____ has had _____

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

- 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 *I & Fiscal Note*
6/1/83 S.C.
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Joe Josephson

CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 266
Title Increasing bond authorization for international airport revenue bonds
Requested by Senate Finance Committee Date June 1, 1983

II. FISCAL DETAIL

Agency Affected Department of Transportation and Public Facilities
Program Category Affected Transportation
BRU, Program, or Subprogram(s) Affected Anchorage International Airport
(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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES	0	0				
200 TRAVEL	0	0				
300 CONTRACTUAL	0	0				
400 COMMODITIES	0	0				
500 EQUIPMENT	0	0				
600 LAND & STRUCTURES	0	0				
700 GRANTS, CLAIMS, ETC.	0	0				
TOTAL	0	0				

FUNDING (Thousands of Dollars)

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

POSITIONS

FULL TIME	0	0				
PART TIME	0	0				
TEMPORARY	0	0				

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

IV. DATE June 1, 1983 PREPARED BY Jenn Sackett
AGENCY Senate Finance Committee
PHONE 3753
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

Introduced: 4/19/83
Referred: State Affairs and
Finance

1 IN THE SENATE

BY THE TRANSPORTATION COMMITTEE

2

SENATE BILL NO. 266

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act increasing the bond authorization for international airport revenue bonds to \$62,825,000; and providing for an effective date."

7

8

9

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

10

* Section 1. AS 37.15.410 is amended to read:

11

12

13

14

15

16

17

18

19

20

21

22

Sec. 37.15.410. BOND AUTHORIZATION. For the purpose of providing part or all of the money to be used, with or without any grants or other money which may become available, the issuance and sale of revenue bonds of the state in the total principal sum of not to exceed \$62,825,000 [\$34,825,000] is authorized to acquire, equip, construct and install the additions, improvements, extensions and facilities authorized in AS 37.15.510. The principal of and interest on these bonds shall be paid out of and secured by the gross revenues derived by the state from the ownership, lease, use and operation of the airports, and of all the facilities of them and out of any other revenues or money which the state legislature may provide exclusive of any state tax or license.

23

24

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

This bill is for
2025-2026
11/15/83 - 1/10/84

STATE OF ALASKA
FISCAL NOTE

I. REQUEST

Bill/Resolution No.: SB 266
 Title: Increasing Bond Authorization
 Sponsor: Senate Transportation
 Requestor: Senate State Affairs

II. FISCAL DETAIL

Agency Affected: DOT&PF
 Program Category Affected: Anch. Intn'l Airp
 BRJ, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Approval of this Bill authorizes an increased bond ceiling and has no fiscal impact until appropriated. (See SB 264 and Fiscal Note attached)

IV. ANALYSIS: (Fiscal Note for SB 264 attached)

Prepared By: Gina Marie Lindsey Phone: 266-1497
 Division: Central Region, Planning & Programming Date: 5/5/83
 Approved by Deputy Commissioner: [Signature] Date: 5/5/83
 Department: Transportation & Public Facilities

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

APR 25 1983

RECEIVED

APR 12 1983

DOT/PE
COMMISSIONER'S OFFICE
April 7 1983

*Barb
file with
the bill on
IAR Bonds*

CENTRAL REGION

Mr. Robert O. Yeasting
Foster & Marshall/American Express
205 Columbia
Seattle, Washington 98104

Dear Mr. Yeasting:

Enclosed is a description of the airport project that the Department of Transportation and Public Facilities (DOT&P) plans to finance through sale of airport revenue bonds. Also enclosed is a terminal drawing showing existing terminal area and designating renovation and new construction.

As you know, legislation authorizing the sale of \$26 million revenue bonds through the International Airport Revenue Fund has been introduced for approval by the Alaska Legislature. The bills have not yet been approved, however, I understand you are formulating a preliminary schedule of events required in preparing the bond sale for the State of Alaska.

I trust this information will be of use to you. I have not included a breakdown of rentable vs. public space because a few areas in the proposed new construction are still in question. I can have that information for you within the next week if it would be helpful.

