

ALASKA LEGISLATURE

1340

HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996

Telephone: (907) 522-6233
FAX: (907) 522-6234



MADD

Mothers Against Drunk Driving

Anchorage Chapter
615 East 82nd Avenue, Ste. 311
Anchorage, AK 99518-3157

Representative Garry Davis
Chair, House Transportation Committee
State Capitol
Juneau, Alaska 99801-1182

3 March 1995

Dear Representative Davis;

I write on behalf of our members, the Board of Directors, victims of drunk driving and all of us potential victims. We strongly support of Governor Knowles' six-point anti-crime package, particularly the two sections dealing with the alcohol problem.

Trusting we get our background data from the same sources, I will refrain from reciting a long list of familiar statistics. Suffice to acknowledge the tragedy that half the accidental deaths of our youth are alcohol or other drug related. We all must be ever vigilant in finding ways to eliminate this shameless waste of young talent. The governor's bill is another step in that direction. It also seems to tie in well with last year's "use it/loose it" and gives law enforcement officials a stronger hand.

Calls to this office from the general public address the repeat DWI offender more than any other one issue. The public is irate over the number of repeat offenders and the number of offenses an individual can accumulate with minimal consequences. MADD agrees with the Governor that drunk driving is drunk driving regardless of the technicalities of the convictions. All offenses should be countable. This bill would also tie in well with SB4 and HB 159 which would elevate three DWIs in five years to felony status.

Your committee's positive acceptance and action on these bills will be loudly applauded by MADD.

Sincerely,

David H. Herndon
Executive Director

Modifying Attitudes toward Drinking and Driving



**ALASKA COUNCIL ON
PREVENTION
OF ALCOHOL AND DRUG ABUSE, INC.**

March 6, 1995

Rep. Gary Davis, Chair
House Transportation Committee
State Capitol
Room 420
Juneau, AK 99801

Dear Representative Davis:

On behalf of the Alaska Council on Prevention of Alcohol and Drug Abuse, I would like to offer our complete support for HB 204 as it was introduced on February 27, 1995, by Governor Tony Knowles.

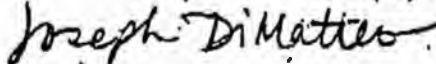
This important bill provides the state with new tools to respond to the problem of drunk driving by establishing a "zero tolerance level" for minors who consume alcohol and then operate a motor vehicle, aircraft or watercraft.

The Alaska Council supports this intolerance for underage drinking and wholeheartedly believes that lives will be saved as a result of its strict enforcement. We are aware that drunk driving statistics continue to rise in Alaska despite the tireless efforts of law enforcement, and we believe the passage of this bill will help prevent the presence of additional drunk drivers on our streets and highways.

We support the bill's amendments to AS 28.15.183 and 28.15.184 which would give police officers and the appropriate officials the right to revoke a minor's driver's license or permit, privilege to drive and privilege to obtain a license, if the minor is found to be intoxicated while driving.

We support all other aspects of this bill as it is written, and urge your favorable action on it. Thank you, Gary, for your time and attention to this important matter.

Sincerely,



Joseph DiMatteo
Executive Director

3333 DENALI STREET, SUITE 201 • ANCHORAGE, ALASKA 99503
(907) 258-6021 • FAX (907) 258-6052 • (800) 476-PREV OUTSIDE ANCHORAGE AREA ONLY

MADD
Nat'l Hwy Traffic Safety Assn
Nat'l Traffic Safety Bureau

Alaska Pol. Assn
Alaska Assn of Pol.

Alaskans For Drug-Free Youth

Statewide Headquarters
2417 Tongass, Suite #114
Ketchikan, Alaska 99901
Tel 907 247-2273
1-800-478-2273
Fax 907 247-2232

Post-It™ brand fax transmittal memo 7671		# of pages	1
To	Gary Davis	From	Mimi Tucker
Co.		Co.	ADFY
Dept.		Phone #	247-2273
Fax #	465-3835	Fax #	247-2232

March 7, 1995

Representative Gary Davis
Chairman, House Transportation Committee
State Capitol, Room 420
Juneau, AK 99801

Dear Representative Davis:

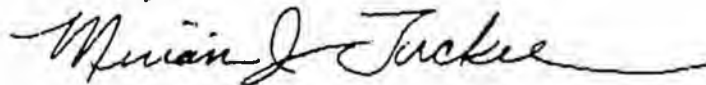
Alaskans For Drug-Free Youth, Ketchikan Partner, supports passage of HB204. We feel this bill offers an opportunity to intervene early with minors who operate a motor vehicle after consuming alcohol. This piece of legislation establishes a zero tolerance level for minors who consume alcohol and then drive.

An additional preventative feature of this bill is the provision that any minor who is cited for driving after consuming alcohol will be prohibited from operating a motor vehicle, aircraft, or watercraft during the 24 hours after the citation is issued. This will ensure that the minor does not drive while under the influence of alcohol.

The "zero tolerance" level for minors within this piece of legislation reinforces the support for no use of alcohol by anyone under the age of 21 and will make a positive impact in support of nurturing drug-free youth and their potential.

Please pass this early intervention legislation to help youth refuse the use of alcohol. This violation tool before a traffic judge can prevent future road tragedies for our young people.

Sincerely,



Miriam Tucker, President
Ketchikan Partner



Community Partners

Anchorage
Fairbanks
Juneau
Ketchikan
Nome
Petersburg
Wrangell

Advisory Board

Mrs. Erma Lee Hickel

Tom Pool, Special Agent
Drug Enforcement Administration

Mrs. Nancy Murkowski
Congressional Families for
Drug-Free Youth

Billy G. Andrews
FBI Demand Reduction Coordinator

Corporation Sponsors
Alascom
Alaska Pipeline Service Company
Exxon Company, U.S.A.
Hames Group
Ketchikan Pulp Company
The Landing/Gilmore/Annabelle's
Louisiana Pacific Foundation
A United Way Southeast Agency



LETTER OF SUPPORT

A Partner of National Family Partnership®
Dedicated to Healthy Drug-Free Youth

Rep. Gary Davis, Chair
House Transportation Committee
State Capitol
Room 420
Juneau, AK 99801

March 7, 1995

Dear Representative Davis:

I am writing in support of HB 204 as it was introduced on February 27, 1995 by Governor Tony Knowles. If this sort of bill had been in effect when I was in high school, I believe many of the car crashes and drinking and driving that occurred unchecked might have been prevented.

Kids are smart and will react to a law that will effect them if they are caught in a car where alcohol or other drugs are present. This important bill gives the state stronger tools to combat impaired driving and sends a clear and consistent message that "zero-tolerance" is the standard for minors who consume alcohol and attempt to operate a motor vehicle, aircraft, or watercraft.

I support this intolerance for underage drinking and strongly believe that it will get young people thinking about the consequences and directly save lives by keeping kids accountable for drinking or being in the presence of those drinking while driving.

I support the bill's amendments to AS 28.15.184 and 28.15.184 which gives police officers and the appropriate officials the right to revoke a minor's driver's license or permit, privilege to drive and privilege to obtain a license, if the minor is found to be intoxicated while driving.

Representative Davis, I urge your favorable action on this bill. Thank you for your time and attention.

Sincerely,

Tim S. McGrath

Tim S. McGrath
Alaskan

*5889 Kenninghill Dr.
Anchorage, AK 99504-3734*

March 7, 1995

Rep. Gary Davis, Chair
House Transportation Committee
State Capitol
Room 420
Juneau, AK 99801

Dear Representative Davis:

I, would like to offer my complete support for HB 204 as it was introduced on February 27, 1995, by Governor Tony Knowles.

This bill is important to me because it provides the state with new tools to respond to the problem of drunk driving by establishing a "zero tolerance level" for minors and I also believe this should apply to adults who consume alcohol and then operate a motor vehicle, aircraft or watercraft.

I, support the intolerance for underage drinking and believe that lives will be saved as a result of this bill's enforcement. As a parent of three teenagers I have a difficult time going to sleep on the weekends that the kids are out on the highways and by ways of Anchorage. I believe the passage of this bill will help prevent the presence of additional drunk drivers on our streets and highways.

I, support the bill's amendments to AS 28.15 183 and 28.15 184 which would give police officers and the appropriate officials the right to revoke a minor's driver's license or permit, privilege to drive and privilege to obtain a license, if the minor is found to be intoxicated while driving.

I, urge your favorable action on this bill.

Sincerely,

Sam Lambull

Sam Lambull

7431 Tangle Ct.

Anch. AK 99504

LETTER OF SUPPORT

HOUSE COMMITTEE REPORT

3/28/95
~~Rules~~
 Finance added

(7)
 Date Referred: March 17, 1995

FURTHER REFERRALS:

Date of Committee Action: 3-27-95

The JUDICIARY Committee considered:

HB 204

HOUSE BILL NO. 204

NO DRINK BEFORE DRIVING IF UNDER 21

"An Act relating to the administrative revocation of a minor's license to drive; creating criminal offenses of minor operating a vehicle after consuming alcohol, a minor's refusal to submit to chemical test, and driving during the 24 hours after being cited for minor operating a vehicle after consuming alcohol; establishing penalties for these offenses; and relating to implied consent to certain testing if operating a motor vehicle, aircraft, or watercraft."

recommends it be replaced the same title
 with the following committee substitute _____ a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

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

fiscal note(s) Courts fiscal note(s) _____
(indeterminate)

zero fiscal note(s) _____ zero fiscal note(s) (2) Admin, Law
(2) Pub Safety 2/27/95

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<u>Brian Porter</u> Porter	<input checked="" type="checkbox"/>			
<u>Alber... Vezey</u>			<input checked="" type="checkbox"/>	
<u>Finkelstein</u> Finkelstein	<input checked="" type="checkbox"/>			
<u>B. Davis</u> B. Davis	<input checked="" type="checkbox"/>			
<u>Green</u> Green	<input checked="" type="checkbox"/>			
<u>Bunde</u> Bunde	<input checked="" type="checkbox"/>			
<u>Toohy</u> Toohy	<input checked="" type="checkbox"/>			
	(6)		(1)	

CHAIR'S SIGNATURE Brian Porter
Porter

HOUSE USE COMMITTEE REPORT

3/17/95

(7)

Date Referred: February 27, 1995

FURTHER REFERRALS:

Judiciary

Date of Committee Action: 3/15

The TRANSPORTATION Committee considered:

HB 204

HOUSE BILL NO. 204

NO DRINK BEFORE DRIVING IF UNDER 21

"An Act relating to the administrative revocation of a minor's license to drive; creating criminal offenses of minor operating a vehicle after consuming alcohol, a minor's refusal to submit to chemical test, and driving during the 24 hours after being cited for minor operating a vehicle after consuming alcohol; establishing penalties for these offenses; and relating to implied consent to certain testing if operating a motor vehicle, aircraft, or watercraft."

recommends it be replaced the same title
 with the following committee substitute a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

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

fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) _____ (5) zero fiscal note(s) (a) Admin, Law, _____
 (a) Public Safety 2/27/95

SIGNING WT.' RECOMMENDATIONS	DP	DNP	NR	AM
<i>James Sanders</i> Sanders	✓			
<i>William Williams</i> Williams	✓			
<i>Jannette James</i> James	✓			
<i>Sileen P. MacLean</i> MacLean	✓			
<i>Beverly Masek</i> Masek	✓			
<i>G. Davis</i> G. Davis			✓	
	(5)		(1)	

CHAIR'S SIGNATURE *G. Davis*
G. Davis

HB

204

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 5/1/96

DATE TURNED INTO OFFICE: 5/05/96

The Finance Committee considered CS FOR HOUSE BILL NO. 204(FIN) am Relating to the administrative revocation of a minor's license to drive; efd.

REPORTED BY
SFC 5/05/96

and recommends:

be replaced with S CS CS HB 204 (FIN)

adopt previous CS ()

attached amendment(s)

adopt Letter of Intent by Committee

further referral to the Committee

Senate Bill:

- same title
- new title
- House Bill:**
- same title
- technical change
- new: SCR#

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
Co-Chair: <i>[Signature]</i>		Co-Chair:			
Co-Chair: <i>[Signature]</i>	✓	Co-Chair:			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

HSS/ Alcohol Safety Action Program	5/1/96	∅	
Pub. Safety / AST	2/21/96	∅	
Pub. Safety / Driver Ser.	2/21/96	∅	
Law / Criminal	2/21/96	∅	
Admin / PDA	2/22/96	∅	
Admin / OPA	2/22/96	∅	
Court System	2/21/96	∅	

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

No. 13

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Bill Version: SCSCS HR204(Jud)

(S) Publish Date: 5-1-96

Revision Date: _____	Dept. Affected: <u>Health and Social Services</u>
Title: <u>Revocation of Minor's licence to drive</u>	SRU: <u>Alcohol and Drug Abuse Svcs</u>
Sponsor: <u>House Rules</u>	Component: <u>Alcohol Safety Action Program</u>
Requestor: <u>Senate Judiciary</u>	COMPONENT SERIAL NO. <u>305</u>
	See also (SN#): _____

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
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						
----------------------	--	--	--	--	--	--

CHANGES IN REVENUES ()						
-------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY97	FY98	FY99	FY00	FY01	FY02
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: 30.0

POSITIONS:

POSITIONS	FY97	FY98	FY99	FY00	FY01	FY02
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill has no fiscal impact on the component.

Prepared by: *Loren Jones*
Loren A. Jones, Director
Division: Alcoholism and Drug Abuse

Phone: 465-2071
Date: 04/30/96

Approved by Com: *Karen Perdue*
Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Date: 5/1/96

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO: No. 12
 Bill Version: CSHB 204(FIN)
 (H) Publish Date: 2/28/96

Revision Date: February 21, 1996 Dept. Affected: Public Safety
 Title: An Act relating to alconol related driving BRU: Alaska State Troopers
offenses of minors... Component: Detachments
 Sponsor: Rules
 Requestor: H. Finance COMPONENT SERIAL NO. 0799

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
OPERATING						
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
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 EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES ()	-0-	-0-	-0-	-0-	-0-	-0-
Revenue Code						

FUNDING: (Thousands of Dollars)

*002 Federal Receipts	-0-	-0-	-0-	-0-	-0-	-0-
*003 GF Match	-0-	-0-	-0-	-0-	-0-	-0-
*004 GF	-0-	-0-	-0-	-0-	-0-	-0-
*005 GF/Program Receipts	-0-	-0-	-0-	-0-	-0-	-0-
*006 GF/MHTIA	-0-	-0-	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

Estimate of current year (FY 96) impact: \$ -0-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)
 This bill will not impact the programs of the Alaska State Troopers. Currently troopers are enforcing the alcohol laws as they pertain to minors including serving revocation notices to drivers.

Prepared By: Lt. Dan Lowden Phone: 465-5505
 Division: Alaska State Troopers Date: 2/21/96
 Approved by Commissioner: *D. L. Smith* Date: 2-12-1996
 Agency: Ronald L. Otte, Dept. of Public Safety

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. 11
 Bill Version: CSHB 204(FIN)
 (H) Publish Date: 2/28/96

Revision Date: February 21, 1996 Dept. Affec.ed: Public Safety
 Title: An Act relating to alcohol related driving offenses of minors... BRIJ: Motor Vehicles
 Component: Driver Services
 Sponsor: Rules
 Requestor: H. Finance COMPONENT SERIAL NO. 0500

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
OPERATING						
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
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 EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES ()	-0-	-0-	-0-	-0-	-0-	-0-
Revenue Code						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts	-0-	-0-	-0-	-0-	-0-	-0-
1003 GE Match	-0-	-0-	-0-	-0-	-0-	-0-
1004 GE	-0-	-0-	-0-	-0-	-0-	-0-
1005 GE/Program Receipts	-0-	-0-	-0-	-0-	-0-	-0-
1006 GE/MTIA	-0-	-0-	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

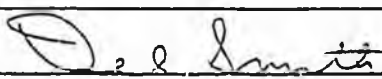
Estimate of current year (FY 96) impact: \$ -3-

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.)

