

LEGISLATIVE FINANCE - HOUSE / SENATE FINANCE COMM. FILES 8879

SB 454 cont. - SB 461 690 281

# **CORRECTION**

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

# STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

3/20/90  
STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.  
JUNEAU, ALASKA 99801-1796  
PHONE: (907) 465-2400

March 16, 1990

The Honorable Mike Szymanski  
Alaska State Senator  
P. O. Box V  
Juneau, AK 99811

Dear Senator Szymanski:

Thank you for the opportunity to testify on SB 430 yesterday. We are pleased with the changes in the bill.

During the hearing, you requested the Department of Natural Resources' (DNR) comments on coordinating multiple use language in SB 430 and SB 454 (Multiple Use). We would like discussion of changes to AS 38.04.910 coordinated, so that the final statute is consistent. The thrust of SB 454 is legislative monitoring of administrative restrictions on multiple use or mining on state lands. The bill requires that DNR report annually to the legislature on new mineral closures (Sec. 2(d)) and closures of land to multiple use (Sec. 3 (b)). It also requires 5-year reports summarizing total closures to mining and multiple use.

DNR has testified in support of SB 454. However, I understand that a hearing on SB 454 is being held this morning in Senate Finance, so changes may have been made since our last testimony.

We recommend combining the changes to 38.04.910 from both bills in SB 454 so that Legislative discussion considers the joint effect of adding roadless area consideration to the multiple use definition and requiring new reports on restrictions to multiple use. It should also be clear that the resources and uses considered under multiple use management include, but are not limited to, the finite list in 38.04.910. There are many other uses and activities that could also be included.

Senator Mike Szymanski

-2-

March 16, 1990

Thank you for your consideration of our comments. We welcome the opportunity to work with you on these bills.

Sincerely,

  
Lennie Gorsuch  
Commissioner

cc: Senator Bettye Fahrenkamp  
Senator John Binkley  
Senator Rick Uehling  
Commissioner Don Collinsworth  
Department of Fish and Game

file  
STEVE COWPER, GOVERNOR

**DEPARTMENT OF NATURAL RESOURCES**

OFFICE OF THE COMMISSIONER

100 WILLOUGHBY AVE.  
JUNEAU, ALASKA 99801-1796  
PHONE: (907) 465-2400

March 2, 1990

The Honorable Bettye Fahrenkamp  
Alaska State Senator  
P.O. Box V  
Juneau, AK 99811

Dear Senator Fahrenkamp:

Subject: <sup>SB</sup> CSHB 454 (Resources), an act relating to the use of state land.

Background: This bill would modify the definition of multiple use to include all compatible competing users, require an annual report on land closed to mineral location and mining, and add to the reporting requirement of AS 38.05.300(b), an annual report on land and water closed to multiple use.

Position: The department supports CSSB 454 (Resources). Its definition of multiple use reflects the philosophy and practices of this department. The proposed changes would prevent an overly narrow construction of the term in the future.

Additionally, the reporting requirements will expand the scope of the annual reports prepared by the department.

Please let me know if we can be of further assistance.

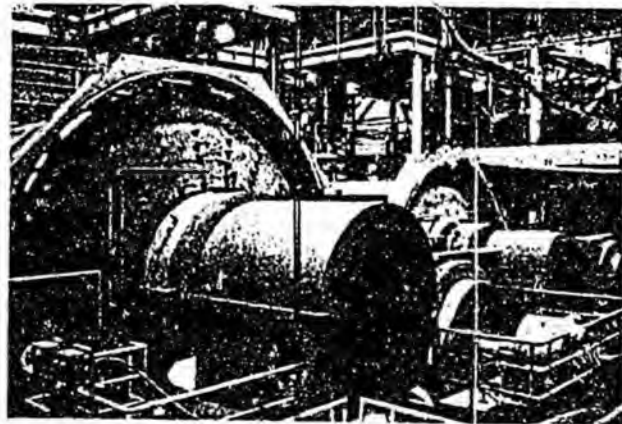
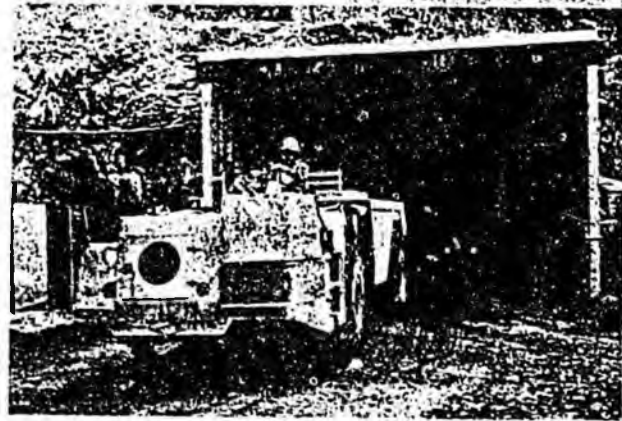
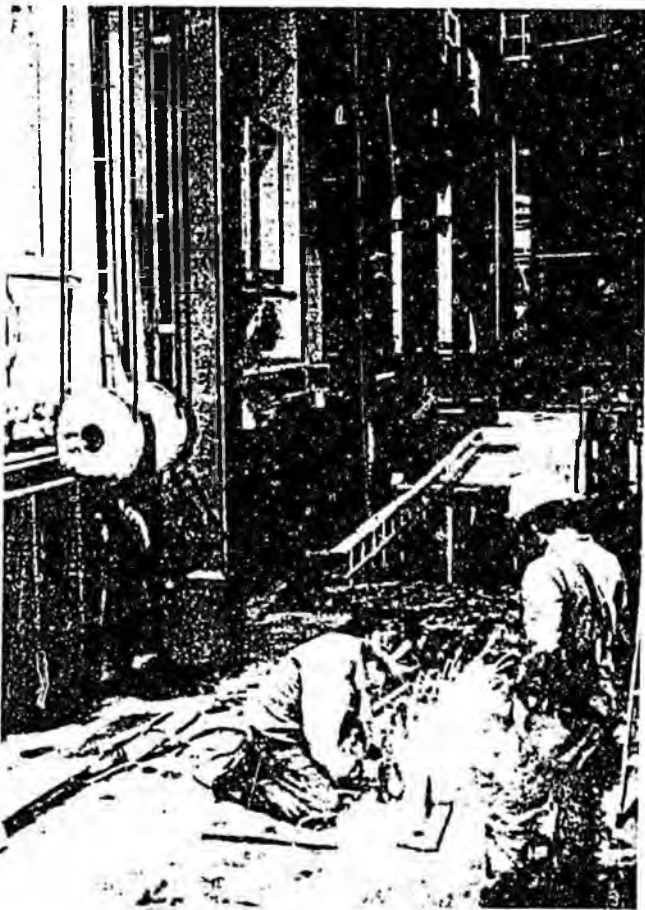
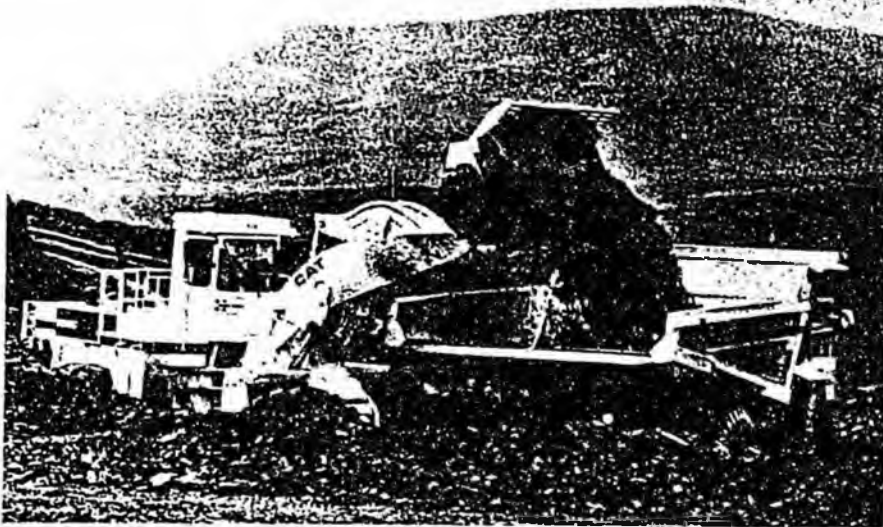
Sincerely,

  
Lennie Gorsuch  
Commissioner

cc: Bill Sponsors  
Committee Members  
Bob Evans, Legislative Liaison  
Office of the Governor  
Denby Lloyd, Special Staff Assistant  
Office of the Governor  
Commissioner Don Collinsworth  
Department of Fish and Game

Report of the

# Alaska Minerals Commission



JANUARY 1990

In addition to the mineral closures in National Parks, Refuges and Forests, development of all kinds in the remaining lowland areas is now threatened by a proposed National policy of "No net loss of wetlands." These "wetlands" in Alaska occupy about 75 percent of the lowland areas of the state, or about 170 million acres, and are often caused by the underlying permafrost. Assessment of the mineral potential of such areas is difficult and requires sophisticated surveys.

- 3 Alaska should be exempted from a strict application of the proposed nationwide policy of "no net loss of wetlands" until a suitable policy can be formulated specifically for the state, which recognizes that Alaskan wetlands are unique in kind, size and cause.

Options for overland access to mineralized areas in Alaska must be maintained, especially in light of the relatively unexplored status of much of the state. Revised Statute 2477, (RS2477), is an 1867 congressional grant of rights-of-way across unreserved federal lands for public highways. RS2477 corridors may be the only feasible access into more remote areas of the state.

- 4 The State of Alaska should expedite the ongoing program of inventorying the possible RS2477 access routes, and aggressively assert the state's rights to these corridors of commerce, especially across otherwise inaccessible areas.

The mining law of 1872 has served the nation well on federal lands, but is under attack. Proposed changes would severely inhibit mineral exploration, development and production on federal land.

- 5 The state should transmit opposition to proposed changes in the 1872 Mining Law which would be damaging to the mining industry.

Ongoing regional land plans on state lands, and local expansion of coastal zone management plans to encompass areas remote from the coastline restrict development and generally omit assessments of subsurface resources such as minerals, coal and industrial minerals in the process. Because development of natural resources is so often precluded in the planning process, the availability of state land to mineral entry is diminished.