Please let me know if any other type of information is necessary. I will be glad to forward a set of the design plans if they would be of any use.

Thank you for your assistance.

Sincerely,

William R. Snell
Director

WRS:GHL/sjg

Enclosures: Description of Airport Project
Existing Terminal Drawing

cc w/Enclosures: ~~Don Lind~~
Milt Barker
Cathy Poe

Anchorage International Airport
Domestic Terminal Expansion & Renovation

The proposed project involves construction of approximately 65,000 square feet of new terminal area and remodeling and renovation of approximately 56,000 square feet of existing terminal area. The estimated cost is \$23.1 million calculated at 1983 construction costs and includes the following:

Extend existing terminal 100 feet to the east (both levels). The first level will house additional baggage claim and make-up areas, and mechanical room. The second level will provide additional counter space, snack bar, storage, elevator and gate lobbies.

Construct a new two-level computer concourse providing passenger waiting space, equipment storage, crew lounge area, rest-room facilities, snack bar, baggage makeup, baggage claim, and 8 gates.

Preliminary engineering and construction for remodeling Concourse B to accommodate domestic carrier operations. Remodeling includes electrical system upgrades, installation of a fire suppression system and conversion of customs area to office lease space.

Purchase and installation of a backup emergency power system.

Preliminary engineering and construction of apron utility work required with the terminal remodeling such as construction of hardstands, relocation of fire hydrants, water supply, air start and guidance systems.

STATE OF ALASKA

Bill Sheffield, Governor

DEPARTMENT OF TRANSPORTATION
and PUBLIC FACILITIES
CENTRAL REGION PLANNING & PROGRAMMING
Director's Office

4111 AVIATION AVENUE, POUCH 6900
ANCHORAGE 99502 (TELEX 25-105)
PHONE: 266-1462

May 4, 1983

Senator Vic Fischer, Chairman
Senate State Affairs Committee
Pouch V
Juneau, AK 99811

Dear Senator Fischer:

During the Senate State Affairs Committee hearings on Senate Bill 266 you and several other Committee members raised questions regarding the existing bond indebtedness of the International Airport Revenue Fund (IARF). I trust the following information will answer the Committee's questions.

As of the end of fiscal year 1983 on June 30, 1983, the IARF will have total outstanding principal debt of \$17,485,000. Interest payments in the amount of \$10,539,900 bring the total outstanding indebtedness to \$28,024,900. The existing bonds will be maturing through 1998.

Preliminary analysis indicates that the IARF will have revenues sufficient to cover the annual bond indebtedness by more than the required 130% even if the State Bond Committee selects a relatively short term bond life (15 years rather than 30 years).

The project to be financed by the bond sale will effect the following improvements at Anchorage International Airport:

Extension of existing terminal 100-feet to the east (both levels). The first level will house additional baggage claim and makeup areas, and a mechanical room. The second level will provide additional counter space, snack bar, storage, elevator, and gate lobbies.

Construction of a commuter concourse providing 8 new gates, passenger waiting space, equipment storage, crew lounge area, restroom facilities, snack bar, baggage makeup, and baggage claim.

Preliminary engineering and construction to remodel the west concourse to accommodate domestic carrier operations and provide suitable office space for lease on the ground floor. A fire suppression system will be installed as well as electrical upgrades and provisions for handicapped accessibility.

Senator Fischer

May 4, 1983

Page 2

Preliminary engineering and construction of apron utility work required with the terminal remodeling.

This project is the first of three phases of an overall, comprehensive terminal improvement plan envisioned by DOT&PF if aviation activity continues to grow in line with current forecasts.

The Phase I project is estimated to cost approximately \$23.1 million. DOT&PF has requested authority to sell revenue bonds in the amount of \$28 million because of estimated bond sale costs (3% = \$840,000) and a required bond reserve deposit in the amount of one year's maximum principal and interest (estimated at \$3 million).

I trust this information answers the questions posed at the April 28 hearing. In case there are additional questions, a DOT&PF airport planner and Department of Revenue personnel will be available at tomorrow's hearing on SB 266.

Thank you for your consideration of this matter.

