

ALASKA LEGISLATURE

1092

HOUSE and SENATE FINANCE COMMITTEE FILES,

1993-1994

100

type of product being grown, or because of the environmental consequences of timber harvesting.

Recent modification of the Oregon state constitution noted above²⁹⁸ directs management of the forest resource under sound techniques of multiple use land management for the whole population of the state.²⁹⁹ This has led to some differentiation in the trusteeship terms between the lands granted to the state in their Enabling Acts and those lands which reverted to the counties through tax forfeiture. In the case of the federal grants, the trust responsibility is defined in the state's Constitution and perhaps in its Enabling Act. In contrast, Oregon's county forest land trust responsibility results from state legislation. However, once the county land is accepted by the state, general trust principles apply.

3. Long-term Sustained Yield

Both state and local communities are concerned with sustainability and fluctuations in log supplies from trust lands forestry.³⁰⁰ The sustained yield issue reflects concern for continuing revenues for the trust beneficiaries (and incidentally the state land office management accounts). The even flow of logs effects timber-dependent sawmills and local employment.³⁰¹

The Multiple Use Act of 1974 (R.C.W. §79.68) in Washington directs the Department to manage its lands capable of growing forest crops on a sustained yield basis which is defined as "management of the forest to provide harvesting on a continuing basis without prolonged curtailment or cessation of harvest, insofar as this is compatible with other statutory directives."³⁰² However, the implication is that this is only on a volume basis, without specifying grade, size, or species of timber.

6. Institute of Forest Products. College of Forest Resources. University of Washington.] (1969), at 8.

²⁹⁸ Oregon Constitution, Article VIII, §5(2). Amended by HJR No. 7, 1967 and adopted by the people May 28, 1968.

²⁹⁹ Oregon Revised Statutes (O.R.S.) §530.490. Both the Department of Forestry and the State Land Board manage their lands under this policy. However, the application of this principal to state trust lands has never been tested in court, thus its validity remains in doubt. These provisions do not apply to the county forest lands, which are managed solely for the benefit of the county where the land is located, subject to the police power provisions of the Oregon Forest Practices Act. William R. Cook, Assistant Attorney General, Oregon, pers.comm., _____, 1990.

³⁰⁰ Ibid. See also Washington Department of Natural Resources, "Timberlands Acquisition Plan: Commissioner of Public Lands Brian Boyle - DNR request legislation - SB 65536 and HB 2804." Press release, n.d.(1989 - 90)) and "Free trade, the forests and the future: A position paper on log exports by Washington Commissioner of Public Lands Brian Boyle," Washington Department of Natural Resources.(September, 1989).

³⁰¹ Id.

³⁰² Washington Department of Natural Resources. Forest Land Management Program 1984 - 1993. Proposed. (November, 1983). Codified as R.C.W. §79.68.030 and §79.68.040.

In *Jerke v. Department of State Lands*,³⁰³ the Montana Supreme Court upheld state legislation which provides that "full market value shall encompass the concept of sustained yield." Sustained yield, it is believed in Montana, plays an important role in educational finance, resource stability and the state's economy.³⁰⁴ Accepting less than maximum income is allowed in the management of the state lands if the action will maintain the long-term productivity of the land and guarantee income to the beneficiaries in the long run.³⁰⁵

Sustained yield is not legislated in the Idaho statutes or constitution. The constitution states that the endowment trust lands will be managed "... in such a manner as will secure the maximum long term financial return to the institution to which granted."³⁰⁶ A state forest management plan for one of Idaho's seven regions does mention sustained yield, however, when discussing achievement of harvest potential.³⁰⁷

Both Oregon's county forest land and state trust land forests are managed on a sustained yield basis according to Department policy, although without direct statutory provision.³⁰⁸ Beyond this, the timber harvest is constrained to prevent significant declines in future harvest levels when determining the maximum sustained yield from the trust forests.³⁰⁹

4. Management for Multiple Use

Management for multiple uses on state trust lands varies from the common conception of multiple use as it's applied to federal lands. In the states' case, multiple uses must either contribute to the overall generation of revenues for the trust, must be revenue neutral, or must be funded by other sources. Comparing the states' language with the federal government's multiple use language provides an interesting contrast since the concepts are frequently

³⁰³ Western States Survey Responses, supra, n. 40 at 81. *Jerke v. Department of State Lands* 597 P.2d 49 (1979).

³⁰⁴ Jackson. Economic returns and the management of Montana's forest resources. [Prepared at the request of the Joint Interim Subcommittee No. 2 of the Montana Legislature] (December, 1983).

³⁰⁵ Montana Department of State Lands. Forest Management Standards and Guidelines. [Forestry Division] (March, 1988) at 1-3.

³⁰⁶ Article IX, §8 of the Idaho Constitution, cited in Idaho Forestry Opportunities, 1980 - 1990. Note however that the version of the Idaho constitution included with the annotated code does not have the phrase "long term" included in § 8.

³⁰⁷ *Id.*, at 10. See also Gruenhagen, Seymour, and Parker, Pavette Lakes Area Forest Inventory Report, 1987 Remeasurement. [Idaho Department of Lands] (May 1989).

³⁰⁸ See for example Long Range Timber Management Plan, Southern Oregon Region State Forests. Report 3-0-2-220. [Oregon State Forestry Department]. (August, 1987) at 10.

³⁰⁹ *Id.*, at 10, 11.

confused. The federal Multiple Use Sustained Yield Act of 1940, the basis for all subsequent multiple use management in federal legislation and regulations, defines multiple use as:

"... the management of all the various renewable surface resources of the national forests so that they are utilized in the combination that will best meet the needs of the American people ... and not necessarily the combination of uses that will give the greatest dollar return or the greatest unit output."³¹⁰

Contrast this definition with the mandate of the Washington Multiple Use Act:

"The legislature hereby directs that a multiple use concept be utilized by the department of natural resources in the management and administration of state-owned lands under its jurisdiction of the department where such a concept is in the best interests of the state and the general welfare of the citizens thereof, and is consistent with the applicable trust provisions of the various lands involved."³¹¹

Multiple use in Washington is based much more on revenue production than is the comparable federal legislation, being defined as:

"The management and administration of state-owned lands under jurisdiction of the department of natural resources to provide for several uses simultaneously on a single tract and/or planned rotation of one or more uses on and between specific portions of the total ownership consistent with the provisions of RCW 79.68.010."³¹²

Similar language is found in the Oregon statutes, where fish and wildlife environment, landscape expanse, protection against flood and erosion, recreation, and production and protection of water supplies are allowed, again as long as these uses are not detrimental to the trust purposes.³¹³

How then are these concepts applied in practice? Washington trust lands are open for hunting and fishing use unless posted with the approval of the department.³¹⁴ Another eleven uses are also identified as being compatible with the obligations of the department to fulfill its trusteeship obligations; uses, including those listed, must be conducted without financial impact unless compensation is provided.³¹⁵ In Oregon public access to state trust lands is assured; and there is also a requirement in statutes to give consideration to multiple values in the sale, exchange, and leasing of state trust lands.³¹⁶ However lands cannot be dedicated to

³¹⁰ 74 Stat 215; 16 U.S.C. 528-531. Emphasis added.

³¹¹ R. C. W. §79.68.010. Emphasis added.

³¹² R. C. W. §79.68.020.

³¹³ O. R. S. §530.500

³¹⁴ R. C. W. §79.01.244.

³¹⁵ R. C. W. §79.68.050.

³¹⁶ O. R. S. §273.051(2)(b). These requirements do not carry over to county forest lands.

uses which preclude income generation.³¹⁷ Multiple use management is allowed in Montana,³¹⁸ which includes grizzly bear habitat in its multiple use management.³¹⁹

Idaho, of the four states, is the only one without a multiple use statute.³²⁰ It has, however, reserved from sale "all state-owned lands chiefly valuable for forestry, reforestation, recreation, and watershed protection..." as state forests.³²¹ Within the Department of Lands' policies, the objectives for state forested lands "... shall be ... to improve timber productive capacity and assure maximum long-term financial returns to the endowment trusts without permanently diminishing other uses such as watershed, forage, recreation, wildlife habitat and enjoyment of the aesthetic quality."³²²

The trust responsibility with respect to the forest lands is bi-directional: non-revenue producing uses are not allowed if they are deleterious to revenue producing uses. On the other hand, as seen in the Idaho policies cited above, and similarly interpreted in the other three states, revenue production is not allowed to generate negative externalities for other uses, including amenity values. This illustrates the longer term the relationship between revenues and protection of the trust corpus, i.e. that one component will not be carried out to the detriment of the other component of the trust responsibility.

V. CONCLUSIONS

Revenue production for the beneficiaries is, we have taken some trouble to emphasize, just one aspect of granted land and permanent fund management. Beneficiaries are likely to look with increasing interest at these resources in times of budget crises and fiscal constraint. There is ample justification for this. Trust principles have, in the last half century, emerged as a

³¹⁷ Western States Survey Responses, supra, n. 40, at 63, regarding differentiation between state trust and county forest lands.

³¹⁸ M. C. A. §77-1-203. Recommendations for enhanced multiple-use management are found in Performance Audit: State-owned and Leased Land. Report 82P-17. State of Montana, Office of the Legislative Auditor.(June, 1983).

³¹⁹ Montana Department of State Lands. Interim Grizzly Bear management Standards and Guidelines. Forestry Division. (December, 1988).

³²⁰ Western States Survey Responses, supra, n. 40 at 63, op cit.

³²¹ I. C. A. §58-133.

³²² Idaho Department of Lands Operation Manual C.M.L. 901. Cited in Gruenhagen, D.J., P. Seymour, and J. Parker, supra, n. 302, at 46. The Operation Manual provides internal operational policies for staff direction. The Idaho Forest Practices Act (I.C.A., Title 38, Ch. 13), applicable to state as well as private land, states that its policy is to maintain and enhance trees, soil, air, water, wildlife and aquatic habitat by regulating forest practices. Stefanie Balzarini, Deputy Attorney General, State of Idaho, personal communication, March, 1991.

dominant theme in trust land case law, and beneficiaries have been increasingly active and successful in pressing their claims in state courts. However it is clear that the current emphasis on maximum economic returns is not an accurate or viable interpretation, of either trust principles or of the trust documents. We have found the trust documents, not in a federal-state compact, but in state decisions and state commitments. That, and a proper emphasis on the trustee's duty to protect the trust property, have led us to argue that there is more flexibility in trust land management mandate than might first appear. And, we have found a considerable degree of flexibility on the ground, in the management of trust timber resources in four states.

This discussion leads to a number of conclusions relating to the relationship between the trust lands and resources and the beneficiaries. Moreover, it suggests that the time may be ripe to exhume the state trust lands from their obscure place in history and their invisible place in contemporary public resource management and consider what they have to teach us.

The principal conclusion is that in making management decisions, the state land office must think clearly about who is the beneficiary of their particular trust, and of their actions. There is enormous variation in the definition of beneficiaries in state documents which gives the state considerable room for defining a variety of management regimes and priorities.

Second, lest those of the environmentalist persuasion be put off by the duty to make the trust productive, it is important to note that management for revenue generation within the trust principle typically leads—and is required to lead—to conservative decisions, especially in regard to long-term rather than short-term management because of the requirement to protect the corpus of the trust. Further, revenue generation does not require and has not led exclusively to profit maximizing behavior on the part of the state trustees. Social benefits are allowed to be incorporated in management decisions as long as they can be shown to meet beneficiary needs.

Environmentalists may be concerned that amenity dominated management of lands "better suited for preservation" is precluded by the trust notion. But, even here there is room for balance. This is the same situation that leads states to maneuver their trust holdings from marginal to highly productive lands, as long as the costs of these transactions is less than the increased revenues in the long term. The trust concept gives states a basis for repositioning their holdings. Moreover, the state trust land manager's vision of a portfolio as opposed to specific acres suggests a meaningful option. They do not hold onto those lands, especially at the cost of alternative management expenditures for higher producing lands. The trust concept suggests that they should not hold lands that are not producing benefits for the beneficiaries. It leads to a conclusion that the appropriate disposition of those lands that are not producing

benefits, economic or otherwise, is to sell or exchange them with other state, federal or private land managers.

Similarly, the trust notion mandates that costs of management decisions are fully accounted for. Benefits of management actions are not apportioned or shifted to other users that don't pay for them. This prevents the creation of, for example, below-cost timber sales where recreational benefits are included. This means that there is a basis for arguing against the cross subsidization of outputs that plagues multiple use management on federal lands.

The trust resources, their peculiar and instructive mandate, ought to be studied and appreciated, for their rich and wonderful history, the benefits their diverse management produces, and the lessons that comparative analysis can teach us about public resources and resource management.

HCR

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HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 26, 1993

FURTHER REFERRALS:

Date of Committee Action: 4/7/93

The FINANCE Committee considered:

HCR 9

HOUSE CONCURRENT RESOLUTION NO. 9 COMMUNITY DEVELOPMENT FISHING QUOTAS

Relating to management of the community development fisheries quota program and fisheries development by the state.

RECOMMENDATIONS:

be replaced with CS HCR 9 (Fish) 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)

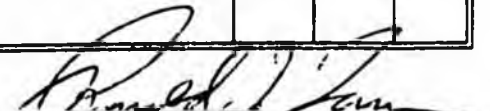
fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) FC 3/17/93

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Donald J. Larson</i> Larson	X	<i>Terry Martin</i> Martin		✓	
<i>Sam Parnell</i> Parnell	X	<i>Gene Theriault</i> Theriault		X	
<i>Ben Gussendorf</i> Gussendorf	X				
<i>Tom Hoffman</i> Hoffman	✓				
<i>Mike Maxare</i> Maxare	✓				
<i>Jay Brown</i> Brown	✓				
<i>Mark Hanley</i> Hanley	X				
<i>Richard Foster</i> Foster	X				


 CHAIRMAN'S SIGNATURE

FISCAL NOTE

No. _____
 E Version: CSHCR 9 (FSH)
 (H) Publish Date: 3/17/93

STATE OF ALASKA
 1993 LEGISLATIVE SESSION

Revision Date: _____

Department Affected: Fish and Game

Title: Community Development Fishing Quotas

BRU: Commercial Fisheries

Component: Commercial Fisheries

Sponsor: Representative Hoffman

Requestor: House Fisheries

COMPONENT SERIAL NO. 439

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
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING:

(Thousands of Dollars)

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: \$ 0

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Geron Bruce Phone: 465-6143

Division: Commissioner's Office Date: 3/9/93

Approved by Commissioner: [Signature]

Agency: Department of Fish and Game Date: 3/9/93

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(Rev. 12/92)

COMMITTEE COPY

Community Development Quota (CDQ) Program

The Community Development Quota (CDQ) is a fisheries development program between the North Pacific Fisheries Management Council (NPFMC), the State of Alaska and 55 rural coastal communities along the Bering Sea coastline. Through a cooperative working approach, pollock groundfish quota was reserved for Alaska rural coastal communities. Between 1992 and 1995, 7 1/2% of available pollock quota is set aside for competitive application from groups of eligible communities.

After forming applicant groups, regional associations incorporated for the purposes of fisheries development enterprises. Business plans were prepared and applications submitted to the state for review and recommendation to the U.S. Secretary of Commerce.

Federal and state regulations govern operations of the CDQ program, including organization requirements, listings of eligible communities, goals and objectives of applicant entities, reporting requirements and overall performance stipulations. The necessary public hearings were held throughout this process and transcripts compiled.

Initially, the CDQ program addresses the pollock groundfishery, the most lucrative biomass available within the Bering Sea groundfish fishery. Subsequent entry into halibut and sablefish (black cod) is underway. Further incursions into Pacific cod and crab resources are being actively considered and fully supported by the Hickel administration.

Proceeds derived from partnership arrangements with industry are required to be reinvested in fishery development projects, either within the applicant's region or as additional investment in the larger Bering Sea fisheries arena. Employment of local residents is required. Testimony by state officials and both state and federal regulations insist that operations be *active* not passive. Mere sale of quota and receipt of *dividends* will not be tolerated; all parties to the program are fully warned of this requirement. State and federal regulations provide measures for suspension or termination of quota awards should the state recommend such to the Secretary. Failure of applicant groups to reasonably perform according to regulations could trigger such action.

