

LEGISLATIVE FINANCE-HOUSE / SENATE FINANCE COMM. FILES 8879

SB 180 - SB 186 633 224

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SENATE FINANCE COMMITTEE REPORT

DATE: 2/16/90

FURTHER:

DATE TURNED INTO OFFICE: 3/30/90

The Finance Committee considered SB 180

Exemptions from the motor fuel tax, and extending the exemption from the requirements of obtaining a certificate of use to fuel used to heat commercial premises; efd.

and recommended:

- [x] replace with CS SB 180 (Finance)
[] or adopt CS
[] attached amendment(s)
[] letter of intent adopted
[] same title
[x] new title
[] technical title change (HB only)

[x] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

[x] fiscal note(s) Dept/Date: DOR 3/29/90 25.0

[] fiscal note(s) Dept/Date:

[] zero fiscal note(s)

[] zero fiscal note(s)

[] appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Handwritten signatures for 'SIGNING DO PASS' including names like 'Peace' and 'Paul'.

Handwritten signatures and notes for 'OTHER RECOMMENDATIONS' including 'No Rec'.

1. [Signature] No Rec. -- 2.

740 JFC 3-30-90

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: CS SB 180 (Finance)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: Motor Fuel Tax and its
exemptions
Sponsor: Senator Coghill
Requestor: Finance

Agency Affected: Revenue
BRU: Income & Excise Audit
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	25.0	25.0	25.0	25.0	25.0	25.0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	25.0	25.0	25.0	25.0	25.0	25.0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	25.0	25.0	25.0	25.0	25.0	25.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	25.0	25.0	25.0	25.0	25.0	25.0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320
Division: Income and Excise Audit Date: March 29, 1990

Approved by Commissioner: Hugh Malone *Hugh Malone* Date: March 29, 1990
Agency: Department of Revenue

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

CS SB 180
Analysis
March 29, 1990

Introduction

The Department supports this compromise legislation provided additional resources are granted to ensure that compliance with the motor fuel tax law is not diminished. The \$25,000 fiscal note is for increased field audit efforts on a regional basis to ensure strong compliance with the new law.

Problem

The problem this legislation addresses is the alleged burdensome requirements placed upon heating fuel dealers to obtain a signed statement from their heating fuel customers each year that the fuel is to be used for heating purposes only and not converted to a taxable use. This statement, a certificate of use form developed by the Department has been required by law and regulation since the early 80's.

Present Law

Under present law, if a dealer sells fuel "tax off" to a customer, the dealer must receive a signed certificate of use from the customers stating the intended tax exempt use. The certificates are to be obtained annually from the customer and kept on file by the dealer. The dealer cannot be held liable for the tax if the customer converts the untaxed fuel to a taxable use.

Amendments

Section 1, paragraph (a), states that if a dealer fails to obtain a certificate of use for fuel that is subsequently used in a taxable manner, the dealer must pay the tax and a failure to timely pay penalty, regardless of whether the dealer made a good faith effort (reasonable belief) to determine whether the fuel sold was to be used in a tax exempt manner.

Paragraphs (b) and (c) restates current law, except for referencing the new provisions in (d)

Paragraph (d) provides

- 1) a certificate of use is not required to be obtained by a dealer for sales of fuel to stationary power plants (new law), fuel that is 10% alcohol by volume (existing law) or other fuel determined by the department by regulation to be exempt (existing law);

- 2) that a certificate of use is not required for the sale of heating fuel to heat private or commercial buildings, but requires a certificate of use to be on file for heating fuel sold to businesses engaged in construction and mining activity (new law).

Adopted
by SF
3/29/90
U-0011J
— SF

Original sponsor(s): SEN. COGHILL, Frank

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 180 (Finance)

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 motor fuel tax and its ex-
7 emptions; and providing for an effective date."

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

9 * Section 1. AS 43.40 is amended by adding a new section to read:

10 Sec. 43.40.015. EXEMPTION FROM COLLECTION OF TAX. (a) A dealer
11 who has a reasonable belief at the time of sale or transfer that fuel
12 that is sold or transferred is not to be used as motor fuel need not
13 collect the motor fuel tax. However, as to fuel for which the tax was
14 not collected and for which a certificate of use was not obtained, if
15 the department determines that the fuel was put to a use that is
16 taxable under this chapter, the dealer is liable for the tax and
17 subject to a civil penalty under AS 43.05.220(a) whether or not the
18 dealer's belief that the fuel sold or transferred would not be used as
19 motor fuel was reasonable.

20 (b) Except for sale or transfer of fuel under (d) of this sec-
21 tion, if the motor fuel tax is not collected, the dealer shall obtain
22 a certificate of use from the buyer or transferee at the time of the
23 first sale or transfer of the fuel stating that the fuel that has been
24 or will be purchased or received is not intended for use as motor
25 fuel. The form of the certificate of use shall be prescribed by the
26 department by regulation. The department may not collect the motor
27 fuel tax from a dealer for fuel for which a certificate of use has
28 been properly obtained under this subsection.

29 (c) A certificate of use must be renewed annually for exemptions

1 listed under AS 43.40.100(2).

2 (d) A certificate of use is not required

3 (1) for fuel exempted under AS 43.40.100(2)(C), (F), or
4 (K); and

5 (2) for fuel exempted under AS 43.40.100(2)(J) other than
6 fuel sold or transferred under this exemption to a person who is
7 engaged in construction or mining activity.

8 * Sec. 2. AS 43.40.035(a) is amended to read:

9 (a) A person who resells fuel on which the tax under AS 43.40.-
10 010(a) or (b) was previously paid is entitled to a credit or refund of
11 the tax if (1) the resold fuel is not motor fuel and the requirements
12 of AS 43.40.015 [AS 43.40.010(1)] have been fulfilled; or (2) the
13 amount of tax previously paid exceeds the tax due on the resale. The
14 amount of the credit or refund under this section is equal to the
15 amount of tax previously paid on the resold fuel less the amount of
16 tax prescribed by AS 43.40.010(a) or (b).

17 * Sec. 3. AS 43.40.010(1) is repealed.

18 * Sec. 4. This Act takes effect July 1, 1990.
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Senator John B. (Jack) Coghill

Alaska State Legislature

Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0862



MEMORANDUM

DATE: March 27, 1990

TO: Senator Rick Uehling
Senate Finance Committee Co-Chair

Senator John Binkley
Senate Finance Committee Co-Chair

FROM: Senator Jack Coghill

SUBJECT: CS SB 180; An Act relating to the motor fuel tax and its exemptions ETC; and providing for an effective date.

BILL SUMMARY

This bill proposes to allow tax collection exemptions to fuel dealers "who have a reasonable belief at the time of sale or transfer that fuel that is sold or transferred is not to be used as motor fuel need not collect the motor fuel tax." A certificate of use, verifying the nontaxable use is required for all uses except, fuel used in stationary power plants (AS 43.40.100(2)(C)), fuel which is at least 10% alcohol (AS 43.40.100(2)(F)), heating fuel for private and commercial building or facilities (AS 43.40.100(2)(J)) or fuels for nontaxable purposes prescribed by regulation.

FISCAL IMPACT

The Department of Revenue has indicated this bill has ZERO fiscal impact.

ABOUT THE BILL

The bill is supported by fuel distributors because it will reduce the amount of paper work they are required to file with the department.

We have been working closely with Representative Sharp, who first introduced this legislation on the House side.

It has come to our attention that House Finance Committee will be adopting a Committee Substitute, we have taken the liberty to attach a blank Senate CS to this memorandum. We have contacted several distributors who have been following this legislation and

March 27, 1990

they continue to strongly support the attached blank CS for CS SB 180.

The blank CS for SB 180 addresses several concerns the Department of Revenue has repeatedly expressed in committee hearings in the House recently.

Changes, besides the drafting format and the simpler title, included in the blank CS are:

1) In Section 43.40.015(a), a sentence has been added, beginning on line 13 with the word "However." This sentence spells out what fuel distributors are already responsible for under AS 43.05, and it makes no change to the liability distributors operate under. The department of revenue recommends this change, and we join the fuel suppliers in concurring.

2) In Section 43.40.015(d)(2), we have disallowed the annual certificate of use filing exemption for construction and mining activity, because of the mobile nature of these operations. This is also jointly supported by us, the department, and the suppliers.

RECOMMENDATION

I recommend that the committee adopt the attached blank CS, as a Finance Committee Substitute, and pass the bill from committee with do pass recommendations.

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STEVE COWPER, GOVERNOR

REPLY TO:

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501-1994
PHONE (907) 276-3550

1st NATIONAL CENTER
100 CUSHMAN ST
SUITE 400
FAIRBANKS, ALASKA 99701-4679

P O BOX K—STATE CAPITOL
JUNEAU, ALASKA 99811-0300
PHONE (907) 465-3600

February 22, 1990

Hon. Bert Sharp
House of Representatives
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Re: Department of Revenue amendment
of 15 AAC 40.030, motor fuel tax
regulation
(Our file 993-90-0043)

Dear Rep. Sharp:

Thank you for your February 9, 1990 memo on this subject. On February 7, 1990, the regulation at issue was approved by this department and submitted to the lieutenant governor.

You are correct that a regulation may not be in conflict with a statute. I.e., a regulation that is inconsistent with a statute is invalid. You are also correct that the recently amended version of 15 AAC 40.030(c) (copy of final enclosed) is, in part, invalid. I mistakenly approved it for the Department of Law, and am now expressly withdrawing that approval (see enclosed memo of this date to the lieutenant governor).

The statute you cite -- AS 43.40.010(1) -- says in relevant part:

A certificate of use is not required for fuel for any domestic purpose in a single or multiple unit private dwelling, including mobile homes, or for fuel which is at least 10 percent alcohol by volume. An annual certificate of use is required for all other exemptions listed under AS 43.40.100(2), except [that] certificate of use needs under AS 43.40.100(2)(K) will be determined by the department.

Hon. Bert Sharp
Alaska House of Representatives
Our file 993-90-0043

February 22, 1990
Page 2

(Emphasis added and the missing "that" in front of "certificate" in the third line from the bottom added.)

Your memo quoted only the first seven words of that second sentence -- "An annual certificate of use is required." However, these two sentences set out three different types of exemptions from the annual certificate requirement: (1) fuel for domestic purposes, (2) fuel that is at least 10 percent alcohol, and (3) needs determined by the department under AS 43.40.100(2)(K).

After listing exemptions from the definition of "motor fuel," AS 43.40.100(2)(K) adds "fuel used for other nontaxable purposes as prescribed by regulations adopted by the department." Implementing that statute, the Department of Revenue has adopted 15 AAC 40.020(c), which lists exemptions. Paragraph (5) of that subsection's list exempts from AS 43.40.010 -- 43.40.100 "fuel sold exclusively for use for heating commercial buildings and facilities" (essentially repeating AS 43.40.100(2)(J)).