- 6 The Governor should establish that mineral development is a priority in the best interest of the state, consistent with Section 1 of Article 8 of the State Constitution, that must be recognized in most state land management actions.

- 7 The Legislature and Governor should support Senate Bill 34, (an act relating to state land withdrawn from mineral location and mining), and Senate Bill 35, (an act relating to multiple use of state land and water), submitted in the first session of the 16th Legislature. (See Appendix D.)

Less than 5% of Alaska has been geologically mapped at a scale suitable for mineral exploration. As a comparison, many of the third-world nations have more complete geophysical data than Alaska. A continued lack of funding for such surveys perpetuates the problem of developing a data base.

- 8 Detailed geologic and geophysical mapping of the state must be continued at an increased pace to provide a data base for the state to inventory its coal, metalliferous and industrial mineral resources as a basis for informed land planning, and to advertise the state's interest in mining as a valued component of the economic base. An annual \$5 million supplemental appropriation for this purpose would be comparable to the advertising budgets of other sectors of the state's economy.

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## Multiple Use of Forestlands

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**F**orests occupy some 3/4 billion acres, or 1/3 of the land area of the United States. Demands on forestlands for goods and services are increasing rapidly and are expected to increase still faster in the future. Conflicts in use have become accentuated in recent years by requests to administrative, legislative, and judicial bodies to influence and regulate public and private forest management. Such conflicts are especially sharp where interest groups believe that the use demands of other interest groups compete with their own.

### Diversity of Use Demands on Forestlands

Forests receive, store, and make available most of the nation's usable water. They satisfy the nation's requirements for wood—a major, renewable, and highly versatile raw material. Forest vegetation stabilizes soil, has a moderating effect on local climate, reduces sound and air pollutants, and helps maintain atmospheric oxygen-carbon dioxide balances. Recreation, encompassing a wide variety of individual and group activities, has become a major use of forestlands. Forests, and the streams and lakes they help to sustain, provide the habitat for wildlife and fish, which are also major, renewable resources. Forestlands provide forage to help feed browsing wildlife and domestic livestock. Some forestlands are an important source of minerals, and others provide space for utility lines, transportation corridors, reservoirs, and other land-consuming uses.

### What Multiple Use Is

Increasing demands on limited forestlands can be met with coordination of uses on specific areas. Foresters have developed and applied the concept of multiple use whereby land is managed for a variety of purposes that utilize, without impairment, the capabilities of the land to meet different demands simultaneously. Properly implemented, multiple use sustains

production and avoids environmental deterioration. The multiple-use strategy takes effective advantage of capabilities of diverse portions of a forest to meet both current and projected demands.

Many benefits accrue on a forest regardless of the management strategy employed. For example, a forest managed exclusively for recreation can provide water, climatic, and wildlife benefits. Similarly, one managed exclusively for timber can provide water, climatic, wildlife, and recreation benefits. It is extremely difficult to visualize any exclusive forest use that does not also provide other benefits. The supply of forestlands is inadequate to meet all demands, but the multiple-use strategy normally provides the largest sum of social, economic, and spiritual benefits.

### Who Plans and Manages for Multiple Use?

Use and management of forestlands and forest resources are determined in large measure by the objectives, policies, and means of the landowner, whether the people of a political unit, shareholders of a corporation, or an individual. Uses should be professionally planned, and all planning should consider all potential capabilities to meet different demands on a sustained basis; compatibility among uses; and costs and benefits of different use combinations over a period of time. Forestry professionals have special education and experience to determine the net benefits that forests are capable of producing—information that is basic to the planning of uses.

Plans should incorporate the landowners' objectives and should be based on accurate information about the resources involved. Planning is a continuing process, and landowners—who for government lands include the general public—should participate along with foresters. When plans have been decided on, forestry professionals should implement them by prescribing and super-

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### A Position of the Society of American Foresters\*

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*\*Approved by the Council of the Society of American Foresters, November 14, 1983. Originally adopted on June 25, 1973, and subsequently renewed on September 1, 1977, and November 20, 1980. A position of the Society of American Foresters expires three years after the date of its adoption unless, after thorough review, its continuance is approved.*

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vising the necessary specific practices.

#### **How Multiple Use Is Implemented**

In application, the multiple-use concept involves managing a specific forest area for various benefits and may result in (1) exclusive use on some portions, (2) the emergence of primary and secondary uses on other portions, and (3) a general-use category where no one use justifies specific designation. An exclusive use is one for which an area is reserved and managed for one purpose, with other managed uses excluded. A primary use is one for which an area is predominantly managed but permits secondary managed uses. A secondary use is a managed use other than that for which the land area is predominantly managed. An incidental use is one for which a forest is not deliberately managed, but which occurs automatically. In the general-use category, forestlands are deliberately managed for specified objectives, but no assignment of priorities is made.

Much of the forestland managed under the multiple-use concept is in a general-use category, because com-

patibility at existing levels of demand does not require the designation of primary or exclusive uses. However, lands in the general-use category are often considered to be recreation lands by recreation interests, wildlife habitat by wildlife interests, watershed lands by water interests, mineral lands by mining interests, and timberlands by timber interests. As demands increase and conflicts arise, establishing land-use priorities becomes a valuable procedure for implementing the multiple-use concept. Priorities should be based on the objectives and needs of the landowner, reviewed periodically, and, where necessary, changed to reflect changing conditions of resources and changing needs.

#### **Establishing Use Priorities**

Use limitations are often established on public forestlands by legislation, as for wilderness areas or parks. Priorities on both public and private forestlands administered under the multiple-use concept (exclusive use, primary use, or secondary use) are generally determined by the land administrators or managers, governed by the objectives and poli-

cies of the landowner. When substantial doubt or controversy arises, these priorities may best be decided by the landowners themselves. When landowners establish priorities, they should consider the knowledge of forestry professionals as to land capabilities and the degree of compatibility among uses at various levels of demand.

#### **Accomplishing the Objectives of Forestland Ownership**

In applying the multiple-use concept, primary and secondary uses emerge on specific portions of forest areas. The expertise of forestry professionals is required to determine, within the objectives of ownership, which is the primary use; how it can best be implemented; and, where desirable, how it can be modified to accommodate secondary and incidental uses. To best accomplish the objectives of the landowner, multiple-use forestlands—whether managed for exclusive, primary, and secondary uses, or left in a general-use category—should be managed for the greatest sum of net benefits over time. ■

One pretty sure way to ignite lively debate amongst various groups of Alaskans is to bring up the subject of development versus maintenance of Alaska's fish and wildlife habitat. I know this is the case since the Department of Fish and Game consistently finds itself squarely in the middle of the perpetual controversy surrounding development and habitat protection. Development interests often claim that the department is antidevelopment and too protectionist-oriented. On the other hand, we are frequently criticized by the users of fish and wildlife and the environmental community for not being vigorous enough in the defense of fish and wildlife habitat.

The Department of Fish and Game is not antidevelopment, but we are strongly pro fish and wildlife and, therefore, habitat. That is our job, and it is a mandate that is unique to the Department of Fish and Game. Alaska Statutes Title 16 defines the functions of the Commissioner of the Department of Fish and Game and the duties of the department. These are to: "manage, protect, maintain, improve, and extend the fish, game, and aquatic plant resources of the state in the interest of the economy and the general well-being of the state." It is clear that those duties go well beyond simply dealing with habitat issues, but it is also clear that carrying out those responsibilities would be impossible without assuring that the habitats which are essential to the production of fish and wildlife are maintained and protected.

Contrary to popular belief, the Department of Fish and Game has very few permitting authorities that govern land and water use development. What we do have is an obligation to bring to the explicit attention of land and water managers, be they state or federal agencies, all of the expertise and information we have with regard to the potential impact on fish and wildlife production for any proposed development activity which intrudes into the habitat of fish and wildlife. We must identify the trade-offs and propose mitigating stipulations which are intended to allow a project to go forward and at the same time minimize the impact on the fish and wildlife habitat. Simply the

act of carrying out this function is often viewed by some interests as being anti-development. It is not, nor is it intended to be; but it is our mandate and we do not intend to abrogate that responsibility which is defined for us under the law.

The social and economic well-being of the people of the State of Alaska is dependent on the development and utilization of all our natural resources. It is the policy of the state to develop these other resources while at the same time preserving the productivity of our renewable fish and wildlife resources which also have tremendous economic, social, and cultural value. Some may see these as two mutually exclusive objectives. Fortunately, in most cases, it does not have to be that way. It is true there will be the rare occasion when the policymakers will have to choose to trade off totally fish or wildlife against some development project—an all or nothing situation. We have found, however, that this is the exception rather than the rule. The other extreme also seldom exists. By that I mean we seldom find a development activity that has absolutely no impact on the habitat and fish and wildlife production. Most of the time we can plan a development project and stipulate how it can be undertaken to mitigate the impact on the habitat. Sometimes we can identify ways to engineer a development project or extract natural resources in ways that protect the habitat and do not increase the costs of the developer or increase the cost of production of the natural resource being extracted. Often, the mitigation measures or the stipulations appended to a development project do increase the cost to the developer or the producer of the natural resource. Yet, within limits, of course, it can be argued that such increased costs are justified and legitimate in protecting the broad social interests and the interests particularly of those who use fish and wildlife and are economically, socially, and culturally dependent on those uses.

What is fair and reasonable and in the broad public interest relative to the trade-offs that have to be made to develop our



*Don W. Collinsworth*

natural resources other than fish and wildlife, as opposed to absolute preservation of fish and wildlife habitat, is something that must be decided in a number of public policy arenas. These include the State Legislature, the Federal Congress, and state and federal regulatory agencies. We, in the Department of Fish and Game, are a participant in those public policy choices. By legislative mandate, we are obligated to bring all of the information and technical resources that we have into those forums to describe for the policymakers what we believe the trade-offs are and ways that we can identify to protect the productivity of the fish and wildlife habitat. Unless we protect the habitat, we are not doing our job; and here, at the Department of Fish and Game, we take our job seriously.

