

LEGISLATIVE FINANCE - HOUSE / SENATE FINANCE COMM. FILES 8879

SJR 62 - SJR 84 575

166

**SUR**

**62**

# SENATE FINANCE COMMITTEE REPORT

DATE: 3/6/90

FURTHER:

DATE TURNED INTO OFFICE: 3/13/90

The Finance Committee considered

SSSJR 62

Relating to the bycatch of herring in the Bering Sea groundfish trawl fisheries.

and recommended:

replace with \_\_\_\_\_ CS SSSJR 62 (Fin)  
 or adopt \_\_\_\_\_ CS \_\_\_\_\_

same title  
 new title  
 technical title change (HB only)

attached amendment(s)  
 \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

fiscal note(s) \_\_\_\_\_ Dept/Date: \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  
DF+G 2-15/90

appropriation-no fiscal note

APPROVES PREVIOUS:

fiscal note(s) \_\_\_\_\_ Dept/Date: \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

1. John P. ... DO PASS

2. F. ... DO PASS

Co-Chairs: Signatures and Recommendations

STATE OF ALASKA  
1990 LEGISLATIVE SESSION

BILL VERSION: SS SJR 62  
PUBLISH DATE: 3/6/90

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Relating to the location of  
herring in the Bering Sea  
Sponsor: pinkiev  
Requestor: governor

Agency Affected: Fish and Game  
BRU: Commercial Fisheries  
Components: all

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No FY 90 impact

Prepared by: Robert C. Clashy Phone: 465-2710  
Division: Commercial Fisheries Date: 2/13/90

Approved by Commissioner: [Signature] Date: 2/13/90  
Agency: \_\_\_\_\_

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

Changes in SS SJR 62 (Fin)  
have no fiscal impact  
This fiscal note is  
appropriate. 3/13/90

Original sponsor(s): SEN. BINKLEY, Sturgulewski

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR SENATE JOINT RESOLUTION NO. 62 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Relating to the bycatch of herring in  
6 the Bering Sea groundfish trawl fisher-  
7 ies.

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

9 WHEREAS herring are caught incidentally in the Bering Sea and discard-  
10 ed by fisheries targeting groundfish, and this incidental catch is known as  
11 bycatch; and

12 WHEREAS there is a significant relationship between the magnitude of  
13 the offshore harvest of herring and the conservation crisis facing discrete  
14 stocks of the western Alaska herring fisheries; and

15 WHEREAS the Alaska Board of Fisheries has identified a serious re-  
16 source conservation problem with western Alaska herring stocks that are  
17 continuing to decline; and

18 WHEREAS two western Alaska commercial sac-roe fisheries, Nelson Island  
19 and Nunivak Island, are projected to be closed in 1990; and

20 WHEREAS closure of these fisheries will create an economic crisis in  
21 the affected communities; and

22 WHEREAS continued decline of herring stocks will result in restric-  
23 tions or closures of the herring subsistence fishery which is a central  
24 component of the subsistence economies of the communities in the Nelson  
25 Island area; and

26 WHEREAS the anticipated stock decline of 43 percent in the Togiak area  
27 will reduce stock abundance to near harvest threshold levels in 1990 and  
28 below the threshold for commercial harvests in 1991 if no recruitment is  
29 observed in 1990; and

1       WHEREAS similar declines are occurring in other western Alaska herring  
2 stocks; and

3       WHEREAS the bycatch of herring by groundfish trawlers in the Bering  
4 Sea is reported to amount to an exploitation rate of at least five percent,  
5 but it is believed that the data on which this estimate is based represents  
6 only a small proportion of the actual herring bycatch due to unobserved and  
7 unreported discharges of herring at sea; and

8       WHEREAS the amount and quality of data available about herring bycatch  
9 will improve when the National Marine Fisheries Service meets its goal in  
10 the Bering Sea of 30 percent observer coverage for vessels in the 60 to 150  
11 feet class and 100 percent for vessels over 150 feet; and

12       WHEREAS even with this amount of observer coverage, a problem still  
13 exists in determining the herring bycatch and mortality in tows that are  
14 retrieved but released without ever being brought on board; and

15       WHEREAS these tows are not accounted for in current statistical data  
16 regarding herring bycatch and mortality; and

17       WHEREAS herring suffer significantly higher levels of mortality, as  
18 compared to other species, in encounters with trawl gear; and

19       WHEREAS the Board of Fisheries has removed provisions that would allow  
20 an increase in the Dutch Harbor food and bait herring fishery in the event  
21 that the harvest by the Togiak sac-roe herring fishery is below the allow-  
22 able exploitation rate; and

23       WHEREAS the Board of Fisheries has directed the Department of Fish and  
24 Game to close the Dutch Harbor bait fishery if subsistence herring harvests  
25 are being affected anywhere in western Alaska; and

26       WHEREAS the efforts of the Board of Fisheries and the Department of  
27 Fish and Game to address this issue and to support trawl closures to im-  
28 prove the opportunity for resource recovery, including expanded state  
29 enforcement within the territorial sea, are to be saluted and supported;

1 and

2 WHEREAS the North Pacific Fishery Management Council, at its January  
3 1990 meeting, put the public on notice that the council may take emergency  
4 action on the herring bycatch issue at its April 1990 meeting; and

5 WHEREAS the council also decided to address the herring bycatch issue  
6 during its 1990 regulatory amendment cycle;

7 BE IT RESOLVED that the Alaska State Legislature respectfully requests  
8 the North Pacific Fishery Management Council to take emergency action at  
9 its April 1990 meeting to implement herring bycatch controls before the  
10 critical period between June and December 1990 when herring migrate through  
11 areas fished by the groundfish trawl fleet; and be it

12 FURTHER RESOLVED that the Alaska State Legislature respectfully re-  
13 quests the North Pacific Fishery Management Council to take action to  
14 document the amount of herring bycatch and mortality from released tows and  
15 at a minimum provide for observers to document the number of occurrences  
16 and classify them by tonnage categories; and be it

17 FURTHER RESOLVED that the Alaska State Legislature respectfully re-  
18 quests the North Pacific Fishery Management Council to consider implement-  
19 ing a level of observer coverage in the Bering Sea that is higher than the  
20 goal already set as a way of obtaining even more accurate information about  
21 herring bycatch and mortality; and be it

22 FURTHER RESOLVED that the council respond to the concerns of the  
23 fishermen in western Alaska and of the State of Alaska during the 1990  
24 regulatory amendment cycle as it addresses the herring bycatch issue.

25 COPIES of this resolution shall be sent to the Honorable Robert A.  
26 Mosbacher, Sr., Secretary of the U.S. Department of Commerce; the Honorable  
27 Don W. Collinsworth, Chairman, North Pacific Fishery Management Council;  
28 the Honorable Steven Pennoyer, Regional Director, Alaska Region, National  
29 Marine Fisheries Service; and to the Honorable Ted Stevens and the

1 Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S.  
2 Representative, members of the Alaska delegation in Congress.

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3/13/90  
Zharoff  
Amend.  
Adopted

Additional WHEREAS's for SJR 62 - Bering Sea herring bycatch

Page 2, after line 7, insert: #1

WHEREAS the amount and quality of data available about herring bycatch will improve when the National Marine Fisheries Service meets its goal in the Bering Sea of 30 percent observer coverage for vessels in the 60 to 150 ft. class and 100 percent for vessels over 150 ft.; and

WHEREAS even with this amount of observer coverage, a problem still exists in determining the herring bycatch and mortality in tows that are retrieved, but released without ever being brought onboard; and

WHEREAS these tows are not accounted for in current statistical data regarding herring bycatch and mortality; and

WHEREAS herring suffer significantly higher levels of mortality -- as compared to other species -- in encounters with trawl gear; and

Page 2, after line 29, insert: #2

FURTHER RESOLVED that the Alaska State Legislature respectfully requests the North Pacific Fishery Management Council to take action to document the amount of herring bycatch and mortality from released tows, and at a minimum provide for observers to document the number of occurrences and classify them by tonnage categories; and be it

FURTHER RESOLVED that the Alaska State Legislature respectfully requests the North Pacific Fishery Management Council to consider implementing a level of observer coverage in the Bering Sea that is higher than the goal already set as a way of obtaining even more accurate information about herring bycatch and mortality; and be it

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPARTMENT OF FISH AND GAME

P.O. BOX 3-2000  
JUNEAU, ALASKA 99802-2000  
PHONE: (907) 465-4210

### DIVISION OF COMMERCIAL FISHERIES

March 7, 1990

Mr. Russ Nelson  
Observer Program Coordinator  
Alaska Fishery Science Center  
7600 Sand Point Way, NE  
Bin C15700  
Seattle, WA 98115

Dear Russ:

As the North Pacific Fishery Management Council begins to focus on herring bycatch, it will become very important to document trawl tows that are retrieved, but released, because they contain too many prohibited species. I recognize that it would be difficult to quantify the tonnage of these tows, but it will be extremely important to document at least the number of occurrences. I understand from your discussions with Fritz Funk last week that there is a field in the observer program data files which identifies unsuccessful tows and that there are codes for gear problems or prohibited species problems. Presumably the codes for this field could identify the particular prohibited species that caused the problem. If they do not, could the codes be modified so that the problem species can be identified?

While it may be difficult to quantify exactly the tonnage of a released tow, it should be possible to do better than merely indicate their occurrence. Could a simple categorical system be established with a small number (perhaps 3 or 4) of tonnage categories, which the observer might record?

The problem of undocumented bycatch will be exacerbated if incentive measures to control bycatch are adopted by the Council. Incentive programs would discourage vessels from having prohibited species catches brought on deck and enumerated by an observer. Unlike some of the other hardier prohibited species, herring mortality is extremely high, even when cod-ends are not brought aboard. For this reason it will become increasingly important to document all sources of mortality on herring stocks induced by

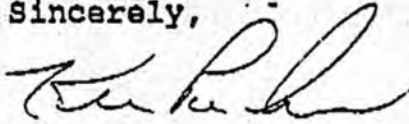
Mr. Russ Nelson

-2-

March 7, 1990

trawling. Please let me know if it is possible to implement these modifications to the observer data records so that more of the trawl-induced mortality can be documented.

Sincerely,



Ken Parker  
Director

cc: Dave Cantillon  
Dave Carlile  
Fritz Funk  
Earl Krygier

V:\CFS\Fritz+f\rnelson

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPARTMENT OF FISH AND GAME

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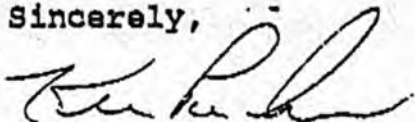
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Ken Parker  
Director

cc: Dave Cantillon  
Dave Carlile  
Fritz Funk  
Earl Krygier

V:\CFS\Fritz+f\rnelson

STR62

Revised 1/12/90

REVISED ESTIMATES OF THE BYCATCH OF HERRING IN 1989 BERING SEA TRAWL FISHERIES

by

Fritz Funk

Leslie Watson

and

Richard Berning

Regional Information Report<sup>1</sup> No. 5J90-01

Alaska Department of Fish and Game  
Division of Commercial Fisheries  
Juneau, Alaska

January 1990

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<sup>1</sup> The Regional Information Report Series was established in 1988 to provide an information access system for all unpublished divisional reports. These reports frequently serve diverse ad hoc informational purposes or archive basic uninterpreted data. To accommodate needs for up-to-date information, reports in this series may contain preliminary data.

