

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 1993-1994

1158

232

SB

151

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 28, 1994

FURTHER REFERRALS:

Date of Committee Action: 4/22/94

The FINANCE Committee considered:

SB 151

SENATE BILL NO. 151

OIL & GAS EXPLORATION INCENTIVE CREDITS

"An Act providing for oil and gas exploration incentive credits for certain activities on certain land in the state; and providing for an effective date."

RECOMMENDATIONS:

be replaced with _____

HCS CS SB 151 (FIN)

[] the same title

[] a new title

[] have attached amendments(s)

[] do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S):

(Dept)

APPROVES PREVIOUS:

(Dept/Date)

[] fiscal impact _____

[] fiscal note(s) _____

[] zero fiscal note _____

[] zero fiscal note(s) DNR 2/2/94
REV 3/7/94

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Donald J. Lawson</i>	X				
<i>Mike Lawrence</i> NAVARRE	✓				
<i>Mark Hanley</i> HANLEY	X				
<i>Terry Martin</i> MARTIN	X				
<i>Sean Parnell</i> PARNELL	X				
<i>Tom Hoff</i> HOFFMAN	✓				
<i>Ben Gussendorf</i> GUSSENDORF	X				
<i>Gene Therman</i> THERMAN	X				
<i>Fay Brown</i> BROWN	✓				

Donald J. Lawson

 CHAIRMAN'S SIGNATURE
 Lawson

FISCAL NOTE

No. 4
 Bill Version: HCSSB 151(RES)
 (H) Publish Date: 3/7/94

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO.

Revision Date: January 5, 1994 Dept. Affected: Revenue
 Title: Oil and Gas Incentive-Credits BRU: Revenue Operations
 Component: Income & Excise Audit
 Sponsor: Governor
 Requestor: House Oil and Gas COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
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

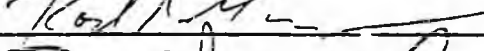
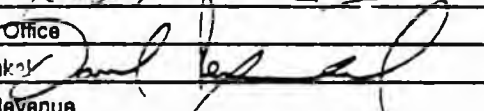
POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary.)

** Over the 15 year term exploration credits could total between \$0 and \$50 million. It is not feasible to determine the actual year or amount. Amounts will vary depending on the year in which credits are claimed.

Prepared by: Rod R. Mourant  Phone: 465-2302
 Division: Commissioner's Office Date: January 5, 1994
 Approved by Commissioner: Darrel J. Paxwinkler  Date: January 5, 1994
 Agency: Department of Revenue

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FISCAL NOTE

No. 3
 Bill Version: SB 151
 (H) Publish Date: 2/2/94

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL:

Revision Date: 31-Jan-94 Dept Affected: Natural Resources
 Title: "An Act providing for oil and gas exploration SRU: Resource Development
incentive credits for certain activities on certain lands..." Component: Oil & Gas Development
 Sponsor: Senate Rules for the Governor
 Requestor: House Oil & Gas Committee Component Serial No. 49

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
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 EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(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

Estimate of any current year (FY94) cost: \$ None

POSITIONS	FY95	FY96	FY97	FY98	FY99	FY00
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

As the fiscal note indicates, there is no fiscal impact to the Department of Natural Resources related to this proposed bill. There would be, however, a potential reduction in the revenue stream to the state which should be reflected in the fiscal note prepared by the Department of Revenue.

Prepared by: Jim Eason, Director Phone: 762-2547
 Division: Oil & Gas Date: 31-Jan-94
 Approved by Commissioner: Harry A. Noah Date: 31-Jan-94
 Agency: Natural Resources

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

COMMITTEE COPY

HOUSE CS FOR SENATE BILL NO. 151(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act providing for oil and gas exploration incentive credits for certain**
2 **activities on certain land in the state; and providing for an effective date."**

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

4 *** Section 1.** AS 41 is amended by adding a new chapter to read:

5 **CHAPTER 09. OIL AND GAS EXPLORATION INCENTIVE CREDITS.**

6 **Sec. 41.09.100. EXPLORATION INCENTIVE CREDITS.** (a) Under an
7 incentive program distinct from the exploration incentive credit authorized by
8 AS 38.05.180(i), the commissioner may extend to a qualified applicant an exploration
9 incentive credit for each of the following activities performed on land in the state,
10 regardless of whether the land is state-owned land:

- 11 (1) geophysical work on land that is not subject to a credit under
12 AS 38.05.180(i);
13 (2) drilling a stratigraphic test well; and
14 (3) drilling an exploratory well.

1 (b) An exploration incentive credit extended under (a) of this section may be
2 applied against

3 (1) a payment or obligation against which a credit authorized by
4 AS 38.05.180(i) may be claimed;

5 (2) taxes payable under AS 43.20; and

6 (3) oil and gas bonus payments due the state under AS 38.05.180(f).

7 (c) An exploration incentive credit may be extended under (a) of this section
8 to a qualified applicant if

9 (1) application for the exploration incentive credit is made by the
10 qualified applicant to the commissioner and is approved before drilling or geophysical
11 work commences;

12 (2) all geophysical work is performed, and all stratigraphic test wells
13 or exploratory wells are drilled, after the effective date of this section and before
14 July 1, 2004; and

15 (3) copies of all raw and processed data derived from drilling a
16 stratigraphic test well or exploratory well or performing geophysical work are provided
17 by the qualified applicant to the commissioner within 30 days after the completion,
18 abandonment, or suspension of the well or completion of the geophysical work.

19 (d) Data derived from drilling a stratigraphic test well or exploratory well that
20 is provided to the commissioner under (c)(3) of this section shall be kept confidential
21 for 24 months after receipt by the commissioner unless the owner of the well gives
22 written permission to the state to release the well data at an earlier date, and,
23 notwithstanding AS 31.05.035(c), confidentiality may not be extended beyond 24
24 months. The provisions of AS 38.05.035(a)(9)(C) apply to other data provided to the
25 commissioner under (c)(3) of this section, except that the commissioner, under
26 appropriate confidentiality provisions and without preference or discrimination, may
27 display to all interested third parties, but may not distribute or transfer in hard copy
28 or electronic form, those data with respect to all land if the commissioner determines
29 that the limited disclosure is necessary to further the interest of the state in evaluating
30 or developing its land.

31 (e) The amount of an exploration incentive credit extended under (a) of this

1 section is determined by the commissioner and shall be based on eligible costs,
2 approved by the commissioner, of performing geophysical work, drilling a stratigraphic
3 test well, and drilling an exploratory well. The amount of an exploration incentive
4 credit may not exceed 50 percent of eligible costs relating to activities performed on
5 state-owned land and 25 percent of eligible costs relating to activities performed on
6 land in the state not owned by the state.

7 (f) The amount of an exploration incentive credit extended under (a) of this
8 section may not exceed \$5,000,000 per eligible project, as defined by the
9 commissioner by regulation. The total of all credits extended by the commissioner
10 under (a) of this section may not exceed \$30,000,000.

11 (g) An exploration incentive credit must be used within five years after it is
12 extended under (a) of this section, and may be assigned by the qualified applicant to
13 another person for the purposes described in (b) of this section.

14 (h) Amounts due the permanent fund under AS 37.13.010 may be calculated
15 before the application of a credit extended under (a) of this section.

16 Sec. 41.09.170. REGULATIONS. The commissioner shall adopt regulations
17 necessary to implement this chapter.

18 Sec. 41.09.180. RELATIONSHIP TO AS 38.05. Nothing in this chapter
19 affects the exploration incentive credit system provided for in AS 38.05.180(i).

20 Sec. 41.09.190. DEFINITIONS. In this chapter,

21 (1) "eligible costs" means those direct costs incurred for activities in
22 support of an exploration program, based upon the footage drilled or miles surveyed,
23 that are reasonable in amount for the area of the state in which a well is drilled or
24 geophysical activity is conducted;

25 (2) "exploratory well" means a well drilled for the purpose of oil and
26 gas exploration that is

27 (A) located three or more miles from another well drilled for
28 oil and gas, with all distances measured as the horizontal distance between
29 exploration targets, also known as bottom hole distance; or

30 (B) within three miles of a well drilled for oil and gas, but tests
31 potential hydrocarbon traps that the commissioner, after analyzing evidence

1 submitted by the qualified applicant and any other information, determines
2 constitute a distinctly separate exploration target;

3 — (3) "geophysical work"

4 (A) means all geophysical data gathering methods used in
5 hydrocarbon exploration;

6 (B) includes seismic, gravity, magnetic, and electromagnetic
7 measurements;

8 (4) "qualified applicant" means

9 (A) a natural person who is at least 18 years of age;

10 (B) a corporation qualified to do business in the state;

11 (C) a legal guardian or trustee of a qualified natural person
12 described in (A) of this paragraph;

13 (D) any association of persons listed in (A) - (C) of this
14 paragraph;

15 (5) "stratigraphic test well" means a well that is not intended to
16 encounter an oil or gas accumulation and that is drilled to a sufficient depth to measure
17 the geological, geophysical, and engineering parameters used for determining an area's
18 oil and gas potential.

19 * Sec. 2. REGULATIONS. The commissioner of natural resources shall proceed to adopt
20 regulations necessary to implement this Act. The regulations take effect under AS 44.62
21 (Administrative Procedure Act), but not before the effective date of sec. 1 of this Act.

22 * Sec. 3. Section 2 of this Act takes effect immediately under AS 01.10.070(c).