*Don W. Collinsworth is Commissioner, Alaska Department of Fish and Game.*

# STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.  
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Lennie Gorsuch  
Commissioner

cc: Senator Bettye Fahrenkamp  
Senator John Binkley  
Senator Rick Uehling  
Commissioner Don Collinsworth  
Department of Fish and Game



STATE OF ALASKA  
OFFICE OF THE GOVERNOR

BILL ANALYSIS

DEPARTMENT Fish and Game	DIVISION Habitat	BILL NUMBER SB 454	SPONSOR Resources Committee
SHORT TITLE OF BILL An Act relating to multiple use of state land and water			
DEPARTMENT POSITION Oppose			
PREPARED BY Frank Rue, Director	DATE 3-2-90	COMMISSIONER'S SIGNATURE <i>[Signature]</i>	DATE 3/2/90

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Department of Natural Resources	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

Section 1 amends the definition of multiple use as it is defined in AS 38.04 (Alaska Lands Act) to require that multiple use lands be managed for all of their resources; thereby negating current statutory discretion to manage lands for a predominant use or for less than all competing uses.

ANALYSIS OF BILL/PROGRAM EFFECTS

The existing definition of multiple use is consistent with the state's constitutional provision that "Fish, forest, wildlife, grasslands, and all other replenishable resources belonging to the state should be utilized, developed, and maintained on a sustained yield principle, subject to preferences among beneficial uses." The existing language accommodates the commonly recognized fact that all potential natural resource uses may not be compatible on every acre. The current definition also allows for the objective and reasonable identification of appropriate primary, secondary, and incompatible uses on an area-specific basis.

Section 1 will remove the Department of Natural Resources' authority to classify or manage state lands for a predominant use or for less than all compatible competing uses. This section may also limit or condition the Department of Fish and Game's management and permitting authorities within State Game Refuges, State Game Sanctuaries, and Critical Habitat Areas established under AS 16.20. (cont'd)

AMENDMENTS PROPOSED

Section 2: We suggest that the AS 38.05.185 amendment be worded to require the reporting of areas opened, as well as closed, to mineral entry each year.

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

Continuation of Bill Analysis SB 454

Bill/Program Effects

These areas have been legislatively protected in recognition of their outstanding natural habitat and associated fish and wildlife resource values. Absent a legislative definition for "compatible," this measure will essentially require that all state land and its various resource values be managed as open public domain on the assumption that all competing uses are compatible, unless clear and convincing evidence to the contrary is available.

Although SB 35's reduced emphasis on "the use of the land for less than all of the resources" is accompanied by the added qualification that multiple use "does not exclude compatible competing uses," the latter requires that individual determinations be made as to whether competition between uses is sufficiently great to result in incompatibility. There is concern that such compatibility tests may 1) unduly tax already strained agency staffs and budgets, 2) create delays in land use decisions that would be burdensome to private industry and the general public, and 3) reduce, rather than increase, state land management flexibility to respond to ever changing economic and social demands on the state land base.

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# SENATE FINANCE COMMITTEE REPORT

DATE: 3/22/90

FURTHER:

DATE TURNED INTO OFFICE: 3/20/90

The Finance Committee considered

SB 455

"An Act prohibiting advertising to promote the use or sale of alcoholic beverages on the satellite television project."

and recommended:

replace with \_\_\_\_\_ CS SB 455 (Fin)  
 or adopt \_\_\_\_\_ CS \_\_\_\_\_  
 attached amendment(s)  
 \_\_\_\_\_ letter of intent adopted

same title  
 new title  
 technical title change (HB only)

do pass

do not pass

no recommendation

individual recommendations

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

ATTACHES NEW FISCAL NOTE(S):

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

zero fiscal note(s) \_\_\_\_\_  
SFC/DOR 3/20/90

appropriation-no fiscal note

APPROVES PREVIOUS:

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

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

SIGNING DO PASS:

[Signature]  
[Signature]  
[Signature]

OTHER RECOMMENDATIONS:

[Signature] - NO REC  
[Signature] - NO REC

1. [Signature] DO PASS

2. [Signature] CO CHAIR

Co-Chairs' Signatures and Recommendations

(NO REC)

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: Prohibiting Alcohol  
Advertising on RATNet  
 Sponsor: Senator Binkley  
 Requestor: \_\_\_\_\_

Agency Affected: Dept of Administration  
 BRU: Information Services  
 Components: RATNet

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

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

<b>CAPITAL</b>	0	0	0	0	0	0
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<b>REVENUE</b>	0	0	0	0	0	0
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**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
<b>TOTAL</b>	0	0	0	0	0	0

**POSITIONS:**

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

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

Prepared by: Senator Rick Uehling, Co-chairman  
 Division: Senate Finance Committee

Phone: 465-4821  
 Date: 3/26/90

Approved by Commissioner: \_\_\_\_\_  
 Agency: \_\_\_\_\_

Date: \_\_\_\_\_

Distribution (by preparer) :

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

Original sponsor(s): SEN. BINKLEY

IN THE SENATE

BY THE FINANCE COMMITTEE

CS FOR SENATE BILL NO. 455 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act prohibiting advertising to promote the use or sale of alcoholic beverages on the satellite television project; and providing for an effective date."

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

\* Section 1. AS 44.21.320(c) is amended to read:

(c) Except as provided in (g) of this section, decisions [DECISIONS] and policies relating to programming under the satellite television project, including scheduling and allocation policies, may not be made by the department, but may only be made by a network that is representative of participating rural television users, by commercial broadcast users, or by other affected participating user groups and entities under procedures provided by statute or, if no statute applies, then by agreement of the affected user networks or groups. The department shall assist users in preparing agreements that may be required under this subsection.

\* Sec. 2. AS 44.21.320 is amended by adding a new subsection to read:

(g) The satellite television project may not broadcast, or accept for broadcast programming that includes, advertising that promotes the use or sale of alcoholic beverages.

\* Sec. 3. This Act takes effect April 15, 1991.

*Effective date added by SFC.*

# Senator Johne Binkley

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Senate Finance Committee  
P.O. Box V • Juneau, Alaska 99811 • (907) 465-4985

Finance Committee  
Co-Chairman

## MEMORANDUM

March 26, 1990

TO: Senator Rick Uehling, Co-Chairman  
Senator Finance Committee

FROM: Senator Johne Binkley 

RE: SB 455, prohibiting alcohol advertising on RATNet

---

Thank you for scheduling the above-referenced bill. Under current law, the RATNet Council is the sole decision maker as to what programs will be broadcast on the state's network. SB 455 amends the statutes to state that the Council may not broadcast nor accept for broadcast any programming which contains advertising promoting the use or sale of alcoholic beverages. I do not feel it is appropriate for the state to subsidize these kinds of commercials when on the other hand, we spend hundreds of millions of dollars to combat the effects of alcohol abuse.

The Division of Information Services has prepared a \$1.88 million fiscal note for this bill. I disagree with that note as it does not accurately reflect this bill. According to the analysis, the money would be used by the state to purchase syndicated programming which would take the place of network programming that may be lost because of the ban on alcohol advertising. This is not my intent to have the state make these purchases. The way the scheduling system works is that the network affiliates, PBS, the University of Alaska and the Department of Education bring before the Council programs that each is willing to have broadcast on RATNet. It is my intent that instead of choosing programs that the Council knows has alcohol ads, they will simply choose others that they can be reasonably assured will not contain those commercials. Therefore, I believe the fiscal note should be zero.

I've enclosed for the committee members' files copies of RATNet schedules and a memo prepared for my office by the Legislative Research Agency on this issue.

# Alaska State Legislature

Legislative Research Agency



P.O. Box Y  
Juneau, AK 99811-3100  
Phone: (907) 463-3991  
Fax: (907) 463-3351

January 8, 1989

## MEMORANDUM

TO: Senator John Binkley

ATTN: Janice Adair

FROM: Sheila F. Helgath *SHH*  
Legislative Analyst

RE: Alcohol Advertising on RATNET  
Research Request 90.052

You requested this agency to investigate the possibility of removing alcohol advertisements from programming broadcast by Rural Alaska Television Network (RATNET). Also you requested that a House Research Agency memorandum to Representative Clocksin on liquor advertising be updated. Finally, you wanted to know the arguments that are made for and against alcohol advertising.

Three arguments have been advanced by RATNET staff and representatives of local television stations (network affiliates) against the removal of alcohol advertising from RATNET: (1) a contract between the state of Alaska and the networks and separate contracts between affiliates and the networks prohibit removal; (2) Alaska state law and Federal Communications Commission (FCC) regulations prohibit removal of advertising in programming; and (3) the technical feasibility of removing all the advertisements would make the costs prohibitive. Each argument is discussed below. They may be surmountable if the state of Alaska desires to remove alcohol advertising from RATNET.

### RATNET BROADCAST TECHNOLOGY AND THE "CONTRACTS"

RATNET staff and network affiliates say that two sets of contracts exist which prohibit the removal of advertising from RATNET programming. The first is a verbal agreement between the state of Alaska, the affiliates and the networks. The second is a set of operating agreements between the affiliates and the networks. The origin of these contracts and changes in technology and corporate structure affecting them are explained below.

RATNET is the state-subsidized television system which transmits programs to areas of Alaska that do not receive commercial television. Programs are obtained from the networks (ABC, CBS, and NBC) through their local affiliates (stations) in Anchorage. At present, programs are transmitted from the networks' television satellite to the RATNET center located in Anchorage. These transmissions are redirected to receivers in rural Alaska.

Satellite transmissions did not exist in 1977 when the of Alaska agreed to buy tapes of network news programs and some sporting events. These tapes were then broadcast in urban areas by the affiliate network stations and in rural Alaska by RATNET. In return, the networks gave other programming free of charge to the of Alaska for use on the RATNET system. There was a "gentlemen's agreement" that the would accept the programming from beginning to end, or "credit to credit", including the advertising. This verbal agreement was reached in 1977 among state personnel, representatives of local affiliates and representatives of the networks at a meeting in New York.

I have made repeated requests for copies of any written material which would confirm that a verbal agreement existed. Staff of neither RATNET or the affiliates were able to provide written documentation. However, both RATNET and affiliate staff affirm that a "gentleman's agreement" existed that bound the state to use programming "credit to credit." After 1984, when direct satellite transmission became available to the affiliates, it was no longer necessary to use and therefore purchase tapes. The continuing validity of this verbal agreement, with the passage of time and many changes in technology since it was made, should be carefully analyzed by legal staff.

