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found at elevations as high as 267 m (25, p. 13). The Chagvan Glaciation produced a less modified constructional topography than previous glaciations. Kettle lakes and arcuate ridges are the most characteristic features. Porter (30) mapped moraines of the three youngest glaciations on the north and west flanks of Red Mountain. Extensive drilling programs have found no significant placers there. However, the same source rocks (i.e. Red Mountain) provided glacial debris which were later reworked by fluvial processes to provide important paystreaks east and south of Red Mountain. Most of the unconsolidated deposits removed from the northern and western flanks of Red Mountain prior to glacial deposition were probably transported offshore as morainal and outwash material during marine regressions associated with continental glacial advances. Porter (30, p. 238) and Ulrich (42) estimate that glacial material was deposited at least 1.5 km offshore from the present coast. Reevaluation of data provided by Ulrich (42), however, suggests morainal material may have been deposited up to 5 km offshore.

The Unakluk Drift has been dated to be at least 8,910 ± 110 years old, representing the last glacial event near Goodnews Bay. The moraines of the Unaluk Glaciation have been altered little by erosion or mass-wasting. Terminal moraines are found four miles east of Chagvan Bay, and hence had little effect on the Goodnews Bay District except for glaciofluvial deposition from runoff.

Poorly sorted glacial deposits do not contain economic placers according the Mertie (25). Fluvial or marine reworking of the unsorted deposits is a necessary requisite in order to hydraulically concentrate the PGM and other heavy minerals.

FLUVIAL DEPOSITS

Unconsolidated fluvial gravel deposits have yielded nearly all of the PGM recovered from the Goodnews Bay Mining District. The Salmon River is the only major PGM-bearing drainage in the district. Placer deposits of the Salmon River and its paleochannels (bench placers) range from 5 m to approximately 80 m in depth, with the highest grades directly above bedrock (25, 30). Two PGM-bearing paystreaks are recognized. The most recent deposit, located in the Salmon River valley, is shallow and approximately follows the modern drainage (24-25). The older, deep bench placer on the east wall of the valley was abandoned by the Salmon River and buried with glacial debris during the Clara Creek Glaciation (30). Extensive drilling programs have failed to locate additional PGM-bearing paleochannels. Most PGM recovered from these placers occurs within structural traps in the upper meter of bedrock, if unweathered, or as much as 1.3 m into broken or highly altered bedrock (25).

Smaller drainages and tributary streams contain shallow fluvial deposits overlain by 2 to 7 m of overburden. Although these shallow deposits proved to be easily accessible by hand and dragline placer mining techniques, their limited minable volume, and difficult accessibility has restricted dredge recovery except where the drainages feed into the Salmon River Valley.

Tributaries draining from the north and west side of Red Mountain lack economically significant concentrations of PGM, gold and chromite (23-25). The Chagvan glacial advance scoured the northwestern flanks

of Red Mountain presumably removing the richer placer accumulations of these metals (30). Tributaries have had insufficient time to rework the glacial deposits and reconcentrate the heavy minerals in this area. In the lower Salmon River Valley, south of Red Mountain, glacial erosion removed most of the placer deposits present in stream channels. PGM and gold deposits recovered from the lower Salmon River are the result of glaciofluvial reconcentration from highly disseminated heavy mineral-bearing glacial deposits.

MARINE DEPOSITS

Marine deposits occurring in Kuskokwim Bay are derived from: detritus transported offshore during ice advances; the coastal erosion of alluvial (mostly morainal) bluffs along the western side of Red Mountain; direct weathering of ultramafic bedrock exposed at Walrus Point which probably extends offshore (fig. 2); and fluvial sediment discharged from coastal rivers and tributaries. Economically significant concentrations of PGM have not been reported in offshore or beach deposits between Goodnews Bay and Chagvan Bay. However, selected pan concentrates and grab samples collected by Berryhill (5, p. 13) contained heavy mineral accumulations with up to 12.1 pct chromite and trace amounts of platinum, gold, and silver. During the Bureau's 1986 beach sampling program one sample obtained exceeded 10.5 g/m^3 PGM and 4.1 g/m^3 gold (14).

Beach deposits occurring in the foreshore and backshore are composed of unconsolidated, poorly sorted deposits predominantly of glacial origin (7, 42). The beach is characterized as a thin wedge of coarse-grained sediments overlying "false bedrock", and range in thickness from several centimeters near the base of the bluff to approximately 1 m in the mid-beach zone (7, p. 20). The beaches average 30 m wide and extend to an unknown depth along the shoreface zone. Heavy mineral concentrations occur in the swash zone (foreshore), behind berms in the backshore, and along the "false" bedrock horizon below the beach sands. The "false" bedrock consists of glacially derived clay and sediments (morainal) which are ferricreted in some areas. Black sands are concentrated on the "false" bedrock surface up to 30 m from the bluffs (15). Erosion of the bluff face of approximately 50 cm or more a year provides a continual source of PGM-bearing glacial debris to the beach and nearshore heavy mineral concentrating corridor (42).

Glacial sediments extending 5 km (or more?) offshore were deposited during marine regressive events correlated to ice sheet advances during the Pleistocene and Holocene Epochs. Porter (30) cites evidence which suggests that the sea level may have been 80 m lower than the present elevation. Upon the retreat of the glaciers, the sea level rose towards its present elevation during which time low to high energy waves and littoral currents reworked morainal and glaciofluvial debris deposited on the sea floor. There have been at least four transgressive-regressive cycles associated with Quaternary glacial events.

Fluvial channels were developed during regressive marine events and may be present as buried channels extending offshore. Evidence for such channels is suggested from contours of bathymetric and acoustic "basement" data obtained during an offshore sampling program by the

USGS (4). Sediments overlying the paleochannels range in thickness from 25 to 50 m.

GEOMORPHOLOGY

The past glacial history and present periglacial climate have strongly influenced the geomorphology of the Goodnews Bay region. It is the geomorphology which ultimately determines the transportation and depositional potential of placer-bearing sediments.

Red Mountain is an elongate ultramafic body 11.3 km long, approximately 1.5 km wide, and 574 m in elevation. The northwestern flank is steeper than the southeastern side, with the asymmetry apparently resulting from the effects of glacial erosion and/or variable insolation (42). The northwestern side of Red Mountain is covered with colluvium and morainal material at lower elevations. The unsorted material ranges from clay sized particles to boulders many meters in diameter. Red Mountain is flanked by soliflual lobes which result from the gravity sliding of water-saturated sediments. Vegetation around Red Mountain is sparse, lichens are found at higher elevations, with moss and other tundral growth becoming denser near the base of the mountain.

The relative rates of chemical versus physical weathering processes occurring on Red Mountain have not been investigated. Ulrich (42) noted that although chemical processes are subdued at higher latitudes, field observations suggest that chemical weathering has contributed significantly to the disaggregation of Red Mountain. She noted that fractures in ultramafic rocks have a thin coating of serpentine and all exposed surfaces were buff-colored and powdery.

The Bering Sea coastline is characterized by a broad low-angle gravel beach backed by bluffs of exposed glacial outwash and morainal debris, except where Red Mountain encroaches on the Bering Sea, locally referred to as Walrus Point (7, p. 9). The bluffs range in height from approximately 1 m, where drainage erosion has occurred, to 15 m at Walrus Point.

The seasonal beach morphology has been observed to change significantly from a storm profile to a swell profile during late May or early June (42). Glacial bluffs were observed by Ulrich (42) to retreat approximately 25 cm during a 5 week field season. Assuming an erosional rate of 50 cm/yr, the shoreline has retreated at least 4,450 m since the last glaciation 8,900 years ago. This estimation is considerably larger than Porter's (30) estimate of 1,609 m which he calculated by extrapolating the slope of the Unaluk till sheet offshore.

Major stream drainages in the Goodnews Bay Mining District include the Salmon River which flows southward between Red and Suzie Mountains and eventually drains into Bristol Bay. The Smalls River, which drains into Goodnews Bay, and Seattle Creek originate from basins on the north flank of Red Mountain. Goodnews Bay receives most of its fluvial material from the Goodnews River which drains from the Ahklun Mountains northeast of the Goodnews Bay District. The Kinegnak River is the major tributary feeding sediments to Chagvan Bay. The four glacial episodes have significantly modified drainage basins in the Goodnews Bay region. Most notably, the Salmon River flowed southeasterly into Chagvan Bay until the Kansan Glaciation modified the drainage system (25).

Goodnews Bay and Chagvan Bay are intertidal lagoons with sandy spits protecting the entrances. The formation of the spits suggests the presence of northerly and southerly littoral currents transporting material from the receding coastal bluffs and stream drainages including the Salmon River (28, 37).

Seasonally flowing tributaries originate in cirques and cirque-like basins around Red Mountain (42). The streams have deeply incised straight, narrow valleys in the glacial morainal material. The streams change gradient at the base of the mountain allowing sediments to settle out and form small alluvial fans in some drainages. Eventually, the streams empty into the Bering Sea where the remaining sediment load comes under the influence of marine processes.

SEDIMENT TRANSPORT MECHANISMS

Understanding heavy mineral-bearing sediment transport mechanisms is critical in developing depositional environment models. Longshore transport from littoral currents is probably the most important agent concentrating heavy minerals offshore. The rate of transport has not been determined in the Goodnews Bay region, although the directions of sediment movement were cited by Bond (7). Data provided by the U.S. Air Force installation at Cape Newenham indicate that the dominant weather pattern, particularly the storm approach angle, is from the south to southwest during ice-free months (7). Evidence for this northward movement of sediments is observed in the accretion of the recurving spits forming the entrance to Goodnews Bay. Additionally, refraction of the wave train at the Flat Cape - Walrus Point headland produces longshore currents in a southward direction toward Chagvan Bay (7). Formation of the spit along the north side of the entrance of Chagvan Bay demonstrates the southern transport of sediments along the coast from Walrus Point (7). Direct input of sediments to coastal environments is derived from: 1) transport from the Salmon River; 2) erosion of glacial morainal and outwash material; and 3) erosion of the Red Mountain ultramafic body where it encroaches the coast and apparently extends offshore.

Sediment transport from far offshore (2-15 km) probably requires high energy, storm generated waves. Water depths do not exceed 20 m in this region of Kuskokwim Bay, hence high energy waves are probably capable of reworking offshore sediments. Sediment transport along the nearshore conduit, including beaches, is provided by storm events, and to a lesser degree, by wave and tidal activity.

Shoaling waves occur in the mouths of Goodnews and Chagvan Bays. Shoaling waves decrease in energy and dump their sediment load upon entering the bays. Tidal changes of 1 to 3 m in the Kuskokwim Bay region increase in energy towards the mouths of the bays scouring bottom sediments and winnowing out lighter sediments.

PRIMARY PGM SOURCES

Mertie (23-25) described the ultramafic rocks comprising Red and Suzie Mountains and went on to demonstrate that the PGM are derived from the Red Mountain ultramafic complex. Based on Mertie's (25, p. 41) calculations, the Red Mountain dunite contains 0.016 to 0.023 g/m^3 PGM. He concluded that large low-grade PGM deposits of commercial value were not likely to be discovered.

Southworth (35) recently completed a comprehensive petrologic investigation of the Goodnews Bay ultramafic complex and concluded that the intrusive is an Alaskan-type zoned ultramafic complex, similar to those found in southeastern Alaska, British Columbia, and the Ural Mountains in the U.S.S.R. Platinum within the Goodnews Bay ultramafic complex (Red Mountain) is associated with chromite concentrated in the dunite core. Anomalous values of iridium and palladium are apparently associated with sulfides, and/or magnetite in the outer zone of the complex. The central core of dunite is rimmed successively by wehrlite, magnetite clinopyroxenite, hornblende clinopyroxenite, and hornblendite.

All economic PGM placers in the Goodnews Bay Mining District are derived from erosion of the Red Mountain ultramafic complex. Furthermore, Southworth (35) and Fechner (15) have demonstrated that at least some of the gold associated with the PGM placers was derived from Red Mountain. Most of the chromium is weathered from Red Mountain, with minor quantities contributed from Suzie Mountain (35). Although Suzie Mountain consists of a dunite-wehrlite core rimmed by clinopyroxenite (35), it is not a major source of PGM in the valley of the Salmon River (25). The apparent extension of the Goodnews Bay ultramafic complex offshore along a southwestern trend is suggested by bathymetric (4) and limited aeromagnetic data (16).

There is strong evidence which suggests PGM are preferentially associated with chromite at Goodnews Bay (23-24, 35, 42). Additionally, Southworth (35) has noted a strong PGM-magnetite association which is consistent with observations from Mertie (24), and Rosenblum and others (34). Geochemical observations such as the PGM-chromium association should be cautiously extended to secondary placer environments, since the hydraulic behavior of the minerals differ. This was noted by Ulrich (42) who failed to find a correlation between PGM and Fe, presumably the result of ultrafine PGM being lost from the hydraulically concentrated samples.

SECONDARY PGM SOURCES

As stated, PGM placers of fluvial origin are the only deposits which have been economically developed by industry at Goodnews Bay. The high average density of PGM (sp gr 14 to 19) together with other heavy minerals allows hydraulically concentrated deposits to form in environments with energies high enough to separate the heavy minerals from other sediments. Glacial transport of alluvium generally disperses rather than concentrates heavy minerals. Thus morainal deposits in the Goodnews Bay district, although PGM-bearing and geochemically interesting, do not contain economically important PGM, gold, or chromium accumulations. Glaciofluvial deposits, such as those in the lower Salmon River drainage may have been locally reworked sufficiently to develop significant placer accumulations.

Marine deposits, of interest in this study, occur in offshore, nearshore, and beach environments. Descriptions of possible depositional sites for heavy mineral accumulations have been published by Berryhill (5), Owen (28), Welkie (40), Coonrad and Others (11), Bond (7), and Ulrich (42). The Bureau has been conducting investigations on the beach and marine placer potential at Goodnews Bay since 1981.

POTENTIAL OFFSHORE, NEAR-SHORE, AND BEACH PLACER DEPOSITS

Available quantitative and qualitative geochemical data, Quaternary geologic history, studies of active marine processes, and inferences concerning depositional environments, suggest favorable environments for offshore and coastal deposits of platinum-group and other heavy minerals. Six deposit classes containing potential heavy mineral accumulations of economic significance are hypothesized: buried paleofluvial channels, recent paleofluvial channels, beach deposits, paleostrand lines, tidal ridges, and shoal deposits. The approximate hypothetical areal distribution and classification of each deposit is shown on figure 4.