AMENDMENT

(1)

adopted
NO OBJ

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS SB 151(RES)

Page 2, line 21 after "commissioner":

Insert ", and notwithstanding AS 31.05.035(c), confidentiality shall not be extended beyond 24 months"

AMENDMENT

adopted
NO OBJ

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS SB 151(RES)

Page 3, line 15, after "commissioner":

Delete "may"

Insert "shall"

Page 4, line 18:

Delete "may"

Insert "shall"

AMENDMENT 3

adopted
6-4

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HCS SB 151(RES)

Page 3, line 9:

Delete "\$50,000,000"

Insert "\$30,000,000"

Governor Hickel's Exploration Incentive Credit Bill

HB 200 & SB 151

The Exploration Incentive Credit Bill extends a program that already exists on State lands to all lands in the State. It provides a means for the State to obtain exploration data to which it would not normally be entitled. It may also encourage exploration on lands that will enhance the exploration of adjacent or nearby State lands.

Exploration Incentive Credits (EICs) are currently offered by the State as a means to encourage exploration on State lands. Under AS 38.05.180(i), the Commissioner of Natural Resources may authorize the use of incentive credits to encourage exploration of state leases through either geophysical work or the drilling of a well. Geophysical EICs can be earned if the work is performed during the two seasons immediately preceding an announced lease sale on land included within the sale area, and if the geophysical work is made public following the sale. Drilling EICs are based on the footage drilled and the region in which the well is situated. The decision whether or not to offer credits is sale specific and is determined by evaluating the perceived geologic potential of the sale area as well as the perceived cost of exploration.

Under the current program, credits may not exceed 50 percent of the cost of drilling or geophysical work. Credits may be used during a limited period established by the commissioner and may be assigned during that period. Credits may be applied against oil and gas royalties and lease rentals or taxes payable under AS 43.55. A credit must not exceed 50 percent of the payment toward which it is being applied. Amounts due the Alaska Permanent Fund must be calculated before the application of credits.

Governor Hickel's proposal in HB 200 and SB 151 is to expand the current EIC program to all areas of the state, with certain modifications and restrictions. This new legislation provides an amount of \$50 million that may be used over a period of ten years, with each individual project capped at \$5 million. Credits of up to 50 percent on state-owned land and 25 percent on non state-owned land will be allowed. In contrast, the current EIC program has no time limit and no cap. The new legislation also provides for credits to be applied against income and other taxes in addition to the severance tax. The credits remain transferable under the provisions of this bill and, as with the current plan, amounts due the Permanent Fund must be calculated prior to application of any credits.

All data acquired under the EICs must be submitted to the commissioner. Well data will be held confidential for 24 months after submission, but no extension of this period of confidentiality will be allowed (i.e. all well data will become public 24 months after submission unless the company gives permission to release it sooner). Geophysical data will be allowed to be shown, but not transferred to, any interested party.

The Governor recognizes that activities on lands adjacent to, or nearby, State lands may significantly affect State land. This new legislation allows the commissioner discretion to provide credits to obtain data that the State otherwise would not be able to get. The State, by statute, can now get all seismic data gathered on State land only—but has no mechanism to obtain data on non-state owned land. The data obtained as a result of this legislation will enhance our knowledge of State lands, and the geophysical data may be used as a marketing tool to attract investors to State land.

A M E N D M E N T 4

OFFERED IN THE HOUSE

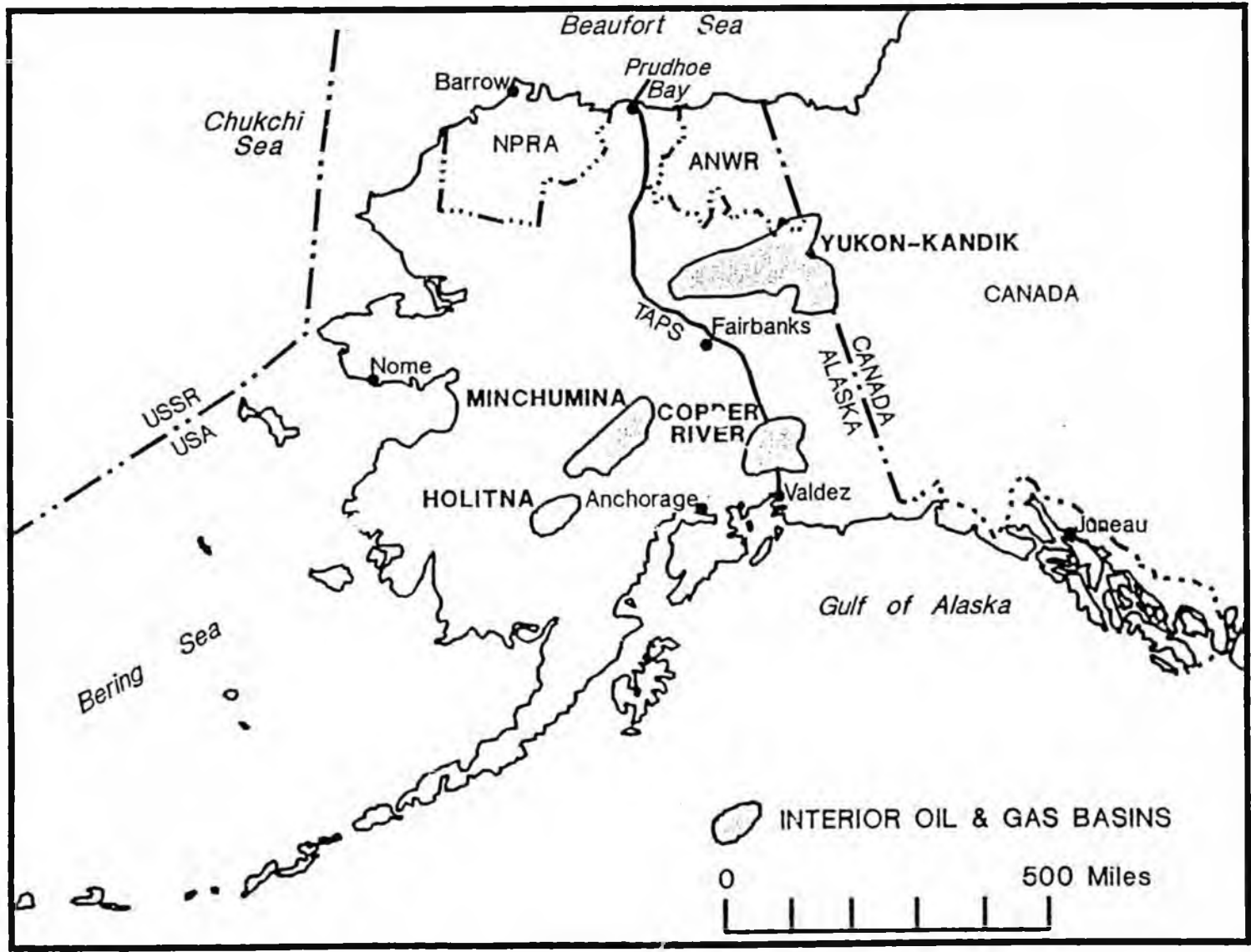
BY REPRESENTATIVE BROWN

TO: HCS SB 151(RES)

Page 3, following line 14:

Insert a new subsection to read:

"(i) The commissioner shall ^{NOT allow} ~~disallow the claim~~ of an exploration incentive credit under this chapter for an activity of a qualified applicant that occurs in any year in which the commissioner determines that the qualified applicant owes a debt to a state agency or to a public corporation of the state, unless the debt has been contested and an appeal is pending or unless the time limit for filing an appeal of the debt has not expired. Disallowance of the claim of the exploration incentive credit under this subsection precludes ^{award} ~~allowance~~ in any subsequent year of the claim based on that activity."



BIDDING AND EXPLORATION INCENTIVES

Bidding Terms

Alaska has adopted leasing terms designed to encourage the exploration of its lands for hydrocarbon potential. Minimum bids for state leases have ranged from a low of \$1 an acre to a high of \$25 an acre. In addition, Alaska has generous lease terms, offering ten year leases on the North Slope and leases of seven to ten years in length in Cook Inlet.

Exploration Incentive Credits

Exploration Incentive Credits (EICs) may be offered by the state as a means to encourage exploration. Under AS 38.05.180(i), the commissioner may authorize the use of incentive credits to encourage exploration of state leases through either geophysical work or the drilling of a well. Geophysical EICs can be earned if the work is performed during the two seasons immediately preceding an announced lease sale on land included within the sale area, and if the geophysical information is made public following the sale. Drilling EICs are based upon the footage drilled and the region in which the well is situated.

Credits may not exceed 50 percent of the cost of the drilling or geophysical work. Credits may be used during a limited period established by the commissioner and may be assigned during that period. Credits may be applied against (1) oil and gas royalties and rentals payable to the state or (2) taxes payable under AS 43.55. A credit may not exceed 50 percent of the payment toward which it is being applied. Amounts due the Alaska permanent fund (AS 37.13.010) must be calculated before the application of credits. In most cases, the state has used EICs to offset the disincentives implicit in contingency payments, such as net profit shares, that are in addition to the royalty obligation.

The decision whether or not to use these credits is sale specific and is determined by evaluating the perceived geologic potential of the sale area as well as the perceived cost of exploration.