The other set of contracts that may inhibit the affiliates' cooperation in the removal of alcohol advertisements is between the affiliates and the networks. The affiliates argue that in their contracts with the networks they have agreed to protect the programs from credit to credit, including advertising. Recent corporate changes at the networks have given the affiliates greater freedom to control programming. According to a New York-based network executive, who requested anonymity, the affiliates have considerable latitude in this area. Because these are contracts between private parties, copies of the contracts were not made available to verify these assertions.

RATNET officials and affiliate management also argue that "common practices exist in broadcasting" which prohibit using part of a program without presenting all of the program including advertising. Some of the broadcasters at the Anchorage stations implied that if the advertising were removed, the networks might be inclined to revoke permission for the to use any of their programming. I was unable to obtain written documentation that the networks would respond in this manner or to otherwise verify this possibility.

#### ALASKA LAW AND FCC REGULATIONS

Alaska State Statutes and Federal Communication Commission Regulations have been advanced as reasons why the state can not prohibit alcohol advertising on RATNET.

Senator John Binkley  
January 8, 1990  
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I have asked the above parties to identify the regulation, but no one can cite the reference. Louise Stewart, Public Affairs Specialist for the FCC in Anchorage, said that FCC regulations would not prohibit the state of Alaska from removing liquor advertisements. The FCC considers what happens to programming to be a transaction between "private parties"--in other words it is an unregulated agreement between the state of Alaska, the affiliates and the networks. I also spoke with staff in Senator Glenn's office. Senator Glenn is chair of the Governmental Affairs Committee which has oversight of the FCC. It was their opinion that there is nothing in the FCC law that prevents the state from removing alcohol advertising.

#### TECHNICAL FEASIBILITY AND COST

The final case against removing liquor advertising from RATNET is the technical difficulty and expense of doing so.

Technically, there are two ways to eliminate alcohol advertising from RATNET. The most expensive means is to "tape delay" the programming. The station would tape all the programs coming off the satellite and then edit it and remove alcohol advertisements. It is the most effective way to insure all of the targeted advertising is removed. RATNET staff object to this approach because they are trying to bring current programming, such as live football and news telecasts, to rural residents.

*no news  
telecasts  
would have  
alcohol ads.*

The other way to remove the advertising is to have an engineer at the RATNET Alaska receiving station remove the advertisements as they are being transmitted from the satellite to the other stations. RATNET staff object to this approach because it would leave gaps in the programming which would be difficult and expensive to fill. RATNET officials say it would be difficult to toggle 100 percent of the advertisements since they do not know when alcohol advertisements will come through in the programming. Nancy Long, Production Manager for KTOO, offered this suggestion. RATNET staff could target evenings, weekends, and sports events. This method would require additional equipment such as a tape machine, time base corrector, and switches, costing about \$100,000 and an engineer to toggle the switches and put the replacement tapes on the air. RATNET memoranda state that it would require five AV Technicians I and two editing bays for a cost of \$255,440 the first year (see attached memorandum). Selective targeting of weekend sports and evening programming might reduce these costs and get the majority of the advertisements out of the programs.

Other technical and cost reduction possibilities exist and could be explored. Senator Glenn's staff told of a barcoding mechanism which would warn the receivers ahead of time when alcohol advertisements were being transmitted. Beer marketing executives said they had mechanisms (used to test the effectiveness of commercials) which selectively send and receive

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### Alaska Statutes

John Morrone, Deputy Director for the Division of Telecommunications, stated that Alaska law would prevent removal of advertising from RATNET, even if there were no contract obligations, unless the RATNET Council agrees. He referred to AS 44.21.320 (c) and (d) which state:

(c) Decisions and policies relating to programming under the satellite television project, including scheduling and allocation policies, may not be made by the department, but may only be made by a network that is representative of participating rural television users, by commercial broadcast users or by other affected participating user groups and entities under procedures provided by statute or, if no statute applies, then by agreement of the affected user networks or groups. The department shall assist users in preparing agreements that may be required under this subsection.

(d) The department may not engage in any activity which interferes with a contract or program right relating to commercial television programming, including but not limited to any right protected by copyright.

According to Mr. Morrone, Subsection (c) means that only the RATNET Council has the authority to control programming subject to any agreements that have been made with affected networks or groups. The issue of removing alcohol advertisements was brought before the RATNET Council on February 19, 1988. The council heard from Mr. Morrone who presented the three arguments stated earlier in this memorandum against removal of advertisements. No action was taken by the council. However, attorneys at both the Attorney General's Office and Legislative Legal Services have indicated that the legislature could specifically direct the RATNET Council to prohibit alcohol advertising with a simple amendment to this subsection.

Subsection (c) refers to contracts and program rights which have the potential to affect removal of alcohol advertisements. As suggested earlier, the validity of a twelve-year-old verbal agreement may be questionable. Similarly subsection (d) hinges on whether a valid contract between the state and network exists and what is implied in programming rights. Legislative Legal Services might be requested for an opinion on the validity of the verbal contract and how subsection (d) relates.

### Federal Communication Commission (FCC) Regulations

Transmissions across state boundaries are regulated <sup>by</sup> FCC. Several of the broadcast affiliates, RATNET personnel, and House Research memoranda have asserted that FCC regulations exist which prohibit removal of advertisements.

advertisements. These are some of the technological possibilities available to RATNET staff to remove the majority of alcohol advertisements from programming. Federal grant money might be used to reduce the cost of alternative programming. The Center for Science in the Public Interest has identified federal funding for anti-drinking public service announcements that target minority groups. RATNET or another entity in the state might be able to use grant funds to produce public service announcements. Use of federal grant money would lower the cost of filling the gaps left by eliminating alcohol advertisements.

#### PRO ALCOHOL ADVERTISING POSITIONS

The primary lobbying position of the alcohol industry is that it self-regulates its advertising and therefore government should not. The spirits industry allows coolers (6% or less alcohol in content) and beer to be advertised in the broadcast media. The industry is very concerned about any legislation that might set a precedent. Therefore they oppose limiting alcohol advertising in areas that are "dry" such as rural Alaska.<sup>1</sup> Industry spokesmen claim that there is no scientific evidence showing that advertising promotes drinking to "excess." It is their claim that they are advertising only for a market share of people who already drink.

The industry maintains that controlling advertising violates free speech. The industry has aggressively challenged attempts to control limitations on free speech through court challenges. Attached is the "briefing book" obtained from the Anheuser Busch lobbyist which documents the industry positions and includes a list of the court cases that have been favorable to its position. The state of Alaska could expect a court challenge by the industry to any efforts to remove advertising. Issues in such a challenge might include the following: Is the removal of advertisements from a state subsidized television broadcast an inhibition of an individual's right to free speech or control of commercial speech? Does the state's right to protect the welfare and health of its citizenry counterbalance the free speech issue? Does the local options law which allows communities to control the sale and possession of alcohol affect this issue?

#### ANTI-ALCOHOL ADVERTISING PERSPECTIVE

Those who oppose any form of alcohol advertising on television believe that alcohol advertising is targeted at non-drinkers, light drinkers, ethnic

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<sup>1</sup>The Beer Institute is the lobbying group that represents the pro-alcohol advertising stance. I was directed by institute staff to contact the Anheuser Busch company which is the largest beer advertiser.

Senator John Binkley  
January 8, 1990  
Page 6

minorities, women and youth. Those targeted have traditionally had low per capita consumption. The Center for Science in the Public Interest (CSPI) has written a short but pointed book titled The Booze Merchants: The Inebriating of America which details the advertising strategies of the alcohol industry<sup>2</sup>. Excerpts from this book are attached. The authors stress the use of marketing which promotes the use of alcohol to obtain a glamorous lifestyle. Researchers identify patterns of values, norms, and behaviors in a sub-group of the population which marketing specialists then tie to their product through advertising. For example, if a young person wanted to be successful with friends and the opposite sex, the car or a beverage being sold is associated with a party.

Other alcohol advertisements encourage people who already drink to drink on a daily basis and at times other than the "normal" times such as weekends, parties, or special events. These advertisements are designed to encourage people to drink every day and promote the idea that alcohol beverages are like soft drinks, fruit juice and similar beverages. The Booze Merchant authors also pointedly suggest that advertisements are targeted at heavy drinkers to convince them to continue drinking. If heavy drinking were eliminated, a 40% drop in sales would occur. In short, CSPI refutes the claims made by the industry that advertising is for a market share. CSPI asserts that alcohol advertising is for market expansion.

The free speech arguments seem the least troubling to anti-alcohol advertising advocates. A precedent has been set nationally with the removal of cigarette advertisements from broadcast media. CSPI staff suggested that the argument about free speech might be countered with an argument for the state's right to protect the health and safety of the public. Further they argue that two recent Supreme Court Cases clearly delineate the right to control commercial speech versus the right of individual speech. These cases are Posadas de Puerto Rico Association vs. Tourism Company Puerto Rico 478 US 328 1986 and Board of Trustees of University vs. Fox 57 USLW 5015 (June 29, 1989)<sup>3</sup>.

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<sup>2</sup>The Center for Science in the Public Interest is the lead lobbying group nationally against alcohol advertising. CSPI is a non-profit health advocacy group with ties to the American Medical Association, National Council on Alcoholism, the National Parent Teachers Association, the American Academy of Pediatrics and others.

<sup>3</sup>Legislative Research Agency is in the process of obtaining an analysis of these two cases.

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January 8, 1990  
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#### SUGGESTIONS FOR FURTHER ACTION

Arguments advanced against the legality and practicality of removing liquor advertisements, although forcefully made, may not be definitive in the opinion of some knowledgeable people with whom I spoke.

If further investigation of this matter is pursued, it might include:

- . legal research into the nature of contractual agreements between the of Alaska and the networks, and between the networks and affiliates;
- . legal interpretation and possible amendment to AS 44.21.320;
- . analysis of the fiscal impact on RATNET of editing transmissions.

## PERSONAL COMMUNICATIONS

Bramstedt Jr., Al, Channel 2 Anchorage Broadcaster, Telephone Conversation September 9, 1989.

Hiebert, Augie, Channel 11 Anchorage Broadcaster, Telephone Conversation, September 9, 1989.

Cramer, Terry, Legal Services Lawyer, Legislative Affairs Agency, Telephone Conversation, December 26, 1989.

Lauber, Richard, Lobbyist, Anheuser Busch Inc., Interview and Telephone Conversations, September-December, 1989.