## EXECUTIVE SUMMARY

Foreign fishing records and scale pattern analyses demonstrate that herring stocks that spawn in Bristol Bay migrate clockwise around Bristol Bay, arriving on the wintering grounds north and west of the Pribilofs in September. Herring stocks that spawn north of Bristol Bay appear to move more directly offshore after spawning. It is uncertain whether herring stocks from Kuskokwim Bay to Nelson Island move directly offshore or follow a clockwise migratory pattern like Bristol Bay stocks. Based on prior joint venture (JV) and foreign records, only 1989 Pacific cod and pollock trawl fisheries that occurred along the herring migration route had the potential to take significant amounts of herring. Yellowfin sole fisheries did not occur near herring spawning grounds during the herring spawning period in 1989.

Herring bycatch by JV fisheries in 1989 was estimated to be 2,588 tonnes. Most of the JV bycatch occurred in pollock fisheries in National Marine Fisheries Service (NMFS) reporting areas 521 and 522 (north and west of the Pribilofs) in the fall. The most comprehensive source of herring bycatch for domestic fisheries for 1989 was obtained by applying average 1983-88 foreign and JV observer bycatch rates by 1/2° latitude by 1° longitude area by month to 1989 fish ticket catches by 1/2° latitude by 1° longitude by month. Using this method, herring bycatch was estimated to be 1,170 tonnes for domestic Pacific cod fisheries, 3,921 tonnes for pollock bottom trawl fisheries and 386 tonnes for pollock midwater trawl fisheries. Although observer bycatch rates were computed based on the total catch, for ease of computation observer bycatch rates were applied only to the retained catch of the single target species in the fish ticket catch. Because of this, herring bycatch was underestimated by this method. The degree of was underestimation greater for bottom trawl data than for midwater trawl data, because there are usually more species in bottom trawl catches.

Landed discard reported on fish tickets and actual domestic observer catch reports for limited areas were also used to estimate herring bycatch in 1989 domestic trawl fisheries. These estimates were roughly comparable to the herring bycatch computed by applying 1983-88 average observer bycatch rates to the 1989 fish ticket catches. However, landed discard herring bycatch rates also underestimate herring bycatch when at-sea sorting occurs or when trawl cod-ends are released because they contain significant numbers of prohibited species. Total herring bycatch estimated for JV and domestic fisheries for 1989 ranged from 4,521-8,065 tonnes. Because several of the methods used underestimate herring bycatch rates, these estimates represent the lower bound of the actual 1989 herring bycatch.

Bering Sea herring stocks are declining and are projected to decline below threshold levels where commercial fisheries are allowed at Nelson Island and Nunivak Island in 1990. If no recruitment is observed in 1990, the Togiak stock will likely be below its threshold in 1991. Because herring stocks have declined while the bycatch of herring has increased, herring bycatch exploitation rates have increased from less than 2% in 1983 to 4%-7% in 1989, and are projected to increase further in 1990. When trawl herring bycatch is considered, the maximum allowable herring exploitation rates under the Alaska Board of Fisheries herring

Revised 1/12/90

harvest policy are being exceeded.

Subsistence utilization of herring resources is high in some communities of western Alaska, particularly at Nelson Island. If Bering Sea herring stocks continue to decline, subsistence availability of herring may be reduced and further declines in the resource could force reductions of subsistence harvests. Western Alaska communities experienced severe difficulties in harvesting herring for subsistence purposes during herring stock declines in the 1970s.

Fish ticket records of catch by  $1/2^{\circ}$  latitude by  $1^{\circ}$  longitude by date of landing allow relatively detailed distributions of fishing effort to be examined. Combining these fish ticket records with foreign and JV observer herring bycatch records in the same area and time strata could allow detailed examination of alternative herring bycatch control measures. Herring bycatch control measures were last examined when the draft Bering Sea herring fishery management plan was submitted by the NPFMC to the Secretary of Commerce in November 1983. Since that time, a considerable amount of new data has become available for herring bycatch analysis.

## CONCLUSIONS

1. The total herring bycatch in trawl fisheries was estimated to be at least 4,521-8,065 tonnes in 1989.
2. Bering Sea herring stocks are declining and are projected to decline below threshold levels where commercial fisheries are allowed at Nelson Island and Nunivak Island in 1990.
3. Herring bycatch exploitation rates have increased from less than 2% in 1983 to 4%-7% in 1989, and are projected to increase further in 1990.
4. When trawl herring bycatch is considered, the maximum allowable herring exploitation rates under the Alaska Board of Fisheries herring harvest policy are being exceeded.
5. Western Alaskan communities experienced difficulties in harvesting herring for subsistence purposes during herring stock declines in the 1970s.
6. Foreign fishing records and scale pattern analyses demonstrate that herring stocks that spawn in Bristol Bay migrate clockwise around Bristol Bay, arriving on the wintering grounds north and west of the Pribilofs in September.
7. Herring stocks spawning north of Bristol Bay appear to move more directly offshore after spawning. It is uncertain whether herring stocks from Kuskokwim Bay to Nelson Island move directly offshore or follow a clockwise migratory pattern like Bristol Bay stocks.
8. Fish ticket records of herring landed discard underestimate total herring catch, but range from 834-1,038 tonnes for the Unimak Pass area.
9. Herring bycatch estimated by applying 1983-1988 average foreign and JV observer bycatch rates by 1/2° latitude by 1° longitude area by month to 1989 fish ticket catches by 1/2° latitude by 1° longitude by month was 1,170 tonnes for Pacific cod fisheries, 3,921 tonnes for pollock bottom trawl fisheries and 386 tonnes for pollock midwater trawl fisheries.
10. Additional analyses of 1983-1988 observer bycatch rates by 1/2° latitude by 1° longitude area by month could be used to determine appropriate areas and time periods for possible herring bycatch control measures.

Revised 1/12/90

is available, although there were reports of such events occurring in the 1989 fishery. For this reason, the 4,521-8,065 tonne range of herring bycatch estimates computed for the domestic trawl fleet likely represents a lower bound of the actual harvest. Herring mortality in trawl gear is likely to be very high, even if cod-ends are opened immediately after the trawl is raised. Herring bycatch computed by applying JV and foreign herring bycatch rates to fish ticket catch data also underestimated herring bycatch. JV and foreign observer herring bycatch rates are computed as the ratio of the weight of herring to the total catch weight. For ease of computation, observer bycatch rates were applied only to the retained catch of the single target species in the fish ticket catch. The degree of underestimation is greater for bottom trawl data than for midwater trawl data.

Inshore herring fisheries are managed under an Alaska Board of Fisheries harvest policy that sets maximum exploitation rates at 20%. In some areas, the maximum commercial exploitation rate is set at 15% to allow for a historic subsistence utilization. If herring stock sizes decline, the Board has directed ADF&G to reduce the exploitation rate. When herring stock sizes decline below established thresholds in each area, commercial fisheries are closed. The Board of Fisheries has allowed mixed stock herring food and bait fisheries in some areas, but has directed that total exploitation rates not exceed 20%. Based on the stock identification analysis that showed that Togiak stocks were by far the dominant stock in the Dutch Harbor food and bait herring fishery, the Board of Fisheries assigned the Dutch Harbor harvest to the Togiak stock. The Board took action in November 1989 to reduce the Dutch Harbor food and bait herring harvest to no more than 7% of the allowable harvest at Togiak, with combined harvest in food and bait and sac roe fisheries not to exceed 20% of the Togiak stock. The Board further directed ADF&G to close the Dutch Harbor food and bait fishery if subsistence harvests of other stocks from Togiak to Norton Sound were threatened. Because the trawl bycatch exploitation rate has been small and domestic trawl bycatch was unknown, the Board has not previously incorporated trawl bycatch into their Bering Sea herring harvest policy. With the recent evidence that the trawl bycatch exploitation rate is significant, herring stocks are currently being overfished under the Board's harvest policy.

# STATE OF ALASKA

## DEPARTMENT OF FISH AND GAME

### DIVISION OF SUBSISTENCE

STEVE COWPER, GOVERNOR

BOX 3-2000  
JUNEAU, ALASKA 99802  
PHONE: (907) 465-4147

December 5, 1990

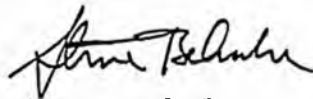
Mr. Clarence Pautzke  
Executive Director  
North Pacific Fishery Management Council  
P.O. Box 103136  
Anchorage, Alaska 99510

Dear Mr. Pautzke:

Several herring stocks in the eastern Bering Sea have declined to levels below which no commercial fishing will likely be allowed in 1990. If these stock declines continue, subsistence utilization of these herring stocks may also be threatened. Subsistence utilization of herring is particularly important to the local communities of Nelson Island. A report documenting the subsistence utilization of herring in the Nelson and Nunivak Island areas is enclosed for your information.

The bycatch exploitation rate of herring in Bering Sea groundfish trawl fisheries appears to be increasing, even as herring stocks are declining. If Bering Sea herring stocks decline to a level which does not allow enough harvest to provide for subsistence uses, other fisheries which take substantial amounts of herring would have to be closed to provide the subsistence preference required by state and federal law. For this reason it is very important that the issue of herring prohibited species catch measures be dealt with during the 1990 Bering Sea/Aleutians groundfish plan amendment cycle.

Sincerely,



Steve Behnke  
Director

Enclosure

cc: Don Collinsworth  
Steve Penoyer, NMFS/AKR  
Sen. John Binkley  
Ken Parker

**SUBSISTENCE HERRING FISHING IN THE EASTERN BERING SEA REGION:  
NELSON ISLAND, NUNIVAK ISLAND, AND KUSKOKWIM BAY**

by

**Mary C. Pete**

**Alaska Department of Fish and Game  
Division of Subsistence  
Fairbanks, Alaska**

**December 1989**

## ABSTRACT

This report summarizes information on the subsistence use of herring in the Nelson Island and Etolin Strait region of Alaska. Data were gathered in annual surveys from 1986 through 1988. A complete census of fishing families were surveyed each season to arrive at total harvests. Qualitative information on community experiences with depletions of herring stocks in the late 1960s and early 1970s is included. A brief description of subsistence herring use by five other communities in the Nunivak Island and Kuskokwim Bay areas supplements the more detailed information presented for Nelson Island communities.

Herring is a central component of the subsistence economy of the communities in the Nelson Island area. It comprises the highest proportion of all species harvested of the total subsistence outputs -- 40 percent by weight in Tununak in 1986. Participation, both by individuals and households, in subsistence herring production is high.

Subsistence harvest estimates for Nelson Island communities in recent years (1986 through 1988) have shown substantially higher annual harvests than those recorded in previous years. The recent estimates indicate that herring harvest effort and use was considerable. Over 200 short tons of herring was harvested annually for subsistence use by communities in the Nelson and Nunivak Island districts and the Kuskokwim Bay area combined. This is considerably greater than earlier estimates from the late 1970s which projected that the combined communities in the eastern Bering Sea region took an approximate annual total of 110 short tons of herring for subsistence use. Smaller sample sizes and reduced numbers of fish probably account for much of the difference.