This bill will not impact the programs of the Division of Motor Vehicles. Current law requires DMV to administratively revoke the driver's license for the offense of minor in possession or consumption of alcohol.

Prepared By: Juanita M. Hensley Phone: 465-2650
 Division: Motor Vehicles Date: 2/21/96
 Approved by Commissioner:  Date: 2/28/96
 Agency: Ronald L. Otte, Dept. of Public Safety

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FISCAL NOTE

NO. 10

Bill Version: CSHB 204(FIN)

(H) Publish Date: 2/28/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: 2/21/96 Dept. Affected: Department of Law
 Title: "...administrative revocation of a minor's license to drive...operating a motor vehicle after consuming alcohol..." BRU: Criminal Division
 Sponsor: House Rules / Request of the Governor Component: Criminal Division
 Requester: House Finance Committee COMPONENT SERIAL NO. 2085

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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						
----------------------	--	--	--	--	--	--

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

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 (FY96) cost: \$ 0.0

POSITIONS

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill amends AS 28 to establish a "zero tolerance level" for minors who consume alcohol and then operate a motor vehicle, aircraft, or watercraft by creating three new criminal violations: "minor operating a vehicle after consuming alcohol", "minor's refusal to submit to a chemical test", and "driving within the 24 hours after being cited for minor operating a vehicle after consuming alcohol." These new offenses would be infractions and would not result in jail time being imposed. However, the penalty would be a fine of not more than \$1,000, an order that the minor perform community work service, or a combination of the two. The bill also provides that a minor convicted of these violations will also be subject to administrative revocation of the minor's driver's license under the state's "use it, lose it" statutes. The bill will not have a fiscal impact for the Department of Law because infractions are presented in district court by the arresting officer, which does not require the presence or assistance of a prosecutor.

Richard I. Peques

Prepared by: Richard I. Peques, Director
 Division: Administrative Services Division
 Approved by Commissioner: Bruce M. Botelho, Attorney General
 Agency: Department of Law

Phone: 465-3672
 Date: 2/21/96
 Date: 2/21/96

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

No. 9
Bill Version: CSHB 204 (FIN)
(H) Publish Date: 2/28/96

Revision Date: _____
Title: "An Act relating to the administrative revocation of a minor's license to drive...."
Sponsor: Rules Committee by Request of Governor
Requestor: (H) FIN

Dept. Affected: Administration
BRU: Public Defender Agency
Component: Public Defender Agency
COMPONENT SERIAL NO. 1631

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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
----------------------	---	---	---	---	---	---

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						
1007 GF/Mental Health						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ -0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

There is no fiscal impact to the Public Defender Agency.

Prepared by: John Salemi, Director
Division: Public Defender Agency

Phone: 264-4400
Date: _____

Approved by Commissioner: Mark Bover
Agency: Department of Administration

Date: 2/17/96

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FISCAL NOTE

(No. 8
 Bill Version: CSHB 204 (FIN)
 (H) Publish Date: 2/28/96

STATE OF ALASKA
 1996 LEGISLATIVE SESSION

Revision Date: _____
 Title: "An Act relating to the administrative revocation of a
 minor's license to drive...."
 Sponsor: Rules Committee by Request of Governor
 Requestor: (H) FIN

Dept. Affected: Administration
 BRU: Office of Public Advocacy
 Component: Office of Public Advocacy
 COMPONENT SERIAL NO. 43

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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
----------------------	---	---	---	---	---	---

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						
1007 GF/Mental Health						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ -0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

There is no fiscal impact to the Office of Public Advocacy.

Prepared by: Brant McGee, Public Advocate
 Division: Office of Public Advocacy

Phone: 274-1684
 Date: _____

Approved by Commissioner: Mark Bover *MBover*
 Agency: Department of Administration

Date: 2/28/96

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No. 7
 Bill Version: CSHB 204 (FIN)
 (H) Publish Date: 2/28/96

02/21/96 13:25 1907 279 8884 ADMIN ACCOUNT

FISCAL NOTE

STATE OF ALASKA
 1996 LEGISLATIVE SESSION

BILL NO. HB 204

Revision Date: 02/21/96 Dept. Affected: Alaska Court System
 Title: No Drink before Driving if Under 21 BRU: Trial Courts
 Component: _____
 Sponsor: House Rules by request of Governor
 Requester: _____ COMPONENT SERIAL NO. 758

Expenditures/Revenues		(Thousands of Dollars)				
	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

Fund Source		(Thousands of Dollars)				
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1007 GF/Mental Health						
Other						
TOTAL						

Estimate of any current year (FY 96) cost: None

Positions						
Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

* - see attached analysis.

Prepared by: C. S. Christensen III, Staff Counsel
 Agency: Alaska Court System

Phone: 284-8228
 Date: 02/21/96

Approved by: Arthur H. Snowden, II, Administrative Director
 Agency: Alaska Court System

Date: 02/21/96

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Alaska Court System

Fiscal Analysis

HB 204

HB 204 provides that a person who is at least 13 years of age but not yet 21 years of age commits the offense of minor operating a vehicle after consuming alcohol if the person operates or drives a motor vehicle or operates an aircraft or a watercraft after having consumed any quantity of alcohol. This offense is an infraction punishable by a fine of not more than \$1000, community work service, or both.

If a person under arrest for the offense of minor operating a vehicle after consuming alcohol refuses to submit to a chemical test of the person's breath, the refusal is an infraction punishable by a fine of not more than \$1000, community work service, or both.

If a person who has been cited for minor operating a vehicle after consuming alcohol may not operate a motor vehicle, aircraft, or watercraft during the 24 hours following issuance of the citation. Such operation is an infraction punishable by a fine of not more than \$1000, community work service, or both.

According to the Division of Motor Vehicles, in FY 94 it was notified by police officers of juvenile alcohol or drug use more than 3200 times (this was done for purposes of revoking the minor's driver's license or privilege to obtain a license pursuant to AS 23.15.133). The percentage of these cases in which the minor was operating a motor vehicle is unknown, but it is likely to have been substantial. Because the number of new cases that will be generated by HB 204 is unknown, this note does not reflect those costs. However, when experience with the changes made by HB 204 is obtained, the court system may need to return to the legislature for additional funding.

2. DCS for CSAB 204 (JUD)

Page 11, line 2: After
" VALIDITY " insert the following

" 4.4 apt for an offense under
AS 28.35.280, if "

Deletes: " of "

Conceptual amend.
made by Sen Donley
w/o objection adopted

5/05/96
approved by Sen Halford

called to legal
12:40 p.m.

SENATE CS FOR CS FOR HOUSE BILL NO. 204(F/A)(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE JUDICIARY COMMITTEE

Offered: 5/1/96

Referred: Finance

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

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the administrative revocation of a minor's license to drive;
2 creating criminal offenses of minor operating a vehicle after consuming alcohol,
3 a minor's refusal to submit to chemical test, and driving during the 24 hours
4 after being cited for minor operating a vehicle after consuming alcohol or refusal
5 to submit to chemical test; establishing penalties for these offenses; relating to
6 court ordered drug and alcohol screening, evaluation, referral, and programs;
7 relating to implied consent to certain testing if operating a motor vehicle, aircraft,
8 or watercraft; relating to an instrument's working tolerance in a chemical breath
9 test; relating to the authority of a court to impose a suspended sentence after
10 failure to complete a treatment program upon conviction of felony driving while
11 intoxicated or felony refusal to submit to a chemical test; relating to the period
12 of time a court may consider for determining prior convictions in sentencing a

1 person convicted of felony driving while intoxicated or felony refusal to submit
2 to a chemical test; amending Rules 6 and 32.1, Alaska Rules of Criminal
3 Procedure, to allow the use of hearsay evidence before a grand jury in a
4 prosecution for felony driving while intoxicated or felony refusal to submit to a
5 chemical test and to not require a presentence report for a first felony driving
6 while intoxicated or first felony refusal to submit to a chemical test; and
7 providing for an effective date."

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

9 * **Section 1.** AS 28.15..33(a) is amended to read:

10 (a) If a peace officer has probable cause to believe that a person who is at least
11 14 years of age but not yet 21 years of age has possessed or used a controlled substance
12 in violation of AS 11.71, or a municipal ordinance with substantially similar elements,
13 or possessed or consumed alcohol in violation of AS 04.16.050 or a municipal ordinance
14 with substantially similar elements, operated a vehicle after consuming alcohol in
15 violation of AS 28.35.280, or refused to submit to a chemical test under
16 AS 28.35.285 and the peace officer has cited the person or arrested the person for a
17 violation of AS 11.71, AS 04.16.050, AS 28.35.280, or 28.35.285 or the municipal
18 ordinance with substantially similar elements, the peace officer shall read a notice and
19 deliver a copy to the person. The notice must advise that

20 (1) the department intends to revoke the person's driver's license or
21 permit, privilege to drive, or privilege to obtain a license or permit;

22 (2) the person has the right to administrative review of the revocation;

23 (3) if the person has a driver's license or permit, the notice itself is a
24 temporary driver's license or permit that expires seven days after it is delivered to the
25 person;

26 (4) revocation of the person's driver's license or permit, privilege to
27 drive, or privilege to obtain a license or permit, takes effect seven days after delivery of
28 the notice to the person unless the person, within seven days, requests an administrative
29 review;

1 (5) if the person has been cited under AS 28.35.280 or under
2 AS 28.35.285, that person, under AS 28.35.290, may not operate a motor vehicle,
3 aircraft, or watercraft during the 24 hours following issuance of the citation.

4 * Sec. 2. AS 28.15.183(c) is amended to read:

5 (c) Unless the person has requested an administrative review, the department
6 shall revoke the person's driver's license or permit, privilege to drive, or privilege to
7 obtain a license or permit, effective seven days after delivery to the person of the notice
8 required under (a) of this section, upon receipt of a sworn report of a peace officer

9 (1) that the officer had probable cause to believe that the person is at
10 least 14 years of age but not yet 21 years of age and has possessed or used a controlled
11 substance in violation of AS 11.71, or a municipal ordinance with substantially similar
12 elements, or possessed or consumed alcohol in violation of AS 04.16.050 or a municipal
13 ordinance with substantially similar elements, operated a vehicle after consuming
14 alcohol in violation of AS 28.35.280, or refused to submit to a chemical test of
15 breath under AS 28.35.285;

16 (2) that the peace officer has cited the person or arrested the person for

17 (A) a violation of AS 11.71, [OR] AS 04.16.050, AS 28.35.280,
18 or 28.35.285; or

19 (B) possession or use of a controlled substance or alcohol in
20 violation of a municipal ordinance with substantially similar elements;

21 (3) that notice under (a) of this section was provided to the person; and

22 (4) describing the circumstances surrounding the violation of the
23 controlled substances provisions of AS 11.71, the alcoholic beverages provisions of
24 AS 04.16.050, or the municipal ordinance with substantially similar elements, the minor
25 operating a vehicle after consuming alcohol provisions of AS 28.35.280, or the minor
26 refusing to submit to a chemical test of breath under provisions of AS 28.35.285.

27 * Sec. 3. AS 28.15.183(g) is amended to read:

28 (g) Except as provided under (h) of this section, the department may not issue
29 a new license or reissue a license to a person whose driver's license, permit, or privilege
30 to drive has been revoked under this section unless the person is enrolled in and is in
31 compliance with, or has successfully completed

32 (1) an alcoholism education or rehabilitation treatment program, if the

1 revocation resulted from possession or consumption of alcohol in violation of
2 AS 04.16.050 or a municipal ordinance with substantially similar elements, from
3 operating a vehicle after consuming alcohol in violation of AS 28.35.280, or from
4 refusal to submit to a chemical test of breath in violation of AS 28.35.285; or

5 (2) a drug education or rehabilitation treatment program, if the revocation
6 resulted from possession or use of a controlled substance in violation of AS 11.71 or a
7 municipal ordinance with substantially similar elements.

8 * Sec. 4. AS 28.15.184(g) is amended to read:

9 (g) The hearing for review of a revocation by the department under
10 AS 28.15.183 shall be limited to the issues of whether the person was at least 14 years
11 of age but not yet 21 years of age and whether the person possessed or used a controlled
12 substance in violation of AS 11.71 or a municipal ordinance with substantially similar
13 elements, or possessed or consumed alcohol in violation of AS 04.16.050 or a municipal
14 ordinance with substantially similar elements, operated a vehicle after consuming
15 alcohol in violation of AS 28.35.280, or refused to submit to a chemical test of
16 breath in violation of AS 28.35.285.

17 * Sec. 5. AS 28.35.030(h) is amended to read:

18 (h) The court shall order a person convicted under this section to satisfy the
19 screening, evaluation, referral, and program requirements of an alcohol safety action
20 program if such a program is available in the community where the person resides,
21 or a private or public treatment facility approved by the Division of Alcoholism and
22 Drug Abuse, of the Department of Health and Social Services, under AS 47.37 [AN
23 AGENCY AUTHORIZED BY THE COURT] to make referrals for rehabilitative
24 treatment or to provide rehabilitative treatment. If a person is convicted under (n) of this
25 section, the court shall order the person to be evaluated as required by this subsection
26 before the court imposes sentence for the offense.

27 * Sec. 6. AS 28.35.030(j) is amended to read:

28 (j) If a person fails to satisfy the requirements of an authorized agency under (i)
29 of this section, the court

30 (1) may impose any portion of a suspended sentence; however, if the
31 person was convicted under (n) of this section, the court shall impose a part or all of
32 the remaining portion of any suspended sentence;

1 (2) may punish the failure as contempt of the authority of the court under
2 AS 09.50.010 or as a violation of a condition of probation; and

3 (3) shall order the revocation or suspension of the person's driver's
4 license, privilege to drive, and privilege to obtain a driver's license until the requirements
5 are satisfied.

6 * Sec. 7. AS 28.35.030(n) is amended to read:

7 (n) A person is guilty of a class C felony if the person is convicted of driving
8 while intoxicated and has been previously convicted two or more times within the five
9 years preceding the date of the present offense. For purposes of determining
10 minimum sentences based on previous convictions [IF A PERSON HAS BEEN
11 PREVIOUSLY CONVICTED], the provisions of (o)(4) of this section apply [, EXCEPT
12 THAT ONLY CONVICTIONS OCCURRING WITHIN FIVE YEARS PRECEDING
13 THE DATE OF THE PRESENT OFFENSE MAY BE INCLUDED]. Upon conviction,
14 the court

15 (1) shall impose a fine of not less than \$5,000 and a minimum sentence
16 of imprisonment of not less than

17 (A) 120 days if the person has been previously convicted twice;

18 (B) 240 days if the person has been previously convicted three
19 times;

20 (C) 360 days if the person has been previously convicted four or
21 more times;

22 (2) may not

23 (A) suspend execution of sentence or grant probation except on
24 condition that the person serve the minimum imprisonment under (1) of this
25 subsection; or

26 (B) suspend imposition of sentence;

27 (3) shall revoke the person's driver's license, privilege to drive, or
28 privilege to obtain a license under AS 28.15.181(c);

29 (4) may order as a condition of probation or parole that the person take
30 a drug, or combination of drugs, intended to prevent the consumption of an alcoholic
31 beverage; a condition of probation imposed under this paragraph is in addition to any
32 other condition authorized under another provision of law; and

1 (5) may also order forfeiture under AS 28.35.036 of the vehicle or
2 aircraft used in the commission of the offense, subject to remission under AS 28.35.037.

3 * Sec. 8. AS 28.35.031(a) is amended to read:

4 (a) A person who operates or drives a motor vehicle in this state or who operates
5 an aircraft as defined in AS 28.35.030(o) or who operates a watercraft as defined in
6 AS 28.35.030(o) shall be considered to have given consent to a chemical test or tests of
7 the person's breath for the purpose of determining the alcoholic content of the person's
8 blood or breath if lawfully arrested for an offense arising out of acts alleged to have been
9 committed while the person was operating or driving a motor vehicle or operating an
10 aircraft or a watercraft while intoxicated or if lawfully arrested under AS 28.35.280
11 for the offense of minor operating a vehicle after consuming alcohol!. The test or
12 tests shall be administered at the direction of a law enforcement officer who has
13 reasonable grounds to believe that the person was operating or driving a motor vehicle
14 or operating an aircraft or a watercraft in this state while intoxicated or that the person
15 was a minor operating a vehicle after consuming alcohol.