Sincerely,


William R. Shell, Director
Division of Planning & Programming

WS:GL/cn

cc: Gina Lindsey, Central Region
Cathy Poe, Assistant Comptroller, Department of Revenue

COMMITTEE REPORT
SENATE

4/19/83

FURTHER: Finance

Date: May 5, 1983

Mr. President:

The Committee on State Affairs has had SB 266

Increasing the bond authorization for international airport revenue bonds to \$62,825,000; and eff. 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 _____ 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

1. Tom Kelly
1. Adina Stupulski
[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

 CHAIRMAN

STATE OF ALASKA

DEPARTMENT OF REVENUE

TREASURY DIVISION

BILL SHEFFIELD, GOVERNOR

ELEVENTH FLOOR
STATE OFFICE BUILDING
POUCH SB
JUNEAU, ALASKA 99811
PHONE:

May 6, 1983

The Honorable Vic Fischer
Senator
Chairman State Affairs Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Fisher:

This letter is to answer a few questions asked by the State Affairs Committee on April 26 concerning Senate Bill 266, "An Act Increasing the Bond Authorization for International Airport Revenue Bonds to \$62,825,000."

Question 1: What is the total amount of International Airport Revenue bonds currently outstanding and what is the payback period on these bonds?

Total Principal Outstanding as of 6/30/83	\$17,490,000
Total Interest Payable as of 6/30/83	<u>9,344,510</u>
Total Debt Outstanding	<u>\$26,834,510</u>

All bonds currently outstanding will be paid in full in 15 years (1998). Bond payments by year are listed below. Bond reserve accounts total \$1,960,435 and will be used to make the last principal and interest payments in 1997 and 1998.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY 84	845,000	1,101,605	1,946,605
85	895,000	1,049,795	1,944,795
86	945,000	995,430	1,940,430
87	1,005,000	940,300	1,945,300
88	1,065,000	882,075	1,947,075
89	1,140,000	820,435	1,960,435
90	1,210,000	745,240	1,955,240
91	1,275,000	666,520	1,941,520
92	1,340,000	583,470	1,923,470
93	1,410,000	496,090	1,906,090
94	1,485,000	404,020	1,889,020
95	1,560,000	306,900	1,866,900
96	1,640,000	204,730	1,844,730
97	800,000	97,150	897,150
98	<u>875,000</u>	<u>50,750</u>	<u>925,750</u>
	<u>\$17,490,000</u>	<u>\$9,344,510</u>	<u>\$26,834,510</u>

The Honorable Vic Fischer

May 6, 1983

Page -2-

Question 2: Why is the authorization being raised?
According to AS 37.15.410 the total amount of bonds authorized to be sold for the International Airport Construction Fund is limited to \$34,825,000. This amount has already been issued and thus SB 266 is needed to raise this ceiling. A schedule of the principal amount of bonds which have been issued is included below.

	SERIES	RATE	PRINCIPAL
6/1/68	Series A (20 yr.)	5.69	7,000,000
6/1/69	Series B (20 yr.)	6.39	2,225,000
6/1/69	Series B (25 yr.)	7.23	6,500,000
6/1/73	Series C (25 yr.)	5.85	8,500,000
6/1/75	Series E - defeased	7.48	<u>10,600,000</u>
			<u>\$34,825,000</u>

If you have any questions, I would be glad to answer them.

Sincerely,



Cathy A. Poe
Assistant Comptroller

CAP:fm

COMMITTEE REPORT
SENATE

4/19/83

FURTHER: Finance

Date: May 5, 1983

Mr. President:

The Committee on State Affairs has had SB 266

Increasing the bond authorization for international airport revenue bonds to \$62,825,000; and eff. 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 _____ 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:

1 Tim Kelly

1 Aileen Stuhlgard

[Signature]

[Signature]

CHAIRMAN

COMMITTEE REPORT
HOUSE

(11)
2/2/84

FURTHER:

Date: 2/9/84

Table from Calendar and returned to:

The Committee on FINANCE has had 2/9/84

"An Act relating to the sale of property of the State of Alaska to Canada, U.S.A. and providing for its collection."

under consideration and recommends:

- do pass do not pass
- do pass with attached amendments(s)
- replace with ^{CS} CS for SB 267 (3.0) same title
 new title
- and recommends Pass if Attended
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

ASST. CLERK - 12

Robert C. ...
CHAIRMAN

Original sponsor: Pules/Covernor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 269 (2d Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the sale of royalty oil by the
7 State of Alaska to Chevron, U.S.A., Inc.; and provid-
8 ing for an effective date."

