

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 1993-1994

959

33

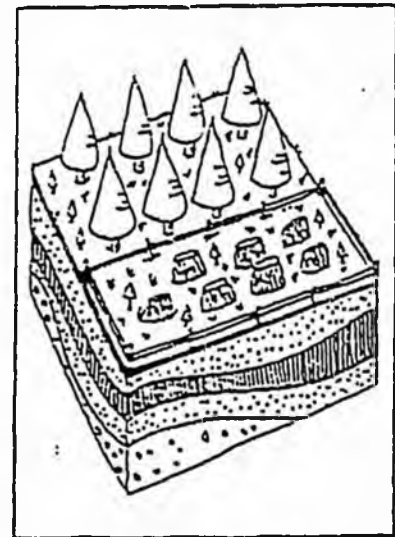
Example: A corporation runs a gold-mining operation on otherwise undeveloped land. During the years that the mining takes place, the land can be taxed or taken to pay a debt. But if the corporation closes down the mining operation, and restores the land to its original condition, the land then qualifies as "undeveloped" and gains back the protection lost when the venture began.

If a corporation has already subdivided land, it can be returned to "undeveloped" status if the land is resubdivided back to its original state. The resubdivision must be approved by whichever platting authority has jurisdiction. In these cases, the protections do apply to land that was previously subdivided.

Timber Development

The "1991" law makes an important change on how protections apply to timber development. For example, if a village corporation cuts timber on its land, only the approximate area where timber is actually cut can be taxed. Under the old law, a larger area of land would lose the protections and thus become vulnerable to taxes and loss by other means. Now, protections are lost only on the parcel of land where timber cutting and development are actually occurring and only during the period of harvest.

Timber lands can also regain land protection. During the years a village corporation cuts timber for commercial sale, the land is considered "developed," and thus can be taxed, if the corporation is in a taxing jurisdiction, or taken to pay creditors. When the commercial harvest ends, though, the land is no longer considered to be "developed" and the land is automatically protected.



**Only area where
timber is cut
loses protection**

Tax Recapture on Subdivided Land

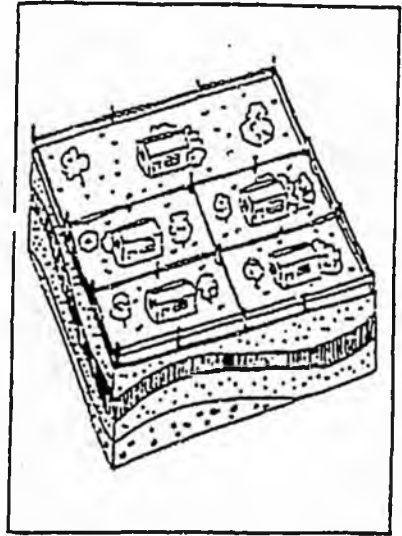
If a Native corporation is in a taxing jurisdiction and its land is subdivided, the corporation must pay the amount of taxes that would have been

levied during the 30 months before the subdivision plat is recorded. The back taxes must be paid in semi-annual installments. The entire amount must be paid off within 30 months of the date the plat is recorded.

Before the final plat is approved, the government with tax jurisdiction must notify the corporation of the taxes it will owe.

Example: Corporation Z decides to subdivide 50 acres on a scenic river site. Until now, the land has been "undeveloped" and exempt from property taxes. On September 1, 1990, the subdivision plat is recorded. The corporation must pay an amount equal to property taxes it would have paid on that 50 acres from March 1, 1988 to September 1, 1990. The total tax bill on the 50 acres is \$10,000. Corporation Z must make its first \$2,000 payment March 1, 1991. The total bill must be paid off by March 1, 1993.

TAX RECAPTURE



Subdivided land

Tax recapture applies only if the land being subdivided is within the boundaries of a taxing jurisdiction, such as a borough or municipality with the power to tax.

Summary

One of the most important changes made by the "1991" law is that Land Bank protections are now automatic. No board action is required because the land protections automatically apply to all undeveloped ANCSA lands. Native land, so long as it remains undeveloped, is protected from property taxes, from squatters, from being taken to pay a bad debt and from bankruptcy.

Before, corporations had to apply to the federal government to get these protections. Now, they're automatic; nothing else is required. A corporation loses these protections if its land is pledged, leased, developed or subdivided. Native corporation board members must recognize the types of actions that may result in losing land protections.

Board members may want to review the status of their lands in light of the definition of "developed," to determine whether any of the corporation's land does not qualify for automatic protections.

Even if the land protections are lost, they can be regained if the lease ends or development activity stops.

HB

75

HFIN

FILE



FISCAL NOTE

No. 2Bill Version: CSHB 75 (JUD)(H) Publish Date: 1/26/94

STATE OF ALASKA 1994 LEGISLATIVE SESSION

BILL NO.

Revision Date: 01-18-94
 Title: Qualifications For PFD's By Military
 Sponsor: MULDER, Martin
 Requestor: House Judiciary

Dept. Affected: Revenue
 BRU: Permanent Fund Dividend
 Component: Permanent Fund Dividend
 COMPONENT SERIAL NO. 981

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
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						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

REVENUE FUND SOURCE:	-0-	-0-	-0-	-0-	-0-	-0-
----------------------	-----	-----	-----	-----	-----	-----

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ -0-

ANALYSIS: (Attach a separate page if necessary.)

 See Pages 2 and 3

Prepared by: Thomas C. Williams
 Division: Permanent Fund Dividend
 Approved by Commissioner: [Signature]
 Agency: Department of Revenue

Phone: 465-2323
 Date: 01-18-94
 Date: 1/18/94

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information call the Governor's Legislative Office

COMMITTEE COPY

ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION
ANALYSIS OF CS HB 75 (JUD) (8-LS0372\J)

January 18, 1994

This committee substitute substantially expands allowable absences to enable residents to remain eligible for a dividend while absent from Alaska to accompany an individual who, by virtue of their maintenance of residency in another state, has declared that they intend to go somewhere other than Alaska to remain permanently. The resident's departure with that non-resident spouse would strongly suggest that the resident would again follow the non-resident when the non-resident retired to their state of residency, making the resident's declared "intent" suspect.

Allowing residents to maintain eligibility for the dividend program based on accompanying a nonresident member of the military would likely increase the population of eligible applicants by as many as several thousand by:

- a. encouraging virtually all current non-resident spouses of non-resident military members living in Alaska to declare Alaska residency, knowing that they *and their children* will continue to remain eligible once they leave the state;
- b. substantially increasing the number of dividends issued to individuals living out of state;
- c. substantially increasing the likelihood of paying individuals who have taken all the proper steps to establish and maintain Alaska residency without truly having the actual requisite intent to remain permanently or to return to Alaska to remain permanently.

This committee substitute version would also generally eliminate the ability of a resident spouse to piggy-back onto the allowable absence of their resident spouse, except in those cases where an allowably absent individual is a member of the military. Section 1 would require the department to simply ignore certain facts relevant to confirming an individual's intent. This opens a wide door to fraudulent filings and compromises the ability of the Department to ensure compliance with the principal eligibility requirement, the intent to remain in Alaska permanently.

On December 16, 1993, Superior Court Judge Dana Fabe upheld the department's position that accompanying a non-resident military member on an absence does not in itself allow an individual to remain eligible for a dividend. Judge Fabe concluded that "there is a rational relationship between the expressed legitimate purposes of the Dividend program, on the one hand, and , on the other, ... for denying an "allowable absence" exception to residents who accompany their nonresident spouses on allowable absences." [p. 17, *Zeiler v. State of Alaska, 3AN-92-1567 Civil*] She went on to agree that, "It is reasonable to allow residents to "piggyback" onto an allowable absence of a resident spouse, because the fact that the spouse is still a resident is a factor tending to show "an intent to return to Alaska and remain permanently in the state". That factor

ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION
ANALYSIS OF CS HB 75 (JUD) (8-LS0372\J)

January 18, 1994

does not exist for residents who accompany nonresident spouses out of state. For the same reason, it is reasonable to require additional proof of intent from a Dividend applicant whose spouse is not a resident. [pp.17-18, *Zeiler v. State of Alaska*, 3AN-92-1567 Civil]

In addition, as long as residency for purposes of the dividend program is defined in terms of allowable absences, the prohibition from considering the residency of an individual's spouse proposed in section 1 of this committee substitute conflicts with the "piggyback" amendment proposed in section 2, as pointed out by Judge Fabe in her decision.

As reflected in section 1(b), Chapter 21, SLA 1980, the original intention of the dividend program was in part "to encourage persons to maintain their residence (*not just residency*) in Alaska and to reduce population turnover in the state." [*emphasis and comment added*] Significantly expanding the allowable absence provisions, sending more and more dividend dollars to individuals living out of state, is not consistent with the stated intent of the program. Expanding allowable absence encourages individuals to declare Alaska residency while simply passing through Alaska simply to qualify for a unique economic benefit. This effect is also at odds with the intent of the program "to reduce population turnover in the state." It is clear from the intent in the enabling legislation that the dividend program was never intended to pay people who simply passed through Alaska.

FISCAL NOTE

No. 1

Version: HR 75

(H) Publish Date: 3/5/93

**STATE OF ALASKA
1993 LEGISLATIVE SESSION**

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act relating to qualifications for permanent fund dividends BRU: Permanent Fund Dividend
 Component: Permanent Fund Dividend
 Sponsor: MULDER, Martin
 Requestor: House Special Committee on Military & Veteran Affairs COMPONENT SERIAL NO. 981

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	1.1	1.1	1.1	1.1	1.1	1.1
TRAVEL						
CONTRACTUAL	0.5	0.5	0.5	0.5	0.5	0.5
SUPPLIES	0.1	0.1	0.1	0.1	0.1	0.1
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	1.7	1.7	1.7	1.7	1.7	1.7
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE FUND SOURCE:	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (Permanent Fund)	1.7	1.7	1.7	1.7	1.7	1.7
TOTAL	1.7	1.7	1.7	1.7	1.7	1.7

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ -0-

ANALYSIS: (Attach a separate page if necessary)

See Attached.

Prepared by: Thomas C. Williams *Thomas C. Williams* Phone: 465-2323
 Division: Permanent Fund Dividend Date: 2-27-93
 Approved by Commissioner: *[Signature]* Date: 2-25-93
 Agency: Department of Revenue

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information call the Governor's Legislative Office

COMMITTEE COPY

HB

76

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 29, 1993

FURTHER REFERRALS:

Date of Committee Action: 4/10/93

The FINANCE Committee considered:

HB 76

HOUSE BILL NO. 76

APPROP: KACHEMAK BAY ST. PK. TIMBER RIGHTS

"An Act making a special appropriation to the Department of Natural Resources for the purchase of the inholdings of the Seldovia Native Association and the Cook Inlet Region, Inc., and the timber rights of the Timber Trading Company, within the Kachemak Bay State Park; and providing for an effective date."

RECOMMENDATIONS:

- [] the same title
 be replaced with _____ [] a new title
- [] have attached amendments(s)
- [] do pass
- [] do not pass
- [X] no recommendations
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[] fiscal impact _____

[] fiscal note(s) _____

[] zero fiscal note _____

[] zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Edna P. Mullen</i> ^{Maclean}	✓	<i>Ronald J. Larson</i> ^{Larson}		X	
<i>Ben Sams</i> ^{Gussendorf}	X	<i>Mark Hanley</i> ^{Hanley}		X	
<i>Mike Spavone</i> ^{Navarre}	✓	<i>Terry Martin</i> ^{Martin}		✓	
<i>Richard Foster</i> ^{Foster}	X	<i>Sean Parnell</i> ^{Parnell}		X	
		<i>Tom Hoffman</i> ^{Hoffman}		✓	
		<i>Tom Therriault</i> ^{Therriault}		X	

Edna P. Mullen
 CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HB 113

Revision Date: February 12, 1993
Title: "...regulating the solicitation of charitable contributions...solicitation of sales by telephonic means..."
Sponsor: Representative Larson
Requestor: Representative Larson

Department Affected: Law
BRU: Legal Services
Component: Fair Business Practices
COMPONENT SERIAL NO. 1823

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND &						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

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

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING:

1002 Federal						
1003 GF Match						
1004 GF						
1005 GF/Program						
1006 GF/MHTIA						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year (FY93) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

Please see attached analysis.

Prepared by: Richard I. Peques, Director
Division: Administrative Services Division
Approved by Commissioner: Richard I. Peques / FBI
Agency: Department of Law

Phone: 465-3672
Date: February 12, 1993
Date: February 12, 1993

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HB 113

ANALYSIS: (continued)

This bill would amend Title 45 by adding regulatory provisions to address abuses in charitable fundraising and telemarketing solicitations.

Under this bill, non-exempt charities would be required to:

1. File registration papers with the attorney general identifying the party making the charitable solicitation, and describing the charitable purpose to be served with the proceeds;
2. Execute written contracts with any paid fundraisers establishing the method of payment for the paid fundraiser, including the amount of any contingent fee; and
3. Provide certain information to donors.

Non-exempt telemarketers would be required to:

1. Register with the attorney general; and
2. Execute written contracts with customers as a condition of closing any sales. This provision creates an enforceable "cooling off period" that is currently lacking in these high pressure sales situations.

The bill provides criminal penalties for charitable solicitors who refuse to honor the consumer's right to revoke a deal, or who take the consumer's money without observing the cooling off period under the written contract provision.

This bill is an attempt to solve the related problems presented by high pressure charity fundraisers who make misrepresentations regarding their fundraising purposes; and telephone sales artists who use high pressure tactics to sell merchandise at greatly inflated prices with false promises of extravagant prizes, and other illusory inducements.

Because there is no regulatory scheme now in effect, the Department of Law cannot say with certainty how much additional staff time will be required to meet the paperwork generated by this bill. But we estimate that the initial year's filings will not greatly exceed 250 charities, and 100 telemarketers.

The staff time needed to file the registration documents will be partially offset by a time savings in the investigation sphere, because the files will contain data that significantly reduces investigative effort in cases involving charitable fundraisers and telemarketers. Both types of cases currently involve significant investigative time spent identifying the people and organizations involved. Of course, to the extent that the bill deters illegal conduct, it will result in additional reductions of investigative time, due to the reduction in law violations requiring investigation. Investigators will be free to devote resources to those other pressing matters needing their attention which currently go unaddressed because of reduced funding.

In the event that the time estimates are inaccurate, the Department of Law may need to return with a request for additional funding in the future. Until such time, however, this bill does not require an increased appropriation.

Back-up

Alaska State Legislature

House of Representatives



Official Business

State Capitol
Juneau, Alaska 99801-1182
(907) 465-3718

House Majority Leader

HOUSE BILL 76 (Purchase of inholdings and timber rights in Kachemak Bay State Park)

HISTORY OF KACHEMAK BAY BUYBACK

In 1970 the Alaska State Legislature set aside 250,000 acres across from Homer, creating Kachemak Bay State Park in order to protect these pristine lands and waters for their unique and exceptional scenic beauty and recreational use.....