16 * Sec. 9. AS. 28.35.032(l) is amended to read:

17 (l) The court shall order a person convicted under this section to satisfy the
18 screening, evaluation, referral, and program requirements of an alcohol safety action
19 program if such a program is available in the community where the person resides,
20 or a private or public treatment facility approved by the Division of Alcoholism and
21 Drug Abuse, of the Department of Health and Social Services, under AS 47.37 [AN
22 AGENCY AUTHORIZED BY THE COURT] to make referrals for rehabilitative
23 treatment or to provide rehabilitative treatment. If a person is convicted under (p) of this
24 section, the court shall order the person to be evaluated as required by this subsection
25 before the court imposes sentence for the offense.

26 * Sec. 10. AS 28.35.032(n) is amended to read:

27 (n) If a person fails to satisfy the requirements of an authorized agency under
28 (m) of this section, the court

29 (1) may impose any portion of a suspended sentence; however, if the
30 person was convicted under (p) of this section, the court shall impose a part or all of
31 the remaining portion of any suspended sentence;

32 (2) may punish the failure as contempt of the authority of the court

1 under AS 09.50.010 or as a violation of a condition of probation; and

2 (3) shall order the revocation or suspension of the person's driver's
3 license, privilege to drive, and privilege to obtain a driver's license until the
4 requirements are satisfied.

5 * Sec. 11. AS 28.35.032(p) is amended to read:

6 (p) A person is guilty of a class C felony if the person is convicted under this
7 section and has been previously convicted two or more times within the five years
8 preceding the date of the present offense. For purposes of determining minimum
9 sentences based on previous convictions [IF A PERSON HAS BEEN PREVIOUSLY
10 CONVICTED], the provisions of AS 28.35.030(o)(4) apply [, EXCEPT THAT ONLY
11 CONVICTIONS OCCURRING WITHIN FIVE YEARS PRECEDING THE DATE OF
12 THE PRESENT OFFENSE MAY BE INCLUDED]. Upon conviction,

13 (1) the court shall impose a fine of not less than \$5,000 and a
14 minimum sentence of imprisonment of not less than

15 (A) 120 days if the person has been previously convicted twice;

16 (B) 240 days if the person has been previously convicted three
17 times;

18 (C) 360 days if the person has been previously convicted four
19 or more times;

20 (2) the court may not

21 (A) suspend execution of the sentence required by (1) of this
22 subsection or grant probation, except on condition that the p rson serve the
23 minimum imprisonment under (1) of this subsection; or

24 (B) suspend imposition of sentence;

25 (3) the court shall revoke the person's driver's license, privilege to
26 drive, or privilege to obtain a license under AS 28.15.181(c);

27 (4) the court may order as a condition of probation or parole that the
28 person take a drug, or combination of drugs, intended to prevent consumption of an
29 alcoholic beverage; a condition of probation imposed under this paragraph is in
30 addition to any other condition authorized under another provision of law;

31 (5) the sentence imposed by the court under this subsection shall run

1 consecutively with any other sentence of imprisonment imposed on the person; and
2 (6) the court may also order forfeiture under AS 28.35.036, of the
3 vehicle or aircraft used in the commission of the offense, subject to remission under
4 AS 28.35.037.

5 * Sec. 12. AS 28.35.039 is amended to read:

6 Sec. 28.35.039. DEFINITIONS FOR AS 28.35.029 - 28.35.039. In
7 AS 28.35.029 - 28.35.039,

8 (1) "controlled substance" has the meaning given in AS 28.33.190;

9 (2) "alcohol safety action program" means a program designated by
10 the commissioner of health and social services as an alcohol safety action program.

11 * Sec. 13. AS 28.35 is amended by adding new sections to read:

12 ARTICLE 6. CERTAIN OFFENSES RELATING TO MINORS.

13 Sec. 28.35.280. MINOR OPERATING A VEHICLE AFTER CONSUMING
14 ALCOHOL. (a) A person who is at least 14 years of age but not yet 21 years of age
15 commits the offense of minor operating a vehicle after consuming alcohol if the person
16 operates or drives a motor vehicle or operates an aircraft or a watercraft after having
17 consumed any quantity of alcohol. A peace officer who has probable cause to believe
18 that a person has committed the offense of minor operating a vehicle after consuming
19 alcohol may

20 (1) place the person under arrest;

21 (2) request that the person submit to a chemical test or tests of the
22 person's breath for the purpose of determining the alcoholic content of the person's
23 blood or breath; and

24 (3) transport the person to a location at which a chemical or other test
25 authorized under (2) of this subsection may be administered.

26 (b) If a chemical test under this section reveals any alcohol concentration within
27 the person's blood or breath, the person shall be cited for violating this section and then
28 released unless there is a lawful reason for further detention. A person who is 18 years
29 of age or older shall be released on the person's own recognizance. A person who is
30 under the age of 18 shall be released to a parent, guardian, or legal custodian.

31 (c) A person who is cited for violating this section shall be advised by a peace
32 officer that it is unlawful under AS 28.35.290 for the person to operate a motor vehicle,

1 aircraft, or watercraft during the 24 hours following the issuance of the citation.

2 (d) The offense of a minor operating a vehicle after consuming alcohol is an
3 infraction. Upon conviction, the court shall impose a fine of not more than \$1,000,
4 community work service, or both. The court may offer the minor the option of
5 performing community work in place of a fine or a portion of the fine. The value of
6 community work in place of a fine is as specified in AS 12.55.055(c).

7 (e) In this section,

8 (1) "operate an aircraft" has the meaning given in AS 28.35.030(o);

9 (2) "operate a watercraft" has the meaning given in AS 28.35.030(o).

10 Sec. 28.35.285. MINOR'S REFUSAL TO SUBMIT TO CHEMICAL TEST.

11 (a) If a person under arrest for minor operating a vehicle after consuming alcohol
12 refuses the request of a peace officer to submit to a chemical test or tests of the person's
13 breath authorized under AS 28.35.031(a) and 28.35.280(a), after being advised by the
14 officer that the refusal will result in the denial or revocation of the driver's license,
15 privilege to drive, or privilege to obtain a license, that the refusal may be used against
16 the person in a civil or criminal action or proceeding arising out of an act alleged to have
17 been committed by the person while operating a vehicle after consuming alcohol, and
18 that the refusal is a violation, a chemical test may not be given.

19 (b) A person who is cited for violating this section shall be advised by a peace
20 officer that it is unlawful under AS 28.35.290 for the person to operate a motor vehicle,
21 aircraft, or watercraft during the 24 hours following the issuance of the citation.

22 (c) The refusal of a minor to submit to a chemical test authorized under
23 AS 28.35.031(a) and 28.35.280(a) is admissible evidence in a civil or criminal action or
24 proceeding arising out of an act alleged to have been committed by the person while
25 operating a vehicle after consuming alcohol.

26 (d) Refusal to submit to a chemical test or tests of the person's breath requested
27 under AS 28.35.280 is an infraction. Upon conviction, the court shall impose a fine of
28 not more than \$1,000, or community work service, or both. The court may offer the
29 minor the option of performing community work in place of a fine or a portion of the
30 fine. The value of community work in place of a fine is as specified in AS 12.55.055(c).

31 Sec. 28.35.290. DRIVING DURING THE 24 HOURS AFTER BEING CITED
32 FOR ALCOHOL OR BREATH TEST OFFENSES. (a) A person who has been cited

1 for minor operating a vehicle after consuming alcohol under AS 28.35.280 or for refusal
2 to submit to a chemical test of breath under AS 28.35.285 may not operate a motor
3 vehicle, aircraft, or watercraft during the 24 hours following issuance of the citation.

4 (b) Operating a motor vehicle, aircraft, or watercraft during the 24 hours after
5 being cited for minor operating a vehicle after consuming alcohol or for minor's refusal
6 to submit to a chemical test is an infraction. Upon conviction, the court shall impose a
7 fine of not more than \$1,000, or community work service, or both. The court may offer
8 the minor the option of performing community work in place of the fine or a portion of
9 the fine. The value of community work in place of a fine is as specified in
10 AS 12.55.055(c).

11 (c) In this section,

12 (1) "operate an aircraft" has the meaning given in AS 28.35.030(o);

13 (2) "operate a watercraft" has the meaning given in AS 28.35.030(o).

14 * **Sec. 14.** AS 28.35.280(d) is repealed and reenacted to read:

15 (d) The offense of a minor operating a vehicle after consuming alcohol is an
16 infraction. Upon conviction, the court shall impose a fine of not more than \$1,000. The
17 court may offer the minor the option of performing community work in place of a fine
18 or a portion of a fine. The value of community work in place of a fine is as specified
19 in AS 12.55.055(c).

20 * **Sec. 15.** AS 28.35.285(d) is repealed and reenacted to read:

21 (d) Refusal to submit to a chemical test or tests of the person's breath requested
22 under AS 28.35.280 is an infraction. Upon conviction, the court shall impose a fine of
23 not more than \$1,000. The court may offer the minor the option of performing
24 community work in place of a fine or a portion of the fine. The value of community
25 work in place of a fine is as specified in AS 12.55.055(c).

26 * **Sec. 16.** AS 28.35.290(b) is repealed and reenacted to read:

27 (b) Operating a motor vehicle, aircraft, or watercraft during the 24 hours after
28 being cited for minor operating a vehicle after consuming alcohol is an infraction. Upon
29 conviction, the court shall impose a fine of not more than \$1,000. The court may offer
30 the minor the option of performing community work in place of the fine or a portion of
31 the fine. The value of community work in place of a fine is as specified in
32 AS 12.55.055(c).

1 * **Sec. 17.** AS 28.40 is amended by adding a new section to read:

2 Sec. 28.40.060. **BREATH TEST RESULT VALIDITY.** If an offense described
3 under this title requires that a chemical test of a person's breath produce a particular
4 result, and the chemical test is administered by a properly calibrated instrument approved
5 by the Department of Public Safety, the result described by statute is not affected by the
6 instrument's working tolerance.

7 * **Sec. 18.** Rule 6(r)(1), Alaska Rules of Criminal Procedure, is amended to read:

8 (1) Evidence which would be legally admissible at trial shall be
9 admissible before the grand jury. In appropriate cases, however, witnesses may be
10 presented to summarize admissible evidence if the admissible evidence will be
11 available at trial. Except as stated in subparagraphs (2), [AND] (3), and (6), hearsay
12 evidence shall not be presented to the grand jury absent compelling justification for
13 its introduction. If hearsay evidence is presented to the grand jury, the reasons for its
14 use shall be stated on the record.

15 * **Sec. 19.** Rule 6(r), Alaska Rules of Criminal Procedure, is amended by adding a new
16 paragraph to read:

17 (6) In a prosecution for driving while intoxicated under
18 AS 28.35.030(n) or for refusal to submit to a chemical test under AS 28.35.032(p),
19 hearsay evidence received through the Alaska Public Safety Information Network or
20 from other governmental agencies of prior convictions of driving while intoxicated or
21 refusal to submit to a chemical test may be presented to the grand jury.

22 * **Sec. 20.** Rule 32.1(a), Alaska Rules of Criminal Procedure, is amended to read:

23 (a) Scheduling. At the time guilt in a felony case is established by verdict or
24 plea, the judge shall establish the date for a sentencing hearing and a presentencing
25 hearing, if appropriate, and except as provided under subsection (f) of this rule,
26 shall order a presentence investigation by the Department of Corrections. If the judge
27 elects to schedule a single hearing, all of the procedures for the presentencing and
28 sentencing hearings shall be applicable at the single hearing.

29 * **Sec. 21.** Rule 32.1, Alaska Rules of Criminal Procedure, is amended by adding a new
30 subsection to read:

31 (f) When Presentence Investigation Not Required. Unless a person may be
32 sentenced to a presumptive term of imprisonment under AS 12.55.125(e)(1) or (2), a

1 presentence investigation by the Department of Corrections is not required for a
2 defendant convicted of driving while intoxicated under AS 28.35.030(n) or refusal to
3 submit to a chemical test under AS 28.35.032(p).

4 * Sec. 22. Sections 1 - 13 and 17 - 21 of this Act apply only to acts committed on or after
5 the effective date of secs. 1 - 13 and 17 - 21 of this Act, except that to the extent that the
6 amendments made by secs. 6, 7, 10, 11, and 18 - 21 of this Act involve prior convictions,
7 those prior convictions may have occurred before, on, or after the effective date of this Act.

8 * Sec. 23. Sections 14 - 16 of this Act take effect only upon a final decision by the Alaska
9 Court of Appeals and the Alaska Supreme Court that the possibility of imposing community
10 work service by the court for the offenses prohibited under AS 28.35.280, 28.35.285, and
11 28.35.290 gives rise to the right to court appointed counsel and trial by jury.

FISCAL NOTE

No. 13

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Bill Version: SCSCS HR204 (Jud)

(S) Publish Date: 5-1-96

Revision Date: _____	Dept. Affected: <u>Health and Social Services</u>
Title: <u>Revocation of Minor's license to drive</u>	BRU: <u>Alcohol and Drug Abuse Svcs</u>
Sponsor: <u>House Rules</u>	Component: <u>Alcohol Safety Action Program</u>
Requestor: <u>Senate Judiciary</u>	COMPONENT SERIAL NO. <u>305</u>
	See also (SN#): _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
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						
----------------------	--	--	--	--	--	--

CHANGES IN REVENUES ()						
-------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: \$0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill has no fiscal impact on the component.

Prepared by: Loren A. Jones, Director
Division: Alcoholism and Drug Abuse

Phone: 465-2071
Date: 04/30/96

Approved by Com: Karen P. Ardue, Commissioner
Agency: Department of Health & Social Services

Date: 5/1/96

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO: No. 12
 Bill Version: CSHB 204 (FIN)
 (H) Publish Date: 2/28/96

Revision Date: February 21, 1996 Dept. Affected: Public Safety
 Title: An Act relating to alcohol related driving offenses of minors... BRU: Alaska State Troopers
 Component: Detachments
 Sponsor: Rules
 Requestor: H. Finance COMPONENT SERIAL NO. 0799

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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 EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES () Revenue Code	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

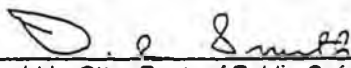
Estimate of current year (FY 96) impact: \$ -0-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

This bill will not impact the programs of the Alaska State Troopers. Currently troopers are enforcing the alcohol laws as they pertain to minors including serving revocation notices to drivers.

Prepared By: Lt. Dan Lowden Phone: 465-5505
 Division: Alaska State Troopers Date: 2/21/96
 Approved by Commissioner:  Date: 2-21-96
 Agency: Ronald L. Otte, Dept. of Public Safety

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL No. 11
 Bill Version: CSHB 204.(FIN)
 (H) Publish Date: 2/28/96

Revision Date: February 21, 1996 Dept. Affected: Public Safety
 Title: An Act relating to alcohol related driving offenses of minors... BRU: Motor Vehicles
 Sponsor: Rules Component: Driver Services
 Requestor: H. Finance COMPONENT SERIAL NO. 0500

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
OPERATING						
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
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 EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES ()	-0-	-0-	-0-	-0-	-0-	-0-
Revenue Code						

FUNDING: (Thousands of Dollars)

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

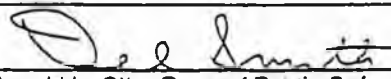
Estimate of current year (FY 96) impact: \$ -0-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

This bill will not impact the programs of the Division of Motor Vehicles. Current law requires DMV to administratively revoke the driver's license for the offense of minor in possession or consumption of alcohol.