Annual quota amounts to approximately 101,450 metric tons, with an estimated value of \$20 M, not including direct employment benefits.

Prepared by: John M. Walsh, Deputy Director
Department of Community and Regional Affairs

Date: January 29, 1993

**CDQ CHRONOLOGY
WHAT WE HAVE DONE**

1. November 1, 1991 — DCRA & ADF&G bring CDQ issue to Rural Sub-Cabinet.
2. January 1992 — Governor gives direction to Rural Sub-Cabinet to move forward on approval of CDQ's.
3. March 1992 — Governor writes letter to Secretary of Commerce and makes call to EPA Administrator Reilly on inshore/off-shore amendment (includes CDQ)
4. April 1992 — The North Pacific Fisheries Management Council (NPFMC) approves our State CDQ criteria and procedures.

The NPFMC action did 2 things:
 1. Gave Alaska the go ahead to draft State Regulations;
 2. Gave direction to the National Marine Fisheries Service to draft Federal Regulations.
In order to speed the Federal Regulatory Process, the State paid for the Environmental Assessment Regulatory Impact Review required by the Federal process.
5. May 1992 — Governor secures funding for CDQ implementation and operations: FY92 \$100K, FY93 \$200K.
6. May - Sept. 1992 — DCRA, ADF&G and DCED work with the National Marine Fisheries Service on proposed Federal regulations.
7. October 23, 1992 — Public Comment period on Federal Regulations completed.
8. November 18, 1992 — Secretary of Commerce approves Federal Regulations.
9. November 18, 1992 — State Emergency Regulations adopted.
10. November 25, 1992 — CDQ Application review completed and Governor makes findings and recommendations to Secretary.
11. November 27, 1992 — CDQ Applications submitted to National Marine Fisheries Service for review.
12. December 1, 1992 — Governor's Recommendations received in Washington D.C. for Final Approval of U.S. Department of Commerce Secretary.
13. December 3, 1992 — Dr. Fox at U.S. Department of Commerce signed findings and recommendations for Secretary of Commerce. Signing action filed in the Federal Register.
14. December 3, 1992 — National Marine Fisheries Service in Juneau officially notifies Governor of Secretary's decision and alerts CDQ applicants with authorization to fish.

CDQ Applicant/Representative	CDQ Applicant Partner
× John Jemewouk Norton Sound Economic Development Corporation PO Box 39089 Elim, AK 99739 Phone: (907) 890-2248 Fax: (907) 890-2249	Bill Stokes Glacier Fish Co. 1200 Westlake Avenue N. Seattle, WA 98107 Phone: (206) 782-0118 Fax: (206) 298-4750
× Edwin Glofelty Yukon Delta Fisheries Development Corporation 2415 Western Avenue Seattle, WA 98121 Phone: (206) 443-1565 Fax: (206) 443-1912 PO Box 210 Emmonak, AK 99581	Robert Breskovitch/Randy Adamson Golden Alaska Seafoods Inc. Market Place One 2001 Western Avenue Seattle, WA 98121 Phone: (206) 441-1990 Fax: (206) 441-8112
× Norm Cohen Coastal Village Fisheries Cooperative 204 N. Franklin Street, Suite One Juneau, AK 99801 Phone: (907) 586-2360 (Home) 586-1840 Fax: (907) 586-2331	Stan Simonsen/Lee Daneker Golden Age Fisheries 18 W. Mercer Street, Suite 400 Seattle, WA 98119 Phone: (206) 285-2815 Fax: (206) 282-5938
Paul Peyton Bristol Bay Economic Development Corporation PO Box 22871 Juneau, AK 99802 Phone: (907) 586-6070 Fax: (907) 586-6071	× Robin Samuelson Bristol Bay Economic Development Corp. Box 1464 Dillingham, AK 99576 Phone: (907) 842-5257 (Home) 842-5335 Fax: (907) 842-5932 Jeff Polvony Ocean Trawl Inc. 135 East 57th Street New York, NY 10022 Phone: (212) 752-5020 Fax: (212) 752-5094 <i>842-4370 Cecilia</i>
× Joe Kyle/Larry Cotter Aleutian Pribilof Island Community Development Association 119 Seward Street, Suite 8 Juneau, AK 99801 Phone (907) 586-3107 Fax: (907) 586-1001	Chuck Bundrant/Joe Plesha Trident Seafoods, Inc. 5303 Shilshole Avenue N.W. Seattle, WA 98107 Phone: (206) 783-3813 Fax: (206) 781-7883
× Perfenia Pletnikoff/William Arterburn Central Bering Sea Fishermen's Association/PBS Ltd. 1500 W. 33rd, Suite 100 Anchorage, AK 99503 Phone: (907) 278-2314 Fax: (907) 278-2316 (P. Pletnikoff) PO Box 88 St. Paul, AK 99660 (907) 546-2312 (907) 546-2366	Bernt Bodal American Seafoods Co., Inc. Suite 900 Market Place Tower 2025 First Avenue Seattle, WA 98121 Phone: (206) 728-0200 (206) 448-0300 Fax: (206) 448-0303

Community Development Quota Program

Project Group	Aleutian Pribilof	Bristol Bay	Central Bering Sea	Coastal Villages	Norton Sound	Yukon Delta
Communities Involved	Atka, St. George, Nelson Lagoon, Plover Pass, Niihahid	Aklavik, Clark's Point, Dillingham, Egegik, Etuk, Manokotak, Nalereik, Pilot Point, Port Heiden, Savonoski/King Salmon, South Nalereik, Togiak, Twin Hills, Ugashik	St. Paul	Chefomak, Eek, Hooper Bay, Kongiganak, Mekoryuk, Nighthute, Quinagak, Toksook Bay, Turutullak, Chevak, Goodnews Bay, Kipnuk, Kwigillingok, Newtok, Plathnum, Scammon Bay, Tununak	Savoonga, Gambell, Elim, Galovin, Inalik/Dionede, Koyuk, Shaktoolik, Nome, St. Michael, Stebbins, Teller, Unalakleet, Wales, Brevig Mission, White Mountain	Alakanuk, Emmonak, Kotlik, Sheldon's Point
Eligibility	To be eligible, communities must be located within 50 miles of the Bering Sea Coastline, and must have no existing bottomfish industry					
Management Organization	Aleutian Pribilof Islands Community Development Association	Bristol Bay Economic Development Corporation	Pribilof Bering Seafood, for Central Bering Strait Fishermen's Association	Coastal Villages Fishing Cooperative	Norton Sound Economic Development Corporation	Yukon Delta Fisheries Development Association
Private Partners	Trident/Siorbound	Ocean Trawl	American Seafood and Ice Ice	Golden Age	Glacier Fish	Golden Alaska
Vessels	Alderbaran* Columbia* Pacific Viking* Viking Explorer* Arcturus* Starfish* Nordic Star* Starbound (F/T) * catcher boats delivering fish to Alutan	Northern Hawk Northern Eagle Northern Jaeger (All F/T)	American Empire American Dynasty American Triumph American Champion Pacific Explorer Pacific Scout - (All F/T)	Brown's Point (F/T)	Northern Glacier (F/T) Pacific Glacier (F/T)	Golden Alaska (M/S) American Beauty Ocean Leader Aleutian Challenger Sheldon Point (CVs)
Amount Allocated MT	18,268.18	20,289	18,144.58	27,390.15	20,289	5,072.25
Amount Allocated %	18%	20%	18%	27%	20%	5%
Project Duration	Two Years	Two Years	Two Years	Two Years	Two Years	Two Years
Employment	At least 40 individuals in CDQ program; additional employment from capital projects	60 full time in CDQ operations; 20 internships; additional 125 post-CDQ operations (minimums)	20-25 directly involved with CDQ harvest, plus 1993: 102; 1994: 229	25-35 year-round hires for 1992; 50-70 by 1995; plus 15 graduate workers in 1994	Up to 40 FTEs in CDQ operations; at least 530 permanent FTE, PT and seasonal jobs by end of CDQ program	Up to 20 FTEs by 1995 in CDQ operations; up to 230 in post-CDQ operations
Training	Budgeted \$300,000 per year to support training programs	50 students in basic vocational training per year; 8-10 in advanced vocational training per year; 3-4 scholarships of \$5,000-\$10,000 each per year	25 on-the-job trainees on factory trawlers annually; 3-10 maritime service trainees annually; \$100,000 scholarship fund; internships will be available at ASC offices; other training planned	12-18 management internships annually at CAF; scholarship fund of 5% of net CDQ profits; other training and career counseling	300 people trained for various positions in shoreside plants or on factory trawlers plus endowment for education and training	25 training initiatives for 250 residents by 1995, plus annual scholarship program
Infrastructure Enhancement	Build/improve two docks; dredge one harbor; build one small process plant; expand width of a runway; build gear warehouse; expand gear storage pad; build one slaughter house and one cattle ranch; aquaculture and mariculture enhancement	Create a business extension service for fishermen; provide matching fund for state capital projects; provide funds for fisheries development	Build new groundfish/crab processing plant and develop and complete harbor and community infrastructure	Build a training facility and salmon processor	Revitalize local fish processing facilities in four communities and other projects such as ice-delivery systems and small processing units	Two value-added processing and cold storage plants; small business fisheries infrastructure financing fund
Capital/Equity Generation	Vessel/IFQ purchase fund of 20% after-tax revenue. \$134 per metric ton plus 33% of gross revenues from roe.	70% of CDQ proceeds to Seafood Investment Fund; 20% to community development programs. Minimum royalties are about \$180 per metric ton roe fish and \$132 per metric ton for non-roe fish, or 60% of CDQ profits, yielding up to about \$12 million.	70% of CDQ royalties to infrastructure; 30% of royalties to vessel acquisitions and loan guarantees. \$265 per metric ton of CDQ fishery, totalling about \$19 million.	50% equity in FV Brown's Point; 50% equity in FV Barbara Lee. Additional revenues to develop infrastructure. Benefits of about \$20 million over two years plus \$10.5 million from salmon plant.	Royalties in excess of \$200 per metric ton, totalling about \$15 million over two years.	Royalty fee of \$250 per metric ton, totalling about \$9 million over two years.



Coastal Villages Fishing Cooperative

P.O. Box 109 • Chevok, Alaska 99563 • Phone 907-858-7250 • Fax 907-858-7812

COASTAL VILLAGES ENTERING NEW ECONOMIC ERA AS CDQ PROGRAM BRINGS FISHING JOBS TO REGION



CVFC members meet with Gov. Hickel and other state officials in October. Pictured, R to L: Norman Cohen, interim Executive Director; Dave Benton, ADF&G; Joe Paniyak, President, Gov. Hickel; John Phillip Sr., Board member from Kongiganak; Fred Phillip, Board member from Kwigillingok; Charlie Spud Sr., Board member from Mekoryuk; David Bill Sr., Board member from Toolsook Bay; John Walsh, DCRA; and DCRA Commissioner Edgar Blatchford.

Co-op's COASTAL VILLAGES FISHERIES Processor Will Work 1993 Kuskokwim Salmon Fisheries

With funds earned through the CDQ program, CVFC is purchasing the entire Schenk Seafoods salmon processing operation which formerly operated on the Yukon River.

The operation, which will provide more than 75 jobs to residents of the CVFC region, will be relocated to the lower Kuskokwim River in time for the June 1993 salmon fisheries.

CVFC is purchasing the opera-

tion with its partner, Golden Age Fisheries, for \$2.6 million. Equipment in the purchase will total 19 vessels, including processing barges, a freezing plant, cold storage, a refrigerated freighter, and 14 tendering vessels.

The operation will have sufficient capacity to process the majority of salmon landed in the Kuskokwim commercial fisher-

SEE PROCESSOR, PAGE FOUR

Seventeen coastal communities from Scammon Bay in the north to Platinum in the south, organized as the Coastal Villages Fishing Cooperative, received the highest share — 27 percent — of the newly established Community Development Quotas for the 1992-1993 pollock season in the Bering Sea.

After decades of having little opportunity to take part in one of the world's richest fishing operations, these 17 CVFC communities are now active participants in the Bering Sea groundfish fisheries.

The CDQ program was created by the North Pacific Fishery Management Council to provide a means for residents of rural Bering Sea coastal villages to enter and become significant participants in the billion-dollar fisheries directly off their shores.

Seven and one-half percent of the overall Bering Sea pollock quota has been allocated to the CDQ program.

Coastal Villages Fishing Cooperative is a for-profit corporation and a full-bledged fishing company. The goal is to not only fish in the Bering Sea fisheries, but also to take an active role in

SEE VILLAGES, PAGE FIVE

Coastal Villages Fishing Cooperative Board of Directors

EXECUTIVE COMMITTEE MEMBERS:

Joe Paniyak, President
Chevak 858-7250

Harvey Joe, Vice President
Hooper Bay 758-4534

Rose Thomas
Goodnews Bay 967-8929

Fred Phillip, Secretary
Kwigillinok 588-8114

Monroe Kaganak, Member at Large
Scammon Bay 558-5428

BOARD OF DIRECTORS

Wassilie Bavilla David Bill, Sr.
Quinhagak 556-8133 Tooksook Bay 427-7012

Carl Docl. Peter John
Kipruk 99614 Newtok 237-2314

Thomas Jumbo Victor Kamrilak
Nighmune 647-6129 Tununak 652-6527

James Kasayulie Tommy Kusaiak
Platinum 979-8215 Cherformak 867-8978

Peter Lupie John Phillip, Sr.
Tuntutuliak 256-2841 Kongigmak 557-5227

Charlie Spud, Sr. Steven White
Mekoryuk 827-8941 Eek 536-5426

MESSAGE FROM JOE PANIYAK, PRESIDENT, CVFC

Greetings!

As President of the Coastal Villages Fishing Cooperative, it is my great pleasure to send to you our first newsletter. In this newsletter you will find articles describing the Coastal Villages Fishing Cooperative (CVFC), what we have accomplished so far, and some of our plans for the future.

CVFC was established to apply to the State of Alaska and the Secretary of the U.S. Department of Commerce for a Western Alaska Community Development Quota (CDQ), and to help create a fishing economy in the CVFC Region.

Of the six groups applying for a share of the 7.5 percent of the pollock catch reserved for CDQ groups, Coastal Villages won the largest share at 27 percent. The key to our success was putting together a for-profit business strategy that we could put into effect immediately upon receiving our allocation. As one of those involved in reviewing our application said, "It showed the kind of program we really were looking for, where the community was going to get in the fishing business immediately, were going to take a reasoned approach, and we wouldn't see long lead times for the thing to happen."

Now that we've got the allocation, we believe that the best way to accomplish our goals is to make CVFC a successful fishing company involved in all of the fisheries in our region. That is why we are buying Schenk Seafoods and putting that salmon processing plant in the lower Kuskokwim River. In the future, we hope to be able to process herring and halibut as well.

Our other main goal is to provide employment to the young people of our villages. We know that they will have to start out in lower paying jobs and will have to travel far from home. However, in the long term, we want these young people to advance into higher paying jobs requiring skills that they have learned on the job. To accomplish this goal we are recruiting young men and women for training in fish processing, providing internship programs for more skilled jobs, and will establish a

SEE PANIYAK, PAGE SIX

AGENDA FOR CVFC BOARD MEETING

Feb. 2, 1993 • 9 A.M. • KVNA Building, Bethel

Tuesday, February 2

morning: Reports by Harold Sparck (teleconference)
Norman Cohen, Acting Director
Joe Paniyak, Employment Coord.
David Bill, Office Manager

afternoon: Board training session

Wednesday, February 3

morning: Inexpensive Partnership mgmt. agreement
Coastal Villages Fisheries 1993 operations
Review proposed development projects

afternoon: Cooperative financial report
Scholarship and investment funds
Personnel selection committee

**EXECUTIVE DIRECTOR
POSITION ANNOUNCEMENT**

The Coastal Villages Fishing Cooperative is seeking a highly motivated person to assume the position of Executive Director. The position, to be filled by mid-April 1993, will be based in Bethel. A Yup'ik speaker is desired.

