

ALASKA LEGISLATURE

1378

HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996

TONY KNOWLES, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL AND GAS

3601 "C" STREET, SUITE 1380
ANCHORAGE, ALASKA 99503-5948
PHONE: (907) 269-3734

February 9, 1996

Mr. John Morgan
BP Exploration (Alaska) Inc.
900 East Benson Boulevard
P.O. Box 196612
Anchorage, Alaska 99519-6612Mr. Edward K. Behm
OXY USA Inc.
6 Desta Drive, Suite 6000
P.O. Box 50250
Midland, Texas 79710-0250

Dear Sirs:

BP Exploration (Alaska) Inc. ("BP") and OXY USA Inc. ("OXY") have made representations to the House of Representatives in support of HB 325 concerning the feasibility of heavy oil development in the Milne Point Unit, Schrader Bluff Participating Area in both a "white paper" dated January 22, 1996, and in testimony to the House Subcommittee on Oil and Gas, the House Resources Committee and the House Finance Committee. Further, BP and OXY offered to make detailed back-up data available to the Division of Oil and Gas. As a result, the Division has been asked by members of the Alaska State Legislature to review the economics of heavy oil development at the Milne Point Unit in order to evaluate the provisions of HB 325. On February 8, 1996, the Division received from OXY a summary sheet titled "Critical Assumptions." More information is needed to provide background to the bottomline figures presented so far, similar to the information OXY previously provided for its prior Milne Point Unit royalty reduction request and the information BP provided to assist the Division in evaluating BP's economics for another field.

In order to perform the requested review, the Division will need detailed and comprehensive data from BP and OXY supporting the analyses that both companies have previously presented. This data must cover both the full Schrader Bluff pool development and, because the proposed legislation is currently structured on a per-well basis, the per-well economics of the Schrader Bluff pool. In both cases, the companies should provide the incremental company economics that are projected to accrue to the project through facility sharing arrangements, pipeline tariffs, tax benefits, etc. We recognize that each company's economic assessment is different, and so each company should provide its own analysis of these impacts.

Mr. John Morgan
BP Exploration (Alaska) Inc.
February 9, 1996

Mr. Edward J. Behm
OXY USA Inc.

Handley

Per-well economics The "Critical Assumptions" sheet provides a summary guide to the kind and detail of information required by the Division. Supporting data necessary includes:

1. Production and Revenues: the historical data for each Schrader Bluff well, including initial production rates, decline rates and per-well reserves, plus all back-up data supporting the chart presented in BP's Finance Committee presentation on February 8, 1996 ("BP's Presentation") entitled "Schrader Bluff Typical Well Production Rate vs Time (years)."
2. Drilling and equipment costs: historical data for each Schrader Bluff well, plus an analysis of the cost reduction trends including any documents supporting the statement made in BP's Presentation that the 1995 Schrader Bluff development program has demonstrated that drilling costs have been reduced, that completion costs have remained constant, and that ESP life has been improved. Provide the results of the well performance and technical study referred to in BP's Presentation as soon as it is available.
3. Supporting data for the dry hole cost assumption of 86.80% of producing well costs and for the 90% success rate assumption.
4. Back-up data and analysis for the _____ associated facility cost, including an explanation of the calculation used. This component should be also thoroughly documented in the Schrader Bluff development economics.
5. Complete detail and analysis for the _____ operating expense estimate and a detailed explanation of the _____ for fixed per-well operating expense. The operating expenses should also be thoroughly documented in the Schrader Bluff pool development economics. Forecasts of both this component and item 4 above must be supported by historical (actual) data.
6. Complete detail and analysis for OXY's calculation of _____ severance tax and property tax percentages calculated on revenue, including an explanation of why revenue was used instead of the oil value and property assessment. If BP has different values, please provide those values plus the supporting detail.

Schrader Bluff pool development. It is the Division's understanding that the decision to develop the Schrader Bluff is not made on a well-by-well basis. For example, Mr. Policky testified that development of the Schrader Bluff pool would require upgrading of the central production facility serving all horizons in the unit. BP and OXY should each provide the Division with the complete analysis of the whole project, including any documentation describing the "full development scenario" of 350-400 wells presented in OXY's Critical Assumption sheet versus any documentation describing the 230 well

Mr. John Morgan
BP Exploration (Alaska) Inc
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OXY USA Inc.

development scenario represented in the BP's Presentation in a chart titled "Additional Production from Heavy Oil by Development Year." Included in this information should be the same kind of analysis that would be presented to corporate decisionmakers who would ultimately commit resources to the development of the Schrader Bluff pool. Additionally, please provide the economic analysis of facility expansion and the way that such capital expenditures are to be allocated to Schrader Bluff production. Potential areas of risk should be identified and an explanation of how they were incorporated into the assessment.

Other Information Needed:

1. Any BP documents prepared for the purpose of seeking financial approval and commitment to acquire its interest in the Milne Point Unit including any *pro forma* finance memoranda.
2. Copies of all AFEs (both accepted and rejected) for any capital expenditures relating to the Schrader Bluff pool including the \$15MM expenditures for the recent 6 new wells, well completions, and additional technical study.
3. Internal documents that explain the company's approval and sanction process for a major investment, including economic hurdle parameters, IRR, NPV, PW, any other financial criteria required by the company's evaluation, corporate, federal and state income tax rates, cost of capital, and Schrader Bluff contribution to company incremental economics. NOTE: BP has already provided all but the Schrader Bluff contribution to company incremental economics and need not duplicate information provided.
4. From OXY, an EXCEL-type spreadsheet (on disk to speed analysis) detailing how the 12.8 and 15.9 rates of return, the 6.5 and 5.4 year pay back periods, the \$115M net discounted cash flow, negative \$307M discounted cash flows, and the total per-well royalties undiscounted of \$1843M and \$1,040M were calculated in the white paper. Please provide a calculation of the total per-well royalties using the fifteen percent discount rate that OXY used for its own internal analysis.
From BP, all documents supporting Mr. Policky's testimony to the House Finance Committee that BP's rate of return varies 2-3% higher than OXY's rate of return, and an EXCEL-type spreadsheet (on disk to speed analysis) of the calculation of the rate of return.
5. BP's 1995-1997 Business Plan dated 9/30/94 and any other BP or OXY Business Plan related to Schrader Bluff pool development.
6. Provide BP and OXY's actual marine transportation cost per barrel and a description of the differences between BP and OXY's transportation costs.