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

10 * Section 1. The "Agreement for the Sale and Purchase of Royalty Oil
11 between the State of Alaska and Chevron, U.S.A., Inc.," dated December 9,
12 1983, for the sale of Prudhoe Bay royalty oil, is hereby approved and
13 ratified.

14 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
15 10.070(c).
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

COMMITTEE REPORT
HOUSE

FURTHER:

(11)

Date: 1-25-84

1/20/84

The Committee on FINANCE has had SB 269

"An Act relating to the sale of royalty oil by the State of Alaska to Chevron, U.S.A.; and providing for an effective date."

under consideration and recommends:

do pass do not pass

do pass with attached amendments(s)

replace with CS for SB 269 same title
 new title

and recommends _____

AND attaches a "Letter of Intent" New Fiscal Note
 Zero Fiscal Note Attached

reports it back without recommendation

referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 269 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to royalty oil contracts and approv-
7 ing the sale of royalty oil by the State of Alaska to
8 Chevron, U.S.A., Inc.; and providing for an effective
9 date."

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

11 * Section 1. The "Agreement for the Sale and Purchase of Royalty Oil
12 between the State of Alaska and Chevron, U.S.A., Inc.," dated December 9,
13 1983, for the sale of Prudhoe Bay royalty oil, is hereby approved and
14 ratified.

15 * Sec. 2. AS 38.05.183 is amended by adding a new subsection to read:

16 (f) The commissioner may not enter into a contract for the sale
17 of royalty oil unless the contract provides that any material amend-
18 ment to the contract that appreciably reduces the consideration re-
19 ceived by the state requires prior approval of the legislature.

20 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HCSSB 269 (Fin)
 Title: sale of royalty oil to Chevron, U.S.A., Inc.
 Sponsor: Rules Committee
 Requestor: Governor
 Date of Request: 4-19-83

FISCAL DETAIL

Agency Affected: Natural Resources
 Program Category Affected: Management of Energy Resources
 BRU, Program or Subprogram(s) Affected: Oil and Gas Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon L. Barton Phone: 465-2400
 Division: Commissioner's Office Date: 1-12-84

Approved by Commissioner: William D. Arnold, Deputy Date: 1/12/84
 Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 26, 1984

SUBJECT: Title change in the second house
(HCS SB 269 (Finance))

TO: Representative Albert P. Adams
Chairman, House Finance Committee

FROM: Keith B. Levy *KB*
Legislative Counsel

Enclosed is a copy of HCS SB 269 (Fin), relating to the approval of royalty oil contracts. You should be aware that the committee substitute is in violation of the Uniform Rules of the Alaska State Legislature since it requires a title change in the second house.

Article II, section 13 of the state constitution provides, in part,

The subject of each bill shall be expressed in the title.

The title of SB 269 when it passed the Senate was, "An Act relating to the sale of royalty oil by the State of Alaska to Chevron, U.S.A., Inc.; and providing for an effective date." The House Committee Substitute adds a provision relating to the sale of royalty oil generally. Therefore, a title change to reflect the new provision is necessary in order to comply with the constitution. However, Rule 41(b) of the Uniform Rules of the Alaska State Legislature provides:

An amendment to a bill introduced in the other house is not in order if the amendment requires a change of the bill title other than a clerical or technical change.

Since the title change in HCS SB 269 (Fin) is clearly substantive and not clerical or technical, the bill is in direct violation of the Uniform Rules of the Alaska State Legislature.

Representative Albert P. Adams

Page 2

January 26, 1984

In order to accomplish the change incorporated into HCS SB 269 (Fin) without violating the Uniform Rules, you could return the bill to the Senate. Once in the Senate, the bill could be returned to second reading for specific amendment. A title change would then be proper. In its present form, however, the bill violates the Uniform Rules.