QUALIFICATIONS: Applicant must have a four-year college degree and minimum of five years experience in business or natural resources fields. Must be knowledgeable of Y-K Delta issues. Must be capable of using a computer and of operating the CVFC office without supervision or secretarial support. Must be able to write grants and draft comments in support of CVFC positions on public issues and documents. Must also be able to participate in a six- to eight-week internship with Golden Age Fisheries in Seattle.

SALARY: Minimum \$60,000 annually, possibly higher, depending on experience. Benefits included.

TO APPLY: Application should include a resume and cover letter explaining applicant's interest in this position and description of relevant skills. Resume must cover the past 10 years and include positions held, responsibilities, salary ranges, names and addresses of supervisors, and reason for leaving. Applications lacking salary history or salary requirements will not be considered. Submit application by February 28, 1993, in care of Norman Cohen, CVFC Interim Executive Director, 204 N. Franklin St., Suite 1, Juneau, AK 99801. For a complete copy of the position announcement write to the above address or call 586-2360.

CDQ Program Will Expand Into Other Fisheries Soon

CDQ programs applying to the halibut and sablefish (black cod) fisheries are now being developed by the North Pacific Fishery Management Council. The program should operate similarly to the pollock CDQ program.

The Cooperative is working with other CDQ organizations and the Bering Sea Fishermen's Association to convince the federal government to revise the program's rules so that western Alaska villages are able to fully participate in these fisheries. Although the catch quotas for halibut and sablefish in the Bering Sea are relatively low, CDQ's will provide yet another opportunity for western Alaskans to develop local fisheries and expand their local economies.

First CDQ Season Was Good, But 1993 Should Be Even Better

The first fishing effort conducted by the Coastal Villages Fishing Cooperative partnership under the new CDQ program was a clear success, according to Lee Daneker, Director of Development for Golden Age Fisheries of Seattle.

Using leased vessels and the factory trawler BROWNS POINT, owned jointly by CVFC and Golden Age, the partnership caught 24,520 metric tons of pollock between Dec. 5 and Dec. 31. The catch fell about 2,800 metric tons short of the CVFC allocation under the CDQ program, but the shortfall was understandable, Daneker said.

"The final approval of the CDQ program didn't come through until early December, and then one of the vessels that was supposed to fish with us dropped out at the last moment," he said. "Even so, we got very good value for our fish — probably more value per fish than a lot of other operations."

A significant part of that enhanced value can be traced to quality control, and Daneker said crewmen from the coastal villages proved to be excellent at spotting defective product.

"We hired a new quality control manager and he went out on the BROWNS POINT in December," he said. "He found that there were brand new, green employees from the villages who were better at quality control than experienced employees were. In fact, they were better than *he* was, too."

The coastal villages employees proved adept at other jobs, as well; several have already received promotions and pay raises, Daneker said.

The outlook for the 1993 fishery looks even better, and Daneker said there will be no shortfall in the catch.

"We're going to take our whole CDQ allocation, because we'll have the luxury of knowing at the beginning of the year what we're going to get and we can take all year to get it," he said.

That prospect, and the diversified projects that the partnership will be undertaking in its three other joint ventures, should make 1993 quite a busy year.

"We're just very excited to be in this partnership," he said, "and we're very much looking forward to getting all these projects rolling this year."

CVFC Plans Job Recruitment Trips To Co-op Villages

The Coastal Villages Fishing Cooperative is planning a series of trips to co-op villages to discuss job opportunities for the 1993 fishing seasons.

Joe Paniyak, President of CVFC, and Mary Leeney, Director of Human Resources for CVFC partner Golden Age Fisheries, will travel to the villages and meet with local residents in February and March.

"We'll be discussing exactly what kind of jobs are going to be available, what the working conditions are like, and what the pay scales will be," Leeney said.

The cooperative estimates it will be filling 60-75 jobs on its trawlers in 1993, and more than 75 jobs in its lower Kuskokwim salmon processing operations. Twelve to 18 internships designed to teach the skills needed in higher-level jobs also will be offered this year.

Exact dates that they will be in the villages, and the time and location of the meeting in each village

will be announced locally. And as usual for this time of year, the schedule may have to be revised because of weather conditions.

"We'll have posters in each village announcing when and where the meeting will take place," Leeney said. "At the meetings, we'll talk about the jobs and explain the internships. We'll also have job applications with us, so we really hope to meet with as many people as we can in each village."

On the first trip, Paniyak and Leeney will travel from Feb. 9-20, and will visit the following villages: Chefomak, Hooper Bay, Mekoryuk, Newtok, Nightmute, Scammon Bay, Tooksook Bay, and Tununak.

On the second trip, scheduled between March 8-20, they will visit Eek, Goodnews Bay, Kipnuk, Platinum, Tuntutuliak, Kwigillingok, Konigiganak, and Quinhagak.

PROCESSOR...from page 1 ies.

"Fishermen from the delta villages will greatly benefit from local ownership," said Joe Paniyak of Chevak, president of the Coastal Villages cooperative. "We will provide regular tendering, ice and good prices to our fishermen.

"This is an exciting opportunity to finally have local ownership and participation in the salmon processing industry in our region," Paniyak said. "We are confident we can handle well over 50 percent of the salmon in the Kuskokwim fishery."

CVFC will be stressing strict quality control in its processing operations, Paniyak said. And since quality control starts the moment the fish leaves the water, the cooperative plans to require that fishermen bleed and ice their salmon immediately upon landing them.

"This is a great chance to show the world just how good Kuskokwim salmon can be," he said. "And CVFC is a fishermen's organization, so we will pass on the benefits of better quality to the fishermen of the Kuskokwim through higher prices for

better handling of the fish."

CVFC interim Executive Director Norman Cohen said the equipment to be purchased from Schenk is a complete processing operation, but much of the gear needs work.

"It's badly in need of repair and modernization," he said. "We plan to invest significant sums in improving the factory and other machinery, and by the beginning of the salmon season it will be ready to go."

The barges and other vessels will be accepting deliveries in the lower Kuskokwim, Kanektok and Goodnews Bay salmon fisheries in June.

Cohen said initially most jobs for area residents will be as fishermen or in processing or salmon-tendering positions. Golden Age will supply key management jobs, and has committed to training people from the Coastal Villages and Kuskokwim regions to take over those positions later.

"Our goal is to make this, over time, a totally locally run operation," he said.

CVFC Board Member David Bill Explains CDQ Plan To Villagers

It has been a busy month for Coastal Villages Cooperative board member and Office Manager David Bill, Sr., who has been travelling to the villages in the co-op to explain the potential benefits of the new CDQ program to western Alaska.

It's the second round of trips to talk about the program for Bill, who lives in Tooksook Bay.

"I went out to the villages in October, before we got our allocation," he said. "I found then that the people didn't understand the CDQ program very well, but they understand it much better now. Their eyes are open."

Bill said he is finding villagers to be very interested in the program, and the potential it has for providing jobs for their local economies.

"The young people, especially, are very excited about the economic opportunities," he said. "It's been very nice to be able to tell them they are going to have something to look forward to in the way of a job opportunity."

COASTAL VILLAGES FISHING CO-OP: HERE'S WHAT WE'RE ALL ABOUT

COMMUNITIES: Chefmak • Eek • Hooper Bay • Konigiganak • Mekoryuk • Nightmute • Quinhagak • Tooksook Bay • Tinnuulik • Chevak • Goodnews Bay • Kipruk • Kwigillingok • Newtok • Platinum • Scammon Bay • Tunnak

CDQ PARTNER: Golden Age Fisheries, with two factory trawlers.

JOBS: 25-35 year-round hires, growing to 51-70 by 1995.

TRAINING: 12-18 management interns annually at Golden Age Fisheries; scholarship fund to receive 5 percent of net CDQ profits.

INFRASTRUCTURE ENHANCEMENT: Will establish a training facility and salmon processor.

CAPITAL/EQUITY: 50 percent equity in F/V BROWNS POINT; 50 percent equity in F/V BARBARA LEE.

BENEFITS TO REGION: \$40 million over 4 years, plus \$10.5 million from salmon processing.

VILLAGES...from page 1

the nearshore and inriver fisheries of the Yukon-Kuskokwim Delta.

The Cooperative will provide substantial benefits for member communities and throughout the Y-K Delta, such as investment in local fisheries businesses, improvement of local fisheries infrastructure, training and scholarships.

To achieve these important goals, the Cooperative joined with Golden Age Fisheries of Seattle, which owns five fishing and processing vessels.

The current CDQ program is authorized for four years. If successful, it could be extended, and may also be implemented in other fisheries in other regions.

The Cooperative has four business ventures under way currently, all in 50-50 partnership with Golden Age Fisheries. They are:

- Imapiqamuit Partnership, which owns the factory trawler BROWNS POINT for pollock fishing.
- Barbara Lee Partnership, which owns the BARBARA LEE, a longliner to fish cod, and which will be used when the halibut, sablefish and cod CDQ programs are implemented.

- Salmon Roe University, a joint venture to train residents for high-paying jobs as salmon roe technicians in Alaska's salmon fisheries.

- COASTAL VILLAGES FISHERIES salmon processor, a joint venture designed to process highest-quality Kuskokwim salmon at top prices.

WHY GOLDEN AGE SEAFOODS?

The Coastal Villages Fishing Cooperative chose Golden Age Seafoods for its partner because the company has common goals and a common vision for the future of the coastal villages region. CVFC wanted a CDQ partner that is committed to the region, and Golden Age has shown that commitment by endorsing the concepts of equity and profit sharing, training, employment, scholarships, and a voluntary tax to fund additional fisheries infrastructure projects in the region in the future.

Golden Age has experience and expertise in the operation of large offshore vessels, including factory trawlers and processors. In recent years it has achieved sales of \$40 million to \$60 million, and its vessels are valued at more than \$45 million.

PANYAK COLUMN...from page two

scholarship fund for higher education in fisheries and business.

I believe that we are very fortunate to have Golden Age Fisheries as our partner to help us achieve our CDQ program goals. Stan Simonson, the President of Golden Age Fisheries, is committed to having our partnership be successful. He and his company will be working hard to make certain that in just a few short years, Coastal Villages Fishing Cooperative will be a major fishing company providing more opportunities for jobs in our traditional salmon and herring fisheries, as well operating offshore in the groundfish fisheries of the Bering Sea.

The successes we have had thus far have the result of the hard work of many people. I want to mention some of them to you, so that you will know who to thank for giving us the opportunity to have a better future.

These people include Harold Sparck; Governor Walter J. Hickel; Senator Ted Stevens; Congressman Don Young; Henry Mitchell; Commissioner

Edgar Blatchford of the Department of Community and Regional Affairs; Commissioner Paul Fuhs, Department of Commerce; Commissioner Carl Rosier, Department of Fish and Game; Clem Tillion, of Gov. Hickel's office; David Benton of ADF&G; Donna Parker, of Commerce; John Walsh, of DCRA; and Steven Pennoyer, Director of the Alaska Region of the National Marine Fisheries Service.

And of course, I need to thank all the members of the Coastal Villages Board of Directors for their time and good work in putting this cooperative together.

I know that I speak on behalf of the entire Board of Directors of CVFC in saying that there is a bright future ahead for the communities in the region, and all of the Yukon-Kuskowkwim Delta villages. We at CVFC want to help create that bright future.

And we look forward to working with you in making this happen!

COASTAL VILLAGES FISHING COOPERATIVE

P.O. Box 109

Chevak, Alaska 99563

(907) 858-7250 Fax 858-7812

FIRST CLASS

BUDGET AMENDMENT DESCRIPTION:					
Community Development Quota (CDQ)					
AGENCY CONTACT/PHONE NUMBER:					
John Walsh, Deputy Director, CRDD 465-4898					
<p>DESCRIBE WHAT THIS AMENDMENT CHANGES FROM THE GOVERNOR'S ORIGINAL BUDGET SUBMISSION, WHY IT IS NECESSARY AND THE CONSEQUENCES IF THE AMENDMENT IS NOT APPROVED:</p> <p>This amendment requests increased overall funding for the Community Development Quota program (CDQ), and decreased grant funding to a realistic level for FY94.</p> <p>The current plan for CDQ provides for community development grants to enable new entry into the CDQ program, as well as providing the department with funds to fully implement expansion of the CDQ program into other fisheries, continue the work of the CDQ task force and allow for necessary contractual funds to properly respond to program monitoring and compliance with the governing federal regulations.</p> <p>Successful achievements in the 1992 CDQ fishery, where some \$20 million in fish harvests were obtained by participating CDQ groups, increased visibility of this fishery development program by the Governor during his State of the State and State of the</p> <p style="text-align: center;">(CONTINUED ON NEXT PAGE)</p>	CODE	EXPEND BY OBJECT	GOV ORIG	AMEND	GOV AMEND
	100	Personal Services	807.5	136.8	944.3
	200	Travel	153.7	14.9	168.6
	300	Contractual Services	230.1	82.7	312.8
	400	Supplies	14.6	3.4	18.0
	500	Equipment	28.3	7.0	35.3
	600	Lands, Buildings, Etc			
	700	Grants, Claims, Etc.	369.7	(100.0)	269.7
	800	Miscellaneous			
		TOTAL	1603.9	144.8	1748.7
		I-A Transfer (NON-ADD)			
	1002	Federal Receipts	65.0		65.0
	1003	General Fund Match			
	1004	General Fund	1330.9	144.8	1475.7
	1005	GF/Program Receipts	15.0		15.0
	1007	I-A Receipts	108.0		108.0
	1051	FDIF	70.0		70.0
1077	Gifts/Grants/Bequests	15.0		15.0	
	POSITION INFORMATION	PTF	12	2	14
		PPT			
		Non-Permanent			

AGENCY Community & Regional Affairs

BRU Employ/Train/Rural Development

COMPONENT Community Development Assistance #1179

GBA
Governor's Budget
Amendment

FY94

Page 1 of 6

CDO AMENDMENT CONTINUED

Budget addresses, increased interest and strong support from numerous legislators, as well as the recent approval of the Individual Fishing Quota (IFQ) program for halibut and sablefish, including an expanded CDQ program for these species, warrant this request for new funding to support program expansion.

Line item detail:	71000	136.8	For two new Economic Development Specialists (EDS) positions, R19, (PCN 21#012, PCN 21#013). See Request for New Position forms.
	72000	14.9	See Request for New Position forms.
	73000	82.7	A total of 65.9 is to be paid by RSA to the Department of Fish and Game to cover a Fishing Biologist III, R18 position (57.9), with travel (4.5), and equipment (3.5). The balance of 16.8 will cover overhead for DCRA's 2 new EDS positions.
	74000	3.4	Office overhead for 2 new EDS positions.
	75000	7.0	Two personal and portable computers.
	77000	<u>(100.0)</u>	Reduce grants to anticipated need for FY94.
		144.8	

**GBA
ADDITIONAL
EXPLANATION
FORM**

AGENCY COMMUNITY & REGIONAL AFFAIRS
 BRU EMPLOY/TRAIN/RURAL DEVELOPMENT
 COMPONENT COMMUNITY DEVELOPMENT ASSISTANCE

PAGE 2 OF 6	FY 94
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BUDGET AMENDMENT CDQ

Position Title ECONOMIC DEVELOPMENT SPECIALIST		No. of Positions 1	Range Step 19A	Barg. Unit XE
Time Status PFT	Staff Months 1 2	Location Bethel		Election District
TYPE OF EXPENDITURE		Amount	Justification <u>Duties would include, but not limited to:</u>	
Salary		57.0	Field work: This position is primarily an on-site field assistance staff.	
Benefits		19.9	Frequent participation at regional level is critical. Each CDQ applicant	
Premium Pay			proposes numerous fishery development projects, all requiring technical	
Other			participation and on-site response and involvement. Each fishery	
Total Personel Services		76.9	development project will undoubtedly require interagency coordination	
Travel		9.8	to implement in an orderly fashion; i.e. ADFG site assessment analysis,	
Contractual		8.4	biological considerations and research, DEC and EPA permitting assistance,	
Commodities		1.7	Coastal Zone Management permitting and assistance, site determination and	
Equipment		3.5	coordination with Municipal Lands staff within DCRA, coordination with	
Other			communities, local and regional native corporations, grant writing for	
Total Cost		100.3	necessary fund leveraging, project management oversight and reporting, etc.	
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts 1002			The position will provide local and regional fishery association assistance,	
G. F. Match 1003			developing sustainable fishermen's associations or cooperatives. Strategic	
General Fund 1004		100.3	planning at a local and regional level for long range goals and objectives	
I-A Receipts 1007			of fisheries associations is another integral component of the field work	
CIP Receipts 1061			assignment. Development of insurance plans, pension sharing plans, career	
Other			advancement training coordination and implementation, in cooperation	
			with the CDQ applicants, fleet development and securing both CDQ and	
			IFQ quota are some of the ingredients of a successful rural fisheries	
			development plan and essential to long term success of this outreach	
			effort and implementation in the field is the responsibility of this position.	
			(CONTINUED ON NEXT PAGE)	

REQUEST
FOR
NEW
POSITION

AGENCY Community & Regional Affairs
 BRU Employ/Train/Rural Development
 COMPONENT Community Development Assistance

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FY 94

BUDGET AMENDMENT CDA

TRAVEL:

This position would require extensive travel throughout the CDQ regions, especially focusing on the Bristol Bay, Kuskokwim, Yukon and Norton Sound districts. Coordination with the Anchorage EDS would be required for distance delivery in the remote Aleutian and Pribilof Islands district. Periodic travel to Anchorage for internal management sessions, coordinated with fishery development workshops or fishery management meetings, such as the North Pacific Fisheries Management Council or the state Board of Fish, would be expected.