During the years 1971 thru 1974, the Alaska Native Claims Settlement Act allowed the Seldovia Native Association (SNA) to make a selection of 69,000 acres of land in the Seldovia area; however, the state protested two of SNA's selections leaving them no alternative but to select the remaining 30,000 acres within Kachemak Bay State Park.

In 1975, then Governor Jay Hammond agreed that the State would work with the Seldovia Native Association to attain a land trade for SNA's park inholdings.

Four years later, SNA signs a Memorandum of Understanding to exchange its inholdings for state lands of equivalent value.

Four more years go by, and during the period of 1982 thru 1986, only two small land trades take place totaling 5,000 acres and further negotiations failed to trade the remaining inholdings due to a shrinking pool of state lands and disagreements over land values.

sgn
3-22-93

HISTORY OF
KACHEMAK BAY BUYBACK

In 1987 land trade negotiations failed again with the state and the Seldovia Native Association sells its timber rights to Timber Trading Company (TTC).

The State in 1988 approaches Timber Trading and the Seldovia Native Association with an offer of a trees-for-trees and a land-for-land trade.

A year later, the state, (SNA) and (TTC) sign a preliminary exchange agreement outlining the process for conducting appraisals and creating replacement pools for land and timber. That same year, SNA's land value is appraised by separate appraisers at different amounts and a three party review panel makes a determination as to a land cash value. Timber Trading receives appraisal figure for the Seldovia area timber while a combined state and TTC arbitrator sets the value at a different level for exchange purposes.

Former Governor Steve Cowper, in 1990, introduces an appropriations bill to provide for the cash purchase of SNA's park inholdings and TTC's timber in lieu of the state presenting any timber or land exchange package. Four days before the close of the legislative session, Cook Inlet Region, Inc. (CIRI) enters the proposed purchase for subsurface rights within the park. The appropriations bill fails the House on a 20-20 vote.

Following the bill's failure, TCC begins the application process to secure the necessary permits to begin timber harvesting.

In 1991, legislation is introduced in both the House and Senate to purchase land, timber and subsurface rights within Kachemak Bay State Park. Neither bill is enacted and TCC formally submits preliminary permit applications to the State of Alaska. The state holds public hearings in Anchorage, Homer and Seldovia.

Major focus is on the Kachemak Bay Buyback during 1992. SNA, TCC and CIRI agree to a \$22 million cash buyout package. Legislation is introduced in both the House and Senate for the purchase from Exxon Oil Spill monies and/or through a contingent appropriation from the Restoration Endowment. Legislation fails to pass the 17th Legislature.

Before the 18th Legislature convenes on January 11, 1993, the following events occurred: \$20,500,000 is deposited in the Alyeska Settlement Fund from an Agreement & Consent decree (civil settlement) entered November 25, 1992 which includes an allocation of \$7,500,000 for the purchase of the inholdings in Kachemak Bay State Park; additionally the Exxon Oil Spill Trust Council okays a \$7,500,000 appropriation from Exxon Settlement Funds for Kachemak purchase and House Bill 76, which Representative Gail Phillips introduces on January 22, provides for the remaining appropriation of \$7,000,000 from the criminal fines levied against Exxon to complete the funding package for the purchase.

On March 4, Governor Hickel formally announces an agreement between all concerned parties to buyback the private inholdings in Kachemak Bay State Park. The agreement is formally signed by the Seldovia Native Association, Cook Inlet Region, Inc., Timber Trading Company, Inc., and the State of Alaska.

Kaibc

NEWS RELEASE

STATE OF ALASKA

OFFICE OF THE GOVERNOR
Post Office Box 110001
Juneau, Alaska 99811-0001

WALTER J. HICKEL
Governor

JOSEF P. HOLBERT
Director of Communications



JOHN MANLY
Press Secretary

JOHN HENDRICKSON
Deputy Press Secretary
Anchorage Office: 561-4228

BRIAN HART
Assistant Press Secretary

907-465-3500
FAX: 907-586-8369

FOR RELEASE: March 4, 1993
No. 93-053

GOVERNOR HICKEL ANNOUNCES KACHEMAK BUYBACK

JUNEAU--Kachemak Bay State Park will be made whole again under an agreement to buyback private inholdings announced today by Governor Walter J. Hickel.

The purchase agreement between the State of Alaska and the Seldovia Native Association, Timber Trading Company and Cook Inlet Region Inc., would transfer all rights to 23,802 acres of timberland within the park back to the state. The purchase price is \$22 million.

"This has taken a long time to put together, but I think we have a workable agreement where everybody wins," Governor Hickel said. "I want to thank all the interested parties for their patience and perseverance. And I hope the Legislature will look the agreement over and act quickly to approve it."

Of the \$22 million purchase price, \$15.5 million will go to SNA, \$4.5 to TTC, and \$2 million to CIRI. The agreement is subject to the Legislature appropriating \$7 million from the \$50 million criminal restitution fund resulting from the Exxon Valdez spill and endorsing the Alyeska settlement, which provides another \$7.5 million. The Exxon Valdez settlement trustees have agreed to fund the final \$7.5 million.

House Majority Leader Cail Phillips, R-Homer, commented, "Many, many Alaskans have worked for years to get to this day. My appreciation goes to the Governor and the A.G. and all Alaskans for achieving this finality. I'm very, very pleased for the Seldovia Native Association for their lands issue finally to be resolved."

Rep. Mike Navarre, D-Kenai, who's been working on the issue for many years, said, "I was always confident this would eventually be

2-2-2-2

93-053

Mar. 4, 1993

accomplished, and I'm glad to see it's finally been resolved. I'm hopeful the Legislature and the SNA board will approve the components of the agreement. My congratulations to Governor Hickel and Charlie Cole and to the Citizens' Coalition for all their help."

Senator Suzanne Little, D-Soldotna, added, "While the progress we've made is terrific, there's much remaining to be done. There are three bills currently in, but a lot needs to be done to put together the legislation. I'm looking forward to working on it."

All three legislators expressed their thanks to SNA President Fred Elvsaas for his tenacity on the issue.

####

Timber Trading Company

March 23, 1993

CONTACT: Kim Benton
(907) 522-2163

KACHEMAK BAY POSITION STATEMENT

In 1987, Timber Trading Company (TTC) purchased timber harvesting rights from Seldovia Native Association (SNA) for selected SNA lands south of Kachemak Bay. In addition to the Seldovia area purchase, substantial timber was acquired elsewhere in the state including Montague and Knight Island in Prince William Sound, on the Kuskokwim River and at Tyonek.

In 1988, following the Seldovia area purchase, Timber Trading Company and Seldovia Native Association were approached by the State of Alaska with an offer to attempt a trees-for-trees, land-for-land trade.

In 1989, a Preliminary Exchange Agreement was signed by SNA, TTC and the state outlining the process for conducting appraisals and creating replacement pools for land and timber. TTC's completed timber cruise appraised the Seldovia area timber at \$7.5 million. A state/TTC arbitrated value was set at \$6.4 million for exchange purposes.

In early 1990, failing to present any timber or land exchange package, Governor Steve Cowper introduced an appropriations bill providing for a cash purchase of SNA's park holdings and TTC's timber. TTC and the state agreed to a \$4.51 million cash buyout. Rationale that allowed TTC to accept a less than appraised market value included TTC's recognition of the high public interest in acquiring this inholding and a strong desire to assist a fellow Native corporation in resolving their eighteen year-long dilemma of ownership. Upon reconsideration by the House a bill introduced by Rep. Mike Navarre failed in a 20-20 vote.

Following the failed appropriations bill, TTC began the permit application process to secure necessary permits for timber harvesting.

In 1991, Representative Mike Navarre introduced House Bill 83, an appropriations bill to purchase land, timber and subsurface rights within Kachemak Bay State Park. HB 83 passed the House with a 30-9 vote, but was not voted on in the Senate.

In 1992, Rep. Cliff Davidson introduced HB 411, using the \$50 million Exxon Valdez Oil Spill (EVOS) criminal penalty money as a funding source. HB 411, which included approximately \$11 million for the Kachemak Bay purchase, passed both the House and Senate but was vetoed by Governor Hickel.

In late 1992, Governor Hickel announced a \$32 million settlement with Alyeska Pipeline Corporation for their role in the Exxon Valdez Oil Spill. The settlement includes \$7.5 million for the purchase of SNA, TTC and CIRI inholdings in Kachemak Bay State Park, but the settlement is subject to final legislative approval.

In January 1993, the EVOS Trustee Council approved \$7.5 million from the \$900 million civil penalty monies for acquisition of imminently threatened habitat within Kachemak Bay State Park.

Main Office: 3501 Donall, Suite 202
Anchorage, Alaska 99503
(907) 562-3335
FAX (907) 562-0599

Marketing Div.: Transpacific Trade Center, Suite 418
3700 Pacific Highway East
Tacoma, Washington 98424
(206) 922-5510 FAX (206) 922-8044

TTC Kachemak Bay Position Statement
March 23, 1993 Page 2

It has been the position of Timber Trading Company to cooperate with governmental, environmental and citizen's groups in their efforts to obtain a state purchase of Kachemak Bay State Park inholdings. It is in that spirit of cooperation that TTC appreciates the recognition of Kachemak Bay's importance by the State of Alaska through the introduction of HB 76 and SB 63. In that these bills would complete the \$22 million funding necessary to purchase land, timber and subsurface rights within Kachemak Bay State Park, we are supportive. However, TTC recognizes and supports the intent of other bills as vehicles for the purchase of Kachemak Bay inholdings as well. TTC remains committed to working with those parties interested in the purchase of this unique area with the ultimate goal of securing \$22 million for all three parties as agreed to and supported by Seldovia Native Association, Cook Inlet Region, Inc. and TTC.

However, as Timber Trading Company Native shareholders are due a return on their investment that a state-approved appraised timber value as well as a substantially higher timber market represents, TTC has moved forward with timber harvesting plans. We presently have completed an initial public comment aspect of the permit application process, have hired the independent engineering firm of Peratrovich, Nottingham & Drage, Inc. and remain active in aggressively pursuing the permits necessary to commence timber harvesting. Permit application status information may be obtained through the Division of Governmental Coordination Anchorage Office.

While timber harvesting of this area has consistently been a focus, it is Timber Trading Company's position that this is not a timber harvesting issue but rather an issue of what the people of Alaska determine the highest and best use of this land to be. If the people determine, through the Legislature, the best use to be parkland, Timber Trading Company, Seldovia Native Association and Cook Inlet Region, Inc. have given the people an opportunity to purchase this timber well below present market value. If the people decide the best use to be development by not appropriating the purchase, then Timber Trading Company is prepared to commence timber harvesting in compliance with all existing laws.

KACHEMAK BAY \$22 MILLION FUNDING



November 1992 - \$32 million Alyeska Settlement announced. **\$7.5 million** included in settlement for the purchase of Seldovia Native Association, Timber Trading Company and Cook Inlet Region, Inc. inholdings in Kachemak Bay State Park.

January 1993- Exxon Valdez Oil Spill Trustee Council approved **\$7.5 million** from the \$900 million civil penalty monies for acquisition of imminently threatened habitat within Kachemak Bay State Park.

January 1993- House Bill 76 and Senate Bill 63 introduced appropriating **\$7 million** from \$50 million Exxon criminal penalty monies for purchase of inholdings of Seldovia Native Association, Timber Trading Company and Cook Inlet Region, Inc. within Kachemak Bay State Park.

AGREEMENT FOR SALE AND PURCHASE OF LANDS AND INTERESTS WITHIN
KACHEMAK BAY STATE PARK

THIS AGREEMENT is made by and between the Seldovia Native Association (SNA), Timber Trading Company (TTC), Cook Inlet Region, Inc. (CIRI), as "Sellers", and the State of Alaska as "Purchaser" (collectively, the "Parties").

1. GRANT OF OPTION. Sellers hereby each grant to Purchaser the exclusive option to purchase all Sellers' property rights within the Kachemak Bay State Park, as more particularly described in Attachment A ("the Property"), such purchase to be made in accordance with the terms and conditions of this Agreement.
2. EXERCISE OF OPTION. Purchaser hereby agrees, subject to all appropriations required to be made by the Alaska Legislature to provide for payment of the purchase price and subsequent approval of such appropriations by the Governor of Alaska, to exercise its exclusive option to purchase the Property in accordance with the terms and conditions of this Agreement.
3. OPTION TERMS. The option payment is Ten Dollars (\$10.00), the receipt and sufficiency of which is hereby acknowledged by Sellers. The option may be exercised during the period beginning with Purchaser's execution of this Agreement and ending December 31, 1993 unless extended in writing by the parties. This option shall be exercised by written notice from Purchaser to Sellers at the below provided addresses.
4. PURCHASE PRICE. The purchase price for the Property is \$22 million, with agreed upon payments of \$15.5 million to SNA, \$4.5 million to TTC, and \$2 million to CIRI.
5. INTEREST CONVEYED. At closing, Sellers each shall execute and deliver to Purchaser such deeds or assignment documents as may be necessary to convey their respective interests to the property. SNA and CIRI do hereby warrant and represent to Purchaser as follows: (1) that SNA and CIRI are vested with title to the property to the extent conveyed to SNA and CIRI pursuant to BLM Interim Conveyance Numbers 139, 304 and 372 with respect to SNA and Interim Conveyance Numbers 102, 140, 305 and 373 with respect to CIRI, and (2) that no liens, encumbrances, defects or third party interests have been created in the Property, except that SNA has conveyed certain timber rights on the Property to TTC pursuant to the Timber Sale Agreement dated May 30, 1987 ("Timber Agreement"). TTC does hereby warrant and represent to Purchaser as follows: (1) that TTC holds all interests in the Property conveyed by the Timber Agreement; and (2) that no liens, encumbrances, defects or third party interests have been created in the interest conveyed to TTC by the Timber Agreement. At closing, Sellers each shall execute and deliver to Purchaser such deeds or assignment documents warranted as above described as may be necessary to convey their respective interests to the Property. If any Seller fails to convey title or other interest as required by this Agreement, Purchaser is no longer bound by this Agreement with respect to any Seller. No Seller shall be liable for the acts or inability of another Seller to convey title.
6. RIGHT TO ENTER PROPERTY. Sellers agree that from the date this Agreement is fully executed by the Parties, Purchaser and its agents, upon reasonable notice, shall have the right to enter the Property for all lawful purposes in connection with this Agreement, including environmental audit purposes, provided Purchaser provides sufficient indemnification to the Sellers.
7. CLOSING PLACE AND DATE. The Parties agree to endeavor in good faith to close on or before 60 days after all appropriations made by the Alaska Legislature have been made and approved by the Governor, including those related to funds provided by the Alyeska settlement and the Exxon Valdez Trustee Council; provided, however, if documents that are required to be provided or completed and executed by the Parties have not been tendered by that date, the closing shall

take place within 60 days after receipt of such documentation. The date, time and location of closing shall be set by Purchaser.

8. OTHER AGREEMENTS AND ACTIONS. The Parties agree to take other action or enter into other agreements reasonably necessary to the exercise and closing of this Agreement, including Attachment C.