Mr. John Morgan
BP Exploration (Alaska) Inc.
February 9, 1996

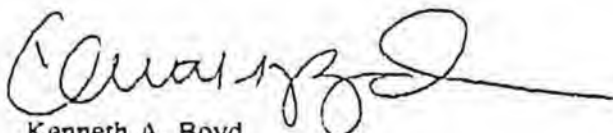
Mr. Edward J. Behm
OXY USA Inc.

7. The Arthur D. Little study cited in the BP/OXY white paper states that a TAPS owner has a \$1.00/bbl advantage over a non-TAPS owner. If either BP or OXY does not agree with that proposition please provide the relevant calculation along with the supporting documentation.

8. Mr. Policky testified on February 8, 1996, to the House Finance Committee that currently the Milne Point Unit CPF is running at capacity at 25MBD with Kuparuk production; that they intend to add 40MBD in the next few weeks for Kuparuk production; that they intend to add 10MBD capacity in 1997 for Cascade/Kuparuk production; and that they would then need to add an additional 15MBD capacity for Schrader Bluff production. Please provide a detailed schedule of production versus capacity for the MPU CPF specifically explaining the capacity schedule as it relates to the production curve for the 230 well development scenario that shows a peak of 45MBD. If not detailed above already, please provide a detailed capital investment schedule for the two Schrader Bluff pool development scenarios.

If you wish the Division to maintain any of the information submitted as confidential, please mark each page "confidential," submit such information in a sealed envelope separate from non-confidential information, and provide a statement describing the authority under which the Division may maintain the information confidential. If you have any questions about the analyses or data to be provided, please address them in writing to Kevin Banks, Petroleum Economist, Division of Oil and Gas, 3601 C Street, Suite 1380, Anchorage, Alaska, 99503-5948. Because we are dealing with the Legislature in a public forum, any communications should be made in writing.

Very truly yours,



Kenneth A. Boyd
Director, Division of Oil and Gas

cc: Commissioner John Shively, Department of Natural Resources
Representative Mark Hanley, Co-Chair, House Finance Committee,
Alaska State Legislature
Jim Palmer, BP Exploration (Alaska) Inc.

WILLIAM M.
MERCER
INCORPORATED

Handout
2/14/96

February 13, 1996

Mr. Robert F. Stalnaker
Director of Retirement & Benefits
State of Alaska
Department of Administration
Division of Retirement & Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Re: National Guard and Naval Militia Retirement System

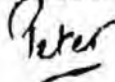
Dear Bob:

In the June 30, 1994 actuarial valuation report for the System we recommended a reduction in the 25-year amortization period for unfunded liabilities following the introduction of a lump sum retirement benefit option. This was due to the fact that a large proportion of retirees have recently elected lump sums at retirement. We suggested reducing the period to 10 years, which is the approximate average expected future service to retirement for the current active membership. The valuation disclosed that this reduction in the amortization period would increase the past service cost by about \$600,000, resulting in a total contribution of approximately \$2.6 million for fiscal years 1997 and 1998.

The valuation disclosed that the funding ratio as of June 30, 1994 was 17.2%. In other words, 17.2% of the present value of accumulated benefits is funded by assets. Given the low level of the funding ratio, we recommend that the contribution of \$2.6 million be implemented as soon as possible. The sooner this accelerated funding is implemented, the sooner we can expect the funding ratio to return to levels which are financially sound.

Please do not hesitate to call, Bob, if you have any questions or comments.

Kind regards,



Peter L. Godfrey, FIA, ASA, EA, MAAA
Principal

PLG1/96/1/1000
AKA.96/FTAL0213.PLG

c: Mr. Brian R. McGee

One Union Square, Suite 2200
600 University Street
Seattle WA 98101 3137

206 282 7000

A Marsh & McLennan Company

HB

325

SFIN

FILE

SENATE FINANCE COMMITTEE

HB 325 NORTH SLOPE HEAVY OIL ROYALTY MODIFICATION

PLEASE SIGN-IN BELOW

NAME: Joe Green - SPONSOR

Co./Dept/Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? Yes No Respond to Questions

NAME: Ed Behm

Co./Dept/Title: COX Heavy Oil Team Leader Phone: 915 685-5613

Address: Box 50250 Midland Texas Zip: 79120

Do you wish to testify? Yes No Respond to Questions

NAME: KEN BURKE

Co./Dept/Title: General Manager The Alliance Phone: 907-563-2226

Address: 4220 B St. Seward Alaska Zip: 99703

Do you wish to testify? Yes No Respond to Questions

NAME: Buzz Otis

Co./Dept/Title: Pres. Great Northwest Inc Phone: 452-5617

Address: PO Box 74646 Fairbanks AK Zip: 99707

Do you wish to testify? Yes No Respond to Questions

NAME: _____
Co./Dept/Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? ___Yes ___No ___Respond to Questions

NAME: KEVIN BOYD
Co./Dept/Title: DIRECTOR - OIC of GAS Phone: 269-8800
Address: _____ Zip: _____
Do you wish to testify? Yes ___No Respond to Questions

NAME: _____
Co./Dept/Title _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? ___Yes ___No ___Respond to Questions

NAME: _____
Co./Dept/Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? ___Yes ___No ___Respond to Questions

NAME: _____
Co./Dept/Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? ___Yes ___No ___Respond to Questions

HB 325

Mike Bruner
341 E. 23 rd Ave
Anch.. Ak. 99503

4/28/96

Dear Legislator:

Does the Northstar legislation resemble the Teapot Dome oil scandal?