The defect in 15 AAC 40.030(c) lies in its paragraph (2), which would relieve dealers from the requirement for an annual certificate of use for fuel used for heating commercial buildings and facilities. Since that kind of fuel is exempted from the definition of "motor fuel" by AS 43.40.100(2)(J), it is not one of those exempted from the annual certificate-of-use requirement by AS 43.40.010(1). As quoted above, this latter statute exempts from the annual requirement those determined by the department under AS 43.40.100(2)(K). Thus, under the statutes, this type of fuel is one for which an annual certificate is required and is not within the exemption authority of the department. This conclusion also renders the first amendment of 15 AAC 40.030(a) (i.e., the addition of "or (c)") meaningless, so its approval is also being withdrawn.

The second point in your memo mentions fuel dealers' concern about "(c)(2) of the proposed regulation changes." They told you that "this change would place greater compliance burdens on fuel dealers. . . ." I do not see how that could be the case. That paragraph of the proposed amended regulation attached to your memo is virtually identical to 15 AAC 40.030(c) as it existed before the recent amendment. (The provision is identified as 15 AAC 40.030(c)(1) in the final version, enclosed.) A copy of the pre-amendment version that is still on the books is also enclosed for your convenience.

Therefore, as to your first point, we believe that part of the amended 15 AAC 40.030(c) is invalid, and I am withdrawing

Hon. Bert Sharp
Alaska House of Representatives
Our file 993-90-0043

February 22, 1990
Page 3

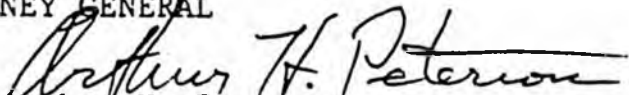
the Department of Law's February 7, 1990 approval of it. The amended regulation has not yet been published in the Alaska Administrative Code. As to your second point, there must have been some misunderstanding on the part of the fuel dealers who contacted you. Their comment simply is not correct.

If you should have any question about this matter, please feel free to contact Assistant Attorney General Jeff Bush or me.

Yours truly,

DOUGLAS B. BAILY
ATTORNEY GENERAL

By:


Arthur H. Peterson
Assistant Attorney General
and Regulations Attorney

AHP:ahp

cc w/enc.: Hon. Hugh Malone, Commr.
Department of Revenue

Jeff Bush, Asst. Atty. Genl.
Juneau

15 AAC 40.030(a) is amended to read:

(a) Except as provided by (b) ~~or (c)~~ of this section, a dealer or fuel reseller who sells or transfers fuel that is exempt under 15 AAC 40.020(c) shall obtain a certificate of use from the buyer or transferee at the time of the first sale in each calendar year, stating that the fuel that is purchased or received is not intended for use as motor fuel subject to tax under AS 43.40.010. A dealer or fuel reseller must use a certificate-of-use form prescribed by the department. ~~(Eff. 7/19/82, Register 83; am 11/14/82, Register 84; am 8/12/84, Register 91; am 1/19/86, Register 97; am / / , Register)~~

~~Authority: AS 43.05.080
AS 43.40.010
AS 43.40.035
AS 43.40.050
AS 43.40.085
AS 43.40.100~~

15 AAC 40.030(c) is amended to read:

(c) With respect to an exemption under 15 AAC 40.020(c)(5),

(1) the certificate of use must itemize and show the location of each tank or other facility that stores fuel used exclusively for heating commercial buildings and facilities;

(2) the certificate of use obtained upon the first sale need not be renewed annually unless the location of a tank or other facility that stores heating fuel is changed, or the intended use of any fuel stored in the tanks or facility is changed to another exempt use under 15 AAC 40.020. (Eff. 7/19/82, Register 83; am 11/14/82, Register 84; am 8/12/84, Register 91; am 1/19/86, Register 97; am / / , Register)

Authority: AS 43.05.080
AS 43.40.010
AS 43.40.035
AS 43.40.050
AS 43.40.085
AS 43.40.100

MEMORANDUM

State of Alaska
Department of Law

TO Stephen McAlpine
Lieutenant Governor

DATE February 22, 1990

FILE NO 993-90-0043

TEL NO 465-3600

SUBJECT Withdrawal of approval of
15 AAC 40.030(c)(2) --
certificate-of-use
requirements for certain
fuel exempt from fuel tax

FROM


Arthur H. Peterson
Assistant Attorney General
and Regulations Attorney

On February 7, 1990, the Department of Law approved 15 AAC 40.030(c)(2), along with certain other amendments of the motor fuel tax regulations by the Department of Revenue. I was in error in issuing that approval. See AS 43.40.010(1) and 43.40.100(2)(J) and (K).

Therefore, I am withdrawing that approval. Please instruct your staff to note in the margin next to that paragraph "Disapproved per AHP, 2/22/90" and then initial the note. This should be done before that regulation is sent to The Michie Company for publication in the next Alaska Administrative Register. If it has already been sent, Michie must be instructed not to print that paragraph.

In conjunction with that disapproval, it will be necessary to delete the paragraph (1) designation for the material following the lead-in line of 15 AAC 40.030(c) and preceding the disapproved paragraph (2). What was paragraph (1) should simply follow the lead-in language without a paragraph break. In addition, the new reference in 15 AAC 40.030(a) to "or (c)" must be deleted.

The error was brought to my attention by Representative Bert Sharp, and I have replied to him in a relatively detailed letter today.

AHP:ahp

cc: Hon. Bert Sharp
Alaska House of Representatives

Hon. Hugh Malone, Comr.
Department of Revenue

Jeffrey W. Bush
Assistant Attorney General
Juneau

Alaska State Legislature

REPRESENTATIVE
BERT SHARP

DISTRICT 2C

COMMITTEE
RESOURCE

FINANCE SUBCOMMITTEE
DEPARTMENT OF NATURAL RESOURCES



FAIRBANKS
115 N CUSHMAN
FAIRBANKS ALASKA 99701
(907) 452-7885 / 7886

WHILE IN JUNEAU
PO BOX V
STATE CAPITOL
JUNEAU ALASKA 99911
(907) 465-3004 / 3018

House of Representatives

MEMORANDUM

TO: Arthur H. Peterson, Assistant Attorney General
FROM: Representative Bert Sharp *BMS*
DATE: February 9, 1990
SUBJ: Proposed regulation changes to 15 AAC 40.030

It is my understanding that the proposed regulation changes to 15 AAC 40.030, Certificate Requirements for Certain Sales, are awaiting regulatory review and approval by the Attorney General's Office. (A copy is attached for your convenience).

These changes were drafted after legislation was introduced in response to requests from fuel distributors to do away with the certificate of use requirement presently in statute (A.S. 43.40.015). There are a couple of areas of concern that I bring to your attention regarding to the proposed regulation changes.

First, the amendment as proposed in (c) is in direct conflict with current law. Alaska Statute 43.40.010(1) states that "an annual certificate of use is required..." and that the dealer "shall retain a copy of each certificate...". (Emphasis added). The proposed amendment states: (c)(1) "the certificate of use obtained upon the first sale need not be renewed annually...". (Emphasis added). I do not believe that a department can propose



REPRESENTING
GOLDEN HEART
OF ALASKA

Arthur H. Peterson
February 9, 1990
Page 2

regulations which are in conflict with specific sections of an existing law.

Secondly, many of the fuel dealers have expressed their concern with (c)(2) of the proposed regulation changes. They tell me that this change would place greater compliance burdens on fuel dealers than which they are currently subject. In some instances where fuel is delivered to bush communities, Section (2) would be virtually impossible to comply with, and would thus subject fuel dealers and consumers to needless penalties.

I request that these concerns be taken into consideration and, because of these concerns, believe HB183 provides the best solution for all concerned.



HALLIBURTON SERVICES

J. D. GIVENS
DISTRICT MANAGER

6900 ARCTIC BLVD.
ANCHORAGE, ALASKA 99518
PHONE NUMBER: 207-7111

February 21, 1990

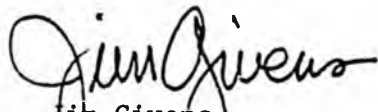
The Honorable John B. "Jack" Coghill
The State Senate
Room 30 - Capital
P. O. Box V
Juneau, Alaska 99811

Dear Sir:

I would like to say that I fully support your Bill (SB-180) to stop the unnecessary certification work. It is a needed change and one that will help improve doing business in Alaska.

If I can be of any assistance with this matter, please advise.

Respectfully,


Jim Givens
Alaska District Manager

JG:am





P.O. BOX 1947, SITKA, ALASKA 99835
PHONE (907) 747-8460

February 5, 1990

Representative Bert Sharp
P.O. Box V
Juneau, Ak.

RE: HB-183, SB-180

Dear Representative Sharp:

As a fuel dealer, we support your effort to exempt fuel dealers from obtaining a certificate of use for fuel sold to heat commercial buildings.

Heating fuel sales are exempt from fuel tax by statute, yet the regulation appears to require that exempt certificates, which are intended to exempt certain sales of taxable fuels, be obtained annually and maintained in seller's files. This requirement creates a tremendous administrative burden on fuel dealers. We should only be required to obtain a certificate of use if we have a doubt about what the customer will use the fuel for.

HB-183 and SB-180 will eliminate a large portion of the cost of the certificate of use program with no reduction in fuel tax collection.

We appreciate your consideration in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Don Brown".

Don Brown
President

P.C. Jack Coghill
Dick Eliason



MAPCO ALASKA PETROLEUM INC.

A. L. Buki Wright, Jr.
VICE PRESIDENT — ALASKA
(907) 452-5318

January 22, 1990

Senator Jack Coghill
P.O. Box V
Juneau, AK 99811

Dear Senator Coghill:

I fully support SB 180, exempting fuel dealers from obtaining a certificate of use for fuel oil sold to heat commercial facilities. Under SB 180, dealers would be relieved of the burden of collecting numerous certificates of use for sales which are obviously nontaxable. However, the use of certificates, for sales they feel are potentially taxable, would be preserved.

At the present time, fuel dealers are not required to charge the motor fuel tax for fuel sold to heat commercial or private facilities. A certificate of use must be obtained, however, for fuel sold to heat commercial buildings. That certificate is signed by the customer certifying that he is using the fuel for a tax exempt purpose.

Under AS 43.40.010(1), motor fuel tax does not have to be collected if a dealer believes at the time of the sale that the fuel will not be used for a taxable purpose. A dealer will usually know, by sight, how the purchaser will use the fuel.