It is also worth noting that the amendment included in HCS SB 269 (Fin) has also been included in Committee Substitutes for HB 371 and HB 320. If either of those bills passes, the amendment included in HCS SB 269 (Fin) would be unnecessary and you could proceed with the bill in the form that it passed out of the House Resources Committee, thereby avoiding the title problem altogether.

KBL:ojb
J2/086

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HCSSB 269 (FIN)
 Title: sale of royalty oil to Chevron, U.S.A., Inc.
 Sponsor: Rules Committee
 Requestor: Governor
 Date of Request: 4-19-83

FISCAL DETAIL

Agency Affected: Natural Resources
 Program Category Affected: Management of Energy Resources
 BRU, Program or Subprogram(s) Affected: Oil and Gas Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon L. Barton Phone: 465-2400
 Division: Commissioner's Office Date: 1-12-84

Approved by Commissioner: William D. Arnold, Deputy Date: 1/12/84
 Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

#1

DNR's SUGGESTED LANGUAGE CHANGE

Add a new subsection in the appropriate place, to read as follows:

Sec. 38.05.183. REQUIRED CONDITIONS. (f) The Commissioner may not enter into a contract for the sale of royalty oil unless the contract provides that any material amendment to the contract that appreciably reduces the consideration received by the state requires prior approval of the legislature.

Make appropriate technical changes.

The only change in this version from the Chair's version is use of the word "reduces" instead of "changes" in the next to last line of 38.05.183(f).

14
cc

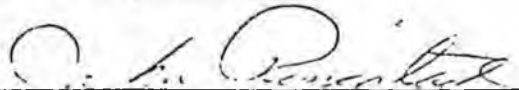
LETTER OF INTENT
FOR CSSB 269
January 19, 1984


The House Resources Committee has considered CSSB 269, providing for approval of the Agreement between the State of Alaska and Chevron U.S.A., Inc., for the sale of a portion of Alaska's royalty oil. This Agreement must be approved by the legislature under the provisions of AS 38.06.055(a) which provides that "the commissioner of natural resources may not enter into a 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 under AS 38.05.183 without the prior approval of the legislature."


Section 19.1 of the Agreement provides that the Agreement may be "supplemented, amended or modified at any time, but only by written instrument duly executed by the parties to this Agreement." In making any such changes to the Agreement pursuant to this section, the Commissioner would be acting on behalf of the State of Alaska as one of the parties to the Agreement.

The Committee recognizes that a supplement, amendment, or modification of the Agreement could be a further "sale, exchange, or other disposition" within the meaning of AS 38.06.055(a). The Committee is also cognizant that pursuant to Section 20.1 of the Agreement, the Commissioner has the right to "grant" (consent to) an assignment of the Agreement.

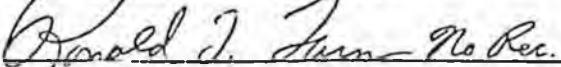
It is the intent of the Committee that it be understood that approval of CSSB 269 does not constitute prior approval of any supplement, amendment or modification or any assignment that would be a further "sale, disposition, exchange, or other disposition" within the meaning of AS 38.06.055(a) and that it is expected that any such action by the Commissioner must first be preceded by compliance with the procedures for obtaining the prior approval of the legislature.

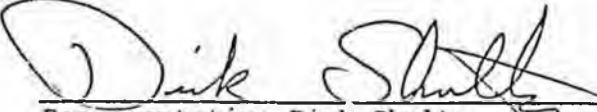

Representative John Ringstad
Co-Chairman, Resource Committee


Representative Rick Uehling
Vice-Chairman, Resource Committee



Representative Charlie Bussell
Member, Resource Committee


Representative Anthony Vaska
Member, Resource Committee


Representative Ronald Larson
Member, Resource Committee


Representative Dick Shultz
Co-Chairman, Resource Committee

Representative John Cowdery
Member, Resource Committee


Representative John Liska
Member, Resource Committee


Representative Peter Goll
Member, Resource Committee

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 19, 1983

The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which provides for legislative approval of a royalty oil contract between the state and Chevron, U.S.A., Inc. for the sale of Prudhoe Bay royalty oil.