Since the state began offering exploration incentive credits, twelve exploratory wells qualifying for EICs have been drilled on state lands. To date, credits totaling approximately \$40.9 million have been claimed by lessees. Cost data for all twelve EIC wells are summarized in the table on page 58.

Green

Comparison of Existing and Proposed Exploration Incentive Credit Programs

EXISTING PROGRAM
AS 38.05.180(i)

PROPOSED PROGRAM
CSSB 151

Applies to

Specific Leased Land at the discretion of the commissioner

Unleased State Land & Private Land

Dollar Limitation

No Cap

\$50M Total/\$5M per Project

Sunset

No Time Limit

Sunsets in 10 years

Confidentiality

Extended Confidentiality for wells may be allowed

No Extension
2 years max

Credit Allowance

Max of 50% of eligible costs

Max of 50% on State Land/
25% on Private Land

Credit Applies To

Severance Taxes only

All Taxes

Reasons to hold our ground on data confidentiality portion of EIC bill

- Under current statute—on State land— we keep wells confidential for 2 years after receipt, but there are provisions for extended confidentiality. The major test for extended confidentiality is the location of the well with respect to adjacent (within 3 miles) unleased State land. Other wells (those that don't meet the 3 mile test) may be considered for extended confidentiality on a case-by-case basis. There has to be an exceptionally strong reason to grant this extension. Geophysical data EIC conditions are spelled out in Title 38, but the bottom line is that any geophysical data that receives an EIC must be released to the public after the lease sale. No EIC for geophysical data has ever been requested.

- The EIC Bill says that wells will be held confidential for two years and then released with no opportunity for extended confidentiality. Some groups would like to see the extended confidentiality provision remain. It should NOT because:

- The state is offering this credit, in large measure, to obtain data to which it would not normally be entitled. We intend to offer this credit ONLY in cases where we believe the data will benefit the understanding of state lands. If we pay some costs of obtaining this data we want to be able to use it as we see fit—that may include showing it to others for "marketing" purposes. Remember, the private land-owner will be able to do whatever it wants with the data. But, if we agree to extended confidentiality the state will be foreclosed from using the data in ways it may wish to. Further, how would the state be able to set the terms of extended confidentiality since we have no "standing" on private land. The data could conceivably be forced to be held confidential indefinitely while the land owner could do what it pleases with the data. If the private land owner wants to hold their data confidential they should NOT ask for a credit.

- The state would actually prefer to remove extended confidentiality from the statutes that cover state land. Bills to that effect have been entered in the past, supported by the administration, but failed to pass. Thus it is the intent of the state that extended confidentiality be removed in all cases.

Regarding the geophysical data—the state will show, but not distribute these data. This is much like computer software (you can show it but not give it away). This benefits the state and the contractor since the contractor will make his profit on additional sales; giving the data away negates any benefit the contractor may receive. The state maintains the right to show the data to anyone and everyone, so our purposes are served as well. I don't believe there has been any opposition to this.

STATE OF ALASKA

DEPT. OF NATURAL RESOURCES

DIVISION OF OIL AND GAS

WALTER J. HICKEL, GOVERNOR

P.O. BOX 107034
ANCHORAGE, ALASKA 99510-7034
PHONE: (907) 762-2553

(907)762-2547

March 16, 1993

The Honorable Al Adams
Alaska State Legislature
Capitol Bldg., Room 417
Juneau, Alaska 99801-1182

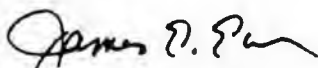
Dear Senator Adams:

This letter is in response to your request that we explain the basis for the decision to limit the state's participation in the funding of EICs to 25 percent of eligible costs for the drilling of wells or the gathering of geophysical data on privately-owned lands.

The reasons for limiting the state's participation to one-half that of its participation on state-owned lands are twofold. First, by their very nature, data gathered from adjacent or more remote lands will have less relevance to the interpretation and evaluation of state-owned lands. Second, the benefits which may flow from earlier exploration of privately-owned lands will accrue primarily to the private landowner. For example, any leasing and subsequent development that may occur will yield bonuses, annual rentals and, hopefully, royalties to the landowner. However, the state will not share in those revenues. It may, if discoveries occur, share in severance taxes, depending upon the size of any discoveries made and their relative productivity. Since there is a disproportionate sharing of benefits, the decision was made to reduce the state's participation accordingly. However, as a matter of policy, it was determined that it is appropriate to provide some incentive to encourage the evaluation and, hopefully, the development of all potential oil and gas lands within the state.

I hope this is responsive to your concerns. If you have additional questions, please feel free to call.

Sincerely,



James E. Eason
Director

cc: Glenn A. Olds, Commissioner, DNR
Raga Elim, Special Assistant, DNR
Charles Cole, Attorney General

03169Jaa jc



Resource Development Council for Alaska, Inc.

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035
Phone 907/276-0700 Fax 276-3887

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RDC Testimony on SB151 in House Oil and Gas Committee, January 31, 1994:

Chairman Green and members of the Committee, on behalf of the Resource Development Council for Alaska, Inc. (RDC), thank you for the opportunity to testify in support of SB151, "an act providing for oil and gas exploration incentive credits for certain activities on certain land in the state; and providing for an effective date."

Most people think of oil and gas from a production or development standpoint, but exploration is the lifeblood of the oil and gas industry. Exploration is the basis for development, with huge up front costs, many unknowns, and a high risk of failure. Alaska, although it is considered a premier oil and gas region, is still largely unexplored. Acreage is increasingly off-limits, or not offered for exploration.

SB151 will encourage exploration, broaden the scope of the present leasing program, encourage initial prospecting and give a true incentive to explore Alaska, including non-state lands.

RDC believes this bill:

- Encourages new players in exploring for Alaska's oil and gas resources.
- Encourages prospecting for small local targets, such as village natural gas.
- Enhances the value of nearby or adjacent state lands.
- Maximizes the odds of discovery since it will encourage exploration on the best geological targets regardless of land ownership.
- Provides a long-term economic strategy for a more stable resource development climate, making the state less dependent on mega-projects, which is less risky, more sound policy.

It should be noted that the state will receive severance taxes on development on any lands, so the state stands to benefit regardless of the location of any find.

In conclusion (and especially in light of recent judicial rulings on oil and gas lease sales), SB151 sends a clear signal that oil and gas is still viewed by many, including the Legislature and the Administration, as a key component of Alaska's long-term future.

HOUSE COMMITTEE REPORT

3/28/94

Finance

(1)
Date Referred: March 7, 1994

FURTHER REFERRALS:

Date of Committee Action: 3-25-94

The JUDICIARY Committee considered:

SB 151

SENATE BILL NO. 151

OIL & GAS EXPLORATION INCENTIVE CREDITS

"An Act providing for oil and gas exploration incentive credits for certain activities on certain land in the state; and providing for an effective date."

RECOMMENDATIONS:
 be replaced with HCS SB 151 (RES) 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 _____ (2) zero fiscal note(s) Revenue, DNR 3/7/94 2/2/94

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i> Green	<input checked="" type="checkbox"/>	<i>[Signature]</i> Nordlund			<input checked="" type="checkbox"/>
<i>[Signature]</i> James	<input checked="" type="checkbox"/>				
<i>[Signature]</i> Kott	<input checked="" type="checkbox"/>				
<i>[Signature]</i> Porter	<input checked="" type="checkbox"/>				
<i>[Signature]</i> Phillips	<input checked="" type="checkbox"/>				
	(5)				(1)

[Signature] Porter
 CHAIRMAN'S SIGNATURE

HOUSE COMMITTEE REPORT

(9)

Date Referred: February 2, 1994

FURTHER REFERRALS:

Judiciary
Finance

Date of Committee Action: 3/4/94

The RESOURCES Committee considered:

SB 151

SENATE BILL NO. 151

OIL & GAS EXPLORATION INCENTIVE CREDITS

"An Act providing for oil and gas exploration incentive credits for certain activities on certain land in the state; and providing for an effective date."

RECOMMENDATIONS:

be replaced with _____

HCS SB 151 (RES)

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 Revenue

zero fiscal note(s) DNR / 2-2-94

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Bill Hudson</i>	✓				
<i>Joseph ...</i>	✓				
<i>Annette James</i>	✓				
<i>John ...</i>	✓				
<i>Chris ...</i>	✓				
<i>W.R. Williams</i>	✓				

W.R. Williams
CHAIRMAN'S SIGNATURE

HOUSE COMMITTEE REPORT

2-2-94
Resources
Finance

(7)
Date Referred: April 24, 1993

FURTHER REFERRALS:

Date of Committee Action: 1/31/94

The HOUSE SPECIAL COMMITTEE ON OIL AND GAS Committee considered:

SB 151

SENATE BILL NO. 151

OIL & GAS EXPLORATION INCENTIVE CREDITS

"An Act providing for oil and gas exploration incentive credits for certain activities on certain land in the state; and providing for an effective date."