Prepared By: Juanita M. Hensley Phone: 465-2650
 Division: Motor Vehicles Date: 2/21/96
 Approved by Commissioner:  Date: 2/20/96
 Agency: Ronald L. Otte, Dept. of Public Safety

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FISCAL NOTE

NO. 10

Bill Version: CSHB 204 (FIN)

(H) Publish Date: 2/28/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: 2/21/96 Dept. Affected: Department of Law
 Title: "...administrative revocation of a minor's license to drive...operating a motor vehicle after consuming alcohol..." BRU: Criminal Division
 Sponsor: House Rules on Request of the Governor Component: Criminal Division
 Requester: House Finance Committee COMPONENT SERIAL NO. 2085

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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						
----------------------	--	--	--	--	--	--

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

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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 (FY96) cost: \$ 0.0

POSITIONS

POSITIONS	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
FULL-TIME	0.01	0.01	0.01	0.01	0.01	0.01
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill amends AS 28 to establish a "zero tolerance level" for minors who consume alcohol and then operate a motor vehicle, aircraft, or watercraft by creating three new criminal violations: "minor operating a vehicle after consuming alcohol", "minor's refusal to submit to a chemical test", and "driving within the 24 hours after being cited for minor operating a vehicle after consuming alcohol." These new offenses would be infractions and would not result in jail time being imposed. However, the penalty would be a fine of not more than \$1,000, an order that the minor perform community work service, or a combination of the two. The bill also provides that a minor convicted of these violations will also be subject to administrative revocation of the minor's driver's license under the state's "use it, lose it" statutes. The bill will not have a fiscal impact for the Department of Law because infractions are presented in district court by the arresting officer, which does not require the presence or assistance of a prosecutor.

Richard I. Peques

Prepared by: Richard I. Peques, Director
 Division: Administrative Services Division
 Approved by Commissioner: Bruce M. Botelho, Attorney General
 Agency: Department of Law

Phone: 465-3672
 Date: 2/21/96
 Date: 2/21/96

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

No. 9
Bill Version: CSHB 204(FIN)
(H) Publish Date: 2/28/96

Revision Date: _____
Title: "An Act relating to the administrative revocation of a minor's license to drive..."
Sponsor: Rules Committee by Request of Governor
Requestor: (H) FIN

Dept. Affected: Administration
BRU: Public Defender Agency
Component: Public Defender Agency
COMPONENT SERIAL NO. 1631

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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
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						
1007 GF/Mental Health						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ -0-

POSITIONS:

FULL-TIME					
PART-TIME					
TEMPORARY					

ANALYSIS: (Attach a separate page if necessary.)

There is no fiscal impact to the Public Defender Agency.

Prepared by: John Salemi, Director
Division: Public Defender Agency

Phone: 264-4400
Date: _____

Approved by Commissioner: Mark Bover *M. Bover*
Agency: Department of Administration

Date: 2/26/96

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FISCAL NOTE

Jo. 8

Bill Version: CSHB 204 (FIN)

(H) Publish Date: 2/28/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: _____
 Title: "An Act relating to the administrative revocation of a
 minor's license to drive..."
 Sponsor: Rules Committee by Request of Governor
 Requestor: (H) FIN

Dept. Affected: Administration
 BRU: Office of Public Advocacy
 Component: Office of Public Advocacy
 COMPONENT SERIAL NO. 43

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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
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						
1007 GF/Mental Health						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ -0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)
 There is no fiscal impact to the Office of Public Advocacy.

Prepared by: Brant McGee, Public Advocate
 Division: Office of Public Advocacy

Phone: 274-1684
 Date: _____

Approved by Commissioner: Mark Bover
 Agency: Department of Administration

Date: 2/26/96

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02/21/96 13:25 1907 279 6384

ADMIN ACCOUNT

No. 7

Bill Version: CSHB 204 (FIN)

(H) Publish Date: 2/28/96

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 204

Revision Date: 02/21/96

Dept. Affected: Alaska Court System

Title: No Drink before Driving if Under 21

BRU: Trial Courts

Component: _____

Sponsor: House Rules by request of Governor

Requestor: _____

COMPONENT SERIAL NO. 758

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS & CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

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

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

Fund Source

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1007 GF/Mental Health						
Other						
TOTAL						

Estimate of any current year (FY 96) cost: None

Positions

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

* - see attached analysis.

Prepared by: C. S. Christensen III, Staff Counsel

Agency: Alaska Court System

Phone: 264-8228

Date: 02/21/96

Approved by: Arthur H. Snowden, II, Administrative Director

Date: 02/21/96

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Alaska Court System

Fiscal Analysis

HB 204

HB 204 provides that a person who is at least 13 years of age but not yet 21 years of age commits the offense of minor operating a vehicle after consuming alcohol if the person operates or drives a motor vehicle or operates an aircraft or a watercraft after having consumed any quantity of alcohol. This offense is an infraction punishable by a fine of not more than \$1000, community work service, or both.

If a person under arrest for the offense of minor operating a vehicle after consuming alcohol refuses to submit to a chemical test of the person's breath, the refusal is an infraction punishable by a fine of not more than \$1000, community work service, or both.

If a person who has been cited for minor operating a vehicle after consuming alcohol may not operate a motor vehicle, aircraft, or watercraft during the 24 hours following issuance of the citation. Such operation is an infraction punishable by a fine of not more than \$1000, community work service, or both.

According to the Division of Motor Vehicles, in FY 94 it was notified by police officers of juvenile alcohol or drug use more than 3200 times (this was done for purposes of revoking the minor's driver's license or privilege to obtain a license pursuant to AS 28.15.133). The percentage of these cases in which the minor was operating a motor vehicle is unknown, but it is likely to have been substantial. Because the number of new cases that will be generated by HB 204 is unknown, this note does not reflect those costs. However, when experience with the changes made by HB 204 is obtained, the court system may need to return to the legislature for additional funding.

TONY KNOWLES
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB204
P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

February 27, 1995

The Honorable Gail Phillips
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Phillips:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to minors operating vehicles after consuming alcohol. Despite our best efforts to date, the number of drunk drivers continues to rise in Alaska. The state needs new tools to respond to the problem of drunk driving.

An important step in making our roads and other avenues of transportation safe is to focus on high-risk drivers and let the police take them off the road before tragedy strikes. Two particularly high-risk groups of drivers are those who operate commercial motor vehicles and minors. The legislature addressed commercial motor vehicle operators in 1992, passing stringent laws that keep commercial drivers off the roads when they are under the influence of alcohol. The time has come to do the same with underage drivers, who generally are not allowed under the law to possess or consume any alcohol.

This bill establishes a "zero tolerance level" for minors who consume alcohol and then operate a motor vehicle, aircraft, or watercraft. It does this by creating three new criminal violations: "minor operating a vehicle after consuming alcohol," "minor's refusal to submit to a chemical test," and "driving within the 24 hours after being cited for minor operating a vehicle after consuming alcohol."

These new offenses are only infractions and cannot result in jail time being imposed. Instead, the penalty is a fine of not more than \$1,000, an order that the minor perform community work service, or a combination of the two. An important feature of the proposed new law is that the minor can be taken off the road and to a police station or other location for the administration of a chemical test to determine the presence of

The Honorable Gail Phillips
February 27, 1995
Page 2

alcohol in the minor's blood or breath. If the minor refuses to take the test, that is a separate infraction, much like the misdemeanor crime of refusal we have for driving-while-intoxicated cases.

This bill's amendments to AS 28.15.183 and 28.15.184 would make the minor's driver's license or permit, privilege to drive, or privilege to obtain a license subject to administrative revocation under those "use it, lose it" statutes.

Under the bill, a minor who is cited for driving after consuming alcohol is prohibited from operating a motor vehicle, aircraft, or watercraft during the 24 hours after the citation is issued. This will help ensure that the minor stays off the road or other avenues of transportation while under the influence of alcohol.

I urge your favorable action on this bill.

Sincerely,



Tony Knowles
Governor

BILL: HB 204 SHORT TITLE: DRINKING & DRIVING: MINORS & OTHERS
BILL VERSION: CSHB 204(FIN) AM
SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

CURRENT STATUS: (S) FIN

STATUS DATE: 05/01/96

TITLE: "AN ACT RELATING TO THE ADMINISTRATIVE REVOCATION OF A MINOR'S LICENSE TO DRIVE; CREATING CRIMINAL OFFENSES OF MINOR OPERATING A VEHICLE AFTER CONSUMING ALCOHOL, A MINOR'S REFUSAL TO SUBMIT TO CHEMICAL TEST, AND DRIVING DURING THE 24 HOURS AFTER BEING CITED FOR MINOR OPERATING A VEHICLE AFTER CONSUMING ALCOHOL OR REFUSAL TO SUBMIT TO CHEMICAL TEST; ESTABLISHING PENALTIES FOR THESE OFFENSES; RELATING TO COURT ORDERED DRUG AND ALCOHOL SCREENING, EVALUATION, REFERRAL, AND PROGRAMS; RELATING TO IMPLIED CONSENT TO CERTAIN TESTING IF OPERATING A MOTOR VEHICLE, AIRCRAFT, OR WATERCRAFT; RELATING TO AN INSTRUMENT'S WORKING TOLERANCE IN A CHEMICAL BREATH TEST; RELATING TO THE AUTHORITY OF A COURT TO IMPOSE A SUSPENDED SENTENCE AFTER FAILURE TO COMPLETE A TREATMENT PROGRAM UPON CONVICTION OF FELONY DRIVING WHILE INTOXICATED OR FELONY REFUSAL TO SUBMIT TO A CHEMICAL TEST; RELATING TO THE PERIOD OF TIME A COURT MAY CONSIDER FOR DETERMINING PRIOR CONVICTIONS IN SENTENCING A PERSON CONVICTED OF FELONY DRIVING WHILE INTOXICATED OR FELONY REFUSAL TO SUBMIT TO A CHEMICAL TEST; AMENDING RULES 6 AND 32.1, ALASKA RULES OF CRIMINAL PROCEDURE, TO ALLOW THE USE OF HEARSAY EVIDENCE BEFORE A GRAND JURY IN A PROSECUTION FOR FELONY DRIVING WHILE INTOXICATED OR FELONY REFUSAL TO SUBMIT TO A CHEMICAL TEST AND TO NOT REQUIRE A PRESENTENCE REPORT FOR A FIRST FELONY DRIVING WHILE INTOXICATED OR FIRST FELONY REFUSAL TO SUBMIT TO A CHEMICAL TEST; AND PROVIDING FOR AN EFFECTIVE DATE."

02/27/95	495	(H)	READ THE FIRST TIME - REFERRAL(S)
02/27/95	495	(H)	TRANSPORTATION, JUDICIARY
02/27/95	495	(H)	5 ZERO FISCAL NOTES (2-ADM, 2-DPS, LAW)
02/27/95	496	(H)	GOVERNOR'S TRANSMITTAL LETTER
03/17/95	773	(H)	TRA RPT 5DP 1NR
03/16/95	774	(H)	DP: SANDERS, WILLIAMS, JAMES, MACLEAN
03/16/95	774	(H)	DP: MASEK
03/16/95	774	(H)	NR: G.DAVIS
03/16/95	774	(H)	5 ZERO FNS (2-ADM, LAW, 2-DPS) 2/27/95
03/28/95	954	(H)	JUD RPT 6DP 1NR
03/28/95	954	(H)	DP: PORTER, FINKELSTEIN, B.DAVIS, GREEN
03/28/95	954	(H)	DP: BUNDE, TOOHEY
03/28/95	954	(H)	NR: VEZEY
03/28/95	954	(H)	INDETERMINATE FISCAL NOTE (COURT)
03/28/95	954	(H)	5 ZERO FNS (2-ADM, 2-DPS, LAW) 2/27/95
03/28/95	954	(H)	FIN REFERRAL ADDED
02/28/96	2904	(H)	FIN RPT CS(FIN) NT 6DP
02/28/96	2905	(H)	DP: HANLEY, MULDER, BROWN, NAVARRE
02/28/96	2905	(H)	DP: PARNELL, KOHRING
02/28/96	2905	(H)	INDETERMINATE FISCAL NOTE (COURT)
02/28/96	2905	(H)	5 ZERO FNS (2-ADM, 2-DPS, LAW)
04/24/96	3987	(H)	RULES TO CALENDAR 4/24/96
04/24/96	3987	(H)	READ THE SECOND TIME
04/24/96	3988	(H)	FIN CS ADOPTED UNAN CONSENT
04/24/96	3988	(H)	AM NO 1 ADOPTED UNAN CONSENT
04/24/96	3989	(H)	AM NO 2 ADOPTED Y30 N10
04/24/96	3992	(H)	AM NO 3 ADOPTED UNAN CONSENT
04/24/96	3992	(H)	AM NO 4 FAILED Y19 N21
04/24/96	3995	(H)	AM NO 5 ADOPTED UNAN CONSENT
04/24/96	3995	(H)	ADVANCED TO THIRD READING UNAN CONSENT
04/24/96	3995	(H)	READ THE THIRD TIME CSHB 204(FIN) AM

04/24/96	3995	(H)	PASSED Y38 N1 A1
04/24/96	3995	(H)	EFFECTIVE DATE(S) SAME AS PASSAGE
04/24/96	3996	(H)	PORTER NOTICE OF RECONSIDERATION
04/26/96	4047	(H)	RECON TAKEN UP - IN THIRD READING
04/26/96	4048	(H)	RETURN TO SECOND FOR AM 6 UNAN CONSENT
04/26/96	4048	(H)	AM NO 6 ADOPTED UNAN CONSENT
04/26/96	4048	(H)	AUTOMATICALLY IN THIRD READING
04/26/96	4054	(H)	PASSED ON RECONSIDERATION Y36 E4
04/26/96	4054	(H)	EFFECTIVE DATE(S) SAME AS PASSAGE
04/26/96	4054	(H)	COURT RULE(S) SAME AS PASSAGE
04/26/96	4078	(H)	TRANSMITTED TO (S)
04/27/96	3619	(S)	READ THE FIRST TIME - REFERRAL(S)
04/27/96	3620	(S)	JUD, FINANCE
05/01/96	3745	(S)	JUD RPT SCS 4DP 1NR SAME TITLE
05/01/96	3746	(S)	ZERO FISCAL NOTE TO SCS (DHSS)
05/01/96	3746	(S)	PREVIOUS H INDETERMINATE FN (COURT)
05/01/96	3746	(S)	PREVIOUS H ZERO FNS (LAW, DPS, ADM-2)
05/01/96	3746	(S)	REFERRED TO FINANCE

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 4/27/96

FURTHER: Finance

DATE TURNED INTO OFFICE: 5-1-96

The Judiciary Committee considered CS FOR HOUSE BILL NO. 204(FIN) am
 Relating to the administrative revocation of a minor's license to drive.

and recommends:

- be replaced with S CS CS HB 204 (JUD)
- adopt previous CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Hy Zenas</i>	<input checked="" type="checkbox"/>	<i>Lynne Green</i>	<input checked="" type="checkbox"/>		
<i>Joe Adams</i>	<input checked="" type="checkbox"/>				
<i>Mike Miller</i>	<input checked="" type="checkbox"/>				
<i>Chair: Austin Taylor</i>	<input checked="" type="checkbox"/>	CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
<i>Pub Safety</i>	<i>2/16/96</i>	<input checked="" type="checkbox"/>	
<i>Law</i>	<i>2/21/96</i>	<input checked="" type="checkbox"/>	
<i>Pub Defender</i>	<i>2/21/96</i>	<input checked="" type="checkbox"/>	
<i>Pub. Advocacy</i>	<i>2/22/96</i>	<input checked="" type="checkbox"/>	
<i>AK Court</i>	<i>2/21/96</i>	<input checked="" type="checkbox"/>	

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

HB

2017

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 30, 1995

FURTHER REFERRALS:

Date of Committee Action: 4/13/95

The FINANCE Committee considered:

HB 207

HOUSE BILL NO. 207

ADJUSTMENTS TO OIL AND GAS ROYALTIES

"An Act relating to adjustments to royalty reserved to the state to encourage otherwise uneconomic production of oil and gas; relating to the depositing of royalties and royalty sale proceeds in the Alaska permanent fund; and providing for an effective date."

recommends it be replaced with the following committee substitute

CSHB 207 (FIN)

the same title
 a new title

additional referral to _____ Committee

attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

fiscal note(s) _____

APPROVES PREVIOUS:

fiscal note(s) Revenue 3/22/95 (Dept/Date)

zero fiscal note(s) _____

DNR 3/8/95

zero fiscal note(s) _____

~~DNR 3/22/95~~
~~Revenue 3/22/95~~
~~Revenue 3/22/95~~
Revenue 3/27/95

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i> Kelly	<input checked="" type="checkbox"/>			
<i>[Signature]</i> Martin	<input checked="" type="checkbox"/>			
<i>[Signature]</i> Navarre	<input checked="" type="checkbox"/>			
<i>[Signature]</i> Thumrait	<input type="checkbox"/>			
<i>[Signature]</i> Brown				<input checked="" type="checkbox"/>
<i>[Signature]</i> Kohring	<input checked="" type="checkbox"/>			
<i>[Signature]</i> Hanley	<input checked="" type="checkbox"/>			
<i>[Signature]</i> Foster	<input checked="" type="checkbox"/>			

20 CHAIR'S SIGNATURE

[Signature] Hanley
[Signature] Foster

FISCAL NOTE

BD

STATE OF ALASKA
 1995 LEGISLATIVE SESSION

Revision Date: 3/14/95 Dept. Affected: Revenue
 Title: Adjustments to Oil and Gas Royalty BRU: Revenue Operations
 Component: Oil & Gas Audit
 Sponsor: (#) Rules
 Requester: Governor COMPONENT SERIAL NO. 115

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING

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

CHANGE IN REVENUES ()See Analysis.....