Declines in herring stocks within the past two decades have been attributed to offshore foreign fishing in the 1960s and 1970s. Depletion of herring returning to the Nelson Island area has created hardship for the area residents. They have had to make adjustments. Current projected declines understandably cause concern.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR

**BILL ANALYSIS**

DEPARTMENT Fish and Game	DIVISION Commercial Fisheries	BILL NUMBER SS SJR 62	SPONSOR Binkley
SHORT TITLE OF BILL Relating to the bycatch of herring in the Bering Sea groundfish trawl fisheries			
DEPARTMENT POSITION Support			
PREPARED BY Fritz Funk	DATE 02/14/90	COMMISSIONER'S SIGNATURE <i>[Signature]</i>	DATE 2/16/90

**SUMMARY**

OTHER AGENCIES AFFECTED BY BILL None	CONSTITUENT GROUP(S) AFFECTED BY BILL All Bering Sea commercial herring fishermen Western Alaska subsistence fishermen
ORGANIZATIONAL SUPPORT FOR BILL Bering Sea Fishermens Association United Villages of Nelson Island Yukon Kuskokwim Fisheries Task Force	ORGANIZATIONAL OPPOSITION TO BILL

FISCAL IMPACT:  NONE  FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT  
This resolution recognizes the reduced herring stocks in the eastern Bering Sea and the increased trawl bycatches in recent years and requests the North Pacific Fishery Management Council to address the problem as soon as possible. The Council is presently considering measures to limit the bycatch of herring in the Bering Sea for 1991 and will consider emergency action to limit the bycatch in 1990 at their April 15-19 meeting.

ANALYSIS OF BILL/PROGRAM EFFECTS  
None

AMENDMENTS PROPOSED

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

SWIR

63

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/24/90

DATE TURNED INTO OFFICE: 4/26/90

The Finance Committee considered **SJR 63**

Proposing an amendment to the Constitution of the State of Alaska relating to the duration of a regular session.

and recommended:

replace with \_\_\_\_\_ CS SJR 63 (Fin)
 same title  
 or adopt \_\_\_\_\_ CS \_\_\_\_\_
 new title  
 attached amendment(s)
 technical  
 \_\_\_\_\_ letter of intent adopted
 title change (HB only)

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

fiscal note(s) \_\_\_\_\_ Dept/Date:  
LAA (1,000.0) 4/11/90

fiscal note(s) \_\_\_\_\_ Dept/Date:  
\_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_

appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Signature]

Pass - no rec

Paul Frank

[Signature] ~~No Rec~~

1. [Signature] (NO REC)

2. [Signature] Do Pass

Co-Chairs: Signatures and Recommendations

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Proposing an amendment...  
... duration of a regular session.  
Sponsor: Senator Frank  
Requestor: Senate State Affairs

Affected Agency: Legislative Affairs Agency  
BRU: Legislative Council  
Components: Session Expenses, Legal Services  
Admin. Serv., Public Serv., Leg. Salaries & Allow

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY91	FY92	FY93	FY94	FY95	FY96
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants, Claims						
Miscellaneous	<1,000.0>	<1,000.0>	<1,000.0>	<1,000.0>	<1,000.0>	<1,000.0>
<b>TOTAL OPERATING</b>	<1,000.0>	<1,000.0>	<1,000.0>	<1,000.0>	<1,000.0>	<1,000.0>

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (THOUSANDS OF DOLLARS)

General Fund	<1,000.0>	<1,000.0>	<1,000.0>	<1,000.0>	<1,000.0>	<1,000.0>
Federal Fund	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>TOTAL</b>	<1,000.0>	<1,000.0>	<1,000.0>	<1,000.0>	<1,000.0>	<1,000.0>

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)

CSSJR 63 (State Affairs) reduces the length of the legislative session from 120 days to 100 days. The estimated daily cost of the session is \$50,000 a day. If the session is reduced by 20 days a savings of \$1,000,000 is calculated.

Prepared By: Pamela A. Stoops, Director *Pamela Stoops* Phone: 465-3850  
Division: Administrative Services Date: 4/11/90

Approved By: Warren Endicott, Executive Director *Warren Endicott*  
Agency: Legislative Affairs Agency Date: 4/11/90

DISTRIBUTION (BY) Changes in CSSJR 63(Fin) REQUESTOR  
LEGISLATIVE FIN/ have no fiscal impact. OFFICE OF MANAGEMENT & BUDGET  
LEGISLATIVE SPO This fiscal note is AGENCY (IES)  
appropriate. 4/24/90 sel

*Adopted*

6-1700H  
Cook  
4/24/90

Original sponsor(s): SEN. FRANK, Binkley, Faiks, Coghill, Fischer, Kelly

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE JOINT RESOLUTION NO. 63 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Proposing amendments to the Constitution  
6 of the State of Alaska relating to the  
7 duration of a regular session.

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

9 \* Section 1. Article II, sec. 8, Constitution of the State of Alaska is  
10 amended to read:

11 SECTION 8. REGULAR SESSIONS. (a) The legislature shall convene  
12 in regular session each year on the fourth Monday in January, but the  
13 month and day may be changed by law. Each regular session is limited  
14 to [THE LEGISLATURE SHALL ADJOURN FROM REGULAR SESSION NO LATER THAN]  
15 one hundred [TWENTY] consecutive calendar days composed of a forty-  
16 five day period during which the legislature may meet, followed by a  
17 ten-day period during which neither house may meet, followed by  
18 another forty-five day period during which the legislature may meet.  
19 However, the last forty-five day period of [FROM THE DATE IT CONVENES  
20 EXCEPT THAT] a regular session may be extended once for up to ten  
21 consecutive calendar days. An extension of the regular session re-  
22 quires the affirmative vote of at least two-thirds of the membership  
23 of each house of the legislature. The legislature shall adopt as part  
24 of the uniform rules of procedure deadlines for scheduling session  
25 work not inconsistent with provisions controlling the length of the  
26 session.

27 \* Sec. 2. Article II, sec. 8, Constitution of the State of Alaska is  
28 amended by adding a new subsection to read:

29 (b) On the last day of the first forty-five day period of a

1 regular session, the governor shall submit to the legislature an  
2 estimate of state revenue expected to be received during the next  
3 fiscal year.

4 \* Sec. 3. Article II, sec. 10, Constitution of the State of Alaska is  
5 amended to read:

6 SECTION 10. ADJOURNMENT. Except as required by section 8 of  
7 this article, neither [NEITHER] house may adjourn or recess for longer  
8 than three days unless the other concurs. If the two houses cannot  
9 agree on the time of adjournment and either house certifies the dis-  
10 agreement to the governor, he may adjourn the legislature.

11 \* Sec. 4. The amendment proposed by this resolution shall be placed  
12 before the voters of the state at the next general election in conformity  
13 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-  
14 tion laws of the state.  
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1/29/90  
3 (5A)  
Jud  
Fin

### FISCAL NOTE

**REQUEST:**

Revision Date: 1/24/90  
Title: Relating to the duration of a regular session.  
Sponsor: Sen. Frank  
Requestor: Sen. Frank

Agency Affected: Office of the Governor  
BRU: Elections  
Components: II- Primary & General Elections

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	2.2*	-0-	-0-	-0-	-0-	-0-
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>2.2*</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

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

REVENUE						
---------	--	--	--	--	--	--

**FUNDING:** (Thousands of Dollars)

GENERAL FUND	2.2*	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>2.2*</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

\* Costs included cover 2 to 3 pages in each Official Election Pamphlet, for printing and typesetting, and costs estimated to cover computer programming requirements for vote counting purposes.

Prepared by: Linda Edgeworth Phone: 465-4611  
Division: Division of Elections Date: 1/24/90

Approved by Commissioner: [Signature] Date: 1.24.90  
Agency: Division of Elections

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

*This fiscal note did not accompany the bill.*

576.63

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. SJR 63

However, these costs are based on the assumption that all candidates and issues will fit on three ballot cards, which is the norm. It should be noted, however that should the inclusion of this issue require a 4th ballot to be printed, the cost increase would have to be calculated at 16 cents per ballot x approximately 320,000 voters. The total cost of printing the additional ballot card would be \$51.2

Under these circumstances the fiscal note would be:

53.4

**SUR**

**700**

# SENATE FINANCE COMMITTEE REPORT

DATE: 3/12/90

FURTHER:

DATE TURNED INTO OFFICE: \_\_\_\_\_

The Finance Committee considered

SJR 70

Proposing amendments to the Constitution of the State of Alaska to establish an Alaska environmental trust fund.

and recommended:

- |   |   |
|---|---|
| <input type="checkbox"/> replace with _____ CS _____    | <input type="checkbox"/> same title                       |
| <input type="checkbox"/> or adopt _____ CS _____        | <input type="checkbox"/> new title                        |
|   | <input type="checkbox"/> technical title change (HB only) |
| <input type="checkbox"/> attached amendment(s)          |   |
| <input type="checkbox"/> _____ 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) \_\_\_\_\_

\_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

\_\_\_\_\_

appropriation-no fiscal note

**SIGNING DO PASS:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**APPROVES PREVIOUS:**

Dept/Date:

fiscal note(s) \_\_\_\_\_

\_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

\_\_\_\_\_

**OTHER RECOMMENDATIONS:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

1. \_\_\_\_\_

2. \_\_\_\_\_

Co-Chairs: Signatures and Recommendations

SENATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

DATE: 2/8/90

FURTHER: Finance

6-21408  
B  
298

Date of 5-Day Notice: 2-22-90  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: \_\_\_\_\_

Judiciary Committee considered SJR 70

Proposing amendments to the Constitution of the State of Alaska to establish an Alaska environmental trust fund.

and recommended:

- replace with \_\_\_\_\_ CS SJR 70 (JUD)  same title
- attached amendment(s) + mg of 1 Cmte Rep  new title
- \_\_\_\_\_ letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_

*FN*

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) \_\_\_\_\_  
ELECTIONS SJR 70 2-8-90  
ELECTIONS CS SJR 70

zero fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

*Rock Halford*  
*Paula Pearce*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Alma S. ...*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Joe ...*  
Chair: Signature and Recommendation

BY SEN. HALFORD, Eliason, Coghill, Jones, Zharoff, Rodey, Kerttula,  
Fischer, Duncan, Kelly, Pearce, Frank, Sturgulewski

1 IN THE SENATE

2 SENATE JOINT RESOLUTION NO. 70

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Proposing amendments to the Constitution  
6 of the State of Alaska to establish an  
7 Alaska environmental trust fund.

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

9 \* Section 1. Article IX, sec. 7, Constitution of the State of Alaska,  
10 is repealed and readopted to read:

11 SECTION 7. DEDICATED FUNDS PROHIBITED. The proceeds of any  
12 State tax or license shall not be dedicated to any special purpose.  
13 This provision shall not prohibit the continuance of any dedication  
14 for special purposes existing on April 24, 1956, and shall not pro-  
15 hibit the dedication of revenue under Sections 15 and 17 of this  
16 article or when required by the federal government for State par-  
17 ticipation in federal programs.