9. TERMINATION. Unless otherwise agreed to in writing by each of the parties, this Agreement shall terminate upon closing or on December 31, 1993, whichever is earlier; provided, however, this Agreement shall automatically terminate if, during its 1993 session, the Legislature does not appropriate all funds required to be appropriated to provide for payment of the purchase price, or if the Governor vetoes such appropriation by the Legislature.

10. SEVERABILITY. In the event any of the provisions of this Agreement are deemed to be unenforceable, the enforceability of the remaining provisions of this Agreement shall not be affected.

11. SIGNATURE AUTHORITY. Each signatory to this Agreement represents that he has the authority to bind his principal to this Agreement. This Agreement may be executed in several counterparts, each of which shall be an original, but all of which shall constitute the same instrument.

12. NOTICE. Written notices shall be provided to the parties at the following addresses:

Seldovia Native Association
P.O. Drawer L
Seldovia, AK 99663-0250

State of Alaska
Department of Natural Resources
Director, Division of Land
P.O. Box 107005
Anchorage, AK 99510-7005

Cook Inlet Region, Inc.
P.O. Box 93330
Anchorage, AK 99509-3330

Craig Tillery
State of Alaska
Attorney General's Office
1031 West 4th Ave. Suite 200
Anchorage, AK 99501

Timber Trading Company, Inc.
3501 Denali St., Suite 202
Anchorage, AK 99503

Seldovia Native Association

Timber Trading Company, Inc.

By: Fred H. E. Johnson

By: John J. Sturgeon

Its: PRESIDENT

Its: President

Date: 3-10-93

Date: 3/15/93

Cook Inlet Region, Inc.

State of Alaska

By: Margaret L. Brown

By: C. L. ... L. L. L.

Its: Senior Vice President

Its: Attorney General

Date: 3/17/93

Date: 3-10-93

ATTACHMENT A

SNA LANDS TO BE ACQUIRED BY STATE

* All land described below is within Seward Meridian and is identified in BLM Interim Conveyances 139, 304, 372

<u>Legal Description</u>	<u>Approximate Acreage</u>
Township 7 South, Range 12 West	
A. Section 13 (fractional): S $\frac{1}{2}$, NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$	575
B. Sections 22 (fractional): excluding Lot 1 of USS 3606	370
C. Section 29: excluding ADL 41084-41085 located in NW $\frac{1}{4}$ SW $\frac{1}{4}$	410
D. Section 30: excluding USS 3912, USS 3977, Tracts A, C, and D of ASLE 76-114, ADL 41704, located in SW $\frac{1}{4}$ SW $\frac{1}{4}$	408
E. Sections 19 (fractional), 20 (fractional), 21 (fractional), 23 (fractional), 24 (fractional) 25 (fractional), 26, 27 (fractional), 28, 31, 32, 33, 34, 35, 36: All	7,629
Township 8 South, Range 12 West	
A. Sections 1, 2, 3, 4, 7, (fractional), 8 (fractional), 9, 10, 11, 12, 13, 14, 15, 22, 23, 24, 25, 26, 27, 28: All	12,385
B. Section 5 (fractional); excluding ADL 49431 located in the W $\frac{1}{2}$ W $\frac{1}{4}$ SW $\frac{1}{4}$	615
C. Section 6 (fractional): excluding ADL 48787 and ADL 49431 located in the E $\frac{1}{2}$ SW $\frac{1}{4}$; ADL 46149, ADL 46150, ADL 46151, ADL 46152, ADL 46153, and ADL 46650 located in the N $\frac{1}{2}$ SE $\frac{1}{4}$; and ADL 41043 located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ and NW $\frac{1}{4}$ SE $\frac{1}{4}$	300
D. Section 16 (fractional); excluding ADL 46773 located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$	615
E. Section 21 (fractional); excluding ADL 47665 located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$, ADL 41036 located in the N $\frac{1}{2}$ SW $\frac{1}{4}$, ADL 41300 located in the S $\frac{1}{2}$ SW $\frac{1}{4}$	495
Cumulative Total	23,802

Attachment C

AGREEMENT REGARDING TIMBER HARVEST RIGHTS

ON LANDS ADJACENT TO PETERSON BAY

State of Alaska agrees that nothing in that Agreement for Sale and Purchase of Lands and Interests Within Kachemak Bay State Park (the "Agreement") shall restrict the ability of Timber Trading Company, Inc. ("TTC") to pursue the permits necessary for timber harvest operations on lands subject to the Agreement provided, however, TTC shall not commence timber harvest operations on such lands until such time that the Agreement has terminated. TTC agrees not to exercise its timber harvest rights on lands adjacent to Peterson Bay, including Island Peninsula, before April 30, 1999, as more particularly described in Attachment B to the Agreement or to convey such harvest rights to any other entity except to Seldovia Native Association ("SNA"), provided if the transfer is to SNA it will be subject to this restriction against harvest prior to April 30, 1999.

Timber Trading Company, Inc.

State of Alaska

By: John Sturgeon

By: Charles L. Cook

Its: President

Its: Attorney General

Date: 3/15/93

Date: 3.10.93

Revised and Acknowledged

Seldovia Native Association

By: Fred H. Edwards

Its: PRESIDENT

Date: 3-10-93

ATTACHMENT B

Any and all property in which Timber Trading Company has an interest in the following described Seldovia Native Association land outside Kachamak Bay State Park - Peterson Bay and Island Peninsula.

Township 7 South, Range 12 West, Seward Meridian.

Section 10: USS 4737, Lots 1, 2, and 3
: That portion of Tract "A" excluding: USS 1539

Section 11: That portion of Tract "A" excluding: USS 1557
USS 3362 - Tract B, Lots 1 and 2

Section 14 & 15: That portion of Tract "A" excluding:
USS 1539
USS 2893
Tract A of USS 3362
USS 3908
USS 3918
Lots 1, 2, 3, and 4 of USS 3973
Lots 1 and 2 of USS 4736
Lots 1 and 3 of USS 4737
Lots 1-13 inclusive, Block 1, Harbor Heights Subdivision
Lots 1-11 inclusive, Block 2, Harbor Heights Subdivision

Attachment A

CIRI Lands Remaining w/in Kachemak Bay State Park

Seward Meridian, Alaska

Township 7 South, Range 12 West

- Sec. 12, W2, SE4, S2NE4;
- Sec. 31, all;
- Sec. 33-34, all.

Containing 2,469.00 acres, more or less.

Township 8 South, Range 12 West

- Sec. 2, W2;
- Sec. 3-4, all;
- Sec. 5, (fractional), excluding ADL 49431;
- Sec. 6, (fractional), excluding ADL 48787, ADL 49431, ADL 46149, ADL 46150, ADL 46151, ADL 46152, ADL 46153, ADL 46650 and ADL 41043;
- Sec. 7-8, (fractional), all;
- Sec. 9-11, all;
- Sec. 13-15, all;
- Sec. 16, (fractional), excluding ADL 46773;
- Sec. 21, (fractional), excluding ADL 47665, ADL 41036 and ADL 41300;
- Sec. 22-27, all;
- Sec. 28-29, (fractional), all;
- Sec. 30, (fractional), excluding U. S. Survey 3605;
- Sec. 31-33, (fractional), all;
- Sec. 34, all.

Containing 15,408.83 acres, more or less.

Township 8 South, Range 13 West

- Sec. 24, Lot 8 of U. S. Survey 4742.

Containing 5.00 acres.

Township 9 South, Range 13 West

- Sec. 1, (fractional), all;
- Sec. 2, E2, NW4;
- Sec. 11, NE4.

Containing 1,275.00 acres, more or less.

Aggregating 19,157.83 acres, more or less.

KACHEMAK BAY CITIZENS COALITION PROFILE

In October 1988, a broad-based group of Homer and Anchorage residents met in Homer to discuss a response to a timber sale on Seldovia Native Association land within Kachemak Bay State Park. From the initial group of about 15, the Kachemak Bay Citizens Coalition increased in numbers as news of the problem spread. Efforts were made to contact potentially concerned people through mailings and meetings.

Currently, over 7000 people have signed petitions in support of a buyback of inholdings of Seldovia Native Association, Timber Trading Company, and Cook Inlet Region, Inc. within Kachemak Bay State Park. These people want the State of Alaska to purchase these private inholdings for inclusion in Kachemak Bay State Park. Additionally, citizens do not want to see logging take place just outside the park on the Island Peninsula separating Peterson and China Poot bays, or in the Rocky River-Red Mountain area.

The largest number of petition signers from Alaska, about 39%, are from the Anchorage-Girdwood-Chugiak area. About 31% are from the Homer-Anchor Point area, and 29% are from 66 other cities, towns, and villages in Alaska, from Barrow to Ketchikan. Additionally, over 1000 persons from all 50 states, the District of Columbia, and 15 countries have also signed KBCC petitions, tourists who are drawn to the Kachemak Bay area's scenic beauty, recreation and fishing opportunities. Interest in the issue has continued to grow, especially in the last three years.

The Homer-Anchor Point petitioner signers represent a cross section of area residents, with many working within tourism or commercial and charter fishing industries. Many people there feel very strongly about this issue and adamantly oppose commercial logging in the Kachemak Bay State Park area. Some own or work for businesses that may be jeopardized if commercial-scale logging were to take place within Kachemak Bay State Park. Still others were involved in the Exxon Valdez oil spill cleanup effort.

There are many visitors to Homer from Anchorage, the Kenai Peninsula, the Matanuska-Susitna Valley, and Fairbanks as well as elsewhere who want to see the area preserved for its unique scenic beauty and as a popular tourist and fishing destination. There are petition signers who own recreational or investment property in Homer or have summer homes or cabins in Bear Cove, Halibut Cove, Sadie Cove, Peterson, China Poot, Jakolof, and Tutka bays.

Buyback supporters include teachers, students and volunteer naturalists who visit the area to take part in marine science education programs such as the ones offered by the Center for Alaska Coastal Studies or are involved in adult education in the natural resources field. The students are from public and private schools and come in the

spring or fall to study the rich marine intertidal zone and sea life, forest ecology, etc., from the central Kenai Peninsula, Anchorage, and Matanuska-Susitna Valley to as far away as Talkeetna, Healy and even Juneau.

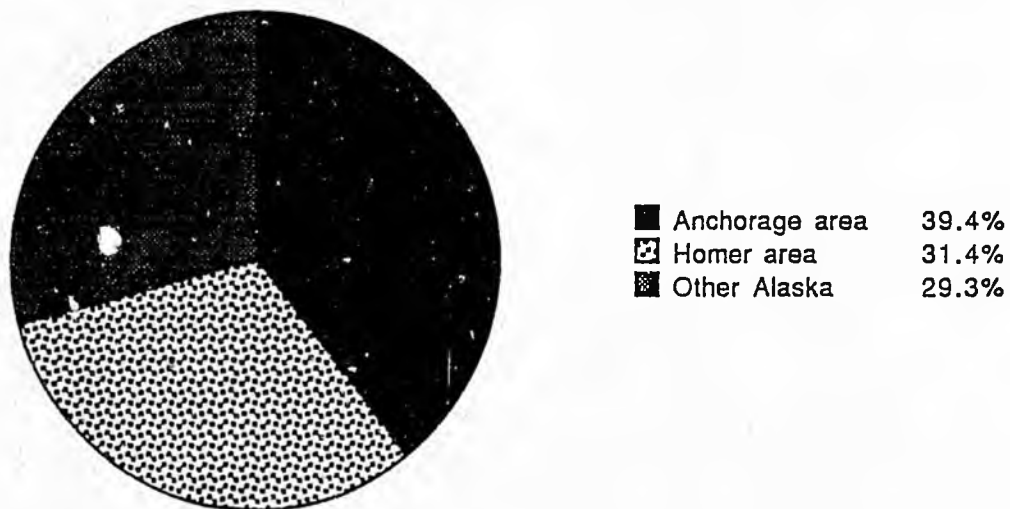
Among petition signers are sport fishermen who launch their boats at Homer harbor while waiting for a space to moor them there permanently. Others already have a boat stall in the harbor. Commercial fishermen from Anchorage are also involved with the buyback effort, as are members of conservation groups.

The Institute for Marine Science at the University of Alaska Fairbanks has a facility at Kasitsna Bay involved in marine science research, and is concerned about the future of the Kachemak Bay ecosystem. The UAF School of Education has used the Center for Alaskan Coastal Studies facility as a site for Sea Week and other teacher training.

These concerned individuals have participated largely by writing letters to the Governor and to the legislators, also by making telephone calls during the legislative sessions. Many have taken part in teleconferences with legislators, and several have travelled to Juneau at their own expense to give input to the legislators on the buyback. Others have written letters to various news media. A public awareness and education program has come out of Homer and Anchorage. Because of strong feelings about this issue, it is likely that many individuals will continue to participate in the public debate in the future.

Revised 3/93

State-wide Distribution of Kachemak Bay State Park Buyback Supporters



KACHEMAK BAY STATE PARK BUYBACK ISSUE

Fact sheet

1971 - Kachemak Bay State Park (KBSP) receives temporary approval.

1974 - Under the Alaska Native Claims Settlement Act (ANCSA), Seldovia Native Association (SNA) receives nearly 30,000 acres within KBSP.

1979 - Memorandum of Understanding signed which, among other things, commits the State and SNA to exchange SNA's KBSP holdings for state land of equal value.

1983, 1985 - Two small land exchanges complete, SNA still owns 23,642 acres within the Park.

1987 - SNA signs 12 year timber harvest contract with Timber Trading Co.(TTC) on its lands inside KBSP and on the Island Peninsula directly across Kachemak Bay from Homer, and Jakolof Rocky River/Red Mountain area.

1988 - Kachemak Bay Citizens Coalition forms to facilitate the reunification of KBSP and to prevent logging within KBSP. To date, over 7,000 people have signed petitions to support these objectives.

1990 - Land and timber trade ideas are abandoned in favor of a \$20 million cash buyout that does not address Cook Inlet Region, Inc. (CIRI's) subsurface inholdings. A bill introduced by Rep. Mike Navarre fails in the House on a 20-20 vote.

1990-1991 - TTC unveils a logging plan on SNA land across from Homer using helicopters and barges. Many people testify in objection to this plan in Homer and Anchorage. Another buyback bill, HB 83 introduced by Rep. Mike Navarre passes the House but is not voted on in the Senate.

February, 1992 - SNA, TTC, and CIRI sign a statement of intent to sell their collective property rights within KBSP to the State for \$22 million. This would be divided roughly with \$15.4 million for SNA, \$4.3 million for TTC, and \$2.3 million for CIRI. The agreement expires after July 15, 1992.

Spring 1992 - HB 411, using \$50 Exxon Valdez Oil Spill (EVOS) criminal penalty money and including about \$11 million for the buyback of inholdings in KBSP passes the House and Senate, but is vetoed by Governor Hickel on July 15.

August, 1992 - After the Governor's veto, TTC and SNA announce suspensions of their discount prices to the State and return to earlier appraisers' higher valuations. CIRI does not comment.