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY95) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This Bill would grant the Commissioner of Natural Resources broad authority to reduce the royalty terms of an oil and gas lease if such reduction would allow new commercial development, prolong field life, or reestablish commercial production from idle leases. The reduction could be no greater than the percentage required to deposit royalty income under the initial lease terms into the permanent fund. The net impact of this provision will be to insure that the permanent fund share under the original lease terms will be covered in the event of reduction in royalty rate. In theory, the ability to grant royalty relief should raise the cash bids on new leases.

New production from this royalty reduction would most likely pay little severance tax because the Economic Limit Factor is designed to provide almost total tax relief to the kind of marginal fields this legislation is aimed at benefiting. Each new barrel of production would be subject to the \$.05/bbl or \$.03/bbl hazardous release surcharge (depending on the balance in the 470 fund) and the \$.004/bbl conservation tax. The impact on the corporate income tax would be too small to measure because of the world-wide apportioned tax base and since both definition these fields would have marginal profitability.

Prepared by: Chuck Loasdon Phone: 277-5627
 Division: Oil and Gas Audit Division Date: 3/14/95
 Approved by Commissioner: Deborah Vogt Date: 3/15/95
 Agency: Revenue

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COMMITTEE COPY
 (Rev. 10/94) 95shho.xls D&R

FISCAL NOTE

No. 1
 Bill Version: HB 207
 (H) Publish Date: 2/27/95

STATE OF ALASKA
 1995 LEGISLATIVE SESSION

Revision Date: Original
 Title: Amend APA Hearing Procedures
 Sponsor: _____
 Requestor: Governor

Dept Affe:
 BRU:
 Compon:
 Compon:

Please ignore this fiscal note as it belongs to HB234 NOT HB207. It was incorrectly published and for numbering purposes it will remain in the file, even though it does NOT apply.

Expenditures/Revenues	FY96	FY97	(Thou) FY9
OPERATING EXPENDITURES			
PERSONAL SERVICES			
TRAVEL			
CONTRACTUAL			
SUPPLIES			
EQUIPMENT			
LAND & STRUCTURES			
GRANTS, CLAIMS			
MISCELLANEOUS			
TOTAL OPERATING	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 (FY95) 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)

There is no anticipated fiscal impact for the Department of Natural Resources with implementation of this legislation.

Prepared by: Nico Bus, Acting Legislative Liaison Phone: 465-2406
 Division: Support Services Date: 22-Feb-95
 Approved by Commissioner: [Signature] Date: 2-22-95
 Agency: Natural Resources

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FISCAL NOTE

No. 3

Corrected

STATE OF ALASKA
1995 LEGISLATIVE SESSION

Bill Version: HB 207
(H) Publish Date: 3/8/95

Revision Date: Original Dept Affected: Natural Resources
Title: An Act relating to adjustments to royalty reserved to the state to encourage otherwise uneconomic production of oil and ... BRU: Resource Development
Sponsor: House Rules Committee Component: Oil & Gas Development
Requestor: Governor Knowles Component Serial No. 439

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	90.6	94.0	97.5	101.2	105.0	108.9
TRAVEL	5.0	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	5.0	5.0	5.0	5.0	5.0	5.0
SUPPLIES	5.0	5.0	5.0	5.0	5.0	5.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	105.6	109.0	112.5	116.2	120.0	123.9
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	105.6	109.0	112.5	116.2	120.0	123.9
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	105.6	109.0	112.5	116.2	120.0	123.9

Estimate of any current year (FY95) cost: \$ None

POSITIONS	FY96	FY97	FY98	FY99	FY00	FY01
FULL-TIME	11	11	11	11	11	11
PART-TIME	01	01	01	01	01	01
TEMPORARY	01	01	01	01	01	01

ANALYSIS: (Attach a separate page if necessary)

SEE ATTACHED

Prepared by: Ken Boyd, Acting Director *Ken Boyd* Phone: 762-2547
 Division: Oil & Gas Date: 3-Mar-95
 Approved by Commissioner: *John R. ...* Date: 3-7-95
 Agency: Natural Resources

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ATTACHMENT FOR FISCAL NOTE - HB207
REDUCE ROYALTY SHARE/HOLD PERMANENT FUND "HARMLESS"

Implementation of this legislation will create an increased workload for the Division of Oil & Gas. We anticipate that some of the applications will be analyzed within the Division and many will require analysis by third parties (the bill provides that third-party costs will be paid for by the companies). Because of the extremely sensitive and confidential nature of the data a considerable amount of interaction between the third-party contractor and the state will be needed. Furthermore, the bill requires that applicants make a clear and convincing showing of the need for royalty reduction, so the Division will need to evaluate the economic, geological and engineering data submitted for compliance with the law prior to seeking the assistance of a third party.

Because this legislation contains provisions that may cause the terms of the application to vary over time, any approved application will need to be monitored on a continuing basis. We expect this program to have broad appeal, however, we cannot anticipate how many applications will be submitted or when they will be submitted.

An exempt Petroleum Engineer, Range 26A, will provide the broad background that will be needed to evaluate these proposals effectively. This position will need to be skilled not only in Petroleum Engineering, but will also need to have extensive knowledge of petroleum geology and petroleum economics. The salary cost of this position will be approximately \$90.6 the first year, including benefits. Additional, minor expenses such as travel, contractual and supplies will be required which we estimate will not exceed \$15.0. This position and the associated costs are our estimates of the funding needed to get the program started; if many applications are received, other positions may be required. We assume that each application will take between 4-6 employee-months to evaluate.

This legislation will effect state operating revenues in an unquantifiable manner (the Permanent Fund share is not affected by this legislation). This legislation gives the commissioner authority to grant royalty reduction which, on its face, would seem to indicate a decrease in revenue. However, since the purpose of this legislation is to promote development of fields that would not otherwise be produced, the net effect on state revenues should be positive. As a result of this legislation we are gaining new revenues based on this new production (albeit at a somewhat reduced rate from currently producing fields).

FISCAL NOTE

Version: 2 print
 HB 207
 (H) Publish Date: 2/27/95

STATE OF ALASKA
1995 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Revenue
 Title: Reduce Royalty Share/Hold Permanent Fund BRU: APFC
 Component: APFC
 Sponsor: GOV
 Requester: GOV COMPONENT SERIAL NO. 109

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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						
----------------------	--	--	--	--	--	--

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

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 (FY95) cost: \$ _____

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

No additional costs or significant impact is anticipated with the implementation of this proposed legislation upon the Alaska Permanent Fund Corporation .

Prepared by: Martin Pihl, Acting Executive Director Phone: 465-2047
 Division: APFC Date: 2/23/95
 Approved by: _____
 Commissioner: Deborah Vogt Date: 2/23/95
 Agency: Revenue

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9-GH0039\H ✓
Chenoweth
4/12/95

CS FOR HOUSE BILL NO. 207()

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

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

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to adjustments to royalty reserved to the state to encourage
2 otherwise uneconomic production of oil and gas; and providing for an effective
3 date."

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

5 * Section 1. AS 38.05.180(j) is amended to read:

6 (j) The [TO PROLONG THE ECONOMIC LIFE OF AN OIL AND GAS
7 FIELD OR TO REESTABLISH COMMERCIAL PRODUCTION OF SHUT-IN OIL
8 OR GAS THAT WOULD NOT OTHERWISE BE ECONOMICALLY FEASIBLE,
9 THE] commissioner

10 (1) may [SHALL ADOPT REGULATIONS TO] allow reduction of
11 royalty on individual leases, leases unitized ^{UNDER} ~~as described in~~ (p) of this section,
12 leases subject to an agreement described in (s) or (t) of this section, or ^{LEASES} interests
13 unitized under AS 31.05

14 (A) to allow for production from an oil or gas field, pool, or

1 portion of a field or pool if

2 (i) the oil or gas field, pool, or portion of the field or
3 pool has been sufficiently delineated to the satisfaction of the
4 commissioner;

5 (ii) the field, pool, or portion of the field or pool has
6 not previously produced oil or gas for sale; and

7 (iii) oil or gas production from the field, pool, or
8 portion of the field or pool would not otherwise be economically
9 feasible;

10 (B) to prolong the economic life of an oil or gas field, pool,
11 or portion of a field or pool as per barrel or barrel equivalent costs
12 increase or as the price of oil or gas decreases, and the increase or
13 decrease is sufficient to make future production no longer economically
14 feasible; or

15 (C) to reestablish production of shut-in oil or gas that would
16 not otherwise be economically feasible;

17 (2) [. THE COMMISSIONER] may not grant a reduction of royalty
18 unless the lessee or lessees requesting the reduction make [MAKES] a clear and
19 convincing showing that a reduction of royalty meets the requirements of this
20 subsection and is in the best interests of the state;

21 (3) shall [THE REVENUE FROM THE LESSEE'S SHARE OF ALL
22 HYDROCARBONS PRODUCED FROM THE FIELD IS AND IS LIKELY TO
23 CONTINUE TO BE INSUFFICIENT TO PRODUCE A REASONABLE RATE OF
24 RETURN WITH RESPECT TO THE LESSEE'S TOTAL INVESTMENT IN THE
25 FIELD. THE COMMISSIONER MAY] condition any [A] royalty modification
26 [REDUCTION] granted under this subsection in any way necessary to protect the
27 state's best interests; the commissioner shall provide for an increase or decrease
28 or other modification of the state's royalty share by a sliding scale royalty or
29 other mechanism that shall be based on a change [INTEREST, INCLUDING
30 RESTORATION OF THE STATE'S ROYALTY SHARE IN THE EVENT OF AN
31 INCREASE] in the price of oil or gas and may also be based on other relevant

1 factors such as a change in production rate, projected ultimate recovery,
2 development costs, and operating costs;

3 (4) may not grant a royalty reduction for a field, pool, or portion
4 of a field or pool

5 (A) under (1)(A) of this subsection that exceeds 75 percent
6 of the royalty originally specified in a lease entered into under the
7 provisions of (f) of this section or AS 38.05.134;

8 (B) under (1)(B) or (1)(C) of this subsection that exceeds 90
9 percent of the royalty originally specified in a lease entered into under the
10 provisions of (f) of this section or AS 38.05.134;

11 (5) shall require the lessee or lessees to submit, with the application
12 for the royalty reduction, financial and technical data that demonstrates that the
13 requirements of this subsection are met; the commissioner

14 (A) may require disclosure of only the financial and
15 technical data relating to production that is reasonably available to the
16 applicant; and

17 (B) shall keep the data confidential under AS 38.05.035(a)(9)
18 upon the lessee's request;

19 (6) may require the lessee or lessees making application for the
20 royalty reduction to retain and pay for the services of a contractor, selected by
21 the lessee or lessees from a list of qualified consultants in hydrocarbon production
22 and economics provided by the commissioner, to assist the commissioner in
23 evaluating the application and financial and technical data; when the
24 commissioner requires the lessee or lessees to retain the services of a contractor,
25 the commissioner shall determine the relevant scope of the work to be performed
26 by the contractor;

27 (7) shall make and publish a ~~written~~ preliminary findings and
28 determination on the royalty reduction application, give reasonable public notice
29 of the ~~written~~ preliminary findings and determination, and invite written public
30 comment to the ~~written~~ preliminary findings and determination during a 30-day
31 period for receipt of public comment;

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(8) shall, within 30 days after the close of the public comment period under (7) of this subsection,

(A) prepare a written summary of the public response to the commissioner's written preliminary findings and determination;

(B) make ~~a~~ ^{AND PUBLISH A} written final findings and determination; ~~the~~ ^{WHICH IS} ~~commissioner's written final findings and determination prepared under this subparagraph regarding royalty reduction is final and not appealable~~ to the court; and

(C) with the applicant's consent, amend the applicant's lease or unitization agreement consistent with the commissioner's final decision;

(9) shall

(A) transmit a copy of the ~~written~~ final findings and determination to the lessee; and

(B) make copies of the ~~written~~ final findings and determination available to

(i) a person who submitted written comment under (7) of this subsection and who has filed a written request for the copies;

(ii) the presiding officer of each house [BEFORE APPROVING A ROYALTY REDUCTION, THE COMMISSIONER SHALL MAKE A WRITTEN FINDING THAT THE STATE HAS OBTAINED THE MAXIMUM POSSIBLE ECONOMIC RETURN THAT IS COMPATIBLE WITH ALLOWING A REASONABLE RATE OF ECONOMIC RETURN FOR THE LESSEE, AND SEND COPIES OF THE FINDING TO ALL MEMBERS] of the legislature;

(iii) the chairs of the legislature's standing committees on resources; and

(iv) the chairs of the legislature's special committees on oil and gas, if any;

(10) is not limited by the provisions of AS 38.05.134(3) or (f) of this section in the commissioner's determination under this subsection.

1 * **Sec. 2.** AS 38.05.180(p) is amended to read:

2 (p) To conserve the natural resources of all or a part of an oil or gas pool,
3 field, or like area, the lessees and their representatives may unite with each other, or
4 jointly or separately with others, in collectively adopting or operating under a
5 cooperative or a unit plan of development or operation of the pool, field, or like area,
6 or a part of it, when determined and certified by the commissioner to be necessary or
7 advisable in the public interest. The commissioner may, with the consent of the
8 holders of leases involved, establish, change, or revoke drilling, producing, and royalty
9 requirements of the leases and adopt regulations with reference to the leases, with like
10 consent on the part of the lessees, in connection with the institution and operation of
11 a cooperative or unit plan as the commissioner determines necessary or proper to
12 secure the proper protection of the public interest. The commissioner may not
13 reduce royalty on leases in connection with a cooperative or unit plan except as
14 provided in (i) of this section. The commissioner may require oil and gas leases
15 issued under this section to contain a provision requiring the lessee to operate under
16 a reasonable cooperative or unit plan, and may prescribe a plan under which the lessee
17 must operate. The plan must adequately protect all parties in interest, including the
18 state.

19 * **Sec. 3.** AS 38.05.180(s) is amended to read:

20 (s) When separate tracts cannot be individually developed and operated in
21 conformity with an established well-spacing or development program, a lease, or a
22 portion of a lease, may be pooled with other land, whether or not owned by the state,
23 under a communication or drilling agreement providing for an apportionment of
24 production or royalties among the separate tracts of land comprising the drilling or
25 spacing unit when determined by the commissioner to be in the public interest.
26 Operations or production under the agreement are considered as operations or
27 production as to each lease committed to the agreement. The commissioner may not
28 reduce royalty on leases in connection with a communization or drilling
29 agreement except as provided in (i) of this section.