From: The Worldbook Encyclopedia 1996, "Teapot Dome was one of the most notorious government scandals in United States history. It occurred in the Administration of President Warren G. Harding and contributed to his low standing among U.S. Presidents.

Committees of the U.S. Senate and a special commission investigated the scandal from 1922 to 1928. The investigators found that Secretary of the Interior Albert B. Fall had persuaded Harding to transfer control of three naval oil reserves from the Navy Department to the Department of the Interior in 1921. Fall leased the reserves, at Elk Hills, Calif., and Teapot Dome, Wyo., mostly *without competitive bidding* to the private oil companies of Edward L. Doheny and Harry F. Sinclair in 1922. For helping to arrange the Elk Hills transfer, Fall received a "loan" of \$100,000 from Doheny. For the Teapot Dome transfer, Fall received more than \$300,000 in cash, bonds, and valuable livestock from Sinclair. Fall resigned in 1923 and joined Sinclair's oil business.

In 1927, the government successfully sued to cancel the leases. In 1929, Fall was convicted of accepting a bribe, fined \$100,000, and sentenced to a year in prison. He was the first Cabinet member ever to go to jail for crimes committed while in office." end of quotation.

Facts and history: the Northstar oil leases were competitively leased between 1979 and 1983. The leases were set up with fixed cash bonuses of \$875 per acre, \$3 million per lease or \$15 million was required for all the leases as a fixed bid bonus. The sole competitive bid variable was how much the winning bidder was willing to give the state. The winning bidders agreed to give this state an average of 90% of the net profits from the Northstar oil field. One year ago British Petroleum entered into the contract with the state when it acquired the leases from Amerada Hess.

Some direct quotes from the Senate Resources Committee Substitute for SB 318 (Northstar Lease Amendment) : BP Exploration (Alaska) Inc's, president Mr. Morgan, has testified, "In making that acquisition [purchase of the Northstar leases] we did understand and it was clear to us that the issue of net profit leases presented a problem, and a problem would need to be overcome with the state if development was to proceed." (Page 5 draft). "Both BP Exploration (Alaska) Inc.'s President, Mr. Morgan, and Department of Natural Resources Commissioner Shively have testified that at sometime between January and April 1995, *before the Department of Natural Resources' approval of BP Exploration (Alaska) Inc.'s revised Plan of Development and extension for the Northstar Unit, BP Exploration (Alaska) Inc. approached the administration, asking that it support the incorporation of provisions that would allow the commissioner of the Department of Natural Resources to modify net profit share terms of oil and gas leases in the royalty modification legislation that the administration had requested last session (HB 207).*" (Page 11 draft). However, under

the bill, this strategy only works if the oil company shows clear and convincing evidence that development would be uneconomically feasible. "According to BP Exploration (Alaska) Inc.'s President, Mr. Morgan, "We have never argued that development of Northstar could not be profitable under the terms including the net profit arrangements. In profitability in terms of return on capital, this would be possible. This is not a marginal oil field." (Page 8 draft). BP Exploration (Alaska) Inc.'s President, Mr. Morgan, has testified " ... that with the net profit arrangement in place, at the level that it exists, BP would not be prepared to go ahead with the development of a Northstar project, even though, if you run the economics, you can show that the return is a sound sort of return on investment." (Page 8 draft). Does this sound like bargaining in good faith and honoring their contract or a premeditated breach of contract to you?

Our Governor and BP entered into an agreement that must then be ratified by our legislature. The original contract is to be replaced. Alaska will give up all of the net profit share in return for replacing our current royalty share of 20% for a new royalty share of 20% escalating upto 27.5% based upon oil price increases. "As to whether the Department of Natural Resources, in the course of its negotiations with BP Exploration (Alaska) Inc. had considered whether to add some sort of corrective factor to the agreement to compensate if the reserves ultimately prove to be considerably larger than estimated, Commissioner Shively has testified "we did have a proposal at one time on the table that would have taken that into account. That's not where we ended up." (Page 17 draft). The Federal Government owns two of the leases in the Northstar Unit. These Federal Government oil leases require BP to give them a 16 2/3% royalty escalating upto a maximum of a 65% royalty as the price of oil increases. Northstar is estimated to contain 130 million barrels of oil, if the field yields 180 million barrels and were produced under the existing profit-sharing provisions the state would receive \$900 million dollars, or 50 % more than the \$600 million under the BP - Knowles proposed agreement. The BP - Knowles legislation represents a potential loss to the state of \$300 million.

What happens if the price of oil or production goes up? Kevin Banks, state petroleum economist, explained that the net-profit sharing arrangement would be a gusher for the state if Northstar does better than expected - if oil prices should head skyward or if the field produced a lot more oil than the 130 million barrels projected. "The net-profit share really pours in," Banks said. (Page 18 Draft). For example, 130 million barrels of oil multiplied by each \$10 price increase in oil yields \$1.3 billion dollars. Alaska would get 90% (after BP's expenses) of any increases in the price of oil if the original contract remains in place. This new Northstar legislation proposed by the administration and the commissioner of revenue clearly fails to protect the states upside and therefore best interests.