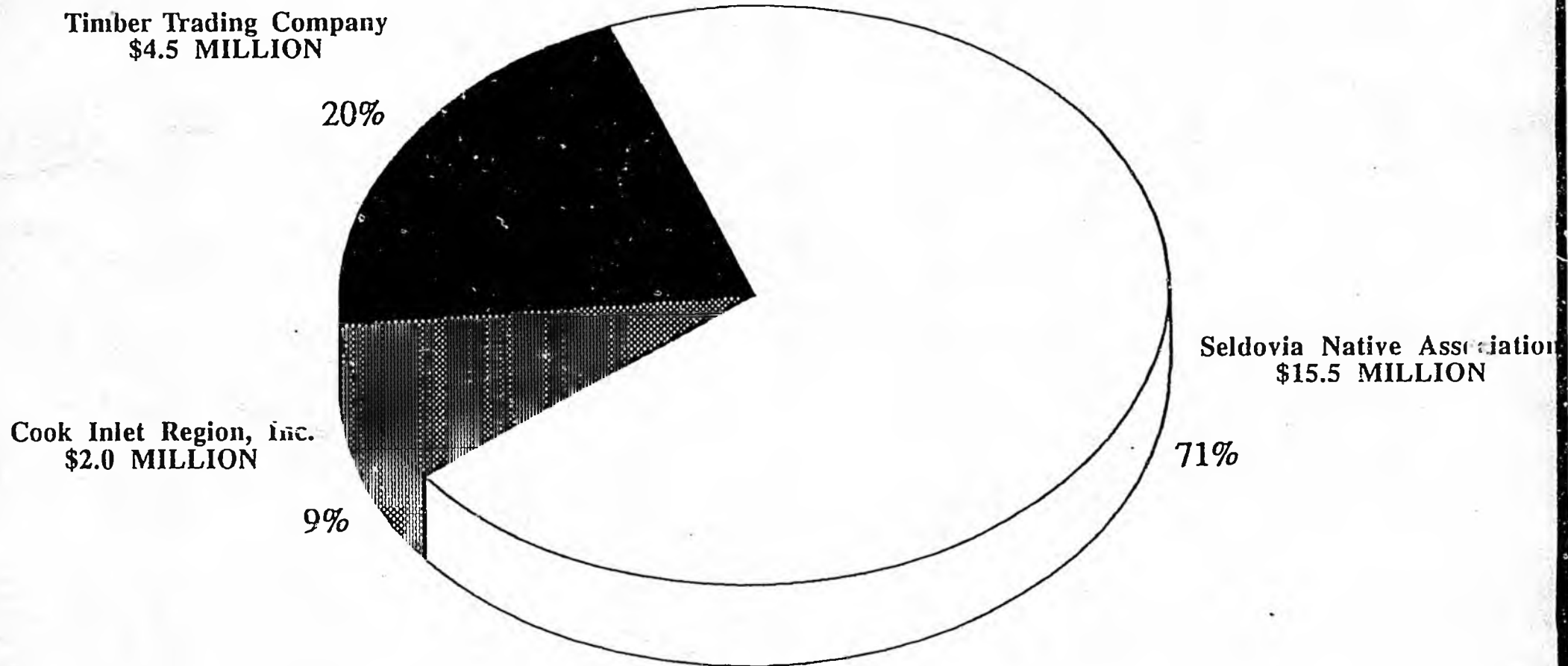
September, 1992- EVOS Trustee Council hears testimony from the public favoring the use of civil penalty money for habitat acquisition.

November, 1992 - Gov. Hickel announces a \$32 million settlement with Alyeska Pipeline Corporation for their role in the Exxon Valdez Oil Spill. The settlement language includes \$7.5 million for the purchase of SNA, TTC, and CIRI's inholdings within Kachemak Bay State Park.

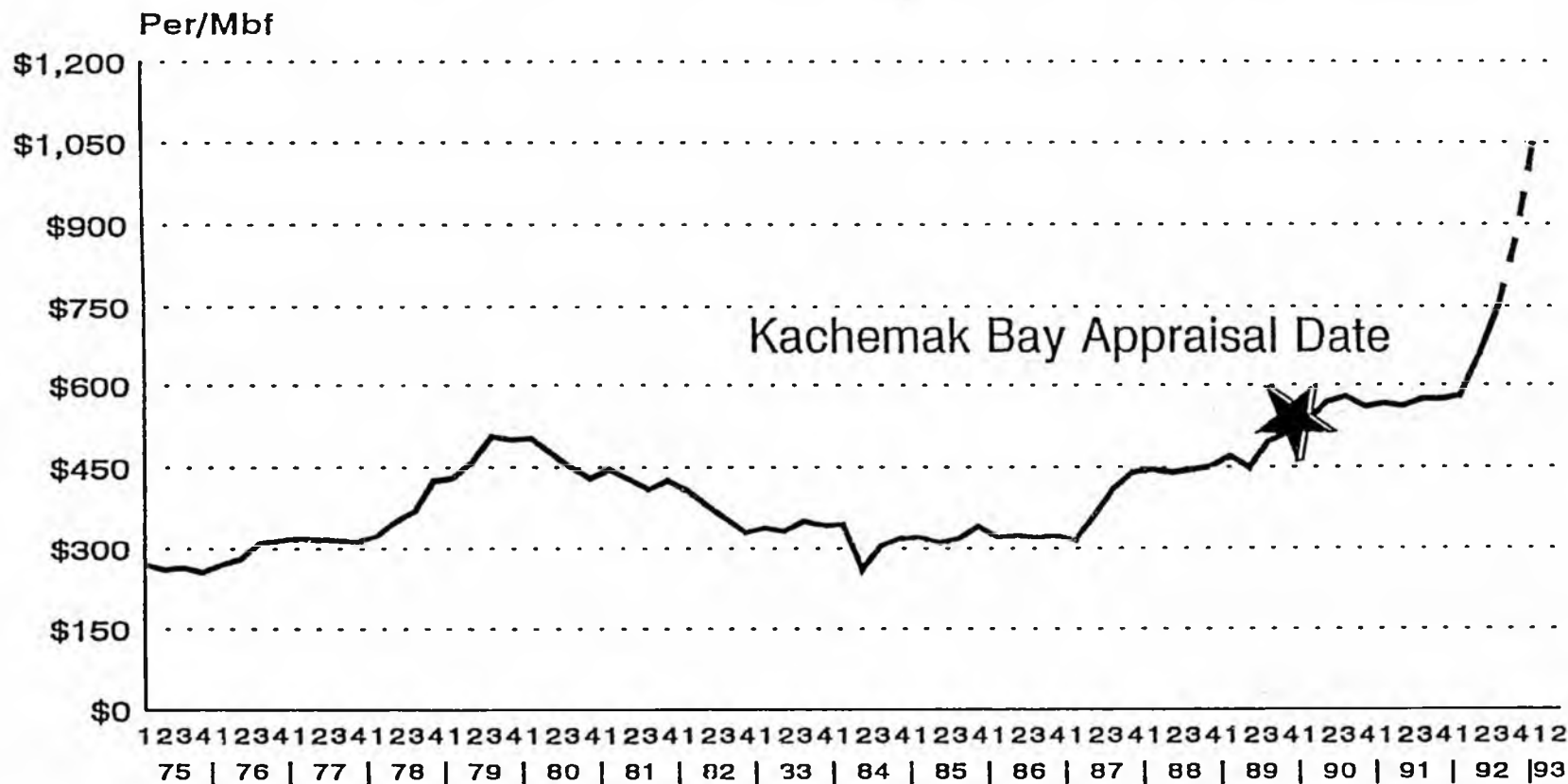
January 19, 1993 - EVOS Trustee Council approves expenditure of \$7.5 million civil penalty money for acquisition of imminently threatened habitat within Kachemak Bay State Park from SNA, TTC, and CIRI, bringing to \$15 million the funds already identified for the purchase of their inholdings.

March 4, 1993 - The Governor's office announces the signing of a purchase agreement between SNA, TTC, CIRI, and the State. The three native groups agree to sell their inholdings to the State for inclusion in Kachemak Bay State Park for \$22 million, the same amount as in 1992.

KACHEMAK BAY \$22 MILLION PURCHASE



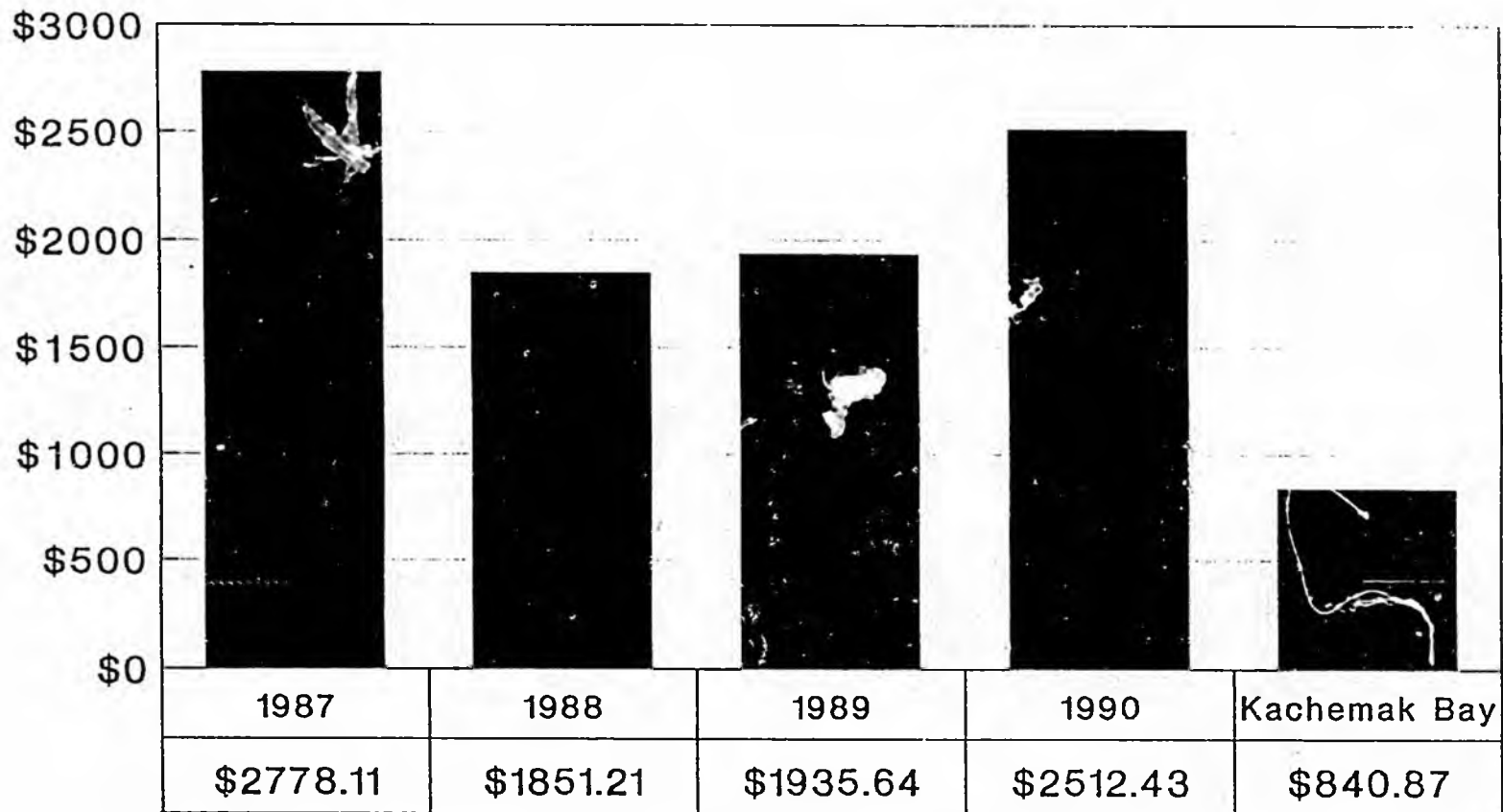
Quarterly Average Value of U.S. Softwood Log Exports to the Pacific Rim



Source: U.S. Dept. of Agriculture, PNW-P-432, 1/91 and PNW-RB-193, 9/92.

Note: Average value of 4th quarter 1992 and 1st quarter 93 (---) is estimated by Koncor, 3/93.

AVERAGE COST PER ACRE STATE PARK LAND ACQUISITIONS ALL STATES COMBINED



Excludes Texas for 1990 due to skewing

HB

76

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/21/93

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered HOUSE BILL NO. 76

"An Act making a special appropriation to the Department of Natural Resources for the purchase of the inholdings of the Seldovia Native Association and the Cook Inlet Region, Inc., and the timber rights of the Timber Trading Company, within the Kachemak Bay State Park; and providing for an effective date."

*Died in SFC 1994.
See SB 63*

and recommends:

replace with _____ CS _____ (FINANCE)

or adopt previous _____ CS _____

attaches amendment(s)

same title
 new title
 technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Notes

DO PASS:

OTHER RECOMMENDATIONS:

1. _____
Co-Chair: Signature/Recommendation

2. _____
Co-Chair: Signature/Recommendation

SENATE COMMITTEE REPORT

Frank

DATE: 4/19/93

FURTHER: FINANCE

DATE TURNED INTO OFFICE: 4.21.93

RESOURCES Committee considered HOUSE BILL NO. 76

"An Act making a special appropriation to the Department of Natural Resources for the purchase of the inholdings of the Seldovia Native Association and the Cook Inlet Region, Inc., and the timber rights of the Timber Trading Company, within the Kachemak Bay State Park; and providing for an effective date."

and recommends:

+ rpts it for a floor

[] replace with _____ CS _____ ()

or [] adopt previous _____ CS _____ ()

[] attaches amendment(s)

[] same title
[] new title
[] technical title change (HB only)

[] adopts _____ Letter of Intent

[] further referral to the _____

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

APP

NEW FISCAL NOTES

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

[X] Appropriation No Fiscal Note

DO PASS:

Due 1000000. 10/22/93
[Signature]
[Signature]

OTHER RECOMMENDATIONS:

[Signature] No Rec - Frank
[Signature] No Rec

[Signature]
Chair: Signature and Recommendation

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HB 76

Revision Date: _____

Department Affected: Fish and Game

Title: Purchase of Inholdings and Timber

BRU: Habitat & Restoration and Commissioner's Office

Rights in Kachemak Bay State Park

Component: Habitat & Restoration & Commissioner's Office

Sponsor: Gail Phillips

Requestor: Community and Regional Affairs

COMPONENT SERIAL NO. 04860477

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

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

REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

FUNDING:

(Thousands of Dollars)

	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Frank Rue *[Signature]* Phone: 465-4105

Division: Habitat and Restoration Date: _____

Approved by Commissioner: Carl F. Rosier *[Signature]*

Agency: Department of Fish and Game Date: 2/21/93

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

ALASKA STATE LEGISLATURE
HOUSE BILL NO. 76

HISTORY IN THE HOUSE

HISTORY IN THE SENATE

1993
V22 Read first time and referred to:
CRA RES FIN

3/24 CRA RPT CS() New Title
3 DP 0 DNP 3 NR 0 AM
FN 1 OFN Previous FN

3/29 RES RPT CS() New Title
6 DP 0 DNP 1 NR 0 AM
FN OFN 10 Previous FN

4/2 FIN RPT CS() New Title
4 DP 0 DNP 6 NR 0 AM
FN OFN Previous FN

4/16 Read second time
CS() Adopted

Amended

4/16 Advanced

4/16 Read third time

Return to second for specific amendment

4/16 PASSED EFD Same or
Yeas 36 Yeas
Nays 2 Nays
Excused 2 Excused
Absent 0 Absent