Heating fuel is exempt from motor fuel tax and should also be exempt from the requirements of the certificate of use. If a dealer has doubts about the use of the fuel, he will obtain a certificate of use for protection against the liability of paying tax at a later date.

Sincerely

A.L. Buki Wright, Jr.



PO Box 268
Juneau, Alaska 99760
907-586-5476

January 22, 1990

Senator Jack Coghill
PO Box V, Room 30C
Juneau, Alaska 99811

Dear Senator Coghill:

We would like to take this opportunity to express our support for SB180 exempting fuel oil dealers from obtaining a Certificate of Use for fuel oil sold to heat commercial facilities.

As it stands now, motor fuel tax need not be collected if a dealer has reasonable belief that at the time of the sale the fuel is not to be used for taxable purposes. Since heating fuel is exempt from the motor fuel tax, it should also be exempt from the requirements of the Certificate of Use.

SB180 would relieve fuel oil dealers of the burden of collecting Certificates of Use for those sales which are obviously untaxable.

We hope you will support this piece of legislation.

Sincerely,

Dean Ojala
Dean Ojala
Terminal Manager

DO/abh

Express FUELS

•• A DIVISION OF MARCO ALASKA PETROLEUM

January 22, 1990

Senator Jack Coghill
PO Box V, Room 30C
Junuea, Alaska 99811

Dear Senator Coghill:

We would like to let you know of our support for SB #180, concerning Certificates of Use for heating oil sold to heat commercial facilities.

As you already know, motor fuel tax is not collected on heating oil if it is not to be used for taxable purposes. This is based upon the dealers belief of what the fuel will be used for. In almost every case, a dealer will know by sight what the purchaser will use the fuel for.

Therefore, we believe that fuel oil dealers should only be required to obtain a Certificate of Use if there is a doubt as to what the fuel will be used for.

SB #180 would relieve the dealers of the burden of collecting Certificates of Use for those sales which are obviously untaxable, yet would preserve the use of the Certificates for those sales which we feel could be potentially taxable.

We hope you will support this piece of legislation.

Sincerely,

Charlie Croan
Charlie Croan, *for*
Operations Manager

CC/abh

A/B

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SB 180
PUBLISH DATE: 2/16/90

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to the
exemptions from the motor fuel tax
Sponsor: Coghill and Frank
Requestor: Transportation and Finance

Agency Affected: Revenue
BRU: Income & Excise Audit
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: See attached.

Prepared By: Steven E. Kettel
Division: Income and Excise Audit

Phone: (907) 465-2320
Date: February 21, 1989

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: February 21, 1989

Distribution (by preparer):

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

ANALYSIS

Section 1 of the bill amends AS 43.40 by adding a new section to generally provide that a dealer is not required to collect the motor fuel tax if a certificate of use is obtained from the buyer representing that the fuel is not for use as motor fuel. The certificate of use prohibits the department from trying to collect from the dealer in the event the fuel was taxable motor fuel.

The bill also provides that certificates of use need not be obtained in certain instances. A certificate of use need not be obtained by a dealer for fuel which is at least 10% alcohol, for fuel used to heat private or commercial buildings or facilities, and for fuel used for nontaxable purposes as determined by the department in regulations. A dealer only needs a reasonable belief that the fuel is not to be used as motor fuel in order to sell the motor fuel without collecting the tax. Reasonable belief is not defined.

The amendment essentially follows current law with one major exception. Current law provides that a certificate of use is not required for fuel for any domestic purpose in a single or multiple unit private dwelling or for fuel which is at least 10% alcohol. Therefore, the amendment extends the exemption from obtaining the certificate of use to all fuel for heating purposes.

Section 2 amends AS 43.40.035(a). This provision gives a credit or refund to a person who resells fuel previously taxed that is not motor fuel. The amendment will allow a dealer to obtain a refund of any taxes paid on fuel for which he has obtained a certificate of use or possesses a reasonable belief that the fuel is not to be used as motor fuel.

Section 3 repeals AS 43.40.010(1). The repealed section previously provided instances where the dealer was not required to obtain certificates of use.

Section 4 provides for a July 1, 1989 effective date.

This fiscal note did not accompany the bill into committee.

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: SB 180

PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: February 2, 1990
Title: An act relating to the exemptions from the motor fuel tax
Sponsor: Coghill and Frank
Requestor: Transportation and Finance

Agency Affected: Revenue
BRU: Income & Excise Audit
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	88-440.0	88-440.0	88-440.0	88-440.0	88-440.0	88-440.0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: See attached.

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320
Division: Income and Excise Audit Date: February 2, 1990

Approved by Commissioner: Hugh Malone *Hugh Malone* Date: February 2, 1990
Agency: Department of Revenue

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

SB 180
February 2, 1990
Prepared by Income
and Excise Audit Division
Department of Revenue

Analysis

Section 1 of the bill amends AS 43.40 by adding a new section to generally provide that a dealer is not required to collect the motor fuel tax if a certificate of use is obtained from the buyer representing that the fuel is not for use as motor fuel. The certificate of use prohibits the department from trying to collect from the dealer in the event the fuel was taxable motor fuel. Paragraphs (a) and (b) are identical to AS 43.40.010(1) which is repealed in Section 3 of the bill.

Paragraph (c) provides that certificates of use need not be obtained in certain instances. A certificate of use need not be obtained by a dealer for fuel which is at least 10% alcohol, for fuel used to heat private or commercial buildings or facilities, and for fuel used for nontaxable purposes as determined by the department in regulations. A dealer only needs a reasonable belief that the fuel is not to be used as motor fuel in order to sell the motor fuel without collecting the tax. Reasonable belief is not defined.

The amendment essentially follows current law with one major exception. Current law provides that a certificate of use is not required for fuel for any domestic purpose in a single or multiple unit private dwelling or for fuel which is at least 10% alcohol. Therefore, the amendment extends the exemption from obtaining the certificate of use to all fuel for heating purposes.

Section 2 amends AS 43.40.035(a). This provision gives a credit or refund to a person who resells fuel previously taxed that is not motor fuel. The amendment will allow a dealer to obtain a refund of any taxes paid on fuel for which he has obtained a certificate of use or possesses a reasonable belief that the fuel is not be used as motor fuel.

Section 4 provides for a July 1, 1989 effective date which needs to be updated.

Comment

Prior to 1982, dealers were not required to collect motor fuel tax if they had a reasonable belief the fuel was to be used in a tax-free manner. Several dealers failed to collect tax in situations which the department and eventually the court held the dealer did not exercise reasonable care in determining whether tax should be collected. These decisions left dealers unprotected against customers that told a dealer they qualified to purchase fuel tax off yet used the fuel for a taxable purpose. To protect dealers, the certificate of use provisions were added to statutes in 1982. Dealers were no longer required to use their

SB 180
February 2, 1990
Prepared by Income
and Excise Audit Division
Department of Revenue

independent judgment to determine a sales taxability. By obtaining a certificate of use from their customer, the dealer effectively transferred responsibility for collection of the tax to the customer. This provision also assisted the Department in increasing compliance with the motor fuel tax law. Customers were not as willing to sign a statement under perjury that the fuel was to be used in a tax-exempt manner as they were in orally communicating it to the dealer.

In recent days heating fuel distributors in the interior have become reluctant to obtain certificates of use from their commercial heating fuel customers. It at times is an arduous task and in their minds a lot of unnecessary paperwork. The Department addressed the situation in 1989 with regulations which eased the certificate of use reporting burden. Under new rules, dealers were only required to obtain a certificate with the first purchase of heating fuel made by a customer. So long as that customer's operation did not change, i.e., the fuel continued to be used for heating purposes, additional certificates of use are not required to be obtained. The department believes the regulations have adequately responded to the dealers needs and that the bill will take us back to the problems we faced prior to 1982.

Fiscal Impact

Statewide, approximately 110 million gallons of tax exempt heating fuel are sold annually. It is unknown how much of this fuel may actually be converted to taxable use without the state receiving the revenues. We anticipate that between 0-5% of heating fuel may be converted to taxable use if the bill passes. Assuming that the majority of it is consumed in diesel engines on highway, the potential tax loss would be \$88,000 per 1% leakage.

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SENATE COMMITTEE REPORT

FURTHER

4/7/89
Mr. President:
FINANCE

DATE TURNED INTO OFFICE 4/19/89

Committee considered SB 182

state Board of Education

and recommended

replace with _____ CS SB 182 (FIN)) same title
 or adopt _____ CS _____) new title
 attached amendment(s) and technical title change (HB only)
 _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Paul Smith
Paul Smith
Paul Smith

Paul Smith - No Rec.
Paul Smith - No Rec.

Paul Smith (No Rec)
Chairman signature and recommendation

Committee Backup attached

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Relating to the State Board of Education
 Sponsor: Senate HESS
 Requestor: Senate HESS

Agency Affected: Education
 BRU: Executive Administration
 Components: Executive Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Changes in CS(Fin) have no fiscal impact. This fiscal note is appropriate. 4/19/89 *eh*

Prepared by: Mary Hakala Phone: 465-2800
 Division: Commissioner's Office Date: 3/7/89
 Approved by Commissioner: William G. Demmert Date: 3/7/89
 Agency: Education

Distribution (by preparer):

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

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSSB 182 (HESS)

4/18/89
BY FISCHER

4/19/89
Adopted

Page 1, line 6:

Title Change
CSSB 182 (Finance)

Delete "relating to the state Board of Education"

Insert "increasing the membership of the state Board of Education to nine members, specifying qualifications, representation, and terms of office for board members, and establishing a quorum for board action"

Original sponsor: Fischer

1 IN THE SENATE

Finance
BY THE ~~HEALTH, EDUCATION AND~~
~~SOCIAL SERVICES~~ COMMITTEE

2

CS FOR SENATE BILL NO. 182 (*Fix* ~~HESS~~)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: *See title change* "~~An Act relating to the state Board of Education.~~"

7

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

8

* Section 1. AS 14.07.075 is amended to read:

9

Sec. 14.07.075. CREATION. There is created at the head of the

10

Department of Education a Board of Education consisting of nine [SEV-

11

EN] members.

12

* Sec. 2. AS 14.07.085(a) is amended to read:

13

(a) The nine [SEVEN] members of the board [, NO MORE THAN FOUR

14

OF WHOM SHALL BE MEMBERS OF THE SAME POLITICAL PARTY AS THE GOVERNOR,]

15

shall be appointed by the governor, subject to confirmation by a

16

majority of the members of the legislature in joint session. Not more

17

than four of the seven members of the board appointed to a term of

18

five years or to fill a vacancy in a term of five years may be from

19

the same political party as the governor. In appointing board mem-

20

bers, the governor shall consider recommendations made by recognized

21

educational associations in the state.