RECOMMENDATIONS: the same title
be replaced with _____ a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the House Judiciary Committee

ADOPTS: _____ letter of Intent

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

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact _____

fiscal note(s) _____

zero fiscal note DNR

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
(Kott)	✓	(Sitton)		X	
(G. Davis)	✓	(Olberg)		✓	
(Green)	✓				
	(3)			(2)	

CHAIRMAN'S SIGNATURE
(Green)

EIC SALES

Sale 43/43A	Beaufort Sea/Colville River Delta/Prudhoe Bay Uplands	May 22, 1984
<u>Tracts</u>	<u>EIC</u>	
43A-70 - 78	\$ 1,200/ft drilled to 30% of well costs, 1st well/tract, 10 yr limit	
43A-79 - 84	\$375/ft drilled to 30% of well costs, 1st well/tract, 10 yr limit	
Sale 65	Beaufort Sea	June 4, 1991
All tracts	\$1,000/ft drilled up to 15% of well costs, 1st well/tract, 5yr limit	
Sale 67A	Cook Inlet Exempt	January 29, 1991
All tracts	\$200/ft drilled to 20% of well costs, 1 well /tract, 3 yr limit	
Sale 70A	Kuparuk Uplands Exempt	January 29, 1991
All tracts	\$300/ft drilled to 20% of well costs, 1 well /tract, 5 yr limit	
Sale 74	Cook Inlet	September 24, 1991
All tracts	\$200/ft drilled to 20% of well costs, 1 well /tract, 3 yr limit	

EXPLORATION INCENTIVE CREDITS
Report Month: February 1992

ADL	WELL	COMPANY	CERTIFICATION DATE	TOTAL AMOUNT
343109	G-2 Well	Exxon	10/05/83	\$6,197,625.00
		Standard Alaska	12/27/83	4,152,408.75
		BP&E	10/05/83	2,045,216.25
344010	Leffingwell	Arco	10/02/84	3,706,000.00
		Union	10/02/84	3,706,000.00
344033	J-1 Well	Exxon	10/31/84	5,119,500.00
355005	Long Island Well	Exxon	11/14/84	1,378,076.00
		Standard Alaska	11/14/84	1,378,076.00
245126	Totek Hills	Arco Alaska	08/02/85	715,530.81
355037	Colville Delta #1	Texaco	07/09/86	637,500.00
		Amerada Hess	07/09/86	888,594.00
		Diamond Shamrock (A)	07/09/86	100,128.00
		Mobil	02/05/87	432,511.00
		Placid Oil (C)	07/09/86	314,679.00
		Union Texas (B)	07/09/86	475,631.00
		Rosewood Resources	07/09/86	12,662.00
		Hunt Pet Co.	07/09/86	11,213.00
364478	Colville Delta Area AIC 25-13-6 #1 Well	Amerada Hess	10/12/87	677,853.00
		Union Texas (G)	10/12/87	508,390.00
		Texaco	10/12/87	225,951.00
		Maxus Expl. (G)	10/12/87	146,757.41
		Placid Oil	10/12/87	129,115.00
		Rosewood Res.	10/12/87	21,360.00
		Hunt Pet Co. (G)	10/12/87	18,987.00
		Texaco (E)	02/01/88	79,193.59
355038	Colville Delta #2	Amerada Hess	10/28/87	757,731.46
		Union Texas (G)	10/28/87	205,106.95
		Texaco	10/28/87	273,475.93
		Maxus Expl. (F)	10/28/87	273,475.93
		Placid Oil (H)	10/28/87	423,982.26
		Rosewood Res. (D)	10/28/87	77,561.49
		Hut Pet Co. (G)	10/28/87	68,943.50
355039	Colville Delta #3	Amerada Hess	10/28/87	364,048.13
		Union Texas (G)	10/28/87	91,012.03
		Texaco	10/28/87	364,048.13
		Maxus Expl. (G)	10/28/87	364,048.13
		Placid Oil (I)	10/28/87	178,918.37
		Rosewood Res. (D)	10/28/87	34,416.31
		Hut Pet Co. (G)	10/28/87	30,592.28
344176	Gyr #1	Arco Alaska, Inc.	11/ /90	719,560.56
		Conoco	11/ /90	761,481.20
		Amerada Hess	11/ /90	761,481.20
		Arco Alaska, Inc.	01/92	16,151.00
		Conoco	01/92	9,479.94
		Amerada Hess	01/92	9,479.93

GRAND TOTAL

\$38,863,952.54

- (A) Assigned \$432,511 of EIC to Mobil Oil Corp. effective 02/05/87
 (B) Assigned entire EIC to BP Alaska effective 02/03/87
 (C) Assigned entire EIC to Texaco Inc. effective 03/31/87
 (D) Assigned entire EIC to Texaco Producing Inc. effective 01/01/88
 (E) Assigned \$79,193.59 of EIC to Texaco Producing Inc. effective 02/01/88
 (F) Assigned entire EIC to Texaco Producing Inc. effective 02/01/88
 (G) Assigned entire EIC to Texaco Producing Inc. effective 05/17/88
 (H) Assigned entire EIC to Standard Alaska effective 05/17/88

Source: Alaska Department of Natural Resources, Division of Oil and Gas



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 5, 1993

*The Honorable Rick Halford
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1162*

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill providing for monetary incentives in the form of certain credits to be applied against taxes and other obligations to the state for oil- and gas-related geophysical and exploratory activities performed by a qualified applicant. This bill should provide a valuable tool for the state to encourage oil and gas exploration in Alaska.

The bill amends AS 41 by adding a new chapter, 09. The bill would permit a qualified applicant to receive certain credits that could be used to offset taxes, royalties, or bonuses due the state, if the applicant performed certain defined exploratory work. The bill does not require that the exploratory work be done exclusively on state land, since development on other land also benefits the state in the form of additional jobs, increased economic activity, and development of infrastructure. The bill, though, allows a credit not to exceed 50 percent of the eligible direct costs of activities performed on state-owned land as opposed to 25 percent of those costs on other land, to encourage development on state land. The applicant would be able to assign the credit to any other entity, including banks and security holders. The commissioner of natural resources is authorized to grant up to a total of \$50 million for all incentive credits to applicants under this program, with no single project receiving more than \$5,000,000 in credits.

The Honorable Rick Halford

March 5, 1993

Page 2

The applicant also must submit to the commissioner copies of all data derived from the exploratory activity.

The commissioner may display, but not distribute or transfer, certain geophysical data to others to generate interest in development of state oil and gas reserves. The bill provides protection for confidential data submitted similar to that already existing in other state laws for oil and gas exploration information submitted to the state.

I urge your prompt and favorable consideration of this bill.

Sincerely,

A handwritten signature in cursive script, reading "Walter J. Hickel". The signature is written in black ink and is positioned above the printed name.

Walter J. Hickel
Governor

COMPARISON BETWEEN AS 38.05.180(i) and SB-151

Geographic Extent

180 (i) - Limited to state land subject to an existing oil and gas lease that has an EIC provision.

SB-151 - Applies to all lands, state, federal and private, within Alaska.

Qualifications/Limitations

180 (i) - Credits, if offered, are set by the commissioner. They are based on a percentage of the cost per foot of exploratory well footage drilled (for the region situated) or a percentage of geophysical work completed on state-leased land. They are limited to 50-percent of the cost of the project and a credit may not exceed 50-percent of the payment to which it is being applied.

SB-151 - Credits must be pre-approved by the commissioner (for exploration and stratigraphic test wells and geophysical work) and may not exceed 50-percent of the cost of a project on state-owned land, nor more than 25-percent of the cost of a project on other than state-owned lands. In either case, the credits may not exceed \$5-million per project, nor \$50-million in cumulative credits granted by the state in total.

Use Limitations

180 (i) - Credits are assignable, but must be used during a limited period established by the commissioner.

SB-151 - Credits are assignable and must be used within 5-years of the award of the credit.

Application

180 (i) - Credits may be applied against oil and gas rental and royalty payments as well as taxes under AS 43.55. Amounts due the Alaska permanent fund are calculated first.

SB-151 - Credits may be applied against oil and gas rental and royalty payments as well as taxes under AS 43.20, which now includes income taxes. Amounts due the Alaska permanent fund are calculated first.

Endurance

180 (i) - Until changed legislatively (there is no sunset provision).

SB-151 - All work must be done within 10-years (July 1, 2004), or until cumulative credits reach \$50-million.

Confidentiality

180 (i) - To qualify, geophysical work must be done during the two seasons preceding an announced lease sale and the data must be made public following the sale.

SB-151 - All data must be made available to the commissioner. Well data remains confidential for 24-months. Geophysical data may be shown (but not distributed) to interested third parties ; the commissioner determines it to be in the best interest of the state.

FISCAL NOTE

No. 4

Bill Version: HCSSB 151 (RES)

BILL NO. (H) Publish Date: 3/7/94

STATE OF ALASKA
1994 LEGISLATIVE SESSION

Revision Date: January 5, 1994

Dept. Affected: Revenue

Title: Oil and Gas Incentive Credits

BRU: Revenue Operations

Component: Income & Excise Audit

Sponsor: Governor

Requestor: House Oil and Gas

COMPONENT SERIAL NO. 113

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
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 (FY94) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary.)

** Over the 15 year term exploration credits could total between \$0 and \$50 million. It is not feasible to determine the actual year or amount. Amounts will vary depending on the year in which credits are claimed.

Prepared by: Rod R. Mourant

Phone: 465-2302

Division: Commissioner's Office

Date: January 5, 1994

Approved by Commissioner: Darrel J. Rexwinkel

Date: January 5, 1994

Agency: Department of Revenue

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FISCAL NOTE

No. 3
 Bill Version: SB 151
 (H) Publish Date: 2/2/94

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL:

Revision Date: 31-Jan-94 Dept Affected: Natural Resources
 Title: "An Act providing for oil and gas exploration
incentive credits for certain activities on certain lands..." BRU: Resource Development
 Sponsor: Senate Rules for the Governor Component: Oil & Gas Development
 Requestor: House Oil & Gas Committee Component Serial No. 499

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
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 EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (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

Estimate of any current year (FY94) cost: \$ None

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

As the fiscal note indicates, there is no fiscal impact to the Department of Natural Resources related to this proposed bill. There would be, however, a potential reduction in the revenue stream to the state which should be reflected in the fiscal note prepared by the Department of Revenue.