Intent adopted

Reconsideration
Reconsideration not taken up

PASSED ON RECON. EFD Same ___ or
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Intent adopted

4/16 Reported correctly engrossed
Signed by Speaker, to the Senate

[Signature]
Chief Clerk of the House

1993
4/18 Read first time and referred to:
RES FIN

4/27 RPT() CS 3 DP 3 NR DNP AM
New Title Same Title X Previous FN
FN OFN To *[Signature]*

RPT() CS DP NR DNP AM
New Title Same Title Previous FN
FN OFN To

RPT() CS DP NR DNP AM
New Title Same Title Previous FN
FN OFN To

Rules Calendar() CS AM Other
New Title Same Title Previous FN
FN OFN

Read second time

CS Adopted () New Title
Amended Advanced

Read third time

Letter of Intent adopted
Return to second for specific amendment

PASSED EFD Same ___ or
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reconsideration
Reconsideration not taken up

PASSED EFD Same ___ or
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reported correctly engrossed
Signed by President, to the House

[Signature]
Secretary of the Senate

HOUSE-SENATE HISTORY Continued

19

Received from the Senate _____

Concur in Senate amendment
 Y ___ N ___ E ___ A ___
 ___ Efd same or Y ___ N ___ E ___ A ___

Failed to concur Senate amendment, ask Senate recede
 Y ___ N ___ E ___ A ___

Senate failed to \ receded from amendment
 Y ___ N ___ E ___ A ___

CC appointed by House _____ Chair

CC appointed by Senate _____ Chair

(H) Granted Limited Powers of Free Conference

(S) Granted Limited Powers of Free Conference

19

(H) Adopted CC Rpt _____
 Y ___ N ___ E ___ A ___
 ___ Efd same or Y ___ N ___ E ___ A ___

(S) Adopted CC Rpt _____
 Y ___ N ___ E ___ A ___
 ___ Efd same or Y ___ N ___ E ___ A ___

To enrolling
 Reported enrolled and sent to Governor

_____ By Governor

Legislative Resolve Number _____

Filed with Lieutenant Governor

Alaska State Legislature

House of Representatives

Official Business



State Capitol
Juneau, Alaska 99801-1182
(907) 465-3718

House Majority Leader

HOUSE BILL 76 (PURCHASE OF INHOLDINGS AND TIMBER RIGHTS IN KACHEMAK BAY STATE PARK)

HISTORY OF KACHEMAK BAY BUYBACK

IN 1970 THE ALASKA STATE LEGISLATURE SET ASIDE 250,000 ACRES ACROSS FROM HOMER, CREATING KACHEMAK BAY STATE PARK IN ORDER TO PROTECT THESE PRISTINE LANDS AND WATERS FOR THEIR UNIQUE AND EXCEPTIONAL SCENIC BEAUTY AND RECREATIONAL USE.....

DURING THE YEARS 1971 THRU 1974, THE ALASKA NATIVE CLAIMS SETTLEMENT ACT ALLOWED THE SELDOVIA NATIVE ASSOCIATION (SNA) TO MAKE A SELECTION OF 69,000 ACRES OF LAND IN THE SELDOVIA AREA; HOWEVER, THE STATE PROTESTED TWO OF SNA'S SELECTIONS LEAVING THEM NO ALTERNATIVE BUT TO SELECT THE REMAINING 30,000 ACRES WITHIN KACHEMAK BAY STATE PARK.

IN 1975, THEN GOVERNOR JAY HAMMOND AGREED THAT THE STATE WOULD WORK WITH THE SELDOVIA NATIVE ASSOCIATION TO ATTAIN A LAND TRADE FOR SNA'S PARK INHOLDINGS.

FOUR YEARS LATER, SNA SIGNS A MEMORANDUM OF UNDERSTANDING TO EXCHANGE ITS INHOLDINGS FOR STATE LANDS OF EQUIVALENT VALUE.

FOUR MORE YEARS GO BY, AND DURING THE PERIOD OF 1982 THRU 1986, ONLY TWO SMALL LAND TRADES TAKE PLACE TOTALING 5,000 ACRES AND FURTHER NEGOTIATIONS FAILED TO TRADE THE REMAINING INHOLDINGS DUE TO A SHRINKING POOL OF STATE LANDS AND DISAGREEMENTS OVER LAND VALUES.

SGN
4-21-93

IN 1987 LAND TRADE NEGOTIATIONS FAILED AGAIN WITH THE STATE AND THE SELDOVIA NATIVE ASSOCIATION SELLS ITS TIMBER RIGHTS TO TIMBER TRADING COMPANY (TTC).

THE STATE IN 1988 APPROACHES TIMBER TRADING AND THE SELDOVIA NATIVE ASSOCIATION WITH AN OFFER OF A TREES-FOR-TREES AND A LAND-FOR-LAND TRADE.

A YEAR LATER, THE STATE, (SNA) AND (TTC) SIGN A PRELIMINARY EXCHANGE AGREEMENT OUTLINING THE PROCESS FOR CONDUCTING APPRAISALS AND CREATING REPLACEMENT POOLS FOR LAND AND TIMBER. THAT SAME YEAR, SNA'S LAND VALUE IS APPRAISED BY SEPARATE APPRAISERS AT DIFFERENT AMOUNTS AND A THREE PARTY REVIEW PANEL MAKES A DETERMINATION AS TO A LAND CASH VALUE. TIMBER TRADING RECEIVES APPRAISAL FIGURE FOR THE SELDOVIA AREA TIMBER WHILE A COMBINED STATE AND TTC ARBITRATER SETS THE VALUE AT A DIFFERENT LEVEL FOR EXCHANGE PURPOSES.

FORMER GOVERNOR STEVE COWPER, IN 1990, INTRODUCES AN APPROPRIATIONS BILL TO PROVIDE FOR THE CASH PURCHASE OF SNA'S PARK INHOLDINGS AND TTC'S TIMBER IN LIEU OF THE STATE PRESENTING ANY TIMBER OR LAND EXCHANGE PACKAGE. FOUR DAYS BEFORE THE CLOSE OF THE LEGISLATIVE SESSION, COOK INLET REGION, INC. (CIRI) ENTERS THE PROPOSED PURCHASE FOR SUBSURFACE RIGHTS WITHIN THE PARK. THE APPROPRIATIONS BILL FAILS THE HOUSE ON A 20-20 VOTE.

FOLLOWING THE BILL'S FAILURE, TCC BEGINS THE APPLICATION PROCESS TO SECURE THE NECESSARY PERMITS TO BEGIN TIMBER HARVESTING.

IN 1991, LEGISLATION IS INTRODUCED IN BOTH THE HOUSE AND SENATE TO PURCHASE LAND, TIMBER AND SUBSURFACE RIGHTS WITHIN KACHEMAK BAY STATE PARK. NEITHER BILL IS ENACTED AND TCC FORMALLY SUBMITS PRELIMINARY PERMIT APPLICATIONS TO THE STATE OF ALASKA. THE STATE HOLDS PUBLIC HEARINGS IN ANCHORAGE, HOMER AND SELDOVIA.

MAJOR FOCUS IS ON THE KACHEMAK BAY BUYBACK DURING 1992. SNA, TCC AND CIRI AGREE TO A \$22 MILLION CASH BUYOUT PACKAGE. LEGISLATION IS INTRODUCED IN BOTH THE HOUSE AND SENATE FOR THE PURCHASE FROM EXXON OIL SPILL MONIES AND/OR THROUGH A CONTINGENT APPROPRIATION FROM THE RESTORATION ENDOWMENT. LEGISLATION FAILS TO PASS THE 17TH LEGISLATURE.

BEFORE THE 18TH LEGISLATURE CONVENES ON JANUARY 11, 1993, THE FOLLOWING EVENTS OCCURED: \$20,500,000 IS DEPOSITED IN THE ALYESKA SETTLEMENT FUND FROM AN AGREEMENT & CONSENT DECREE (CIVIL SETTLEMENT) ENTERED NOVEMBER 25, 1992 WHICH INCLUDES AN ALLOCATION OF \$7,500,000 FOR THE PURCHASE OF THE INHOLDINGS IN KACHEMAK BAY STATE PARK; ADDITIONALLY THE OIL SPILL TRUST COUNCIL OKAYS A \$7,500,000 APPROPRIATION FROM SETTLEMENT FUNDS FOR KACHEMAK PURCHASE AND HOUSE BILL 76, REPRESENTATIVE GAIL PHILLIPS INTRODUCES ON JANUARY 22, PROVIDES FOR THE REMAINING APPROPRIATION OF \$7,000,000 FROM THE CRIMINAL FINES LEVIED AGAINST EXXON TO COMPLETE THE FUNDING PACKAGE FOR THE PURCHASE.

ON MARCH 4, GOVERNOR HICKEL FORMALLY ANNOUNCES AN AGREEMENT BETWEEN ALL CONCERNED PARTIES TO BUYBACK THE PRIVATE INHOLDINGS IN KACHEMAK BAY STATE PARK. THE AGREEMENT IS FORMALLY SIGNED BY THE SELDOVIA NATIVE ASSOCIATION, COOK INLET REGION, INC., TIMBER TRADING COMPANY, INC., AND THE STATE OF ALASKA.

NEWS RELEASE

STATE OF ALASKA

OFFICE OF THE GOVERNOR
Post Office Box 110001
Juneau, Alaska 99811-0001

WALTER J. HICKEL
Governor

JOSEF P. HOLBERT
Director of Communications



JOHN MANLY
Press Secretary

JOHN HENDRICKSON
Deputy Press Secretary
Anchorage Office: 561-4228

BRIAN HART
Assistant Press Secretary

907-465-3500
FAX: 907-586-8369

FOR RELEASE: March 4, 1993
No. 93-053

GOVERNOR HICKEL ANNOUNCES KACHEMAK BUYBACK

JUNEAU--Kachemak Bay State Park will be made whole again under an agreement to buyback private inholdings announced today by Governor Walter J. Hickel.

The purchase agreement between the State of Alaska and the Seldovia Native Association, Timber Trading Company and Cook Inlet Region Inc., would transfer all rights to 23,802 acres of timberland within the park back to the state. The purchase price is \$22 million.

"This has taken a long time to put together, but I think we have a workable agreement where everybody wins," Governor Hickel said. "I want to thank all the interested parties for their patience and perseverance. And I hope the Legislature will look the agreement over and act quickly to approve it."

Of the \$22 million purchase price, \$15.5 million will go to SNA, \$4.5 to TTC, and \$2 million to CIRI. The agreement is subject to the Legislature appropriating \$7 million from the \$50 million criminal restitution fund resulting from the Exxon Valdez spill and endorsing the Alyeska settlement, which provides another \$7.5 million. The Exxon Valdez settlement trustees have agreed to fund the final \$7.5 million.

House Majority Leader Gail Phillips, R-Homer, commented, "Many, many Alaskans have worked for years to get to this day. My appreciation goes to the Governor and the A.G. and all Alaskans for achieving this finality. I'm very, very pleased for the Seldovia Native Association for their lands issue finally to be resolved."

Rep. Mike Navarre, D-Kenai, who's been working on the issue for many years, said, "I was always confident this would eventually be

2-2-2-2

93-053

Mar. 4, 1993

accomplished, and I'm glad to see it's finally been resolved. I'm hopeful the Legislature and the SNA board will approve the components of the agreement. My congratulations to Governor Hickel and Charlie Cole and to the Citizens' Coalition for all their help."

Senator Suzanne Little, D-Soldotna, added, "While the progress we've made is terrific, there's much remaining to be done. There are three bills currently in, but a lot needs to be done to put together the legislation. I'm looking forward to working on it."

All three legislators expressed their thanks to SNA President Fred Elvsaas for his tenacity on the issue.

####



United States
Department of
Agriculture

Forest
Service

Alaska Region
S&PF

201 E. 9th Ave.
Suite 206
Anchorage, AK 99501
907-271-2575

Reply to: 3400

Date: March 12, 1993

Kimberley Benton, President
Communication Essentials
621 W. 90th Ave.
Anchorage, AK 99515

Dear Kimberley:

Thanks for your letter of February 28. Hopefully the following information will help clarify the spruce bark beetle/Kachemak Bay situation:

(1) Large areas of blowdown occurred in 1981 near the Aurora Spit/Mallard Bay areas. Approximately 2-3 years later, spruce bark beetle activity increased in these areas and has increased up through 1988. The following table shows, by year, the number of acres infested (also depicted in the enclosed graph), the general area(s) of the infestation, the number of acres infested that occur within the proposed Seldovia Native Association "Buy-out" lands and the percentage of the total infested area that occurs within or close to the proposed "Buy-out" lands.

YEAR	TOTAL ACRES INFEST.	AREAS	SNLA ACRES	% OF TOTAL
1992	12,454	AURORA SPIT; HALIBUT	100	0.8
1991	6,820	AURORA SPIT--BATTLE	15	0.2
1990	10,000	AURORA SPIT--BATTLE	275	3.0
1989	10,000	AURORA SPIT--BATTLE	10	0.1
1988	10,000	AURORA SPIT--BATTLE	55	0.5
1987	2,587	MALLARD BAY	20	0.7
1986	3,660	MALLARD BAY/BEAR COVE	0	0.0
1985	200	MALLARD BAY	25	12.5
1984	312	AURORA SPIT--MALLARD	30	10.0
1983	0		0	0.0
1982	0		0	0.0
1981	0	BLOWDOWN OCCURRED		

As you can see, very few of the infested areas have and are occurring in the proposed "buy-out" area. The majority of the infestation has occurred in the Halibut Cove/Aurora Spit and Mallard Bay areas. The infestation has gradually spread towards Battle Creek and not towards Seldovia.





Kimberley Benton

2

(2) Even though the number of acres infested in 1992 is 12,454 vs. 6,820 in 1991, I don't believe this represents a significant increase in spruce beetle activity. These differences probably represent mapping errors brought about by weather conditions that affect visibility when mapping and different aerial survey crews. Aerial sketch mapping is not meant to be a precise tool but rather a method of obtaining a good estimate.

(3) The species of spruce occurring on Seldovia Native Association lands is Sitka spruce (Picea sitchensis). Research studies have demonstrated that white spruce is the "best" host in terms of progeny production followed by the hybrid, Lutz spruce, followed by Sitka spruce. Black spruce is rarely attacked. The majority of past spruce beetle outbreaks have occurred in the white and Lutz spruce stands of south-central and interior Alaska. Sitka spruce stands are less susceptible to spruce beetle outbreaks. This is primarily due to the suitability differences noted above and the harsher climatic conditions associated with maritime Sitka spruce stands which moderate spruce beetle dispersal and developmental times. However, spruce beetle outbreaks in Sitka spruce have and are occurring as is evident in the Kachemak Bay, Haines, and Glacier Bay National Park areas.