Buried Paleofluvial Channels

Buried paleofluvial channels were identified using limited "acoustic basement" data collected by Barnes in 1969 for the USGS and provided to the author (4). Figure 4 identifies the locations of three possible buried channels recognized as depressions in the "acoustic basement" from seismic data.

The buried channels are presumed to originate from the coastal area between the Salmon River and the northern spit of Chagvan Bay and may represent extensions of the Salmon River drainage which were cut during one or more marine regressive events. These channel locations are very approximate and high resolution data is required to verify and define their locations. Buried channels do not correlate to submarine topographic relief, and are not recognizable from bathymetric data.

The buried channels are apparently covered with 30 to 50 m of alluvium, presumably of glacial and fluvial origin. Since the channels are defined by negative relief in bedrock or possibly ferricreted-gravel "false" bedrock, it is believed that the channels originated during the Kemuk or Clara Creek Glaciation and were later covered with glaciofluvial debris from the Unaluk or Chagvan Glaciation and other marine (e.g. littoral) processes. Heavy mineral accumulations, including PGM may be present in these paleochannels at the "false bedrock" contact. This hypothesis is supported by limited magnetic data collected along the buried channels (4). PGM concentrations may approximate those found in lower Salmon River if the sediments were derived from Red Mountain.

Recent Paleofluvial Channels

Recent paleofluvial channels, shown in figure 4, are suggested from detailed bathymetric data (1.52 m contours) provided by Barnes (4). These channels also represent fluvial offshore extensions formed during marine regressive events. The channels are younger than the buried channels and are presumably correlated to the Unaluk and/or Chagvan glaciation. The channels are southwest trending but are not all extensions of the Salmon River Valley (fig. 4). The channels are presently covered with an unknown thickness of recent sediments, and 5 to 20 m of water. The channels do not rest on acoustic "bedrock", therefore it is not clear where heavy mineral concentrations, if any, may have accumulated. The channels are identified as gentle

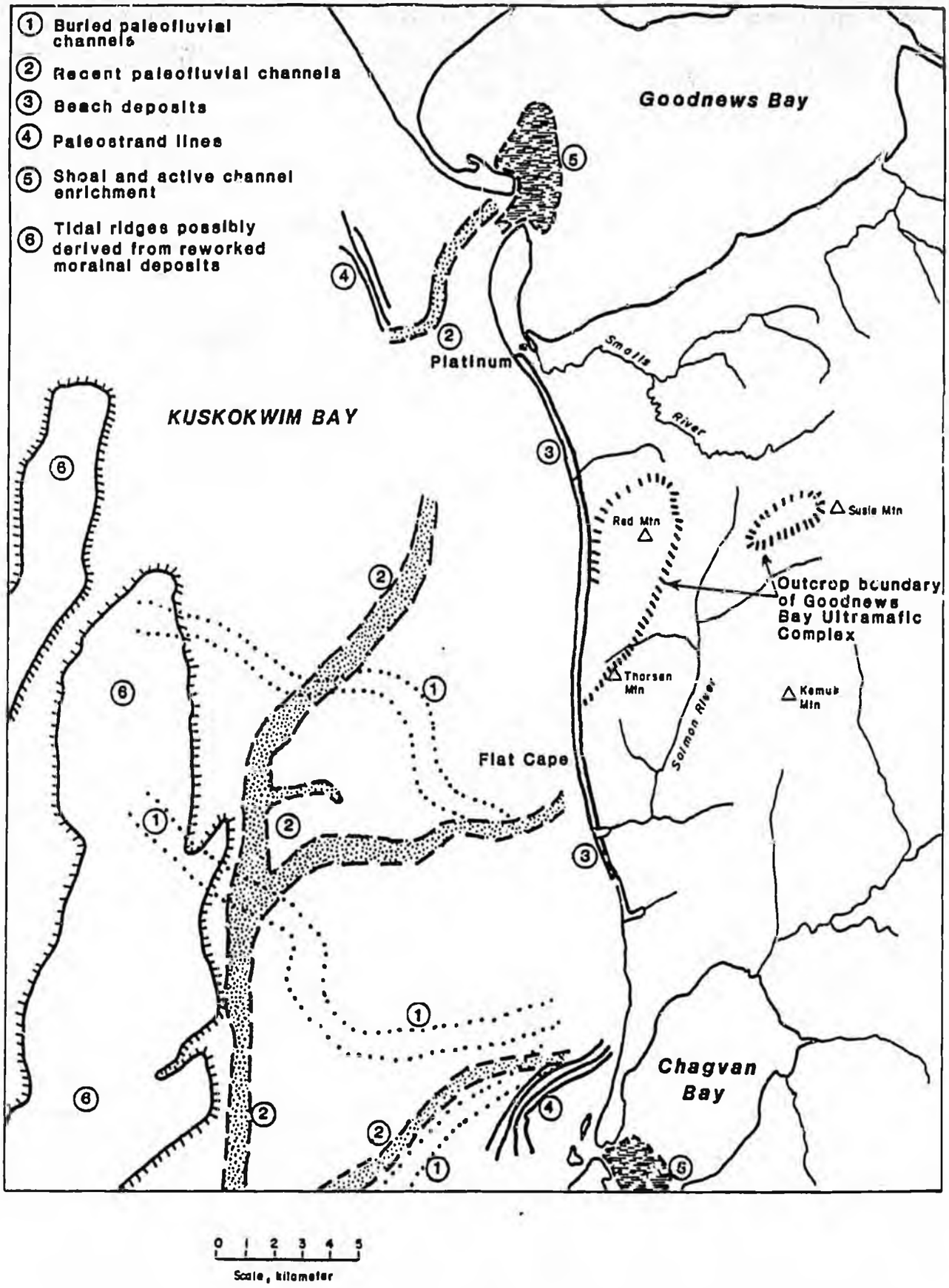

FIGURE 4. Favorable offshore and coastal platinum-bearing depositional environments.

bathymetric depressions up to 1.5 km wide with 5 m or less negative relief, and are traceable from approximately 3 km to 10 km offshore. Channels in the near shore environment extending from the Salmon River Valley are most favorable for PGM mineralization. Welkie (40) originally proposed the offshore channel model based on U.S. Coastal & Geodetic Service bathymetry map 9103. Her evaluation of 88 offshore samples, however, did not suggest selective platinum enrichment in the channels. Barker (1) also has suggested the presence of southwest-trending paleofluvial channels west of Red Mountain. His field investigations identified channels in the sea bluffs at Flat Cape.

Beach Deposits

Berryhill (5) collected 47 auger and shovel samples of beach sands between the north shore of Goodnews Bay and Chagvan Bay. Although he found trace to minor quantities of PGM and gold in the sands, potentially economic concentrations were not recognized. Selective sampling of specific beach environments was not accomplished.

Welkie (40) found platinum, chromium, and gold concentrations in beach samples which have been enriched up to an order of magnitude above concentrations obtained in offshore samples. Beach deposits containing the greatest PGM and heavy mineral values occurred over a 2 km distance immediately south of the Salmon River (fig. 4).

Bond (7) continued beach placer investigations in the area and found the most significant PGM concentrations between Walrus Point and Platinum (figs. 2, 4). He concluded that the PGM was being derived from two principal sources: (1) direct weathering of Red Mountain where it crops out along the coast at Walrus Point and (2) reworking of morainal material deposited on the western flanks of Red Mountain which is rapidly eroding from coastal processes. Importantly, Bond (7) recognized specific shoreface environments where PGM, chromite, and gold are being selectively concentrated. The highest PGM concentrations are contained in thin layers of heavy mineral accumulations on the back beach near the base of the morainal bluffs, and in storm washover deposits at the mouths of creeks that erode the bluff. Additionally, Bond noted that beach and nearshore wave energy concentrates only fine platinum (less that 250 um). Heavy mineral concentration by wave sorting along the upper swash zone and far back-beach apparently results from swash wave action, storm, and high tide events. Ulrich (42) also concluded that PGM was being concentrated between the upper swash zone and back-beach as a result of daily high-tide spillover events, and in the far back-beach as a result of storm processes. The greatest concentration of PGM was found in the less-than 125 um range.

New data collected by the Bureau in 1986 (15) suggests a hypothetical reserve base of 1,420,000 m^3 for beach sands between the bluff at Red Mountain and the south spit at Goodnews Bay with the average tenor of PGM and gold to be 0.0325 g/m^3 and 0.0039 g/m^3 respectively.

Between Walrus Point and the Salmon River, the areal extent of the beach is limited, with a hypothetical reserve base of 251,800 m^3. PGM grades average around 0.2968 g/m^3, and gold values average 0.1342 g/m^3. Average grades are based on sixty-four 0.0765 m^3

(0.1 yd^3) samples collected from representative beach facies. PGM and gold grades were determined by weighting the average value of sample site assays against the cross-sectional area of the beach profile between sample sites as described by Wells (41, pp. 55, 58-59). Total available hypothetical resources are limited to approximately 121 kg of PGM. Volume estimates of beaches are hypothetical and assume a 23 m wide beach south of the Red Mountain bluff, and 46 m wide beach north to the South Spit of Goodnews Bay. The thickness of the beach deposits to bedrock was extrapolated from limited test pit sampling data (15). Hypothetical reserves may be significantly increased if nearshore sediments, below the average low tide, are included with the beach deposits.

Paleostrand Lines

Potential for heavy mineral concentration exists in submerged strand lines (terraces) offshore and subparallel to the present coast line. Submerged paleostrand lines may have formed along ancient coastal areas during marine regressions/transgressions associated with glacial events. This type of deposit is an important offshore concentrator of gold in the Nome district (12). Available bathymetric data suggest the possibility of paleostrand lines 1 km to 6 km west of Goodnews and Chagvan Bays (fig. 4). The strand lines are defined by approximately 5 m of vertical relief over regions as narrow as 1,000 m. PGM and gold may have accumulated as lag deposits along the strands while lighter sediments were winnowed out by wave and current energy during transgressive and regressive marine cycles.

Shoal Deposits

Littoral sediments originating from eroded morainal bluffs, fluvial discharge, and sediments eroded from seaward extensions of the Red Mountain ultramafic complex at Flat Cape could be deposited as shoals at the mouths of Goodnews Bay and Chagvan Bay due to decreasing wave transport energy (fig. 4). Owen (28) presented evidence that bluff derived sediments including heavy minerals were being concentrated at the mouth of Chagvan Bay. Heavy minerals and coarse-grained sediment accumulations are concentrated in Chagvan Bay as lag deposits by winnowing out lighter sediments. Concentrations exceeding 100 ppm chromium were identified just past the spit in the mouth of Chagvan Bay, however, analyses for PGM were not obtained (28).
Bond (7) suggests the possibility of the Goodnews Bay shoal acting as the final "sink" for ultra-fine (-125 um) PGM. Ultrafine-grained PGM probably would be transported by northerly littoral currents along a low energy near shore corridor (7). The higher energy beach corridor apparently transports slightly coarser platinum towards the Goodnews Bay spits.

The Bureau (1) confirmed the presence of large scale winnowing features offshore. Reconnaissance samples confirmed PGM accumulations in the Goodnews Bay channelway. These observations are consistent with Wakeland's (37) sediment distribution observations which indicate that up to 80 pct of the sediments in the mouth of Goodnews Bay are gravels. PGM tend to associate with coarser sands and gravels (lag deposits) in coastal environments near Goodnews Bay (40, 42).

Sampling by Fechner (14) along the Goodnews Bay spits, however, suggests that PGM concentrations are less than 0.0012 g/m^3 and of little economic importance.

Tidal Ridges

Offshore topographic features which possibly act as corridors for selective heavy mineral concentrating are elongate, topographically high, north-south trending tidal ridges. If the ridges are comprised of reworked offshore morainal deposits, disseminated heavy minerals might be available for selective concentrating. The origin of the ridges is probably due to strong tidal action (6, 38). They are characterized by 3 m to 20 m of relief and are separated by narrow channels (fig. 4). Littoral currents and storm wave energy would be the major forces acting to concentrate PGM and other heavy minerals as lag deposits. Because the floor of Kuskokwim Bay in this region is shallow, most bottom features are within the zone of wave disturbance, and thus capable of producing heavy mineral enriched lag gravels.

Concentration Along "False" Bedrock Horizon

Placer production from fluvial channels onshore encountered the highest PGM grades directly above bedrock, and within the upper meter of weathered or "false" bedrock (24-25). Clay-rich glacial till and ferricreted gravel horizons were discovered underlying the beach front during Bureau sampling efforts in 1986 (15). Continuous clay-rich or ferricreted gravel stratum over large offshore areas may represent favorable "false" bedrock contacts for platinum-bearing heavy mineral accumulations in some of the other deposit classes.

RESULTS OF MARINE SEDIMENT ANALYSES NEAR GOODNEWS BAY

Results from geochemical and textural analyses have been reported for marine sediments from the Goodnews Bay Mining District. Unfortunately, significant differences in sampling and chemical analytical techniques prevent comparative evaluation of samples collected by different researchers. Further, low sampling densities and inadequate methods of sample collection and preparation have prevented determination of offshore resources.

PGM placers from high energy beach deposits are very-fine-grained. Ulrich (42) found that most of the PGM occurs in the less-than 125 um range. The PGM mineralization is associated with fine-to medium-grained sand (1.5-2.5 phi range). Bond (7) observed that all of the PGM recovered from beach deposits was less-than 250 um in length. Textural analyses of nearshore and far offshore placer PGM concentrates have not been determined. The presence of very fine grained PGM in high energy beach deposits leaves questions about the distribution of coarser-grained PGM. PGM coarser-than 250 um would be substantially easier to recover using currently available technologies. The location of coarser-grained PGM is unclear. It is possible that coarse PGM grains remain dispersed or have been selectively concentrated offshore in reworked glaciofluvial sediments. Storm wave energy and littoral currents may not be strong enough transport agents to remobilize coarser-than 250 um platinum

grains to the nearshore or beach environment. Therefore, depositional environments for fine-grained or coarser PGM may be dependent upon winnowing out of the other hydraulically lighter sediments.