What happens if the state does nothing and waits for BP's new development agreement to expire in April of 1998? Alaska could require BP to develop the leases and either start producing oil or the leases would revert back to the state. How much money would Alaska make if we released Northstar? Alaska originally charged a fixed bonus of \$15 million for the leases. Without this fixed bonus amount, and with a competitively bid bonus: Alaska can make an analogy based upon the \$81 million dollars the Federal Government received as a competitively bid bonus in 1980 for its two Northstar leases. "Based upon its review of the bonus revenue received for the

federal leases within the Northstar Unit, which were leased with a 16 2/3 percent sliding scale royalty and the bonus bid as the variable, the Department of Natural Resources estimates the state's Northstar Unit leases could have brought \$268,406,052, as opposed to the \$15,469,000 actually received, had the leases been offered with a 12 1/2 percent royalty, no net-profit share and with the bonus bid as the bid variable." (Page 10 Draft). Ken Boyd, the director of the division of oil and gas, has testified that "BPXA currently estimates that 76.8 % of the recoverable reserves underlie the state leases in the Northstar Unit (NSU)." (Page 8 Draft). Then based upon the \$81 million the federal government received for 23.2 % of the oil, the state could receive three times the competitive bonus bid that the federal government's leases brought in 1980 or \$242 million under the same terms. The Northstar Legislative Bill, by request of the governor, states, "The legislature finds that because of the development account provisions of the net profit share leases, the later that these leases are developed, the less "net profits" the state receives." This statement is refuted in an April 3, 1996 memorandum from Kevin Banks, state petroleum economist, to Ken Boyd, director of division of oil and gas, "In response to Senator Halford's request about the effect on the economic benefits if a lawsuit delays development of the Northstar Unit, I analyzed the effect on economic benefits caused by a delay for any reason. *In short, any delay increases the economic benefits to the state while decreasing the economic benefits to BPXA.*" Besides the development account of \$262 million drawing interest at the prime rate of 8.25 % amounts to \$21 1/2 million. If BP jeopardizes oil production until their development plan expires in April of 1998, the future bonus bids will more than make up for the state's loss of \$43 million in interest accruing over these two years. Plus the state has the option of suing BP to recover this money, since BP obviously did not come into the contract they entered into with the state in good faith. BP is merely attempting extortion - by holding the state hostage unless we renegotiate these lease contracts for BP's further benefit. On page 122 of the 1995 report, "Review of International Competitiveness of Alaska's Fiscal System" (Little Report), the Arthur D. Little Co. concluded "[Oil] companies generally look for a rate of return of about 15 %..." (Page 8 Draft). Then Alaska could definitely rebid these oil leases for a 20 % royalty with 80 % - 85 % of the net profits going to the state. This would give any oil company over 15 % of the net profits. However, since it is a matter of record that two other oil companies besides BP entered into negotiations with Amerada Hess for the Northstar leases - oil companies are willing to develop and accept a profit of "10 % with the net profit share lease terms." (Page 10 Draft) Once again the administration and the commissioner of natural resources have failed to protect this state's best interests. The question is if the legislature is going to join them?

Are Alaska's oil fields competitive and profitable to the oil industry in a global environment? Alaska's oil fields are virtually the most profitable in the world because most of them were leased for only a 1/8 th share or a 12 1/2% state royalty with no net profits going to the state. Let's compare Alaska to Kuwait: Alaska produces almost 1.8 million barrels of oil per day and Kuwait produces 1.8 million barrels of oil per day. Alaska has a population of 600,000 people and Kuwait has a population of 2 million people, but only (39 %) 780,000 of them are Kuwaiti nationals. Kuwait offers its citizens free medical, college and government jobs etc.. Alaska now denies its impoverished senior citizens state funded eye glasses, hearing aids and dentures. Oil

companies can now make windfall profits by selling Alaska's oil in overseas markets like Japan where gasoline now retails for \$4.14 per gallon, since the export ban on Northslope crude oil was lifted. One third, but upto 1/2, of Alaska's oil is typically refined into gasoline. Over 50% of Alaskan crude is refined into gasoline, jet fuel and diesel fuel which all sell for over \$1.00 per gallon. BP, Arco and Exxon are all vertically integrated oil companies - meaning they make profits every step of the way in shipping, refining and marketing petroleum, upto and including when it reaches the consumer at the gasoline pumps. The amount of oil exported out of Alaska per day (1.8 million barrels) divided by its population (600,000 people) equals 3 barrels or 126 gallons of oil produced for each Alaskan every day. Furthermore, "Based upon BP Exploration (Alaska) Inc.'s estimates of recoverable reserves and project development costs, the Northstar Unit has a per barrel development cost of \$2.90. For comparison ... BP Exploration (Alaska) Inc.'s estimated per barrel costs of developing each are: Kuparuk (1982) - \$6.65 per barrel; Endicott (1985) - \$5.40 per barrel; Prudhoe Bay Unit: GHX (1992) \$4.45 per barrel ..." (Page 9 Draft). The fact that Northstar oil is lighter crude oil, being almost half of the density of Prudhoe Bay crude also must be taken into consideration - this greatly enhances oil production and recoverability. A study published in 1993 by Richard Fineberg states, "If these operations were controlled by one firm (in fact, three companies control more than 90 % of Alaska's production and pipeline facilities), that company would rank among the five most profitable industrial corporations in the nation."

Is the Northstar legislation even legal? If this legislation is enacted, the Northstar oil leases change from being competitively bid oil leases to uncompetitively bid sole source awards of special interest legislation by the legislature. It will discourage independent oil companies because Alaskan oil leases are given to politically connected oil companies - oil companies that were outbid. If these initial oil companies whose bids would have brought the state more money than BP's proposed renegotiation litigate - then Alaska is liable to pay stupendous damages. How will the legislature reconcile the Northstar legislation with the Alaska Statutes? Will they put a BP disclaimer (ie. except BP) in the following statutes? AS 38.05.180 (a) The legislature finds that (1) the people of Alaska have an interest in the development of the states oil and gas resources to (B) maximize competition among parties seeking to explore and develop the resources. AS 38.05.920 Assignment. (b) ...the assignee or sublessee is subject to the provisions of laws and regulations applicable to the contract or lease. AS 38.05.180 (w) ... noncompetitive leasing is prohibited.