18 \* Sec. 2. Article IX, Constitution of the State of Alaska, is amended  
19 by adding a new section to read:

20 SECTION 17. ALASKA ENVIRONMENTAL TRUST FUND. Amounts recovered  
21 by the State from claims relating to the discharge of crude oil from  
22 the Exxon Valdez on March 24, 1989, that exceed amounts appropriated  
23 by the legislature for expenses of containment and cleanup of that  
24 discharge shall be placed in an Alaska environmental trust fund. The  
25 principal of the trust fund shall be managed in the manner authorized  
26 for management of the Alaska permanent fund by art. IX, sec. 15, and  
27 may be appropriated by the legislature only to meet the costs of a  
28 declared environmental disaster. The real income of the trust fund  
29 may be appropriated by the legislature for environmental protection,  
S

013778

# **CORRECTION**

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

BY SEN. HALFORD, Eliason, Coghill, Jones, Zharoff, Rodey, Kerttula, Fischer, Duncan, Kelly, Pearce, Frank, Sturgulewski

1 IN THE SENATE

2 SENATE JOINT RESOLUTION NO. 70

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Proposing amendments to the Constitution  
6 of the State of Alaska to establish an  
7 Alaska environmental trust fund.

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

9 \* Section 1. Article IX, sec. 7, Constitution of the State of Alaska,  
10 is repealed and readopted to read:

11 SECTION 7. DEDICATED FUNDS PROHIBITED. The proceeds of any  
12 State tax or license shall not be dedicated to any special purpose.  
13 This provision shall not prohibit the continuance of any dedication  
14 for special purposes existing on April 24, 1956, and shall not pro-  
15 hibit the dedication of revenue under Sections 15 and 17 of this  
16 article or when required by the federal government for State par-  
17 ticipation in federal programs.

18 \* Sec. 2. Article IX, Constitution of the State of Alaska, is amended  
19 by adding a new section to read:

20 SECTION 17. ALASKA ENVIRONMENTAL TRUST FUND. Amounts recovered  
21 by the State from claims relating to the discharge of crude oil from  
22 the Exxon Valdez on March 24, 1989, that exceed amounts appropriated  
23 by the legislature for expenses of containment and cleanup of that  
24 discharge shall be placed in an Alaska environmental trust fund. The  
25 principal of the trust fund shall be managed in the manner authorized  
26 for management of the Alaska permanent fund by art. IX, sec. 15, and  
27 may be appropriated by the legislature only to meet the costs of a  
28 declared environmental disaster. The real income of the trust fund  
29 may be appropriated by the legislature for environmental protection,

1 \* Sec. 3. Article IX, Constitution of the State of Alaska, is amended  
2 by adding a new section to read:

3 SECTION 17. ALASKA ENVIRONMENTAL TRUST FUND. Amounts recovered  
4 by the State from claims relating to the discharge of crude oil or a  
5 hazardous substance that exceed by at least \$25,000,000 the amounts  
6 appropriated by the legislature for expenses of containment and clean-  
7 up of the discharge on which the claims were made shall be placed in  
8 an Alaska environmental trust fund. The principal of the trust fund  
9 shall be managed in the manner authorized for management of the Alaska  
10 permanent fund by Section 15 of this article, and may be appropriated  
11 by the legislature only to meet the cleanup and restoration costs of a  
12 declared environmental disaster. The real income of the trust fund  
13 may be appropriated by the legislature for environmental protection or  
14 enhancement, as defined by law, but the real income that is not so  
15 appropriated shall be deposited annually into the trust fund. An  
16 appropriation may be made under this section only if the appropriation  
17 is approved by three-fourths of the membership of each house of the  
18 legislature. The legislature shall implement this section.

19 \* Sec. 4. The amendments proposed by this resolution shall be placed  
20 before the voters of the state at the next general election in conformity  
21 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-  
22 tion laws of the state.

Original sponsor(s): SEN. HALFORD, Eliason, Coghill, Jones, Zharoff, Rodey, Kerttula, Fischer, Duncan, Kelly, Pearce, Frank, Sturgulewski

1 IN THE SENATE

BY THE JUDICIARY COMMITTEE

2 CS FOR SENATE JOINT RESOLUTION NO. 70 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Proposing amendments to the Constitution  
6 of the State of Alaska to establish an  
7 Alaska environmental trust fund.

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

9 \* Section 1. Article II, sec. 14, Constitution of the State of Alaska,  
10 is amended to read:

11 SECTION 14. PASSAGE OF BILLS. The legislature shall establish  
12 the procedure for enactment of bills into law. No bill may become law  
13 unless it has passed three readings in each house on three separate  
14 days, except that any bill may be advanced from second to third read-  
15 ing on the same day by concurrence of three-fourths of the house  
16 considering it. Except for appropriations of the principal and real  
17 income of the Alaska environmental trust fund under Article IX,  
18 Section 17, no [NO] bill may become law without an affirmative vote of  
19 a majority of the membership of each house. The yeas and nays on  
20 final passage shall be entered in the journal.

21 \* Sec. 2. Article IX, sec. 7, Constitution of the State of Alaska, is  
22 repealed and readopted to read:

23 SECTION 7. DEDICATED FUNDS PROHIBITED. The proceeds of any  
24 State tax or license shall not be dedicated to any special purpose.  
25 This provision shall not prohibit the continuance of any dedication  
26 for special purposes existing on April 24, 1956, and shall not pro-  
27 hibit the dedication of revenue under Sections 15 and 17 of this  
28 article or when required by the federal government for State par-  
29 ticipation in federal programs.

1       enhancement, and management, but the real income that is not so appro-  
2       priated shall be deposited annually into the trust fund.

3       \* Sec. 3. The amendments proposed by this resolution shall be placed  
4       before the voters of the state at the next general election in conformity  
5       with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-  
6       tion laws of the state.

### FISCAL NOTE

**REQUEST:**

Revision Date: 2/12/90 Agency Affected: Office of the Governor  
 Title: To establish an Alaska environmental trust fund. BRU: Elections  
 Sponsor: Sen. Halford Components: II- Primary & General  
 Requestor: Sen. Halford Elections

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	2.2*	-0-	-0-	-0-	-0-	-0-
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>2.2*</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

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

REVENUE						
---------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	2.2*	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>2.2*</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

The fiscal impact for FY 90 is -0-.

- \* Costs included cover 2 to 3 pages in each Official Election Pamphlet, for printing and typesetting, and costs estimated to cover computer programming requirements for vote counting purposes.

Prepared by: Linda Edgeworth Phone: 465-4611  
 Division: Division of Elections Date: 2/12/90

Approved by Commissioner: [Signature] Date: 2.12.90  
 Agency: Division of Elections

**Distribution (by preparer):**

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

Changes in CS SJR 70(JW) have no fiscal impact. This fiscal note is appropriate. Projections of no fiscal impact would continue through 1996.

**FISCAL NOTE**

**REQUEST:**

Revision Date: 2/12/90 Agency Affected: Office of the Governor  
 Title: To establish an Alaska environmental trust fund. BRU: Elections  
 Sponsor: Sen. Halford Components: II- Primary & General  
 Requestor: Sen. Halford Elections

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	2.2*	-0-	-0-	-0-	-0-	-0-
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>2.2*</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

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

REVENUE						
---------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	2.2*	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>2.2*</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

The fiscal impact for FY 90 is -0-.

- \* Costs included cover 2 to 3 pages in each Official Election Pamphlet, for printing and typesetting, and costs estimated to cover computer programming requirements for vote counting purposes.

Prepared by: Linda Edgeworth  
 Division: Division of Elections

Phone: 465-4611  
 Date: 2/12/90

Approved by Commissioner: [Signature]  
 Agency: Division of Elections

Date: 2.12.90

**Distribution (by preparer):**

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

# **CORRECTION**

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

STATE OF ALASKA  
1990 LEGISLATIVE SESSION

BILL VERSION: CS SJR 70 (JW)  
PUBLISH DATE: 3/12/90

FISCAL NOTE

REQUEST:

Revision Date: 2/12/90 Agency Affected: Office of the Governor  
Title: To establish an Alaska environmental trust fund. BRU: Elections  
Sponsor: Sen. Halford Components: II- Primary & General Elections  
Requestor: Sen. Halford

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	2.2*	-0-	-0-	-0-	-0-	-0-
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	2.2*	-0-	-0-	-0-	-0-	-0-

CAPITAL	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96

REVENUE	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96

FUNDING: (Thousands of Dollars)

GENERAL FUND	2.2*	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	2.2*	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The fiscal impact for FY 90 is -0-.

- \* Costs included cover 2 to 3 pages in each Official Election Pamphlet, for printing and typesetting, and costs estimated to cover computer programming requirements for vote counting purposes.

Prepared by: Linda Edgeworth Phone: 465-4611  
Division: Division of Elections Date: 2/12/90

Approved by Commissioner: [Signature] Date: 2.12.90  
Agency: Division of Elections

Distribution (by preparer):

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

Changes in CS SJR 70(JW) have no fiscal impact. This fiscal note is appropriate. Projections of no fiscal impact would continue through 1996.

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. SJR 70

However, these costs are based on the assumption that all candidates and issues will fit on three ballot cards, which is the norm. It should be noted, however that should the inclusion of this issue require a 4th ballot to be printed, the cost increase would have to be calculated at 16 cents per ballot x approximately 320,000 voters. The total cost of printing the additional ballot card would be \$51.2

Under these circumstances the fiscal note would be:

53.4

**FISCAL NOTE**

**REQUEST:**

Revision Date: 2/12/90 Agency Affected: Office of the Governor  
 Title: To establish an Alaska environmental trust fund. BRU: Elections  
 Sponsor: Sen. Halford Components: II- Primary & General  
 Requestor: Sen. Halford Elections

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	2.2*	-0-	-0-	-0-	-0-	-0-
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>2.2*</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
----------------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	2.2*	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>2.2*</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS : (Attach a separate page if necessary)**

The fiscal impact for FY 90 is -0-.

- \* Costs included cover 2 to 3 pages in each Official Election Pamphlet, for printing and typesetting, and costs estimated to cover computer programming requirements for vote counting purposes.

Prepared by: Linda Edgeworth Phone: 465-4611  
 Division: Division of Elections Date: 2/12/90

Approved by Commissioner: [Signature] Date: 2.12.90  
 Agency: Division of Elections

**Distribution (by preparer):**

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

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. SJR 70

However, these costs are based on the assumption that all candidates and issues will fit on three ballot cards, which is the norm. It should be noted, however that should the inclusion of this issue require a 4th ballot to be printed, the cost increase would have to be calculated at 16 cents per ballot x approximately 320,000 voters. The total cost of printing the additional ballot card would be \$51.2.

Under these circumstances the fiscal note would be:

53.4

3/22/90

SJR 70

Proposed Halford  
Amendment

1 \* Sec. 3. Article IX, Constitution of the State of Alaska, is amended  
2 by adding a new section to read:

3 SECTION 17. ALASKA ENVIRONMENTAL TRUST FUND. Amounts recovered  
4 by the State from claims relating to the discharge of crude oil or a  
5 hazardous substance that exceed by at least \$25,000,000 the amounts  
6 appropriated by the legislature for expenses of containment and clean-  
7 up of the discharge on which the claims were made shall be placed in  
8 an Alaska environmental trust fund. The principal of the trust fund  
9 shall be managed in the manner authorized for management of the Alaska  
10 permanent fund by Section 15 of this article, and may be appropriated  
11 by the legislature only to meet the cleanup and restoration costs of a  
12 declared environmental disaster. The real income of the trust fund  
13 may be appropriated by the legislature for environmental protection or  
14 enhancement, as defined by law, but the real income that is not so  
15 appropriated shall be deposited annually into the trust fund. An  
16 appropriation may be made under this section only if the appropriation  
17 is approved by three-fourths of the membership of each house of the  
18 legislature. The legislature shall implement this section.