GEOCHEMICAL ASSOCIATION

The association of PGM with elements exhibiting geochemically and hydraulically similar behavior is useful for delineating regions with potential platinum mineralization based on the abundance of the other elements. Further, since platinum is a noble metal and occurs in trace to very minor concentrations, assays usually have a high degree of analytical uncertainty.

Ideally, detection limits of 50 ppb platinum are obtainable by preconcentrating the prepared sample using a fire assay followed by an atomic absorption analysis (3). However, results obtained using this technique may only represent an order-of-magnitude approximation of the actual PGM abundance if sample collection and concentration were not carefully performed. If the ratio between the elements associated with PGM are determined, coevaluation of those elements will provide a higher degree of certainty regarding the actual concentration of PGM. Anomalous or unexpected PGM assays will be recognized and the sample analysis can be reevaluated if desired.

Unfortunately, fire assay and atomic absorption analysis will not provide information indicating how much PGM is available for placer recovery; the analysis will be positively biased. A more useful analytical technique which determines the abundance of recoverable PGM and gold is obtained by bulk sampling a known volume of sediment, concentrating heavy minerals with a jig or sluice plant, and physically separating PGM and gold from other heavy minerals recovered. A 0.0765 m^3 (0.1 yd^3) sample should be sufficient to reduce the nugget effect of PGM which are generally very fine grained. Partitioning of PGM and gold from other heavy minerals is accomplished with magnetic separation, gold amalgamation, and most likely a binocular microscope and tweezers. PGM and gold may then be weighed and the grade back calculated knowing the original volume of the sample. This procedure allows the determination of concentrations below 1 ppb, providing data which may be directly applied to economic evaluation of the placer deposit . Analytical certainty is limited only by the efficiency of the concentrating plant and precision of the scale used to weigh out recovered values. Fire assay of residual heavy mineral concentrates will indicate the abundance of commercially nonrecoverable PGM and gold.

Because the compositional analysis of other geochemically similar elements (e.g. Cr, Fe) is not as sensitive to analytical and sampling errors, geochemical data available from previous researchers might be useful in determining the extent of PGM concentration and distribution. High concentrations of PGM were found to be associated with analyses containing greater than 10 pct iron, 5,500 ppm chromite, and 35 ppm cobalt according to Ulrich (42). Bond (7) found platinum concentrations relate to the relative abundance of chromite, nickel, and cobalt. Although the USGS AMRAP program has provided abundant geochemical data onshore in the Goodnews Bay Mining District, there is relatively little semiquantitative offshore and beach data available (11, 17-18).

Wakeland (37) and Owen (28) published reports concerning geochemical investigations of Goodnews and Chagvan Bays, respectively. Concentrations exceeding 18 ppm cobalt and 22 ppm nickel are distributed just inside the mouth of Goodnews Bay (37). Additionally, the mouth of Goodnews Bay is characterized by sediments containing 30 to 80 pct gravel, suggesting a high energy environment favorable for concentration of PGM and other heavy minerals.

The inlet to Chagvan Bay contains 6 to 10 pct heavy minerals with individual samples containing over 400 ppm cobalt, 250 ppm chromite, 45 ppm nickel, 500 ppm manganese, and 5 to 6 pct iron (28). This information suggests the shoal and channels just inside the mouth of Chagvan Bay may contain geochemically significant, and perhaps economically viable concentrations of PGM. Offshore geochemical surveys include 78 semiquantitative sample analyses provided by Barnes for the AMRAP program (4).

Hessin and Others (18) list semiquantitative data for chromium, and Coonrad and Others (11) compiled offshore data for platinum and gold. These data however, are inadequate for identifying regions with favorable PGM concentrations.

The only other offshore geochemical data available was obtained by Welkie (40). Evaluation of her contoured data from 88 sample sites is incomplete, but suggests that anomalously high concentrations of cobalt, chromium, gold, and platinum are found in offshore regions corresponding to paleofluvial channels. Offshore grab samples contained up to 0.8 ppm platinum, 0.06 ppm gold, 30 ppm cobalt, and 180 ppm chromium. All determinations were made using atomic absorption spectrometry, leaving some uncertainty regarding analytical accuracy and actual values of recoverable PGM and gold.

CONCLUSIONS AND RECOMMENDATIONS

The primary source for platiniferous coastal and offshore sediments in the Goodnews Bay Mining District is the Red Mountain ultramafic complex . Principal secondary sources supplying PGM-bearing sediments to beach and offshore deposits include glacial morainal and outwash deposits and discharge from the Salmon River. Six potential placer deposit classes are recognized: (1) buried paleofluvial channels, (2) recent paleofluvial channels, (3) beach deposits, particularly along the upper swash zone, (4) paleostrand lines, (5) shoal deposits at the mouths of Goodnews and Chagvan Bays, and (6) lag deposits comprised of reworked glacial morainal material along the base of tidal ridges.

Limited assay data prevents direct calculation of the distribution and concentration of PGM and gold in potential offshore placers. The USGS has estimated hypothetical resources of subeconomic grade to be 155,500 kg from offshore placers (29). Limited beach and offshore sampling results suggest this value to be very optimistic. Fechner, in 1986, completed bulk sampling of the beach front between the north spit of Goodnews Bay and the north spit of Chagvan Bay (14). Based on 64 bulk samples, data suggests that 121 kg of PGM is recoverable from a hypothetical resource base of 1,672,000 m^3 along the beach between the southern end of the south spit at Goodnews Bay and the Salmon River. The highest average grade of PGM was found between the bluff at Red Mountain and the Salmon River which ranged around 0.2968 g/m^3.

The first step required to delineate minable offshore and coastal placer deposits around the Goodnews Bay Mining District involves sufficient reconnaissance sampling to suggest potential economic PGM concentrations. This step is being accomplished and specific depositional environments with potentially economic PGM and heavy mineral accumulations have been recognized. Additional Bureau reports which are currently in preparation will specifically address PGM and gold distributions offshore and along the coast.

The second stage of offshore and beach placer evaluation requires a high sample site density around favorable targets. Reliable evaluations are dependent upon correct bulk sampling techniques and reproducible compositional analysis. Given the approximate size of the various potential deposits around Goodnews Bay, 100 to 150 m sample spacing is probably sufficient to determine if economically minable grades and volumes are present (26). Since some of the PGM placer deposits are stratified and buried to unknown depths (e.g. under marine or reworked glacial debris), stratigraphic control of sampling is critical for representative deposit evaluation.

Mining costs estimated for offshore dredging establishes a subeconomic cut off grade of approximately $\$1.3/m^3$ ($\$1/yd^3$) contained PGM and gold for economically recoverable placers (12). As assays from sampling programs are evaluated, deposits with potentially economic PGM placer mineralization will be located and minable volumes, if any, estimated using geometrics or proper geostatistical techniques (22).

Bottom grab or suction dredge sampling for offshore placers provides useful information identifying favorable PGM mineralization for some deposit classes. However, since these techniques only sample the upper sediment horizons they are inadequate for determining the volume or grade of potentially minable offshore deposits in the third dimension. An offshore drilling program capable of yielding large uncontaminated samples is necessary to gain stratigraphic control of PGM and gold distributions which will allow the calculation of minable reserves or subeconomic resources.

PGM grains in the Goodnews Bay Mining District, and presumably offshore, are very fine-grained. Therefore, the efficiency of gravity concentrating systems should be considered when evaluating the recoverable value of the reserve base. Historically, micron sized PGM grains have been lost during on-shore dredging operations (12).

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HB 3332

Alaska State Legislature

Senate

Office of the Secretary

OFFICIAL BUSINESS

P.O. BOX V
CAPITOL BUILDING
JUNEAU, ALASKA 99811

FOR YOUR IMMEDIATE ATTENTION

DATE: 5-8-90

TO SENATE COMMITTEE: Finance

FROM: Office of the Senate Secretary

The Senate President has added/changed the referral(s) on the following bill(s):

HB 332

to Resources

Please give the bill file(s) and the signed letter (this note) to the page delivering this message.

Thank you for your prompt attention.

SIGNATURE OF PERSON RECEIVING THIS NOTE

JR/s

Calista Corporation

APR 17 1990

301 W. 5th Avenue, Suite 200, Anchorage, Alaska 99501-2225 • (907) 279-5516 • FACSIMILE (907) 272-5060

April 13, 1990

Senator Rick Uehling
Room 516, Capitol
P.O. Box V
Juneau, Alaska 99811

Dear Senator Uehling:

This letter is a follow-up to my April 11 letter regarding the Goodnews Bay Critical Habitat designation (SB 318). I thought a recap of Calista Corporation's position with respect to SB 318 may be helpful to you.

SB 318 prohibits mining on state-owned tide and submerged lands within the bay. Whether it is intentional or not, it will also restrict almost every other activity in the bay and significantly impact upland activities as well.

The following is a summary of the major areas of Calista's concern regarding SB 318:

1. The bill sets a dangerous precedent for state recognition of Applications for Offshore Prospecting Permits (AOPP's) as a property interest.

2. This bill is using Alaska's Critical Habitat program merely as a tool to stop mining and thus erodes the credibility of the overall Critical Habitat program.

3. We hope to avoid making a bad law worse. The possibility of having ADF&G become lead regulatory agency on upland mineral development activities as a spin-off, or side-effect, of this bill will be a major blow to the best on-shore prospect for platinum group metals discovery in North America.

4. The additional encumbrance on upland exploration and mining activities will have an impact statewide due to its negative implications on potential future distributions pursuant to ANCSA §7(i) and 7(j).

5. This bill will have negative impacts on future local and regional economic oportunities and will thus contribute to the continual dependence this region has on state and federal transfer payments.

6. Barging and shipping access to these communities must be protected.

In order to protect onshore mineral development and community growth oportunities, at a minimum, SB 318 must be amended to include the following:

A. The Commissioner shall permit barge and ship traffic within the Goodnews Bay Critical Habitat Area, and

B. The Commissioner shall consider onshore mining activities to be compatible with the Goodnews Bay Critical Habitat Area.

If these activities are not protected, I would urge you to vote against passage of SB 318. I would be happy to answer any questions you may have or provide you with any additional information you may require about this matter.

Sincerely,

CALISTA CORPORATION

Mike Neimeyer
Vice President
Land & Natural Resources

MN:slb

HB 332

Organized Village of Kwethluk
Kwethluk IRA Council
P. O. Box 84
Kwethluk, Alaska 99621-0084
(907) 757-6714

FEB 16 1990

Resolution 90-02-02 - In Support of Senate Bill 318 and House Bill 332 Relating to Goodnews Bay Critical Habitat Area

WHEREAS, The Kwethluk IRA Council has a major concern about the subsistence of the Yup'ik People of the Yukon/Kuskokwim Delta Area, including the Goodnews Bay Area; and

WHEREAS, The Kwethluk IRA Council has an underscanding that certain bills have been introduced to both the Senate and House of Representatives in the Alaska State Legislature for the establishment of the Goodnews Bay Area making it "A Critical Habitat Area"; and

WHEREAS, The Kwethluk IRA Council supports the passage of these two certain bills addressing the immediate concerns of the Goodnews Bay and Platinum villages including but not limited to the Yukon/Kuskokwim Delta Area; and

WHEREAS, The Kwethluk IRA Council feels the establishment to protect and maintain fish and wildlife habitat and populations and aquatic plant resources, especially eelgrass beds, and to ensure the continued productivity of the area's fisheries and fish and wildlife harvests are more important than any attempts by the state and the mining companies to come into pristine environment for purposes of offshore dredging; and

THEREFORE BE IT RESOLVED, That the Alaska State Legislature pass and approve the passage of these two bills so the Goodnews Bay Critical Habitat Area would be established furthering the protection of the Goodnews Bay Area.

BE IT FURTHER RESOLVED THAT, The copies of this resolution be forwarded to the villages of Goodnews Bay and Platinum, Senator Johne Binkley, Representative Lyman Hoffman, appropriate Senate and House committees, and the Governor of the State of Alaska.

ATTEST: Magdalena E. McDalton — Joeph Guy

Magdalena McDalton, Secretary/Treasurer — Joeph Guy, IRA Council President

Max Angellan, Tribal Administrator — Moses Nicolai, Vice-Chairman

APR 9 1990

Calista Corporation
601 West Fifth Avenue Anchorage, Alaska 99501
(907) 279-5516, FAX (907) 272-5060

Bettye Fahrenkamp 4/6/90
Chairman - Senate Resources
RM. 125 Capitol
P.O. Box V
Juneau, Alaska 99811

Chairman Fahrenkamp:
We strongly recommend that the Senate version of the Act Establishing the Goodnews Bay Critical Habitat Area contain language that protects the on shore or upland activities essential to the economic health of the region. We ask that the Senate version contain the following language:

* The commissioner shall permit the construction, maintenance, and reasonable use of docking facilities within the Goodnews Bay Critical Habitat Area.

* The commissioner shall consider on-shore development resulting from on-shore mining activities to be compatible with tne Goodnews Bay Critical Habitat Area.

* The commissioner shall permit barge and ship traffic within the Goodnews Bay Critical Habitat Area.

Thank you for your consideration.