Long, Nancy, KTOO Production Manager, Telephone Conversation, September 1989.

Morrone, John, Deputy Director Division of Telecommunications, Interview about RATNET on September 9, 1989.

Randelett, B. J., Channel 13 Anchorage Broadcaster, Telephone Conversation September 12, 1989.

Stewart, Louise, Public Affairs Specialist, Federal Communications Commission, September 9, 1989.

Taylor, Pat, Director, Alcohol Policies Project, Center For Science in the Public Interest, Telephone Conversations, September-December, 1989.

Wagner, Tom, Assistant Attorney General, Alaska Attorney General's Office, Telephone Conversation, December 26, 1989.

**ISSUE STATEMENT**  
**SB 455**  
**Division of Information Services**  
**Department of Administration**  
**March 21, 1990**

**SB 455** prohibits the Satellite Television Project, known as the Rural Alaska Television Network (RATNet), from broadcasting programs which include advertising that promotes the use or sale of alcoholic beverages. If the bill is enacted, programming that includes alcohol advertising may not be broadcast on RATNet.

Issues raised by this proposed legislation include:

- Enactment of SB 455 could jeopardize the current method of acquiring and distributing programming from network affiliated stations to rural Alaskan communities. Potentially, this could affect as much as 66% of the programming currently aired. Schedules of programs sponsored by the alcoholic beverage industry cannot be created in advance, since local broadcasters do not know who the national sponsors are until a day or two before air time, and often not even then.

- Dismantling the current programming distribution method could limit programming choices currently available, impact the current selection process and possibly dilute the ability of the RATNet Council to choose programming that is desired by the rural viewers.

- Nationally, many groups such as Mothers Against Drunk Drivers are lobbying Congress to address this issue. Although the final outcome is yet to be known, lobbying efforts on similar issues, such as eliminating hard alcohol and cigarette advertising on television, have met with success. Perhaps the final, long-term solution for eliminating alcohol ads will be the result of Congressional action.

- Changing the method of choosing and acquiring programs to be aired on RATNet could create a period of adjustment for viewers who have become accustomed to network programs since 1971. A transition period could develop while the RATNet Council attempts to select and schedule alternative programs to viewer satisfaction. This would probably require more Council meetings than the one a year for which current funds provide, as noted in the attached fiscal note.

#### ISSUE DISCUSSION

Informal reviews of programming and advertising during February, 1990 indicate that much of the programming between 7:00 p.m. and 1:30 a.m.,

Monday through Friday, and 10:00 a.m. through 1:30 a.m., Saturday and Sunday, carries alcohol advertising. **In addition, an alcohol disclaimer is aired three to four times each day.** Because it is not possible to identify in advance which programs will be sponsored by the alcohol industry, there is no mechanism to select or reject programs based upon sponsorship.

This review has led to the following findings: 1) most sports and prime-time programming will be lost because there is no way to identify programs containing alcohol advertising; 2) programs such as national and statewide news, along with the Alaska weather report, (typically aired between 5:00 and 7:00 p.m. each week night), carry no alcohol ads; 3) if the current method of distributing programming is changed by SB 455, RATNet would likely be limited to programs that must be acquired from syndicated sources, rather than from the major networks, and 4) live sports programs are very popular with RATNet viewers; should SB 455 become law, it would be difficult to preserve those live programs since many of them are sponsored by alcohol beverage companies.

Programs purchased from syndicates are estimated at \$600.00 per hour. As noted in the fiscal note analysis, a new position would be necessary to handle the increased program acquisition duties, such as locating programs and coordinating purchases.

FISCAL NOTE

REQUEST:

Revision Date: April 30, 1990  
Title: Prohibiting alcohol  
advertising on RATNET  
Sponsor: Senator Binkley  
Requestor: \_\_\_\_\_

Agency Affected: Administration  
BRU: Information Services  
Components: RATNET

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Funding for travel and negotiation with network executives will come from RATNET budget.

Prepared by: Gary M. Bader  
Division: Commissioner's Office

Phone: 465-2200  
Date: 4/30/90

Approved by Commissioner: Frank S. Baxter  
Agency: Administration

Date: 4/30/90

Distribution (by preparer):

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

5/1/90 HFL

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: Prohibiting Alcohol Advertising  
on RATNet  
Sponsor: Senator Binklev  
Requestor: \_\_\_\_\_

Agency Affected: Administration  
BRU: Information Services  
Components: RATNet

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

OPERATING	FY91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	194.44	205.17	215.43	226.20	237.60	249.39
TRAVEL	8.37	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	60.0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>263.81</b>	<b>205.17</b>	<b>215.43</b>	<b>226.20</b>	<b>237.60</b>	<b>249.39</b>

<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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<b>REVENUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	263.81	205.17	215.43	226.20	237.50	249.39
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	<b>263.81</b>	<b>205.17</b>	<b>215.43</b>	<b>226.20</b>	<b>237.50</b>	<b>249.39</b>

**POSITIONS:**

FULL-TIME	5	5	5	5	5	5
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

See attached

Prepared by: Paul Monette, Director *J. Valenzuela* Phone: 465-2220  
Division: Information Services Date: 04/26/90

Approved by Commissioner: Frank S. Baxter *Frank S. Baxter* Date: 04/26/90  
Agency: Administration

**Distribution (by preparer):**

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

Department of Administration (DOA)  
Division of Information Services

SB 455 - - FISCAL NOTE  
(House CS For CS For SB 455 (HSS))

Prohibiting Alcohol Ads on TVP (RATNet)

In light of the Department's role mandated by this bill in the negotiations between the networks, the local affiliates, and the State, the fiscal impact must be considered. The plan would be to conduct the early stages of negotiations by teleconference. If teleconference negotiations are unsuccessful a team would be established consisting of the State (2) persons, the broadcasters (3) persons, and the RATNet council (2) persons. This team would require travel expenses for the council representatives to Anchorage and expenses for a seven day trip by the team to New York for negotiations with the networks.

Travel for two council members to Anchorage	2,000.00
Travel for seven to NYC	5,320.00
Expenses	<u>1,050.00</u>
Subtotal	\$ 8,370.00

If negotiations are successful then additional personnel and editing equipment would be required. The suggestion has been made that there are other ways of accomplishing the editing and we would be willing to explore other methods. However, the Department can not ensure all advertisements for alcoholic beverages are removed without taping every program for review and editing before broadcasting on RATNet. While that process will preclude any live broadcasts it the only guarantee no alcohol related advertisements are transmitted. The only certain method to produce the desired result is to add personnel and equipment.

Five AV Technicians I @ \$39,088.13 ea.	\$ 195,440.65
Two editing bays @ \$ 30,000 ea.	<u>60,000.00</u>
Subtotal	\$ 255,440.65

TOTAL \$ 263,810.65

FISCAL NOTE

REQUEST:

Revision Date: March 20, 1990  
 Title: Prohibiting Alcohol Advertising on RATNet  
 Sponsor: Senator Binkley  
 Requestor: \_\_\_\_\_  
 Agency Affected: Administration  
 BRU: Information Services  
 Components: RATNet

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY91	FY92	FY93	FY94	FY95	FY96
PERSONAL SERVICES	45.1	46.6	48.0	49.6	51.3	53.0
TRAVEL	12.0	12.0	12.0	12.0	12.0	12.0
CONTRACTUAL	1825.2	1825.2	1825.2	1825.2	1825.2	1825.2
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	1882.3	1883.8	1885.2	1886.8	1888.5	1890.2

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

GENERAL FUND	1882.3	1883.8	1885.2	1886.8	1888.5	1890.2
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	1882.3	1883.8	1885.2	1886.8	1888.5	1890.2

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

See analysis attached:

Prepared by: Paul Monette, Director Phone: 465-2220  
 Division: Information Services Date: 3/20/90  
 Approved by Commissioner: Frank S. Baxter Date: 3/20/90  
 Agency: Administration

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

## SB 455 -- Fiscal Note

SB 455 is not expected to have any fiscal impact during FY 90. Starting in FY 91, however, and for each succeeding fiscal year, the bill's fiscal impact would be substantial, at approximately \$1,882,300 per year.

The major component of the impact after FY 90 would be the cost of replacing sports and evening entertainment programming that currently is obtained free, with programming purchased from syndicated sources. Purchase of the programming would be necessary because a major requirement of the free programming currently obtained from network affiliates is that it is transmitted in its entirety from start to finish, with no deletion of information (including commercials) within the program.

The cost of purchasing the programming is estimated at roughly \$1,825,200 annually. This figure is based on an informal review of RATNet programming for the month of February 1990, which showed that an average of approximately 5.5 hours per night of weekday programming, and an average of 15.5 hours per day of weekend programming, carried alcohol advertising. At an estimated purchase price of \$600 per hour for syndicated commercial programming, the calculation of total annual purchase costs is as follows:

Weekday:	5.5 hours x 5 days x \$600/hr.=	\$16,500
Weekend:	15.5 hours x 2 days x \$600/hr.=	<u>\$18,600</u>
	Estimated Weekly Cost=	\$35,100
	Estimated Annual Cost=	\$1,825,200

In addition to these purchase costs, there also would be the personnel cost of one new position that would be required at the Anchorage Tape Delay Center to coordinate the identification and purchasing of this programming. The total personnel cost of such a project assistant, at a Range 16A salary level, would be approximately \$45.1 thousand first year cost.

One additional RATNet Council meeting would be required since the potential for major programming issues will impact its Council's decision process. In addition to network offerings, the Council will select programs from a wide variety of syndicators. The additional volume of programming decisions will require at least one additional Council meeting each year.