19 \* Sec. 4. The amendments proposed by this resolution shall be placed  
20 before the voters of the state at the next general election in conformity  
21 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-  
22 tion laws of the state.

23  
24 \* Unless otherwise required by a court of appropriate  
25 jurisdiction.  
26

**SUR**

**72**

SENATE FINANCE COMMITTEE REPORT

DATE: 3/7/90

FURTHER:

DATE TURNED INTO OFFICE: 3/10/90

The Finance Committee considered SJR 72

Proposing amendments to the Constitution of the State of Alaska creating an economic development fund.

and recommended:

- replace with CS SJR 72 (Finance)  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_  new title
- attached amendment(s)  technical
- \_\_\_\_\_ letter of intent adopted title change (HB only)

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

fiscal note(s) Gov-Flunts 2/15/90  
2.2

fiscal note(s) \_\_\_\_\_ Dept/Date: \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

~~Paul H. ...~~  
~~...~~  
~~...~~

J. Duncan - No Rec  
Brend No Rec  
Irene Kealar - Support the Judiciary version  
Paul F. Zhang - Finance gutted No Rec bill  
Paul Smith - No Rec

1. John ... No Rec.

2. Paul H. ... (DO PASS)

FISCAL NOTE

REQUEST:

Revision Date: 2/15/90  
Title: Relating to the economic development fund.  
Sponsor: Sen. Rodey  
Requestor: Sen. Rodey

Agency Affected: Office of the Governor  
BRU: Elections

Components: II- Primary & General Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL SUPPLIES	2.2*	-0-	-0-	-0-	-0-	-0-
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	2.2*	-0-	-0-	-0-	-0-	-0-

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-2.2*	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	2.2*	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

- The fiscal impact for FY 90 is -0-
- \* Costs included cover 2 to 3 pages in each Official Election Pamphlet, for printing and typesetting, and costs estimated to cover computer programming requirements for vote counting purposes.

Prepared by: Linda Edgeworth Phone: 465-4611  
Division: Division of Elections Date: 2/15/90

Approved by Commissioner: [Signature] Date: 2.15.90  
Agency: Division of Elections

Distribution (by preparer):

Changes in CS SJR 72 (Fin) have no fiscal impact. This fiscal note is appropriate. 4/10/90 [Signature]

Changes in CS SJR 72 (Juo) have no fiscal impact. This fiscal note is appropriate.

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. SJR 72

However, these costs are based on the assumption that all candidates and issues will fit on three ballot cards, which is the norm. It should be noted, however that should the inclusion of this issue require a 4th ballot to be printed, the cost increase would have to be calculated at 16 cents per ballot x approximately 320,000 voters. The total cost of printing the additional ballot card would be \$51.2

Under these circumstances the fiscal note would be:

53.4

92 52

11

Original sponsor(s): SEN. RODEY, Faiks

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE JOINT RESOLUTION NO. 72 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Proposing amendments to the Constitution  
6 of the State of Alaska relating to an  
7 economic development fund.

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

9 \* Section 1. Article IX, Constitution of the State of Alaska, is amend-  
10 ed by adding a new section to read:

11 SECTION 17. ECONOMIC DEVELOPMENT FUND. (a) The economic devel-  
12 opment fund is established. Notwithstanding Section 7 of this arti-  
13 cle, the economic development fund consists of one percent of the  
14 annual receipts of

15 (1) mineral lease rentals, royalties, royalty sale pro-  
16 ceeds, and net profit shares from oil and gas leases on State land  
17 entered into after June 30, 1991, and federal mineral revenue sharing  
18 payments received by the State from leases entered into after June 30,  
19 1991;

20 (2) bonuses received by the State on production from leases  
21 entered into after June 30, 1991; and

22 (3) net revenue from State taxes levied and collected by  
23 the State on the production of oil and gas from oil and gas reserves  
24 in the State from which production begins after June 30, 1991.

25 (b) Notwithstanding Section 7 of this article, the legislature  
26 may appropriate from the fund established by (a) of this section only  
27 to make loans from the economic development fund for economic develop-  
28 ment purposes that are authorized by law, and money received as repay-  
29 ment of principal and interest on loans from the economic development

1 fund shall be deposited into the fund. The legislature shall provide  
2 by law for the management and investment of the fund balance.

3 (c) In addition to amounts required to be set aside under (a) of  
4 this section, the legislature may appropriate from the treasury to the  
5 economic development fund.

6 \* Sec. 2. Article XV, Constitution of the State of Alaska, is amended  
7 by adding a new section to read:

8 SECTION 29. RECONSIDERATION OF AMENDMENT ESTABLISHING ECONOMIC  
9 DEVELOPMENT FUND. (a) Notwithstanding Section 1 of Article XIII, the  
10 lieutenant governor shall place on the ballot of the general election  
11 in the year 2000 the question: "Shall the Economic Development Fund  
12 established by Section 17 of Article IX, Constitution of the State of  
13 Alaska, be indefinitely extended?"

14 (b) If a majority of the votes cast on the ballot question  
15 submitted to the voters under (a) of this section are in the negative,  
16 the provisions of Section 17 of Article IX are repealed July 1, 2001,  
17 and the balance of the economic development fund established under  
18 Section 17 of Article IX as it exists on July 1, 2001, and all money  
19 thereafter received as repayment of principal and interest on loans  
20 from that fund shall be deposited in the state treasury unless other-  
21 wise appropriated by the legislature.

22 \* Sec. 3. The amendments proposed by secs. 1 and 2 of this resolution  
23 shall be placed before the voters of the state at the next general election  
24 in conformity with art. XIII, sec. 1, Constitution of the State of Alaska,  
25 and the election laws of the state.

Original sponsor(s): SEN. RODEY, Faiks

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE JOINT RESOLUTION NO. 72 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Proposing amendments to the Constitution  
6 of the State of Alaska relating to an  
7 economic development fund.

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

9 \* Section 1. Article IX, Constitution of the State of Alaska, is amend-  
10 ed by adding a new section to read:

11 *Section 7. DEDICATED FUNDS PROHIBITED (removed)*

12 *DUNCAN*  
*Am #1* SECTION 17. ECONOMIC DEVELOPMENT FUND. (a) The economic devel-  
13 opment fund is established. Notwithstanding Section 7 of this arti-  
14 cle, the economic development fund consists of one percent of the  
15 annual receipts of

16 ~~(1)~~ mineral lease rentals, royalties, royalty sale pro-  
17 ceeds, and net profit shares from oil and gas leases on State land  
18 entered into after June 30, 1991, and federal mineral revenue sharing  
19 payments received by the State from leases entered into after June 30,  
20 1991;

21 ~~(2)~~ bonuses received by the State on production from leases  
22 entered into after June 30, 1991; and

23 ~~(3)~~ net revenue from State taxes levied and collected by  
24 the State on the production of oil and gas from oil and gas reserves  
25 in the State from which production begins after June 30, 1991.

26 (b) Notwithstanding Section 7 of this article, the legislature  
27 may appropriate from the fund established by (a) of this section only  
28 to make loans from the economic development fund for economic develop-  
29 ment purposes that are authorized by law, and money received as repay-  
ment of principal and interest on loans from the economic development

1 fund shall be deposited into the fund. The legislature shall provide  
2 by law for the management and investment of the fund balance.

3 *DUNCAN*  
*Am #2* ~~(c) In addition to amounts required to be set aside under (a) of~~  
4 ~~this section, the legislature may appropriate from the treasury to the~~  
5 ~~economic development fund.~~

6 \* Sec. 2. Article XV, Constitution of the State of Alaska, is amended  
7 by adding a new section to read:

8 SECTION 29. RECONSIDERATION OF AMENDMENT ESTABLISHING ECONOMIC  
9 DEVELOPMENT FUND. (a) Notwithstanding Section 1 of Article XIII, the  
10 *FISCHER*  
*Am #3* lieutenant governor shall place on the ballot of the general election  
11 in the year 2000 the question: "Shall the Economic Development Fund  
12 established by Section 17 of Article IX, Constitution of the State of  
13 Alaska, be indefinitely extended?"

14 (b) If a majority of the votes cast on the ballot question  
15 submitted to the voters under (a) of this section are in the negative,  
16 the provisions of Section 17 of Article IX are repealed July 1, 2001,  
17 and the balance of the economic development fund established under  
18 Section 17 of Article IX as it exists on July 1, 2001, and all money  
19 thereafter received as repayment of principal and interest on loans  
20 from that fund shall be deposited in the state treasury unless other-  
21 wise appropriated by the legislature.

22 \* Sec. 3. The amendments proposed by secs. 1 and 2 of this resolution  
23 shall be placed before the voters of the state at the next general election  
24 in conformity with art. XIII, sec. 1, Constitution of the State of Alaska,  
25 and the election laws of the state.

~~Duncan Am # 1~~  
(4766)

Insert language in subsections (1) and (3) that makes it clear this is "completely prospective" as is subsection (2).

6-2064J  
Chenoweth  
4/9/90  
4/10/90  
ADOPTED  
by SFC

Original sponsor(s): SEN. RODEY, Faiks

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE JOINT RESOLUTION NO. 72 (FINANCE )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Proposing amendments to the Constitution  
6 of the State of Alaska creating an  
7 economic development fund.

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

9 \* Section 1. Article IX, sec. 7, Constitution of the State of Alaska,  
10 is repealed and readopted to read:

11 SECTION 7. DEDICATED FUNDS PROHIBITED. The proceeds of any  
12 State tax or license shall not be dedicated to any special purpose.  
13 This provision shall not prohibit the continuance of any dedication  
14 for special purposes existing on April 24, 1956, and shall not pro-  
15 hibit the dedication of revenue under Section 15 or Section 17 of this  
16 article or when required by the federal government for State par-  
17 ticipation in federal programs.

18 \* Sec. 2. Article IX, Constitution of the State of Alaska, is amended  
19 by adding a new section to read:

20 SECTION 17. ECONOMIC DEVELOPMENT FUND. (a) The economic devel-  
21 opment fund is established. The economic development fund consists of  
22 one percent of the annual receipts of

23 ~~(1) mineral lease rentals, royalties, royalty sale pro-~~  
24 ~~ceeds, and net profit shares from oil and gas leases on state land~~  
25 ~~entered into after June 30, 1991, and federal mineral revenue sharing~~  
26 ~~payments received by the state from leases entered into after June 30,~~  
27 ~~1991;~~

28 (2) bonuses received by the state on production from leases  
29 entered into after June 30, 1991; and

Am # 1  
completely  
prospective

1 Am #1  
2 completely  
3 prospective  
4 →

~~(3) net revenue from state taxes levied and collected by  
the state after June 30, 1991, on the production of oil and gas in the  
state.~~

(b) The legislature may appropriate from the fund established by  
(a) of this section only to make loans from the fund for economic  
development purposes that are authorized by law. Money received as  
repayment of principal and interest on loans from the economic devel-  
opment fund shall be deposited into the fund. The legislature shall  
provide by law for the management and investment of the fund balance.