Sincerely,

Bruce Hickok

Bruce Hickok
Sub-surface Resource Manager

HB 3416

SENATE FINANCE COMMITTEE REPORT

DATE: 5/6/90 FURTHER:

DATE TURNED INTO OFFICE: 5/7/90

The Finance Committee considered CSHB 346 (Resources)

"An Act establishing the Yakataga State Game Refuge; relating to the management of state land within the Yakataga area; and providing for an effective date."

and recommended:

[ ] replace with ____ CS ____ [✓] same title
[✓] or adopt S CS CSHB 346 (Res) [ ] new title
[ ] technical title change (HB only)

[ ] attached amendment(s)
[✓] Finance letter of intent adopted

[ ] do pass

[ ] do not pass

[✓] no recommendation

[ ] individual recommendations

[ ] further referral to ____

ATTACHES NEW FISCAL NOTE(S): Dept/Date:

[✓] fiscal note(s) DNR 5/1/90 155.0

[ ] zero fiscal note(s)

[ ] appropriation-no fiscal note

APPROVES PREVIOUS: Dept/Date:

[ ] fiscal note(s)

[ ] zero fiscal note(s)

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

1. DO PASS 2. (NO REC)

Co-Chairs: Signatures and Recommendations

Adopted

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: SCS CS HB 346 (Res)
PUBLISH DATE: 5/6/90

FISCAL NOTE

REQUEST:
Revision Date: 1-May-90
Title: Yakataga State Game Refuge
Sponsor: House Resources
Requestor: Senate C&RA

Agency Affected: Natural Resources
BRU: Land & Water Mgmt

Components: Land & Water Mgmt

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	95.0	95.0	95.0			
TRAVEL	16.3	13.3	17.0			
CONTRACTUAL	33.2	10.0	10.0			
SUPPLIES	10.5	1.0	17.8			
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	155.0	119.3	139.8	0.0	0.0	0.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	155.0	119.3	139.8			
FEDERAL FUNDS						
OTHER						
TOTAL	155.0	119.3	139.8	0.0	0.0	0.0

POSITIONS:

FULL-TIME	2.0	2.0	2.0			
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: Larry Ostrovsky Phone: 465-2400
Division: Commissioner's Office Date: 1-May-90

Approved by Commissioner: Lennie Gorsuch Date: 1-May-90
Agency: Departmen of Natural Resources

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

Changes in SCS CSHB 346 (Fin) have no fiscal impact. This fiscal note is appropriate. 5/7/90

In addition to DNR planning costs, there will be additional fiscal impacts from this legislation.

1. If DNR and the University agree to a buy back figure and the legislature fails to appropriate the amount for the buy back, the general fund could lose approximately $1.3 million ($600.0 currently owed by Chugach to the state, and $500.0-700.0 estimated stumpage from the Icy Cape extension).

2. The cost of a buy back of the Cape Suckling and Yakataga parcels is undetermined at this time. It will likely be in the millions of dollars, depending upon prevailing timber prices at the time.

Cost of negotiations and new appraisal for a University Timber Rights Acquisition.

Travel for negotiations	1.0
Review of appreaisal contact	20.0
Total	21.0

COST FOR YAKATAGA AREA PLAN
FISCAL YEAR 91

100	Personal Services		
	Natural Resource Manager I (18A)	$ 50.5	
	Natural Resource Manager II (16A)	44.5	
			$ 95.0
200	Travel		
	Planning team meetings (for each mtg. 3 staff Jnu-Anc or Anc-Jnu), 5 meetings x $550 (airfare + 2 days per diem)	8.3	
	Public meetings-issues (3-4 Communities)	7.0	
	Planning Area Overflight		
			15.3
300	Contractual		
	Publish introductory brochure	2.0	
	Xeroxing, newsletters, ads	3.0	
	Inventory work, mapping	6.0	
	Print resource and issues reports	2.2	
			13.2
400	Supplies		
	Set-up and Misc. Supplies	10.5	
			10.5
	TOTAL:		$134.0

FISCAL YEAR 92

100	Personal Services		
	Natural Resource Manager I (18A)	$ 50.5	
	Natural Resource Manager II (16A)	44.5	
			$ 95.0
200	Travel		
	Planning team meetings (5)	8.3	
	Public meetings - alternatives	5.0	
			13.3
300	Contractual		
	Alternatives brochures	5.0	
	Xeroxing, summary of comments, etc.	5.0	
			10.0
400	Supplies		
	Miscellaneous Supplies	1.0	
			1.0
	TOTAL:		$119.3

Proposed Yakataga Area Plan
DNR Budget Summary

FY 91	FY 92	FY 93
	(figures are in thousands)	
Personal Services	95.0	95.0	95.0
Public Meetings (travel, brochures, xeroxing, etc.)	9.0	12.0	17.0
Resource Assessment Research (travel, mapping, printing)	10.2		
Printing Final Plan			10.0
Supplies, xeroxing, misc mapping, travel to planning team meetings, etc.	19.8	12.3	17.8
TOTAL	$134.0	$119.3	$139.8

Original sponsor(s): Resources Committee

IN THE HOUSE BY THE RESOURCES COMMITTEE

SENATE CS FOR CS FOR HOUSE BILL NO. 346 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act establishing the Yakataga State Game Refuge; relating to the management of state land within the Yakataga area; and providing for an effective date."

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

* Section 1. AS 16.20 is amended by adding a new section to read:

Sec. 16.20.033. YAKATAGA STATE GAME REFUGE. (a) The following state-owned land and water and all land acquired in the future by the state lying within the parcels described in this subsection are established as the Yakataga State Game Refuge:

(1) Township 20 South, Range 13 East, Copper River Meridian
Section 11: SE1/4
Section 12: S1/2
Section 13
Section 14: E1/2
Sections 22 - 27
Sections 34 - 36

(2) Township 20 South, Range 14 East, Copper River Meridian
Sections 7 - 12: S1/2
Sections 13 - 36

(3) Township 20 South, Range 15 East, Copper River Meridian
Sections 7 - 12: S1/2
Sections 13 - 36

(4) Township 20 South, Range 16 East, Copper River Meridian
Sections 7 - 9: S1/2

Sections 16 - 36

(5) Township 21 South, Range 11 East, Copper River Meridian
Excluding that portion of Tract A-148 lying north and west of Seal River:
Sections 1 - 2
Sections 3 - 4: North and east of the Seal River and its associated lake system
Section 10: East of Seal River and one mile north of mean high tide line on the Gulf of Alaska
Sections 11 - 12
Sections 13 - 14: above mean high tide line on the Gulf of Alaska

(6) Township 21 South, Range 11 1/2 East, Copper River Meridian
Sections 6 - 7
Section 18: Above mean high tide line on the Gulf of Alaska

(7) Township 21 South, Range 12 East, Copper River Meridian
Sections 13 - 14: S1/2
Sections 23 - 26
Sections 35 - 36: Above mean high tide line on the Gulf of Alaska

(8) Township 21 South, Range 13 East, Copper River Meridian
Sections 1 - 21
Section 22: W1/2, E1/2 one mile north of mean high tide line on the Gulf of Alaska
Sections 23 - 24: One mile north of mean high tide line on the Gulf of Alaska

(9) Township 21 South, Range 14 East, Copper River Meridian

Sections 1 - 12

Sections 13 - 15: One mile north of mean high tide line on the Gulf of Alaska

Sections 16 - 18

Sections 19 - 22: One mile north of mean high tide line on the Gulf of Alaska

(10) Township 21 South, Range 15 East, Copper River Meridian

Sections 1 - 7

Sections 8 - 12: One mile north of mean high tide line on the Gulf of Alaska

(11) Township 21 South, Range 16 East, Copper River Meridian

Sections 1 - 6

Sections 7 - 12: One mile north of mean high tide line on the Gulf of Alaska.

(b) The Yakataga State Game Refuge is established to protect the

(1) fish and wildlife habitat and populations, including salmon spawning and rearing habitat and critical goat and moose winter habitat; and

(2) public uses of fish and wildlife and their habitat, particularly commercial, sport, and subsistence fishing, hunting, viewing, photography, and general public recreation in a high quality environment.

(c) The state may not acquire by eminent domain private land that is located within the state-owned land specified in (a) of this section for inclusion in the Yakataga State Game Refuge. The state may acquire private land that is located within the state-owned land specified in (a) of this section by purchase, exchange, or otherwise from willing owners for inclusion in the Yakataga State Game Refuge.

(d) The establishment of the Yakataga State Game Refuge under

this section does not impair or alter valid existing rights including pending Native allotment applications, access to set net sites, and access to and from private land located within the Yakataga State Game Refuge.

(e) The department shall allow commercial, sport, and subsistence fishing and hunting within the Yakataga State Game Refuge under regulations of the Board of Fisheries and the Board of Game. The department shall also permit associated support activities when necessary and consistent with AS 16.20.010 - 16.20.080 to support fishing and hunting permitted under this section, including fish buying operations, aircraft support including landing strips, and off-road vehicle use.

(f) Egress and ingress to and from private property within the parcels described in (a) of this section shall be allowed through access corridors established by agreement between the department, the Department of Natural Resources, and the owners of private land involved. The establishment of the Yakataga State Game Refuge does not impair or alter existing rights of access to set net lease sites.

(g) The department shall adopt and may revise a management plan for the Yakataga State Game Refuge.

* Sec. 2. AS 16.20.033(a)(5) is amended to read:

(5) Township 21 South, Range 11 East, Copper River Meridian [EXCLUDING THAT PORTION OF] Tract A-148 lying north and west of Seal River [:]

Sections 1 - 2

Sections 3 - 4: North and east of the Seal River and its associated lake system

Section 10: East of Seal River and one mile north of mean high tide line on the Gulf of Alaska

Sections 11 - 12

Sections 13 - 14: Above mean high tide line on the Gulf of Alaska

* Sec. 3. AS 16.20.033(a) is amended by adding new paragraphs to read:

(12) Township 21 South, Range 9 East, Copper River Meridian Tract A-148

(13) Township 21 South, Range 10 East, Copper River Meridian Tract A-148.

* Sec. 4. AREA PLAN AND REPORT TO THE LEGISLATURE. (a) The commissioner of natural resources shall undertake and complete an area plan for the Yakataga area, the state land and water located between Icy Bay and Cape Suckling, under AS 38.04.065 and the regulations of the Department of Natural Resources. The area plan completed under this section does not include the land of the Yakataga State Game Refuge.

(b) The commissioner of natural resources shall consider the full range of management options for the timber rights in each tract of land of the University of Alaska (ADL 223456) under litigation, including and excluding timber harvest.

(c) The area plan shall be completed by July 1, 1993, and shall be delivered to the chairs of the Resource Committees of the legislature. The commissioner may include with the area plan recommendations for legislation defining a part of the area as a state park, state forest, state game refuge, state critical habitat area, or other special designation.

(d) Except as provided in this subsection and (e) of this section and subject to valid existing rights, the commissioner of natural resources may not conduct timber or timber-related construction activity, including road construction, timber sales and commercial timber harvests in the Yakataga area, the area between Icy Bay and Cape Suckling, until July 1, 1993. The commissioner may maintain existing timber harvest facilities. This section

does not diminish the right of a private property owner to have access or develop its land or resources or the authority of an agency to grant approval for access or development.

(e) The commissioner may permit the harvest of timber within the parcel described as Tract 152 at White River under ADL 223456.

* Sec. 5. TIMBER TRACTS OF THE UNIVERSITY OF ALASKA. (a) The commissioner of natural resources shall engage in every reasonable effort to achieve a settlement of litigation involving the City of Yakutat v. the Department of Natural Resources (Civil No. 1JU-88-271) that accommodates the rights of the University of Alaska to compensation for university trust land conveyed to the Municipality of Anchorage. The commissioner shall, for the purposes of settlement of the litigation, consider the timber in the tracts transferred as ADL 223456 as the property of the university. Nothing in this subsection affects the claims or rights of a party to the litigation.

(b) The commissioner of natural resources shall engage in every reasonable effort to reach agreement on the fair market value for the timber rights to Tract A-148 at Cape Suckling and Tract 20 at Yakataga. The commissioner shall report the fair market value agreed upon by the commissioner and the University of Alaska under this subsection to the chairs of the resources committees of the legislature on the date the commissioner and the university reach agreement on the fair market value determined under this subsection.

(c) Regardless of the disposition of City of Yakutat v. the Department of Natural Resources (Civil No. 1JU-88-271), the legislature intends that the state reacquire from the University of Alaska its interest in Tract A-148 at Cape Suckling and Tract 20 at Yakataga. The legislature intends to compensate the University of Alaska for Tract A-148 and Tract 20 based on the agreement on the fair market value reached under (b) of this

section. If the commissioner and the University of Alaska reach agreement on the fair market value determined under (b) of this section, all money received in satisfaction of the court order issued in Sullivan v. State after the date of agreement shall be transferred to the University of Alaska trust fund as additional earnest money for the reacquisition of the timber rights of the University of Alaska on Tract A-148 at Cape Suckling and Tract 20 at Yakataga.

(d) The commissioner of revenue shall establish a trust account in the general fund of the state. The commissioner of natural resources shall transfer to the commissioner of revenue for deposit into the trust account any amounts paid from July 1, 1990, through the date the commissioner and the university reach agreement under (b) of this section, with respect to rights arising under the Icy Cape II Timber Sale Contract, ADL 203002. The commissioner of revenue shall, on the date the commissioner and the university reach agreement under (b) of this section, transfer funds received under this subsection to the University of Alaska if an agreement on the agreed fair market value is reached under (b) of this section by January 21, 1991. If an agreement is not reached under (b) of this section by January 21, 1991, the funds shall be transferred to the general fund of the state.

* Sec. 6. LEGISLATIVE INTENT. It is the intent of the legislature that the establishment of the Yakataga State Game Refuge only take effect if the administrative decision of the commissioner of natural resources that authorizes timber harvesting in the "extension area" under the Icy Cape II timber sale, ADL 203002, as amended on March 7, 1990, is not challenged in the Alaska Superior Court by administrative appeal within the time permitted by law, or, if appealed, the decision is affirmed by a final judicial order not subject to further appeal.

* Sec. 7. Sections 2 - 3 of this Act take effect on the effective date

of an appropriation Act appropriating to the University of Alaska those amounts necessary to compensate the university for the agreed value reached under sec. 5(b) of this Act for the interest of the university in Tract A-148 at Cape Suckling after crediting to the university those amounts received by the university under sec. 5(c) and (d) of this Act.