30 * **Sec. 4.** AS 38.05.180(t) is amended to read:

31 (t) The commissioner may prescribe conditions and approve, on conditions,

1 drilling, or development contracts made by one or more lessees of oil or gas leases,
2 with one or more persons, when, in the discretion of the commissioner, the
3 conservation of natural resources or the public convenience or necessity requires it or
4 the interests of the state are best served. All leases operated under approved drilling
5 or development contracts and interests under them, are excepted in determining holding
6 or control under AS 38.05.140. The commissioner may not reduce royalty on a
7 lease or leases that are subject to a drilling or development contract except as
8 provided in (j) of this section.

9 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

No objection

9-GH0039H.5 ✓
Chenoweth
4/12/95

A M E N D M E N T |

OFFERED IN THE HOUSE

TO: CSHB 207() Version "H" Dated 4/12/95

Brown

1 Page 3, following line 31:

2 Insert

3 "(8) shall make copies of the written preliminary findings and
4 determination available to

5 (A) the presiding officer of each house [. BEFORE
6 APPROVING A ROYALTY REDUCTION, THE COMMISSIONER SHALL
7 MAKE A WRITTEN FINDING THAT THE STATE HAS OBTAINED THE
8 MAXIMUM POSSIBLE ECONOMIC RETURN THAT IS COMPATIBLE
9 WITH ALLOWING A REASONABLE RATE OF ECONOMIC RETURN
10 FOR THE LESSEE, AND SEND COPIES OF THE FINDING TO ALL
11 MEMBERS] of the legislature;

12 (B) the chairs of the legislature's standing committees on
13 resources; and

14 (C) the chairs of the legislature's special committees on oil
15 and gas, if any;"

16 Renumber the following paragraphs accordingly.

17 Page 4, lines 14 - 29:

18 Delete

19 "(B) make copies of the written final findings and
20 determination available to

21 (i) a person who submitted written comment under
22 (7) of this subsection and who has filed a written request for the
23 copies;

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(ii) the presiding officer of each house [. BEFORE APPROVING A ROYALTY REDUCTION, THE COMMISSIONER SHALL MAKE A WRITTEN FINDING THAT THE STATE HAS OBTAINED THE MAXIMUM POSSIBLE ECONOMIC RETURN THAT IS COMPATIBLE WITH ALLOWING A REASONABLE RATE OF ECONOMIC RETURN FOR THE LESSEE, AND SEND COPIES OF THE FINDING TO ALL MEMBERS] of the legislature;
(iii) the chairs of the legislature's standing committees on resources; and
(iv) the chairs of the legislature's special committees on oil and gas, if any;"

12 Insert

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"(B) make copies of the written final findings and determination available to a person who submitted written comment under (7) of this subsection and who has filed a written request for the copies;"

Failed
3-6

A M E N D M E N T 2

OFFERED IN THE HOUSE

TO: CSHB 207() Version "H" Dated 4/12/95

Brown

1 Page 3, after line 31:

2 Insert:

3 "(8) shall offer to appear before the Legislative Budget and Audit
4 Committee on a day that is not earlier than 10 days and not later than 20 days
5 after giving public notice under (7) of this subsection, to provide the committee,
6 in executive session, a review of the commissioner's written preliminary findings
7 and determination on the royalty reduction application; if the Legislative Budget
8 and Audit Committee accepts the commissioner's offer, the committee shall give
9 notice to all members of the legislature of the committee's meeting in executive
10 session with the commissioner, and any member of the legislature may attend the
11 executive session;"

12 Renumber the following paragraphs accordingly.

Paula
1-8

A M E N D M E N T 3

OFFERED IN THE HOUSE

TO: CSHB 207() Version "H" Dated 4/12/95

Brown

1 Page 4, lines 5 - 8:

2 Delete "the commissioner's decision prepared under this subparagraph regarding
3 royalty reduction is final and not appealable to the court;"

4 Insert "the commissioner's decision prepared under this subparagraph

5 (i) is, as to the applicant, final and not appealable to
6 the superior court;

7 (ii) may be appealed to the superior court by a
8 person who submitted written comment under (7) of this section,
9 but the appeal is limited to a determination that the
10 commissioner's decision is constitutional and was not arbitrary,
11 capricious, or confiscatory;"

AMENDMENT

4

Failed 2/7

OFFERED IN THE HOUSE

TO: CSHB 207() Version "H" Dated 4/12/94

Brown

1 Page 4, line 7, after "reduction":

2 Insert

3 "(i) may not approve a royalty reduction unless the
4 commissioner finds that the proposed royalty reduction will
5 provide the state the maximum economic return that is possible
6 under the circumstances; and

7 (ii)"

Failed 1-7

9-GH0039NH.6 ✓
Chenoweth
4/12/95

AMENDMENT 5

OFFERED IN THE HOUSE

TO: CSHB 207() Version "H" Dated 4/12/95

Brown

1 Page 3, line 16:

2 Delete "and"

3 Page 3, line 18, after "request:":

4 Insert "and

5 (C) shall prepare and make public a summary of the
6 economic, financial, and technical data on which a royalty modification is
7 based that enables the public to evaluate whether the commissioner's
8 decision serves the best interests of the state;"

Fauld

1-8

9-GH0039\H.1 ✓

Chenoweth

4/12/95

AMENDMENT 4

OFFERED IN THE HOUSE

TO: CSHB 207() Version "H" Dated 4/12/95

Brown

- 1 Page 3, line 5:
- 2 Delete "75 percent"
- 3 Insert "60 percent"

Sec. 38.05.180. Oil and gas leasing. (a) The legislature finds that

- (1) the people of Alaska have an interest in the development of the state's oil and gas resources to

- A) maximize the economic and physical recovery of the resources;
- B) maximize competition among parties seeking to explore and develop the resources;

- C) maximize use of Alaska's human resources in the development of the resources;

- (2) it is in the best interests of the state to encourage an assessment of its oil and gas resources and to allow the maximum flexibility in the methods of issuing leases to

- A) recognize the many varied geographical regions of the state and the different costs of exploring for oil and gas in these regions;

- B) minimize the adverse impact of exploration, development, production, and transportation activity.

- (b) The commissioner shall biennially prepare and submit to the legislature, between the first and the 15th day of the first regular session of each legislature, a five-year proposed oil and gas leasing program consisting of a schedule of proposed lease sales and specifying as precisely as practicable the location of tracts proposed to be offered for oil and gas leasing during the calendar year in which the proposed program is submitted to the legislature and the following four calendar years.

- (c) Except as provided in (d) and (w) of this section, an oil and gas lease sale may not be held unless it was included in the proposed leasing programs submitted to the legislature during the two calendar years preceding the year in which the sale is held. A lease sale may not be held before the date it is scheduled in the proposed oil and gas leasing program.

- (d) The commissioner may issue oil and gas leases in an area that has not been included in a leasing program submitted, in accordance with (b) of this section, to the legislature if the land to be leased

- (1) was previously subject to a valid state or federal oil and gas lease;

- (2) is contiguous to land already under state, federal or private lease and the commissioner makes a written finding, after hearing, that leasing of the land would result in a substantial probability of early evaluation and development of the land to be leased;

- (3) is adjacent to land owned or controlled by another party on which a discovery of commercial quantities of oil or gas has been made, and the commissioner finds, after hearing, that there is a reasonable probability that the land to be leased contains oil or gas in communication with the oil or gas discovered on the land of the other party;

- (4) is adjacent to land included in the federal five-year Outer Continental Shelf leasing program under 43 U.S.C. 1344, and the commis-

sioner makes a written finding, after hearing, that coordinated or simultaneous leasing with the federal government is in the public interest; or

(5) is the subject of an oil and gas exploration license issued under AS 38.05.131 — 38.05.134.

(e) Simultaneously with submission of the leasing program required under (b) of this section, the commissioner shall submit to the legislature a report containing the following:

(1) the schedule of all lease sales held during the preceding calendar year, the bidding method or methods utilized and an analysis of the results of the bidding;

(2) if determined, a description of the bidding methods to be used for all lease sales to be held during the current and next two succeeding calendar years;

(3) the reasons a particular bidding method has been selected.

(f) Except as provided by AS 38.05.131 — 38.05.134, the commissioner may issue oil and gas leases on state land to the highest responsible qualified bidder determined by competitive bidding under regulations adopted by the commissioner. Bidding may be by sealed bid or according to any other bidding procedure the commissioner determines is in the best interests of the state. Whenever, under any of the leasing methods listed in this subsection, a royalty share is reserved to the state, it shall be delivered in pipeline quality and free of all lease or unit expenses, including but not limited to separation, cleaning, dehydration, gathering, salt water disposal, and preparation for transportation off the lease or unit area. Following a pre-sale analysis, the commissioner may choose at least one of the following leasing methods:

(1) a cash bonus bid with a fixed royalty share reserved to the state of not less than 12.5 percent in amount or value of the production removed or sold from the lease;

(2) a cash bonus bid with a fixed royalty share reserved to the state of not less than 12.5 percent in amount or value of the production removed or sold from the lease and a fixed share of the net profit derived from the lease of not less than 30 percent reserved to the state;

(3) a fixed cash bonus with a royalty share reserved to the state as the bid variable but no less than 12.5 percent in amount or value of the production removed or sold from the lease;

(4) a fixed cash bonus with the share of the net profit derived from the lease reserved to the state as the bid variable;

(5) a fixed cash bonus with a fixed royalty share reserved to the state of not less than 12.5 percent in amount or value of the production removed or sold from the lease with the share of the net profit derived from the lease reserved to the state as the bid variable;

(6) a cash bonus bid with a fixed royalty share reserved to the state based on a sliding scale according to the volume of production or other

factor but in no event less than 12.5 percent in amount or value of the production removed or sold from the lease;

(f) a fixed cash bonus with a royalty share reserved to the state based on a sliding scale according to the volume of production or other factor as the bid variable but not less than 12.5 percent in amount or value of the production removed or sold from the lease.

(g) The share of the net profit derived from a lease reserved to the state under (f) of this section is royalty sale proceeds for the purposes of the Alaska permanent fund under AS 37.13.010.

(h) The commissioner may include terms in any oil and gas lease imposing a minimum work commitment on the lessee. These terms shall be made public before the sale, and may include appropriate penalty provisions to take effect in the event the lessee does not fulfill the minimum work commitment. If it is demonstrated that a lease has been proven unproductive by actions of adjacent lease holders, the commissioner may set aside a work commitment. The commissioner may waive for a period not to exceed one two-year period any term of a minimum work commitment if the commissioner makes a written finding either that conditions preventing drilling or exploration were beyond the lessee's reasonable ability to foresee or control or that the lessee has demonstrated through good faith efforts an intent and ability to drill or develop the lease during the term of the waiver.

(i) The commissioner may provide for the establishment of an exploration incentive credit system under which a lessee of state land drilling an exploratory well on that land may earn credits based upon the footage drilled and the region in which the well is situated. The commissioner may also provide for credits to be earned by persons performing geophysical work on state land, if that work is performed during the two seasons immediately preceding an announced lease sale and on land included within the sale area and the geophysical information is made public following the sale. 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 royalty and rental payments 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) shall be calculated before the application of credits under this subsection.

(j) To prolong the economic life of an oil and gas field or to reestablish commercial production of shut-in oil or gas that would not otherwise be economically feasible, the commissioner shall adopt regulations to allow reduction of royalty on leases. The commissioner may not grant a reduction of royalty unless the lessee requesting the reduction makes a clear showing that the revenue from the lessee's share of all hydrocarbons produced from the field is and is likely to

continue to be insufficient to produce a reasonable rate of return with respect to the lessee's total investment in the field, the commissioner may condition a royalty reduction granted under this subsection in any way necessary to protect the state's interest, including restoration of the state's royalty share in the event of an increase in the price of oil or gas. Before approving a royalty reduction, the commissioner shall make a written finding that the state has obtained the maximum possible economic return that is compatible with allowing a reasonable rate of economic return for the lessee, and send copies of the finding to all members of the legislature.

(k) The commissioner shall define all terms and adopt all regulations necessary for a reasonable understanding and evaluation of a particular bidding method before the public announcement of the terms of proposed sale employing that method.

(l) Subject to the provisions of AS 31.05, the commissioner has discretion to enter into an agreement whereby, with the consent of the lessee, the state's royalty share of oil and gas production may be stored or retained in storage by the lessee, or the commissioner may enter into an agreement with one or more of the affected field lease holders to trade current royalty production from a field for a like amount, kind, and quality of future production, on the condition that the state receives back its stored or traded royalty share during the first half of the estimated field life or no later than 15 years after start of production, whichever is sooner.

(m) An oil and gas lease must cover a reasonably compact area not exceeding 5,760 acres, and may be for a maximum period of 10 years, except that the commissioner may issue a lease for a period not less than five years upon a finding that it is in the best interests of the state. An oil and gas lease shall be automatically extended if and for so long thereafter as oil or gas is produced in paying quantities from the lease or if the lease is committed to a unit approved by the commissioner. A lease issued under this section covering land on which there is a well capable of producing oil or gas in paying quantities does not expire because the lessee fails to produce oil or gas unless the lessee is allowed reasonable time to place the well on a producing status. Upon extension, the commissioner may increase lease rentals so long as the increased rental rate does not exceed 150 percent of the rate for the preceding year. If drilling has commenced on the expiration date of the primary term of the lease and is continued with reasonable diligence, including such operations as redrilling, sidetracking, or other means necessary to reach the originally proposed bottom hole location, the lease continues in effect until 90 days after drilling has ceased and for so long thereafter as oil or gas is produced in paying quantities. An oil and gas lease issued under this section which is subject to termination by reason of cessation of production does not terminate if, within 60 days after production ceases, rework-

ing or drilling operations are commenced on the land under lease and are thereafter conducted with reasonable diligence during the period of nonproduction.

(n) The commissioner may establish by regulation that after a well has been plugged and abandoned, the rental rate which was in effect during the year of abandonment is maintained for the remainder of the term. Rental is payable in advance and continues until income to the state from royalty or net profit share exceeds rental income to the state for that year. Oil and gas leases shall provide for payment to the state of rental on the following basis:

- (1) for the first year, \$1.00 per acre;
- (2) for the second year, \$1.50 per acre;
- (3) for the third year, \$2.00 per acre;
- (4) for the fourth year, \$2.50 per acre;
- (5) for the fifth and following years, \$3.00 per acre.

(o) Upon timely application as provided by regulation, the state may issue to the holder of a federal or private lease, a state shoreland lease covering land within the exterior boundaries of the federal or private lease which has been excluded on the basis of navigability or which is later administratively or judicially determined to be shoreland. The term of such a state shoreland lease shall be the same as the term of the federal or private lease.

(p) To conserve the natural resources of all or a part of an oil or gas pool, field, or like area, the lessees and their representatives may unite with each other, or jointly or separately with others, in collectively adopting or operating under a cooperative or a unit plan of development or operation of the pool, field, or like area, or a part of it, when determined and certified by the commissioner to be necessary or advisable in the public interest. The commissioner may, with the consent of the holders of leases involved, establish, change, or revoke drilling, producing, and royalty requirements of the leases and adopt regulations with reference to the leases, with like consent on the part of the lessees, in connection with the institution and operation of a cooperative or unit plan as the commissioner determines necessary or proper to secure the proper protection of the public interest. The commissioner may require oil and gas leases issued under this section to contain a provision requiring the lessee to operate under a reasonable cooperative or unit plan, and may prescribe a plan under which the lessee must operate. The plan must adequately protect all parties including the state.

(q) A plan authorized by (p) of this section, which includes land owned by the state, may contain a provision vesting the commissioner, or a person, committee, or state agency, with authority to modify from time to time the rate of prospecting and development and the quantity and rate of production under the plan. All leases operated under a plan approved or prescribed by the commissioner are excepted in de-

termining holdings or control under AS 38.05.140. The provisions of this section concerning cooperative or unit plans are in addition to and do not affect AS 31.05.