This contract is described in the findings entitled "Proposed Disposition of Royalty Oil, Chevron, U.S.A." issued by the Department of Natural Resources on March 16, 1983. Copies of these findings have been made available to the legislature and the public for review.

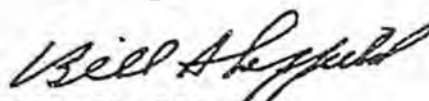
This contract is being submitted for legislative approval for two reasons. First, although this and the previous administration have consistently taken the position that the statutory requirement of legislative approval of royalty oil contracts is unconstitutional (AS 38.06.055), as a matter of comity I respect the legislature's desire to have a direct voice in major disposals of royalty oil. Therefore, this contract contains provisions requiring approval by the legislature before it becomes effective. Second, this bill would ratify the agreement for the sale of oil. This ratification would cure any procedural defect that may have occurred in the process of entering into this contract.

Although we believe that all necessary steps have been taken, the statutes and regulations governing the disposal of royalty oil represent often conflicting desires and goals, both procedural and substantive. For example, even if statutorily requiring legislative approval were constitutional, the present statutes provide, on the one hand, that the legislature is to approve the contract by enacting legislation (AS 38.06.055(a)), but, on the other

5B269

hand, they also provide that a report of the Royalty Board "shall be submitted for legislative review at the time of [sic] resolution for legislative approval of a proposed disposition of royalty oil and gas is introduced in the legislature" (AS 38.06.070(c)). Since legislative approval is required anyway as a matter of contract, I believe it only prudent to present this contract for legislative approval and ratification at this time.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

Offered: 1/20/84
Referred: Finance

Original sponsor: Rules/Governor

BY THE RESOURCES
COMMITTEE

1 IN THE SENATE

2

HOUSE CS FOR SENATE BILL NO. 269 (Resources)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL.

6

For an Act entitled: "An Act relating to the sale of royalty oil by the

7

State of Alaska to Chevron, U.S.A., Inc.; and provid-

8

ing for an effective date."

9

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

10

* Section 1. The "Agreement for the Sale and Purchase of Royalty Oil

11

between the State of Alaska and Chevron, U.S.A., Inc.," dated December 9,

12

1983, for the sale of Prudhoe Bay royalty oil, is hereby approved and

13

ratified.

14

* Sec. 2. This Act takes effect immediately in accordance with AS 01.-

15

10.070(c).

16

17

18

19

20

21

22

23

24

25

26

27

28

29

Introduced: 4/19/83
Referred: Resources and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 269

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the sale of royalty oil by the
7 State of Alaska to Chevron, U.S.A., Inc.; and
8 providing for an effective date."

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

10 * Section 1. The "Agreement for the Sale and Purchase of Royalty Oil
11 between the State of Alaska and Chevron, U.S.A., Inc.," dated March 16,
12 1983, for the sale of Prudhoe Bay royalty oil, is hereby approved and
13 ratified.

14 * Sec. 2. This Act takes effect immediately in accordance with
15 AS 01.10.070(c).

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 269
 Title: sale of royalty oil
to Chevron, U.S.A., Inc.
 Sponsor: Rules Committee
 Requestor: Governor
 Date of Request: 4-19-83

FISCAL DETAIL

Agency Affected: Natural Resources
 Program Category Affected: Management of Energy Resources
 BRU, Program or Subprogram(s) Affected: Oil and Gas Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Sharon L. Barton Phone: 465-2400
 Division: Commissioner's Office Date: 1-12-84

Approved by Commissioner: Wm D Amundson, Deputy Date: 1/12/84
 Agency: Department of Natural Resources

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Introduced: 4/19/83
Referred: Resources and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 269

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the sale of royalty oil by the
7 State of Alaska to Chevron, U.S.A., Inc.; and
8 providing for an effective date."