\* Sec. 3. The amendments proposed by this resolution shall be placed  
before the voters of the state at the next general election in conformity  
with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-  
tion laws of the state.

FISCHEE Am #3: Add new section  
(3791)

Sec. 4. The amendments proposed by this resolution shall be  
placed before the voters of the state in the year 2000 for  
reaffirmation.

DUNCAN Am #2: Add new subsection

~~(4) The legislature may appropriate additional  
revenues to the fund.~~

# STATE OF ALASKA

4/10/90

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION  
P.O. BOX WF  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3795

### MEMORANDUM

DATE: April 6, 1990

TO: Senator Drue Pierce

FROM: Dave Tonkovich  
Revenue Analyst

SUBJ: Suggested language for Sec 17 of CSSJR No. 72

The following draft is submitted for consideration in the language of CSSJR No. 72, Sec 17. ECONOMIC DEVELOPMENT FUND. The language referring to mineral lease rentals and royalties is adapted from the Permanent Fund statute (AS37.13.010). Using the same revenue base as is used in Permanent Fund calculations would provide consistency and simplify calculations. Also please note that the language does not include the portion of the Corporate Income Tax AS43.20.011(e) that is attributable to petroleum activity.

SECTION 17. ECONOMIC DEVELOPMENT FUND. One percent of the annual receipts of the oil and gas revenues specified in (a) through (c) of this section shall be placed in an economic development fund.

(a) All mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180 (f) and (g), and federal mineral revenue sharing payments received by the state from mineral leases issued after {date}, and all bonuses received by the state from mineral leases issued after {date};

(b) Oil production taxes levied under AS 43.55.011 and incurred after {date}.

(c) Gas production taxes levied under AS 43.55016 and incurred after {date}. (Remaining language from CSSJR 72. )

Original sponsor(s): State Affairs Committee

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR HOUSE BILL NO. 589 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the permanent fund, the Alaska  
7 Permanent Fund Corporation, and disposition of income  
8 from the permanent fund; and providing for an effective  
9 date."

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

11 \* Section 1. AS 37.13.010(a) is amended to read:

12 (a) Under art. IX, sec. 15 of the state constitution, there is  
13 established as a separate fund the Alaska permanent fund. The [ALASKA  
14 PERMANENT] fund consists of

15 (1) 25 percent of all mineral lease rentals, royalties,  
16 royalty sale proceeds, net profit shares under AS 38.05.180(f) and  
17 (g), and federal mineral revenue sharing payments received by the  
18 state from mineral leases issued on or before December 1, 1979, and 25  
19 percent of all bonuses received by the state from mineral leases  
20 issued on or before February 15, 1980;

21 (2) 50 percent of all mineral lease rentals, royalties,  
22 royalty sale proceeds, net profit shares under AS 38.05.180(f) and  
23 (g), and federal mineral revenue sharing payments received by the  
24 state from mineral leases issued after December 1, 1979, and 50 per-  
25 cent of all bonuses received by the state from mineral leases issued  
26 after February 15, 1980;

27 (3) interest earned by the state on money described in  
28 (1) and (2) of this subsection before that money is deposited in the  
29 fund;

SENATE JOINT RESOLUTION 72 -- ECONOMIC DEVELOPMENT FUND

FY YEAR	OIL SEVERANCE	GAS SEVERANCE	ROYALTIES
1989	671.7	21.8	818.7
1990	867.5	18.3	953.1
1991	897.5	20.0	981.4
1992	972.7	21.2	1,091.0
1993	980.1	20.5	1,139.3
1994	970.3	19.7	1,199.9
1995	920.6	19.4	1,186.5

Revenues affected are based on fall 1989, midcase scenario.

Patrick M. Rodey  
Senator

# Alaska State Legislature



3111 C. St., Suite 510  
Anchorage, Alaska 99503  
(907) 561-7618

During Session:  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-3793

Wednesday, April 4, 1990

Senate

## MEMORANDUM

To: Senators John Binkley, Rick Uehling  
Co-Chairmen, Senate Finance

Members, Senate Finance Committee

From: Senator Pat Rodey

Subject: **CSSJR 100 / Economic Development Fund**

The purpose of this constitutional amendment is to expand opportunities for new development and redevelopment that would have positive impact on the State of Alaska.

The Economic Development Fund would use one percent of the annual receipts of State taxes on oil and gas and place those monies into the fund. In FY89 the State collected about \$950 million in oil and gas taxes which would have resulted in about \$9.5 million available if the Fund had been in existence. The proposal as originally written called for one-quarter of one percent of annual receipts but committee response has been so enthusiastic to the Development Fund that the plan has been increased to first to one-half of one percent and now to a full percent.

Along with annual deposits to the fund any earnings or repayments from fund activity would go back into the fund enabling the fund to develop a stable and ongoing source of investment dollars.

A Board of Directors would operate similar to the board of the Permanent Fund Corporation. The board would establish guidelines for a prudent investment policy with the guidance of the legislature. Development proposals would be a matter for legislative consideration once the voters approve the creation of the Economic Development Fund.

**SUR**

**84**

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/4/90

FURTHER:

DATE TURNED INTO OFFICE: 4/11/90

The Finance Committee considered

SJR 84

Federal funding for development of the airport at St. Paul, AK.

and recommended:

- |                          |                                |                          |                                  |
|--------------------------|--------------------------------|--------------------------|----------------------------------|
| <input type="checkbox"/> | replace with _____ CS _____    | <input type="checkbox"/> | same title                       |
| <input type="checkbox"/> | or adopt _____ CS _____        | <input type="checkbox"/> | new title                        |
| <input type="checkbox"/> | attached amendment(s)          | <input type="checkbox"/> | technical title change (HB only) |
| <input type="checkbox"/> | _____ letter of intent adopted |                          |                                  |

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

fiscal note(s) \_\_\_\_\_ Dept/Date: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

appropriation-no fiscal note

APPROVES PREVIOUS:

fiscal note(s) \_\_\_\_\_ Dept/Date: \_\_\_\_\_  
DOT/PF 4/4/90  
119.66E/1793.6 FE/1913.0.070  
\_\_\_\_\_  
\_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SIGNING DO PASS:

[Signature]  
[Signature]  
[Signature]  
[Signature]  
1. [Signature] (DO PASS) 2. \_\_\_\_\_  
Co-Chairs: Signatures and Recommendations

OTHER RECOMMENDATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

STATE OF ALASKA  
1990 LEGISLATIVE SESSION

BILL VERSION: SJR 84  
PUBLISH DATE: 4/4/90

REQUEST: FISCAL NOTE

Revision Date: Agency Affected: DOT&PF  
Title: "A resolution relating to federal funding for development of St. Paul Airport" BRU: Central Region  
Sponsor: Transportation Committee Components: Maintenance & Operations  
Requestor:

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	5.0	5.0	5.0	5.0	5.0
CONTRACTURAL	0	50.0	50.0	50.0	50.0	50.0
SUPPLIES	0	10.0	10.0	10.0	10.0	10.0
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	65.0	65.0	65.0	65.0	65.0
CAPITAL	1,913.0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	119.6	65.0	65.0	65.0	65.0	65.0
FEDERAL FUNDS	1,793.6	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	1,913.0	65.0	65.0	65.0	65.0	65.0

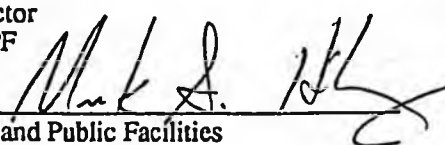
POSITIONS:

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

ANALYSIS:

Prepared by: Kit Duke, Regional Director  
Division: Central Region, DOT&PF

Phone: 266-1440  
Date: April 3, 1990

Approved by Commissioner:   
Agency: Department of Transportation and Public Facilities

Date: 4/4/90

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

BY THE TRANSPORTATION COMMITTEE

1 IN THE SENATE

2

SENATE JOINT RESOLUTION NO. 84

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

Relating to federal funding for develop-

6

ment of the airport at Saint Paul,

7

Alaska.

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

9

WHEREAS title to the airport at Saint Paul, Alaska was transferred to  
10 the State of Alaska under the terms of the Fur Seal Act Amendments of 1983  
11 (P.L. 98-129) and a Transfer of Property Agreement entered into  
12 February 11, 1984; and

13

WHEREAS the local Native corporation agreed to lease or sell land  
14 needed for expansion of the airport, and state and federal agencies have  
15 committed themselves to take the steps necessary to implement the Transfer  
16 of Property Agreement; and

17

WHEREAS the economic well-being of Saint Paul, Alaska, is largely  
18 dependent upon the rapidly growing crab, surimi, and bottomfish industry;  
19 and

20

WHEREAS the Saint Paul airport facility provides the only year-round  
21 access to and from the community; and

22

WHEREAS the Saint Paul airport facility is critical to ensuring that  
23 the community's commercial and social ties with the state and nation are  
24 maintained; and

25

WHEREAS the Saint Paul airport is classified as a nonprimary commer-  
26 cial service airport under the Airport Improvement Program (AIP); and

27

WHEREAS nonprimary airports are only eligible to receive AIP discre-  
28 tionary funding and limited State of Alaska primary entitlement funding;

29

1           WHEREAS AIP discretionary funding has not been available for the Saint  
2 Paul airport due to the low priority assigned to development of the air-  
3 port; and

4           WHEREAS the annual level of primary entitlement funding is generally  
5 not sufficient to accommodate the improvement needs at state primary air-  
6 ports and is not sufficient to accommodate the needs of the Saint Paul  
7 airport; and

8           WHEREAS the Airport Improvement Program identifies specific set-aside  
9 discretionary funding for nonprimary airports and safety improvement proj-  
10 ects;

11           BE IT RESOLVED that the Alaska State Legislature respectfully requests  
12 the United States Department of Transportation, Federal Aviation Adminis-  
13 tration, to allocate a level of discretionary funding to the State of  
14 Alaska that will allow for the development of the Saint Paul airport.

15           COPIES of this resolution shall be sent to the Honorable Samuel K.  
16 Skinner, Secretary of the U.S. Department of Transportation; the Honorable  
17 Admiral James B. Busey, U.S.N. (Ret.), Administrator of the Federal Avia-  
18 tion Administration; and to the Honorable Ted Stevens and the Honorable  
19 Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Repre-  
20 sentative, members of the Alaska delegation in Congress.

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Location

The airstrip is located roughly 3.8 to 4 miles northeast of the city of St. Paul.