22

* Sec. 3. AS 14.07.085(b) is amended to read:

23

(b) One member shall be appointed from each of the four judicial

24

districts and five [THREE] from the state at large. At [WITH AT]

25

least one member shall represent [REPRESENTING] regional educational

26

attendance areas and at least one member shall represent military

27

reservation schools. One member shall be a student in a public high

28

school in the state. The representative of the military reservation

29

schools and the student member may be reappointed for successive

1 terms, if they remain qualified for appointment to the board.

2 * Sec. 4. AS 14.07.095 is amended to read:

3 Sec. 14.07.095. TERM OF OFFICE. Except for the representative
4 of the military reservation schools and the student member, who shall
5 be appointed for one-year terms, the [THE] members of the board shall
6 be appointed for overlapping five-year terms. The terms of members
7 commence [COMMENCING] February 1 of the year of appointment. A member
8 appointed to fill a vacancy serves for the unexpired term of the
9 member whose vacancy is filled. A vacancy occurring during a term of
10 office is filled in the same manner as the original appointment.

11 * Sec. 5. AS 14.07.105(a) is amended to read:

12 (a) Five [FOUR] members constitute a quorum.

13 * Sec. 6. AS 39.05.100(a) is amended to read:

14 (a) A person appointed to a board or commission of the state
15 government shall be and have been before the last general election,
16 (1) a registered voter in the state, if the appointment is made at
17 large or (2) a registered voter from the judicial district, if the
18 appointment is made from a specific judicial district. The student
19 member of the Board of Education appointed under AS 14.07.085, the
20 student member of the Board of Regents of the University of Alaska
21 appointed under AS 14.40.150(b), and the student member of the Alaska
22 Commission on Postsecondary Education appointed under AS 14.42.015(e)
23 are exempt from the requirement of this subsection if the member was
24 not old enough to be a registered voter in the last general election.

Alaska State Legislature

Senator Paul Fischer
Senate District D
Box 784
Soldotna, Alaska 99669
(907) 262-9420 W
262-9269



While in Juneau
P.O. Box V
Juneau, Alaska 99811
(907) 465-3791

State Senate

M E M O R A N D U M

4/6/89

TO: Senator Rick Uehling and Senator John Binkley,
Co-Chairmen, Senate Finance Committee.

From: Senator Paul Fischer

RE: SB 182 Increase the size of the Alaska State Board of
Education.

SB 182 if enacted into law, would increase the size of the Alaska State Board of Education. This bill would allow for the voting membership of both a student and military member on the board.

This bill has the support of the Alaska Association of School Governments, and the State Board of Education has twice voted unanimously to support legislation putting a voting Student and Military member on the board.

I urge your favorable consideration of this bill, and respectfully request that it be considered for a hearing.

Thank you.



Alaska Association of School Governments

**A RESOLUTION BY THE
ALASKA ASSOCIATION OF SCHOOL GOVERNMENTS
IN SUPPORT OF A VOTING STUDENT MEMBER ON THE
STATE BOARD OF EDUCATION**

WHEREAS, current Alaska statute stipulates that a student member of the Alaska Association of School Governments serve on the Alaska State Board of Education in an advisory capacity; and,

WHEREAS, past experience has shown that the student advisory members possess sufficient levels of maturity and competence to handle the responsibility of voting; and,

WHEREAS, policies effected by the Alaska State Board of Education have a large and direct impact on the student population; and,

WHEREAS, students are aware of problems and situations in the educational system that adults may not immediately be cognizant of; and,

WHEREAS, other states, including California, Massachusetts, and Maryland, have had favorable results with having a voting student member on their State Boards of Education; and,

WHEREAS, the State Board of Education has twice voted unanimously to support legislation putting a voting Student and Military member on the Board;

THEREFORE, BE IT RESOLVED, that the Alaska Association of School Governments supports and encourages legislation (i.e. Senate Bill 182) to increase the size of the Alaska State Board of Education by a member, establishing the Student Advisory Member as a full voting member.



STEVE COWPER, GOVERNOR

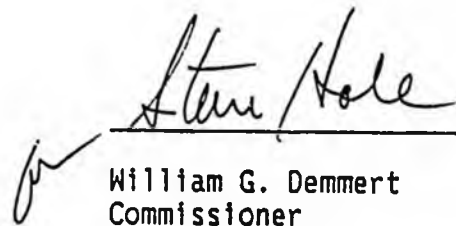
DEPARTMENT OF EDUCATION

GOLDBELT PLACE
801 WEST 10TH STREET
P.O. BOX F
JUNEAU, ALASKA 99811-0500

Position Paper on SB 182

First Session
16th Alaska Legislature

The State Board of Education and the Department of Education support
SB 182 relating to membership of the State Board of Education.



William G. Demmert
Commissioner

3-6-89
Date

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Relating to the State Board of Education
Sponsor: Fischer
Requestor: Senate HESS

Agency Affected: Education
BRU: Executive Administration
Components: Executive Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Marv Hakala Phone: 465-2800
Division: Commissioner's Office Date: 3/3/89

Approved by Commissioner: William G. Demmert Date: 3/3/89
Agency: Education

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

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SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 4/13/89
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

DATE TURNED INTO OFFICE _____

3/30/89

Mr. President:

FINANCE

Committee considered SSSE 183

making a special appropriation to the Department of Education for the school construction account; efd

and recommended:

replace with CS _____ same title
 attached amendment(s) and new title

_____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

*Held in subcommittee
under Sen. Fischer.*

FISCAL NOTE(S) attached zero
 appropriation no FN attached

fiscal impact
 Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chair : signature and recommendation

Committee backup attached

SENATE COMMITTEE REPORT

FURTHER

3/2/89

DATE TURNED INTO OFFICE _____

Mr. President:

FIN

Committee considered SB 183

special appropriation to the Department of Education for the school construction account; efd

and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

*Sponsor Substitute Introduced
3/20/89*

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

Committee Backup attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 2/23/89
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER

FIN ✓

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

DATE TURNED INTO OFFICE 3/2/89

2/17/89

Mr. President:

HESS

Committee considered

SB 183

special appropriation to the Department of Education for the school construction account; efd

and recommended:

replace with CS _____ same title

attached amendment(s) and new title

_____ letter of intent adopted

May not do pass

do pass

do not pass

no recommendation

Approp.

individual recommendations

further referral to _____

FISCAL NOTE(S) attached zero

fiscal impact

appropriation no FN attached

Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Carl Adams
Ray Jones

2 *Paul Frank - no Rec*

Paul Frank Do Pass
Chairman signature and recommendation

Committee backup attached

Introduced: 3/30/89
Referred: Finance

6-0793E

Funding Information

General Fund	\$114,806,665
Other Funds	-0-
	<u>\$114,806,665</u>

1 IN THE SENATE

BY FISCHER, FRANK, AND KERTTULA

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 183

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Education for the school construction ac-
8 count; and providing for an effective date."

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

10 * Section 1. The sum of \$114,806,665 is appropriated from the general
11 fund to the Department of Education for the school construction account
12 (AS 14.11.100(c)) for the fiscal year ending June 30, 1990.

13 * Sec. 2. This Act takes effect July 1, 1989.



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435

March 1, 1989

To: Senator Paul Fischer, Chair
Members, Senate HESS Committee

Re: Senate Bill No. 183; "An Act making a special appropriation to the Department of Education for the school construction account; and providing for an effective date."

NEA-Alaska supports and encourages your expeditious attention to SB 183.

Full funding for public education in Alaska must include full funding of the school construction debt as well as the foundation program. When the debt service obligation is under-funded school districts must still find the financial resources somewhere and programs and services to student become the target for the necessary funding cuts to balance the school district budget.

It is vitally important to the stability and continuity of programs in our schools that an early decision be made by the legislature to fully fund its complete obligation to public education.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners
Executive Secretary



ALASKA ASSOCIATION OF ELEMENTARY SCHOOL PRINCIPALS
ALASKA ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS
ALASKA ASSOCIATION OF SCHOOL ADMINISTRATORS

• ALASKA COUNCIL OF SCHOOL ADMINISTRATORS •
326 Fourth St., Suite 402 Juneau, Alaska 99801 586-9702

POSITION STATEMENT

SB 183 "An Act making a special appropriation to the Department of Education for the school construction account; and providing for an effective date"

The Alaska Council of School Administrators strongly supports the passage of SB 183.

We are all keenly aware of the fiscal impact of debt retirement reimbursement to the over-all school district and municipal government budgets. We know that short funding the school construction account will carry an adverse effect on all existing programs.

Knowing that the school construction funds are absent from SB 73, "the school funding bill", the passage of SB 183 becomes even more of the utmost importance.

Therefore, we respectfully request speedy passage of SB 183.



KENAI PENINSULA BOROUGH

144 N. BINKLEY • SOLDOTNA, ALASKA 99669
PHONE (907) 262-4441

DON GILMAI
MAYOR

TESTIMONY ON SB 183 FULL FUNDING FOR SCHOOL CONSTRUCTION DEBT REIMBURSEMENT

The Kenai Peninsula Borough and School District support SB 183 which provides for full funding of entitlement for school construction debt reimbursement, and urge passage of this bill by the Sixteenth Legislature. Full funding of this program is critical to those school districts and municipalities that hold large amounts of school construction debt. This is the number one legislative priority for the Kenai Peninsula Borough.

The economic boom in the early 1980's had a major impact on the boroughs and school districts in Alaska, especially in Kenai, Mat-Su, Fairbanks and Anchorage. Each of these areas experienced severe overcrowding in their school systems and, as a result, many new schools were built through the sale of bonds eligible for reimbursement per AS 14.11.100. These bonds were sold with the expectation that they would be reimbursed at the level of entitlement prescribed in statute at the time of the sales. The current debt obligation in FY'90 for each of the above mentioned areas is as follows:

	debt payment	entitlement
Anchorage	\$27,111,210	\$24,758,093
Kenai	\$26,975,800	\$24,434,528
Mat-Su	\$24,207,929	\$20,886,539
Fairbanks	\$14,784,105	\$14,326,443

For Kenai, the school construction debt payment for FY'89, in the amount of \$26,982,785, represented 53 % of borough funds for education and 45 % of the total borough budget. The figures for FY'90 will be very similar. For this reason, it is essential that full funding of entitlement for school construction debt occur. Every 10% in reduction of funding for entitlement equals approximately

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

RESOLUTION 88-89-6

SUPPORT FOR SCHOOL CONSTRUCTION DEBT RETIREMENT

WHEREAS, Article 7, Section 1 of the Alaska State Constitution states that the legislature shall establish and maintain a system of public schools open to all children; and

WHEREAS, under AS 14.11.100 the State of Alaska agrees to repay school districts at a set percentage rate for school construction bonded indebtedness; and

WHEREAS, over the past years of high growth many regions of the state have bonded for school construction in the good faith the state would honor its obligation; and

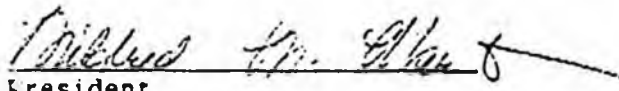
WHEREAS, the past two legislatures have not fully honored these good faith agreements placing a heavy burden on local taxpayers; and

WHEREAS, this aforementioned tax burden has created a hardship for taxpayers and resultant loss of local revenue for classroom education;

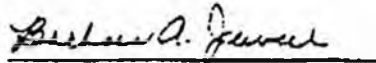
NOW THEREFORE BE IT RESOLVED, that the Kenai Peninsula Borough School District Board of Education calls upon the legislature to fully honor all past commitments for bonded indebtedness reimbursement;

AND BE IT FURTHER RESOLVED, the Kenai Peninsula Borough School District calls upon the legislature to pass legislation which will insure fairness and equity in school construction for all regions of Alaska.