Prepared by: Jim Eason, Director Phone: 762-2547
 Division: Oil & Gas Date: 31-Jan-94
 Approved by Commissioner: Harry A. Noah Date: 31-Jan-94
 Agency: Natural Resources

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SFIN

FILE

SB

151

SENATE FINANCE COMMITTEE REPORT

DATE: 4/15/93

FURTHER:

DATE TURNED INTO OFFICE: 4-18-93

The Finance Committee considered **SENATE BILL NO. 151**

"An Act providing for oil and gas exploration incentive credits for certain activities on certain land in the state; and providing for an effective date."

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
<i>DNR</i>	<i>3-16-93</i>	<i>0</i>	

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal
<i>DNR</i>	<i>3-2-93</i>	<i>0</i>	

Appropriation No Fiscal Note

DO PASS.

Tom Kelly

Gene Sacks

Steve Puz

Bob Meyer

OTHER RECOMMENDATIONS:

Further do not pass

1. _____
 Co-Chair Signature/Recommendation

2. _____
 Chair Signature/Recommendation

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. SB151

Revision Date: _____ Dept. Affected: Revenue
 Title: Oil & Gas Incentive Credits BRU: Revenue Operations
 Component: Income and Excise Audit
 Sponsor: Governor
 Requestor: Governor **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: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

** Over the 15 year term exploration credits could total between \$0 and \$50 million. It is impossible to predict the actual year or amount.

Signed by Commissioner - Rep. J. Rexwinkel

Prepared by: Rod R. Mourant Phone: 465-2300
 Division: Commissioner's Office Date: 3/15/93
 Approved by Commissioner: Darrel J. Rexwinkel Date: 3/16/93
 Agency: Revenue

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FISCAL NOTE

No. 2

STATE OF ALASKA 1993 LEGISLATIVE SESSION

Bill Number: SB 151

(S) Publish Date: 3-5-93

Revision Date Original Department Affected: Natural Resources
 Title: "An Act providing for exploration incentive credits for certain activities on certain land in the state" BRU: Resource Development
 Sponsor: Senate Rules for the Governor Components: Oil & Gas Development
 Requestor: _____ Component Serial No. 439

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE fund source:	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	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: \$ No fiscal impact anticipated

ANALYSIS: (Attach a separate page if necessary)
 As the fiscal note indicates, there is no fiscal impact to the Department of Natural Resources related to this proposed bill. There would be, however, a potential reduction in the revenue stream to the state which should be reflected in the fiscal note prepared by the Department of Revenue.

Prepared by: Jim Eason, Director Phone: 762-2547
 Division: Oil & Gas Development Date: 2-Mar-93
 Approved by Commissioner: Glenn A. Olds Date: 2-Mar-93
 Agency: Department of Natural Resources

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FISCAL NOTE

No. 1

STATE OF ALASKA
1993 LEGISLATIVE SESSION

31

Bill Version: SB 151
(S) Publish Date: 3-5-93

Revision Date:		Dept. Affected:	Revenue
Title:	<u>Oil & Gas Exploration Incentive Credits</u>	BRU:	<u>Revenue Operations</u>
		Component:	<u>Oil & Gas Audit Division</u>
Sponsor:	<u>Governor</u>		
Requestor:	<u>Governor</u>	COMPONENT SERIAL NO.	<u>115</u>

Expenditures/Revenues: (Thousands of Dollars)

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

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

ANALYSIS: (Attach a separate page if necessary)

* Over the 15 year term exploration credits could total between \$0 and \$50 million. It is impossible to predict the actual year of amount.

Prepared by:	Rod R. Mourant <i>[Signature]</i>	Phone: 465-2300
Division:	Commissioner's Office	Date: 3/2/93
Approved by Commissioner:	Darrel J. Rexwinkel <i>[Signature]</i>	Date: 3/2/93
Agency:	Revenue	

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WALTER J. HICKEL
GOVERNOR



P. O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3600

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 5, 1993

*The Honorable Rick Halford
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182*

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill providing for monetary incentives in the form of certain credits to be applied against taxes and other obligations to the state for oil- and gas-related geophysical and exploratory activities performed by a qualified applicant. This bill should provide a valuable tool for the state to encourage oil and gas exploration in Alaska.

The bill amends AS 41 by adding a new chapter, 09. The bill would permit a qualified applicant to receive certain credits that could be used to offset taxes, royalties, or bonuses due the state, if the applicant performed certain defined exploratory work. The bill does not require that the exploratory work be done exclusively on state land, since development on other land also benefits the state in the form of additional jobs, increased economic activity, and development of infrastructure. The bill, though, allows a credit not to exceed 50 percent of the eligible direct costs of activities performed on state-owned land as opposed to 25 percent of those costs on other land, to encourage development on state land. The applicant would be able to assign the credit to any other entity, including banks and security holders. The commissioner of natural resources is authorized to grant up to a total of \$50 million for all incentive credits to applicants under this program, with no single project receiving more than \$5,000,000 in credits.

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

JP

DATE: 3/5/93

FURTHER: JUDICIARY
FINANCE

Date of 5-Day Notice: 3-10-93
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3-31-93

Senate Special Committee on Oil and Gas considered SB 151

"~~An Act~~ providing for oil and gas exploration incentive credits for certain activities on certain land in the state; and providing for an effective date."

and recommends:

and a majority of the committee recommends do pass

replace with _____ CS _____

same title
 new title
 technical title change (HB only)

attaches amendment(s)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

2 prev. bills

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal

Department	Date	Zero	Fiscal
DNR	3/2	<input checked="" type="checkbox"/>	(DNR)
DOR	3/2	<input checked="" type="checkbox"/>	(DOR)

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

OTHER RECOMMENDATIONS:

Bob Sharp
Rick Halford

Al Adams - DO NOT PASS - need to be amended

Aaron D. Leman
Chair: Signature and Recommendation

WALTER J. HICKEL
GOVERNOR



P. O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 5, 1993

*The Honorable Rick Halford
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182*

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill providing for monetary incentives in the form of certain credits to be applied against taxes and other obligations to the state for oil- and gas-related geophysical and exploratory activities performed by a qualified applicant. This bill should provide a valuable tool for the state to encourage oil and gas exploration in Alaska.

The bill amends AS 41 by adding a new chapter, 09. The bill would permit a qualified applicant to receive certain credits that could be used to offset taxes, royalties, or bonuses due the state, if the applicant performed certain defined exploratory work. The bill does not require that the exploratory work be done exclusively on state land, since development on other land also benefits the state in the form of additional jobs, increased economic activity, and development of infrastructure. The bill, though, allows a credit not to exceed 50 percent of the eligible direct costs of activities performed on state-owned land and as opposed to 25 percent of those costs on other land, to encourage development on state land. The applicant would be able to assign the credit to any other entity, including banks and security holders. The commissioner of natural resources is authorized to grant up to a total of \$50 million for all incentive credits to applicants under this program, with no single project receiving more than \$5,000,000 in credits.

The Honorable Rick Halford

March 5, 1993

Page 2

The applicant also must submit to the commissioner copies of all data derived from the exploratory activity.

The commissioner may display, but not distribute or transfer, certain geophysical data to others to generate interest in development of state oil and gas reserves. The bill provides protection for confidential data submitted similar to that already existing in other state laws for oil and gas exploration information submitted to the state.

I urge your prompt and favorable consideration of this bill.

Sincerely,

A handwritten signature in cursive script, reading "Walter J. Hickel". The signature is written in dark ink and is positioned above the printed name and title.

Walter J. Hickel
Governor

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

JP

DATE: 3/5/93

FURTHER: JUDICIARY
FINANCE

Date of 5-Day Notice: 3-10-93
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3-31-93

Senate Special Committee on Oil and Gas considered SB 151

"~~An Act~~ providing for oil and gas exploration incentive credits for certain activities on certain land in the state; and providing for an effective date."

and recommends:

and a majority of the committee recommends
do pass

[] replace with _____ CS _____ ()

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

[] attaches amendment(s)

[] adopts _____ Letter of Intent

[] further referral to the _____

[] do pass

[] do not pass

[] no recommendation

individual recommendations

2 prev. bills

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal

Department	Date	Zero	Fiscal
DNR	3/2	✓	(100)
DOR	3/2	✓	(100)

[] Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

Barbara Sharp
Rick Halford

OTHER RECOMMENDATIONS:

Al Adams - Do NOT PASS - need to be amended

Sherwin D. Lerman
Chair: Signature and Recommendation

SB

153

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: February 14, 1994

FURTHER REFERRALS:

Date of Committee Action: _____

Died

The FINANCE Committee considered:

CSSB 153(RES) am

CS FOR SENATE BILL NO. 153(RES) am EXCHANGE OF RAW FISH FOR SEAFOOD PRODUCT

"An Act relating to the exchange of certain fish for seafood products, custom processing of certain fish, and use of certain fish for charitable purposes."