Total annual costs:	RATNet Council Meeting	12.0
	Personal Services	45.1
	Contractual	<u>1,825.2</u>
		1,882.3

SB

458

SENATE FINANCE COMMITTEE REPORT

DATE: 3/29/90

FURTHER:

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

The Finance Committee considered

SB 458

"An Act relating to distribution of income from national forest land in the unorganized borough; and providing for an effective date."

and recommended:

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

do pass

do not pass

no recommendation

individual recommendations

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

ATTACHES NEW FISCAL NOTE(S):

Dept/Date:

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

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

appropriation-no fiscal note

SIGNING DO PASS:

APPROVES PREVIOUS:

Dept/Date:

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

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

OTHER RECOMMENDATIONS:

1. \_\_\_\_\_  
2. \_\_\_\_\_  
Co-Chairs: Signatures and Recommendations

*Bill died in Committee.*

SENATE COMMITTEE REPORT

DATE: 3/12/90

FURTHER: Finance

DATE TURNED INTO OFFICE: 3/29/90

H E S S

Committee considered

SB 458

"An Act relating to distribution of income from national forest land in the unorganized borough; and providing for an effective date."

and a majority of the committee recommends do pass

and recommended:

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

do pass

do not pass

no recommendation

individual recommendations

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

ATTACHES NEW FISCAL NOTE(S):

Dept/Date:

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

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

appropriation-no fiscal note

SIGNING DO PASS:

*1. [Signature]*  
*1. [Signature]*

APPROVES PREVIOUS:

Dept/Date:

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

zero fiscal note(s) Revenue 3/16/90

Governor's bill w/fiscal note

OTHER RECOMMENDATIONS:

*2 Tim Kelly - No Rec*  
*3 Cal Adams - NEEDS AMENDMENT*

*1 Paul Fish (Do Pass)*  
Chair: Signature and Recommendation

*Previous of EN*

SENATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

DATE: 2, 7/90

FURTHER: H E S S  
Finance

Date of 5-Day Notice: 3-5-90  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3-8-90

C & R A Committee considered SB 458

"An Act relating to distribution of income from national forest land in the unorganized borough; and providing for an effective date."

*+ repts at bk of files*

and recommended:

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

*JKM*

ATTACHES NEW FISCAL NOTE(S):  
Department(s)/Date:

Department(s)/Date:

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

zero fiscal note(s) Dep. of Revenue 3-6-90  
~~Law 000 (ABC) 3-10-90~~

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

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

*2 of at Council no rec*  
*2 of Dept No Rec*  
*2 of Finance - No Rec*

*1 - Mike Snyder Do Pass*  
Chair: Signature and Recommendation

Introduced: 2/8/90  
Referred: C&RA, HESS and Finance

6-1621A

BY SEN. JONES, Eliason, Coghill

IN THE SENATE

SENATE BILL NO. 458

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to distribution of income from national forest land in the unorganized borough; and providing for an effective date."

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

\* Section 1. AS 41.15.180(c) is amended to read:

(c) The commissioner shall deposit income from national forest land outside of organized boroughs in the general fund of the state, 25 percent to be used for public schools and 75 percent for roads in the unorganized borough. That portion of income to be used for public schools shall be paid to each regional educational attendance area and city school district in the unorganized borough in proportion to the area of the national forest located within its boundaries. The payments shall be made under an appropriation for that purpose.

\* Sec. 2. This Act takes effect July 1, 1990.

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Department of Revenue  
 Title: Distribution of Income from  
National Forest Land BRU: Treasury  
 Sponsor: Jones Components: \_\_\_\_\_  
 Requestor: Senate C & RA

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
<b>OPERATING</b>						
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
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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:** Fiscal year 1990 effect is zero. That portion of federal revenue sharing received by the General Fund, and subsequently available for appropriation for public schools (25%) and roads (75%) in the unorganized borough currently amounts to \$4 million. A breakdown of eligible regional educational attendance areas may be obtained from the Department of Community and Regional Affairs.

Prepared By: Bob Elliott *Milt Banker for*  
 Division: Treasury

Phone: 465-2350  
 Date: March 6, 1990

Approved by Commissioner: *Milt Banker for*  
 Agency: Department of Revenue

Date: \_\_\_\_\_

Distribution (by preparer):

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

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Distribution of Income from  
National Forest Land  
Sponsor: Jones  
Requestor: Senate C & RA

Agency Affected: Department of Revenue  
BRU: Treasury  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
<b>OPERATING</b>						
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
<b>CAPITAL</b>	0	0	0	0	0	0
<b>REVENUE</b>	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0

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: Fiscal year 1990 effect is zero. The projected revenues reflect that portion of federal revenue sharing received by the General Fund, and subsequently available for appropriation for public schools (25%) and roads (75%) in the unorganized borough. A breakdown of eligible regional educational attendance areas may be obtained from the Department of Community and Regional Affairs.

Prepared By: Bob Elliott *BE*  
Division: Treasury

Phone: 465-2350  
Date: March 1, 1990

Approved by Commissioner: \_\_\_\_\_  
Agency: Department of Revenue

Date: 3/2/90

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

*This f.n. did not accompany the bill.*

S B

461

SENATE FINANCE COMMITTEE REPORT

DATE: 3/26/90

FURTHER:

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

The Finance Committee considered

SB 461

Appropriation to Dept. of Revenue for the fisheries tax refund program for payments based on the harvest of fish; 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 *Hearings 4-5-90*
- do not pass *4-6-90*
- no recommendation *5-1-90*
- individual recommendations
- further referral to \_\_\_\_\_

*Bill died in committee.*

- ATTACHES NEW FISCAL NOTE(S): Dept/Date: APPROVES PREVIOUS: Dept/Date:
- fiscal note(s) \_\_\_\_\_  fiscal note(s) \_\_\_\_\_
  - zero fiscal note(s) \_\_\_\_\_  zero fiscal note(s) \_\_\_\_\_
  - appropriation-no fiscal note

SIGNING DO PASS: OTHER RECOMMENDATIONS: \_\_\_\_\_

1. \_\_\_\_\_ 2. \_\_\_\_\_  
Co-Chairs: Signatures and Recommendations

SENATE COMMITTEE REPORT

DATE: 3/16/90

FURTHER: Finance

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

Resources

Committee considered

SB 461

"An Act making an appropriation to the Department of Revenue for the fisheries tax refund program for payments based on the harvest of fish; and providing for an effective date."

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 \_\_\_\_\_

- ATTACHES NEW FISCAL NOTE(S): Dept/Date: APPROVES PREVIOUS: Dept/Date:
- fiscal note(s) \_\_\_\_\_  fiscal note(s) \_\_\_\_\_
  - zero fiscal note(s) \_\_\_\_\_  zero fiscal note(s) \_\_\_\_\_
  - appropriation-no fiscal note  Governor's bill w/fiscal note

SIGNING DO PASS: OTHER RECOMMENDATIONS: \_\_\_\_\_

Chair: Signature and Recommendation

SENATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

DATE: 2/9/90

FURTHER: Resources  
Finance

Date of 5-Day Notice: 3-1-90  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3-15-90

C & R A

Committee considered

SB 461

"An Act making an appropriation to the Department of Revenue for the fisheries tax refund program for payments based on the harvest of fish; and providing for an effective date." *and report it back as follows*

- replace with \_\_\_\_\_ CS \_\_\_\_\_  same title
- attached amendment(s)  new title
- \_\_\_\_\_ letter of intent adopted

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

- ATTACHES NEW FISCAL NOTE(S): Department(s)/Date: APPROVES PREVIOUS: Department(s)/Date:
- fiscal note(s) \_\_\_\_\_  zero fiscal note(s) \_\_\_\_\_
  - appropriation-no fiscal note  Governor's bill w/fiscal note

SIGNING DO PASS: OTHER RECOMMENDATIONS: \_\_\_\_\_

Chair: Signature and Recommendation  
*Frank W. No on*  
*Wei Chan*

Introduced: 2/9/90  
Referred: C&RA, Resources and Finance

6-2132A

Funding Information: General Fund \$4,500,000  
Other Funds -0-  
\$4,500,000

BY SEN. ZHAROFF

1 IN THE SENATE

2 SENATE BILL NO. 461

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making an appropriation to the Department of  
7 Revenue for the fisheries tax refund program for  
8 payments based on the harvest of fish; and providing  
9 for an effective date."

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

11 \* Section 1. The sum of \$4,500,000 is appropriated from the general  
12 fund to the Department of Revenue for reimbursement to municipalities under  
13 AS 43.75.130 (fisheries tax refund program) to offset the loss of fish tax  
14 revenue because of the Exxon Valdez oil spill.

15 \* Sec. 2. The unexpended and unobligated balance of the appropriation  
16 made by this Act lapses into the general fund December 31, 1990.

17 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).  
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4/5/90  
SFC  
Zharoff

Offered by Senator Zharoff

Proposed Senate Finance Committee Letter of Intent for CSSB  
461 (Finance)

It is the intent of the Senate Finance Committee that the appropriation contained within this measure shall be pursued by the Department of Law in their recovery litigation against the Exxon Company.

Furthermore, in the event that the appropriation authorized in this act is insufficient to meet the entitlement as determined by the Department, it is the intent of the Senate Finance Committee that allocations to communities be reduced on a pro rata basis.

4/5/90  
SFC  
H. Haroff

DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT DRAFT

PROPOSED FINANCE CS FOR SB 461:

Insert new section 2:

Section 2) The allocations reflected in this section represent the 1988 fish tax reimbursements paid to municipalities under AS 43.75.130.

Kenai Peninsular Borough:	1,975,001
Kenai	583,068
Homer	240,153
Seldovia	45,116
Kodiak Island Borough	2,044,869
Kodiak	1,167,693
Larsen Bay	194,034
Chignik (total Chignik Area)	472,468
Cordova	1,294,703
Valdez	294,382
Seward	270,699
Whittier	55,864
TOTAL:	8,638,050

Section 3) Actual raw fish tax receipts collected by the Department of Revenue for the harvest of fish in 1989 shall be computed by the department to determine each communities entitlement. The difference between the communities 1989 actual entitlement and the 1988 actual tax distribution shall be applied against the appropriation authorized in section 1 of this act.

4/6/90  
Sylvanoff

SECTIONAL ANALYSIS FOR CSSB 461(FIN):

Sections 1 & 2) Legislative "findings and purposes" sections;

Section 3) Appropriates \$4.5 million to the Department of Revenue for reimbursements to municipalities to offset the loss of fish tax revenues following the Exxon Valdez Oil Spill.

- Section 4)
- a) Reflects the distribution of 1988 fish tax reimbursements to local governments;
  - b) Describes the mechanics for allocating fish tax revenues for 1989 entitlements; i.e. subtract 1989 actual figure from 1988 entitlement and apply the difference against the \$4.5 million appropriation in section 3.
  - c) Provides that fish tax allocations shall be reduced on a pro rata basis in the event that the appropriation contained in section 3 is insufficient to meet the 1988 distribution level.