ADOPTED BY THE BOARD OF EDUCATION OF THE KENAI PENINSULA ON THIS 6th day of January, 1989.


President
Board of Education

ATTEST:


Barbara A. Jewell
Notary Public

UPDATED 3/23/89

	100%	90%	80%	90%	80%	80%	LESS	ESTIMATED
	BOND SALES	BOND SALES	ESTIMATED	BOND SALES	BOND SALES	NEW BONDS	CIG. TAX	TOTAL DEBT
	PRE 7/1/77	7/1/77 TO	CASH PAYMENT	1/1/82 TO	7/1/83 TO	ISSUES SOLD	PAID IN	RETIREMENT
		1/1/82		7/1/83	PRESENT	FY90 STATE	FY88	BY DISTRICT
11 SCHOOL DISTRICTS	2YR LAG	2YR LAG	2YR LAG	CURRENT PAY	CURRENT PAY	AID EST.		FOR FY-90
13 ANCHORAGE	\$8,023,079	\$1,418,967	\$1,268,412	\$9,453,347	\$5,834,700	\$560,000	(\$1,473,072) !	\$25,085,433
14 BRISTOL BAY	\$0	\$375,894	\$679,877	\$0	\$0	\$0	(\$14,599) !	\$1,041,172
15 CORDOVA	\$0	\$0	\$33,651	\$0	\$0	\$0	(\$21,951) !	\$11,700
16 FAIRBANKS	\$2,971,047	\$0	\$2,642	\$8,445,380	\$2,851,520	\$0	(\$490,082) !	\$13,780,507
17 GALENA	\$0	\$0	\$92,881	\$0	\$0	\$0	(\$12,145) !	\$80,736
18 HAINES	\$90,207	\$0	\$106,274	\$0	\$0	\$0	(\$18,980) !	\$177,501
19 JUNEAU	\$324,058	\$348,743	\$100,829	\$5,538,850	\$63,210	\$0	(\$175,743) !	\$6,199,947
20 KENAI	\$2,561,770	\$0	\$308,690	\$13,211,701	\$8,661,056	\$0	(\$306,544) !	\$24,436,673
21 KETCHIKAN	\$428,260	\$0	\$0	\$2,369,628	\$0	\$0	(\$95,880) !	\$2,702,008
22 KODIAK	\$402,623	\$1,236,226	\$26,781	\$504,585	\$1,224,000	\$0	(\$67,989) !	\$3,306,226
23 MAT-SU	\$1,939,775	\$2,606,306	\$0	\$7,406,291	\$8,934,172	\$2,340,972	(\$326,373) !	\$22,901,143
24 MOYE	\$0	\$0	\$0	\$131,424	\$661,987	\$0	(\$34,853) !	\$758,558
25 NORTH SLOPE	\$0	\$1,064,986	\$0	\$6,110,422	\$0	\$0	(\$48,489) !	\$7,126,919
26 PETERSBURG	\$383,700	\$0	\$0	\$313,353	\$0	\$0	(\$28,180) !	\$668,873
27 SITKA	\$367,609	\$0	\$0	\$0	\$1,944,225	\$0	(\$65,148) !	\$2,246,686
28 UNALASKA	\$0	\$264,290	\$28,889	\$0	\$0	\$0	(\$11,868) !	\$281,311
29 VALDEZ	\$1,145,731	\$1,588,387	\$1,206	\$320,704	\$0	\$0	(\$31,649) !	\$3,024,379
30 WRANGELL	\$0	\$144,345	\$0	\$856,779	\$0	\$0	(\$24,231) !	\$976,893
31 TOTALS								
32	\$18,637,859	\$9,048,144	\$2,650,132	\$54,662,464	\$30,174,870	\$2,900,972	(\$3,267,776)	\$114,806,665
33								
34								
35 TOTAL BOND OUTLAYS	\$112,523,337							
36								
37 PLUS: CASH PAYMENTS	\$2,650,132							
38								
39 SUB TOTAL	\$115,173,469							
40								
41 NEW BONDS FY90 EST.	\$2,900,972							
42								
43 SUB TOTAL	\$118,074,441							
44								
45 LESS: CIG. TAX	(\$3,267,776)							
46								
47 EST. STATE AID-FY90	\$114,806,665							
48								
49 NOTE: MAT-SU NOTIFIED DOE OF A 1989 REFUNDING ISSUE ON 1/26/89								

SPONSOR'S BACKGROUND INFO.

S

B

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4

SENATE COMMITTEE REPORT

FURTHER

4/17/89

DATE TURNED INTO OFFICE 4/27/89

Mr. President:

Finance

Committee considered SB 184

establishing the Redoubt Bay Critical Habitat Area; efd

and recommended

- replace with CS SB 184 (Fin)) same title
- or adopt _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) ^{DFEG/DNR} zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Handwritten signatures]

[Handwritten signature]

 Chairman signature and recommendation

Committee Backup attached

[Handwritten signature]

 Co-CHAIR
 Do Pass

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSIONS SB 184 (Finance)

PUBLISH DATE: 4/17/89

FISCAL NOTE

REQUEST:

Revision Date: 3-Mar-89 Agency Affected: Natural Resources
 Title: Redoubt Bay Critical habitat Area BRU: Land & Water Management
 Sponsor: Fischer Components: Land & Water Mgt
 Requestor: Senate Resources

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0					

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

[Empty box for analysis]

Prepared by: Larry Ostrovsky Phone: 465-2400
 Division: Commissioner's Office Date: 3-Mar-89
 Approved by Commissioner: Lennie Gorsuch Date: 3-Mar-89
 Agency: Department of Natural Resources

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

Changes in the CS (Fin) have no fiscal effect. This fiscal note is appropriate. SFC: 4/27/89

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Redoubt Bay Critical
Habitat Area
Sponsor: Senator Fischer
Requestor: _____

Agency Affected: ADE&G
BRU: Habitat
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		0				
TRAVEL		0				
CONTRACTUAL		0				
SUPPLIES		0				
EQUIPMENT		0				
LAND & STRUCTURES		0				
GRANTS, CLAIMS		0				
MISCELLANEOUS		0				
TOTAL OPERATING		0				

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS						
OTHER						
TOTAL		0				

POSITIONS:

FULL-TIME		0				
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Frank Rue, Director *Alan Fuchs for FR*
Division: Habitat

Phone: 465-4105
Date: 3/01/89

Approved by Commissioner: *Oneil*
Agency: Dept. of Fish and Game

Date: 3.2.89

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

Changes in the CS (Fin) have no fiscal effect. This fiscal note is appropriate. *mm* SFC: 4/27/89

PROPOSED AMENDMENT TO CS SENATE BILL 184 (Resources)
(establishing Redoubt Bay Critical Habitat Area)

Page 4, lines 6 thru 8 - Amend language to read:

"(1) hunting, including subsistence hunting, trapping,
and subsistence, commercial and sport fishing, including the
continued use of cabins for the purpose of hunting, trapping,
and fishing;"

Senator Paul Fischer
4-25-89

4/27/89
ADOPTED

Original sponsors: Fischer, Sturgulewski,
Rodey, and Kerttula

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 184 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Redoubt Bay Critical Habitat
7 Area; and providing for an effective date."

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

9 * Section 1. PURPOSE. The Redoubt Bay Critical Habitat Area is estab-
10 lished to ensure the protection and enhancement of fish and wildlife habi-
11 tat and populations, especially Tule geese; the continuation of fish and
12 wildlife harvest; and public use and enjoyment of the area in a high qual-
13 ity environment.

14 * Sec. 2. AS 16.20 is amended by adding a new section to read:

15 Sec. 16.20.620. REDOUBT BAY CRITICAL HABITAT AREA. (a) The
16 state owned land and water contained in the following described par-
17 cels are designated as the Redoubt Bay Critical Habitat Area:

18 (1) Township 6 North, Range 16 West, Seward Meridian

19 Sections 1 - 12: North of the south bank of Drift
20 River

21 Sections 14 - 18: North of the south bank of Drift
22 River

23 Sections 20 - 22: North of the south bank of Drift
24 River

25 (2) Township 6 North, Range 17 West, Seward Meridian

26 Sections 1 - 6: North of the south bank of Drift River

27 Sections 10 - 12: North of the south bank of Drift
28 River

29 (3) Township 7 North, Range 14 West, Seward Meridian

1 Section 5: S1/2

2 Sections 6 - 8

3 Section 18

4 (4) Township 7 North, Range 15 West, Seward Meridian

5 Sections 1 - 27

6 Sections 29 - 31

7 (5) Township 7 North, Range 16 West, Seward Meridian

8 (6) Township 7 North, Range 17 West, Seward Meridian

9 Sections 1 - 4

10 Section 8: E1/2

11 Sections 9 - 17

12 Sections 19 - 27

13 Section 30

14 Sections 34 - 36

15 (7) Township 8 North, Range 15 West, Seward Meridian

16 Section 1: S1/2

17 Section 2: S1/2

18 Section 3: W1/2

19 Sections 4 - 11

20 Section 12: N1/2

21 Sections 13 - 36

22 (8) Township 8 North, Range 16 West, Seward Meridian

23 (9) Township 8 North, Range 17 West, Seward Meridian

24 Sections 1 - 17

25 Sections 20 - 29

26 Sections 32 - 36

27 (10) Township 8 North, Range 18 West, Seward Meridian

28 Sections 1 - 12

29 (11) Township 9 North, Range 15 West, Seward Meridian

1 Sections 29 - 30

2 (12) Township 9 North, Range 16 West, Seward Meridian
3 Sections 19 - 36

4 (13) Township 9 North, Range 17 West, Seward Meridian
5 Sections 21 - 36

6 (b) Notwithstanding AS 16.20.500 and the establishment of the
7 Redoubt Bay Critical Habitat Area under (a) of this section, egress
8 and ingress to and from private property within the Redoubt Bay Crit-
9 ical Habitat Area shall be permitted through access corridors estab-
10 lished through agreement between the state and the private property
11 owners involved.