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) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM

 CHAIRMAN'S SIGNATURE

Changes in CSSB153 (RES)
reflect NO FISCAL CHANGE from the original
fiscal note. This fiscal note is appropriate.
4.1.93 SSS

FISCAL NOTE

No. 1

STATE OF ALASKA (initial)

1993 LEGISLATIVE SESSION

BI: Bill Version: SB153

(S) Publish Date: 4-2-93

Revision Date: _____
Title: Exchange of certain fish for
seafood products
Sponsor: Senator Taylor
Requestor: Senate Resources

Department Affected: Environmental
Conservation
BRU: Environmental Health
Component: Seafood

COMPONENT SERIAL NO. 648

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	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	5.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	5.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

1002 FEDERAL RECEIPTS	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF MATCH	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	5.0	0.0	0.0	0.0	0.0	0.0
1005 GF/PROGRAM RECPT	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	5.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:	NONE		
FULL-TIME			
PART-TIME			
TEMPORARY			

Changes in CSSB153 (RES)
reflect NO FISCAL CHANGE from the original
fiscal note. This fiscal note is appropriate.
4.1.93 SSS
date Comte Aide (initial)

Estimate of current year (FY93) impact: \$ NONE

ANALYSIS: (Attach a separate page if necessary.)

The bill requires that the Department determine the yield difference between raw and processed fish. There would be a one time contractual requirement to develop these standards.

Prepared by: Kit Ballentine, Acting Director
Division: Environmental Health

Phone: 465-5280
Date: 3/24/93

Approved by Commissioner: [Signature]
Agency: Department of Environmental Conservation Date: 3/24/93

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

FISCAL NOTE

No. 2

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Number: SB 153

(S) Publish Date: 4-2-93

Revision Date: _____

Department Affected: Fish and Game

Title: Exchange of Raw Fish for Seafood Product

BRU: Sport Fish

Sponsor: Senator Taylor

Component: Sport Fisheries

Requestor: Senate Resources

COMPONENT SERIAL NO. 464

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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FINANCING:

(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: If the Board of Fisheries takes action to limit the number of fish that individuals can export a system to monitor numbers and species of fish exchanged would be required. Implementing and operating such a system would have some associated costs.

Prepared By: Rocky Holmes Phone: 465-6187

Division: Sport Fish Date: March 23, 1993

Approved by Commissioner: Carl L. Resier

Agency: Department of Fish and Game Date: March 23, 1993

Changes in CS SB 153 (RES) have no fiscal impact. This fiscal note is appropriate.

4-1-93 date LS Comte Aide (initial)

PREPARER TO P

FISCAL NOTE

No. 7

Bill Version: CSSB 153 (RES) am

(H) Publish Date: 2/14/94

STATE OF ALASKA 1993 LEGISLATIVE SESSION

Revision Date: 19-Jan-94
 Title: Exchange of certain fish for
seafood products
 Sponsor: Senator Taylor
 Requestor: Senate Resources

Department Affected: Environmental
Conservation
 BRU: Environmental Health
 Component: Seafood/Sanitation

COMPONENT SERIAL NO. 648

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	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	5.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	5.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

1002 FEDERAL RECEIPTS	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF MATCH	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	5.0	0.0	0.0	0.0	0.0	0.0
1005 OF/PROGRAM RECPT	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	5.0	0.0	0.0	0.0	0.0	0.0

POSITIONS: NONE

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ NONE

ANALYSIS: (Attach a separate page if necessary.)

The bill requires that the Department determine the yield difference between raw and processed fish. There would be a one time contractual requirement to develop these standards.

Prepared by: Kit Ballentine, Acting Director

Division: Environmental Health

Phone: 465-5280

Date: 1/19/94

Approved by Commissioner: *Richard Sweed for John Sander*

Agency: Department of Environmental Conservation

Date: 1/19/94

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

Rev. 12/92

Page of

ORIGINAL

FISCAL NOTE

No. 8

Bill Version: CSSB 153 (RES) am

BILL NO. (H) Publish Date: 2/14/94

STATE OF ALASKA
1994 LEGISLATIVE SESSION

Revision Date: November 29, 1993
Title: Exchange of Raw Fish for Seafood Product
Sponsor: Senator Taylor
Requestor: Senate Resources

Dept. Affected: Fish and Game
BRU: Sport Fish
Component: Sport Fisheries
COMPONENT SERIAL NO. 464

Expenditures/Revenues	(Thousands of Dollars)					
	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL EXPENDITURES	0	0	0	0	0	0
CHANGE IN REVENUES ()	0	0	0	0	0	0

FUND SOURCE	(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

Estimate of any current year (FY 94) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)
If the Board of Fisheries takes action to limit the number of fish that individuals can export a system to monitor numbers and species of fish exchanged would be required. Implementing and operating such a system would have associated costs.

Prepared By: John Burke
Division: Sport Fish
Approved by Commissioner: [Signature]
Agency: Alaska Department of Fish and Game

Phone: 465-4180
Date: November 29, 1993
Date: December 17, 1993

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COMMITTEE COPY

LETTER OF INTENT

for
CS for SB 153 (RES)

It is the intent of the legislature that the Board of Fish consider regulations regarding export limitations and a definition of possession limit with regard to this issue. It is the intent of the legislature that this be considered at the next regularly scheduled meeting of the Board.

Adopted by Senate: 4/28/93

SB

153

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/2/93

FURTHER:

DATE TURNED INTO OFFICE: 4-10-93

The Finance Committee considered **SENATE BILL NO. 153**

"An Act relating to the exchange of certain fish for seafood products, custom processing of certain fish, and use of certain fish for charitable purposes."

and recommends:

- replace with _____ CS _____ (FINANCE)
- or adopt previous _____ CS SB 153 (RES)
- 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
DEC	4/2/93		5.0
DFAG	4/2/93	-0-	

Appropriation No Fiscal Note

DO PASS:

Tim Kell
Ben Abney

OTHER RECOMMENDATIONS:

Greg Ab *Hum: Mike*

1. *True Lance. 10/22*
 Co-Chair: Signature/Recommendation

2. _____
 Co-Chair: Signature/Recommendation

date Comte Aide (initial)

Changes in CSSB 153 (RES) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.

FISCAL NOTE

No. 1

4-1-93 [Signature]
STATE OF ALASKA

Bill Version: SB 153

(S) Publish Date: 4-2-93

1993 LEGISLATIVE SESSION

Revision Date: _____
Title: Exchange of certain fish for seafood products
Sponsor: Senator Taylor
Requestor: Senate Resources

Department Affected: Environmental Conservation
BRU: Environmental Health
Component: Seafood

COMPONENT SERIAL NO. 648

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	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	5.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	5.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

1002 FEDERAL RECEIPTS	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF MATCH	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	5.0	0.0	0.0	0.0	0.0	0.0
1005 GF/PROGRAM RECPT	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	5.0	0.0	0.0	0.0	0.0	0.0

POSITIONS: NONE

FULL-TIME			
PART-TIME			
TEMPORARY			

Changes in CSSB 153 (RES) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
4-1-93 [Signature]
date Comte Aide (initial)

Estimate of current year (FY93) impact: \$ NONE

ANALYSIS: (Attach a separate page if necessary.)

The bill requires that the Department determine the yield difference between raw and processed fish. There would be a one time contractual requirement to develop these standards.

Prepared by: Kit Ballentine, Acting Director
Division: Environmental Health

Phone: 465-5280
Date: 3/24/93

Approved by Commissioner: [Signature]
Agency: Department of Environmental Conservation Date: 3/24/93

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

FISCAL NOTE

No. 2

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Session: SB 153

(S) Publish Date: 4-2-93

Revision Date: _____

Department Affected: Fish and Game

Title: Exchange of Raw Fish for Seafood Product

SRU: Sport Fish

Sponsor: Senator Taylor

Component: Sport Fisheries

Requestor: Senate Resources

COMPONENT SERIAL NO. 464

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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FINDING:

(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: If the Board of Fisheries takes action to limit the number of fish that individuals can export a system to monitor numbers and species of fish exchanged would be required. Implementing and operating such a system would have some associated costs.

Prepared By: Rocky Holmes

Phone: 465-6187

Division: Sport Fish

Date: March 23, 1993

Approved by Commissioner: Carol A. Reardon

Agency: Department of Fish and Game

Date: March 23, 1993

Charges in CS SB 153 (RES) have no fiscal impact. This fiscal note is appropriate.

4.1.93

date

CSA (initials)

PREPARER TO F

4/12/93

RLS

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CS5B 153 (RES)

Revision Date: 7-Apr-93
Title: Exchange of certain fish for seafood products
Sponsor: Senator Taylor
Requestor: Senate Resources

Department Affected: Environmental Conservation
BRU: Environmental Health
Component: Seafood

COMPONENT SERIAL NO. 648

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	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	5.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS,CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	5.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

1002 FEDERAL RECEIPTS	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF MATCH	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	5.0	0.0	0.0	0.0	0.0	0.0
1005 GF/PROGRAM RECPT	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	5.0	0.0	0.0	0.0	0.0	0.0

POSITIONS: NONE

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ NONE

ANALYSIS: (Attach a separate page if necessary.)

The bill requires that the Department determine the yield difference between raw and processed fish. There would be a one time contractual requirement to develop these standards.