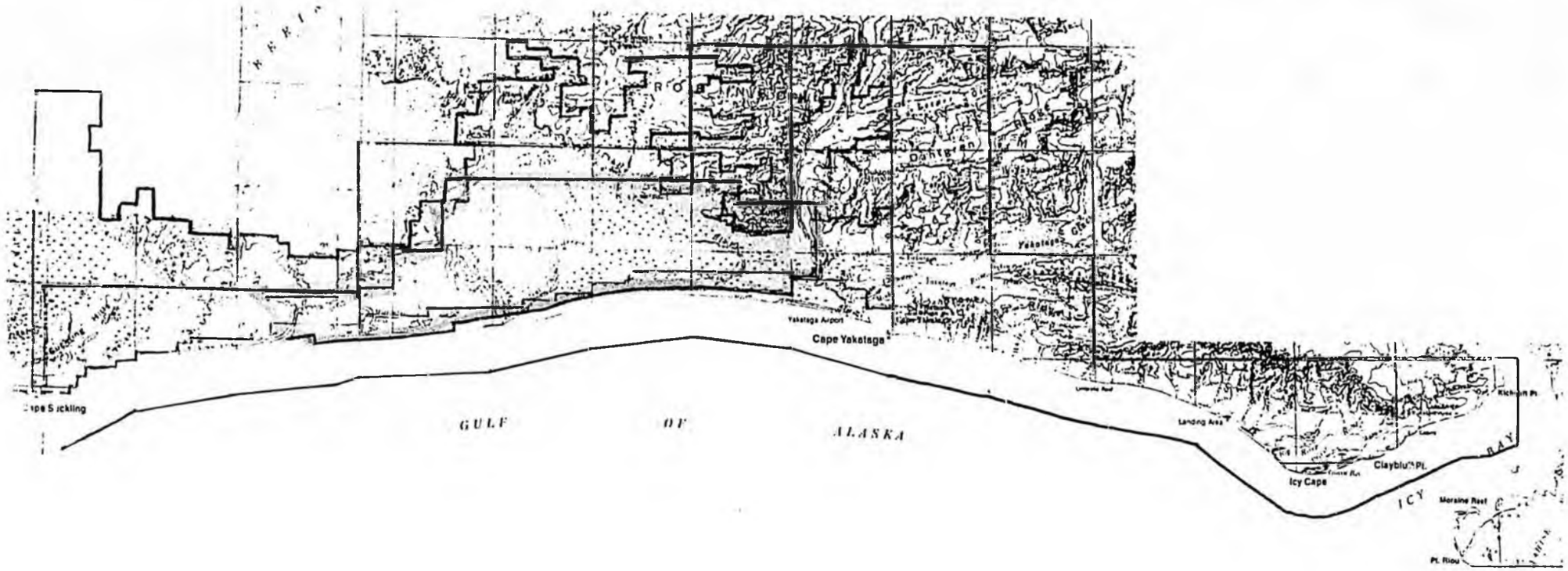
* Sec. 8. Sections 1 and 4 - 5 of this Act take effect on the date that the commissioner of natural resources certifies to the lieutenant governor and the revisor of statutes that the administrative decision of the commissioner authorizing timber harvesting in the extension area under the Icy Cape II timber sale, ADL 203002, as amended on March 7, 1990, has become final and is not subject to further administrative or judicial review.

5/7/90
Z Hearing
Adopted

SENATE FINANCE COMMITTEE
LETTER OF INTENT
Senate CS For CS For House Bill 346

It is the intent of the Senate Finance Committee that all historical and traditional uses of the land and water within the Yakataga State Game Refuge, in addition to the public uses already listed in statute, shall be allowed to continue to the extent they are compatible with the purposes for which the refuge was established.

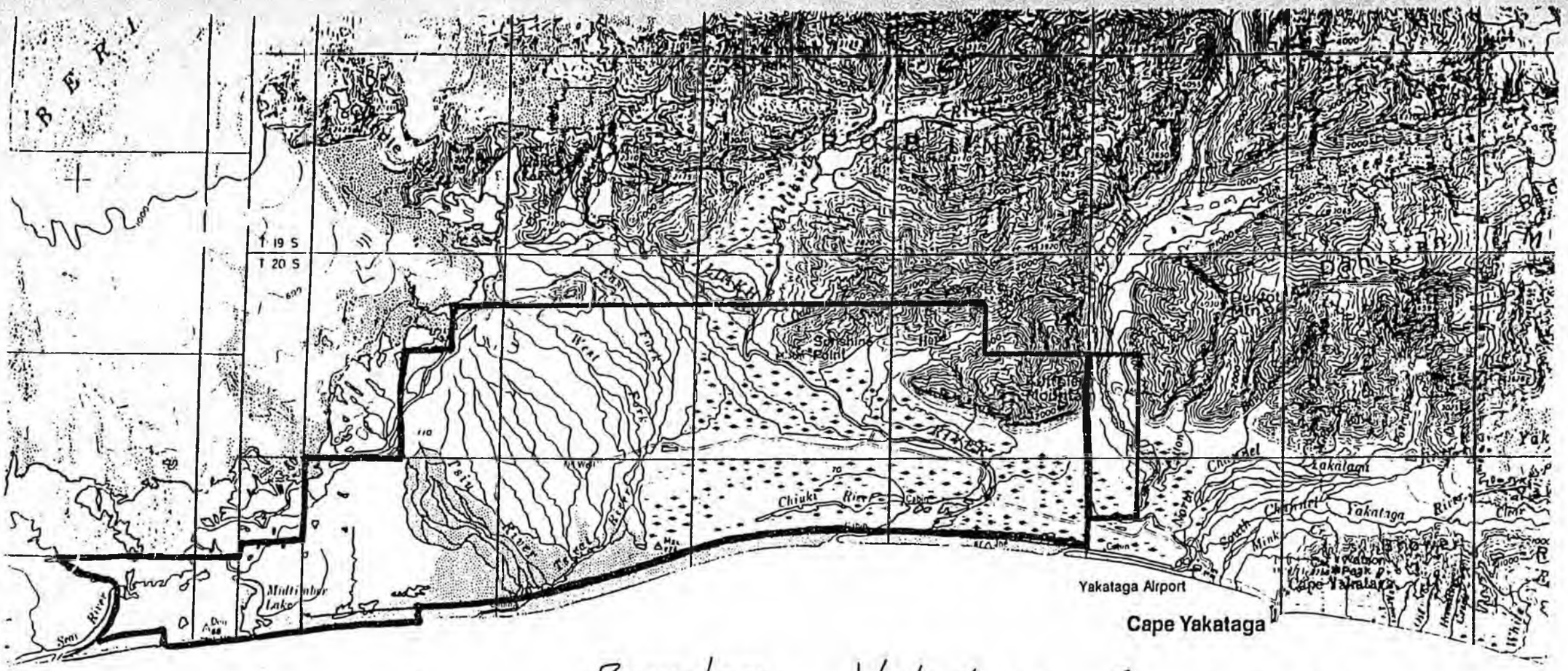
5/7/90 pm
Pearce



DNR FURTHER PLANNING AREA

HOUSE-PASSED GAME REFUGE

SENATE COMPROMISE GAME REFUGE



Boundary, Yakataga Game Refuge

GULF OF ALASKA

6-0920Ib
Bradley
5/7/90
Pearce
Failed

AMENDMENT #1

OFFERED IN THE SENATE

TO: SCS CSHB 346 (Resources)

Page 1, lines 26 - 27:

Delete "Sections 7 - 12: S1/2

Sections 13 - 36"

Insert "Sections 7 - 8: lying West of the Kaliakh River

Section 17: lying West of the Kaliakh River

Sections 18 - 20

Sections 21 - 22: lying West of the Kaliakh River

Section 26: lying West of the Kaliakh River

Sections 27 - 35

Section 36: lying West of the Kaliakh River"

Page 1, line 29, through Page 2, line 1:

Delete "Sections 7 - 9: S1/2

Sections 16 - 36"

Insert "Sections 31 - 33: lying West of the Kaliakh River"

Page 3, line 12:

Delete "Sections 1 - 6"

Insert "Section 4: lying West of the Kaliakh River

Sections 5 - 6"

Sectional Analysis
SCS CSHB 346 (RES)

Sec. 1 (a) establishes the Yakataga State Game Refuge which encompasses approximately **110,000** acres **excluding** state selected federal lands.

Sec. 1 (d) allows current users with valid existing rights to have access to set net sites, pending Native allotment applications and private inholdings. This subsection does not allow tresspass cabins or any other structures not permited by DNR.

Sec. 1 (e) commercial, sport and subsistence fishing and hunting are allowed within the game refuge as regulated by ADF&G. Activities supporting approved fishing and hunting activities such as fish-buying operations; aircraft support, including landing strips, and operation of ATVs are also permitted. Standardized language describing rights of ingress and egress has been included at the request of the Alaska Miner's Association.

Sec. 2-3 legal description for the **Cape Suckling** parcel.

Sec. 4 (a-c) directs the commissioner of DNR to create an **area plan** for lands between Cape Suckling and Icy Bay and **excluding** the area designated as the Yakataga Game Refuge. The area plan is to be completed by July 1, 1993. DNR shall manage the timber parcels held by the University of Alaska for **multiple use.**

Sec. 4 (d-e) DNR may **not allow** timber sales, commercial timber harvests or timber-related construction activities in the area between Cape Suckling and Icy Bay until **July 1, 1993.** This suspension of timber-related activities does not preclude the rights of private property owners to develop their land or the authority of an agency to allow access or land development. During the planning process, DNR may **permit timber harvesting** within the **Icy Cape II** and the University's **White River** parcels. This satisfies the State's settlement agreement to provide the Chugach Corporation with a guaranteed area of harvestable timber.

Sec. 5 (a) directs DNR to make every reasonable effort to resolve litigation between the department and the City of Yakutat and not disenfranchize the University of Alaska's interests in the Cape Suckling and Yakataga parcels.

Sec. 5 (b-c) DNR shall make every reasonable effort to negotiate a **fair market value** for the timber rights to the Cape Suckling and Yakutaga parcels and reacquire the University's interests in these lands.

Sec. 5 (d) the Department of Revenue shall establish a trust account in the general fund of the state to receive monies from DNR. DNR shall deposit monies received from Chugach Alaska Corporation as settlement of Sullivan v. State of Alaska into the trust account as **earnest money** for purchasing the U of A timber rights.

If, by January 21, 1991, DNR and the U of A **reach an agreement** regarding the the fair market value of the Cape Suckling and Yakataga timber rights, then the monies in the trust account will be transferred to the **University of Alaska.** If an **agreement is not reached**, then the monies in the trust account will be transferred to the **general fund.**

Sec. 6 states legislative intent to assure Chugach Corporation's **access to timber** within the Icy Cape II "extension."

Sec. 7 the Cape Suckling parcel **becomes part of the game refuge** when additional funds are appropriated by the legislature to pay the balance owed on the Cape Suckling timber rights.

Sec. 8 the effective date for creation of the Yakataga Game Refuge; the initiation of the area plan and settlement of the University litigation will be when Chugach is **assured access** to timber in the Icy Cape II Extension area.

State of Alaska
Senate Community and Regional Affairs Committee

Senator Mike Szymanski, Chairman
Senator Al Adams
Senator Steve Frank
Senator Drue Pearce
Senator Pat Pourchot

P.O. Box V
Juneau, AK 99811
(907) 465-4978

YAKATAGA STATE GAME REFUGE SENATE COMPROMISE
(C&RA Committee Substitute for HB 346)

After discussions with the various interests working on this legislation and with the Senators and Representatives whose districts are involved, the Senate Community and Regional Affairs Committee has arrived at a carefully crafted committee substitute. This compromise bill, a section by section analysis, and a map are attached. These are some of the features of the Senate C&RA compromise:

Wildlife Refuge

The area depicted in pink on the attached map represents the new wildlife refuge boundary, an area of approximately 115,000 acres. According to the local fishermen and communities, this new boundary encompasses the most critical fish, moose, and bear habitat, and significant amounts of the mountain goat habitat in the Yakataga area. However, it reduces the House-passed boundary by more than 150,000 acres and avoids potential conflicts with other resource uses.

Area Plan

The remainder of the 500,000 acre Yakataga area (depicted in green on the attached map) would be subject to an area plan, prepared by DNR, which determines its highest and best use. DNR strongly supports further planning in the Yakataga area.

University Timber

The University's timber rights at Cape Yakataga and Cape Suckling could be reacquired and added to the game refuge later, pending an appraisal and future legislative appropriation. Earnest money for reacquisition of the University's timber would be provided from the receipts from other timber sales in the Yakataga area, not a general fund appropriation.

Chugach Corporation

Chugach Corporation's substantial interests in the Yakataga area are fully protected by guarantees of access and by the movement of the game refuge boundary away from Chugach's private land. An additional provision guarantees the state's fulfillment of the settlement agreement with Chugach over the Icy Cape II timber sale litigation and conditions establishment of the game refuge on the lack of further litigation by third-parties challenging that timber sale.

Multiple-Use Assurances

Inside the game refuge, resource development -- including logging and mining -- is specifically allowed, as long as fish and wildlife values are protected. Outside the game refuge, all multiple use activities are allowed to continue unimpeded. Planning by DNR will determine the best allocation of lands to the various resource needs. Nothing in the legislation affects the rights or traditional activities of commercial or subsistence hunters or fishermen, guides, Native allotees, or inholders.

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: CSHB 346(Res) No. 1
PUBLISH DATE: HOUSE 4/11/90

FISCAL NOTE

REQUEST:

Revision Date:
Title: Yakataga State Game Refuge Established
Sponsor: Resources Committee
Requestor: House Resources Committee

Agency Affected: All Agencies
BRU:
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
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	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: House Resources Committee
Division: Representative Curt Menard
Phone: 465-4944
Date: 4/10/90

Approved by Commissioner:
Date:
Agency:

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

HB 355

HOUSE COMMITTEE REPORT

(11)
Date Referred: January 26, 1990 FURTHER REFERRALS:

Date of Committee Action: 3/23/90

The FINANCE Committee considered: HB 355

HOUSE BILL NO. 355 INSURANCE PREMIUM TAXES

"An Act relating to imposition of a uniform insurance premium tax; and providing for an effective date."

RECOMMENDATIONS:
[ ] be replaced with CS HB 355 (L+C) [ ] the same title [✓] a new title
[ ] have attached amendment(s)
[✓] do pass
[ ] do not pass
[ ] no recommendation
[ ] individual recommendations
[ ] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s): (Dept)
[ ] fiscal impact _____
[ ] zero fiscal note _____
[ ] zero with analysis _____

APPROVES PREVIOUS: (Date/Dept)
[✓] fiscal note(s) Com. Economic Dev.
[ ] zero fiscal note(s) _____
[ ] zero fn/analysis _____

SIGNING DO PASS:

Larson
Swackhammer
ULMER
Barnes
Shultz
Kloponen

SIGNING: (Check approp. column)

	Do Not Pass	No Rec	Amend
Phillips		↘	
WALLIS		✓	

Chairman's Signature
Larson

No. 1

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: CSHB 355 (L&C)
PUBLISH DATE: HOUSE 1/26/90

FISCAL NOTE

Adopted

REQUEST:

Revision Date:
Title: An Act relating to insurance premium taxes; and providing for an effective date

Agency Affected: Commerce & Econ. Dev.
BRU: Insurance

Sponsor: Labor & Commerce Committee
Requestor: House Labor & Commerce

Components: Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	159.2	167.1	175.4	184.2	193.4	203.0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary) No fiscal impact in FY90.