3 trips Bethel - Anchorage @ \$400	\$1,200
3 X 3 X \$100	\$900
2 trips Bethel - Dillingham @ \$300	\$600
2 X 3 X \$150	\$900
2 trips Bethel - Emmonak @ \$300	\$600
2 X 2 X \$150	\$600
2 trips Bethel - Nome (area) @ \$700	\$1,400
2 X 3 X \$150	\$900
6 trips Bethel region @ \$150	\$900
6 X 2 X \$150	\$1,800
	<hr/>
TOTAL TRAVEL	\$9,800

**GBA
ADDITIONAL
EXPLANATION
FORM**

AGENCY COMMUNITY & REGIONAL AFFAIRS
 BFU EMPLOY/TRAIN/RURAL DEVELOPMENT
 COMPONENT COMMUNITY DEVELOPMENT ASSISTANCE

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Position Title ECONOMIC DEVELOPMENT SPECIALIST		No. of Positions 1	Range Step 19A	Barg. Unit XE
Time Status PFT	Staff Months 1 2	Location Anchorage		Election District
TYPE OF EXPENDITURE		Amount	Justification	
Salary		43.6	Duties would include, but not limited to:	
Benefits		16.3	<u>Program reporting:</u> CDQ applicants are required to prepare quarterly management progress and financial reporting and annual audited reports. Tracking, review and monitoring for program compliance would fall under this position. Compilation of reports and preparation of state reports to the federal oversight authority would be required by this employee.	
Premium Pay				
Other				
Total Personal Services		59.9		
Travel		5.1		
Contractual		8.4	<u>Program development:</u> Expansion of the CDQ program to additional species would be monitored and coordinated by this employee in coordination with the state CDQ staff task force, in conjunction with the North Pacific Fisheries Management Council and the Governor's fishery designee on the Council. Development of necessary governing regulation and program implementation would be handled by this employee.	
Commodities		1.7		
Equipment		3.5		
Other				
Total Cost		78.6		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	78.6	This position would coordinate with the Bethel based EDS , Insuring on-site field monitoring, progress in CDQ applicant's goals and objectives in development of fisheries projects in the region. Coordination between the CDQ staff task force and the CDQ applicants would be incumbent upon this staff.	
I-A Receipts	1007			
CIP Receipts	1061			
Other				
			<u>Travel:</u> This employee would be expected to attend appropriate fishery council meetings, including but not limited to the North Pacific Fisheries Management Council, the state Board of Fish and various fishery	
			CONTINUED ON NEXT PAGE)	

**REQUEST
FOR
NEW
POSITION**

AGENCY COMMUNITY & REGIONAL AFFAIRS
 BRU EMPLOY/TRAIN/RURAL DEVELOPMENT
 COMPONENT COMMUNITY DEVELOPMENT ASSISTANCE

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FY 94

BUDGET AMENDMENT CDA

Travel (cont'd)

development seminars/symposiums relative to rural fishery development activity. Field travel to particular regions would be coordinated by this staff and the Bethel based development specialist.

2 trips Anchorage - Juneau @ \$450	\$900
Per diem - 2 X 3 X \$100	\$600

2 trips Anchorage - Aleutian/Pribilof Is.	
2 X \$1,200	\$2,400
Per diem - 2 X 4 X \$150	<u>\$1,200</u>

TOTAL TRAVEL	\$5,100
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Interagency coordination: Besides working closely with the CDQ staff task force, this employee would be intimately involved with extra-departmental coordination with the University of Alaska system, the Alaska Center for International Business, the Center for Economic Development, affected regional ARDOR groups, the fishery industry, the business community, the financial community and other relevant groups; i.e. regional native corporations, mayors associations, affected economic development organizations.

Included in this coordination effort would be preparation and organization of planning seminars, training programs, fishery association development, explanation and assistance in benefit management and individual board training assistance, etc.

**GBA
ADDITIONAL
EXPLANATION
FORM**

AGENCY COMMUNITY & REGIONAL AFFAIRS
BFLU EMPLOY/TRAIN/RURAL DEVELOPMENT
COMPONENT COMMUNITY DEVELOPMENT ASSISTANCE

PAGE 6 OF 6

FY 94

BSFA**Bering Sea Fishermen's Association**

725 Christensen Drive
Anchorage, Alaska 99501
(800) 770-6519 (Within Alaska)
(907) 279-6519
FAX (907) 258-6688

Serving western Alaska small boat fisheries since 1980

March 16, 1993

The Honorable Carl Moses
Chairman
Special Committee on Fisheries
Alaska House of Representatives
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Moses:

At your committee's March 12 hearing on House Concurrent Resolution No. 9, "Relating to state management of the Western Alaska Community Development Quota Program and state fisheries development policy", Mr. Bruce Weyhrauch, an attorney working for the Alaska Crab Coalition, presented testimony and asked a series of questions about the CDQ program.

None of Mr. Weyhrauch's questions were particularly relevant to the actual language of the proposed CS before the committee. Instead, Mr. Weyhrauch's intention appeared to be to raise doubts about the validity of the entire CDQ program.

At this time, for the benefit of the committee, I wish to respond to Mr. Weyhrauch's questions and respectfully request that this letter be included as part of the committee's formal record on HCR 9.

Below I have paraphrased Mr. Weyhrauch's questions, from my notes, and have then responded with my answers. The questions are not Mr. Weyhrauch's exact words, but I believe I have accurately summarized the substance of his comments.

Is it appropriate to expand CDQs to other areas of the state?

From my reading, HCR 9 contains no direct references to the expansion of the CDQ program to other areas of the state. Instead, the resolution focuses on the program as it currently exists along the Bering Sea coast. To the best of my knowledge, none of the existing CDQ organizations have taken a position on this issue. The general feeling is that the people who will be affected need to decide what

will work best for their regions. The CDQ program as it now exists addresses a specific situation in western Alaska.

Is it appropriate to expand CDQs to other fisheries?

This question can best be answered by determining what course of action is in the best interests of the State of Alaska. Specific information on the results of the CDQ program -- number of Alaskans employed, number of Alaskans in training programs, new fisheries markets established in Alaskan communities, etc. -- will be available later this year. If the CDQ program is successful in achieving its overall goals -- more employment for Alaskans and more economic opportunities within Alaska -- it may very well be appropriate to expand the program to other species in the Bering Sea. Dollars generated in rural Alaska circulate throughout the state and benefit the entire Alaskan economy.

Because we have a federal Economic Development Block Grant program, why do we need CDQs?

Not enough funds are available from federal block grants to initiate and complete the projects that are needed in western Alaska. The block grants also are competitive, require matches, and are not specifically fisheries-oriented. Block grants have been in existence for many years and have not been able to address the problems of western Alaska on the scale required. Additionally, one of the goals of the CDQ program is to give the residents of western Alaska the opportunity to participate in the harvest of a resource that, literally, can be found off their front doorsteps. This could not possibly be accomplished through federal block grants.

What will be the scope of CDQ corporation investments? Should the legislature limit what CDQ funds can be spent on?

State and federal CDQ regulations are very clear on this point. Proceeds from CDQ operations can only be invested in fishery-related projects and ventures. The results of these projects and ventures will be evaluated when the CDQ organizations submit applications to the state for 1994-95 quota awards. State officials have said the organizations that follow the rules and invest their revenues effectively and successfully will be rewarded with more quota while those who fail will be shut out of the program.

With the reauthorization of the Magnuson Act now pending before Congress, shouldn't the state move cautiously on CDQs in deference to national concerns?

The CDQ program is one of the most significant fisheries development programs ever implemented in the State of Alaska. It attempts to address the specific problem of poverty and unemployment in western Alaska Native villages by providing the residents of the region with an opportunity to have access to a rich fisheries resource that can be found right off their shores. The program was

March 16, 1993

carefully designed with a great many government-regulated checks and balances. It places western Alaska communities in partnerships with established seafood processing companies in order to guide them to full participation in the fisheries. Most importantly, the entire State of Alaska will benefit from a successful CDQ program. More Alaskan residents will be employed and more dollars will be generated that will circulate within the state's economy.

Most of the concern expressed in Washington D.C. about CDQs is based on misunderstandings and misinformation about the purpose and actual operation of the CDQ program.

The State of Alaska should be proud of the CDQ program and should not be reluctant to publicize its accomplishments. Additionally, successful programs should not be restrained, but used as a model for future endeavors. If anything, the Magnuson Act should be amended to encourage CDQ implementation.

Thank you for your consideration of my comments. Please do not hesitate to contact me if I can provide you with additional information.

Sincerely,



Karl Ohls
Fisheries Development Specialist

cc: Rep. Lyman Hoffman
Mr. John Walsh, DCRA
Ms. Donna Parker, DCED
Mr. David Benton, ADF&G
Aleutian Pribilof Island Community Development Association
Bristol Bay Economic Development Corporation
Central Bering Sea Fishermen's Association
Coastal Village Fishing Cooperative
Norton Sound Economic Development Corporation
Yukon Delta Fisheries Development Association

HCR

32

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 29, 1994

FURTHER REFERRALS:

Date of Committee Action: 4/19/94

The FINANCE Committee considered:

HCR 32

HOUSE CONCURRENT RESOLUTION NO. 32

JOINT TASK FORCE ON MILITARY BASES

Establishing the Joint Task Force on Military Bases in Alaska.

RECOMMENDATIONS:

be replaced with _____ [] the same title
[] 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) _____

[X] zero fiscal note LAA

[] zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Richard [Signature]	*	Edgar P. Machean			
[Signature] Hanky	X	Ronald J. Lanson		X	
Ann [Signature]	X	Terry Martin		X	
[Signature] Theriault	X	Bonnie Grussendorf		X	
		Ernie Hoffmann			
		Yvonne Navarre			
		Lay Brown			

[Signature] EP Machean
CHAIRMAN'S SIGNATURE

HOUSE CONCURRENT RESOLUTION NO. 32
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE JUDICIARY COMMITTEE BY REQUEST

Introduced: 3/29/94

Referred: Finance

A RESOLUTION

1 Establishing the Joint Task Force on Military Bases in Alaska.

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

3 WHEREAS the Department of Defense has stated that reducing military infrastructure
4 through base realignments and closures is a top priority, and the 1995 round of base
5 realignments and closures is the last round authorized under the National Defense
6 Authorization Acts for Fiscal Years 1991, 1992, 1993, and 1994 (P.L. 101 - 510, P.L. 102 -
7 190, and P.L. 103 - 160); and

8 WHEREAS all military bases in Alaska are scheduled for review and evaluation in
9 1994 for potential placement on the 1995 closure list; and

10 WHEREAS Alaska's military bases represent a strategic asset to this nation because
11 of their unique location; and

12 WHEREAS the total economic value the military adds to the state exceeds
13 \$2,700,000,000 annually; and

14 WHEREAS the closure of one or more military bases in the state would have serious
15 economic and socioeconomic effects on the communities where they are located;

16 BE IT RESOLVED by the Alaska State Legislature that the Joint Task Force on
17 Military Bases in Alaska is established to facilitate the retention of the military bases in the

1 state by working with the Base Realignment and Closure Commission (BRAC), the
2 Department of Defense, the Department of the Army, the Department of the Air Force, the
3 Department of the Navy, the United States Coast Guard, the state's congressional delegation,
4 and the communities and other persons affected by realignments and closures of military bases
5 in the state; and be it

6 **FURTHER RESOLVED** that the task force shall consist of six members as follows:

7 (1) three members of the Senate appointed by the President of the Senate; and

8 (2) three members of the House of Representatives appointed by the Speaker

9 of the House; and be it

10 **FURTHER RESOLVED** that the task force is authorized to meet between, after, and
11 during the sessions of the Eighteenth Alaska State Legislature, and may hold public hearings
12 as necessary; and be it

13 **FURTHER RESOLVED** that the task force shall prepare and submit to the legislature
14 before the convening of the First Session of the Nineteenth Alaska State Legislature a report
15 of its activities; and be it

16 **FURTHER RESOLVED** that the Joint Task Force on Military Bases in Alaska is
17 terminated on the date of the convening of the First Session of the Nineteenth Alaska State
18 Legislature.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

NO. _____
BILL VERSION: HCR 32
PUBLISH DATE: _____

Revision Date: _____
Title: Establishing the Joint Task Force
on Military Bases in Alaska.
Sponsor: House Judiciary
Requestor: House Judiciary

Department Affected: Legislative Affairs Agency
BRU: All
Component: All

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
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						
GRANTS, CLAIMS						
MISCELLANEOUS						
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)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE						
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 impact: _____

ANALYSIS: (Attach a separate page if necessary)

Zero fiscal impact.

Prepared By: Karla Schofield, Deputy Director
Division: Administrative Services

Phone: 465-3852
Date: 4/8/94

Approved By: Pamela A. Stoops, Executive Director
Agency: Legislative Affairs Agency

Date: 4/8/94

Distribution (by preparer): Leg. Finance, Legislative Sponsor, Requestor, OMB, Gov., & Impacted Agency(ies).

Sponsor Statement HCR 32

OVERVIEW

In order to reduce unneeded military facilities and infrastructure, Congress passed provisions allowing the Secretary of Defense to close or realign military facilities in the United States and establishing the Base Realignment and Closure Commission (BRAC) to review these recommendations. Three reviews were set forth to occur in 1991, 1993 and 1995.

Military facilities and their support personnel contribute a great deal of economic benefit to the communities in which they are located, therefore these kinds of reductions created a political football for many of the individual legislators that would be affected. The creation of the BRAC process was meant to take the politics out of the base closure process. Attached is a timeline for BRAC 95 process.

The BRAC 95 process is of great concern to the State of Alaska. Currently, military facilities in Alaska contribute approximately \$2.7 billion dollars to the economy annually. The loss of even one of our bases could have an extremely detrimental effect on an already bleak state fiscal situation. During the last two BRAC reviews in 1991 and 1993, the Department of Defense has not submitted an Alaskan facility for closure, however, in 1993 the 6th Infantry (Light) was reorganized from a Division to a Brigade. This resulted in a reduction of 49% in the Army forces in Alaska, primarily in Anchorage. Also, in 1993 there were certain groups that questioned why Ft. Richardson in Anchorage was not offered up for closure.

Alaskan military facilities possess many characteristics that make them superior to other facilities in the lower contiguous states. Optimal training area, "power projection", transportation and mobilization infrastructure are just a few of the traits that make Alaskan facilities invaluable. Unfortunately, there are many misunderstandings about the strategic location of Alaska that occur during the BRAC process. The goal of creating this Joint Task Force on Military Bases in Alaska is to provide information to the Department of Defense and the BRAC Commission and to interact with these organizations in order to paint a more clear picture of Alaskan military facilities and the role that they play in the national defense. I hope I can count on your support. Thank you.