(r) Producing acreage on a known geologic structure of a producing oil or gas field is excluded from chargeability as against the acreage limitation provisions of AS 38.05.140.

(s) When separate tracts cannot be individually developed and operated in conformity with an established well-spacing or development program, a lease, or a portion of a lease, may be pooled with other land, whether or not owned by the state, under a communization or drilling agreement providing for an apportionment of production or royalties among the separate tracts of land comprising the drilling or spacing unit when determined by the commissioner to be in the public interest. Operations or production under the agreement are considered as operations or production as to each lease committed to the agreement.

(t) The commissioner may prescribe conditions and approve, on conditions, drilling, or development contracts made by one or more lessees of oil or gas leases, with one or more persons, when, in the discretion of the commissioner, the conservation of natural resources or the public convenience or necessity requires it or the interests of the state are best served. All leases operated under approved drilling or development contracts and interests under them, are excepted in determining holding or control under AS 38.05.140.

(u) To avoid waste or to promote conservation of natural resources, the commissioner may authorize the subsurface storage of oil or gas whether or not produced from state land, in land leased or subject to lease under this section. This authorization may provide for the payment of a storage fee or rental on the stored oil or gas, or, instead of the fee or rental, for a royalty other than that prescribed in the lease when the stored oil or gas is produced in conjunction with oil or gas not previously produced. A lease on which storage is so authorized shall be extended at least for the period of storage and so long thereafter as oil or gas not previously produced is produced in paying quantities.

(v) *[Repealed, § 36 ch 94 SLA 1980.]*

(w) Notwithstanding any other provisions of this section, land which has been offered for lease within the previous five years and which received no bids at competitive sale or for which no bid was accepted may be, at the discretion of the commissioner, immediately offered for lease, under regulations adopted by the commissioner, upon terms appearing most advantageous to the state; however, non-competitive leasing is prohibited. The commissioner shall establish a royalty determined to be in the public interest but not less than 12 1/2 percent. A lease must provide for payment to the state or rental but need not adhere to the rental schedule in (n) of this section nor to the

5,760-acres-per-lease limitation in (m) of this section. The lease term may not exceed 10 years, except as provided in (o) of this section.

(x) A lessee conducting or permitting any exploration for, or development or production of, oil or gas on state land shall provide the commissioner access to all noninterpretive data obtained from that lease and shall provide copies of that data, as the commissioner may request. The confidentiality provisions of AS 38.05.035 apply to the information obtained under this subsection.

(y) A noncompetitive lease existing at October 10, 1978 shall be extended for a period of two years and so long thereafter as oil and gas is produced in paying quantities. A noncompetitive lease extended under this subsection is subject to the regulations in force at the expiration of the initial five-year term of the lease. No extension may be granted, however, unless within a period of 90 days before the expiration date an application for extension is filed by the record title holder or an assignee whose assignment has been filed for approval, or an operator whose operating agreement has been filed for approval.

(z) No leases may be issued under this section without the inclusion of the following language: "The landowners' royalty share of the unit production allocated to each separately owned tract shall be regarded as royalty to be distributed to and among, or the proceeds of it paid to, the landowners, free and clear of all unit expense and free of any lien for it." Leases issued in violation of this subsection shall, for all purposes, be construed as containing the language required by this subsection.

(aa) Within 90 days after the written request of a lessee of a lease issued under this section or of a lessee of federal land from which the state is entitled under applicable federal law to receive a share of the royalty on gas production, the commissioner shall enter into an agreement with the lessee to use or accept the price for the gas established in the contract between the lessee and a gas or electric utility as the value of the state's royalty share of gas production sold by the lessee under the contract

(1) but only if the primary function of the utility with which the lessee has entered into the contract is to provide, either directly or by selling at wholesale to another utility, gas or electricity to the general public, including residential consumers, within the utilities' service areas, and the utility with which the lessee has entered into the contract is not an affiliated interest, as that term is defined in AS 42.05.990, with the lessee or with a subsequent purchaser of more than 10 percent of the utility's gas or electricity; and

(2) unless the commissioner makes a written finding, based on clear and convincing evidence, that

(A) the contract price is unreasonably low;

(B) the prospective reduction in royalty receipts would not be balanced by increased benefits to in-state gas and electric consumers;

(C) the lessee and the utility are related in management, ownership, or other aspect; and

(D) the contract price is not in the best interest of the state.

(bb) In (aa) of this section,

(1) "gas or electric utility" includes an electric cooperative organized under AS 10.25, a municipal utility, and a gas or electric utility regulated under AS 42.05; provided that if the contract gas is transmitted to consumers through a pipeline and the gas utility either owns the pipeline or is related in ownership to the owner of the pipeline, then the gas utility qualifies as a "gas or electric utility" within the meaning of this paragraph only if it is bound or agrees to be bound by the covenants set out in AS 38.35.120;

(2) "price for the gas established in the contract" includes tax reimbursement amounts, deliverability and other charges, and other forms of consideration paid by the gas or electric utility under the contract;

(3) "state's royalty share of gas production"

(A) includes payments on federal leases made to the state under 30 U.S.C. 191;

(B) does not include the state's royalty share of gas production from land patented to the state under

(i) P.L. 84-830, 70 Stat. 709 (Alaska Mental Health Enabling Act);

(ii) 38 Stat. 1214 (Act of March 4, 1915); or

(iii) 43 U.S.C. 1635 in settlement of the claims of the state under 38 Stat. 1214.

(cc) The provisions of (aa) of this section do not prohibit the commissioner from accepting any payment on a federal lease tendered by the federal agency responsible for determination and transmittal of the payment to the state under 30 U.S.C. 191 or otherwise due the state as the state's royalty share of gas production irrespective of the state's acceptance of the use of the contract price for purposes of determining royalty share on gas production under that subsection. (§ 3(7) art VIII ch 169 SLA 1959; am § 18 ch 61 SLA 1960; am § 1 ch 124 SLA 1962; am §§ 4 — 7 ch 30 SLA 1964; am § 20 ch 70 SLA 1964; am § 2 ch 91 SLA 1967; am § 1 ch 65 SLA 1969; am § 1 ch 86 SLA 1970; am § 1 ch 155 SLA 1978; am § 16 ch 160 SLA 1978; am §§ 3, 4 ch 65 SLA 1979; am § 6 ch 18 SLA 1980; am § 36 ch 94 SLA 1980; am §§ 1 — 5 ch 111 SLA 1980; am §§ 11, 12 ch 161 SLA 1984; am § 1 ch 89 SLA 1985; am § 2 ch 55 SLA 1986; am §§ 3, 4 ch 124 SLA 1990; am § 5 ch 134 SLA 1990; am §§ 1 — 3 ch 53 SLA 1993; am §§ 5, 6 ch 35 SLA 1994; am § 1 ch 36 SLA 1994)

Revisor's notes. — In 1990, a reference to (m) of this section was deleted from the last sentence of (w) of this section to correct a manifest error in § 4, ch. 124, SLA 1990.

Cross references. — For legislative findings in connection with the 1986

amendment to this section, see § 1, ch. 55, SLA 1986, in the Temporary and Special Acts.

For provisions superseding (aa) and (bb) of this section that are applicable to the state's share of royalty production of gas produced after January 2, 1959 and before

June 12, 1993 from certain federal leases. see § 4, ch. 5J, S.L.A. 1993 in the Temporary and Special Acts.

Effect of amendments. — The first 1990 amendment rewrote subsection (j) and substituted "10 years" for "five years" in the last sentence of subsection (w).

The second 1990 amendment substituted "biennially" for "annually" and "15th day of the first regular session of each legislature" for "fifteenth day of each regular legislative session" in subsection b.

The 1993 amendment, effective June 12, 1993, in subsection (aa), inserted "or of a lessee of federal land from which the state is entitled under applicable federal law to receive a share of the royalty on gas production" and "or accept," added

paragraph (1), added the paragraph (2) designation, and redesignated former paragraphs (1)-(4) as present subparagraphs (2)(A)-(2)(D), respectively; in subsection (bb), rewrote paragraph (3); and added subsection (cc).

The first 1994 amendment, effective August 7, 1994, in subsection (d), made minor stylistic changes and added paragraph (5); and, in subsection (f), substituted "Except as provided by AS 38.05.131 - 38.05.134, the" for "The" at the beginning and made minor stylistic changes.

The second 1994 amendment, effective May 10, 1994, in subsection (c), deleted the former second and third sentences, relating to lease sale delays and reschedulings, respectively.

NOTES TO DECISIONS

Purpose of section.

The assessment of the state's oil and gas resources serves at least two legitimate government objectives. First, knowledge of the production potential of state land in various areas is critical to the determination of where development should occur

and where preservation is appropriate. Second, knowledge of the oil and gas production potential of the state's lands promotes the state's economic welfare by maximizing the amount it receives for the lease of its lands. *State v. Arctic Slope Regional Corp.*, 834 P.2d 134 (Alaska 1991).

Sec. 38.05.183. Sale of royalty. (a) The sale, exchange or other disposal of a mineral obtained by the state as a royalty under AS 38.05.182, or the sale, exchange or other disposal in whole or in part of a right to receive future mineral production under a state lease under this chapter, shall be by competitive bid and the sale, exchange or other disposal made to the highest responsible bidder, except that competitive bidding is not required when the commissioner, after prior written notice to the Alaska Royalty Oil and Gas Development Advisory Board under AS 38.06.050, determines that the best interest of the state does not require it or that no competition exists.

(b) When competitive bids are required, the commissioner, after prior written notice to the Alaska Royalty Oil and Gas Development Advisory Board, may reject all bids on a determination that because of the amount of the bids, the lack of responsibility on the part of the bidders, or for reasons consistent with the criteria set out in AS 38.06.070, the acceptance of the bids would not be in the best interest of the state.

(c) If the commissioner determines that a sale, exchange or other disposal of a mineral obtained by the state as a royalty under AS 38.05.182 or of a right to receive future mineral production under a state lease under this chapter shall be made otherwise than by competitive bid, and the Alaska Royalty Oil and Gas Development Advi-

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February 14, 1995

MEMORANDUM

TO: Representative Joe Green

FROM: Gordon S. Harrison, Director 

RE: Oil and Gas Incentive Programs
Research Request 95.072

You asked for information on state statutory provisions designed to provide an incentive for companies to explore for, develop, and produce oil and gas resources in Alaska. Specifically, you asked for a report that includes "analysis of which incentives have been used, and why, along with analysis of why the others have not been used; and any and all memoranda, findings of fact, or written determinations related to any approval or rejection of an application by a producer to use one of the incentive programs." This memorandum describes the major statutory incentives and presents basic information on their use. We obtained the information primarily from the administrators of the incentive programs. Included is a documentary record of all denials by the Department of Natural Resources of applications for the benefits of an incentive provision. This documentary record, with an accompanying letter, was provided by Jim Eason, outgoing director of the Division of Oil and Gas. We have had neither the time nor staff resources to undertake an independent assessment of the reasons why companies have used or not used the various incentives. Presumably companies have sought the benefit of an incentive when they thought their projects met the basic statutory criteria for eligibility. Whether the state agencies administering the incentives have unreasonably impeded access to them, or the incentives themselves are inherently ineffective in stimulating oil and gas projects, are questions beyond the scope of this memorandum.

Statutory oil and gas incentives and incentive programs involving exploration and royalties are administered by the Department of Natural Resources (DNR). Incentives involving taxes are administered by the Department of Revenue (DOR).

Tax Incentives Administered by the Department of Revenue

Two major tax incentives for oil and gas projects are administered by DOR: the economic limit factor (ELF) and the enhanced oil recovery (EOR) tax credit. Until December 31, 1994, when the provision died by way of an automatic "sunset" clause, the department also administered a special industrial investment tax credit for gas processing facilities and mineral developments.

Economic Limit Factor (ELF)

In Alaska, the nominal severance (production) tax rate on oil and gas is 15 percent of the gross value at the point of production, except for properties initially coming into commercial production after June 30, 1981, which pay 12.25 percent for the first five years of production. Under AS 43.55.013, these nominal rates are multiplied by a factor that varies from 0 to 1 depending upon the productivity of wells in the field and the overall productivity of the field. This factor is the ELF, and it is derived from a complex formula that includes the average number of barrels produced daily by each well, and the number of barrels produced daily by the entire field. If, for example, the ELF calculation results in a factor of .6 on a field paying a nominal severance tax of 15 percent, the effective tax rate is 9 percent. The accompanying table shows the average daily production, the nominal tax rate, the ELF, and the effective tax rate for all producing oil fields in Alaska for calendar year 1994.

The ELF derives its name from a basic purpose of the provision: it is intended to prolong production from a declining field by reducing the tax burden as the field approaches its "economic limit," which is the point at which operating costs (including taxes) equal gross revenue. However, because the ELF comes into play well before a field is in the vicinity of its economic limit, it does more than merely prevent the premature shutdown of a field. It also imparts to the basic severance tax structure a progressive character. That is, it produces a higher tax on larger fields, which are presumably more lucrative, and a lower tax on smaller fields, which are presumably more of a marginal economic proposition. In this respect it mimics in an imperfect but general way a tax on income, which economists usually consider to be the most efficient form of taxation. Therefore, the ELF is a basic feature of the state's severance tax structure, rather than an addendum designed to provide a special incentive. Nonetheless, the ELF creates a particularly strong set of economic incentives for the oil and gas industry, and for that reason it is included in this overview.

DAILY GROSS PRODUCTION and SEVERANCE TAX RATES for ALASKA OIL FIELDS CALENDAR YEAR 1994				
FIELD	Daily Gross Production (bbls)	Nominal Severance Tax Rate (%)	Average Economic Limit Factor (ELF)	Effective Severance Tax Rate (%)
NORTH SLOPE				
Prudhoe Bay	971,000	15.00	.986	14.79
Kuparuk	305,400	15.00	.864	12.96
Pt. McIntyre	100,600	12.25	.907	11.11
Endicott	90,400	15.00	.751	11.26
Lisburne	19,200	15.00	.000	0.00
Milne Point	12,200	15.00	.006	0.08
Niakuk	9,000	15.00	.035	0.53
Schrader Pluif	2,900	15.00	.000	0.00
North Prudhoe Bay	2,300	12.25	.000	0.00
West Beach	1,500	12.25	.000	0.00
Sag Delta	900	12.25	.000	0.00
COOK INLET				
McArthur River	36,300	15.00	.000	0.00
Middle Ground School	6,700	15.00	.000	0.00
Granite Point	6,000	15.00	.000	0.00
Swanson River	4,400	15.00	.000	0.00
West McArthur River	2,400	15.00	.000	0.00
Trading Bay	2,100	15.00	.000	0.00
Beaver Creek	400	15.00	.000	0.00

Source: Department of Revenue

The table shows that only large North Slope fields pay a significance severance tax: in 1994, production from the Prudhoe Bay field was taxed at an effective rate of 14.79 percent; Kuparuk at an effective rate of 12.96 percent; Endicott at an effective rate of 11.26 percent; and Pt. McIntyre at an effective rate of 11.11 percent. Two smaller fields paid virtually no severance tax in 1994: Milne Point production paid an effective severance tax of 0.08 percent, and Schrader Bluff production paid an effective rate of 0.53 percent. The other twelve producing fields paid no severance tax. Clearly the ELF creates an incentive for oil companies to explore for and develop small pools of oil in the vicinity of existing oil production infrastructure, such as around Prudhoe Bay and Cook Inlet. More generally, the progressive nature of the severance tax created by the ELF reinforces this favoritism of small fields (i.e., those with production under 150,000 bbls/day). While large and prolific fields pay a comparatively high tax, these fields are presumed to be sufficiently robust to bear the burden of the tax¹.

Application of the ELF formula is automatic--that is, it does not depend on a discretionary decision of the commissioner. Taxpayers determine their tax liability on the basis of production statistics which are reported to the state. Returns filed by taxpayers are subject to audit by DOR.