I hope this answers your questions. If you need further clarification or information, please give me a call at 271-2573.

Sincerely,

EDWARD H. HOLSTEN
Forest Entomologist

Enclosure

cc:

R. Burnside-DOF/State of Alaska



**AGREEMENT FOR SALE AND PURCHASE OF LANDS AND INTERESTS WITHIN
KACHEMAK BAY STATE PARK**

THIS AGREEMENT is made by and between the Seldovia Native Association (SNA), Timber Trading Company (TTC), Cook Inlet Region, Inc. (CIRI), as "Sellers", and the State of Alaska as "Purchaser" (collectively, the "Parties").

1. **GRANT OF OPTION.** Sellers hereby each grant to Purchaser the exclusive option to purchase all Sellers' property rights within the Kachemak Bay State Park, as more particularly described in Attachment A ("the Property"), such purchase to be made in accordance with the terms and conditions of this Agreement.

2. **EXERCISE OF OPTION.** Purchaser hereby agrees, subject to all appropriations required to be made by the Alaska Legislature to provide for payment of the purchase price and subsequent approval of such appropriations by the Governor of Alaska, to exercise its exclusive option to purchase the Property in accordance with the terms and conditions of this Agreement.

3. **OPTION TERMS.** The option payment is Ten Dollars (\$10.00), the receipt and sufficiency of which is hereby acknowledged by Sellers. The option may be exercised during the period beginning with Purchaser's execution of this Agreement and ending December 31, 1993 unless extended in writing by the parties. This option shall be exercised by written notice from Purchaser to Sellers at the below provided addresses.

4. **PURCHASE PRICE.** The purchase price for the Property is \$22 million, with agreed upon payments of \$15.5 million to SNA, \$4.5 million to TTC, and \$2 million to CIRI.

5. **INTEREST CONVEYED.** At closing, Sellers each shall execute and deliver to Purchaser such deeds or assignment documents as may be necessary to convey their respective interests to the property. SNA and CIRI do hereby warrant and represent to Purchaser as follows: (1) that SNA and CIRI are vested with title to the property to the extent conveyed to SNA and CIRI pursuant to BLM Interim Conveyance Numbers 139, 304 and 372 with respect to SNA and Interim Conveyance Numbers 102, 140, 305 and 373 with respect to CIRI, and (2) that no liens, encumbrances, defects or third party interests have been created in the Property, except that SNA has conveyed certain timber rights on the Property to TTC pursuant to the Timber Sale Agreement dated May 30, 1987 ("Timber Agreement"). TTC does hereby warrant and represent to Purchaser as follows: (1) that TTC holds all interests in the Property conveyed by the Timber Agreement; and (2) that no liens, encumbrances, defects or third party interests have been created in the interest conveyed to TTC by the Timber Agreement. At closing, Sellers each shall execute and deliver to Purchaser such deeds or assignment documents warranted as above described as may be necessary to convey their respective interests to the Property. If any Seller fails to convey title or other interest as required by this Agreement, Purchaser is no longer bound by this Agreement with respect to any Seller. No Seller shall be liable for the acts or inability of another Seller to convey title.

6. **RIGHT TO ENTER PROPERTY.** Sellers agree that from the date this Agreement is fully executed by the Parties, Purchaser and its agents, upon reasonable notice, shall have the right to enter the Property for all lawful purposes in connection with this Agreement, including environmental audit purposes, provided Purchaser provides sufficient indemnification to the Sellers.

7. **CLOSING PLACE AND DATE.** The Parties agree to endeavor in good faith to close on or before 60 days after all appropriations made by the Alaska Legislature have been made and approved by the Governor, including those related to funds provided by the Alyeska settlement and the Exxon Valdez Trustee Council; provided, however, if documents that are required to be provided or completed and executed by the Parties have not been tendered by that date, the closing shall

take place within 60 days after receipt of such documentation. The date, time and location of closing shall be set by Purchaser.

8. OTHER AGREEMENTS AND ACTIONS. The Parties agree to take other action or enter into other agreements reasonably necessary to the exercise and closing of this Agreement, including Attachment C.

9. TERMINATION. Unless otherwise agreed to in writing by each of the parties, this Agreement shall terminate upon closing or on December 31, 1993, whichever is earlier; provided, however, this Agreement shall automatically terminate if, during its 1993 session, the Legislature does not appropriate all funds required to be appropriated to provide for payment of the purchase price, or if the Governor vetoes such appropriation by the Legislature.

10. SEVERABILITY. In the event any of the provisions of this Agreement are deemed to be unenforceable, the enforceability of the remaining provisions of this Agreement shall not be affected.

11. SIGNATURE AUTHORITY. Each signatory to this Agreement represents that he has the authority to bind his principal to this Agreement. This Agreement may be executed in several counterparts, each of which shall be an original, but all of which shall constitute the same instrument.

12. NOTICE. Written notices shall be provided to the parties at the following addresses:

Seldovia Native Association
P.O. Drawer L
Seldovia, AK 99663-0250

State of Alaska
Department of Natural Resources
Director, Division of Land
P.O. Box 107005
Anchorage, AK 99510-7005

Cook Inlet Region, Inc.
P.O. Box 93330
Anchorage, AK 99509-3330

Craig Tillery
State of Alaska
Attorney General's Office
1031 West 4th Ave. Suite 200
Anchorage, AK 99501

Timber Trading Company, Inc.
3501 Denali St., Suite 202
Anchorage, AK 99503

Seldovia Native Association
By: Fred H. E. Hanson
Its: PRESIDENT
Date: 3-10-93

Timber Trading Company, Inc.
By: John L. Sturgeon
Its: President
Date: 3/15/93

Cook Inlet Region, Inc.
By: Margaret L. Mowbray
Its: Senior Vice President
Date: 3/17/93

State of Alaska
By: Craig Tillery
Its: Attorney General
Date: 3-10-93

ATTACHMENT A

SNA LANDS TO BE ACQUIRED BY STATE

* All land described below is within Seward Meridian and is identified in BLM Interim Conveyances 139, 304, 372

<u>Legal Description</u>	<u>Approximate Acreage</u>
Township 7 South, Range 12 West	
A. Section 13 (fractional): S $\frac{1}{2}$, NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$	575
B. Sections 22 (fractional): excluding Lot 1 of USS 3606	370
C. Section 29: excluding ADL 41084-41085 located in NW $\frac{1}{4}$ SW $\frac{1}{4}$	410
D. Section 30: excluding USS 3912, USS 3977, Tracts A, C, and D of ASLS 76-114, ADL 41704, located in SW $\frac{1}{4}$ SW $\frac{1}{4}$	408
E. Sections 19 (fractional), 20 (fractional), 21 (fractional), 23 (fractional), 24 (fractional) 25 (fractional), 26, 27 (fractional), 28, 31, 32, 33, 34, 35, 36: All	7,629
Township 8 South, Range 12 West	
A. Sections 1, 2, 3, 4, 7, (fractional), 8 (fractional), 9, 10, 11, 12, 13, 14, 15, 22, 23, 24, 25, 26, 27, 28: All	12,385
B. Section 5 (fractional); excluding ADL 49431 located in the W $\frac{1}{2}$ W $\frac{1}{4}$ SW $\frac{1}{4}$	615
C. Section 6 (fractional): excluding ADL 48787 and ADL 49431 located in the E $\frac{1}{2}$ SW $\frac{1}{4}$; ADL 46149, ADL 46150, ADL 46151, ADL 46152, ADL 46153, and ADL 46650 located in the N $\frac{1}{2}$ SE $\frac{1}{4}$; and ADL 41043 located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ and NW $\frac{1}{4}$ SE $\frac{1}{4}$	300
D. Section 16 (fractional); excluding ADL 46773 located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$	615
E. Section 21 (fractional); excluding ADL 47665 located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$, ADL 41036 located in the N $\frac{1}{2}$ SW $\frac{1}{4}$, ADL 41300 located in the S $\frac{1}{2}$ SW $\frac{1}{4}$	495
Cumulative Total	23,802

Attachment A

CIRI Lands Remaining w/in Kachemak Bay State Park

Seward Meridian, Alaska

Township 7 South, Range 12 West

Sec. 12, W2, SE4, S2NE4;
 Sec. 31, all;
 Sec. 33-34, all.

Containing 2,469.00 acres, more or less.

Township 8 South, Range 12 West

Sec. 2, W2;
 Sec. 3-4, all;
 Sec. 5, (fractional), excluding ADL 49431;
 Sec. 6, (fractional), excluding ADL 48787, ADL 49431, ADL 46149, ADL 46150, ADL 46151, ADL 46152, ADL 46153, ADL 46650 and ADL 41043;
 Sec. 7-8, (fractional), all;
 Sec. 9-11, all;
 Sec. 13-15, all;
 Sec. 16, (fractional), excluding ADL 46773;
 Sec. 21, (fractional), excluding ADL 47665, ADL 41036 and ADL 41300;
 Sec. 22-27, all;
 Sec. 28-29, (fractional), all;
 Sec. 30, (fractional), excluding U. S. Survey 3605;
 Sec. 31-33, (fractional), all;
 Sec. 34, all.

Containing 15,408.83 acres, more or less.

Township 8 South, Range 13 West

Sec. 24, Lot 8 of U. S. Survey 4742.

Containing 5.00 acres.

Township 9 South, Range 13 West

Sec. 1, (fractional), all;
 Sec. 2, E2, NW4;
 Sec 11, NE4.

Containing 1,275.00 acres, more or less.

Aggregating 19,157.83 acres, more or less.

ATTACHMENT B

Any and all property in which Timber Trading Company has an interest in the following described Seldovia Native Association land outside Kachemak Bay State Park - Peterson Bay and Island Peninsula.

Township 7 South, Range 12 West, Seward Meridian.

Section 10: USS 4737, Lots 1, 2, and 3
 : That portion of Tract "A" excluding: USS 1539

Section 11: That portion of Tract "A" excluding: USS 1557
 USS 3362 - Tract B, Lots 1 and 2

Section 14 & 15: That portion of Tract "A" excluding:
 USS 1539
 USS 2893
 Tract A of USS 3362
 USS 3908
 USS 3918
 Lots 1, 2, 3, and 4 of USS 3973
 Lots 1 and 2 of USS 4736
 Lots 1 and 3 of USS 4737
 Lots 1-13 inclusive, Block 1, Harbor Heights Subdivision
 Lots 1-11 inclusive, Block 2, Harbor Heights Subdivision

Attachment C

AGREEMENT REGARDING TIMBER HARVEST RIGHTS

ON LANDS ADJACENT TO PETERSON BAY

State of Alaska agrees that nothing in that Agreement for Sale and Purchase of Lands and Interests Within Kachemak Bay State Park (the "Agreement") shall restrict the ability of Timber Trading Company, Inc. ("TTC") to pursue the permits necessary for timber harvest operations on lands subject to the Agreement provided, however, TTC shall not commence timber harvest operations on such lands until such time that the Agreement has terminated. TTC agrees not to exercise its timber harvest rights on lands adjacent to Peterson Bay, including Island Peninsula, before April 30, 1999, as more particularly described in Attachment B to the Agreement or to convey such harvest rights to any other entity except to Seldovia Native Association ("SNA"), provided if the transfer is to SNA it will be subject to this restriction against harvest prior to April 30, 1999.

Timber Trading Company, Inc.