12 (c) The state may not acquire by eminent domain privately owned
13 land within the Redoubt Bay Critical Habitat Area but may acquire
14 privately owned land within the Redoubt Bay Critical Habitat Area by
15 purchase, exchange, or otherwise for inclusion in the Redoubt Bay
16 Critical Habitat Area.

17 (d) The department shall permit entry within the Redoubt Bay
18 Critical Habitat Area for the exploration and development of oil and
19 gas resources when it is compatible with the purposes for which the
20 critical habitat area is established. An oil and gas lease of state
21 land and existing oil and gas pipeline rights-of-way within the criti-
22 cal habitat area are valid and continue in full force according to
23 their terms. The commissioner shall permit inspection and maintenance
24 activities necessary to ensure the integrity of oil and gas pipelines
25 on existing leases and pipeline rights-of-way in a manner that is
26 compatible with the purposes for which the Redoubt Bay Critical Habi-
27 tat Area was established.

28 (e) The department shall permit uses of the Redoubt Bay Critical
29 Habitat Area in a manner that is compatible with the purposes for

1 which the critical habitat area is established. The department shall
2 permit the following public uses to continue without further approval
3 by the department unless the department determines that the use is not
4 compatible with the purposes for which the Redoubt Bay Critical Habi-
5 tat Area is established:

6 (1) hunting, including subsistence hunting, trapping, and
7 subsistence, commercial, and sport fishing, including the continued
8 use of cabins for the purpose of hunting, trapping, and fishing;

9 (2) hiking, backpacking, and camping, including the use of
10 campfires;

11 (3) cross-country skiing, snowmachining, boating, and the
12 landing of aircraft; and

13 (4) other related uses that are temporary in duration and
14 have no foreseeable adverse effects on vegetation, drainage, soil
15 stability, or fish and game and their habitat.

16 (f) The Kenai Peninsula Borough shall establish a citizens'
17 advisory committee to work with the department and the Department of
18 Natural Resources and advise on the development of policies and regu-
19 lations that affect the Redoubt Bay Critical Habitat Area.

20 (g) Appointments to the citizens' advisory committee shall be
21 made by the Kenai Peninsula Borough and shall include representatives
22 from

23 (1) industry and commercial users including the oil and gas
24 industry, timber, mining, and commercial fishing;

25 (2) hunters, trappers, fishermen, cabin owners, and recrea-
26 tional users; and

27 (3) officials representing the Kenai Peninsula Borough.

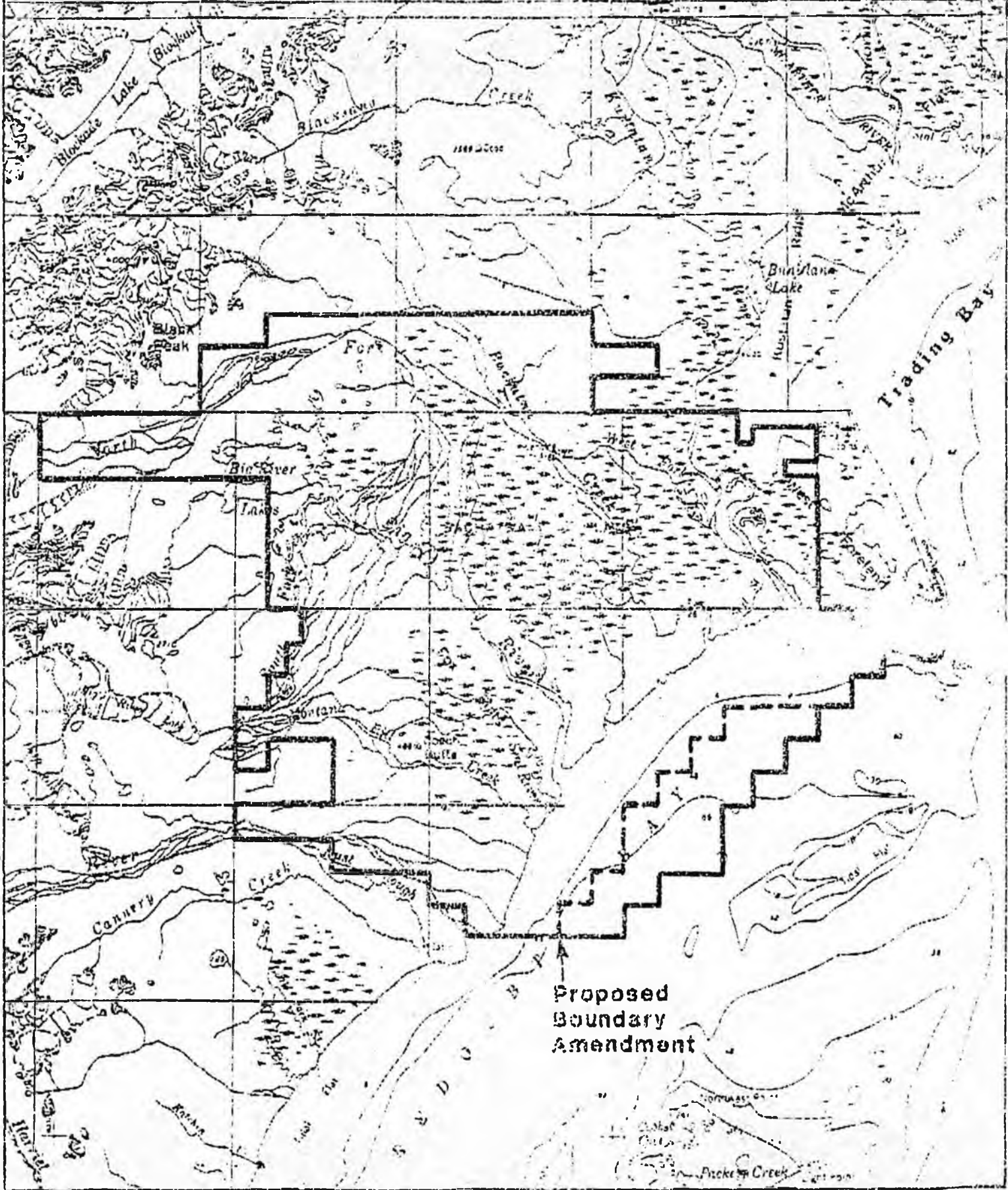
28 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

3/3/88

(Proposed) Redoubt Bay Critical Habitat Area

20' 2' W. 2' 17' W. 2' 16' W. 152' 03" 2' 15' W. 2' 14' W.

T10 N
T9 N
T8 N
T7 N
T6 N



Proposed
Boundary
Amendment

(Fischer) 4/25/89

Introduced by: Mayer
Date: March 21, 1989
Action: Adopted
Vote: 10 Yes, 5 No

KENAI PENINSULA BOROUGH

RESOLUTION 89-26

RECOMMENDING PASSAGE OF SENATE BILL 184 ESTABLISHING THE REDOUBT BAY CRITICAL HABITAT AREA

WHEREAS, Senate Bill 184 establishing the Redoubt Bay Critical Habitat Area has been introduced to the Alaska Senate; and

WHEREAS, the Kenai Peninsula Borough Planning Commission conducted a public hearing on this matter on March 21, 1988 and recommended approval of a similar bill introduced last year; and

WHEREAS, the Kenai Peninsula Borough Planning Commission considered this matter again at their December 5, 1988 meeting and passed Resolution 88-10 recommending revision of the draft bill to include a citizen advisory board to oversee the development of policies and regulations for the area; and

WHEREAS, Senate Bill 184 includes provisions for the establishment of a citizen advisory board;

NOW THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

Section 1. That the Kenai Peninsula Borough Assembly supports the establishment of the Redoubt Bay Critical Habitat Area, as provided in Senate Bill 184.

Section 2. That the Kenai Peninsula Borough Assembly supports the appointment of a citizen advisory board including representation from user groups to oversee the development of policies and regulations affecting the critical habitat area.

Section 3. That this resolution takes effect immediately upon its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS 21st DAY OF March, 1989.

Jonathan W. Sewall
Jonathan W. Sewall, Assembly President

ATTEST:
Joan Brindley
Borough Clerk

- SPONSOR'S BACKGROUND MATERIAL -

MAR 28 1989

International Wild Waterfowl Association, Inc.



RFD #1 James Farm
Durham, NH 03824

President: Walter Sturgeon, Jr.
1st Vice President: Edward Asper
2nd Vice President: Paul Dye
Secretary: Nancy Collins
Treasurer: William Lowe
Founding President: Dr. Jean Delacour
President Emeritus: Bob Elgas

Directors:
Dr. Jean Delacour (in memoriam)
Guy Greenwell
Gus Ben David
Jack Kiracole
Scott Dneschman
Carolyn Emerick
Frank S. Todd
Ernest Weaver
William Hancock
Stephen Wylie
Dr. Warren Koehler
Michael Lubbock
Philip B. Stanton
Edward C. Schmitt
Walter Sturgeon, Jr.
Edward Asper
Paul Dye
Chuck Pilling
Wendi Schendel
Ray Gwynes
Nancy Collins
William R. Lowe
Bob Elgas
Eldon Pace
William Makins
Gienn Howe

March 25, 1989

The Honorable Paul Fischer
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

Dear Senator Fischer:

I am writing in support of your recently introduced SB 184 which would establish Redoubt Bay as a Critical Habitat Area. The International Wild Waterfowl Association is particularly interested in this piece of legislation because it would afford habitat protection for the Tule white fronted goose. It is important that priorities be established on the management of this piece of land before the opportunity is lost to conflicting land uses.

The status of Redoubt Bay is of national and international interest not only because of the Tule goose but because of the process and philosophy that has evolved on this issue. Hopefully this framework for establishing formal management priorities will streamline the next similar effort.

SB 184 is the culmination of a great deal of work by a large number of interested parties over the past ten years. It should ensure protection of critical wildlife habitat and ensure continued current uses by the public, most of whom were drawn to the area in the first place by the wild resource the bill is designed to protect.

I have written to Senators Binkley and Fahrenkamp and to Representatives Wallis, Swackhammer and Navarre asking their support. If I can be of any further help please do not hesitate to contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Walter B. Sturgeon, Jr." with a stylized flourish at the end.

Walter B. Sturgeon, Jr.
President

International Aviculture Resources, Inc.