Prepared by: Don Koch, Chief of Market Surveillance
Phone: 465-2577
Division: Insurance
Date: 1-19-90

Approved by Commissioner: Larry Hercules
Date: 1/19/90
Agency: Commerce and Economic Development

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

Offered: 1/26/90
Referred: Finance

6-1382H

SM
CEO

Original sponsor(s): LABOR & COMMERCE COMMITTEE

IN THE HOUSE BY THE LABOR & COMMERCE COMMITTEE

CS FOR HOUSE BILL NO. 355 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

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

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

* Section 1. AS 21.09.210(b) is repealed and reenacted to read:

(b) Except for a hospital and medical service corporation, by April 1 of each calendar year, an authorized insurer, or formerly authorized insurer with respect to premiums received while an authorized insurer in this state, shall pay to the director a tax on gross premium income received during the preceding calendar year for insuring property or risks resident, located, or to be performed in the state at the rate of 2.7 percent. By April 1 of each calendar year, a hospital and medical service corporation shall pay to the director a tax on gross premium income received during the preceding calendar year for health care insurance at the rate of six percent of gross premium income less claims paid. In computing the tax due under this subsection, an insurer may deduct from gross premium income applicable cancellations, returned premiums, the unabsorbed portion of any deposit premium, all policy dividends, unabsorbed premiums refunded to policyholders, refunds, savings, savings coupons, and other similar returns paid or credited to a policyholder. A deduction from gross premium income may not be made for the cash surrender value of a policy. Consideration received for an annuity contract may not be considered gross premium income and is not subject to tax imposed by this subsection. The director may adopt regulations that require tax

COMMITTEE COPY

payments be made on other than an annual basis.

* Sec. 2. AS 21.09.210 is amended by adding a new subsection to read:

(j) The commissioner of administration shall separately account for premium taxes collected by the division of insurance that the division deposits in the general fund. The annual estimated balance in the account may be appropriated by the legislature to the Alaska medical malpractice matching fund under AS 21.38.310.

* Sec. 3. AS 21.33.055(a) is repealed and reenacted to read:

(a) Except for a premium received for lawfully procured surplus lines insurance or a premium received for independently procured insurance on which a tax has been paid under AS 21.33.061, a premium, membership fee, assessment, or other consideration received for insurance issued by a nonadmitted insurer is subject to the tax imposed on insurers other than hospital and medical service corporations under AS 21.09.210(b). Insurance on subjects resident, located, or to be performed in this state procured through negotiation or application, in whole or in part occurring in or out of this state, or for which premiums in whole or in part are remitted directly or indirectly from in or out of this state, shall be considered to be insurance procured, continued, or renewed in this state. On default of a nonadmitted insurer in the payment of the tax, the insured shall pay the tax to the director as required under AS 21.09.210(b). If the tax imposed under this subsection is not paid when due the tax shall be increased by a penalty of 25 percent and by an additional penalty not to exceed $100 a day from the date the payment was due to the date paid.

* Sec. 4. AS 21.33.061(c) is repealed and reenacted to read:

(c) A premium, membership fee, assessment, or other consideration received for insurance issued by a nonadmitted insurer is subject to the tax imposed on insurers other than hospital and medical service

corporations under AS 21.09.210(b).

* Sec. 5. AS 21.33.061(e) is amended to read:

(e) If the insured fails to withhold from the premium the amount of tax levied, the insured is liable for the amount and shall pay the tax to the director as required under AS 21.09.210(b) [WITHIN THE TIME STATED IN (c) OF THIS SECTION]. If the tax imposed under [PRESCRIBED BY] this section is not paid when due [WITHIN THE TIME STATED IN (c) OF THIS SECTION], the tax shall be increased by a penalty of 25 percent and by [THE AMOUNT OF] an additional penalty not to exceed $100 per day from the date the payment was due to the date paid.

* Sec. 6. AS 21.66.110 is repealed and reenacted to read:

Sec. 21.66.110. ANNUAL TAX ON TITLE INSURANCE PREMIUMS. A title insurance company shall pay the tax imposed on insurers other than hospital and medical service corporations under AS 21.09.210(b) on gross premium income received during the calendar year.

* Sec. 7. AS 21.88.060 is repealed and reenacted to read:

Sec. 21.88.060. PREMIUM TAX EXEMPTION. Premium income received by the corporation for insurance issued under this chapter is exempt from taxation.

* Sec. 8. AS 21.09.210(d) and 21.09.210(h) are repealed.

* Sec. 9. APPLICABILITY. This Act applies to insurance policies that are issued or renewed on or after the effective date of this section.

* Sec. 10. Section 2 of this Act takes effect on the effective date of an Act establishing the Alaska medical malpractice matching fund.

* Sec. 11. Except for sec. 2 of this Act, this Act takes effect July 1, 1990.

HB 355

Department of Commerce & Economic Development / POSITION PAPER

CSHB 355 (L&C): "An Act relating to imposition of a uniform insurance premium tax; and providing for an effective date.

While this department is neutral on the subject of tax level, we do support this proposed legislation due to its effect on the Division of Insurance. The Act substantially makes the rate of insurance premium tax uniform at 2.7% and provides for a common method of computation. This simplifies the application and calculation of the tax as well as the collection of the tax.

The Division of Insurance now has a number of sources with which to confirm taxes based on gross premium income. It does not have a practical means to determine or confirm taxes based on gross underwriting profit, the method currently used on some wet marine and transportation insurance placements. Except for hospital and medical service corporations, tax would be uniformly applied to gross premium income.

Presently, there are eight different tax rates in the insurance code involving at least three different methods of calculation with resultant variety of the forms utilized to aid in the proper calculation of the appropriate tax. This legislation would allow the Division of Insurance to operate more efficiently in its tax collection role by consolidating the rate and method of taxation.

Larry Mercullieff, Commissioner

Date: 2/4/90

LW/dgl6187D
12490a

HOUSE LABOR AND COMMERCE COMMITTEE
ALASKA STATE LEGISLATURE
P.O. BOX Y, JUNEAU 99811
(907) 465-3892

November 23, 1989

M E M O R A N D U M

To: Members, House Labor and Commerce Committee

From: Representative Dave Donley, Chair
House Labor and Commerce Committee

Re: HB 355 - Uniform Premium Tax

HB 355 establishes a uniform premium tax of 2.7 percent for insuring property or risks located in Alaska.

The premium tax is one of the largest sources of revenues to the state, generating between twenty and twenty-eight million dollars a year. The complexity of the current statute and the differences between the rates paid by various insurers makes collection and regulation of the premium tax needlessly difficult for the Division of Insurance. HB 355 will make it easier for the Division to collect the premium tax and to regulate the industry.

Property/casualty and life/disability insurers already pay a 2.7 percent premium tax. A uniform premium tax will generate an estimated $1,728,416.00 additional general fund dollars per year by making the tax rate for hospital and medical service corporations, wet marine and transportation insurance, independently procured insurance and title insurance companies consistent with the rate other insurers pay.

There is a proposed committee substitute in your file that incorporates amendments requested by the Division of Insurance (see attached analysis and fiscal note). Jim Jordan, Acting Director of the Division of Insurance will be present to testify and answer questions at our November 28 hearing.

dd/gbi89
b/hb355-1

Insurance Premium Tax Rates by State

State	P&C Tax	Wet Marine Tax	Fire Marshall	Other Fire	Total Tax
AL	4.00 GP	4.00 GP	None	None	4.00 GP
AK	2.70 GP	0.75 Pr	None	None	2.70 GP
AZ	1.70 GP	1.70 GP	0.20 †	None	1.90 GP
AR	2.50 GP	0.75 Pr	None	None	2.50 GP
CA	2.35 GP	5.00 Pr(3)	None	None	2.35 GP
CO	2.25 GP	2.25 GP	None	None	2.25 GP
CT	2.00 GP	5.00 Pr(3)	None	None	2.00 GP
DE	1.75 GP	5.00 Pr(3)	None	None	1.75 GP
DC	2.00 GP	2.00 GP	None	None	2.00 GP
FL	2.00 GP	0.75 Pr	0.63 †	None	2.63 GP
GA	2.25 GP	2.25 GP	None	2.50 †	4.75 GP
HI	4.28 GP	0.88 Pr	None	None	4.28 GP
ID	3.00 GP	3.00 GP	None	None	3.00 GP
IL	2.00 GP	2.00 GP	1.00 †	2.00 †	5.00 GP
IN	2.00 GP	2.00 GP	0.50 incl	None	2.00 GP
IA	2.00 GP	6.50 Pr(3)	None	None	2.00 GP
KS	2.00 GP	2.00 GP	1.25 †	2.00 †	5.25 GP
KY	2.00 GP	2.00 GP	0.75 †	None	2.75 GP
LA	1.85 GP	1.85 GP	1.25 †	2.25 †	5.35 GP
ME	2.00 GP	2.00 GP	0.75 †	None	2.75 GP
MD	2.00 GP	2.00 GP	None	None	2.00 GP
MA	2.28 GP	5.70 Pr(3)	None	None	2.28 GP
MI	2.35 GP	2.35 GP	None	None	2.35 GP
MN	2.00 GP	5.00 Pr(3)	2.00 †	2.00 †	6.00 GP
MS	3.00 GP	3.00 GP	0.50 †	None	3.50 GP
MO	2.00 GP	2.00 GP	None	None	2.00 GP
MT	2.75 GP	2.75 GP	0.75 †	1.25 †	4.75 GP
NE	1.00 GP	1.00 GP	0.75 †	None	1.75 GP
NV	3.00 GP	3.00 GP	None	None	3.00 GP
NH	2.00 GP	5.00 Pr	None	None	2.00 GP
NJ	2.00 GP	5.00 Pr(3)	None	None	2.00 GP
NM	3.00 GP	3.00 GP	None	None	3.00 GP
NY	2.60 GP	2.60 GP	1.25 †	None	3.85 GP
NC	2.50 GP	2.50 GP	1.00 †	0.50 †	4.00 GP
ND	2.50 GP	2.50 GP	None	None	2.50 GP
OH	2.50 GP	2.50 GP	0.75 †	None	3.25 GP
OK	4.00 GP	4.00 GP	0.31 †	None	4.31 GP
OR	2.25 GP	5.00 Pr(3)	1.00 †	None	3.25 GP
PA	2.00 GP	5.00 Pr	None	None	2.00 GP
RI	2.00 GP	5.00 Pr(3)	None	None	2.00 GP
SC	2.00 GP	2.00 GP	None	1.10 †	3.10 GP
SD	2.50 GP	2.50 GP	0.50 †	None	3.00 GP
TN	2.50 GP	2.50 GP	0.75 †	None	3.25 GP
TX	3.50 GP	3.50 GP	1.25 †	None	4.75 GP
UT	2.25 GP	5.00 Pr	None	None	2.25 GP
VT	2.00 GP	2.00 GP	None	None	2.00 GP
VA	2.75 GP	2.75 GP	None	None	2.75 GP
WA	2.00 GP	0.95 Pr	None	None	2.00 GP
WV	4.00 GP	4.00 GP	0.50 †	None	4.50 GP
WI	2.38 GP	0.50 GP	None	2.00 †	4.38 GP
WY	2.50 GP	0.75 Pr	None	None	2.50 GP

	GROSS PREMIUM	CURRENT TAX RATE	CURRENT TAX REVENUE	ADDITIONAL REVENUE ALL AT 2.7% G.P.	ADDITIONAL REVENUE 3% GP LTD P&C	ADDITIONAL REVENUE ALL AT 3% G.P.	ADDITIONAL REVENUE 3.5% GP LTD P&C	ADDITIONAL REVENUE ALL AT 3.5% G.P.
LIFE AND DISABILITY INSURANCE	199,450,000	2.7% G.P.	5,385,154	NO CHANGE	598,950	598,950	1,595,600	1,595,600
LIFE AND DISABILITY STATE + MUNIP	56,760,081	0%	0	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE
HOSPITAL / MEDICAL SERVICE CORP	60,001,429	6% OF PROFIT	269,629	1,350,400	NO CHANGE	1,530,400	NO CHANGE	1,850,42[illegible]
PROPERTY / CASUALTY INSURANCE	656,240,740	2.7% G.P.	17,718,544	NO CHANGE	1,968,722	1,968,722	5,249,926	5,249,926
WET MARINE AND TRANSPORTATION	12,485,366	0.75% OF PROFIT	58,146	278,958	NO CHANGE	316,415	NO CHANGE	378,842
TITLE INSURANCE	16,507,725	1% G.P.	165,077	280,700	NO CHANGE	330,164	NO CHANGE	412,693
PREPARED BY: ALASKA DIVISION OF INSURANCE 4-21-87			23,596,550	1,909,958	2,567,672	4,744,041	6,845,526	9,467,182

Attachment 1
HB355

Alaska National
INSURANCE COMPANY

A policy of service and protection

January 19, 1990

The Honorable Dave Donley
Chairman, House Labor and
Commerce Committee
P.O. Box V
Juneau, Alaska 99811

Dear Mr. Donley:

We have received an Insurance Issues report on a House Labor and Commerce Committee work session held on November 28, 1989, to consider H.B. 355. This is the bill that would impose a uniform insurance premium tax of 2.7 percent.

Quoting from that report:

> "Before the work session, Acting Insurance Director Jim Jordan advised Rep. Dave Donley, the committee chairman, that the Division had a neutral position on the bill and offered several technical amendments. A draft substitute was prepared for the work session, incorporating Jordan's suggested changes, but he said he still remained neutral on the legislation because he was concerned about the situation involving Blue Cross of Washington and Alaska. Jordan said that the premium tax is an expense that is passed through directly to the consumer. He suggested that with the high cost of health insurance, the committee might consider exempting medical services corporations. Jordan estimated the increased premium tax in this area would add $1.5 million to health insurance costs in Alaska. The committee agreed to exempt the medical services corporations and MICA."