Is the Northstar legislation unconstitutional? Ak. Const.; Article 8; Sec. 2: "*The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people.*" In the aforementioned, shall does not mean may and conservation means wise use. The state leased the oil rights at the Northstar field pursuant to the constitutional mandate to obtain the maximum public benefit. There has to be some some equal exchange - or mutuality of consideration - in order to make a material change in a competitively bid contract, the benefits can not be one sided. *The test is that if the people of Alaska receive the maximum public benefit then it is constitutional and if BP receives the maximum benefit from renegotiating these*

leases then it is unconstitutional. There can be no loss of state revenues. The Alaska Legislature has sworn to uphold the Alaska Constitution. Ak. Const.; Article 2; Sec. 19: "The legislature shall pass no local or special act if a general act can be made applicable." "Alaska's Constitution: A Citizen's Guide," by Gordon S. Harrison states, "For the most part, special and local acts amounted to legislative dispensation of favors and preferences to powerful interests - private, corporate, or municipal." "Laws should apply uniformly throughout the state. Provisions to ensure that they do not selectively benefit or discriminate against a particular community, corporation, or individual, are found in many state constitutions." Ak. Const.; Article 8; Sec. 8: "The legislature may provide for the leasing of the public domain ... and for forfeiture in the event of breach of conditions."

Was our now deceased former U.S. Senator and statesman clairvoyant? From, "Alaska's Constitutional Convention", by Victor Fisher (also a delegate to Alaska's constitutional convention and former state senator) at page #130 and 131, "Bartlett, Alaska's delegate in Congress, urged the convention to protect Alaska from the robber baron philosophy ... that had worked against Alaska in the past. He pointed out that while Alaska had experienced exploitation on a grand scale, the potential for future exploitation of natural resources was infinitely greater than anything the state had ever seen to date. ... Two very real dangers are present. The first, and most obvious, danger is that of exploitation under the thin guise of development. *The taking of Alaska's mineral resources without leaving some reasonable return for the support of Alaska's governmental services and the use of all the people in Alaska will mean a betrayal in the administration of the people's wealth. The second danger is that outside interests, determined to stifle any development in Alaska which might compete with their activities elsewhere, will attempt to acquire great areas of Alaska's public lands in order NOT to develop them until such time as, in the omnipotence and the pursuance of their own interests, they see fit.*"

Does the uncompetitive bidding in the Teapot Dome oil scandal compare to the uncompetitive bidding in the Northstar oil scandal? Does it take a Harvard MBA to see the corruption involved? Rep. Kay Brown amply described the correct sentiment in a similar piece of oil legislation in a floor debate when she said, *Madam speaker, this is not a partnership. This is what a bull does to a cow!*"

Mike Bruner

Mike Bruner

(Reply requested.)

APR 25 1996

Alaska State Legislature

WHILE IN SESSION
CAPITOL BUILDING
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CO CHAIR, RESOURCES COMMITTEE
VICE CHAIR, JUDICIARY COMMITTEE
MEMBER, STATE AFFAIRS COMMITTEE

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FINANCE SUBCOMMITTEES:
DEPT OF NATURAL RESOURCES
DEPT OF COMMERCE & ECONOMIC DEVELOPMENT
DEPT OF ENVIRONMENTAL CONSERVATION

Representative Joe Green

District 10

TO: Senator Rick Halford, Co-Chairman
Senator Steve Frank, Co-Chairman
Senate Finance Committee

FR: Representative Joe Green *Joe*

RE: HB 325 - Heavy Oil Royalty Holiday

DATE: April 24, 1996

=====

Please schedule HB 325 at the earliest opportunity.

Thank you for your consideration.

NOTE: A PACKET OF
BACKUP MATERIALS
IS AVAILABLE FROM
THE COMMITTEE SECRETARY.

4/13/96 RES, FIN

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CSHB325(FIN)AM

Revision Date: Original Dept Affected Natural Resources
 Title: An Act authorizing suspension of payment BRU: Resource Development
of a portion of the royalty due the state for initial production... Component: Oil & Gas Development
 Sponsor: Representative Green
 Requestor: _____ Component Serial No. 439

Expenditures/Revenues (Thousands of Dollars)

	FY97	FY98	FY99	FY00	FY01	FY02
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES (1004)	(172.5/well)	(172.5/well)	(172.5/well)	(172.5/well)	(172.5/well)	(172.5/well)

FUND SOURCE (Thousands of Dollars)

	FY97	FY98	FY99	FY00	FY01	FY02
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: \$ none

POSITIONS

	FY97	FY98	FY99	FY00	FY01	FY02
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)

It is not possible at this time to accurately predict the number of new wells that will be drilled that will qualify for the proposed royalty suspension. Nor is it possible to accurately predict the timing of the drilling of any of these new wells. For each new qualifying well that is drilled, if it produces at a rate of 450 barrels per day and oil is valued for royalty purposes at \$10 per barrel, and the royalty is reduced from 12.5% to 2.0%, then the annual royalty suspension will be \$172,500 per year for each of the first five years of well life. Assuming that the well produces at the 450 b/d rate for five years and oil prices stay flat, the total royalty suspension would amount to \$862.5 per well. For a new demonstration project equal in size and scope to the existing Milne Point Schrader Bluff heavy oil project, the royalty suspension would range from \$1.25 million per year at current well rates to \$2.76 million per year at well rates of 450 b/d/well.

Long term production behavior also is unknown for these wells. It is suspected that the wells will produce at a fairly constant rate for at least five years then production decline will begin. Behavior of the Milne Point Schrader Bluff wells is being analyzed to determine if any production trends are evident to date.