Section 5) Provides that the unexpended and unobligated portion of the appropriation made in this act lapses on December 31st, 1990.

Section 6) Provides for an immediate effective date;

April 6, 1990

4/6/90

Offered by Senator Zharoff

Proposed Senate Finance Committee Letter of Intent for CSSB  
461 (Finance)

It is the intent of the Senate Finance Committee that the appropriation contained within this measure shall be pursued by the Department of Law in their recovery litigation against the Exxon Company.

Furthermore, it is the intent of the Senate Finance Committee that the settlement recovered through litigation for lost fish tax revenues shall be returned to the general fund in an amount equal to the amount appropriated by this act.

6-2132E  
Cramer  
4/5/90  
*Zharoff*  
4/6/90

Funding Information: General Fund \$4,500,000  
Other Funds -0-  
\$4,500,000

Original sponsor(s): SEN. ZHAROFF

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 461 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making an appropriation to the Department of  
7 Revenue for the fisheries tax refund program for  
8 payments based on the harvest of fish; and providing  
9 for an effective date."

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

11 \* Section 1. CONDITIONS THAT NECESSITATE THIS APPROPRIATION. The  
12 administration has indicated its desire and this legislature has expressed  
13 its wholehearted support of efforts to pursue the recovery of all costs  
14 incurred in responding to the Valdez oil discharge disaster, and to make  
15 every attempt to identify and recover all losses attributable to that  
16 disaster. This Act is enacted consistent with those objectives.

17 \* Sec. 2. PURPOSE. To hold harmless municipalities whose tax receipts  
18 would be affected by reduction of payments of the fisheries business tax,  
19 it is the purpose of this Act to assure that refunds payable to municipal-  
20 ities from the proceeds of the fisheries business tax during fiscal year  
21 1990 are not substantially reduced because of the Valdez oil discharge  
22 disaster.

23 \* Sec. 3. The sum of \$4,500,000 is appropriated from the general fund  
24 to the Department of Revenue for reimbursement to municipalities under  
25 AS 43.75.130 (fisheries tax refund program) to offset the loss of fish tax  
26 revenue because of the Exxon Valdez oil spill.

27 \* Sec. 4. ALLOCATION OF APPROPRIATION. (a) The fisheries business tax  
28 paid to municipalities under AS 43.75.130 for fish caught in 1988, total-  
29 ling \$8,638,050, was allocated in the following amounts:

1	Kenai Peninsula Borough	\$1,975,001
2	City of Kenai	583,068
3	City of Homer	240,153
4	City of Seldovia	45,116
5	Kodiak Island Borough	2,044,869
6	City of Kodiak	1,167,693
7	City of Larsen Bay	194,034
8	Chignik (total Chignik Area)	472,468
9	City of Cordova	1,294,703
10	City of Valdez	294,382
11	City of Seward	270,699
12	City of Whittier	55,864

13 (b) The appropriation made by sec. 3 of this Act shall be al-  
14 located among the local governments listed in (a) of this section to  
15 ensure that each local government receives for 1989 from the business  
16 fish tax program (AS 43.75.130) and its share of this appropriation an  
17 amount at least equal to the amount the local government received for  
18 1988 as set out in (a) of this section. A local government whose  
19 receipt for the 1989 business fish tax refund program is greater than  
20 the amount received by the local government for that program in 1988  
21 is not entitled to an allocation under this Act. To determine the  
22 amount of a local government's allocation of this appropriation, the  
23 department shall subtract the amount of business fish tax proceeds to  
24 which the local government was entitled based on the fish catch in  
25 1989 from the amount that the local government received under AS 43.-  
26 75.130 for fish caught in 1988.

27 (c) If the amount of this appropriation is insufficient to meet  
28 the total entitlement under (b) of this section, the amount to which  
29 each local government is entitled shall be reduced pro rata.

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\* Sec. 5. The unexpended and unobligated balance of the appropriation made by this Act lapses into the general fund December 31, 1990.

\* Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

U 3 1 0 0 4 7

Alaska  
MUNICIPAL  
League


TELEPHONE  
(907) 586-1325  
FAX 461-5480

217 SECOND STREET, SUITE 200  
JUNEAU, ALASKA 99801

April 2, 1990

MEMORANDUM

TO: Senator Rick Uehling, Co- Chair  
Senator John Binkley, Co-Chair  
Members, Senate Finance Committee

FROM: Scott A. Burgess, Executive Director 

SUBJECT: SB 461 - Appropriation to the fisheries tax refund program

The Alaska Municipal League supports SB 461 which would appropriate \$4.5 million for reimbursement to municipalities under the fisheries tax refund program to offset the loss of fish tax revenue because of the *Exxon Valdez* oil spill. While additional funds would be necessary to fully compensate the municipalities, these funds would be available immediately.

The Department of Revenue estimates that the total net revenue to the State under the program for FY 90 will be \$22,400,000 (mid-case), \$15,626,200 of which will be returned to municipalities. Because of the oil spill it is now unknown what the amount of fish were or will be processed and thereby what the fish tax revenue will be for FY 90 and in future years. Presumably, the loss of revenue will be recoverable from Exxon, eventually. SB 461 seeks to offset the immediate revenue loss to municipalities which rely on these funds to provide public services.

AS 43.75.015 establishes the Fisheries Business Tax (commonly referred to as the "raw fish tax") Program, which is administered by the Department of Revenue. Each fisheries business, i.e., processor, operating within the State, whether off shore or on shore, is liable for these taxes, which are levied at different rates depending on the nature of the processing involved (AS 43.75.015).

By statute (AS 43.75.130), 50 percent of the total tax liability under the program from processors operating within an incorporated municipality is refunded to the local government (city, borough, or a portion to each for processing that occurred in a city within a borough). The payments to local governments under this program, which are intended to compensate for the additional costs of providing government services to fisheries businesses, constitute a major portion of the annual budget in some municipalities.

The AML supports SB 461 to assist municipalities to continue to provide public services in the wake of the oil spill and until the full impact is determined, recovered and distributed to the State and municipalities according to the statute.

PREPARED BY CILED MAYORS  
5-1-90 5/1/90

COMMUNITY OR BOROUGH

LOSS FISH TAX

KENAI PENINSULA BOROUGH	\$321,738.04
KENAI	\$96,103.95
HOMER	\$85,997.13
SELDOVIA	\$19,805.50
TOTAL COOK INLET	\$523,644.63
KODIAK ISLAND BOROUGH	\$972,409.87
KODIAK	\$551,032.34
LARSEN BAY	\$97,241.22
TOTAL KODIAK AREA	\$1,620,683.44
CORDOVA	\$1,051,281.52
VALDEZ	\$231,900.15
SEWARD	\$216,441.05
WHITTIER	\$46,379.88
TOTAL CORDOVA AREA	\$1,546,002.61
CHIGNIK	\$19,827.08
LAKE AND PENINSULA BOROUGH	\$19,827.08
TOTAL CHIGNIK AREA	\$39,654.17
TOTAL	\$3,729,984.84

5/1/90  
JB

COMMUNITY	87-89 AV	<u>FISH LANDED IN 1988</u> FY 89 FISH TAX (shared in FY 90)	<u>FISH LANDED IN 1989</u> FY 90 FISH TAX (shared in FY 91)	DIFFERENCE FY 89 vs. FY 90 <u>FISH TAX</u>	
Kenai Pen. Boro	1,077,618	1,538,383	828,478	709,905	249,110
City of Kenai	301,857	475,626	238,490	237,136	63,361
City of Homer	132,761	189,739	95,544	94,195	37,217
City of Seldovia	20,689	41,415	9,286	32,129	11,403
Kodiak Island Boro	1,128,428	1,704,395	903,739	800,656	204,689
City of Kodiak	714,931	906,924	628,024	278,900	86,901
City of Larsen Bay	69,690	192,441	24,671	167,770	45,019
City of Chignik	251,413	387,148	111,583	275,565	139,820
Lake and Pen. Boro	-0-	-0-	394,109		-
City of Cordova	669,177	1,054,545	841,677	212,868	(172,500)
City of Valdez	142,274	245,410	258,046	(12,636)	(115,172)
City of Seward	170,784	205,352	193,876	11,476	(23,592)
City of Whittier	24,998	48,601	3,836	44,765	21,162
			TOTAL:	2,852,729	818,134

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

SB 401 5/1/9  
Kettel  
STEVE COWPER, GOVERNOR

STATE OFFICE BUILDING  
P.O. BOX SA  
JUNEAU, ALASKA 99811-0400

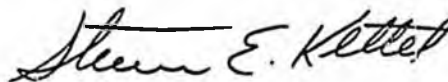
April 30, 1990

To Whom It May Concern:

The attached schedule provides preliminary data concerning the FY 91 revenue sharing program. The Income and Excise Audit Division has captured revenue sharing information from approximately 325 fisheries business tax returns. There yet remains over 100 unfiled returns to be received from licensed fisheries businesses statewide. We are unable to accurately estimate the potential revenues represented by these unfiled returns but our best guess would be somewhere between \$250,000 and \$1 million.

The figures on the schedule have not been audited but do balance with total receipts. There is a slight possibility that some communities may receive less than the amounts shown here. We anticipate making the revenue share payments to cities and boroughs by the middle of August. Those payments will include revenues received in this division through June 30, 1990.