Prepared by: Kit Ballentine, Acting Director
Division: Environmental Health

Phone: 465-5280
Date: 3/24/93

Approved by Commissioner: *James Blair for John Sandor*
Agency: Department of Environmental Conservation Date: 3/24/93

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

Alaska State Legislature

Senate Majority Leader
Chair, Judiciary Committee
Vice Chair, Community &
Regional Affairs

Member, State Affairs Committee
Committee on Committees
Western States Legislative Forestry Task Force
Legislative Council



Senator Robin L. Taylor

State Capitol
Juneau, Alaska 99801-1182
(907) 465-3873
Fax: (907) 465-3922

352 Front Street
Ketchikan, Alaska 99901
(907) 225-8003
Fax: (907) 225-0713

SPONSOR STATEMENT

SENATE BILL 153

April 6, 1993

TO: Senate Finance Committee

FROM: Senator Robin L. Taylor

This legislation provides for the exchange of sport or personal use caught fish for processed fish of the same species and was introduced at the suggestion of commercial processors, native corporations, economic development groups and other interested parties.

Current ADEC regulations (18 AAC 34.090) require the segregation of sport and personal use caught fish from commercial fish; maintenance of records to maintain the identity of all non-commercial fish processed throughout all aspects of processing and (18 AAC 34.170) the labeling of all non-commercial fish and fishery products with the words "NOT FOR SALE".

This legislation would allow for a modification of those regulations, with a positive economic impact in both the processing and tourism industries.

This legislation was introduced in 1991 as House Bill 60. It had the approval of ADEC and McKie Campbell testified on behalf of Commissioner Rosier (ADF&G) in support of the concept.

The non-resident sport fishery has experienced phenomenal growth. There were 132,008 non-resident sport fishing licenses issued in 1987. In 1992, that number swelled to 208,516. What happens to all that fish? In most cases it gets boxed up and taken home! Most people do not take advantage of custom processing because of 1) the time required, 2) limited capacity of the processors to accept custom work, and 3) the excessively high shipping costs for the finished product.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell

SB153 SPONSOR STATEMENT
PAGE TWO

SB 153 would simply allow the sport fisherman to exchange his or her catch for already processed fish of the same species. It has been estimated that the value added processing which could occur in Ketchikan alone would add \$1 million to the local economy. Multiply that with the potential around the state and the benefits of this legislation become clear.

It is only in the initial round of exchange that processors would be allowed to exchange commercially caught fish for sport caught fish. After that, the sport caught fish received in the exchange would be processed and used only for future exchanges. SB 153 contains language assuring the quality of both the exchanged and processed fish.

SB 153, as drafted, presents the opportunity to bring custom processors under the watchful eye of ADEC. That alone presents an obstacle to processors intent on violating the intent of possession limits. The bill also requires that custom processors, whether or not they engage in the fish exchange program, keep records of each transaction, including the name and fishing license number of the person providing the fish for processing. The "paper trail" required by this bill should provide a deterrent to the so-called "meat fishery". In short, Senate Bill 153 will help plug some of the loop holes while creating the opportunity for economic development.

I ask your support for Senate Bill 153.

Overall Economic Development Program

7th & Madison, Ketchikan, AK 99901

(907) 225-6171

Fax (907) 225-3895

March 23, 1993

Senator Drue Pearce, Co-Chairman
Senate Finance Committee
Capitol, Room 508
State Capital
Juneau, Alaska 99801-1182

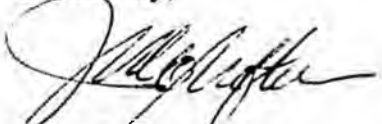
RE: SB 153, RAW FISH EXCHANGE PROGRAM

Dear Senator Pearce:

We urge your support of Senate Bill 153. As you well know, the industries of tourism and of fishing make significant contributions to the local economies of Southeast Alaska. Your support of SB 153 will go a long way toward enriching the tourist experience of Southeast, while providing a valuable and perhaps lifelong link to the premier fish products of Southeast Alaska.

Thank you for your efforts on the behalf of all Alaskans.

Yours truly,



John Clifton, Chair
Overall Economic Development Program

cc: Members of the Finance Committee
Alaska Senate

Senator Robin Taylor
Representative Bill Williams



475 KATLIAN STREET
(FISHERMAN'S QUAY DOCK)
SITKA, ALASKA 99835
907-747-5565
FAX 907-747-3026

March 31, 1993

Honorable Drue Pearce
ALASKA STATE SENATE
State Capitol, Room 508
Juneau, Alaska 99801-1182

(4653872) FAX

And

Honorable Steve Frank
ALASKA STATE SENATE
State Capitol, Room 518
Juneau, Alaska 99801-1182

(907-4654714) FAX

RE: SB 57 - Reauthorization of the State Training
and Employment Program (STEP)

Dear Senators Pearce and Frank:

We are writing this letter in support of SB 57, the STEP Program Reauthorization bill. We are a small, privately-owned business in rural Alaska which processes and sells sea cucumbers, sea urchins, and fillets and vacuum-packed, sports-caught fish. We are also the recipients of a STEP grant for training local people in the art of processing and packing these seafood items for market.

We were able to hire all those individuals trained under our grant providing employment for them and a pool of trained workers for ourselves. We are very excited about having broken into Japanese markets for our sea cucumbers and urchins, however, handling and processing of these seafoods to Japanese market standards requires great care and attention to detail. Our STEP grant provided us the opportunity to accomplish this through training of our current employees. We believe this is an important program to small, privately-owned businesses, and particularly for those of us in the area of resource development.


Please support passage of SB 57 and reauthorize the STEP Program for an additional three years. We think its good for Alaska and good for business.

Sincerely,

THE FRESH FISH COMPANY



Carol Garcia, Owner



Carla Gjertsen, Owner

LETTER OF INTENT

for
CS for SB 153 (RES)

It is the intenc of the legislature that the Board of Fish consider regulations regarding export limitations and a definition of possession limit with regard to this issue. It is the intent of the legislature that this be considered at the next regularly scheduled meeting of the Board.

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 3/9/93

FURTHER: FINANCE

Date of 5-Day Notice: 3/25/93
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4-2-93

RESOURCES Committee considered SB 153

"An Act relating to the exchange of certain fish for seafood products, custom processing of certain fish, and use of certain fish for charitable purposes."

and recommends it be replaced with

and recommends:

replace with _____ CS SB153 (RES)

same title
 new title
 technical title change (HB only)

attaches amendment(s)

+ reports it back as follows

adopts (S) RES Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

*Letter of Intent
for RES*

FISCAL NOTE INFORMATION

Department Date Zero Fiscal

Department Date Zero Fiscal

Department	Date	Zero	Fiscal
DEC	3.24.93		\$5.0
ADF & G	3.23.93	✓	

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

OTHER RECOMMENDATIONS:

Tom Pearce

Ronan A. Roman NR

Richard Suley NR

Mike Miller No REC
Chair: Signature and Recommendation

SB

154

HFIN

FILE

HOUSE COMMITTEE REPORT

Rules
1/14/94

(11)

Date Referred: April 14, 1993

FURTHER REFERRALS:

Date of Committee Action: 5/10/93 AM

Died

The FINANCE Committee considered:

CSSB 154(L&C)(efd fld)

CS FOR SB NO. 154(L&C)(efd fld)

ECONOMIC DEVELOPMENT GRANT FUND

"An Act relating to the economic development grant program."

RECOMMENDATIONS:

be replaced with HOUSE SB 154 (FIN)

the same title

a new title

have attached amendme.its(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 _____

^{Senate} fiscal note(s) Admin 3/19/93

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Richard Foster</i> FOSTER	<input checked="" type="checkbox"/>	<i>Eileen P. McLean</i> McLean		<input checked="" type="checkbox"/>	
		<i>Mike Navarre</i> NAVARRE		<input checked="" type="checkbox"/>	
		<i>Mark Hanly</i> Hanly		<input checked="" type="checkbox"/>	
<i>Erin Hoffman</i> Hoffman	<input checked="" type="checkbox"/>	<i>Terry Martin</i> martin	<input checked="" type="checkbox"/>		
		<i>Bansbury Gussindal</i> gussindal		<input checked="" type="checkbox"/>	
		<i>Tom Therman</i> Therman		<input checked="" type="checkbox"/>	
		<i>Ray Brown</i> Brown		<input checked="" type="checkbox"/>	
	(2)		(1)	(6)	

CO chair

EP MacLean

CO CHAIRMAN'S SIGNATURE

McLean

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSSB 154 (L&C) (efd fld)

Revision Date: _____
 Title: "An Act relating to the economic development and program; and providing for an effective date."
 Sponsor: Sen Jacko
 Requestor: _____

Department Affected: Administration
 BRU: Administrative Services
 Component: Administrative Services
 COMPONENT SERIAL NO. 46

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	62.8	62.8	62.8	62.8	62.8	62.8
TRAVEL	1.2	1.2	1.2	1.2	1.2	1.2
CONTRACTUAL	1.0	1.0	1.0	1.0	1.0	1.0
SUPPLIES	.2	.2	.2	.2	.2	.2
EQUIPMENT	3.0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	68.2	65.2	65.2	65.2	65.2	65.2

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUNDING SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	68.2	65.2	65.2	65.2	65.2	65.2
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
TOTAL	68.2	65.2	65.2	65.2	65.2	65.2

Estimate of any current year (FY 94) cost: \$ None

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Sharon Barton, Director
 Division: Administrative Services

Phone: 465-2277
 Date: _____

Approved by Commissioner: Nancy Bear Usura
 Agency: Department of Administration

Date: 5/3/94

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CSSB 154 (L&C) (ef&fid)

ANALYSIS: (continued)

The requested position is a Grant Administrator III. The position will be responsible for taking the lead in establishing regulations, evaluating grant applications as a member of the application committee, administering the grant program and performing some audit work. In addition, there will likely be some accounting structure preparation work as well as some fund accounting made necessary by the economic development grants program, that will be performed by the Grant Administrator.