ALASKA STATE LEGISLATURE HOUSE OF REPRESENTATIVES

REPRESENTATIVE ELDON MULDER
DISTRICT 23 MULDOCK-N.F.T. RICHARDSON

- CHAIR -
LEGISLATIVE COUNCIL

- CO-CHAIR -
HOUSE SPECIAL COMMITTEE ON
MILITARY AND VETERANS AFFAIRS

- CO-CHAIR -
MILITARY AFFAIRS FOR
ANCHORAGE CAUCUS

MEMORANDUM

TO: **Representative Ron Larson**
Co-Chair, House Finance Committee

Representative Eileen MacLean
Co-Chair, House Finance Committee

FROM: **Representative Eldon Mulder**

SUBJ: **Hearing on HCR 32**

DATE: **Wed, April 13, 1994**

*17 copies
+ 1 extra FN
Helen*

I respectfully request that the House Finance Committee schedule a hearing on House Concurrent Resolution 32, relating to the creation of a Joint Task Force on Military Bases in Alaska. Attached is a copy of the legislation, sponsor statement and some pertinent back-up material. I have requested a fiscal note which will be forwarded to you upon receipt. Thank you for your consideration of this request.

HCR

32

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

FIN

DATE: 4/27/94

FURTHER:

DATE TURNED INTO OFFICE: 5-1-94

The Finance Committee considered **HOUSE CONCURRENT RESOLUTION NO. 32**
 Establishing the Joint Task Force on Military Bases in Alaska.

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
LAA	4/8/94	0	

Appropriation No Fiscal Note

DO PASS.

OTHER RECOMMENDATIONS:

Best Sharp

Alvin Kell

Thom

1. Thom **DO PASS**
 Co-Chair: Signature/Recommendation

2. Irma Pearce **DO PASS**
 Co-Chair: Signature/Recommendation

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

No. 1
NO. Bill Version: HCR 32
BILL VEF (H) Publish Date: 4/19/94
PUBLISH

Revision Date: _____
Title: Establishing the Joint Task Force
on Military Bases in Alaska.
Sponsor: House Judiciary
Requestor: House Judiciary

Department Affected: Legislative Affairs Agency
BRU: All
Component: All

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
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						
GRANTS, CLAIMS						
MISCELLANEOUS						
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)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE						
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

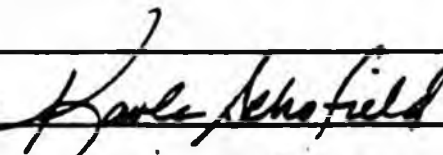
Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary)

Zero fiscal impact.

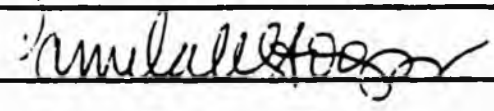
COMMITTEE COPY

Prepared By: Karla Schofield, Deputy Director
Division: Administrative Services



Phone: 465-3852
Date: 4/18/94

Approved By: Pamela A. Stoops, Executive Director
Agency: Legislative Affairs Agency



Date: 4/18/94



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES

REPRESENTATIVE ELDON MULDER
DISTRICT 23 MULDOON-FT. RICHARDSON

HCR 32

- CHAIR -
LEGISLATIVE COUNCIL


- CO-CHAIR -
HOUSE SPECIAL COMMITTEE ON
MILITARY AND VETERANS AFFAIRS

- CO-CHAIR -
MILITARY AFFAIRS FOR
ANCHORAGE CAUCUS

MEMORANDUM

TO: Senator Drue Pearce
Co-Chair, Senate Finance Committee

Senator Steve Frank
Co-Chair, Senate Finance Committee

FROM: Representative Eldon Mulder 

SUBJ: Hearing on HCR 32

DATE: Thursday, April 28, 1994

I respectfully request that the House Finance Committee schedule a hearing on House Concurrent Resolution 32, relating to the creation of a Joint Task Force on Military Bases in Alaska. Attached is a copy of the legislation, sponsor statement and some pertinent back-up material. I have requested a fiscal note which will be forwarded to you upon receipt. Thank you for your consideration of this request.

Sponsor Statement HCR 32

OVERVIEW

In order to reduce unneeded military facilities and infrastructure, Congress passed provisions allowing the Secretary of Defense to close or realign military facilities in the United States and establishing the Base Realignment and Closure Commission (BRAC) to review these recommendations. Three reviews were set forth to occur in 1991, 1993 and 1995.

Military facilities and their support personnel contribute a great deal of economic benefit to the communities in which they are located, therefore these kinds of reductions created a political football for many of the individual legislators that would be affected. The creation of the BRAC process was meant to take the politics out of the base closure process. Attached is a timeline for BRAC 95 process.

The BRAC 95 process is of great concern to the State of Alaska. Currently, military facilities in Alaska contribute approximately \$2.7 billion dollars to the economy annually. The loss of even one of our bases could have an extremely detrimental effect on an already bleak state fiscal situation. During the last two BRAC reviews in 1991 and 1993, the Department of Defense has not submitted an Alaskan facility for closure, however, in 1993 the 6th Infantry (Light) was reorganized from a Division to a Brigade. This resulted in a reduction of 49% in the Army forces in Alaska, primarily in Anchorage. Also, in 1993 there were certain groups that questioned why Ft. Richardson in Anchorage was not offered up for closure.

Alaskan military facilities possess many characteristics that make them superior to other facilities in the lower contiguous states. Optimal training area, "power projection", transportation and mobilization infrastructure are just a few of the traits that make Alaskan facilities invaluable. Unfortunately, there are many misunderstandings about the strategic location of Alaska that occur during the BRAC process. The goal of creating this Joint Task Force on Military Bases in Alaska is to provide information to the Department of Defense and the BRAC Commission and to interact with these organizations in order to paint a more clear picture of Alaskan military facilities and the role that they play in the national defense. I hope I can count on your support. Thank you.



BRAC 95 MAJOR MILESTONES



WORKING	FINALIZE PROPOSED BRAC '95 SELECTION CRITERIA
SPRING 1994	CONDUCT INSTALLATION VISITS
MAR - AUG 1994	INSTALLATION SUBMIT STATISTICAL INPUT TO DEPT OF THE ARMY
AUG - DEC 1994	ANALYZE CANDIDATES
JAN 15, 1995	SECRETARY OF DEFENSE PUBLISHES FINAL SELECTION CRITERIA
FEB 1995	ARMY SUBMITS BRAC LIST TO OFFICE OF THE SECRETARY OF DEFENSE
MAR 1, 1995	SECRETARY OF DEFENSE ANNOUNCES BRAC 95 RECOMMENDATIONS
JUL 1, 1995	COMMISSION SENDS RECOMMENDATIONS TO PRESIDENT
JUL 15, 1995	PRESIDENT APPROVES/DISAPPROVES COMMISSION RECOMMENDATIONS
SEP 1, 1995	DEADLINE FOR SENDING BRAC 95 RECOMMENDATIONS TO CONGRESS

**BRAC 95 RECOMMENDATIONS BECOME LAW 60 DAYS AFTER RECEIPT BY CONGRESS
UNLESS DISAPPROVED BY PRESIDENT**



ELEMENTS CONSIDERED FOR BRAC



- **POWER PROJECTION**
LOCATION / POST ROLES
MOBILIZATION / DEPLOYABILITY
FORCE EXPANSION
- **TRAINING & SUSTAINMENT BASE**
TRAINING MANEUVER AREA
JOINT OPERATIONS TRAINING
FORCE-ORIENTED LOGISTICS
QUALITY FACILITIES & SERVICES
- **COMMUNITY PARTNERSHIP**
LOCAL & STATE GOVERNMENT & ORGANIZATIONS
OTHER FEDERAL AGENCIES & MILITARY SERVICES
- **SOCIOECONOMIC IMPACT**
ECONOMIC IMPACT
OFF-POST HOUSING



RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator

1-13-97
Date

HJR

9

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: February 11, 1993

FURTHER REFERRALS:

Date of Committee Action: 4/8/93

The FINANCE Committee considered:

HJR 9

HOUSE JOINT RESOLUTION NO. 9

VOTER APPROVAL FOR NEW TAXES

Proposing an amendment to the Constitution of the State of Alaska prohibiting the imposition of state personal income taxation, state ad valorem taxation on real property, or state retail sales taxation without the approval of the voters of the state.

RECOMMENDATIONS: the same title
 be replaced with _____ 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) Gov 2/3/93

zero fiscal note _____

zero fiscal note(s) Gov 2/3/93

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	Foster	DNP	NR	AM
<i>Eileen P. Mackean</i> Eileen P. Mackean	✓	<i>Richard Foster</i> Richard Foster	*			
<i>James Hanley</i> James Hanley	X	<i>Donald Larson</i> Donald Larson		X		
<i>Martin</i> Martin	✓					

Eileen P. Mackean

 CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

N^o 1
Bill version: HJR. 9
(H) Publish Date: 2/3/93

Revision Date: _____
Title: Amendment to the Constitution RE: prohibiting imposition of taxation without voter approval
Sponsor: Representative Martin
Requestor: _____

Department Affected: Office of the Governor
BRU: Division of Elections
Component: General and Primary Elections
COMPONENT SERIAL NO. 22

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	2.2*	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	2.2*	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	2.2*	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	2.2*	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: 0

ANALYSIS: (Attach a separate page if necessary.) *This figure covers cost of inclusion of information about this issue in the Official Elections Pamphlet as required by AS 15.58, and programming for DataVote counting of votes cast on the measure. However, only 4 measures can be printed on a single ballot card. Should this measure require printing an additional ballot card, the fiscal impact would be 5.4.

Prepared by: Charlot E. Thickstun, Director *Charlot E. Thickstun* Phone: 465-4611
Division: Division of Elections Date: 1/15/93

Approved by Commissioner: Lt. Governor John B. Coohill *J. Coohill*
Agency: Office of the Lt. Governor Date: 1/15/93

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FISCAL NOTE

No. 2

Bill Version: HJR 9

(H) Publish Date: 2/3/93

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Revenue
 Title: Prohibiting the imposition of state personal income taxation, state ad valorem taxation on real property, or state retail sales taxation without the approval... BRU: Revenue Operations
 Component: Income & Excise Audit
 Sponsor: Representative Martin
 Requestor: Representative Martin COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
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: \$ 0.00

ANALYSIS: (Attach a separate page if necessary)

The requirement of voter approval prior to the implementation of certain taxes has no operating budget impact on the Department of Revenue.

Prepared by: Rod R. Mourant Phone: 465-2300
 Division: Commissioner's Office Date: 1/15/93
 Approved by Commissioner: Darrel J. Rexwinkel Date: 1/15/93
 Agency: Revenue

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ELECTIVE DISTRICT 14
ELMENDORF A.F.B.
EAST ANCHORAGE
GOVERNMENT HILL

REP. TERRY MARTIN

HOME
355 DONNA DR., #11
ANCHORAGE, AK 99504
PHONE: 333-6990



Alaska House of Representatives

DURING SESSION
P.O. BOX V
STATE CAPITOL BUILDING
JUNEAU, AK 99811
PHONE: 465-3783

SPONSOR SUMMARY

HJR 9

Requiring the approval of the voters for the imposition of state income tax, state ad valorem tax on real property, or state retail sales taxation

HJR 9 is intended to prevent exorbitant and disproportionate taxes from harming Alaskan residents. Taxation, whether of income, property, or retail merchandise, is not the answer to increasing state revenues.

Need for Legislation

At present, Alaskans enjoy paying the lowest annual tax per household in the nation, averaged in our state at \$1,632. Nationwide, the movement to prevent legislatures from implanting tax hikes is spiraling upward. The most recent states to have eliminated the ability of legislatures to impose tax increases without popular vote are: Arizona, Florida, Idaho, Michigan, Colorado, and Oklahoma. The latter two actually require a supermajority to approve any tax increases.

These advances in the elimination of unwarranted taxation are indicative of the national trend. In Alaska, voters are extremely apprehensive about new and elevated taxes. The general viewpoint has been to work in conjunction with the legislature, rather than to grant them full autonomy over taxation. HJR 9 would transfer the final authority of statewide taxation from the legislature to the citizenry.

ELECTIVE DISTRICT 14
ELMENDORF A.F.B.
EAST ANCHORAGE
GOVERNMENT HILL

REP. TERRY MARTIN

HOME
355 DONNA DR., #11
ANCHORAGE, AK 99504
PHONE: 333-6990



Alaska House of Representatives

DURING SESSION
P.O. BOX V
STATE CAPITOL BUILDING
JUNEAU, AK 99811
PHONE: 465-3783

SECTIONAL ANALYSIS

HJR 9

Requiring the approval of the voters for the imposition of state income tax, state ad valorem tax on real property, or state retail sales taxation

Section 1.

Amends Article IX, sec. 1 of the Constitution of the State of Alaska by prohibiting any imposition of state income tax, ad valorem taxation on real property, or retail sales tax, without the approval of the voters of the state.

Section 2.

Places the amendment proposed by the resolution before the voters throughout the state in the next general election.

Initiatives

Fiscal Issues Crowd November Ballots

Tax and spending issues are perennial favorites in the initiative states. This year is no exception.

Scott Mackey

A broad range of fiscal matters will be before the voters in at least 13 states this month. Issues range in importance from easing debt restrictions on local governments to a major transfer in budget authority from the legislature to the governor.

Unlike previous years when fiscal ballot initiatives primarily sought to limit taxes and spending, this year's proposals include nearly an equal number of measures that would increase taxes or change the mix of revenue sources to make the state's tax system more progressive.

State voters will make decisions on budget process reforms, state lotteries, liberalizing fiscal restrictions on local governments, and property tax relief. With this mix 1992 may not be the "tax revolt" year that some observers predicted in the wake of widespread state tax increases in 1990 and 1991.

Budget Process Reforms

Citizens in five states—California, Connecticut, Florida, Missouri and Rhode Island—will vote on changes in the legislative budget process. The most significant change could be in California, where voters will decide

whether or not to give the governor almost unilateral control over the budget process if the Legislature fails to meet certain deadlines.

Legislatures in Connecticut and Rhode Island have placed constitutional amendments before the voters that would impose new limits on state spending. The Rhode Island measure is

Colorado voters could conceivably approve tax increases and a tax limitation on the same ballot.

modeled after Delaware's law, which limits general fund appropriations to 98 percent of the revenue estimate and requires additional revenues to be placed in a "rainy day fund." Fund balances could be used for repayment of debt service or capital construction projects only if they exceed 3 percent of the revenue estimate. The Connecticut proposal would limit state spending to the percentage increase in inflation or state personal income, whichever is greater. The General Assembly could override the limit with a three-fifths vote and an emergency declaration by the governor.

Florida voters will decide whether to

approve a statutory "Taxpayers' Bill of Rights" similar to those in 13 other states. Another measure would place new restrictions on Florida's budget process, such as requiring a three-day layover between committee approval and floor consideration of appropriation bills. Missouri voters will decide whether to create a constitutionally protected "rainy day fund."

Limitations on Legislative Tax Powers

Voters in Arizona and Colorado will decide whether to place new restrictions on the legislature's ability to raise taxes. The Arizona measure would require a two-thirds legislative vote for tax increases; tax measures vetoed by the governor would require a three-fourths majority to override. In Colorado, an initiative would require voter approval for any new tax increases unless they were adopted by a two-thirds legislative vote.

If these initiatives are approved, Arizona and Colorado would join seven other states with supermajority requirements for tax increases. Voters in Oklahoma approved a three-fourths supermajority requirement in a September referendum.

Property Tax Changes

Property tax limitations will be on the ballot in Colorado, Florida, Idaho and Michigan. The Colorado initiative would require voter approval for property tax increases above certain limits, while the Florida initiative would limit assessment increases to 3 percent per year. Similar to California's Proposition 13, assessments would be brought up to market value when the home is sold or substantial renovations are completed.