Prepared by: Ken Boyd, Director Phone: 269-8800
 Division: Oil & Gas Date: 17-Apr-98
 Approved by Commissioner: _____ Date: 17-Apr-96
 Agency: Natural Resources

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. SCSCSHB325(RES)

Revision Date: Original Dept Affected Natural Resources
 Title: An Act relating to modification of royalty to BRU: Resource Development
encourage production from an oil pool containing heavy oil... Component: Oil and Gas Development
 Sponsor: Representative Green
 Requestor: Senate Finance Component Serial No. #439

Expenditures/Revenues	(Thousands of Dollars)					
	FY97	FY98	FY99	FY00	FY01	FY02
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	[(172.5/well)*	[(172.5/well)*	[(172.5/well)*	[(172.5/well)*	[(172.5/well)*	[(172.5/well)*

FUND SOURCE *assumes a 12.5% base royalty--see notes below	(Thousands of Dollars)					
	FY97	FY98	FY99	FY00	FY01	FY02
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

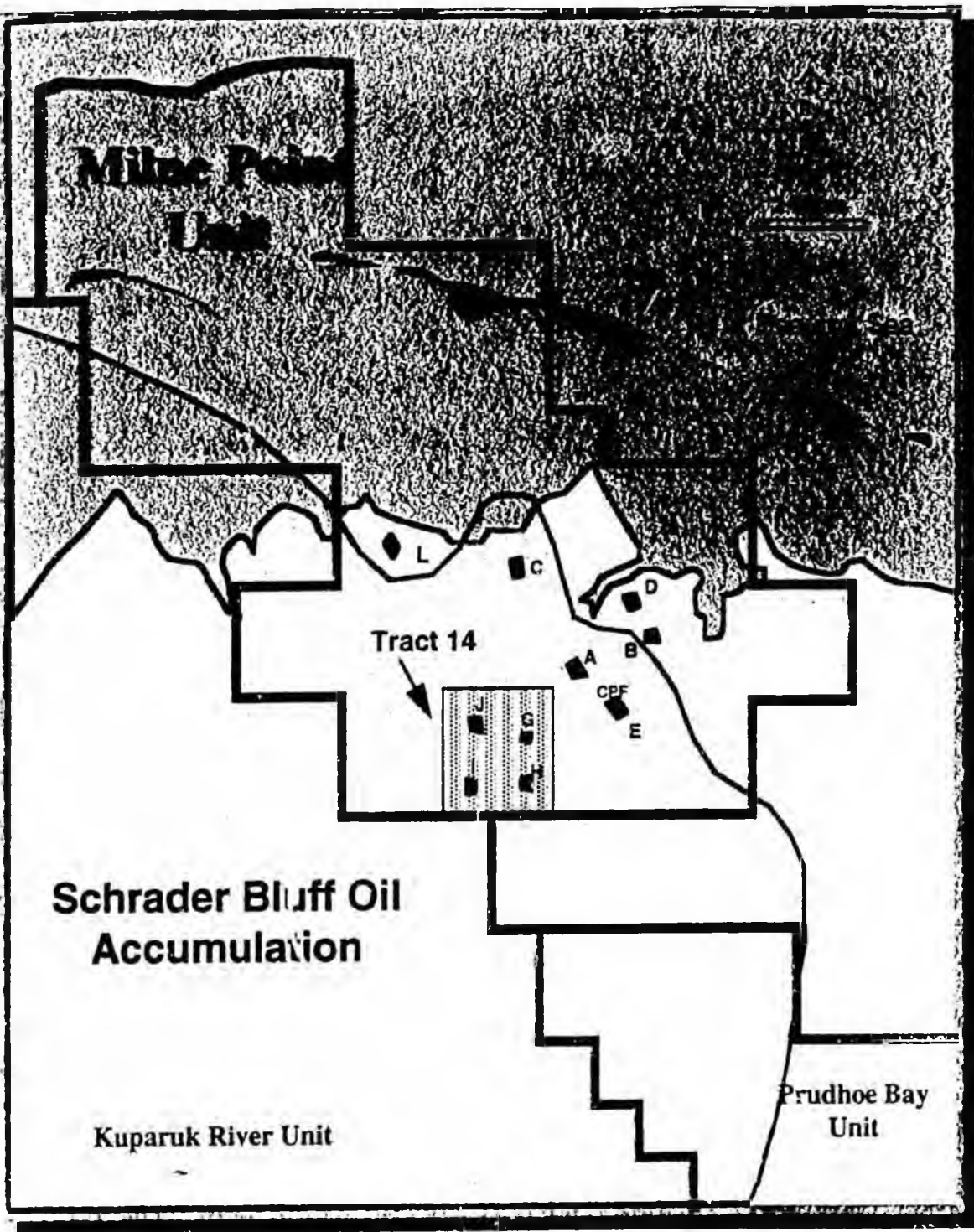
Estimate of any current year (FY96) cost: \$ none

POSITIONS	FY97	FY98	FY99	FY00	FY01	FY02
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)

It is not possible at this time to accurately predict the number of new wells that will be drilled that will qualify for the proposed royalty suspension. Nor is it possible to accurately predict the timing of the drilling or the exact lease location of any of these new wells. For each new qualifying well that is drilled, if it produces at a rate of 450 barrels per day and oil is valued for royalty purposes at \$10 per barrel, and the royalty is reduced from 12.5% to 2.0%, then the annual royalty suspension will be \$172.5 per year for each of the first five years of well life. The Schrader Bluff pool includes leases with royalty rates of 12.5% and 20%. If the base royalty rate is 20%, then the annual suspension is \$295.7/well. Assuming that the well produces at the 450 b/d rate for five years and oil prices stay flat, the total royalty suspension would amount to \$862.5 per well (\$1,478.0/well at the 20% base royalty rate). For a new demonstration project equal in size and scope to the existing Milne Point Schrader Bluff heavy oil project, the royalty suspension would range from \$1.25 million per year at current well rates and assuming a 12.5% base royalty to \$2.76 million per year at well rates of 450 b/d/well. The weighted average Schrader Bluff base royalty currently is 14%. Long term production behavior also is unknown for these wells. It is suspected that the wells will produce at a fairly constant rate for several years, then production will begin to decline. Behavior of the Milne Point Schrader Bluff wells is being analyzed to determine if any production trends are evident to date.