State of Alaska

By: [Signature]
Its: President

By: [Signature]
Its: Attorney General

Date: 3/15/93

Date: 3.10.93

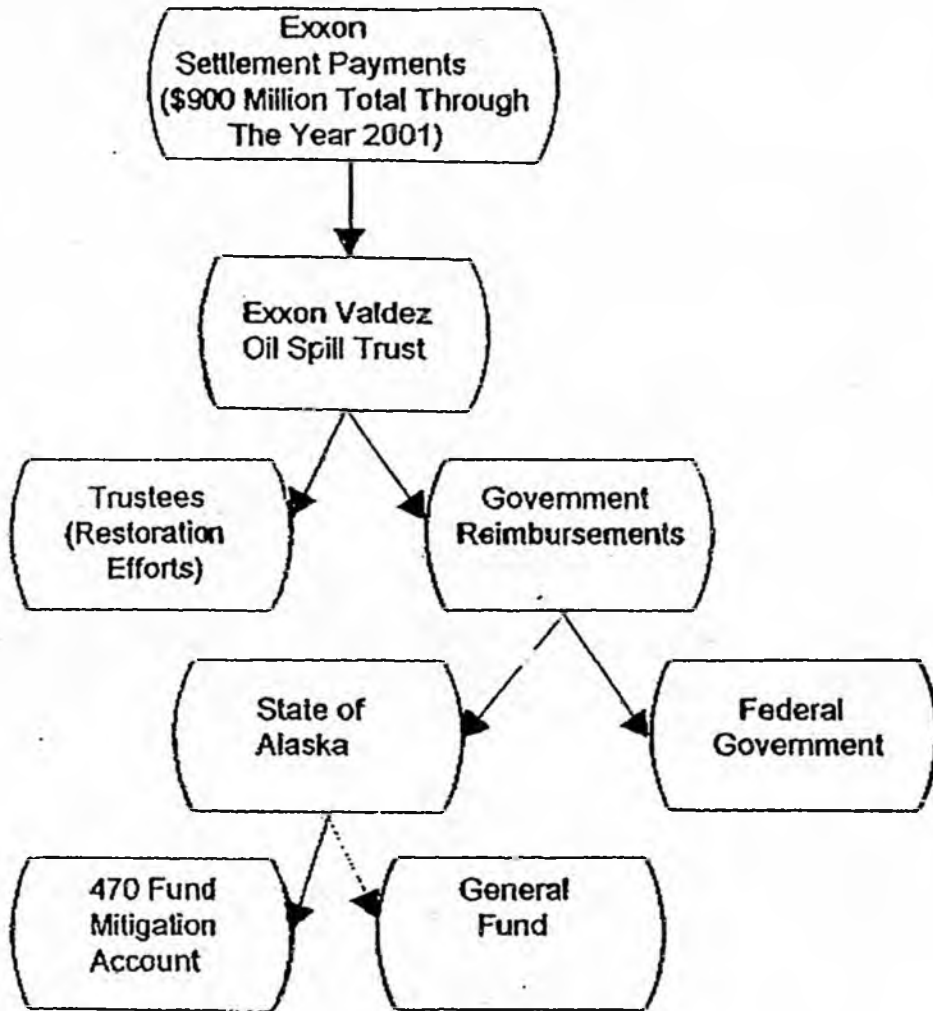
Revised and Acknowledged

Seldovia Native Association

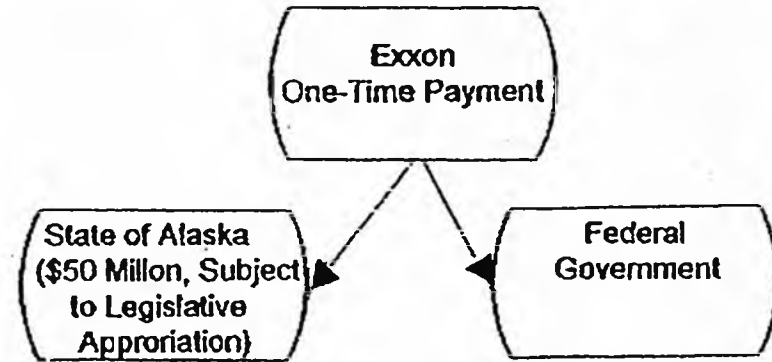
By: [Signature]
Its: PRESIDENT

Date: 3-10-93

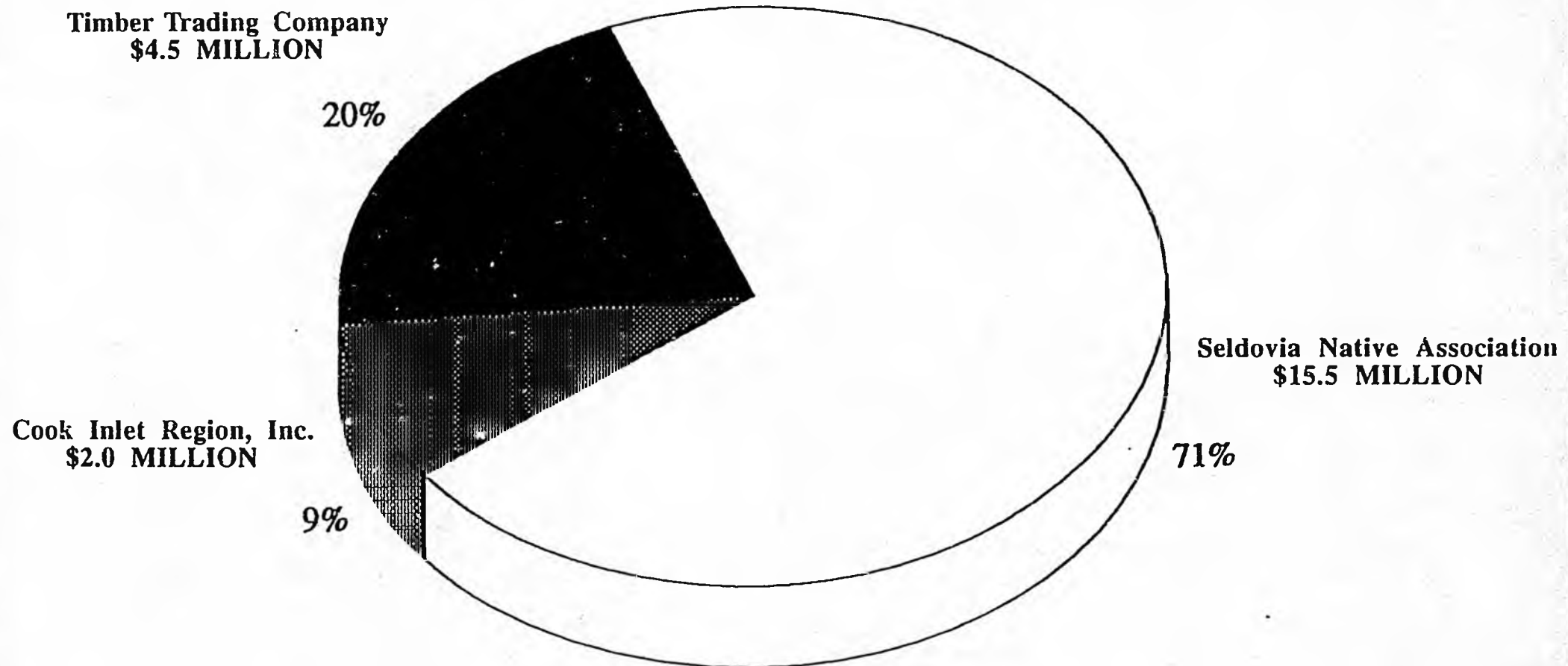
Civil Settlement



Criminal Settlement



KACHEMAK BAY \$22 MILLION PURCHASE



KACHEMAK BAY \$22 MILLION FUNDING

~~General
Funds~~

November 1992 - \$32 million Alyeska Settlement announced. **\$7.5 million** included in settlement for the purchase of Seldovia Native Association, Timber Trading Company and Cook Inlet Region, Inc. inholdings in Kachemak Bay State Park.

January 1993- Exxon Valdez Oil Spill Trustee Council approved **\$7.5 million** from the \$900 million civil penalty monies for acquisition of imminently threatened habitat within Kachemak Bay State Park.

January 1993- House Bill 76 and Senate Bill 63 introduced appropriating **\$7 million** from \$50 million Exxon criminal penalty monies for purchase of inholdings of Seldovia Native Association, Timber Trading Company and Cook Inlet Region, Inc. within Kachemak Bay State Park.

HB

79

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 15, 1993

FURTHER REFERRALS:

Date of Committee Action: 3/26/93

The FINANCE Committee considered:

HB 79

HOUSE BILL NO. 79

DAMAGE TO PROPERTY BY MINORS

"An Act relating to recovery from a parent or legal guardian of willful or malicious destruction of property by a minor."

RECOMMENDATIONS:

be replaced with 15 HB 79 (FIN) the same title
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

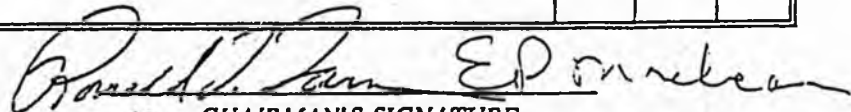
fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

3 zero fiscal note(s) DHSS 2/10/93
Admin 2/10/93 Law 2/10/93

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
E.P. Maclean <i>maclean</i>	✓				
Ronald J. Larson <i>larson</i>	X	<i>Erma Hoffman</i> HOFFMAN		X	
Mark A. Stanley <i>Stanley</i>	X	<i>Tom Brown</i> BROWN		✓	
Larry Martin <i>martin</i>	X	<i>Richard Foster</i> FOSTER		X	
Scott Pannell <i>Pannell</i>	X				
Ben Grussendorf <i>grussendorf</i>	X				
Tom Theriault <i>Theriault</i>	X				


 CO CHAIRMAN'S SIGNATURE
larson *maclean*

FISCAL NOTE

N^o 3
 Bill Version: HB 79
 (H) Publish Date: 2/10/93

STATE OF ALASKA
 1993 LEGISLATIVE SESSION

Revision Date: _____
 Title: 'An Act relating to recovery from a parent or legal guardian . . .'
 Sponsor: Representatives Bunde, Toohy
 Requestor: (H) HES

Department Affected: Administration
 BRU: Risk Management
 Component: Risk Management
 COMPONENT SERIAL NO. 71

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

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

REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	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

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Donald J. Hitchcock, Director
 Division: Risk Management

Phone: 465-2180
 Date: 1-28-93

Approved by Commissioner: Nancy Bear Usery
 Agency: Administration

Date: 1/29/93

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information call the Governor's Legislative Office

FISCAL NOTE

N 2

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: HB 79

(H) Publish Date: 2/10/93

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: "An Act relating to recovery from a parent or legal guardian of damages by minor" BRU: Purchased Services
 Sponsor: Representative Bunde Component: Foster Care & Residential Child Care
 Requestor: _____ COMPONENT SERIAL NO. 0252 & 0253

Expenditures/Revenues:

(Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

REVENUE FUND SOURCE						
---------------------	--	--	--	--	--	--

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: 0.0

ANALYSIS: (Attach a separate page if necessary)

There would be no program or fiscal impact for the Department if this bill were to become law.

Prepared by: Deborah R. Wing, Director
 Division: Department of Health & Social Services
 Approved by Commissioner: Theodore A. Mala, MD, MPH
 Agency: Department of Health & Social Services

Phone: 465-3191
 Date: 01/27/93
 Date: 2/2/93

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information call the Governor's Legislative Office

FISCAL NOTE

No. 1

Version: HR 79

(H) Publish Date: 2/10/93

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Revision Date: January 26, 1993

Title: ...relating to recovery from a parent or legal guardian
...destruction of property by a minor.

Sponsor: Representative Bunde

Requestor: Representative Bunde

Department Affected: Department of Law

BRU: Legal Services

Component: Operations

COMPONENT SERIAL NO. 0093

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

REVENUE						
FUND SOURCE:						

FUNDING:						
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

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

Estimate of current year (FY93) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

Please see the attached analysis.

Prepared by: Richard I. Peques, Director Phone: 465-3672
 Division: Administrative Services Division Date: January 26, 1993
 Approved by Commissioner: Charles E. Cole, Attorney General
 Agency: Department of Law Date: January 26, 1993

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HB 79

No. 1

ANALYSIS (Continued):

This bill amends AS 34.50 to provide that a person, municipal corporation, association, village, school district, or religious or charitable organization may recover damages in an amount not to exceed \$50,000, plus costs, interest and attorney fees, from either parent or both parents or the legal guardian or person having legal custody of an unemancipated minor under the age of 18 years, who maliciously or wilfully destroys real or personal property belonging to the above parties seeking recovery. Currently, the maximum amount that may be recovered is \$2,000. This bill deals with the recovery remedies of parties other than the state and, consequently, there will not be a fiscal impact for the Department of Law.

REPRESENTATIVE CON BUNDE
CO-CHAIR HEALTH, EDUCATION
& SOCIAL SERVICES

Alaska State Legislature



DURING SESSION:
STATE CAPITOL
JUNEAU, ALASKA 99801-1182
CAPITOL ROOM 112
OFFICE (907) 465-4843

House of Representatives

MEMORANDUM

To: Representative Ron Larson
Co-Chair House Finance Committee

Representative Eileen MacLean
Co-Chair House Finance Committee

Con Bunde

From: Representative Con Bunde

Date: March 15, 1993

Subject: HB 79- Relating to recovery from a parent or legal guardian of willful or malicious destruction of property of a minor..

I respectfully request that House Bill 79 be scheduled for a hearing at your earliest convenience.

House Bill 79 would increase the current cap for parental liability from \$2000.00 to what is allowable in district court, \$50,000.00. This bill would allow owners of property damaged wilfully or maliciously by a minor to recover monetarily from the minor's parents or legal guardian. With this bill, victims of property damage may finally be able to recover a greater portion of their losses. as long as those damages total less than \$50,000.00.

If you have any questions please do not hesitate to contact Jenny Murray of my staff at x4843.



House of Representatives

Sponsor Statement

House Bill 79

Relating To Recovery From A Parent Or Legal Guardian Of Willful
Or Malicious Destruction Of Property By A Minor.

Within recent years, the nation's legislatures have begun using their legislative powers to encourage parental responsibility through statute.

The following are examples of parental liability legislation that have been instituted within the past few years:

- California: Parents can be fined or jailed for allowing their children to participate in gangs.
- Wisconsin: Parents can be forced to pay child support when their children have babies.
- Arkansas: Parents can be fined when their children skip school.
- Florida: Parents can be jailed if a child hurts another with a gun left accessible by the parent.

In light of the legislation in other states, I am requesting we update AS 34.50.020. It was last updated in 1967. The states of Washington and Delaware also have statutes similar to Alaska's; however, the maximum recoverable is higher than what is currently allowed in Alaska's statute.

The primary purpose of this bill is to revise the current version of the law by increasing the amount recoverable from \$2000.00 to the maximum amount recoverable in district court, which is presently \$50,000.00.

Under the current terms of the law, owners of property damaged by minors, regardless of the amount of damage can claim a maximum of \$2000.00 from

SPONSOR STATEMENT

the parents or legal guardians. If damages are in excess of \$2000.00, the amount above this limit is not recoverable.

Therefore, with the passage of HB 79, property owners victimized by minors will be able to recover a greater portion of their damages.

I have included a copy of the bill, a copy of the statute and several accompanying departmental fiscal notes.

Pranksters purloin holiday decorations

ANCHORAGE DAILY NEWS
By DONNA FREEDMAN
Daily News reporter 12/17/92

More than two dozen Anchorage teen-agers took part in what police called a holiday season scavenger hunt early Wednesday, vandalizing several homes around Dimond High School before they were caught in the school parking lot.

Police found 25 juveniles at the school piling up plastic Nativity scenes, snowmen, Santa Clauses and other Christmas ornaments

lifted from area yards. City street signs, advertising banners and construction barricades were also among the stolen decorations. Other youths involved in the hunt got away, police said.

The holiday pilfering came just two days after local furniture dealer Jim Lowe was convicted of manslaughter in the shooting death of another teen involved in a scavenger hunt in May. The youth was with a group trying to steal an

advertising balloon from the roof of Lowe's downtown store.

Police did not identify the youths caught in Wednesday's scavenger hunt.

"It was reported as a theft in progress, but once the officers got out there and found cars running all over the place, it was clearly a scavenger hunt," said police spokeswoman JoAnn Brandlen.

"The officers described it as a scavenger hunt, and they got the

students to say as much."

Dimond High principal Gail Opalinski disagreed, calling the event an early senior prank. She said she had talked with some students who were believed to have been involved.

"They decided they were going to decorate the high school with Christmas decorations," Opalinski said. "I would imagine some of

Please see Page B-3, PRANK

PRANK: Teen-agers steal decorations during a holiday scav

Continued from Page B-1

them picked up street signs while they were at it."

She stressed that the hunt was not sanctioned or approved by the school district.

"We very much regret it," she said. "We're concerned about the safety of the kids, and about the property damage done. Kids this age don't always use their best judgment."

It isn't known how many homes were hit, since not all of the decorations had been claimed by late Wednesday afternoon.

For David and Carol Jensen, this was the second time their home on Greenhill Way had been vandalized this holiday season.

The Jensen yard is famous in the neighborhood for its elaborate decorations, which include a trio of penguins warming themselves by a

campfire, several snowmen and Santa Clauses, a small wooden Santa's Workshop filled with toy animals, thousands of lights, and signs with rhymes like the old Burma Shave ads.

David Jensen said a large toy soldier was stolen from the yard last week. After that, they tied all their decorations together with steel cable and installed motion detectors around the displays.

Those detectors woke them early Wednesday. The couple turned on the lights and saw teens piling into a pickup truck.

The Jensens found two plastic Santa Clauses and a homemade wooden sleigh, with electric lights, missing. They later retrieved them at Dimond High.

The youths had apparently tried to take the penguins and some gingerbread men, but "they were wired in so

well they couldn't have done it without taking a tree along with them," David Jensen said.

The vandals also destroyed strings of lights, extension cords and two handmade wooden moose. Jensen said it will cost about \$350 to fix or replace the damaged decorations.

Another Dimond area resident, Arthur Anderson, was luckier. He found a plastic candy cane and snowman

scavenger hunt

stolen from his yard at the high school.

The theft was an inconvenience. But what chilled Anderson was that police told him it was part of a scavenger hunt.

"The Jim Lowe case just got decided. Evidently these kids aren't familiar with what's happening around town," Anderson said. "They're setting themselves up for another incident like that."

HB

81

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 31, 1993

FURTHER REFERRALS:

Date of Committee Action: 4/20/93

The FINANCE Committee considered:

HB 81

HOUSE BILL NO. 81

PHASE OUT LONGEVITY BONUS

"An Act relating to the longevity bonus program."