We believe that exempting medical services corporations and MICA from the bill raises some equal protection constitutional issues. We agree with Director Jordan "that the premium tax is an expense that is passed through directly to the consumer." We then ask:

> Why should a consumer who receives health care insurance from a medical service corporation not have to pay this expense whereas his neighbor who buys his medical insurance from another insurer does?

RECEIVED
JAN 22 1990

7001 Jewel Lake Road • Anchorage, Alaska 99502 • Telephone (907) 248-2642 • FAX 266-9252

Why should a physician (or, ultimately, the patients of that physician) who buys medical malpractice insurance from MICA not have to pay this expense whereas a competing physician (or, his patient) who buys insurance from another insurer does?

Why should policyholders of insurers who provide medical insurance through the workers' compensation, general and auto liability insurance system have to pay this expense whereas the proposed exempted do not?

If the Legislature wants to help out the consumer with premium tax expense, it seems to us that the proper way to do that is to reduce the rate (California's is 2.35%) but charge everyone equally.

There is one other item. We do not have a current draft of H.B. 355. The one we have from last year would continue taxing wet marine insurers on their gross underwriting profit, normally a small percentage of direct premium income. We believe that the tax on marine insurers should be applied to direct premium income to meet the test we advocate above. (We are putting our money where our mouth is on this issue since we are beginning to underwrite marine insurance this year).

Your comments would be appreciated.

Sincerely,

James E. Pfeifer
President

JEP:lw

cc: Senator Tim Kelly
Acting Director Jim Jordan

HB 3583

HOUSE COMMITTEE REPORT

(11)
Date Referred: February 7, 1990 FURTHER REFERRALS:

Date of Committee Action: 2-13-90

The FINANCE Committee considered: SSHB 358

SS HOUSE BILL NO. 358 THERMAL & LIGHTING STNDS/ST FINANCED BLDG
"An Act establishing minimum thermal and lighting energy standards applicable to residential buildings that are constructed or purchased with state financial assistance, and excluding commercial and industrial buildings from the class of buildings to which state thermal and lighting standards apply; and providing for an effective date."

RECOMMENDATIONS:
[ ] be replaced with CSSSHB 358 (FIN) [ ] the same title [✓] a new title
[ ] have attached amendment(s)
[✓] do pass
[ ] do not pass
[ ] no recommendation
[ ] individual recommendations
[ ] additional referral to the ________ Committee

ADOPTS: ________ letter of intent

ATTACHES NEW FISCAL NOTE(s): (Dept)
[ ] fiscal impact ________
[ ] zero fiscal note ________
[ ] zero with analysis ________

APPROVES PREVIOUS: (Date/Dept)
[ ] fiscal note(s) ________
[✓] zero fiscal note(s) DRA
[ ] zero fn/analysis ________

SIGNING DO PASS:
Larson
Wallis
Swackhammer
Koponen
Brown
Shultz

SIGNING: (Check approp. column)

	Do Not Pass	No Rec	Amend
Hoffman		X	
Rieger		✓	
Phillips	✓		
Barnes		✓	

Chairman's Signature

No. 1

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: CS SSHB 358 (C&RA)
PUBLISH DATE: HOUSE 2/7/90

FISCAL NOTE

REQUEST:

Revision Date:
Title: "An Act..thermal & lighting energy standards..."
Sponsor: Reps Brown, M.Davis, MacLean, etc
Requestor:

Agency Affected: Community & Regional Affairs
BRU:
Components:

Adopted

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal effect for FY 90.

Prepared by: Jim Pleasant
Division: Municipal & Regional Assistance
Phone: 465-4750
Date: 2/2/90

Approved by Commissioner: David G. Nolan
Agency: Community & Regional Affairs
Date: 2/2/90

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

2/13/90
Rep. Kay Brown

AMENDMENTS TO CS SS HB 358 (C&RA)
House Finance Committee

Amendment 1: Language Changes in Reference to AHFC Loans

Changes in the following places:

Page 5, line 28

Page 8, line 19

Page 8, line 20

Purpose: In response to comments received from AHFC, these small wording changes are proposed o more precisely reflect AHFC's practices as financier of residential buildings.

Amendment 2: Title Amendment

Amend title to broaden:

"An Act relating to thermal and lighting standards; and providing for an effective date."

Purpose: The title as written is very narrow and should be broad enough to accommodate appropriate amendments, perhaps during future consideration in the Senate, without need for a title amendment.

Original sponsor(s): REP. BROWN, M.Davis, MacLean, Hudson, Koponen, Goll

IN THE HOUSE BY THE FINANCE COMMITTEE

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 358 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to minimum thermal and lighting energy standards; and providing for an effective date."

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

* Section 1. AS 18.56.090 is amended to read:

Sec. 18.56.090. GENERAL POWERS. In addition to other powers granted in this chapter, the corporation may, for the purpose of providing housing for persons of lower and moderate income or persons located in remote, underdeveloped, or blighted areas of the state and for its other corporate purposes,

(1) [REPEALED

(2)] make or participate in the making of mortgage loans to sponsors, developers, builders, and purchasers of residential housing, if the corporation determines that

(A) mortgage loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions; and

(B) the residential housing for which the mortgage loans are made complies with applicable provisions of AS 18.56.096(c) and the applicable thermal and lighting energy standards of AS 46.11.040;

(2) [(3)] purchase or participate in the purchase of mortgage loans made to sponsors, developers, builders, owners, and purchasers of residential housing, if the corporation

(A) has given approval before the initial making of the loan and has determined that mortgage loans were, at the time the approval was given, not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions, or

(B) has determined that

(i) the purchase or participation will result in additional residential housing, taking into account without limitation such factors as reinvestment of the proceeds of the sale in additional mortgage loans, increased availability of mortgage loans insured by the federal government, its agencies or departments, the reduction, if any, of interest payments to be made with respect to mortgage loans, or such other factors as will tend to increase or improve the supply of residential housing within the state; and

(ii) the residential housing covered by the mortgage loan complies with applicable provisions of AS 18.56.096(c) and the applicable thermal and lighting energy standards of AS 46.11.040;

(3) [(4)] make partial rental payments and mortgage interest payments under a contract with any housing owner if the payments will be applied to decrease rental or mortgage interest charges of persons of lower and moderate income or owners or purchasers of residential housing in remote, underdeveloped, or blighted areas of the state;

(4) [(5)] make loans from the housing development fund;

(5) [(6)] collect and pay reasonable fees and charges in connection with making, purchasing, and servicing its mortgages, loans, notes, bonds, certificates, commitments, and other evidences of

indebtedness;

(6) [(7)] acquire real property, or any interest in real property, in its own name, by purchase, transfer, or foreclosure, when the acquisition is necessary or appropriate to protect any loan in which the corporation has an interest; sell, transfer, and convey the property to a buyer; and, if the sale, transfer, or conveyance cannot be effected with reasonable promptness or at a reasonable price, rent or lease the property to a tenant pending the sale, transfer, or conveyance;

(7) [(8)] sell, at public or private sale, to any purchaser, including the Federal National Mortgage Association, all or any part of a mortgage or other instrument or document securing a construction, land development, mortgage, or temporary loan of any type permitted by this chapter;

(8) [(9)] purchase, in order to meet the requirements of the sale of its mortgages to the Federal National Mortgage Association, stock of the Federal National Mortgage Association;

(9) [(10)] procure insurance against any loss in connection with its operation;

(10) [(11)] consent to the modification of the rate of interest, time of payment of any installment of principal or interest, or any other terms, of the mortgage loan, mortgage loan commitment, construction loan, temporary loan, contract, or agreement of any kind to which the corporation is a party;

(11) [(12)] borrow money as provided in this chapter to carry out and effectuate its corporate purposes; and issue its obligations as evidence of borrowing;

(12) [(13)] include in any borrowing the amounts necessary to pay financing charges, interest on the obligations for a period not

exceeding one year after the date on which the corporation estimates funds will otherwise be available to pay the interest, consultant, advisory and legal fees, and other expenses that are necessary or incident to this borrowing;

(13) [(14)] under AS 18.56.088, adopt and publish regulations respecting its lending programs and other regulations that are necessary to effectuate its purposes;

(14) [(15)] provide technical and advisory services to sponsors, builders, and developers of residential housing and to residents of it;

(15) [(16)] promote research and development in scientific methods of constructing low-cost and energy-efficient residential housing of high durability;

(16) [(17)] make and execute agreements, contracts, and other instruments necessary or convenient in the exercise of the powers and functions of the corporation under this chapter, including contracts with any person, firm, corporation, governmental agency, or other entity;

(17) [(18)] receive, administer, and comply with the conditions and requirements respecting any appropriation or gift, grant, or donation of property or money;

(18) [(19)] sue and be sued in its own name;

(19) [(20)] adopt an official seal;

(20) [(21)] adopt bylaws for the regulation of its affairs and the conduct of its business and adopt regulations and policies in connection with the performance of its functions and duties;

(21) [(22)] employ fiscal consultants, engineers, attorneys, real estate counselors, appraisers, and other consultants and employees that may be required in the judgment of the corporation, and fix

and pay their compensation from funds available to the corporation;

(22) [(23)] do all acts and things necessary, convenient, or desirable to carry out the powers expressly granted or necessarily implied in this chapter;

(23) [(24)] invest or reinvest, subject to its contracts with noteholders and bondholders, any money or funds held by the corporation in any obligations or other securities or investments in which banks or trust companies in the state may legally invest funds held in reserves or sinking funds or any funds not required for immediate disbursement, and in certificates of deposit or time deposits secured by obligations of, or guaranteed by, the state or the United States;

(24) [(25) REPEALED

(26) REPEALED

(27) REPEALED

(28)] purchase a mortgage loan made to refinance an existing mortgage loan, without regard to whether the corporation holds the existing mortgage loan, as long as the interest rate and fees charged to the borrower are sufficient to fully reimburse the corporation for all costs incurred by the corporation in purchasing the mortgage loan and as long as the borrower will be in compliance with AS 18.56.096(a)(6) after purchase of the mortgage loan by the corporation.

* Sec. 2. AS 18.56.096 is amended by adding a new subsection to read:

(c) The corporation may not make, participate in the making of, purchase, or participate in the purchase of a loan for a residential building if construction of the building begins after December 31, 1990, unless the building complies with the thermal and lighting energy standards required by AS 46.11.040. The corporation

(1) may adopt regulations to implement this subsection; and

(2) shall, by regulation, establish

(A) procedures by which the person responsible for the construction of the building may demonstrate that the building complies with the thermal and lighting energy standards, including

(i) self-certification, if the contractor responsible for the building construction provides satisfactory evidence that the contractor has completed a training program of the Alaska Craftsman Home Program and the training program is satisfactory to the commissioner of community and regional affairs;

(ii) submission of the certificate of a registered architect, registered engineer, or a building inspector, and the architect, engineer, or building inspector has completed a training program of the Alaska Craftsman Home Program and the training program is satisfactory to the commissioner of community and regional affairs;

(iii) submission of the certificate of occupancy issued by the municipality in which the building is located, if the certificate is issued by a municipality in which the municipal building code meets or exceeds the thermal and lighting energy standards, as determined by the commissioner of community and regional affairs;

(iv) another method approved by the commissioner of community and regional affairs in regulations adopted by the commissioner after consultation with the executive director of the corporation; and

(B) criteria by which the energy conservation standards may be met; for purposes of this subparagraph, the residential building complies with the energy standards if the residence

has received a rating under the rating system developed by Energy Rated Homes of Alaska if, in the judgment of the commissioner of community and regional affairs, the rating meets or exceeds the thermal energy standards required by AS 46.11.040.

* Sec. 3. AS 18.56.105 is amended to read:

Sec. 18.56.105. ALLOCATION OF LENDING ACTIVITIES. The corporation shall designate regions within the state which in the aggregate, encompass the entire state. In participating in the making or purchasing of loans under AS 18.56.090(1) and (2) [AS 18.56.090(2) AND (3)] or under AS 18.56.100, the corporation shall make its money available through the private financial institutions in the state within each region designated by the corporation under this section. The corporation shall allocate its money among the regions on the basis of recent and future anticipated lending activity as well as the potential need for the loans in each region and may reallocate its money among the regions as it considers appropriate to reflect changes in lending activity or need in the regions.

* Sec. 4. AS 18.56.110(g) is amended to read:

(g) Notwithstanding AS 18.56.090(11) [AS 18.56.090(12)] and (a) of this section, the corporation may not issue bonds in any 12-month period beginning after June 30, 1983, in an amount that exceeds the amount of bonds authorized to be issued during the preceding period, unless a different amount is authorized by the legislature. This subsection does not apply to the issuance by the corporation of refunding bonds or to the issuance by the corporation of bonds the proceeds of which are intended to be used to refinance mortgage loans held by the corporation.

* Sec. 5. Section 1, ch. 83, SLA 1980, is amended to read:

Section 1. DECLARATION OF POLICY. It is the policy of the state

to encourage and facilitate the implementation of energy conservation measures relating to in-state energy use. This policy shall be implemented by

(1) the state setting an example of wise and efficient energy use, by designing and managing public buildings and their energy systems to meet appropriate standards for energy efficiency;

(2) providing incentives for the design and modification of residential [COMMERCIAL, AND INDUSTRIAL] buildings to accomplish maximum energy efficiency; and

(3) establishing mandatory energy efficiency standards for buildings purchased or constructed with state financial assistance.