The nonpersonnel services items are for minimal travel, the purchase of a computer and other associated costs.

FISCAL NOTE

No. 2

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: CSSB 154 LFC

(S) Publish Date: 3-19-93

Revision Date: _____
 Title: 'An Act relating to the economic development grant program; and providing for an effective date.'
 Sponsor: Sen Jacko
 Requestor: Sen L&C

Department Affected: Administration
 BRU: Administrative Services
 Component: Administrative Services

COMPONENT SERIAL NO. 46

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	62.3	62.3	62.3	62.3	62.3	62.3
TRAVEL	1.2	1.2	1.2	1.2	1.2	1.2
CONTRACTUAL	1.0	1.0	1.0	1.0	1.0	1.0
SUPPLIES	.2	.2	.2	.2	.2	.2
EQUIPMENT	3.0	3.0	3.0	3.0	3.0	3.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	67.7	67.7	67.7	67.7	67.7	67.7

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

1002 Federal Receipts						
1003 GF Match						
1004 GF	67.7	67.7	67.7	67.7	67.7	67.7
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
TOTAL	67.7	67.7	67.7	67.7	67.7	67.7

POSITIONS:

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

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary.)
 See attached

Prepared by: Sharon Barton, Director
 Division: Administrative Services

Phone: 465-2277
 Date: _____

Approved by Commissioner: Nancy Rear Usera
 Agency: Administration

Date: 3/19/93

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CONTINUATION of FISCAL NOTE ANALYSIS
CSSB 154 (L&C)

The requested position is a Grant Administrator III. The position will be responsible for taking the lead in establishing regulations, evaluating grant applications as a member of the application committee, administering the grant program and performing some audit work. In addition, there will likely be some accounting structure preparation work as well as some fund accounting made necessary by the economic development grants program, that will be performed by the Grant Administrator.

The non-personnel services items are for minimal travel, the purchase of a computer and other associated costs.

FISCAL NOTE

No. 3

Bill Version: CSB 154 (2c)

(S) Publish Date: 3-23-93

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Revision Date: 3/22/93
 Title: An Act relating to the Economic Development Grant Program;
and providing for an effective date.
 Sponsor: Senators Jacko, Halford, Pearce, Zharoff, Kelly, Taylor
 Requestor: Senate Finance

Department Affected: Commerce and Economic Development
 BRU: _____
 Component: _____

COMPONENT SERIAL NO. _____

EXPENDITURES/REVENUES:

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

CAPITAL	0	0	0	0	0	0
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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	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 (FY 93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)

This CS establishes the Economic Development Grant Program under the Department of Administration with involvement from Office of Management and Budget, Department of Commerce and Economic Development and Department of Community and Regional Affairs. Due to the team administration, no fiscal impact is anticipated.

Prepared by: Wendy Mulder, Legislative Liaison
 Division: Office of the Commissioner

Phone: 465-2500
 Date: _____

Approved by Commissioner: Paul Fuhs
 Agency: Commerce and Economic Development

Date: 3-22-93

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HOUSE COMMITTEE REPORT

(11)

Date Referred: April 14, 1993

FURTHER REFERRALS:

Date of Committee Action: 5/10/93 AM

The FINANCE Committee considered:

CSSB 154(L&C)(efd fld)

CS FOR SB NO. 154(L&C)(efd fld)

ECONOMIC DEVELOPMENT GRANT FUND

"An Act relating to the economic development grant program."

RECOMMENDATIONS:

be replaced with HCSSB 154 (FIN) [] the same 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) Admin 3/19/93

[] zero fiscal note _____

[] zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Richard Foster</i> FOSTER	*	<i>Eileen P. McLean</i> McLean		<input checked="" type="checkbox"/>	
		<i>Mike Navarre</i> NAVARRE		<input checked="" type="checkbox"/>	
		<i>Mark Hanley</i> Hanley		<input checked="" type="checkbox"/>	
<i>Lynn Hoffman</i> HOFFMAN	<input checked="" type="checkbox"/>	<i>Terry Martin</i> martin	X		
		<i>Bonnie Grussindorf</i> grussindorf		X	
		<i>James Therman</i> Therman		X	
		<i>Lay Brown</i> BROWN		<input checked="" type="checkbox"/>	

EP MacLean

 CHAIRMAN'S SIGNATURE
 McLean

FISCAL NOTE

BILL NO. ^{SB} CS 154 (L&C)

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Revision Date: _____
 Title: An Act relating to the economic development grant program; and providing for an effective date.
 Sponsor: Sen Jacko
 Requestor: Sen L&C

Department Affected: Administration
 BRU: Administrative Services
 Component: Administrative Services
 COMPONENT SERIAL NO. 46

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	62.3	62.3	62.3	62.3	62.3	62.3
TRAVEL	1.2	1.2	1.2	1.2	1.2	1.2
CONTRACTUAL	1.0	1.0	1.0	1.0	1.0	1.0
SUPPLIES	.2	.2	.2	.2	.2	.2
EQUIPMENT	3.0	3.0	3.0	3.0	3.0	3.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	67.7	67.7	67.7	67.7	67.7	67.7

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

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

FUNDING:

1002 Federal Receipts						
1003 GF Match						
1004 GF	67.7	67.7	67.7	67.7	67.7	67.7
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
TOTAL	67.7	67.7	67.7	67.7	67.7	67.7

POSITIONS:

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

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary.)
 See attached

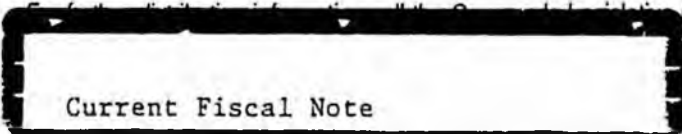
Prepared by: Sharon Barton, Director
 Division: Administrative Services

Phone: 465-2277
 Date: _____

Approved by Commissioner: Nancy Bear Userra
 Agency: Administration

Date: _____

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CONTINUATION of FISCAL NOTE ANALYSIS
CSSB 154 (L&C)

The requested position is a Grant Administrator III. The position will be responsible for taking the lead in establishing regulations, evaluating grant applications as a member of the application committee, administering the grant program and performing some audit work. In addition, there will likely be some accounting structure preparation work as well as some fund accounting made necessary by the economic development grants program, that will be performed by the Grant Administrator.

The non-personnel services items are for minimal travel, the purchase of a computer and other associated costs.

HOUSE CS FOR CS FOR SENATE BILL NO. 154(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

SENATORS JACKO, Halford, Pearce, Kelly, Taylor

REPRESENTATIVE Moses

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the economic development grant program."

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

3 * Section 1. AS 29.60 is amended by adding new sections to read:

4 ARTICLE 9. ECONOMIC DEVELOPMENT GRANT PROGRAM.

5 Sec. 29.60.670. ECONOMIC DEVELOPMENT GRANT FUND. The
6 economic development grant fund consisting of appropriations to the fund is
7 established in the Department of Administration. Except as otherwise provided in an
8 appropriation act, money appropriated to the fund does not lapse but is retained in the
9 fund.

10 Sec. 29.60.675. ECONOMIC DEVELOPMENT GRANTS. (a) A municipality
11 or a regional development organization may apply for an economic development grant
12 for a fiscal year by submitting an application to the Office of the Governor before
13 October 1 of the preceding fiscal year. The application shall be on a form prescribed
14 by the office of management and budget after consulting with the Department of

1 Commerce and Economic Development and the Department of Community and
2 Regional Affairs. The grant money may only be used for construction of a capital
3 project that will increase economic opportunity within the municipality or region that
4 the organization represents. The grant application must include the following
5 information:

6 (1) the amount of money available to the municipality or the
7 organization from nonstate sources that the municipality or the organization proposes
8 to use to match grant funds for the project;

9 (2) the amount of money available from private, nongovernmental
10 sources that has been committed to or as a result of investment in the project, together
11 with a description of the terms of the commitment or investment;

12 (3) an estimate of the number and duration of construction jobs within
13 the municipality or region that will result from the project;

14 (4) an estimate of the number of new permanent jobs within the
15 municipality or region that will result directly or indirectly from the project;

16 (5) an estimate of the amount of state taxes, municipal taxes, and other
17 fees or payments to the state or applicant that will be generated as a result of the
18 project during the 10 years following its completion;

19 (6) an estimate of the costs to the state and to any municipality that
20 will be incurred as a result of the project;

21 (7) a description of the ownership of the completed project and how
22 the project will be operated and maintained after it is constructed; and

23 (8) information on the economic feasibility of the project, taking into
24 account costs to the state and any municipality that may result from the project.

25 (b) All grant applications received for a fiscal year shall be evaluated by a
26 committee composed of representatives of the office of management and budget, the
27 Department of Commerce and Economic Development, the Department of Community
28 and Regional Affairs, and other agencies. Committee members shall be selected by
29 the director of the office of management and budget and shall be chaired by the
30 director or the director's designee. The committee may request from a municipality
31 or organization additional information needed to evaluate a proposed capital project.