Dale & Wendi Schendel
217 Ridge Trail Road
Bozeman, MT 59715
(406) 586-6763

MAR 28 1989

March 23, 1989

Senator Paul Fischer
P.O. Box V
Juneau, AK 99811

Dear Senator Fischer:

I am writing you on behalf of SB184; which you have introduced recently in the Alaska State Senate. You are to be commended for carrying and supporting this vital piece of legislation.

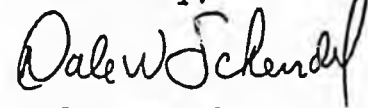
International Aviculture Resources, Inc. is a propagation facility located in Montana. IARI was founded by my wife, Wendi, and myself in 1981. Our purpose is to breed rare and endangered waterfowl. In addition to maintaining a captive and genetically diverse flock of each species of waterfowl we keep; we also provide birds from these flocks for state and federal transplant programs, for propagation at zoological facilities, and for research programs at local universities.

In 1984 and 1985, Bob Elgas and I collected Tule geese in Redoubt Bay; and are successfully breeding these geese today. Together, we have the largest flock of Tule geese in captivity. The Tule goose has become the most sought after subspecies of whitefronted goose by both zoos and private aviculturists throughout the world. We have people and zoos from Canada, England, and the Netherlands, as well as from the United States, on our list to receive young Tule geese as soon as they can be hatched. In short, the Tule is a high profile bird in countries other than the United States. I have spoken to some of my friends in Canada and England about this bill; and they assured me that they would be watching its progress with a great deal of interest.

SB184 will achieve the purpose of protecting the principal breeding area of the Tule goose without eliminating other commercial and recreational interests. As a hunter, I read this bill carefully to see if hunting and other recreational activities would be adversely affected; and was glad to see that all aspects were considered in the writing of SB184. Therefore, passing this bill as written is a WIN/WIN situation for all parties involved. Speaking for myself (and for other aviculturists worldwide), we give this bill a strong DO PASS!

cc:Jim Faro/wildlife biologist ADF&G

Sincerely,



Dale W. Schendel
President

1989

MAR 28 1989

ALASKA FRONTIER TRAPPERS ASSOCIATION
P.O. Box 2856
Palmer, Alaska 99645

March 22, 1989

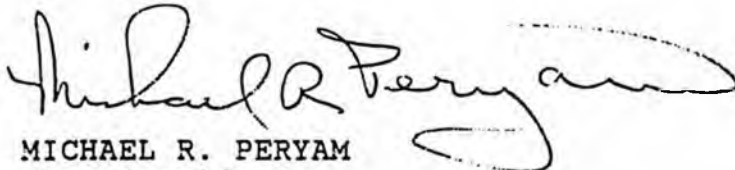
The Honorable Paul Fischer

As a representative of the Alaska Frontier Trappers Association, I am writing in reference to S.B. 184, the Redoubt Bay Critical Habitat Area. We have read the bill describing the proposed area and it's uses. We as a user group that has strong ties to the land and what it provides in terms of the overall enjoyment we derive from it, are in very strong support of this bill. I have to say that of all the land use bills that we have dealt with in the last couple of years, this one is well thought out. It preserves the area in it's natural state, but allows everyone to utilize the area without undo restrictions.

One question that might be asked is why do we need to set aside more land in a restrictive classification. This area is very important to waterfowl production within the state. With waterfowl populations at a 30 year low over North America, protecting areas such as this becomes all the more vital. If this land is not protected, everyone will lose in the long run.

The Alaska Frontier Trappers Association asks you to support this bill very strongly. Thank you for your consideration of our concerns.

Sincerely,



MICHAEL R. PERYAM
Vice President



MAR 06 1989

ALASKA OUTDOOR COUNCIL, INC.

3780 MCGINNIS DR. JUNEAU, AK 99801
(907) 789-3450

March 6, 1989

Senator Paul Fischer
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Fischer:

This is to advise you that the Alaska Outdoor Council has taken a position supporting SB 184 which would create the Redoubt Bay Critical Habitat Area. In fact, it is one of our highest priority pieces of legislation this session.

We all fully realize the importance of this area for its wildlife and public use values. I believe your efforts and those of the Department of Fish and Game have paved the way for broad public support on this issue. It is important to us that the Kenai Borough and the Kenai sportsmen are fully supporting this legislative designation.

We appreciate your commitment and pledge to give you our full support in gaining passage of this legislation.

Sincerely,

Ron Somerville
Executive Director

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SENATE FINANCE COMMITTEE REPORT

DATE: 2/7/90

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered _____ SB 185

Providing for the design and construction of a Kantishna Highway

and recommended:

- replace with _____ CS _____ same title
- or adopt _____ CS _____ new title
- attached amendment(s) technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

Bill died in committee.

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

fiscal note(s) _____

zero fiscal note(s) _____

appropriation-no fiscal note

APPROVES PREVIOUS:
Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

1. _____ -- 2. _____
Co-Chairs: Signatures and Recommendations

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 2/1/90
IN ACCORDANCE WITH UNIFORM RULE 23



FURTHER

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

4/20/89

DATE TURNED INTO OFFICE _____

Mr. President:

Transportation

Committee considered

SB 185

providing for the design and construction of a Kantishna Highway

may go com rec ep

and recommended:

replace with CS _____ same title

attached amendment(s) and new title

_____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) attached zero
 appropriation no FN attached

fiscal impact DOTPF
 Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

1. [Signature]
[Signature]

2. For Kouchet needs more study
(over)

[Signature]
Chair signature and recommendation

Committee backup attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 3/2/89
IN ACCORDANCE WITH UNIFORM RULE 23

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

2/23/89

FURTHER

TRSP, FIN

DATE TURNED INTO OFFICE _____

Mr. President:

ITT

Committee considered _____

SB 185

providing for the design and construction of a Kantishna Highway

and recommended:

replace with CS _____ same title

attached amendment(s) and new title

_____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) attached zero

appropriation no FN attached

fiscal impact

Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

Committee backup attached

Introduced: 2/23/89
Referred: Special Committee on International
Trade and Tourism, Transportation
and Finance

6-0751A

1 IN THE SENATE

BY COGHILL

2 SENATE BILL NO. 185

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the design and construction of
7 a Kantishna Highway."

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

9 * Section 1. FINDINGS. The legislature finds that construction of a
10 Kantishna Highway will

11 (1) allow the private sector of the state's economy to provide
12 facilities necessary to serve the increasing numbers of visitors in the
13 vicinity of Mount McKinley;

14 (2) alleviate the overcrowding currently occurring in Denali
15 National Park;

16 (3) be totally compatible and complementary to the existing road
17 through Denali National Park;

18 (4) allow development of year-round resort and outdoor activity
19 areas north of Denali National Park;

20 (5) provide a reasonable opportunity to visitors to the state
21 and state residents to view Mount McKinley in its majestic and awesome
22 splendor;

23 (6) provide greater access to a historic mining region.

24 * Sec. 2. AUTHORIZATION FOR CONSTRUCTION OF THE KANTISHNA HIGHWAY. (a)
25 The Department of Transportation and Public Facilities shall design and
26 construct, subject to appropriation, a highway between Lignite and
27 Kantishna along the route of the Lignite-Stampede Trail to Clearwater Creek
28 then to the headwater of Clearwater Creek then to the headwater of Upper
29 Canyon Creek and then along Upper Canyon Creek to Kantishna.

1 (b) Notwithstanding AS 19.10.170(b), the Department of Transportation
2 and Public Facilities shall prepare the initial design of the Kentishna
3 Highway.
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STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: SB 185
PUBLISH DATE: 2/7/90

REQUEST: FISCAL NOTE

Revision Date: 2/05/90
Title: Design and Construction of
a Kantishna Highway.
Sponsor: Coghill
Requestor: Coghill

Agency Affected: DOT&PF
BRU:
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	432.0	432.0
TRAVEL	0	0	0	0	6.7	6.7
CONTRACTURAL	0	0	0	0	207.7	207.0
SUPPLIES	0	0	0	0	90.0	90.0
EQUIPMENT	0	0	0	0	1,174.4	0
LAND & STRUCTURES	0	0	0	0	3,110.0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	(3) 5,020.8	(4) 736.4
CAPITAL	(1) 5,450.0	0	0	(2) 67,960.0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	617.0	0	0	7,693.0	5,020.8	736.4
FEDERAL FUNDS	4,833.0	0	0	60,267.0	0	0
OTHER	0	0	0	0	0	0
TOTAL	5,450.0	0	0	67,960.0	5,020.8	736.4

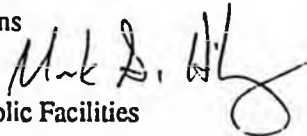
POSITIONS:

FULL-TIME	0	0	0	0	6	6
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (1) preconstruction
(2) construction
(3) maintenance set-up plus first year of annual maintenance
(4) annual maintenance

Prepared by:  W. Keith Gerken
Division: Deputy Commissioner, Operations

Phone: 465-3900
Date: Feb. 5, 1990

Approved by Commissioner: Mark S. Hickey 
Agency: Department of Transportation and Public Facilities

Date: 2/5/90

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

Department of Transportation and Public Facilities
Fiscal Note Backup
SB 185 02/05/90

Because this project could not be developed to the point of annual maintenance within a six year period, the fiscal note does not reflect realistic fiscal years. Instead, it is arranged to show preconstruction, construction, maintenance startup and annual maintenance costs. Even assuming that the project was given highest priority in terms of staff and funding, and that we would have the full cooperation of the National Park Service, it would take at least four years to locate and design the project, and to acquire right-of-way and material sources. Capital funding which is depicted for FY91 would actually be expended over several years of preconstruction effort. The capital (construction) funding depicted for FY94 would not be budgeted until a realistic construction schedule could be determined. Even then, construction would probably be divided into several projects spread over a period of years. The operating costs depicted for FY95 and FY96 are only intended to give an indication of what initial and continuing maintenance of the route would cost after construction is complete.

This fiscal note is based on the construction and maintenance of a year-round, two-lane, gravel surfaced facility. Initial traffic volumes may warrant paving (largely due to dust) which would add \$13 million to the estimated cost.

The capital costs in this fiscal note are based on a DOT&PF estimate for the cost of development of an 82.8 mile route between Lignite, on the Parks Highway, and Kantishna. The breakdown between general funds and federal funds is based on the current federal participation rate for primary high-ways of 88.68%.