Sincerely yours,



Steven E. Kettel  
Director  
Income and Excise Audit Division  
(907)465-2320

Prepared by:  
 Steven E. Kettel  
 Income and Excise Audit  
 April 30, 1990

FY 1990 Shared Tax Program - PRELIMINARY  
 Fisheries Business Tax

Community or Borough	FY87 Revenue Shared in FY88	FY88 Revenue Shared in FY89	FY89 Revenue Shared in FY90	87-89 Average	FY90 Revenue Shared in FY91	FY 90 as % of average
<b>Alaska Peninsula</b>						
Chignik	164,267	202,825	387,148	251,413	111,583	44%
Egegik	0	0	0	0	2,895	
Lake and Peninsula Borough	0	0	0	0	394,109	
Sand Point	120,580	108,529	239,289	156,133	94,841	61%
<b>Totals</b>	<b>284,847</b>	<b>311,354</b>	<b>626,437</b>	<b>407,546</b>	<b>603,428</b>	<b>148%</b>
<b>Aleutian</b>						
Akutan	423,660	244,270	509,089	392,340	363,375	93%
Aleutian East Borough	0	6,179	1,080,522	362,234	1,133,274	313%
Atka	0	0	0	0	8,461	
Cold Bay	0	0	1,284	428	185	43%
King Cove	367,038	372,416	667,935	469,130	491,312	105%
Unalaska	535,696	664,687	802,895	667,759	1,075,385	161%
<b>Totals</b>	<b>1,326,394</b>	<b>1,287,552</b>	<b>3,061,726</b>	<b>1,891,891</b>	<b>3,071,992</b>	<b>162%</b>
<b>Bristol Bay</b>						
Bristol Bay Borough	1,079,008	990,947	1,765,766	1,278,574	1,834,915	144%
Clark's Point	0	31,055	0	10,352	202,315	1954%
Dillingham	35,023	1,035	156,481	64,180	243,728	380%
Togiak	13,472	37,529	119,754	56,918	37,013	65%
<b>Totals</b>	<b>1,127,503</b>	<b>1,060,566</b>	<b>2,042,001</b>	<b>1,410,023</b>	<b>2,317,971</b>	<b>164%</b>
<b>Cook Inlet</b>						
Anchorage	90,923	167,536	289,542	182,667	37,174	20%

Prepared by:  
 Steven E. Kettel  
 Income and Excise Audit  
 April 30, 1990

FY 1990 Shared Tax Program - PRELIMINARY  
 Fisheries Business Tax

Community or Borough	FY87 Revenue Shared in FY88	FY88 Revenue Shared in FY89	FY89 Revenue Shared in FY90	87-89 Average	FY90 Revenue Shared in FY91	FY 90 as % of average
<b>Interior</b>						
Bethel	58,173	21,156	160,460	79,930	20,143	25%
Chugach	0	0	0	0	10,259	
Fairbanks	220	5	224	150	25	17%
Fairbanks North Star Borou	443	295	2,876	1,205	0	0%
Galena	8,883	1,150	6,390	5,474	2,129	39%
Marshall	5,852	6,625	11,499	7,992	1,351	17%
Matanuska-Susitna Borough	20,935	58	0	6,998	0	0%
Nenana	1,826	598	4,248	2,221	365	16%
North Pole	6	0	0	2	955	47750%
Nulato	12	384	0	132	0	0%
<b>Totals</b>	<b>96,350</b>	<b>30,261</b>	<b>185,697</b>	<b>104,103</b>	<b>35,227</b>	<b>34%</b>
<b>Kenai</b>						
Kenai	174,530	255,415	475,626	301,857	238,490	79%
Kenai Peninsula Borough	656,525	1,037,945	1,538,383	1,077,618	828,478	77%
Seldovia	11,854	8,799	41,415	20,689	9,286	45%
Seward	151,656	155,345	205,352	170,784	193,876	114%
Soldotna	0	0	1,806	602	788	131%
<b>Totals</b>	<b>994,565</b>	<b>1,457,504</b>	<b>2,262,583</b>	<b>1,571,551</b>	<b>1,270,918</b>	<b>81%</b>
<b>Kenai Peninsula</b>						
Homer	89,036	119,508	189,739	132,761	95,544	72%
<b>Kodiak</b>						
Kodiak	617,960	619,909	906,924	714,931	628,024	88%
Kodiak Island Borough	871,500	809,388	1,704,395	1,128,428	903,739	80%
Larsen Bay	13,179	3,449	192,441	69,690	24,671	35%
Old Harbor	3,901	0	0	1,300	0	0%
Port Lions	0	0	297	99	0	0%
<b>Totals</b>	<b>1,506,540</b>	<b>1,432,746</b>	<b>2,804,056</b>	<b>1,914,447</b>	<b>1,556,434</b>	<b>81%</b>

Prepared by:  
 Steven E. Kettel  
 Income and Excise Audit  
 April 30, 1990

FY 1990 Shared Tax Program -- PRELIMINARY  
 Fisheries Business Tax

Community or Borough	FY87 Revenue Shared in FY88	FY88 Revenue Shared in FY89	FY89 Revenue Shared in FY90	87-89 Average	FY90 Revenue Shared in FY91	FY 90 as % of average
<b>Pribilof</b>						
St. George	529	0	0	176	0	0%
St. Marys	25	0	0	8	22	264%
St. Matthews	0	0	0	0	1,569	
St. Paul	0	101,918	7,535	36,484	119,470	327%
<b>Totals</b>	<b>554</b>	<b>101,918</b>	<b>7,535</b>	<b>36,669</b>	<b>121,061</b>	<b>330%</b>
<b>Prince William Sound</b>						
Cordova	382,413	570,574	1,054,545	669,177	841,677	126%
Valdez	64,993	116,418	245,410	142,274	258,046	181%
Whittier	9,128	17,265	48,601	24,998	3,836	15%
<b>Totals</b>	<b>456,534</b>	<b>704,257</b>	<b>1,348,556</b>	<b>836,449</b>	<b>1,103,559</b>	<b>132%</b>
<b>Southeast</b>						
Craig	0	0	0	0	6,616	
Haines	104	210	3,876	1,397	828	59%
Haines Borough	166,304	103,297	219,304	162,968	282,774	174%
Hoonah	30,515	33,302	58,298	40,705	49,899	123%
Hydaburg	0	0	7,871	2,624	22,152	844%
Juneau	4,250	16,520	57,580	26,117	11,679	45%
Kake	31,190	16,990	32,170	26,783	18,063	67%
Kasaan	0	0	200	67	0	0%
Ketchikan	161,378	88,307	243,321	164,335	285,191	174%
Ketchikan Gateway Borough	244,977	107,805	446,842	266,541	462,709	174%
Klawock	7,122	6,522	0	4,548	4,555	100%
Pelican	106,405	87,341	115,664	103,137	118,927	115%
Petersburg	635,837	398,462	807,316	613,852	991,428	162%
Sitka Borough	463,560	220,723	524,793	403,025	287,185	71%
Skagway	23	0	0	8	0	0%
Tenakee Springs	132	104	0	79	19	24%
Wrangell	70,297	26,790	55,483	50,857	72,738	143%
Yakutat	41,453	94,476	258,270	131,400	203,832	155%
<b>Totals</b>	<b>1,963,547</b>	<b>1,200,789</b>	<b>2,830,987</b>	<b>1,998,441</b>	<b>2,818,595</b>	<b>141%</b>

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 Steven E. Kettel  
 Income and Excise Audit  
 April 30, 1990

FY 1990 Shared Tax Program - PRELIMINARY  
 Fisheries Business Tax

Community or Borough	FY87 Revenue Shared in FY88	FY88 Revenue Shared in FY89	FY89 Revenue Shared in FY90	87-89 Average	FY90 Revenue Shared in FY91	FY 90 as % of average
<b>Western Alaska</b>						
Aniak	168	166	390	241	3,585	1485%
Anvik	1,557	636	4,434	2,209	3,918	177%
Emmonak	0	0	51,686	17,229	0	0%
Kaltag	1,576	0	0	525	700	133%
Kotzebue	16	7	76	33	454	1382%
Mekoryuk	0	0	53	18	0	0%
Mountain Village	19,797	18,884	0	12,894	0	0%
Northwest Arctic Borough	16	7	76	33	454	1382%
St. Michael	0	2,190	0	730	0	0%
Toksook Bay	77	99	810	329	1,612	491%
Tununak	0	0	218	73	24	33%
Unalakleet	0	0	14,056	4,685	0	0%
<b>Totals</b>	<b>23,207</b>	<b>21,989</b>	<b>71,797</b>	<b>38,998</b>	<b>10,747</b>	<b>28%</b>

THE FOLLOWING DOCUMENT HAS  
NOT BEEN FILMED BUT IS  
AVAILABLE IN THE ORIGINAL  
FILE



Impact Assessment, Inc.

Economic, Social, Psychological Impacts  
of the *Exxon Valdez* Oil Spill

## INTERIM REPORT #1

# ANALYSIS OF FISCAL IMPACTS TO LOCAL JURISDICTIONS

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# IMPACT ASSESSMENT, INC.

911 WEST 8TH AVENUE, SUITE 402 • ANCHORAGE, ALASKA 99501

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Mr. Gordon Gould, *City Manager*  
City of Kodiak  
710 Upper Mill Bay Rd.  
Kodiak, Alaska 99508

March 1, 1990

Grant #AK-OSG 90-5  
Socioeconomic Impact Study

## Interim Report #1: Group A Fiscal Impact Assessment Template Summary

Dear Mr. Gould:

This document is the first of two Interim Reports to be submitted in progress toward completion of the final report for the "Economic, Social, and Psychological Impacts of the *Exxon Valdez* Oil Spill." The focus of this Interim Report is a preliminary assessment of the fiscal impacts of the oil spill on local governments (boroughs and cities).

This report is intended to summarize progress to date. It is not intended to be viewed as a final product -- the last completed Group A template was only just received three days ago, entered, and run for consistency. This does not mean, however, that the established schedule for completion of Task 1 elements has been significantly deferred by the delayed delivery of the primary data. We have proceeded as scheduled in the development of the framework, tables, and analytical approach to be applied to templates and are actually somewhat ahead of schedule with respect to the analysis itself. On the other hand, there is still considerable analytic work to be done and it is important to recognize that this is but an interim report on what will be a more extensive and detailed Task 1 product.

Second, in any report of this nature, there will inevitably be requests for clarification, additional information, and further analysis or interpretation. We will continue to work closely with the Oiled Mayors to either respond promptly to these requests or to arrange for a more extended examination of selected issues in subsequent reports. In addition, this is a particularly opportune time, during the early stages of the process, for reviewers to critique the objectives, direction, and content of the preliminary fiscal impact analysis and we particularly welcome review comments.

Finally, I would like to take this opportunity to thank the finance directors of each of the affected Group A communities. This report could not have been attempted without their commitment to the process. Completion of the templates required long hours, often an additional burden to government, and in some cases during precisely the worst period of time (January) for finance directors. To a very real degree, the quality of the content of this report is due to their investment in configuring and completing the data collection templates. In addition to helping quantify impacts sustained to date, these templates will be invaluable in providing a consistent data collection methodology for documenting the longer-term impacts of the oil spill on local government.

Sincerely,

  
John S. Petterson, Ph.D.  
*President*

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