Legal Description

NA

Land Area

87.29 acres (approximately)

Improvements

Airstrip

Highest and Best Use

As improved with airstrip

2  
+33  
8  
-----  
3464

Land Value

\$759,000 unfilled

Value by the Cost Approach

\$5,753,000

2  
433  
2  
-----  
3897

Value by the Income Approach

NA

Value by the Market Data Approach

NA

Market Value Estimate

SJR 84  
4/11/90  
SFC



\$5,753,000 (subject to engineering study)

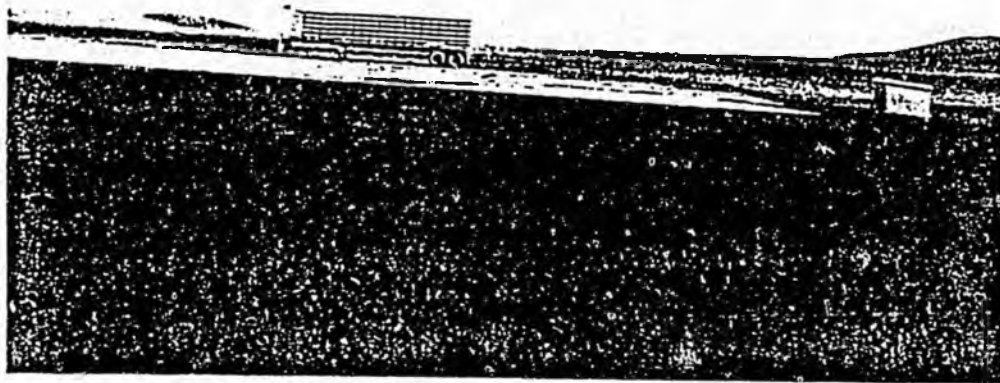
Date of Appraisal

October 2, 1985



SUBJECT PHOTOGRAPHS

Date Taken: 10-2-85  
Taken By: DBS/TRD



View northerly of recently paved landing pad



View northwesterly of runway

SUBJECT PHOTOGRAPHS

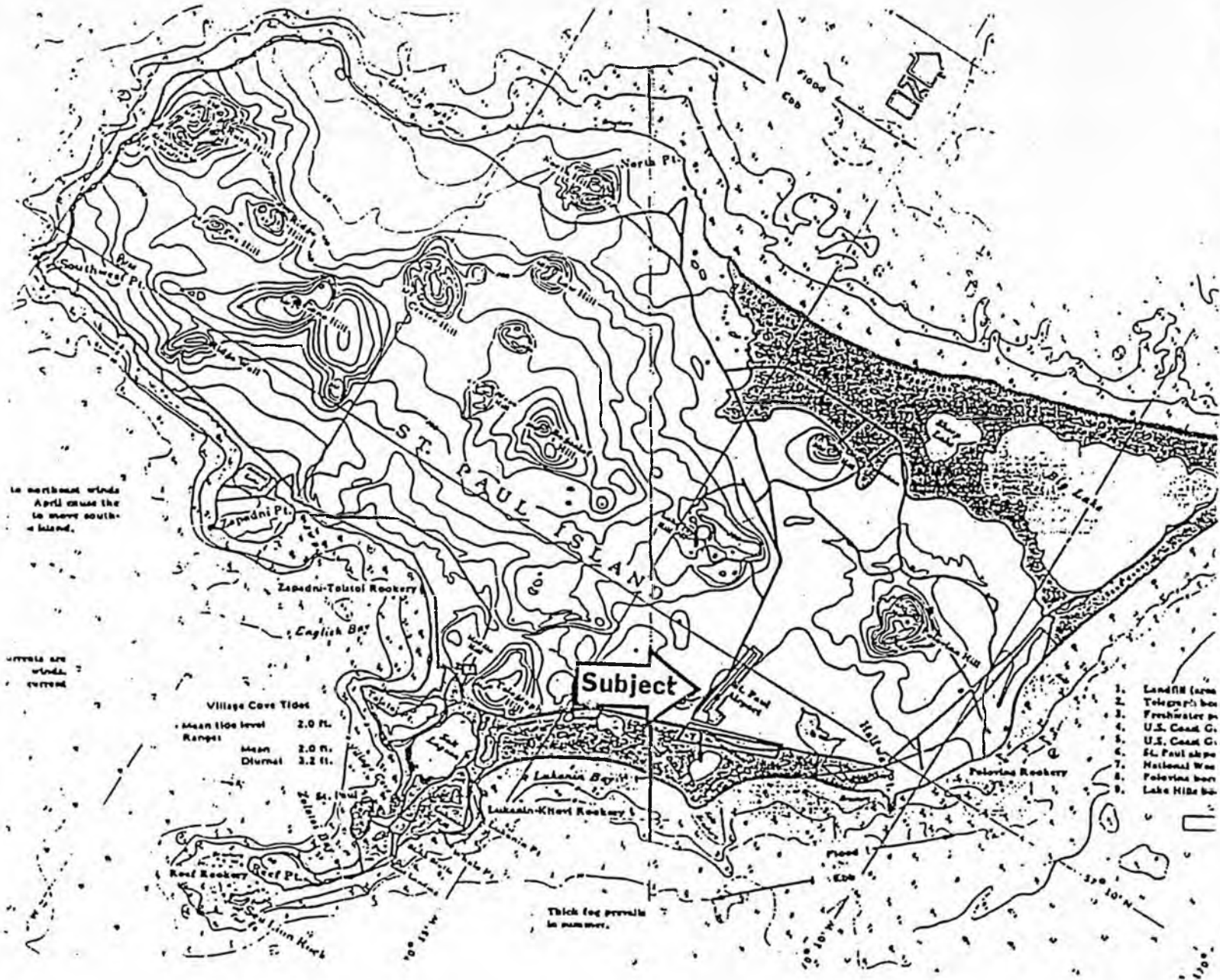
Date Taken: 10-2-85  
Taken By: DBS/TRD



View southwesterly of runway



# Plat Map



## SITE DESCRIPTION

At the time of inspection, the appraisers were informed by the city maintenance supervisor that the approximate area of the airstrip was 87.29 acres. This is a long parallel strip underlying the airstrip and the abutting area. The airstrip is 200 feet wide and was recently resurfaced (in 1984) by the city with four inches of scoria. In addition, Exxon upgraded the landing strip with instruments and building at an approximate cost of \$1,000,000. None of these improvements are included in the valuation of the airstrip.

As of the date of inspection, the airstrip was substantially as it is today, with a slight expansion of the apron and the additional four inches of scoria placed on the top.

Following is a general description of the landing strip as provided by the City of St. Paul in a recent technical study made of the St. Paul area.

### "I. General Description of Existing System

The majority of this report is quoted verbatim from the "Pribilof Island Transportation Study" prepared by Dames & Moore and the draft study entitled "Saint Paul Airport Study" prepared by John Wahl of the State Department of Transportation and Public Facilities.

#### A. Overview

The island of St. Paul is serviced by a 150' X 5,075'

scoria surfaced runway. The airport is located roughly 3.8 to 4 miles northeast of the city of St. Paul. The airport area is relatively flat and gently rises toward the north. The runway is oriented in a north-northeast, south-southwest direction.

The airfield was constructed by the military during World War II. The runway was initially constructed to a 3,250' length and 100' width. It was later lengthened and widened to 150' X 3,750' in 1950 and to its final 5,075' length in 1957. The embankments were formed by placing volcanic scoria directly over the ground after stripping the vegetation. The depth of the embankment varies from one foot to seven feet plus. The airport manager has stated that some areas of the embankment are soft and have been excavated over the years and the material replaced with scoria. The surface showed evidence of deep rutting in some areas. The scoria generally compacts to a tight uniform mass. Most of the material appears to have a maximum size of 3/4". The material is rounded and lacking in fines. No processed surfacing was placed on the runway, and as a consequence the surface is fairly loose. The surface is smooth and firm unless very wet. In very wet weather, the runway is incapable of supporting the weight of Reeve L-188 aircraft, although lighter aircraft are able to land

and take off.

A 240' X 330' parking apron is provided with a 60' X 260' connecting taxiway. The apron and taxiway, like the runway, were constructed from scoria and consist of an overlay of the existing ground. The northern part of the apron also has a 60' X 260' portland cement concrete pad. This area is used by aircraft for loading and unloading. A small garage type building is located on the southeast edge of the apron and is used for storing vehicles. The south portion of the apron is reserved for vehicles and has a temporary barrier separating it from the aircraft operating areas. Access is provided by a road which enters the apron at the southwest corner.

The FAA has installed a medium intensity runway lighting system at the airport. The runway lights consist of can mounted light fixtures with direct burial cable. Visual approach slope indicator (VADI) lights are installed on both runways (18-36). A medium approach light system (MARLS) is installed on runway 36. Runway end identifier lights (REIL) are installed on runway 18. A rotating beacon is located at the National Weather Service facility southeast of the airport. The runway lights are controlled from the National Weather Service building. The MARLS,

REIL and VASI lights are controlled by radio from the aircraft using the facility.

B. Service Provided

Scheduled commercial airline service is provided to St. Paul by Reeve Aleutian Airways. Reeve flies Lockheed L-188 turbo-prop aircraft from Cold Bay. All Reeve flights serving Cold Bay originate in Anchorage, which is designated an international and a regional center airport by the Alaska Department of Transportation and Public Facilities. Therefore, St. Paul is linked by passenger and freight service through Anchorage to all major airports in Alaska, the remainder of the United States, Western Europe and Asia.

The number of arriving and departing passengers in St. Paul is nearly identical; cargo traffic--freight plus mail--is nearly all inbound. A relatively small amount of mail goes outbound.

Maximum load capacity of L-188 service to St. Paul varies with weather. Load capacity is greater in winter months when the scoria-surfaced runway is frozen, resulting in better take-off and landing conditions to those present during spring and summer months, when the runway surface can be soft and wet due to snowmelt and rain. On the other hand,

passenger demand is high during summer months. Cargo demand remains fairly stable at an average of a little over 7,000 pounds per trip throughout the year; however, cargo capacity can reach 10,000 pounds during some summer trips.

Based on previous reports and a brief discussion with a pilot from Reeve Aleutian Airways(1), the present condition of the airport is inadequate for any large increase in usage demand; the existing runway is too short and too narrow, the electronic landing assisting equipment stops short of providing user air carriers adequate landing or take off data, and there are no passenger comfort oriented buildings."

(1) This description depicts the subject's condition prior to the city's and Exxon's upgrades.

HIGHEST AND BEST USE

Highest and Best Use is defined by the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers in a joint Real Estate Appraisal Terminology Handbook as follows:

"That reasonable and probable use that will support the highest present value as defined as of the effective date of the appraisal. Alternatively, that use from among reasonable, probable and legal alternative uses found to be physically possible, appropriately supported, financially feasible and results in the highest land value."

It is obvious that the City of St. Paul needs a runway as this is the only practical form of transportation through much of the year. The subject area is the logical area to locate a runway. However, in the opinion of the appraisers, there are a number of nearby areas in St. Paul that are suitable for a landing strip. As such, the particular area of the subject is not significantly better than a number of other acceptable alternatives.

Existing improvements, however, represent the subject's Highest and Best Use, as improved.

LAND VALUATION

There are a number of acceptable procedures that can be used when valuing land; the Market Data or Comparison Approach, the Land Abstraction Procedure, the Anticipated Use for Development Procedure, and the Land Residual Technique. St. Paul and St. George do not have an established real estate market. In fact, there is no "market" at all. The only transactions noted were three house sales in St. Paul. Due to the lack of sales in our subject area, we have conducted a sales search of western Alaska, specifically the coastal areas. Sales of unimproved properties in other remote areas are compared directly to the subject parcels, and adjusted for various inequalities on an item by item basis. Location, size, utilities, time of sale, topography and soil conditions are some of the major land characteristics which require adjustment. The parcels under appraisal may be valued on any number of measurement bases, i.e., price per square foot, price per front foot, price per acre, and price per unit buildable on site are typical. The most appropriate units of comparison will be applied to each parcel.

Analyses and Conclusions as to Land Value

In the appraisal of the subject landing strip, it should be noted that no sales of similar type landing strips in bush areas that service similar sized communities were located. As a result, the value of the airstrip can only be estimated indirectly.