Enhanced Oil Recovery (EOR) Credit

To encourage oil production from declining fields in the United States, Congress in 1990 authorized a 15 percent federal income tax credit for the cost of tertiary EOR projects (Title 26 U.S.C. 43). The federal code is adopted by reference in Alaska's corporate income tax law (AS 43.20.021). To qualify for the credit, a tertiary EOR project must begin after December 31, 1990, and it must significantly increase the ultimate amount of crude oil recovered from a drilling operation located in the United States. Taxpayers take the state credit when they submit their corporate income tax return to DOR. The department is prevented by confidentiality statutes from revealing information about individual tax returns, and it therefore may disclose only aggregate data (and this only to the extent that the number of taxpayers is large enough to conceal the tax payment of an individual company). According to the Alaska DOR, for tax years 1991 through 1993, at least \$21 million in credits were claimed on initial tax returns. These returns are subject to audit.

¹Future production from the West Sak field may present an exception, as costs there are expected to be inordinately high. However, the ELF formula is sensitive to two threshold values--300 bbls/day/well and 150,000 bbls/day/field--so it is difficult to predict how the formula will work for this field in the absence of actual well and field production statistics.

Special Industrial Incentive Investment Tax (Expired)

In 1984 the Alaska Legislature created a special credit against a company's state corporate income tax for investments made after December 31, 1984 in a "gas processing project" and in "exploration, drilling of wells, development, or mining of minerals or other natural resources ... other than sand or gravel." The original legislation (Chapter 60 SLA 1984) prohibited credits on investments made after December 31, 1994, although it allowed unused credits to be carried forward through 1999. Thus, this provision expired at the end of last year. The department would not provide an estimate of the value of credits taken and would say only that "several corporations" took the credit during the last decade for projects that include an oil and gas production project in Cook Inlet and several natural gas and gas liquids projects on the North Slope. According to Bob Bartholomew, Deputy Director of the Division of Income and Excise Audit, DOR, the credit was not claimed for any non-oil and gas mining projects.

Exploration and Royalty Incentives Administered by Department of Natural Resources

State law authorizes the commissioner of DNR to include certain exploration incentives in state oil and gas leases, and to approve a reduction of the royalty terms of an oil and gas lease under certain circumstances. The discretionary character of these statutory programs, which require the commissioner to make a determination of the state's best interest before offering or approving a benefit, differentiate them from the incentive programs under the purview of DOR, which are self-executing. Statutory provisions for reducing royalties have changed over the years; however, repealed provisions may still be "alive" in active leases issued when the provisions were current, and they therefore remain relevant today.

Below is a brief discussion of exploration and royalty reduction provisions. Additional discussion and pertinent records submitted by Mr. Eason follows as an attachment.

Royalty Reduction Provisions

Currently, AS 38.05.180(j) authorizes the commissioner of the department to reduce the royalty on a producing oil field if the reduction is necessary to "prolong the economic life of an oil and gas field." Thus, this provision is designed to accomplish for royalties what the ELF is designed to accomplish for severance taxes: to prevent the premature shutdown of a producing field by "reducing costs in the later stages of production decline." The statute specifies that "the commissioner may not grant a reduction of royalty until two years' initial production from the field

has occurred and each lessee requesting the reduction has made a clear showing" that continued production is uneconomic.

The section of the state oil and gas leasing law which authorizes the commissioner to unitize leases, AS 38.05.180(p), also authorizes the commissioner to "establish, *change* or revoke drilling, producing, and *royalty* requirements of the leases. . ." being unitized (emphasis added). Companies have applied to the department for a reduction of the royalty terms of their leases under this provision. The department has rejected such applications on the grounds that it may only entertain applications for royalty reduction under the terms of AS 38.05.180(j), because the latter is a specific statute governing royalty reduction and AS 38.05.180(p) is a general provision authorizing "change" in the context of unitization. According to the legal interpretation of the department, a specific statute takes precedence over a general one. Use of AS 38.05.180(p) to change royalty terms is an issue in the current effort of British Petroleum to unitize the area of the Badami discovery.

Alaska Statutes 38.05.140(d) authorizes the commissioner to reduce royalties on certain minerals. Until 1978, the list included oil and gas. However, oil and gas were removed from this provision in 1978 (Chapter 155 SLA 1978). According to Mr. Eason's letter, the department never received an application for royalty reduction on an oil and gas lease under the provision, but a number of active leases today contain language from the statute prior to its amendment in 1978.

Until 1969, state law granted a five-year royalty reduction from 12.5 percent to 5 percent for the holder of a lease "who shall drill and make the first discovery of oil or gas in commercial quantities in any geologic structure. . ." (AS 38.05.180[a]). This discovery royalty reduction was included in all leases, and it was nondiscretionary in the sense that it did not require a finding of the commissioner that approval was in the best interest of the state. However, it did require the commissioner to decide whether production was from a new geologic structure or the extension of a known structure, and on this basis several applications were denied. Although repealed in 1969 (Chapter 65 SLA 1969), this provision was included in all leases issued up to that time. According to Mr. Eason's letter, two producing leases on the North Slope are currently enjoying the benefits of the discovery royalty reduction. Also, some 340 active leases contain the provision, "an indeterminable number of which could potentially produce future discovery royalty applications."

Exploration Incentives

Alaska Statutes 38.05.180(i) authorizes the commissioner to establish an exploration incentive credit (EIC) system for exploratory wells and geophysical work. The law permits up to half of the cost of the exploratory work to be taken as a credit against royalties, rentals, or severance taxes

Representative Green

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due to the state. The department includes an EIC provision in leases that may need the additional enticement for companies to explore. Leases of attractive prospects do not carry an EIC provision. According to Mr. Eason's letter, there are currently 187 active leases with EIC provisions; 20 applications for EICs have been granted, and 1 denied. Apparently no lease sale since 1991 has included EIC provisions. The value of credits taken to date is about \$58.7 million.

Last session, the legislature adopted SB 151 (Chapter 39 SLA 1994) that created additional exploration incentives that are "distinct from the exploration incentive credit authorized by AS 38.05.180(i). . . ." The new law, AS 41.09.010 applies to exploratory drilling and geophysical work "regardless of whether the land is state-owned land." Up to 50 percent of the cost of qualifying activity on state land may be taken as a credit against oil and gas corporate income taxes and lease bonus payments; 25 percent of the cost of qualifying activity on private land may be taken as a credit. No single project may receive a credit in excess of \$5 million, and no more than \$30 million in credits may be claimed during the ten-year life of the program. A company taking a credit must share with the state the raw data obtained from the exploratory well or geophysical survey. Regulations to implement this program have not yet been adopted.

The foregoing royalty reductions and exploration credits are addressed in more detail in the letter and documentary material from Mr. Eason, which is attached. I hope this overview of oil and gas incentives is helpful. If you have any questions or would like additional information, please call

Attachments

ATTACHMENTS

Letter and Documents from James E. Eason to Gordon S. Harrison, February 8, 1995

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPT. OF NATURAL RESOURCES

DIVISION OF OIL AND GAS

PO BOX 107034
ANCHORAGE, ALASKA 99510-7034
PHONE (907) 762-2353

February 8, 1995 (replaces January 30, 1995 letter)

Gordon S. Harrison, Director
Legislative Research Agency
Alaska State Legislature
130 Seward St., Suite 218
Juneau, Alaska 99801-2196

Dear Gordon:

As you requested in your January 23, 1995 letter, I am forwarding a number of documents related to oil and gas incentives applicable to state leases. Some of these incentives, such as the Discovery Royalty, were authorized under statutes which subsequently have been repealed. However, there are many active leases which were issued prior to the repeal of the authorizing statute, and which are thus, as a technical matter, still candidates for Discovery Royalty applications. One other class of incentives mentioned in your request, Exploration Incentive Credits under AS 41.09.100, were authorized by statute only last session, and will not be available to applicants until implementing regulations have been adopted. Each type of incentive is addressed below in the order they appeared in your letter, with two exceptions. I have included a discussion of "Royalty Amendments" under the provisions of AS 38.05.180(p) and Royalty Reduction under AS 38.05.140(d), neither of which were addressed in your request.

Royalty Reduction under AS 38.05.140(d): AS 38.05.140(d) grants the commissioner authority to reduce the royalty for certain minerals. Before a 1978 amendment, that authority extended to oil and gas. The Division's records reflect that there has never been a royalty reduction application for oil or gas under the former provisions of AS 38.05.140(d). However, a number of older leases still in existence contain language similar to the former provisions of AS 38.05.140(d).

Royalty Reduction under AS 38.05.180(j): The Division's records reflect that only three applications have ever been submitted for royalty reduction under AS 38.05.180(j). Two applications related to the Milne Point Unit. These applications, submitted by Conoco and by Oxy, related to oil production from the Milne Point Unit. The applications were denied by the department, leading to litigation in which the lessees filed both original complaints and administrative appeals in Superior Court. Ultimately, the Alaska Supreme Court ruled against Conoco and Oxy, holding that they had no right to maintain an independent lawsuit. Their administrative appeal, however, was never decided by a Court because the parties settled before any decision was reached.

Enclosures 1 through 12 relate to the applications, the subsequent decisions, and the settlement between the parties. The administrative and legal proceedings related to these applications spanned

almost a decade, and because of employee attrition at the Department of Law, ultimately involved at least three attorneys. If you have additional questions on these records, I suggest you contact Assistant Attorney General Patrick Coughlin. He is the state's attorney most familiar with the Conoco and Oxy appeals and settlements.

One lessee, Texaco, filed an application under AS 38.05.180(j), but failed to follow through with data required to adjudicate the application. In addition, I recall that Marathon approached the department regarding potential royalty reductions at one or more of its respective Cook Inlet properties in the early to mid 1980s. Both parties expressed concern that they could not reconstruct the documentation of historical investments and revenues required to support an application under the then existing statutes. It is my impression that this concern was the principal impediment to Texaco's completing its application or Marathon's submitting a formal application. Ms. Pete Nelson represented Texaco in their discussions; I cannot recall who represented Marathon. You may want to contact both companies directly for their views on royalty reduction. Enclosure 12A is a copy of the Texaco application and a cover letter from Ms. Mary Weisenberger, a former Land Management Officer for the division.

Royalty Amendment under AS 38.05.180(p): AS 38.05.180(p) provides the commissioner's statutory authority to enter into unitization agreements "...when determined and certified by the commissioner to be necessary or advisable in the public interest..." In exercising that authority, the commissioner "...may with the consent of the holders of the leases involved, establish, change or revoke drilling, producing and royalty requirements of the leases..." (emphasis added) Historically, this provision has been used by the department to raise royalty rates at the time of unitization, as at Milne Point Unit, and, more recently, at Thetis Island. It has never been used, however, to lower royalty rates.

Both Conoco and Oxy (in the mid-1980s) made the argument that the commissioner, upon unitization, has the authority to reduce royalties, or to adopt alternative royalty provisions which would have that effect. The statutes suggest otherwise. This issue has been addressed several times since the mid-1980s. For your review of this issue, I have enclosed a number of documents. Enclosures 10, 11, and 12 are letters from former Commissioners Wunnicke and Brady, as well as former Director Kay Brown, respectively. Enclosures 13 through 16 are copies of recent correspondence between BP representative, Mr. Terry Obeney, and me on Badami related issues, including BP's proposed "sliding scale" royalty amendment.

Exploration Incentive Credits under AS 38 05 180(i): The department authorized the use of EICs under this provision for seven competitive oil and gas lease sales during the period 1982-1991. A total of 705 tracts potentially eligible for EICs were offered in those sales. By potentially eligible, I mean eligible, presuming compliance with the specific lease provision and the terms of the applicable regulations. Enclosure 17 is a summary of lease sales that offered EICs.

As of January 23, 1995, there were 187 active leases with EIC provisions. Historically, the department has granted applications for EICs on 20 wells. It has denied the request for one EIC.

That request was submitted by ARCO on behalf of itself and Union Texas Petroleum Alaska Corporation for an EIC for the drilling of the Kuukpik Unit No. 3 well. Enclosure 18 is a copy of ARCO's request. Enclosure 19 is an edited version of former Commissioner Noah's decision denying the request. The copy has been edited to redact materials that are confidential under the provisions of AS 38.05.035 and 11 AAC 82.810.

The total value of EICs awarded to date is slightly more than \$58.66 million. Credits awarded may be taken against certain taxes or royalties owed the state or they may also be assigned. The award of credits is conditioned upon subsequent audit and is subject to potential adjustment. Enclosure 20 is a summary of EICs awarded as of November 1994. The summary includes the lease ADL number, the well name, a listing of working interest owners (lessees) for each lease, the EIC certification date and the respective amounts of each EIC attributable to the respective working interest owners. Exploration incentive credits are also available for geophysical work, but to date no applications have been made for these credits. See Enclosure 21. Based upon personal conversations I have had over the years with geophysical contractors and companies, those companies feel that the "disincentive" of having to make public data qualifying for an EIC outweigh the financial incentive of the EIC.

Exploration Incentive Credits under AS 41.09.100: AS 41.09.100, which was enacted last session, expanded the DNR commissioner's discretionary authority to award EICs for qualifying exploration activities on lands other than state-owned, leased lands. The incentive was designed to encourage exploration of private and federal lands within the state from which the state would in turn receive geological and geophysical information to which it otherwise would not be entitled. Implementing regulations have not yet been adopted; however, draft regulations are under review by the Department of Law.

Although the legislative record is clear that EICs under AS 41.09.100 were not intended to be used for activities conducted on state-leased lands, some companies apparently continue to believe otherwise. Enclosure 22 is a copy of a request from ARCO for approval of EICs for operations proposed to be conducted on two of its North Slope leases. The leases in question were issued in a competitive sale which did not provide for EICs. Enclosure 23 is a copy of former Commissioner Noah's denial of ARCO's request. In addition to the ARCO request, representatives of BP have made recent inquiries of the division as to the availability of EICs under this statute for certain of its North Slope leases, if you need additional background information.

Discovery Royalty: I have enclosed several tables pertaining to Discovery Recovery applications for fields on the North Slope and in the Cook Inlet region. Enclosure 24 is a summary of Cook Inlet Discovery Royalty applications and their disposition. According to division records, 13 applications related to Cook Inlet discoveries were filed. Of those applications, the department approved 8 and denied 5. I presume most of the non-confidential documentation for those decisions is available in the state archives.

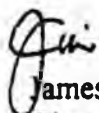
Enclosure 25 provides a summary of North Slope Discovery Royalty applications. To date, six applications have been submitted. Five of those applications were approved; one application, that for Milne Point G-1 Well, was denied (enclosures 26 and 27). In addition, between 1968 and 1977 nine additional Notices of Discovery Application were filed, but the applicants never completed the applications, and the applications subsequently expired.

There are currently two North Slope leases producing under Discovery Royalty terms. Those leases are ADL 34635 (Niakuk #5) and ADL 28297 (Pt. McIntyre #3). Discovery Royalty eligibility for the Niakuk lease expires in April 1995, and for the Pt. McIntyre lease in May 1999. As an example of the magnitude of the combined effect of royalty reduction for these two leases, Enclosure 28 summarizes the lessees' "savings" through reduced royalties for the sample month of July 1994. The division can provide more detailed historical summaries if you desire.

As noted earlier above, the Discovery Royalty statute was repealed in 1969. However, prior to the statute's repeal, hundreds of leases which contained discovery royalty provisions were issued. As of January 26, 1995, there were 340 such leases active, an indeterminable number of which could potentially produce future discovery royalty applications.

Hopefully, I have provided all the information you need. However, if I missed anything or if you need more information, please feel free to call. As I mentioned by telephone last week, this is the last report I will be transmitting to you, Gordon, as I am leaving state service. It has always been my pleasure to work with you and your staff. Please give everyone my regards, and take care.





Sincerely,


James E. Eason
Director

cc: Marty K. Rutherford, Acting Commissioner
Ken Boyd, Deputy Director
Patrick Coughlin, Department of Law
Bill Van Dyke, Petroleum Manager

COOK INLET OIL & GAS MAP

ALASKA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS
MARCH 1975

-  Pool Boundaries
-  Unit Boundaries
-  Oil Fields
-  Gas Fields