* Sec. 6. AS 46.11.040 is amended to read:

Sec. 46.11.040. APPLICABILITY OF THERMAL AND LIGHTING ENERGY STANDARDS TO <u>RESIDENTIAL</u> [PRIVATE] BUILDINGS. State financial assistance may not be approved or granted for the construction <u>of or purchase</u> of a <u>loan for a</u> [NEW] residential [OR COMMERCIAL] building if construction of the building begins after December 31, <u>1990</u> [1980], unless

(1) the building is in compliance with thermal and lighting energy standards;

(2) the building is in compliance with the building code of a municipality and the <u>standards for thermal and lighting energy of the</u> municipal building code <u>meet</u> [MEETS] or <u>exceed</u> [EXCEEDS] the thermal and lighting energy standards;

(3) the building

(A) is constructed under an exception to the municipal building code granted because the exception will result in increased energy efficiency; or

(B) is located or is to be located in an area where

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

to encourage and facilitate the implementation of energy conservation measures relating to in-state energy use. This policy shall be implemented by

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(1) the building is in compliance with thermal and lighting energy standards;

(2) the building is in compliance with the building code of a municipality and the standards for thermal and lighting energy of the municipal building code meet [MEETS] or exceed [EXCEEDS] the thermal and lighting energy standards;

(3) the building

(A) is constructed under an exception to the municipal building code granted because the exception will result in increased energy efficiency; or

(B) is located or is to be located in an area where

thermal and lighting energy standards are not justified because of the high cost of implementation of the standards, as determined under regulations adopted by the commissioner of community and regional affairs; or

(4) the applica. . agrees, in writing, that the building will be brought into compliance with thermal and lighting energy standards within one year of conveyance.

* Sec. 7. AS 46.11.900 is amended to read:

Sec. 46.11.900. DEFINITIONS. In this chapter

(1) "alternative energy system"

(A) means a source of thermal, mechanical, or electrical energy that [WHICH] is not dependent on oil or gas or a nuclear fuel for the supply of energy for space heating and cooling, refrigeration and cold storage, electrical power, mechanical power, or the heating of water;

(B) includes

(i) an alternative energy property as defined by [SEC. 48(l)(3)(A) OF THE INTERNAL REVENUE CODE (] 26 U.S.C. 48(l)(3)(A) [)]; and

(ii) a method of architectural design and construction that [WHICH] provides for the collection, storage, and use of direct radiation from the sun; [AND

(iii) REPEALED]

(2) "department" means the Department of Commerce and Economic Development;

(3) "energy audit" means a determination and written summary prepared under 42 U.S.C. 8216(b) [42 U.S.C. 8216(b)(1)(A), (SEC. 215, P.L. 95-619, NATIONAL ENERGY CONSERVATION POLICY ACT)] of

(A) the energy consumption characteristics of a

building, including the size, type, and rate of energy consumption of major energy consuming systems of the building and the climate characterizing the region where the building is located; and

(B) the energy conservation and cost savings likely to result from appropriate energy-conserving maintenance and operating procedures and modifications, including the purchase and installation of energy-related fixtures; for purposes of this subparagraph when a fossil fuel is the energy source, the energy cost savings shall be determined with reference to the projected price of that fossil fuel over a 10-year period;

(4) "financial institution" means a bank, trust company, savings bank, savings and loan association, or credit union;

(5) "life-cycle cost" means the total cost of owning, operating, and maintaining a building over its useful life, including its energy and fuel costs, determined on a basis of a systematic evaluation and comparison of alternative building systems, except that in the case of leased buildings the life-cycle cost shall be calculated over the effective remaining term of the lease;

(6) ["NEW BUILDING" MEANS A BUILDING THE CONSTRUCTION OF WHICH BEGINS AFTER DECEMBER 31, 1980;

(7)] "public building" means a building owned or controlled and held by the state for government or public use;

(7) [(8)] "state financial assistance" means a loan, grant, guarantee, insurance, payment, rebate, subsidy, or other form of state assistance other than aid under AS 05.35.010 - 05.35.070, AS 14.11.-100 - 14.11.135, and AS 29.60, including the purchase by a state agency of a loan to finance the construction or purchase of a [NEW] residential [, COMMERCIAL, OR INDUSTRIAL] building;

(8) [(9)] "thermal and lighting energy standards" means the thermal and lighting energy standards

(A) established by the American Society of Heating, Refrigeration, and Air Conditioning Engineers as revised

(i) [(A)] by the commissioner of transportation and public facilities under AS 44.42.020(a) for public facilities; or

(ii) [(B)] by the commissioner of community and regional affairs for buildings and structures that are not public facilities; or

(B) developed in regulations adopted

(i) by the commissioner of transportation and public facilities under AS 44.42.020(a) for public facilities; or

(ii) by the commissioner of community and regional affairs for buildings and structures that are not public facilities.

* Sec. 8. APPLICATION OF THERMAL AND LIGHTING ENERGY STANDARDS TO PROGRAMS FOR RESIDENTIAL HOUSING THAT IS CONSTRUCTED OR PURCHASED WITH STATE FINANCIAL ASSISTANCE. Persons responsible for administration and management of programs in which state assistance is provided for the purchase or construction of residential buildings are encouraged to adopt and enforce the compliance standards and methods of AS 18.56.096(c)(2), added by sec. 2 of this Act, within the housing programs for which they are responsible.

* Sec. 9. This Act takes effect immediately under AS 01.10.070(c).

6-1116Ja
Chenoweth

AMENDMENT 1

OFFERED IN THE HOUSE BY REP. BROWN

TO: CSSSHB 358(C&RA)

Page 5, line 28, after "a":

Insert "loan for a"

Page 8, line 19, after "construction":

Insert "of"

Page 8, line 20, after "a":

Insert "loan for a"

6-1116Jd
Chenoweth

(2)

A M E N D M E N T

OFFERED IN THE HOUSE BY REP. BROWN

TO: CSSSHB 358(C&RA)

Page 1, line 6:

Delete "establishing minimum"

Insert "relating to"

Page 1, lines 7 - 11:

Delete "applicable to residential buildings that are constructed or purchased with state financial assistance, and excluding commercial and industrial buildings from the class of buildings to which state thermal and lighting standards apply"

2/9/90
Rep. Kay Brown

SECTIONAL ANALYSIS

CS SS HB 358 (C&RA) - Minimum Thermal Energy Standards

Section 1. Amends the existing "General Powers" provisions (AS 18.56.090) of the Alaska Housing Finance Corporation (AHFC) to clarify that new homes financed with AHFC mortgage loans must comply with minimum thermal standards.

Section 2. Amends current AHFC statutes (AS 18.56.096) to provide that the corporation may not finance new homes constructed after December 31, 1990 unless the building meets minimum thermal energy standards.

Specific means are identified by which builders can demonstrate compliance with the minimum thermal standard. Alternatives are provided, including:

- **self-certification**, provided the contractor provides evidence of having completed the Alaska Craftsman Home Program;
- **an engineer's, architect's or building inspector's certification** that the standard has been met, provided the person making this certification has completed the Alaska Craftsman Home Program;
- **where a local government has an equivalent or higher thermal standard** within its code, **a copy of the Certificate of Occupancy** stating compliance with the local code;
- a showing that the home has received **a rating from Energy Rated Homes of Alaska** demonstrating equivalency with the state standard; or
- another method approved by the Commissioner of the Department of Community and Regional Affairs in consultation with the Executive Director of AHFC.

Section 3. Technical correction; conforming amendment resulting from the numbering changes in Section 1.

Section 4. Technical correction; conforming amendment resulting from the numbering changes in Section 1.

Section 5. Amendment to the original Declaration of Policy section to delete "commercial and industrial" buildings.

Section 6. Amendment to existing law (AS 46.11.040) to clarify that "state financial assistance" includes the purchase of new homes (i.e., home mortgages financed by AHFC) constructed after December 31, 1990. Clarification of existing statute to eliminate ambiguity concerning refinancing and make it clear that after December 31, 1990 state financial assistance would be conditioned on meeting the minimum standard. Clarification of existing statute to provide that a building is considered to be in compliance with the state standard if it complies with a local building code that is at least equivalent to the state minimum thermal energy standard.

Section 7. Amends the definitions section applicable to the chapter. Changes are made to reflect proper citations for the federal tax code and referenced federal law. Because "new building" is defined in context (see Section 2), the existing, separate definition is repealed as redundant. Clarification of the statutory authority of the Department of Community and Regional Affairs to develop the thermal standards for new residential homes built with state financial assistance and for the Department of Transportation and Public Facilities in the case of public facilities.

Section 8. State housing programs other than those administered by AHFC are encouraged to adopt the compliance methods identified in Section 2.

Section 9. Immediate effective date.

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700

949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

August 24, 1989

POSITION PAPER

RE: House Bill 358 - "An Act relating to thermal and lighting standards applicable to residential, commercial, and industrial buildings ..."

SPONSORS: Representatives Brown and M. Davis

Program Effects of Bill

House Bill 358 proposes to amend statutes that mandate the development of state thermal and lighting standards for new residential, commercial and industrial buildings constructed or purchased with state financial assistance. The bill corrects the language of the existing statutes that Alaska Superior Court has ruled restricts the application of the standard to only the construction of buildings. Under this restrictive interpretation, the standard applies to a small minority of rural housing assistance loans and exempts Alaska Housing Finance Corporation and urban areas of the state. As a rule state financial assistance for homes only covers the purchase of the home by the consumer and not the construction by the builder.

AS 46.11.040, AS 46.11.900(8), and AS 46.11.900(9) are amended to include financial assistance for the purchase of new buildings as well as construction.

AS 46.11.040 is also amended to include new industrial buildings in the standard's coverage.

Comments

The Department strongly supports this bill because it corrects existing statutory language preventing the application of the standard to state financed new homes.

Energy is a critical concern in housing for all Alaskans. The cost of energy is usually one of the largest costs in terms of homeownership. A study by the Rural Alaska Community Action Program reported that in eight rural villages 16 to 37 percent of families' incomes were spent on energy, and 68 percent of Alaskans' energy bills are spent on staying warm.

Too often in the past, homes have been constructed that are not appropriate to the state's climate. While this is true statewide it is particularly true in rural Alaska where the 1988 Alaska Rural Housing Needs Assessment reported that an appalling 28 percent of rural homes could not maintain an inside temperature of 70 degrees Fahrenheit. This problem is not solely in rural Alaska. During this past winter's cold snap, homeowners across the state experienced problems keeping their homes warm.

An energy standard is one of the most important factors in assuring energy efficiency in new homes. Most homebuyers are not involved in construction decisions about the homes in which they will live and for which they pay the heating bills. In addition, many important energy features are difficult and not economical to add later.

The research conducted by the University of Alaska's Institute of Social and Economic Research and the Department of Community and Regional Affairs estimates that a home built to the state's standard will reduce heating bills by an average of 37 percent statewide over a home built to current practice. For a village in the Interior, for example, a home built to the state's standard would cost an estimated $2,363 in additional construction and labor costs over a home built to HUD's minimum standard, but would cost $568 less to heat in the first year and over a 30 year period would save an estimated $9,453. This would have a simple payback in terms of energy savings of four years. It is estimated that if all of the 190 HUD homes that are to be built this year were constructed to the state standard it would reduce the heating bills of the low income families living in them by $94,000 annually. The standard is economical for the urban portions of the state as well. A recent analysis completed by the Institute of Social and Economic Research found that in Anchorage installing R-3 windows over R-2 are as lucrative to the homeowner as an investment in stocks or bonds paying 16.7 percent.

The Alaska Legislature recognized this in 1980 when they mandated the development of a residential thermal standard and stated that any state financed construction must meet the standard.

Presented by: The Manager
Introduced: 02/05/90
Drafted by: Energy Advisory Committee

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 1424

A RESOLUTION SUPPORTING THE ADOPTION OF HOUSE BILL NO. 358 WHICH WILL CLEAR THE WAY FOR IMMEDIATE IMPLEMENTATION OF THE STATE ENERGY STANDARDS WHICH INCLUDE IMPROVEMENTS TO THE ENERGY EFFICIENCY AND SAFETY OF NEW RESIDENTIAL UNITS CONSTRUCTED OR PURCHASED IN JUNEAU WITH STATE FINANCIAL ASSISTANCE.

WHEREAS, in February 1985, Juneau became the first municipal government in Alaska to adopt cost effective minimum residential thermal standards for all new housing, and

WHEREAS, implementation of these standards has helped ensure affordable, safe, comfortable, and healthy homes within our city in addition to reducing the flow of cash out of Juneau for fuel, and

WHEREAS, the cold climate and high energy costs in Alaska pose an unnecessary drain on the economic well-being of homeowners in poorly built houses, and

WHEREAS, financial programs, such as "Energy Rated Homes," are being implemented in Alaska to reward buyers of energy efficient homes, promote local employment and protect the financial interests of builders who provide quality housing, and

WHEREAS, conservation of energy serves the national interest by reducing pollution, gases which contribute to the greenhouse effect, acid rain, and the trade deficit for imported oil, and

WHEREAS, the Assembly's Energy Advisory Committee has endorsed the residential energy standards developed for Alaska by the Department of Community and Regional Affairs and urges the Assembly to adopt this resolution;

Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

TO: Representative Richard Shultz

FROM: Representative Kay Brown

DATE: February 13, 1990

SUBJ: HB 358 - Log Homes and Minimum Thermal Standards

The purpose of this memorandum is to respond to the concern you raised regarding the potential effect establishment of a minimum thermal standard could have on the construction of new log homes.

During development of the proposed state standard by the Department of Community and Regional Affairs (DCRA) this concern was specifically addressed. Axel Carlson, Professor Emeritus at the University of Alaska Fairbanks assisted the DCRA staff with an analysis of the proposed standard. As the UAF/Cooperative Extention Service instructor for log home construction for over ten years, Carlson has both the practical as well as academic training to evaluate this issue.

Using the "building energy budget method" provided for by the proposed standard, Carlson calculated that a log house with 9" logs, 18" of ceiling insulation, 12" fiberglass floor insulation supplemented with 2" of rigid foam insulation and a window/wall area of 8% has an annual heat loss budget of 54,341 BtuH/SF which meets the standard. Of course, thicker than 9" logs would have a correspondingly higher R value in the walls, reducing the amount of insulation required needed for the ceiling or floor and/or allow for increased window area. As a rough rule of thumb, each inch of log thickness corresponds to about 1 "R".

Regarding the issue of a vapor barrier, the proposed standard allows for the use of commercially available vapor retarder paints and sealants with a sufficient permeability rating. In short, the issue of log homes was specifically considered during development of the proposed state standard and the standard was developed to accommodate this traditional Alaska construction technique.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

Presented by: The Manager
Introduced: 02/05/90
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