Since the State's current annual Federal-Aid allocation is not adequate to satisfy the capital improvement needs of the existing highway system, it is not realistic to assume that this project could be prioritized into the Federal-Aid program in the foreseeable future or that it could be funded in a single fiscal year (as depicted on the fiscal note). To the extent that this project would be funded from our Federal-Aid allocation, it would detract from other priority Federal-Aid projects. To put this into perspective, the cost of this project would exceed the entire Northern Region Federal-Aid Capital Improvement Program for a single year. Unless this project was funded from a source other than the State's annual allocation (i.e., some form of special project or demonstration project under the Federal-Aid program) it would substantially disrupt the scheduling of capital improvements to the existing highway system.

Though we would not expect the National Park Service to concur, the State has a claim to an RS2477 right-of-way between Lignite and the Stampede Mine. A similar right-of-way claim may exist between the Stampede Mine and Kantishna. While such right-of-way may be partially useful it would not be totally adequate in terms of width, alignment or the availability of material for the proposed highway. We assume that additional right-of-way would have to be obtained from Denali National Park in order to construct a Federal-Aid facility.

Lacking special federal legislation, this project would have to be developed pursuant to Title XI of ANILCA. That process has not yet been successfully executed for new highway construction. It's successful execution would be dependent on National Park Service cooperation. The Title XI process and Federal-Aid project development guidelines require extensive assessment, including the evaluation of practical alignment alternatives.

**STATE OF ALASKA
1989 LEGISLATIVE SESSION**

BILL VERSION: SB185
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: SB 185 Design and Construction
of a Kantishna Highway
Sponsor: Senator Coghill
Requestor: _____

Agency Affected: DOT&PF
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES					432.0	432.0
TRAVEL					6.7	6.7
CONTRACTUAL					207.7	207.7
SUPPLIES					90.0	90.0
EQUIPMENT					1,174.4	
LAND & STRUCTURES					3,110.0	
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING				(3)	5,020.8	736.4

CAPITAL						
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REVENUE	(1)	5,450.0	(2)	67,960.0		
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FUNDING: (Thousands of Dollars)

GENERAL FUND		617.0		7,693.0	5,020.8	736.4
FEDERAL FUNDS		4,833.0		60,267.0		
OTHER						
TOTAL		5,450.0		67,960.0		

POSITIONS:

FULL-TIME					6	6
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

- (1) preconstruction
- (2) construction
- (3) maintenance set-up, plus first year of annual maintenance
- (4) annual maintenance

Prepared by: Norm Piispanen/John Horn Phone: 474-2423/451-2210
Division: DOT&PF Northern Region, Acting Regional Dir. Date: 3-22-89

Approved by Commissioner: *Mark & JL* Date: 3/24/89
Agency: DOT&PF

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

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MAR 29 1989

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This fiscal note is based on the construction and maintenance of a year-round, two-lane, gravel surfaced facility. Initial traffic volumes may warrant paving (largely due to dust) which would add \$13 million to the estimated cost.

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03/16/89
JLW/lf

P.4/6

START UP

100 200 300 400 500 TOTAL

KANTISHNA STATION

Equipment

2 760 Champion Graders	361.6
1 966 Loader	146.7
2 8 yd. Dump Truck	177.6
2 Belly Blades	20.4
2 Wings	18.2
1 Sloper	23.7
1 Snow Blower	118.1
2 3/4 Ton 4 WD Pickups	31.0
1 Boiler	16.8
1 Flatbed Truck	41.1
1 Sander	14.4
2 1-way Plow	24.0

Buildings

1 Design & Construct 160' X 60' = 9600sf shop including 2 Arctic Pac generator buildings	3,000.0
6 Trailer Pads for 14' x 70' trailers	60.0
1 Water/Sewage System	50.0

HEALY STATION

1 760 Champ Grader	180.8
--------------------	-------

MAR 22 '89 12:25 AK DOT-PEGER

total
start up
4284.4

03/16/89
JLW/lf

P.5/6

ANNUAL MAINTENANCE (Cont'd)

100 200 300 400 500 TOTAL

Highways & Aviation Component (Cont'd)

HEALY STATION

Personnel-1 Operator WG 53 66.2

Facilities Component

Personnel 33.0

Travel & Per diem 2.4

Communications 8.0

Fuel=33.0 (Heating/Generator) 35.0

Other=2.0

432.0 6.7 207.7 90.0

Total Annual
736.4

MAR 22 '89 12:25 AK DOT-PEGER

03/16/89
JLW/lf

P.6/6

FISCAL NOTE
SB 185

NEW KANTISHNA HIGHWAY
MAINTENANCE COSTS

ANNUAL MAINTENANCE

100 200 300 400 500 TOTAL

KANTISHNA STATION

Highways & Aviation Component

Personnel

1 Foremen WG 52 67.1
3 Operators WG 53 @66.2 ea 198.6
1 HD Mechanic WG 52 67.1

Travel & Per Diem

4.3

Contractual:

MAR 22 '89 12:25 AK DOT-PEGER

2 760 Champion Graders	72.5
1 966 Loader	29.4
2 8 yd. Dump Truck	31.6
1 Belly Blade	8.0
2 Wing Attachments	2.9
1 Sloper	4.1
1 Snow Blower	6.8
2 3/4 Ton 4 WD Pickups	28.8
1 Boiler	4.5
1 Flatbed Truck	2.4
1 Sander	4.5
1 1-way Flow	4.2

Supplies

55.0

2/16/90
(S) FIN

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: SB 185
PUBLISH DATE: 2/9/90

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Fish and Game
Title: An Act providing for the design and construction of highway between Lignite and Kantishna
Sponsor: Coghill Component: _____
Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	17.0	17.0				
TRAVEL	4.0	4.0				
CONTRACTUAL	.5	.5				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	21.5	21.5				

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	21.5	21.5				
FEDERAL FUNDS						
OTHER						
TOTAL	21.5	21.5				

POSITIONS:

FULL-TIME	0.25	0.25				
PART-TIME	0	0				
TEMPORARY	0	0				

ANALYSIS : (Attach a separate page if necessary)

NO impact on FY90 budget

Prepared by: Frank Rue, Director Phone: 465-4105
Division: Habitat Date: _____

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)

SB 185



STATE OF ALASKA
OFFICE OF THE GOVERNOR
BILL ANALYSIS

DEPARTMENT Fish and Game	DIVISION Habitat	BILL NUMBER SB 185/186	SPONSOR Coghill
SHORT TITLE OF BILL Act establishing authority to design and construct a highway between Lignite and Kantishna			
DEPARTMENT POSITION Neutral with amendment			
PREPARED BY Frank Rue, Director	DATE 2-10-90	COMMISSIONER'S SIGNATURE <i>James H. G. Wilson</i>	DATE 2/13/90

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Dept. of Natural Resources, Dept. of Transportation and Public Facilities, Dept. of Environmental Conservation	CONSTITUENT GROUP(S) AFFECTED BY BILL All users of state land
ORGANIZATIONAL SUPPORT FOR BILL Unknown	ORGANIZATIONAL OPPOSITION TO BILL Unknown

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT
SB 185 authorizes DOT/PF to design and construct a highway between Lignite and Kantishna to provide public access to mining areas and Denali National Park. SB 186 makes a special appropriation to DOT/PF for project completion.

ANALYSIS OF BILL/PROGRAM EFFECTS
This measure requires DOT/PF to design and construct a road from Lignite to Kantishna. The approximately 80-mile route traverses numerous streams containing resident and anadromous fish species. Wildlife values adjacent to this route are moderate to high in importance. Recreational and subsistence use is moderate and occurs predominantly along the Stampede Trail. Trapping intensity is moderate to heavy. Numerous stream crossings including a proposed alignment of the road within the floodplain of Clearwater Creek and Moose Creek will require the development of cross drainage structures (e.g., culverts, bridges) compatible with the free passage of fish. Material and water sources also will be needed.

AMENDMENTS PROPOSED
The appropriation should be increased to provide adequate monies to ADF&G for constructive input into the proper design and construction of the road system (e.g., culverts, bridges, material and water sources).

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS ON ANALYSIS.

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SENATE FINANCE COMMITTEE REPORT

DATE: 2/7/90

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered _____ SB 186

Special appropriation to the Department of Transportation and Public Facilities for design and construction of a Kantishna Highway; efd.

and recommended:

- replace with _____ CS _____ same title
- or adopt _____ CS _____ new title
- attached amendment(s) technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

Bill died in committee.

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

fiscal note(s) _____ Dept/Date: _____

fiscal note(s) _____ Dept/Date: _____

zero fiscal note(s) _____

zero fiscal note(s) _____

appropriation-no fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

SENATE COMMITTEE REPORT

FURTHER

FIN

3/20/89

DATE TURNED INTO OFFICE _____

Mr. President:

Transportation

Committee considered

SB 186

special appropriation to the Department of Transportation and Public Facilities for design and construction of a Kantishna Highway; efd

and recommended

may go into re dp

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

1 *Frederick*
John
Paul

OTHER RECOMMENDATIONS

1 *Not touch it do not pass*
until on 6-yr. plan

1 *[Signature]*
Chairman signature and recommendation

Committee Backup attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 3/2/89
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER

TRSP, FIN

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035
2/23/89

DATE TURNED INTO OFFICE _____

Mr. President:

ITT Committee considered SB 186

special appropriation to the Department of Transportation and Public Facilities for design and construction of a Kantishna Highway; efd

and recommended: *I report it back as follows*

- replace with CS _____ same title
- attached amendment(s) and new title
- _____ letter of intent adopted
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

Approp

FISCAL NOTE(S) attached zero fiscal impact
 appropriation no FN attached Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

2 Rick Halford

1 Rick Kelly (No Rec)

Mike Seari No Rec
Chairman signature and recommendation

Committee backup attached

Introduced: 2/23/89
Referred: Special Committee on International
Trade, Transportation and Finance

6-0895A

Funding Information

General Fund	\$ 3,600,000
Other Funds	68,400,000
	<u>\$72,000,000</u>

1 IN THE SENATE

BY COGHILL

2 SENATE BILL NO. 186

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Transportation and Public Facilities for
8 design and construction of a Kantishna Highway; and
9 providing for an effective date."

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

11 * Section 1. The sum of \$72,000,000 is appropriated to the Department
12 of Transportation and Public Facilities for design and construction of a
13 Kantishna Highway along the route of the Lignite-Stampede Trail to
14 Clearwater Creek then to the headwater of Clearwater Creek then to the
15 headwater of Upper Canyon Creek and then along Upper Canyon Creek to
16 Kantishna from the following sources:

17 Federal Receipts	\$68,400,000
18 General Fund	3,600,000

19 * Sec. 2. The appropriation made by this Act is for a capital project
20 and is subject to AS 37.25.020.

21 * Sec. 3. This Act takes effect on the effective date of an Act enacted
22 into law by the Sixteenth Alaska State Legislature that authorizes the
23 design and construction of a Kantishna Highway.

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