The Idaho initiative calls for a cap on

Scott Mackey specializes in state and local tax issues for NCSL.

y taxes at 1 percent of market
While Idaho is generally a low
tax state, there are certain areas
property tax payments greatly
his 1 percent cap. These areas
be forced to roll back property

ompeting initiatives will be on
ot in Michigan. The "cut and
posal, sponsored by the gover-

nor, would roll back school taxes by 30
percent and limit future assessment in-
creases to 3 percent annually. Another
measure, referred to the voters by the
Legislature, would limit annual in-
creases in state equalized valuation to
the inflation rate or 5 percent, whichev-
er is lower.

Four other states have property tax
measures on the ballot. Kansas voters

will decide whether to amend the
stitution to allow the Legislature to
ate a classified assessment sys-
which allows different types of pro-
to be valued for tax purposes at d-
ent levels. The state constitution
contains a uniformity clause tha-
quires all property to be treated
same. Voters in Arkansas, Calif-
and Oklahoma will consider lin-

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Governors Take Proposals to the People

Governors in three states, unable to win legislative support for their fiscal agendas, are seeking to bypass the legislature with initiatives on the November ballot. Voters in California, Colorado and Michigan will decide major tax and budget questions that could alter their states' fiscal landscape for many years to come.

In California, Governor Pete Wilson is seeking voter approval of a measure that would substantially alter the balance of power between the legislature and the executive in the budget process. Not surprisingly, the Legislature would come out on the short end of the stick: The measure would reduce the time for legislative consideration of the budget by nearly two months. It would require the Legislature to submit the budget bill to the governor by June 15 and require that the budget be signed into law by July 1. Failure to meet these deadlines would trigger "fiscal emergency" powers that would give the governor almost unilateral control over program expenditures for the fol-

lowing fiscal year. The governor would also have the option of vetoing budget bills that meet the June 15 deadline in order to create the "fiscal emergency" that would give him these expanded powers.

The Wilson initiative would also cut welfare grants by 25 percent. And as a final jab at the Legislature, the initiative would suspend lawmakers' (and the governor's) pay between July 1 and such time as the budget is passed and signed into law.

Colorado Governor Roy Romer was unable to win legislative approval for a tax increase to boost state funding for K-12 education, so he launched an initiative crusade. A ballot measure sponsored by Romer would increase the state sales tax from 3 percent to 4 percent and earmark the proceeds for education.

A school finance reform bill enacted in 1988 committed Colorado to major increases in school funding in the early 1990s. The state finds itself in the same boat as others that promised K-12 mon-

ey during the 1980s that they cannot afford now. While the legislature has boosted school funding substantially, the state has not fully funded the increases required by the 1988 law.

Michigan voters will decide whether to approve a 30 percent rollback in school property taxes proposed by Governor John Engler. Governor Engler's "cut and cap" initiative would also limit the future growth in property assessments to 3 percent annually. The initiative requires the state to make up local school revenues lost because of the 30 percent rollback. However, revenues lost due to the 3 percent limitation on assessment increases would not be reimbursed through state aid. Engler argues that Michigan's property tax burden, which is among the highest in the country, is hurting small businesses and is responsible for Michigan's chronically high unemployment. Opponents, including state teachers' groups, counter that Engler's argument is a red herring and that the initiative would devastate schools.

property tax exemptions.

Liberalizations of Local Tax Restrictions

Not all of the ballot measures will restrict taxes and spending. Voters in Arizona will decide whether to relax spending and debt restrictions on local governments. Missouri citizens will vote on allowing local governments to pass tax increases with a four-sevenths majority instead of a two-thirds majority. Florida voters will decide whether to give counties the authority to levy a penny sales tax.

In California, a broad tax increase package would significantly weaken the portion of Proposition 13 that limits taxes on business property. The current law limits assessment increases for business property to 2 percent annually, unless the business is sold or substantially renovated. The proposed ballot measure would require business property to be reassessed at full market value every three years, unless the business could

prove that 50 percent of its stock had not changed hands during the 3-year period. Passage of this initiative could provide local governments in California with between \$550 million and \$1.2 billion in new revenue in FY 1994.

In Oregon, voters will decide whether to increase taxes on business property by liberalizing the property tax limits approved in 1990. Under the proposal, business property taxes for schools would be limited to 2 percent of market value. The cap under current law, once fully phased in, is 0.5 percent of value.

Tax Increases and Tax Shifts

Tax increases will be on the ballot in Arkansas, California, Colorado, Massachusetts, North Dakota and Oklahoma. Included are cigarette tax increases (Arkansas and Massachusetts), sales tax increases (Colorado and North Dakota), and Medicaid provider taxes (Oklahoma). California's "soak the rich" ini-

tiative would raise personal income tax rates and most business taxes while reducing sales taxes by a quarter-cent and repealing the sales tax on candy and snack foods. It would also reinstate the renter credit for higher income renters.

A South Dakota initiative would create a new personal and corporate income tax with graduated rates ranging from 2 percent to 5 percent. It would also repeal the sales tax on food, clothing and utilities and roll back property taxes.

The broad range of fiscal initiatives on the 1992 ballot defy sweeping generalizations. In Colorado, for example, voters could conceivably approve tax increases and a tax limitation on the same ballot. Arizona voters could liberalize local tax restrictions at the same time that they severely restrict state tax options. What seems clear is that governors and citizens of some states are moving to circumvent the legislature in ways that threaten the legislative role in budgeting and policymaking. ■

Money

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NEW READERS' POLL



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could risk having New York State and City insist that they are due taxes on your interest, dividends and capital gains as well as the income from your job. While New Jersey will give you a credit for the New York taxes, your final bill will be the same as if you lived in Manhattan.

It can be difficult to prove that you aren't actually a resident of the high-tax state even though you own a home there. The reason: If you spend more than half the year in the high-tax state, you meet the definition of resident used by many states. You can try to prove otherwise by, say, showing that you vote in the other state, register your car there and belong to social clubs and send your kids to schools there. But fewer and fewer revenue-hungry states accept such evidence as conclusive. In the end, you may have to either pay up or give up your second home. "Domicile is a state of mind," says Gattegno, "but the burden of proof is all yours."

■ **If you're married, don't automatically file a standard joint state return.** Ten states (Arkansas, Delaware, Iowa; Kentucky, Maryland, Mississippi, Missouri, Montana, Tennessee and Virginia) and the District of Columbia give a special break to married couples in which both spouses have income and file a joint federal return. These states let a couple calculate each spouse's state tax separately—at lower effective rates than if they filed jointly—and file a so-called joint-separate return. For example, a Virginia couple with one spouse earning \$40,000 and the other \$20,000, two children and \$10,000 in itemized deductions would pay a 1992 state tax of \$2,434 by filing jointly. With a joint-separate return, however, the couple would pay only \$2,204, a \$230 saving. "Two-earner couples should calculate their taxes both ways to find the lower tax," advises Kenneth Zemsky, a partner with Ernst & Young in New York City.

■ **Look into triple-tax-exempt bonds.** If you're in the 28% federal tax bracket or higher and live in a state with heavy income taxes, you might consider buying municipal bonds issued in your home state. That's because they are triple-tax-free: Any income they generate is exempt from federal, state and local taxes. (Only Indiana, Utah and, in some cases, North Dakota exempt income from other states' munis.) For example, Fidelity's New York Tax-Free High-Yield Fund, which, despite its name, invests primarily in investment-grade bonds, is 100% tax-exempt for residents of New York State. For top-bracket taxpayers—a combined effective rate of 39.51% if they live in New York City—the fund's current 5.39% yield is equivalent to 8.91% from a taxable investment. (For more about investing in municipal bonds, see page 82.)

■ **Consider investing in Treasury securities.** While income from Treasury bills, notes and bonds is taxed federally, it is free of all state and local taxes. You can buy Treasuries direct from the Federal Reserve

FROM \$1,632 IN ALASKA TO \$10,016 IN NEW YORK

What's the difference between living in Alaska and in New York? For a typical two-income family of four that subscribes to MONEY, as much as 17 feet of snow a year and \$8,384 in state and local taxes—the widest gap in our fourth annual study of such taxes.

The table at right lists the tax load of a family that earned \$72,385 in 1992, plus \$2,782 in interest, \$455 in dividends and \$1,472 in capital gains. They spent \$35,112 on food, clothing, prescription drugs, household goods, a new car (\$12,456) and other items. Their two autos consumed 1,912 gallons of gas.

The first two columns show each state's rank and the family's combined bill for state and local income, sales, property and gas taxes. The third column grades each state on the likelihood of tax increases in 1993 or 1994, according to tax experts: A, no major tax hikes expected (seven states); B, moderate chance (16); C, strong probability (15); and D, best bet (13). Property taxes are estimates of this family's bill in each state. Tax rates in the comments column are for couples filing jointly in 1992.

All state income tax estimates were provided by the state and local tax group of Ernst & Young, the international accounting and management consulting firm.

—Deborah Lohse

Other sources: Venex Inc.; A Fair City From Fair by Citizens for Tax Justice and the Institute on Taxation and Economic Policy. Notes: ¹Additional local income tax may also be assessed. ²Local income tax calculated on state return. ³"None" means state imposes no death tax. "0" means no tax applies to trusts or child heir.

Rank	State	State and Local Income, Sales, Property and Gas Taxes	Grade	Comments
1	Alaska	\$1,632	A	
2	Wyoming	\$1,632	A	
3	Nevada	\$1,632	A	
4	Florida	\$1,632	A	
5	Tennessee	\$1,632	A	
6	South Dakota	\$1,632	A	
7	New Hampshire	\$1,632	A	
8	Texas	\$1,632	A	
9	Washington	\$1,632	A	
10	North Dakota	\$1,632	A	
11	Delaware	\$1,632	A	
12	Alabama	\$1,632	B	
13	Louisiana	\$1,632	B	
14	Mississippi	\$1,632	B	
15	New Mexico	\$1,632	C	
16	West Virginia	\$1,632	C	
17	Missouri	\$1,632	C	
18	South Carolina	\$1,632	C	
19	Arizona	\$1,632	C	
20	Indiana	\$1,632	C	
21	Kentucky	\$1,632	C	
22	Montana	\$1,632	C	
23	Oklahoma	\$1,632	C	
24	Kansas	\$1,632	C	
25	Pennsylvania	\$1,632	C	
26	Iowa	\$1,632	C	
27	Arkansas	\$1,632	D	
28	Illinois	\$1,632	D	
29	Virginia	\$1,632	D	
30	North Carolina	\$1,632	D	
31	Colorado	\$1,632	D	
32	Georgia	\$1,632	D	
33	New Jersey	\$1,632	D	
34	Michigan	\$1,632	D	
35	California	\$1,632	D	
36	Idaho	\$1,632	D	
37	Nebraska	\$1,632	D	
38	Ohio	\$1,632	D	
39	Utah	\$1,632	D	
40	Vermont	\$1,632	D	
41	Hawaii	\$1,632	D	
42	Minnesota	\$1,632	D	
43	Rhode Island	\$1,632	D	
44	Connecticut	\$1,632	D	
45	Oregon	\$1,632	D	
46	Maryland	\$1,632	D	
47	Maine	\$1,632	D	
48	Massachusetts	\$1,632	D	
49	Wisconsin	\$1,632	D	
50	District of Columbia	\$1,632	D	
51	New York	\$10,016	D	

Compiled by Kirsten Chancellor and Deborah Lohse

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Y-O-U-R-T-A-X-E-S

Total annual tax on typical household	Grade for risk of future tax hike	Tax on earned income				Sales tax	Highest combined state and local tax on		State tax on		Comments
		For non-income married earning \$35,000	For non-income married earning \$50,000	For non-income married earning \$75,000	For non-income married earning \$100,000		\$400,000	\$600,000	estate tax	left to child	
\$1,632	A	None	None	None	None	0.00%	7.00%	\$1,479	None	None	Most tax revenue from the oil and gas industry
2,945	B	None	None	None	None	3.00%	5.00%	1,451	None	None	Most tax revenue from oil company and sales taxes
3,539	B	None	None	None	None	6.50%	7.00%	1,161	None	None	Most tax revenue from sales, gambling and gas taxes
3,846	0	None	None	None	None	6.00%	7.00%	1,730	None	None	Most tax revenue from sales, use and admissions taxes
4,038	C	None	None	None	None	7.00%	8.75%	1,147	0	0	Certain interest and dividend income taxed at 6%
4,284	C	None	None	None	None	4.00%	8.00%	2,331	0	\$41,250	Primary source of tax revenue: sales and gas taxes
4,591	0	None	None	None	None	0.00%	0.00%	4,023	0	0	Dividends and interest over \$2,400 taxed at 5%
4,647	0	None	None	None	None	6.25%	8.25%	2,245	None	None	Revenue mainly from sales and oil company taxes
4,694	C	None	None	None	None	7.00%	9.20%	1,890	None	None	Revenue mostly from sales, property and corporate taxes
5,292	B	\$751	\$721	\$1,547	\$2,399	5.00%	6.90%	1,948	None	None	Top rate: 12% on taxable income over \$50,000
5,354	C	1,812	1,822	3,351	4,950	0.00%	0.00%	1,234	0	31,250	Top rate: 7.7% on taxable income over \$40,000
5,552	0	1,267	1,652	2,442	3,222	4.00%	9.50%	617	None	None	Top rate: 5% on taxable income over \$6,700
5,752	0	895	1,195	1,329	2,456	4.00%	10.00%	925	0	17,050	Top rate: 6% on taxable income over \$50,000
5,792	B	1,185	1,251	2,339	3,427	7.00%	7.00%	1,200	0	0	Top rate: 5% on taxable income over \$10,000
5,948	B	1,329	1,489	3,038	4,824	5.125%	6.875%	902	None	None	Top rate: 8.5% on taxable income over \$41,600
5,981	B	1,260	1,695	3,230	4,855	5.00%	5.00%	522	None	None	Top rate: 6.5% on taxable income over \$60,000
6,047	C	1,265	1,660	2,612	3,552	4.225%	7.725%	1,154	None	None	Top rate: 6% on taxable income over \$9,000
6,531	C	1,728	2,005	3,485	4,964	5.00%	6.60%	1,381	None	None	Top rate: 7% on taxable income over \$10,600
6,637	B	1,271	1,402	2,436	3,578	5.00%	8.50%	1,781	None	None	Top rate: 7% on taxable income over \$300,000
6,712	C	1,156	1,564	2,414	3,264	5.00%	5.00%	1,613	0	24,950	Rate: a flat 3.4% of federal AGI, with modifications
6,744	B	1,841	2,131	3,436	4,742	5.00%	5.00%	1,137	0	45,350	Top rate: 6% on taxable income over \$8,000
6,781	0	1,552	2,199	3,776	5,393	0.00%	0.00%	2,301	0	0	Top rate: 1% on taxable income over \$57,600
6,907	C	1,885	2,051	3,574	5,097	4.50%	9.50%	1,062	0	17,725	Top rate: 7% on taxable income over \$21,000
6,935	A	1,530	1,395	2,755	4,153	4.90%	6.90%	1,923	0	21,750	Top rate: 6.45% on taxable income over \$60,000
6,969	B	1,033	1,475	2,213	2,950	5.00%	7.00%	2,069	\$35,850	36,000	Rate: a flat 2.8% on a broad base of taxable income
7,006	A	1,667	1,967	3,176	4,468	5.00%	6.00%	2,052	0	39,825	Top rate: 9.98% on taxable income over \$47,700
7,074	B	1,690	2,289	3,312	5,335	4.50%	7.50%	902	None	None	Top rate: 7% on taxable income over \$25,000
7,125	0	1,020	1,323	2,045	2,767	6.25%	3.75%	2,357	None	None	Rate: a flat 3% of modified federal AGI; 2.75% in 1993
7,217	B	1,537	2,091	3,312	4,563	4.50%	4.50%	2,159	None	None	Top rate: 5.75% on taxable income over \$17,000
7,263	B	1,973	2,274	3,797	5,320	6.00%	6.00%	1,232	0	7,000	Top rate: 7.75% on taxable income over \$100,000
7,268	A	1,455	1,716	2,904	3,852	3.00%	9.00%	1,884	None	None	Rate: a flat 5% of modified federal taxable income
7,301	C	1,682	1,991	3,296	4,602	4.00%	5.00%	1,637	None	None	Top rate: 6% on taxable income over \$10,000
7,371	A	750	997	1,791	3,178	5.00%	5.00%	3,772	0	0	Top rate: 7% on taxable income over \$150,000
7,493	B	1,513	1,914	3,064	4,214	4.00%	4.00%	2,966	0	34,300	Rate: a flat 4.6% of taxable income
7,605	C	1,512	1,159	2,897	4,920	7.25%	8.50%	1,998	None	None	Top rate: 11% on taxable income over \$414,400
7,634	A	2,119	2,272	4,033	5,817	5.00%	7.00%	1,492	None	None	Top rate: 8.2% on taxable income over \$40,000
7,728	0	1,371	1,545	2,951	4,466	5.00%	6.50%	2,703	0	5,850	Top rate: 6.92% on taxable income over \$45,000
7,751	0	1,065	1,396	2,648	4,153	5.00%	7.00%	1,537	2,100	30,100	Top rate: 6.9% on taxable income over \$100,000
7,892	A	1,339	2,242	3,596	4,943	6.00%	7.25%	1,751	None	None	Top rate: 7.2% on taxable income over \$7,500
7,962	0	1,562	1,494	3,323	5,332	5.00%	5.00%	2,750	None	None	Top rate: 34% of federal income tax above \$13,100
8,272	C	2,783	3,015	5,182	7,358	4.00%	4.00%	1,079	None	None	Top rate: 10% on taxable income over \$41,000
8,311	C	2,041	2,326	4,067	5,607	6.50%	7.50%	2,027	None	None	Top rate: 8.5% on taxable income over \$83,300
8,314	C	1,476	1,418	3,038	4,761	7.00%	7.00%	2,928	None	None	Rate: 27.5% of modified federal tax liability
8,389	C	1,377	1,071	3,037	4,590	6.00%	6.00%	3,245	0	37,895	Rate: a flat 4.5% of taxable income
8,390	0	2,469	2,930	4,889	5,847	0.00%	0.00%	2,910	None	None	Top rate: 5% on taxable income over \$10,000
8,568	B	2,295	2,814	4,446	6,078	5.00%	5.00%	2,096	5,000	5,000	Top rate, with local surtax: 9% over \$150,000
8,611	0	2,030	1,965	3,907	5,884	5.00%	5.00%	2,495	None	None	Top rate: 9.89% on taxable income over \$75,000
8,764	B	1,952	2,594	4,082	5,569	5.00%	5.00%	2,732	23,500	55,500	Rate on earned income is 5.95%; unearned, 12%
8,770	B	2,113	2,474	3,985	5,554	5.00%	5.50%	2,813	None	None	Top rate: 6.93% on taxable income over \$20,000
9,348	C	2,505	2,856	4,829	6,978	6.00%	5.00%	2,296	None	None	Top rate: 9.5% on taxable income over \$20,000
10,016	0	1,846	2,157	4,108	5,821	4.00%	3.50%	3,255	0	25,500	Top rate: 7.875% on taxable income over \$26,000