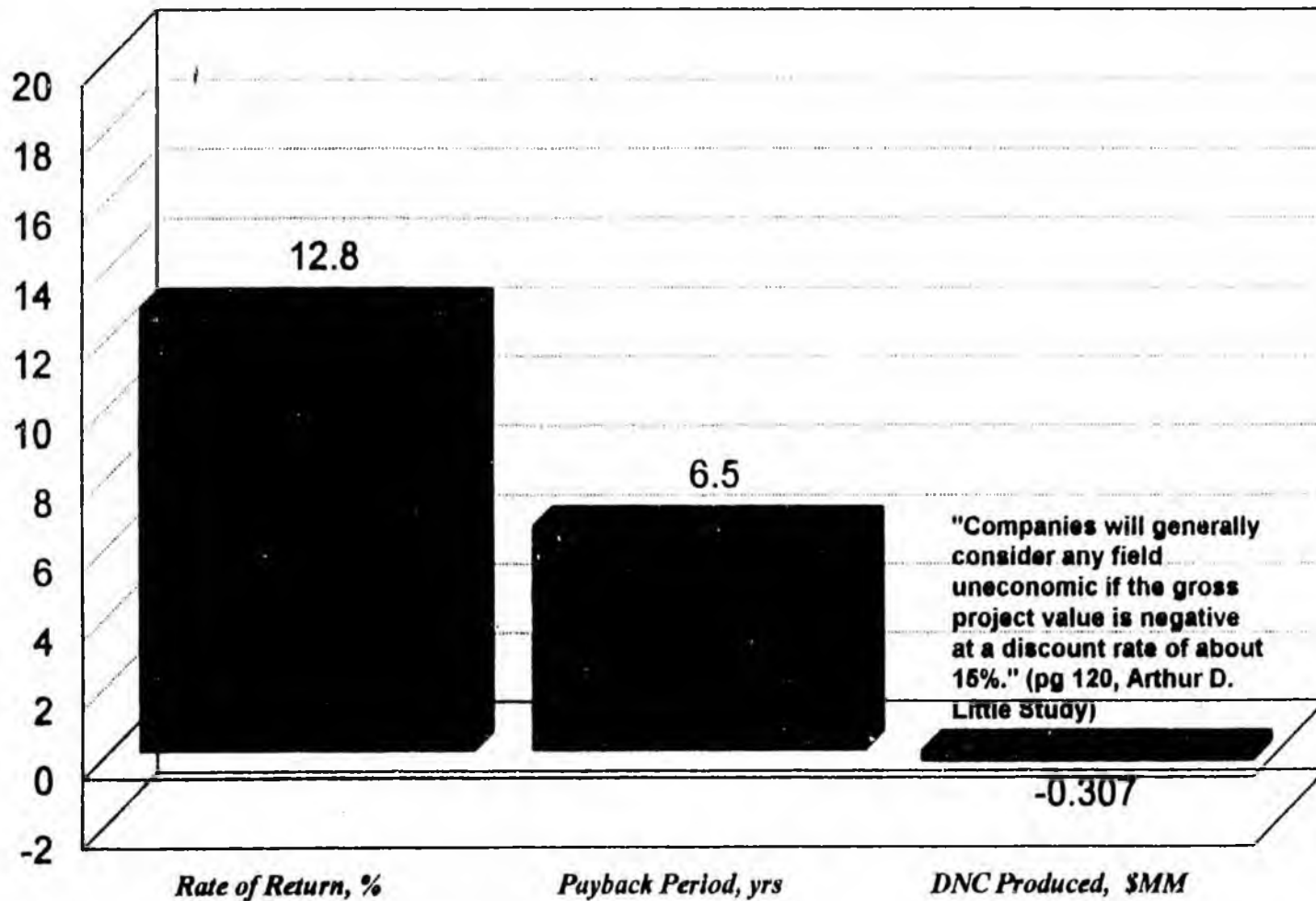
Prepared by: Ken Boyd, Director Phone: 269-8800
 Division: Oil and Gas Date: 24-Apr-96
 Approved by Commissioner: [Signature] Date: 24-Apr-96
 Agency: Natural Resources