9

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

10

* Section 1. The "Agreement for the Sale and Purchase of Royalty Oil
11 between the State of Alaska and Chevron, U.S.A., Inc.," dated March 16,
12 1983, for the sale of Prudhoe Bay royalty oil, is hereby approved and
13 ratified.

14

* Sec. 2. This Act takes effect immediately in accordance with
15 AS 01.10.070(c).

COMMITTEE REPORT
SENATE

FURTHER:

5/10/83

Date: _____

Mr. President:

The Committee on FINANCE has had SB 369

Bill of Revenue of the State of Alaska to Amend, U.S.A., Tax, etc.

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 _____ same title
- new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation *① FN*
Relevant Resources 4/8/83
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

John Joseph

CHAIRMAN

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: 269
 Title: Chevron Prudhoe Bay Unit Royalty
 Sponsor: Governor Oil Agreement
 Requestor: Governor

II. FISCAL DETAIL

Agency Affected: Natural Resources
 Program Category Affected: Manag. of Energy
 BRU, Program of Subprogram(s) Affected: Oil and Gas Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0		
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
	0	0	0	0		

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Mark Wittow Phone: 465-2400
 Division: Commissioner's Office, DNR Date: 4/18/83
 Approved by Commissioner: Maui Hallera Date: 4/18/83
 Department: Natural Resources

Distribution:

Original to Legislative Finance
 Copy to Office of Management and Budget (for Legislature introduced bills)
 Copy to Department (for Governor introduced bills)
 Copy to Sponsor
 Copy to Requestor (if different from Sponsor)

ntroduced: 4/19/83
Referred: Resources and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 269

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the sale of royalty oil by the
7 State of Alaska to Chevron, U.S.A., Inc.; and
8 providing for an effective date."

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

10 * Section 1. The "Agreement for the Sale and Purchase of Royalty Oil
11 between the State of Alaska and Chevron, U.S.A., Inc.," dated March 16,
12 1983, for the sale of Prudhoe Bay royalty oil, is hereby approved and
13 ratified.

14 * Sec. 2. This Act takes effect immediately in accordance with
15 AS 01.10.070(c).

I. REQUEST

Bill/Resolution No.: 269
 Title: Chevron Prudhoe Bay Unit Royalty
 Sponsor: Governor Oil Agreement
 Requestor: Governor

II. FISCAL DETAIL

Agency Affected: Natural Resources
 Program Category Affected: Management of Energy
 BRU, Program of Subprogram(s) Affected: Oil and Gas Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0		
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
	0	0	0	0		

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Mark Wittow *Mark Wittow* Phone: 465-2400
 Division: Commissioner's Office, DNR Date: 4/12/83
 Approved by Commissioner: Manu Hallera Date: 4/18/83
 Department: Natural Resources

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

COMMITTEE REPORT

SENATE

4/19/83

FURTHER: Finance

Date: 5-9-83

Mr. President:

The Committee on Resources has had SB 269

Relating to the sale of royalty oil by the State of Alaska to Chevron, U.C.A. Inc.; and eff. 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 [] 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:

2 initials
 Bob Mendenhall
 Paul Finken
 William
 Curtis Stupplewski
~~_____~~
 //

Vic Finken

Dwight Labrentz DePass
 CHAIRMAN



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 19, 1983

The Honorable Jalmar Kerttu
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which provides for legislative approval of a royalty oil contract between the state and Chevron, U.S.A., Inc. for the sale of Prudhoe Bay royalty oil.

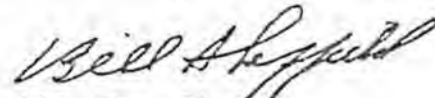
This contract is described in the findings entitled "Proposed Disposition of Royalty Oil, Chevron, U.S.A." issued by the Department of Natural Resources on March 16, 1983. Copies of these findings have been made available to the legislature and the public for review.

This contract is being submitted for legislative approval for two reasons. First, although this and the previous administration have consistently taken the position that the statutory requirement of legislative approval of royalty oil contracts is unconstitutional (AS 38.06.055), as a matter of comity I respect the legislature's desire to have a direct voice in major disposals of royalty oil. Therefore, this contract contains provisions requiring approval by the legislature before it becomes effective. Second, this bill would ratify the agreement for the sale of oil. This ratification would cure any procedural defect that may have occurred in the process of entering into this contract.