NFIB Alaska

National Federation of
Independent Business

POSITION PAPER

OF

NATIONAL FEDERATION OF INDEPENDENT BUSINESS
(NFIB/ALASKA)

IN SUPPORT

OF

HJR 9 PROPOSING AN AMENDMENT TO THE CONSTITUTION
PROHIBITING THE IMPOSITION OF STATE TAXES WITHOUT
THE APPROVAL OF THE VOTERS OF THE STATE.

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Small Business

CHAIRMAN, MEMBERS OF THE COMMITTEE, MY NAME IS RESA JERREL, AND I AM THE STATE DIRECTOR FOR NATIONAL FEDERATION OF INDEPENDENT BUSINESS - NFIB/ALASKA. I AM HAPPY TO BE HERE TODAY TO TESTIFY IN FAVOR OF HJR 9.

NFIB/ALASKA IS COMPRISED OF 5,000 SMALL AND INDEPENDENT BUSINESS OWNERS. THE LEGISLATIVE AGENDA OF NFIB/ALASKA IS DETERMINED BY OUR BALLOT. THE BALLOT IS OUR ANNUAL POLL OF OUR MEMBERS ON A SERIES OF ISSUES DEEMED CRITICAL TO SMALL BUSINESS. A MAJORITY VOTE, OF THE MEMBERS IN RESPONSE TO THE POLL, SETS OUR POLICY AND POSITION ON LEGISLATIVE ISSUES. WE THEN SHARE THE RESULTS OF OUR POLL WITH THE LEGISLATURE AND ADMINISTRATION. THERE IS NOT ENOUGH SPACE ON THE ANNUAL POLL TO PLACE EVERY POSSIBLE ISSUE BEFORE OUR MEMBERS. THEREFORE, WE ALSO USE THE PREVIOUS YEARS BALLOT RESULTS AS GUIDANCE ON ISSUES.

ALTHOUGH WE HAVE NOT POLLED OUR MEMBERS ON THIS SPECIFIC RESOLUTION, WE DO HAVE RESULTS ON THE ISSUE OF TAXES THAT GIVES US A VERY GOOD IDEA OF WHERE THEY STAND.

ON THE 1993 STATE BALLOT THE MEMBERS OVERWHELMINGLY VOTED, (93%) TO REDUCE STATE GOVERNMENT SPENDING BEFORE INCREASING PRESENT TAXES OR IMPOSING NEW TAXES.

ALSO, IN 1990 THE MEMBERS VOTED CLEARLY TO REJECT, (80%) THE REINSTATEMENT OF THE STATE PERSONAL INCOME TAX.

NFIB/ALASKA THANKS YOU FOR THE OPPORTUNITY TO COMMENT ON THIS LEGISLATION. IF YOU HAVE ANY QUESTIONS I WOULD BE HAPPY TO TRY AND ANSWER THEM.

HJR

11

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: February 17, 1993

FURTHER REFERRALS:

Date of Committee Action: 2/24/93

The FINANCE Committee considered:

HJR 11

HOUSE JOINT RESOLUTION NO. 11

REPEAL OF REGULATIONS BY LEGISLATURE

Proposing an amendment to the Constitution of the State of Alaska relating to repeal of regulations by the legislature.

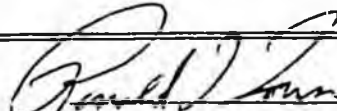
- RECOMMENDATIONS: the same title
 be replaced with _____ a new title
 have attached amendments(s)
 do pass
 do not pass
 no recommendations
 individual recommendations
 additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

- ATTACHES NEW FISCAL NOTE(S): (Dept)
 fiscal impact _____
 zero fiscal note _____

- APPROVES PREVIOUS: (Dept/Date)
 fiscal note(s) Office of Lt Gov. 2/1/93
 zero fiscal note(s) _____

SIGNING <u>DO PASS</u>	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Eileen Mather</i> ^{Mather}	✓				
<i>Ronald J. Larson</i>	X				
<i>Ben Grussendorf</i> ^{Grussendorf}	X	<i>Mark Hanley</i> Hanley			✓
<i>Mike Parnell</i> ^{Parnell}	✓	<i>Sean Parnell</i> Parnell			X
<i>Kay Brown</i> Brown	✓	<i>Lynn Hoffman</i> Hoffman			✓
<i>Richard Theriault</i> Theriault	✓				
<i>Richard Foster</i> Foster	✓				

 *EP Mather*
 CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

No. 1
Bill Version: HJR 11
(H) Publish Date: 2/1/93

Revision Date: _____
Title: Amendment to the Constitution RE: repeal of regulations by the legislature
Sponsor: Representatives Phillips and Brice
Requestor: _____

Department Affected: Office of the Governor
BRU: Division of Elections
Component: General and Primary Elections

COMPONENT SERIAL NO. 22

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	2.2*	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	2.2*	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	2.2*	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	2.2*	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: 0

ANALYSIS: (Attach a separate page if necessary.) *This figure covers cost of inclusion of information about this issue in the Official Elections Pamphlet as required by AS 15.58, and programming for DataVote counting of votes cast on the measure. However, only 4 measures can be printed on a single ballot card. Should this measure require printing an additional ballot card, the fiscal impact would be 53.4.

Prepared by: Charlot E. Thickstun, Director *Charlot E. Thickstun* Phone: 465-4611
Division: Division of Elections Date: 1/15/93

Approved by Commissioner: Lt. Governor John B. Coghill *John B. Coghill*
Agency: Office of the Lt. Governor Date: 1/15/93

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Alaska State Legislature

House of Representatives

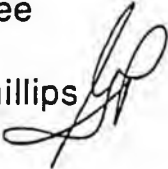


Official Business

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

House Majority Leader

TO: Representatives Eileen MacLean and Ron Larson, 2/17/93
Co-Chairpersons,
Mark Hanley, Vice-Chair,
House Finance Committee

FROM: Representative Gail Phillips 

RE: Scheduling of HJR 11.
(Constitutional Amendment, Legislative Repeal of Regulations)

I would appreciate your scheduling the above Resolution for a hearing before the House Finance Committee at your earliest possible convenience.

This Resolution is important to the system of checks and balances inherent in our State's system of government in that it would restore the former ability of the Legislature to overturn by resolution regulations promulgated by the Department of Law.

Please note the relatively small fiscal cost necessary to place the amendment on the ballot. I have attached back-up material for the Committee files and my statement will be provided at the conclusion of my testimony. Your prompt attention to this request will be appreciated.

Alaska State Legislature

House of Representatives

Official Business



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

House Majority Leader

TO: Representatives Ron Larson and Eileen MacLean,
Co-Chairmen and Representative Mark Hanley,
Vice Chairman
House Finance Committee
House Finance Committee Members

FROM: Representative Gail Phillips *Gail*

SUBJECT: House Joint Resolution 11
(repeal of regulations by the legislature)

DATE: February 17, 1993

Background

This proposal for an amendment to the Constitution of the State of Alaska to repeal regulations by the Legislature has been placed on the ballot on three previous occasions. Each time it failed to be approved by the voters. The following chart and past proposition materials are attached for your files.

<u>1980</u>	<u>1984</u>	<u>1986</u>	
58,808	91,174	65,176	Yea's
82,010	98,856	94,299	Nay's
140,818	190,030	159,475	Total Proposition Votes
16%	4%	18%	Failure Percentage
162,653	213,173	182,526	Total Votes Cast
258,742	305,262	292,274	Total Registered Voters
63%	70%	62%	Voter Turnout

GP/sgn
Attachments

BALLOT MEASURE NO. 2

Constitutional Amendment Legislative Annulment of Administrative Regulations (1986 Legislative Resolve No. 60 HCS SJR 40 [Jud] am H)

BALLOT LANGUAGE

(As it will appear on the November 4, 1986, General Election Ballot)

This amendment of the Alaska Constitution would permit the legislature to annul executive branch regulations by passing a resolution that is not subject to veto by the governor or repeal by referendum. The annulment would become effective 30 days after passage by the legislature, unless the resolution sets a different date. The resolution must have three readings in each house on separate days, except that it may be advanced from second to third reading on the same day by a three-fourths vote of the house considering it. The resolution must receive approval of a majority of the membership of each house. The yeas and nays on final passage must be entered in the legislative journals.

A vote "FOR" adopts the amendment. FOR

A vote "AGAINST" rejects the amendment. AGAINST

VOTES CAST BY MEMBERS OF THE 14TH ALASKA LEGISLATURE ON FINAL PASSAGE

House:	Yeas	31
	Nays	4
	Absent or Not Voting	5
Senate:	Yeas	17
	Nays	0
	Absent or Not Voting	3

LEGISLATIVE AFFAIRS AGENCY SUMMARY

(HCS SJR 40 [Jud] am H)

This proposal for a constitutional amendment would allow the legislature to annul a regulation adopted by a state department or agency by its adoption of a concurrent resolution. Under the present provision of the constitution, the legislature may annul a regulation only by the enactment of a bill that is subject to the veto of the governor; if the governor vetoes the bill, the constitution now requires a two-thirds affirmative vote of the legislature assembled in joint session to override the veto.

If the legislature adopts a concurrent resolution to annul a regulation under the authority proposed here, the annulment would be effective thirty days after the date the concurrent resolution is approved by both houses unless the resolution specified a different date. The concurrent resolution would not be subject to the veto of the governor. Adoption would require three readings in each house on three separate days except that it may be advanced from second to third reading on the same day by the concurrence of three-fourths of the membership of the house considering it. Adoption would require approval by a majority vote of each membership of each house. The vote on final passage must be entered into the journal.

FULL TEXT OF PROPOSED CONSTITUTIONAL AMENDMENT

(This amendment would add the following section to article II of the Alaska Constitution.) - -

SECTION 22. ANNULMENT OF REGULATIONS. The legislature by concurrent resolution may annul a regulation adopted by a state department or agency. The annulment of the regulation is effective thirty days after the date the concurrent resolution is approved by both houses unless the concurrent resolution specifies a different date. The concurrent resolution requires three readings in each house on three separate days, except that it may be advanced from second to third reading on the same day by concurrence of three-fourths of the house considering it, and approval by a majority vote of the membership of each house. The yeas and nays on final passage shall be entered into the journal.

BALLOT MEASURE NO. 2

STATEMENT IN SUPPORT OF BALLOT MEASURE NO. 2

The issue is basically simple: should bureaucrats or the Legislature be the ultimate lawmaking authority?

All 60 members of the Legislature (40 House and 20 Senate) are elected by the people. They are all voted in to, and out of, office by individual voters. The Alaska Constitution says, "The legislative (i.e., lawmaking) power of the State is vested in a Legislature consisting of a Senate... and a House of Representatives..." The Legislature proposes, considers, and enacts laws, known collectively as the Alaska Statutes (if general and permanent) or as the Session Laws of Alaska (if specific and temporary).

All bureaucrats who promulgate (i.e., enact and enforce) regulations (theoretically, to put laws into effect) are in the Executive Branch, headed by the Governor. Bureaucrats are not voted into office and thus cannot be removed by the people. Instead, bureaucrats are hired by the Governor or by his/her appointees, and thus can only be removed from office by the Governor or by somebody answerable to him/her. However, the regulations promulgated by the bureaucrats, known collectively as the Alaska Administrative Code, have the force of law and affect all of us, sometimes adversely.

What can be done about a law that's bad? It can be repealed by the Legislature or, in some cases, by the people directly via an initiative petition.

What about a regulation that's bad? It can only be repealed by the bureaucrats who promulgated it, up to and including the Governor. If the Legislature tries to repeal a regulation by passing a bill, the Governor will almost certainly (and always has, in the past) veto the bill so that the bad regulation stays in full force and effect.

Now, if the Legislature had the power to repeal regulations by passing a concurrent resolution (instead of a bill), then the resolution could not be vetoed by the Governor. Thus, the Legislature would be able to get rid of bad regulations, which in effect it cannot do now.

Would this give the Legislature too much power? Not hardly. Since the Legislature already has full power to enact laws, why shouldn't it have full power to repeal all laws, including regulations?

Why do Governors and bureaucrats oppose giving the Legislature such regulatory repeal power? Because Governors and their handpicked bureaucrats, which are answerable only to the Governor (and cannot be removed by the people, which can remove Legislators), don't want to lose the power they now have to promulgate and enforce any regulation they want. It's that simple.

If you feel that the Legislature should have the power to repeal regulations via concurrent resolution (not vetoable by the Governor), vote FOR the ballot measure. If you feel that bureaucrats should be the ultimate lawmaking authority, vote otherwise.

I recommend that you vote FOR. Only in this way will we realistically be able to get rid of bad regulations.

Andre Marrou
State Representative

STATEMENT OPPOSING BALLOT MEASURE NO. 2

For the third time in six years, the legislature insists on confronting the voters with a proposed constitutional amendment giving the legislature a short-cut to law-making—another attempt by the legislature to concentrate governmental power in its own hands. The voters rejected a similar proposal in 1980 and the identical proposal in 1984. It should be rejected again.