Consultation with the State of Alaska Department of Transportation and Public Facilities, Division of Aviation Leasing, indicated that on most bush strips which are state-owned, the leasing policy for a minimal strip similar to the subject, which does not include guidance facilities or landing lights, is \$.02/SF for lands fronting and adjacent to the strip. The normal land lease rate in the State of Alaska is around 10% annually of fee value. Thus, capitalizing out the \$.02/SF would indicate a land value, in comparison, of approximately \$.20/SF, or \$8,712 per acre.

Recently, on the subject strip in St. Paul, the Aleut Corporation has leased from the TDX Corporation 7.44 acres of land for a helicopter port. This port has \$9 million worth of improvements including buildings and a helicopter pad. The Aleut Corporation in turn sub-leases these facilities to Exxon and ARCO. The original land lease began February 1984 and is for four years with three options to extend, at \$.50/SF per year plus one-third of the net profit from the leasing to Exxon and ARCO. Capitalized at a 10% rate, this translates to \$5.00/SF, or \$217,800 per acre.

The St. George Tanaq Corporation has also leased 5 acres adjacent to the St. George airstrip to the City of St. George. The date of lease is August 20, 1985 for a term of 5 months, with renewal options. Monthly lease payments are \$2,800, or \$33,600 annually. Capitalized at a 10% rate, this indicates a fee value of

\$1.54/SF.

Comparable Rural Land Sale No. 1 is a sale of 3,708 acres of land on St. George Island, approximately 45 miles away from the subject. This transaction between the St. George Tanaq Corporation and the federal government is very complicated. Without detailed analysis of land transfers over various periods of time, it amounts to approximately \$645 per acre and includes much of the wildlife cliff area and areas near the airport and the city. The price per acre in a cash transaction was \$645 for a total of \$2,392,000. This sale may or may not be representative of market value, according to Bret Coburn, Land Manager for St. George Tanaq Corporation.

The following is the general analysis we made of the downtown St. Paul industrial area lands.

#### LAND VALUATION

There are a number of acceptable procedures that can be used when valuing land; the Market Data or Comparison Approach, the Land Abstraction Procedure, the Anticipated Use for Development Procedure, and the Land Residual Technique. St. Paul and St. George do not have an established real estate market. In fact, there is no "market" at all. The only transactions noted were three house sales in St. Paul. Due to the lack of sales in our subject area, we have conducted a sales search of western Alaska, specifically the coastal areas. Sales of unimproved properties in other remote areas are compared directly to the subject

parcels, and adjusted for various inequalities on an item by item basis. Location, size, utilities, time of sale, topography and soil conditions are some of the major land characteristics which require adjustment. The parcels under appraisal may be valued on any number of measurement bases, i.e., price per square foot, price per front foot, price per acre, and price per unit buildable on site are typical. The most appropriate units of comparison will be applied to each parcel.

Analyses and Conclusions as to Land Value

After making a thorough sales search, we were unable to locate any relevant fair market land sales. This is due primarily to there being little privately held land available for sale. The majority of land in western Alaska is federally controlled or it is controlled by the local governing entities and Native corporations. Due to the limited sales data, our sales search was extended to Kodiak Island, the Aleutian chain and southwestern Alaska, encompassing the communities of Kodiak, Port Lions, Dillingham, Naknek, Dutch Harbor, Sand Point, King Cove, Perryville, Emmonak, Unalaska, and Morzhovoi village.

As with most rural Alaskan communities, land use patterns are not clearly defined due to a lack of zoning and relatively haphazard development. The cities of St. Paul and St. George tend to be an exception due to the original government planning and development typical of western Alaska. The comparable land sales are categorized according to their land use pattern. In most of the

comparable communities, there tends to be a clear distinction between residential and commercial/industrial land, but no clear distinction between industrial and commercial land, with the exception of waterfront industrial and commercial land sales, which tend to sell for a higher unit value.

After compiling the sales data, it was arrayed according to the communities that were larger and had the strongest economies to the communities that were smaller and had the least vigorous economies. As anticipated, the larger, more economically vigorous communities have the highest priced residential, commercial and industrial lands, and the smaller, less economically vigorous communities had the lowest priced lands.

Specific adjustments are nearly impossible to derive as they require sales in local markets. As a result, the appraisers are severely limited in the ability to analyze specific differences between the subject parcels and the comparable sales. The only possible exceptions appear to be waterfront commercial and industrial versus non-waterfront commercial and industrial; acreage land sales as compared to lot sales; and for the subject's full range of utilities. For example, when comparing Comparables No. 1 and 2, industrial waterfront sales in Kodiak to Comparables No. 1 and 2, industrial commercial upland sales, there appears to be a roughly 2 to 1 value ratio between waterfront and uplands. This is not an uncommon ratio. In adjusting for industrial and commercial acreage sales to lot

sales, there typically tends to be a 1 to 3 ratio. It has been the experience of the appraisers that where utilities do not have to be brought in other than electricity, raw acreage costs in rural Alaska typically are about .33 of the gross lot value. This ratio, of course, varies somewhat from area to area and in larger communities like Anchorage, it can be approximately 4 to 1. In rural recreational sites, it can be 2 to 1. But, for purposes of this analysis, a 3 to 1 ratio appears to be reasonable. In comparison, all the sales are adjusted to reflect the aforementioned when compared to subject lots.

The utility adjustments are somewhat more difficult to derive. The subject has a full range of utilities available which include sewer, water, electricity and telephone. In a number of cases, most of the comparable sales, especially the smaller more rural communities, do not have a full range of utilities. As an alternative, the costs of installing on-site utilities in many of these rural communities is the cost of a shallow well and septic system, or \$7,000 to \$8,000. Thus, in comparison to the subject, each sale without these utilities is adjusted upward \$8,000 per lot. In the case of acreage sales, it is adjusted upward approximately \$.37/SF assuming a typical half-acre lot size.

After making these adjustments, the sales data shows a much higher degree of correlation.

St. Paul is a larger community than many of the smaller villages located in the Aleutians. In addition it has a partially protected waterfront which makes it more suitable for future industrial and commercial development. As such, the best indicators of its market value are upland sales Comparables 4 through 7, the Dillingham, Sand Point and Unalaska sales. In comparison, the subject site tends to be slightly superior to the sales because it is located closer to the city center and is simply easier to develop. As such, the comparables probably represent the low end of the market. The Kodiak sales are in the City of Kodiak, which has an established, vigorous community and tends to represent the higher end of the market value range.

Sales Grid - Commercial and Industrial Oriented Upland Land Sales

Comparable No.	Location	Type	Date of Sale	Sales Price	Price/SF	Adjust to Lot Size	Adj for Utilities	Area Compared to Subject
1	Kodiak	commercial	3/84	\$ 67,440	\$6.00	\$6.00	\$6.00	superior
2	Kodiak	commercial	7/84	\$ 60,000	\$6.34	\$6.34	\$6.34	superior
3	Bethel	commercial	6/85	\$ 40,000	\$4.00	\$4.00	\$4.00	superior
4	Dillingham	commercial	10/81	\$ 75,000	\$ .56	\$1.93**	\$2.30	similar
5	Sand Point	comm & ind	10/83	\$275,000	\$ .35	\$1.05	\$1.42	similar
6	Sand Point	comm & ind	1/84	\$ 7,500	\$ .19	\$ .19	\$ .56	similar
7	Unalaska	industrial	4/84	\$ 40,000	\$ .55	\$ .55	\$ .92	similar
8	Chignik	comm & ind	7/84	\$ 2,788	\$ .10	\$ .10	\$ .47	inferior

\* per acre basis, \$ .18/SF

The aforementioned comparative industrial sales are not directly comparable to airport land and are only utilized as a general guideline. In valuing the downtown industrial area of St. Paul, the typical waterfront industrial market value was \$1.50/SF. This was based on the most similar sales arrayed according to the economic activity and strength of the community in question in comparison. The subject area generally lacks utilities and in the opinion of the appraisers, \$1.50/SF would be the upper limit of market value.

In conclusion, it is obvious that the data is inconclusive in that it gives an extremely wide range of value indications. The typical airport leasing at \$.02/sf indicated a market value of \$8,712/acre capitalized. The comparative lease of an adjacent lot to the airport from TDX to the Aleut Corporation indicated \$217,800/acre capitalized, and the lease by the city of St George at the airport indicated \$1.54/SF. Finally, the comparative industrial sales indicated a top value of \$1.50/SF, or \$65,340 per acre for industrial land in the St. Paul Harbor area. Thus, the correlation and conclusions as to land value are strictly a judgement call. One factor to consider, assuming an open market situation, is the principle of substitution. This is principle under which a willing buyer would not pay any more for a property than it would cost to buy an alternate property with similar utility. Under this scenario, it would be assumed that there are alternatives to the landing strip, or at least lands adjacent to the landing strip. This in itself is similar to the leasing

policies of the State of Alaska, Division of Aviation in that any bush strip serving similar sized communities in the Aleutian chain, southwestern and southcentral Alaska has land available, and usually more land than is actually leased at \$.02/SF or \$8,712/acre. The lease by TDX to the Aleut Corporation and Tanaq to St. George do not represent fair market transactions. They are actually one-shot deals in which all of the land is controlled by the Native corporations, and they can basically ask the price that they want. Plus, the existing airport facility is a special benefit to the leased properties. Under an open market situation as is assumed by the appraisers, the most representative land value would be the State leasing program at \$.02/SF capitalized at \$8,712/acre.

Based on the aforementioned, and the limited data available, a reasonable market value estimate for the subject strip and adjoining lands would be \$8,712/acre. Total indicated market value, as unfilled, is summarized as follows:

Area 87.29 acres @ \$8,700(rnd) per acre = \$759,423

SAY \$759,000

It should be noted that if ARCO and Exxon's present exploration for oil off the Aleutian chain and Pribilof Islands is successful, the potential market value of the subject strip and land surrounding it could increase dramatically. The preceding analysis assumes an open market situation in which the principle of substitution is in effect.

### Contributory Value of Filled Runway

We researched both St. George and St. Paul to estimate the contributory value of the filled runway. It appears the best information was from the St. George area. We contacted Allan Christopherson of Peratrovich, Nottingham and Drage, Inc. According to Mr. Christopherson, they are presently doing a considerable amount of engineering work on the new St. George airport. Recently, they obtained a bid to construct a bypass road around the St. George airport. According to him, this bid was from Brice Construction and amounted to \$10/cubic yard in place as of January, 1985. He stated that this did not include any royalties for the fill, which would have been supplied by the City of St. George. Assuming royalty for fill, he expected the price to be increased another \$.50 to \$1.00/cubic yard, say \$.75. Mobilization, permits and other factors would probably bring the total cost to \$11.25/cubic yard. Mr. Christopherson felt this was reasonably representative of the cost of the filled airport area. For estimating the fill value of the St. Paul airport, some parallels could be drawn from the St. George airport. In analyzing the St. George airport, Mr. Brice of Brice Construction estimated the airport to have between 120,000 and 130,000 cubic yards of fill. say 125,000 cubic yards. To that he said we should add another \$20,000 for culverts. The St. George airport is 3,900 feet in total length and the filled runway area probably averages, including the tapering at the ends of the strip to 60 feet, about 80 feet in width. Total filled surface area would be