RECOMMENDATIONS:

be replaced with CS HB 81 (Fin)

the same title
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact DOA, HESS

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<u>Maureen</u>					
<u>Eileen P. Maureen</u>	<input checked="" type="checkbox"/>	<u>Ben Grussendorf</u>		<input checked="" type="checkbox"/>	
<u>Ronald J. Larson</u>	<input checked="" type="checkbox"/>	<u>Tom Hoffmann</u>			
<u>Leslie Martin</u>	<input checked="" type="checkbox"/>	<u>Mike Navarre</u>		<input checked="" type="checkbox"/>	
<u>Mark Hanley</u>	<input checked="" type="checkbox"/>	<u>Tom Brown</u>		<input checked="" type="checkbox"/>	
<u>Sam Parrell</u>	<input checked="" type="checkbox"/>	<u>Tom Theriault</u>		<input checked="" type="checkbox"/>	
		<u>Richard [unclear]</u>		<input checked="" type="checkbox"/>	
		<u>[unclear]</u>			
		<u>[unclear]</u>			
		<u>[unclear]</u>			
		<u>[unclear]</u>			
		<u>[unclear]</u>			
		<u>[unclear]</u>			
		<u>[unclear]</u>			
		<u>[unclear]</u>			

Ronald J. Larson
 CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CSHB 81 (FIN)

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act relating to the longevity BRU: Assistance Payments
bonus program Component: OAA-ALB Hold Harmless
 Sponsor: House Rules Committee
 Requestor: Governor COMPONENT SERIAL NO. 223

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	(163.0)	(276.1)	(484.0)	(819.9)	(1,346.4)	(1,899.9)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(163.0)	(276.1)	(484.0)	(819.9)	(1,346.4)	(1,899.9)
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE FUND SOURCE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	(163.0)	(276.1)	(484.0)	(819.9)	(1,346.4)	(1,899.9)
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	(163.0)	(276.1)	(484.0)	(819.9)	(1,346.4)	(1,899.9)

POSITIONS:

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

Estimate of current year (FY93) impact: NONE

ANALYSIS: (Attach a separate page if necessary)

CSHB 81(FIN) continues the Longevity Bonus program indefinitely, but steps down Longevity Bonus payments as follows: Beginning July 1, 1993, existing Longevity Bonus recipients and all persons who become eligible to apply for the Longevity Bonus before January 1, 1994 will be eligible for \$225 payments; persons who become eligible to apply for the Longevity Bonus between January 1, 1994 and December 31, 1994 will be eligible for \$150 payments; and persons who become eligible to apply for the Longevity Bonus between January 1, 1995 and December 31, 1995 will be eligible for \$100 payments. CSHB 81(FIN) also provides that no new individual will be eligible for Longevity Bonus payments after December 31, 1995.

(Continued on attached pages.)

Prepared by: Jan L. Hansen, Director Phone: 465-2680
 Division: Division of Public Assistance Date: 4/21/93
 Approved by Commissioner: Theodore A. Mala, MD, MPH Date: 4-21-93
 Agency: Department of Health & Social Services

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information call the Governor's Legislative Office

ANALYSIS (cont.):

As the amount of the Longevity Bonus payments decreases, the amount of OAA-ALB Hold Harmless funds necessary for federal Supplemental Security Income (SSI) replacement also decreases. CSHB 81(FIN) does not affect the Adult Public Assistance program because Longevity Bonus payments are not treated as countable income by that program.

1. CSHB 81(FIN) continues the OAA-ALB Hold Harmless program.
2. Only those who are eligible to apply for Longevity Bonus payments before January 1, 1996 will continue to be eligible for Longevity Bonus payments.
3. In FY94, there will be approximately 1630 OAA-ALB Hold Harmless recipients. For FY95 through FY99, without considering the effects of CSHB 81(FIN), the estimated number of new OAA-ALB Hold Harmless recipients would be as follows:

FY95	316
FY96	332
FY97	348
FY98	366
FY99	384

4. OAA-ALB Hold Harmless funds replace federal Supplemental Security Income (SSI) benefits lost by APA recipients because of the receipt of Longevity Bonus payments. Under current law, OAA-ALB Hold Harmless payments range from \$0 to \$250; the average payment is \$125.
5. CSHB 81(FIN) decreases the average OAA-ALB Hold Harmless payment for existing OAA/ALB recipients and for individuals who become eligible to apply for the Longevity Bonus before January 1, 1994 by \$12.50 to \$112.50 ($\$225 \times 1/2 = \112.50). In FY 94, approximately 1630 individuals will be eligible to receive this reduced payment.
6. CSHB 81(FIN) decreases the average OAA-ALB Hold Harmless payment for individuals who become eligible to apply for Longevity Bonus payments between January 1, 1994 and December 31, 1994 to \$75 ($\$150 \times 1/2 = \75). Approximately 316 individuals will be eligible to receive this reduced payment.
7. CSHB 81(FIN) decreases the average OAA-ALB Hold Harmless payment for individuals who become eligible to apply for Longevity Bonus payments between January 1, 1995 and December 31, 1995 to \$50 ($\$100 \times 1/2 = \50). Approximately 332 individuals will be eligible to receive this reduced payment.
8. The effect of the bonus payment decrease on OAA-ALB Hold Harmless is delayed by 4 months because of the 2-month retrospective payment methodologies used by both the ALB program and the SSI program.

For example, the \$225 bonus payment decrease will affect only 8 months in FY 94 because the payment decrease will not occur for impacted OAA clients until September 1, 1993, and SSI benefits will not be affected until November 1, 1993. Therefore, changes in the amount of hold harmless benefits to replace lost SSI benefits also begin November 1, 1993. Because subsequent Longevity Bonus payment reductions take effect at the beginning of the calendar year, the Longevity Bonus decrease to \$150 will only affect 2 months in FY 95, and the Longevity Bonus decrease to \$100 will only affect 2 months in FY 96.

ANALYSIS (cont.):

9. Under CSHB 81(FIN), OAA-ALB Hold Harmless expenditures will decrease as follows:

FY 94	1630 x 8 months x \$12.50	=	\$ 163.0
FY 95	1630 x 12 months x \$12.50	=	\$ 244.5
	316 x 2 months x \$50.00	=	\$ 31.6
	Total		\$ 276.1
FY 96	1630 x 12 months x \$12.50	=	\$ 244.5
	316 x 12 months x \$50.00	=	\$ 189.6
	332 x 2 months x \$75.00	=	\$ 49.9
	Total		\$ 484.0
FY97	1630 x 12 months x \$12.50	=	\$ 244.5
	316 x 12 months x \$50.00	=	\$ 189.6
	332 x 12 months x \$75.00	=	\$ 298.8
	348 x 2 months x \$125.00	=	\$ 87.0
	Total		\$ 819.9
FY98	1630 x 12 months x \$12.50	=	\$ 244.5
	316 x 12 months x \$50.00	=	\$ 189.6
	332 x 12 months x \$75.00	=	\$ 298.8
	348 x 12 months x \$125.00	=	\$ 522.0
	366 x 2 months x \$125.00	=	\$ 91.5
	Total		\$1,346.4
FY99	1630 x 12 months x \$12.50	=	\$ 244.5
	316 x 12 months x \$50.00	=	\$ 189.6
	332 x 12 months x \$75.00	=	\$ 298.8
	348 x 12 months x \$125.00	=	\$ 522.0
	366 x 12 months x \$125.00	=	\$ 549.0
	384 x 2 months x \$125.00	=	\$ 96.0
	Total		\$1,899.9

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CSHB 81 (FIN)

Revision Date: _____

Department Affected: Administration

Title: An act relating to Longevity Bonus

BRU: Pioneers' Benefits

Component: Longevity Bonus Administration

Sponsor: House Rules Committee

Requestor: Finance

COMPONENT SERIAL NO. 27

Expenditures/Revenues:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	11.6	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	11.6	0	0	0	0	0

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

REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	11.6	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	11.6	0	0	0	0	0

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

Estimate of current year (FY93) impact: 0

ANALYSIS: The proposed Longevity Bonus program changes would require modifications to both mainframe and microcomputer software and revised interface programs at an estimated cost of \$11.6.

Prepared by: Dennis L. DeWitt, Director
Division: Pioneers' Benefits

Phone: 465-4400
Date: _____

Approved by Commissioner: Nancy Bear Usura
Agency: Administration

Date: 4/21/93

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CSHB 81 (FIN)

Revision Date: _____

Title: An act relating to Longevity Bonus

Department Affected: Administration

BRU: Pioneers' Benefits

Component: Longevity Bonus Grants

Sponsor: House Rules Committee

Requestor: Finance

COMPONENT SERIAL NO. 26

Expenditures/Revenues:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
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	(4,000.0)*	(11,700.0)*	(15,300.0)*	(19,500.0)*	(25,400.0)*	(31,200.0)*
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	(4,000.0)	(11,700.0)	(15,300.0)	(19,500.0)	(25,400.0)	(31,200.0)

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

REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	(4,000.0)	(11,700.0)	(15,300.0)	(19,500.0)	(25,400.0)	(31,200.0)
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	(4,000.0)	(11,700.0)	(15,300.0)	(19,500.0)	(25,400.0)	(31,200.0)

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

Estimate of current year (FY93) impact: 0

ANALYSIS: * Cost savings reflect the difference between current program costs and new program cost. See attached table for details of the calculations.

Prepared by: Dennis L. DeWitt, Director
Division: Pioneers' Benefits

Phone: 465-4400
Date: _____

Approved by Commissioner: Nancy Bear Usual
Agency: Administration

Date: 4/21/93

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information call the Governor's Legislative Office

Longevity Bonus Fiscal Note

CSHB 81 (FIN)

FY	Current Program		Proposed Phase-Out		Difference	
	Number of Participants	Annual Cost	Number of Participants	Annual Cost	Number of Participants	Annual Savings to the State
1994	24,059	69.6	24,059	65.6	0	(4.0)
1995	25,864	74.8	25,864	63.1	0	(11.7)
1996	27,021	78.2	27,021	62.9	0	(15.3)
1997	28,081	81.2	26,433	61.7	(1,648)	(19.5)
1998	29,188	84.4	25,214	59.0	(3,974)	(25.4)
1999	30,266	87.5	24,118	56.3	(6,148)	(31.2)

Cost in Millions of Dollars

Explanation:

1. For purposes of consistency, we have used Legislative Research figures for the 'Number of Participants' and 'Annual Cost' for the Current Program and the Proposed Phase-Out, except the cutoff dates for applications are assumed to result in slightly higher savings. In essence, approximately 77% of new applicants to the program are 65 years old, 23% are older. The cutoff dates will reduce the number of older applicants that would be admitted to the program.
2. The basic bonus was changed to \$225, effective 1/1/94 for all recipients.

Note :

There is an additional fiscal note associated with this proposal for the administration component, for \$11,625 for computer modifications.

Back-up

MEMORANDUM

State of Alaska
Department of Law

TO: Nancy Bear Usera
Commissioner
Department of Administration

DATE: March 5, 1993

FILE NO.: 663-93-0335

TEL. NO.: 465-3600

SUBJECT: Constitutionality of
"grandfathering" in
current longevity bonus
recipients and those
who will soon turn 65

FROM: John B. Gaguine *JBG*
Assistant Attorney General
Governmental Affairs - Juneau

You have asked for an opinion as to the constitutionality of the "grandfather" provisions of HB 81 and SB 58. These identical bills, both introduced by the respective rules committee on behalf of the governor, eliminate the longevity bonus for people who turn 65 on or after January 1, 1997. However, they contain "grandfather" provisions that allow persons turning 65 by the end of this year to keep receiving \$250 a month for the rest of their lives; persons turning 65 in 1994 to keep receiving \$200 a month for the rest of their lives; persons turning 65 in 1995 to keep receiving \$150 a month for the rest of their lives; and persons turning 65 in 1996 to keep receiving \$100 a month for the rest of their lives.

The question that these bills raise is whether the "grandfather" provisions violate the equal protection clause of the Alaska constitution, article I, section 1.¹ While we cannot give you a certain answer to this question, we believe strongly that a court would not overturn the "grandfather" provisions if either bill is entitled into law and the provisions were challenged.

Equal protection analysis in Alaska uses a "sliding scale" approach. When a legislative classification impairs an individual's interest, the court first looks at the weight of the that interest. The court then examines the legitimacy of the legislative purpose in enacting the classification. Finally, if the court finds that the interest is legitimate, it examines the "closeness of the fit" between the classification and the purpose. If the individual's interest is not especially weighty, a less-than-perfect fit will be tolerated. Rose v. Commercial Fisheries Entry Commission, 647 P.2d 154, 158-60 (Alaska 1982).

¹ If the provisions pass constitutional muster under the Alaska constitution, they will also pass muster under the federal equal protection clause, part of the Fourteenth Amendment, because the federal clause has been construed as more deferential to legislative enactments than the state clause. Rose v. Commerical Fisheries Entry Commission, 647 P.2d 154, 158 (Alaska 1982).

Nancy Bear Usera
Commissioner
Our File: 663-93-0335

March 5, 1993
Page 2

The Alaska Supreme Court has held that an individual's interest in receiving government benefits is at the bottom of the sliding scale. State v. Anthony, 810 P.2d 155 (Alaska 1991) (permanent fund dividend); Sonneman v. Knight, 790 P.2d 702 (Alaska 1990) (unemployment compensation benefits). The Governor's introduction letter for both bills explains the purpose of the "grandfather" provisions: to protect current recipients, and those reaching age 65 in the next four years, because many of them have counted on the bonus in planning for retirement, and an abrupt termination of the program would cause hardship. Acting to prevent such hardship is obviously a legitimate legislative purpose. Finally, there is a substantial relationship between the purpose of the "grandfather" provisions and those provisions: by "grandfathering" in current recipients and those soon to turn 65, hardship is prevented. The fit is not perfect: there are obviously some current wealthy recipients who would suffer no hardship if their bonus was terminated, and some persons in their fifties who have made retirement plans relying on the bonus. But, as noted, when the individual's interest is at the bottom of the sliding scale, the fit does not have to be perfect. There is here a sufficiently substantial relationship that we are confident a court would not invalidate the "grandfather" provisions.

Our research has not disclosed any Alaska cases concerning the constitutionality of "grandfather" provisions. However, other jurisdictions have upheld such provisions, when there was a reason for them. In City of New Orleans v. Dukes, 427 U.S. 297 (1976), the U.S. Supreme Court upheld a New Orleans ordinance banning pushcart food sales in the French Quarter but allowing pushcart vendors who had operated in the Quarter for eight years to continue operating. Even though only two vendors qualified under this "grandfather" provision, the Court upheld the ordinance, finding it to be a permissible economic regulation "aimed at enhancing the vital role of the French Quarter's tourist-oriented charm in the economy of New Orleans." Id. at 303. Dukes has been widely followed by state and federal courts.

For the above reasons we believe that if HB 81 or SB 58 were enacted into law, and a court were presented with a claim that the "grandfather" provisions of the enactment violate the equal protection clause of the Alaska constitution, the court would reject the challenge and uphold the "grandfather" provision.

If we can be of further assistance, please let us know.

cc: Roberley Waldron
Eileen Plate