Under the current constitution and statutes, the legislature has all the power it needs to make laws and to limit or guide the adoption of administrative regulations. Regulations are adopted to implement statutes. They have the force of law. Annulling them changes the law. This proposal would enable legislators to use a law-making procedure that is not subject to veto by the governor or repeal by referendum, and that would be used to ignore the prohibition against special and local legislation.

The constitution now provides for a balance of power between the legislative, executive, and judicial branches of the government. This balance requires a blending or sharing, as well as a dividing, of governmental responsibilities. If this constitutional amendment were to be approved by the voters, it would enable the legislature not only to write the laws, as has traditionally been the legislature's function, but it would also enable the legislature to act in place of the courts in deciding whether the executive has lawfully executed the laws when adopting a regulation, and it would empower the legislature to act in place of the executive by reversing a specific executive-branch decision.

In its intent statement accompanying this proposal, the legislature admitted that the "difficulty in achieving [the two-thirds] majority [to override a veto] in opposition to the governor and the governor's administration has led the legislature to propose this amendment." In other words, the fear that the governor might veto a bill and that not enough legislators would agree to override that veto prompted this short-cut approach to law-making. That fear overlooks the governor's accountability to the voters throughout the state.

The annulment is like a repeal. The legislature would act only in a negative way. It would not be providing the sort of policy guidance and direction that is appropriate to its law-making function. The legislature would be saying to the agency "your decision to adopt that regulation is wrong." But it would not be telling the agency what would be right. This is especially troublesome when dealing with a complex subject. Without any guidance beyond the statute that the executive-branch agency was trying to implement in the first place, the agency is left with only the option to guess again. That is neither an efficient nor appropriate way to run the government.

The Alaska Supreme Court has ruled that the legislature must abide by the constitution's checks and balances on its power, including when it acts to annul regulations. The present proposal is intended to overrule the court's decision. As mentioned when the voters rejected the 1980 and 1984 proposals, this amendment would aid legislators, not the public, and it should be rejected.

Katherine D. Nordale
Delegate to the Alaska
Constitutional Convention, 1955-1956

MEASURE NO. 1

Constitutional Amendment

LEGISLATIVE ANNULMENT OF ADMINISTRATIVE REGULATIONS

(1983 Legislative Resolve No. 15 (SCS HJR 5(Jud)))

SUMMARY

(As it will appear on the November 6, 1984 General Election Ballot)

This amendment of the Alaska Constitution would permit the legislature to annul executive-branch regulations by passing a resolution. The annulment would become effective 30 days after passage by the legislature, unless the resolution sets a different date. The resolution must have three readings in each house on separate days, except that it may be advanced from second to third reading on the same day by a three-fourths vote of the house considering it. The resolution must receive approval of a majority of the membership of each house. The yeas and nays on final passage must be entered in the legislative journals. The resolution is not subject to veto by the governor, and it is not subject to repeal by referendum.

BALLOT FORM:

A vote "FOR" adopts the amendment.

A vote "AGAINST" rejects the amendment.

FOR
AGAINST

VOTES CAST BY MEMBERS OF THE 13TH STATE LEGISLATURE ON FINAL PASSAGE

Senate	(20 members):	Yeas 19	Nays 0	Absent or Not Voting 1
House	(40 members):	Yeas 34	Nays 2	Absent or Not Voting 4

LEGISLATIVE AFFAIRS AGENCY SUMMARY

(As required by law)

This proposal for a constitutional amendment would allow the legislature to annul a regulation adopted by a state department or agency by concurrent resolution. The annulment is effective thirty days after the date the concurrent resolution is approved by both houses unless the resolution specifies a different date. Adoption requires three readings in each house on three separate days except it may be advanced from second to third reading on the same day by concurrence of three fourths of the membership of the house considering it. Adoption requires approval by a majority vote of the membership of each house. The vote on final passage must be entered into the journal.

FULL TEXT OF PROPOSED CONSTITUTIONAL AMENDMENT

(This amendment would add the following section to article II of the Alaska Constitution.)

SECTION 22. ANNULMENT OF REGULATIONS. The legislature by concurrent resolution may annul a regulation adopted by a state department or agency. The annulment of the regulation is effective thirty days after the date the concurrent resolution is approved by both houses unless the concurrent resolution specifies a different date. The concurrent resolution requires three readings in each house on three separate days, except that it may be advanced from second to third reading on the same day by concurrence of three-fourths of the house considering it, and approval by a majority vote of the membership of each house. The yeas and nays on final passage shall be entered into the journal.

STATEMENT IN FAVOR OF BALLOT MEASURE NO. 1

Voters who have ever experienced irritation or anger as a result of a problem they have had with state regulations should vote in favor of Ballot Measure No. 1. While many regulations do conform to and support state laws, there are occasionally regulations which are imposed that go beyond the intent of the law and cause undue hardship on our citizens. These regulations often make no sense at all, state agency people are often at a loss to explain the meaning or sense of the regulations, and yet the state agencies involved continue to enforce them, and voters are powerless to change them.

The Alaska Constitution, patterned essentially upon the Constitution of the United States and the experience of the other states, provides a system of checks and balances among the three branches of government, and further entitles the people to their own checks and balances through the voting booth, the initiative process, and final authority over amendments to the constitution. The one major area of government that is currently not directly accessible to the people's checks and balances is the very considerable volume of administrative regulations which are written by the state agencies in the executive branch of government.

These regulations deal with every aspect of government and our lives: fish and game, education, health and social services, traffic, land development, utilities, taxes; the list is endless. And once the regulations go into effect, they have all the force of law. The problem is, that unlike the situation that occurs with laws, the agency people who make and enforce regulations are not subject to voter approval at election time; they are either appointed by the governor or by his commissioners.

While the legislature is often made aware of foolish bureaucratic requirements by unhappy constituents, it is almost powerless to do anything about them. Currently, to annul a regulation, the legislature must pass a new bill which is then subject to veto by the governor. This puts the governor in the powerful position of being able to stop a bill that would overturn a regulation made by his own subordinates.

It was never intended by the framers of our State Constitution that any governmental body except the legislature have the power to make laws. Yet, bad regulations have been written, on occasion by state agencies, which go beyond the letter and intent of the law as passed by the legislature and in effect create law on their own.

This measure would provide a reasonable avenue for annulment of bad regulations. It would allow your elected representatives in the legislature, through a majority vote of both houses, to annul regulations in the same way they pass any legislative bill, except it would not be subject to veto by the governor, who clearly has a biased position in the matter.

The House Joint Resolution which created the ballot measure had bi-partisan sponsorship during the last legislative session, and was passed with near-unanimous support by both houses of the legislature.

—Mike Szymanski,
State Representative

STATEMENT OPPOSING BALLOT MEASURE NO. 1

This proposed amendment to the Alaska Constitution is very similar to the one proposed in 1980 and rejected by the voters 82,010 to 58,808. Although the present version includes some improvements over the 1980 version, it is another attempt by the legislature to concentrate governmental power in its own hands.

Under the current constitution and statutes, the legislature has all the power it needs to make laws and to limit or guide the adoption of administrative regulations. The regulations are adopted to implement statutes. This proposal would enable legislators to use a law-making procedure that is not subject to veto by the governor or repeal by referendum, and that could be used to ignore the prohibition against special and local legislation.

The constitution now provides for a balance of power among the legislative, executive, and judicial branches of the government. This balance requires a blending or sharing, as well as a dividing, of governmental responsibilities. If this constitutional amendment were to be approved by the voters, it would enable the legislature not only to write the laws, as has traditionally been the legislature's function, but it would also enable the legislature to act in place of the courts in deciding whether the executive has lawfully executed the laws when adopting a regulation; and it would empower the legislature to act in place of the executive by nullifying a specific executive-branch decision.

The annulment is like a repeal. In using this expedited procedure to annul a regulation, the legislature would act only in a negative way. It would not be providing the sort of policy guidance and direction that is appropriate to its law-making function. And it would not be providing the thoughtful analysis necessary to solve a problem. The legislature would be saying to the agency "your decision to adopt that regulation is wrong". But it would not be telling the agency what would be right. This is especially troublesome when dealing with a complex subject. Without any guidance beyond the statute that the executive branch agency was trying to implement in the first place, the agency is left with only the option to guess again. That is neither an efficient nor an appropriate way to run the government.

The Alaska Supreme Court has ruled that the legislature must abide by the Constitution's checks and balances on its power when it exercises that power, including when it acts to annul regulations. The present proposal is intended to overrule the court's decision. As argued four years ago, when the voters rejected the 1980 proposal, this amendment would aid legislators, not the public, and it should be rejected.

—Katherine D. Nordale,
Delegate to the Alaska Constitutional Convention, 1955-1956

BALLOT PROPOSITION NO. 1

LEGISLATIVE ANNULMENT OF REGULATIONS Constitutional Amendment

(Committee Substitute for House Joint Resolution No. 82 Amended)

SUMMARY

(As it will appear on the November 4, 1980 General Election Ballot)

This proposal would permit the legislature to annul, by adopting a resolution, regulations adopted by state agencies. Annulment of regulations by resolution was authorized by the First State Legislature in 1959; however, in 1980 the Alaska Supreme Court held that the constitution permits the legislature to annul a regulation only by passing a bill, which requires three readings of the bill and a roll call vote which is recorded. The procedures for adopting resolutions are governed by legislative rules and require only the approval of the resolution by voice vote of a majority of both houses. A bill passed by the legislature annulling a regulation could be vetoed by the governor or repealed by referendum. A resolution annulling a regulation could not.

BALLOT FORM:

A vote "FOR" adopts the amendment.

A vote "AGAINST" rejects the amendment.

FOR
AGAINST

VOTE CAST BY MEMBERS OF 11TH STATE LEGISLATURE ON FINAL PASSAGE

Senate	(20 members):	Yeas <u>18</u>	Nays <u>0</u>	Absent or Not Voting <u>2</u>
House	(40 members):	Yeas <u>36</u>	Nays <u>0</u>	Absent or Not Voting <u>4</u>

LEGISLATIVE AFFAIRS AGENCY SUMMARY

(As required by law)

This proposal would add a new section, section 22, to Article II of the state constitution. If adopted, the proposal would authorize the legislature to annul or set aside a regulation which has been adopted by a state department or agency. In order to annul a regulation, the legislature could adopt a concurrent resolution by approval of the resolution by majority vote of the membership of each house of the legislature. The resolution specifies the date on which the annulment of a regulation would take effect.

FULL TEXT OF PROPOSED CONSTITUTIONAL AMENDMENT

SECTION 22. ANNULMENT OF REGULATIONS. The legislature by a concurrent resolution approved by a majority vote of the membership of each house may annul a regulation adopted by a state department or agency. The annulment of the regulation is effective on the date the concurrent resolution is approved by both houses unless the concurrent resolution specifies a different date.

STATEMENT IN FAVOR OF BALLOT PROPOSITION NO. 1

The legislature, when it writes a law, cannot foresee all of the possible details involved in carrying it out. The appropriate administrative agency is therefore allowed to write regulations which spell out who does what, when, where, and how. If the agency does no more than this no problem is created.

Unfortunately agency regulations are not always consistent with the intent the legislature had in passing the law. Sometimes an agency will get carried away and put out regulations that cause an unnecessary burden for the citizens. The First State Legislature realized this and provided a simple solution. The legislature could, by a concurrent resolution passed by a majority of each house, annul an administrative regulation. Such a resolution is not subject to the governor's veto.

The Alaska Supreme Court recently held, in a 3-2 decision, that the legislature must use a bill rather than a resolution to annul administrative regulations. But a bill is subject to

the governor's veto. The governor can hardly be expected to approve a bill overruling his subordinates, who put out the regulation in the first place. The present governor has already vetoed one such bill.

The court ruling gives agency regulations equal standing with laws, *even though no single person elected by the voters has approved them.*

Our government is wisely based on dividing power among the three branches: legislative, executive and judicial. The current situation gives entirely too much power to the executive branch. Your approval of this constitutional amendment will restore the better balance under which the state operated from 1961 to 1980.

— Charles H. Parr
Chairman, House Judiciary Committee
Alaska State Legislature

STATEMENT AGAINST BALLOT PROPOSITION NO. 1

This is still another proposal by the legislature to free itself from the checks and balances of our constitution. Under the constitution, the legislature has all the power it needs to make laws and annul administrative regulations. This proposal does not aid the public in any way. What it does is allow the legislature to exercise its power to annul regulations in disregard of the constitutional requirements that each bill have a single subject, that each bill have three readings in each house, and that there be a recorded vote of the ayes and nays on final passage. It would also free the legislature from the executive veto and it would allow it to ignore the prohibition against special and local legislation.

The Alaska Supreme Court has recently ruled that the legislature must abide by the constitution's checks and balances on its power whenever it exercises that power, including when it acts to annul regulations. This amendment is intended to overrule the court's decision and erode the constitution's safeguards. It aids legislators, not the public, and it should be rejected.

— Katherine D. Nordale
Delegate to the Alaska
Constitutional Convention,
1955-1956

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

February 19, 1993

Hon. Ron Larson
Alaska House of Representatives
State Capitol, Room 502
Juneau, AK 99801-1182

Dear Representative Larson:

HJR 11 appears on this week's schedule for a hearing before your committee on Wednesday, February 24, 1993. This letter is to express the Department of Law's opposition to that resolution.

HJR 11 is a resolution to place before the voters for the fourth time in 13 years an amendment to the Constitution of the State of Alaska to allow repeal or annulment of regulations by resolution of the legislature. If passed by the voters, the amendment would create a new section 22 in Article II of our state constitution to allow the legislature, by joint resolution, to repeal a regulation adopted by a state department or agency. The resolution would not be subject to the review, and possible veto, of the governor.

The Department of Law opposes the resolution for the following reasons:

1. Under existing law, the legislature has substantial power to guide or limit the adoption of regulations. Initially, the legislature can pass tight statutes that clearly define the executive branch's rule-making authority. The Administrative Procedure Act requires that a regulation must be consistent with the statute. See AS 44.62.030. The Department of Law makes a legal review for consistency before a regulation is filed by the Office of the Lieutenant Governor. After an executive-branch regulation is adopted, if the legislature believes that the regulation is not consistent with the enabling statute, the legislature can amend the statute to clarify its intent. The current system provides the legislature with the power to guide regulation formation.

2. Allowing the legislature to repeal a regulation by resolution would mean a major change in the way law is developed in this state. Regulations have the force of law. Repealing regulations changes law. Our constitution presently grants the power to the legislature to change law by passing a bill, which is then subject to the governor's review and

WALTER J. HICKEL, GOVERNOR

REPLY TO:

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ANCHORAGE, ALASKA 99501-1994
PHONE: (907) 276-3550
FAX: (907) 276-3697

KEY BANK BUILDING
100 CUSHMAN ST. SUITE 400
FAIRBANKS, ALASKA 99701-4679
PHONE: (907) 452-1568
FAX: (907) 456-1317

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possible veto. Because the governor cannot veto a resolution, allowing repeal of regulations by resolution would allow the legislature to change law without that action being subject to the governor's review. This is an important change in our constitution's system of checks and balances between the legislative and executive branches.

3. By repealing a regulation by resolution, the legislature would not be providing policy guidance or direction that is appropriate to the legislature's law-making function. In other words, the resolution would tell the executive branch that the regulation was unacceptable, but not what is acceptable. The state agency would have to guess again and spend state money to develop a new regulation, which might not be on the "right track." By using a bill, the legislature could change statutes to give clearer policy direction to the executive branch.

4. The Administrative Procedure Act allows legislators, as well as the general public, to comment on any new regulation proposed. The executive branch considers comments in the development of regulations. In this way, the legislature and the public have input into the regulation-adoption process.

5. Finally, the voters of Alaska have voted down this type of constitutional amendment three times in the last 13 years. We assume that the public means what its votes have indicated, and that the public prefers the status quo on checks and balances in the development and enforcement of regulations.

If you have additional questions, please let me know.

Sincerely,

CHARLES E. COLE
ATTORNEY GENERAL

By: *Deborah E. Behr*
Deborah E. Behr
Assistant Attorney General

DEB:cl

cc: Charles Cole
Bruce Botelho

Kris Lethin