Although we believe that all necessary steps have been taken, the statutes and regulations governing the disposal of royalty oil represent often conflicting desires and goals, both procedural and substantive. For example, even if statutorily requiring legislative approval were constitutional, the present statutes provide, on the one hand, that the legislature is to approve the contract by enacting legislation (AS 38.06.055(a)), but, on the other

hand, they also provide that a report of the Royalty Board "shall be submitted for legislative review at the time of [sic] resolution for legislative approval of a proposed disposition of royalty oil and gas is introduced in the legislature" (AS 38.06.070(c)). Since legislative approval is required anyway as a matter of contract, I believe it only prudent to present this contract for legislative approval and ratification at this time.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

ROYALTY OIL CONTRACTS

General:

1. Amount of Royalty Oil -- The state has approximately 197,000 barrels per day of North Slope royalty oil including the Kuparuk field.

2. In-state refiners -- There are three refineries of petroleum products in the State of Alaska.

a) Tesoro's Kenai refinery presently has a capacity of processing 46,000 barrels per day of crude.

b) Mapco's North Pole refinery presently has a capacity of processing 35,000 barrels per day of crude.

c) Chevron's Kenai refinery presently has a capacity of processing 18,000 barrels per day of crude.

3. Existing long-term royalty oil contracts --

a) Tesoro presently has a contract for 46,000 barrels per day of royalty oil; this contract was approved by the legislature in 1982 for a term of 12 years with the price equal to the North Slope Producer' Weighted Average Field Price (a "net back" price).

b) Mapco presently has a contract for 35,000 barrels per day of royalty oil; this contract was approved by the legislature in 1978 for a term of 25 years with the price equal to the North Slope Producers Weighted Average Field Price.

c) Chevron presently has no long-term royalty oil contract.

Proposed Chevron Contract (H.B. 370)

The proposed Chevron contract is for 18,000 barrels per day of North Slope crude; the contract has a term of 11-1/2 years and a price equal to the North Slope producers' Weighted Average Field Price plus a premium of \$.30 per barrel which amounts to in excess of \$21,000,000. over the life of the contract. Pursuant to the contract, the 18,000 barrels per day must be refined at Chevron's Kenai refinery. Chevron must market the products yielded from the Kenai refinery in Alaska, with the exception of residual for which there is no Alaska market. Chevron markets approximately 27,000 barrels per day of petroleum products in Alaska or approximately 36% of the state's daily consumption.

This approval of the Chevron contract will result in parity among the three in-state refineries: Tesoro and Mapco presently enjoy the competitive advantages of long-term royalty oil contracts in amounts equal to their capacity.

The term of the Chevron contract has been questioned. However, on balance the term appears appropriate:

- a) The term is equal to the shortest term contract enjoyed by either of Chevron's refinery competitors (Tesoro).
- b) The end of the term coincides with the projected substantial decline in North Slope production in approximately 1995.

The price under the Chevron contract has also been questioned. However, again on balance the price appears appropriate:

- a) The price is equal to the North Slope Producers' Weighted Average Field Price plus \$.30 per barrel and will thus yield more than if the oil is left with the producers for sale.
- b) The price is in excess of that paid by both Tesoro and Mapco under their existing contracts which equal their present refining capacity.

It has also been suggested that a portion of royalty oil be used to develop the Pacific Rim market. However, even if both the proposed Chevron and Tesoro (26,000 barrels per day) contracts are approved, in excess of 65,000 barrels per day of royalty oil will remain uncommitted and available for sale to the Pacific Rim. Additionally, it will probably take years to remove the legal impediments to the sale of North Slope crude to the Pacific Rim.

If the Chevron contract is not approved prior to September 1, 1983, it will become null and void. Thus, failure to act on the contract during the 1983 session will have the effect of rejecting the contract.

In summary, approval of the Chevron contract will bring parity to in-state refiners and help assure a dependable, stable, and continuing supply of petroleum products in Alaska.