Schrader Bluff Oil Accumulation

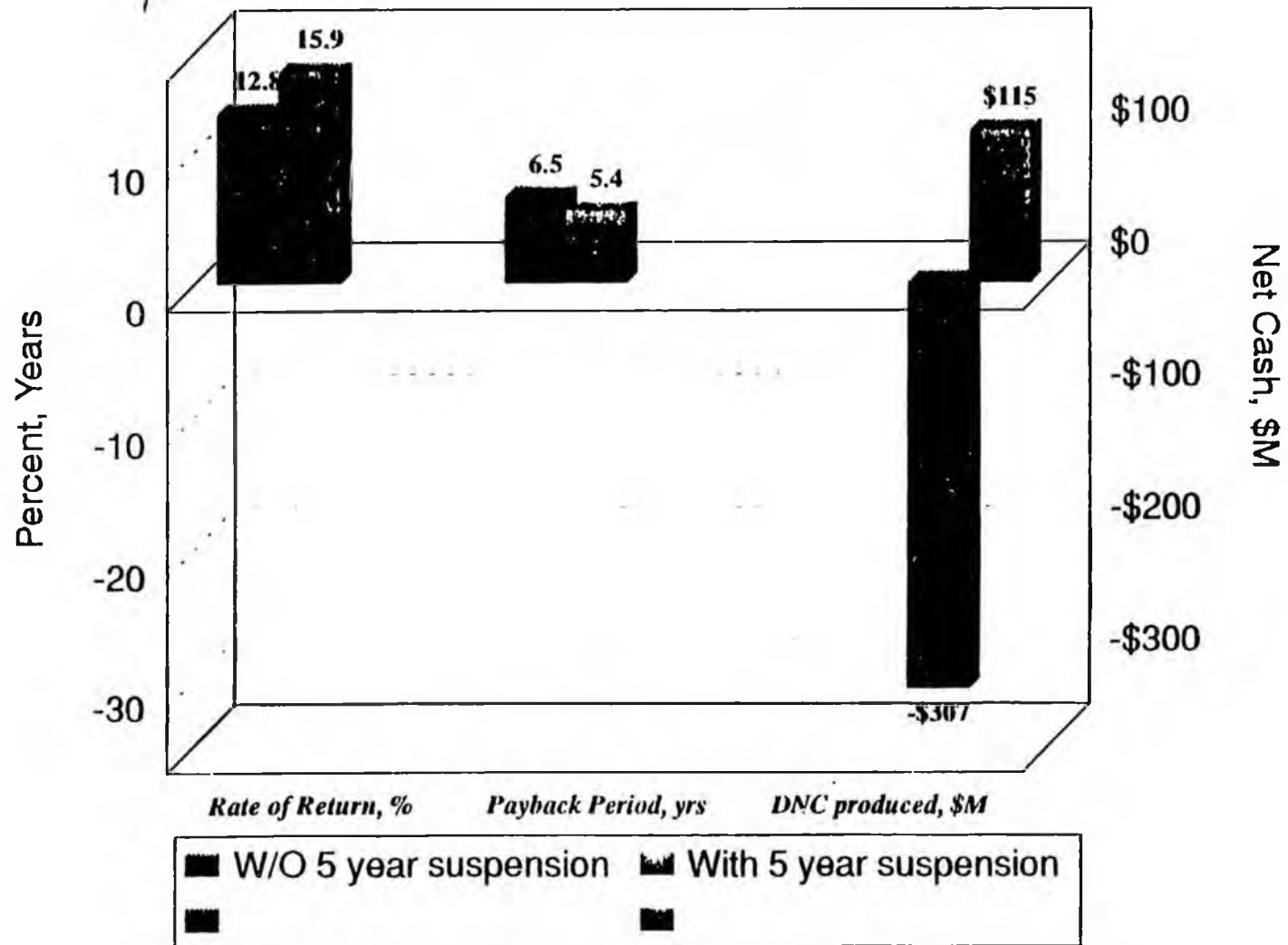
Typical Heavy Oil Well Economics

Based on the 5 best wells to date in Tract 14



Little, A.D. and Gault, L.: "Review of International Competitiveness of Alaska's Fiscal System," Report to the Oil & Gas Policy Council 8/11/85

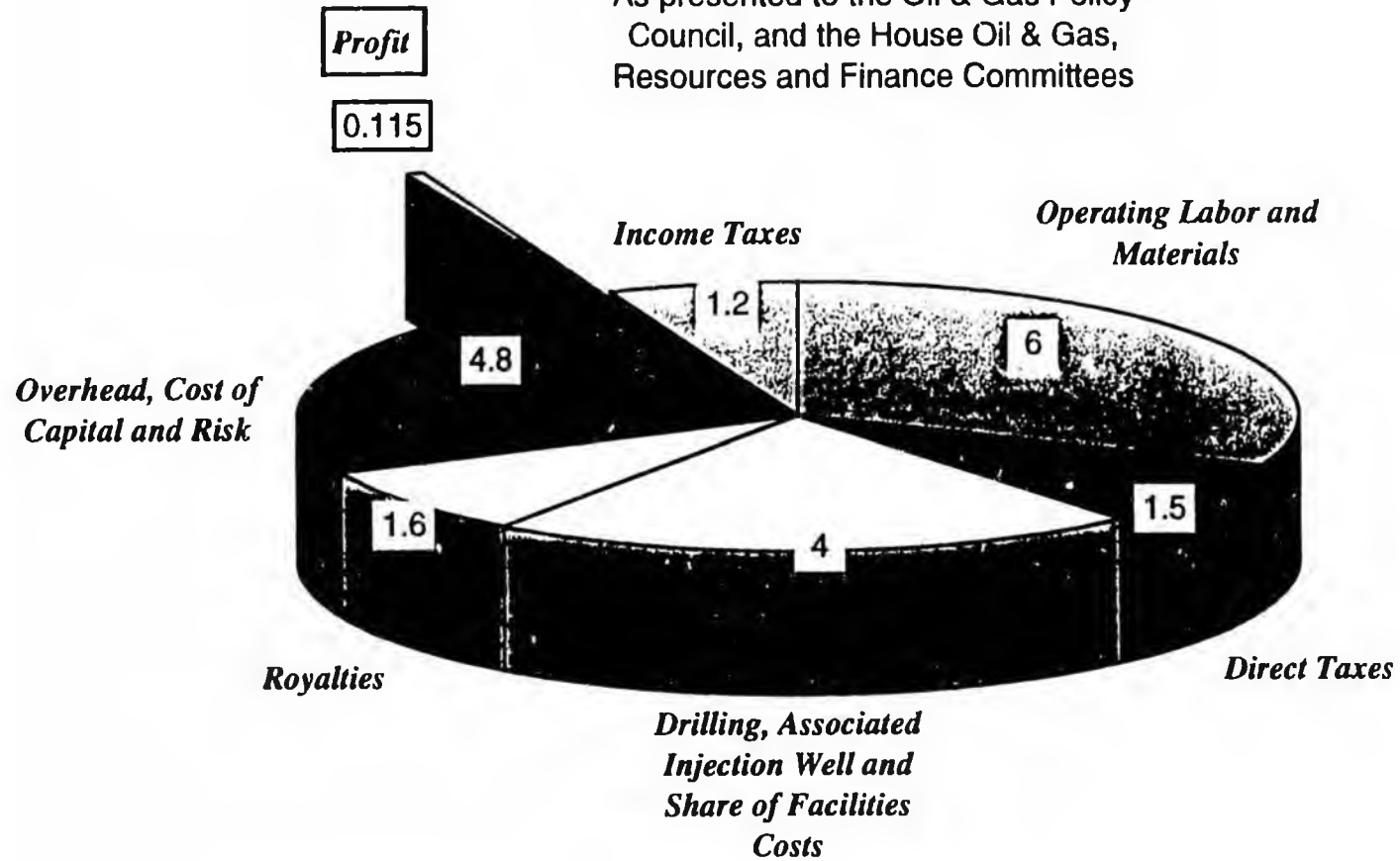
The Effect of Royalty Suspension on Schrader Bluff Economics



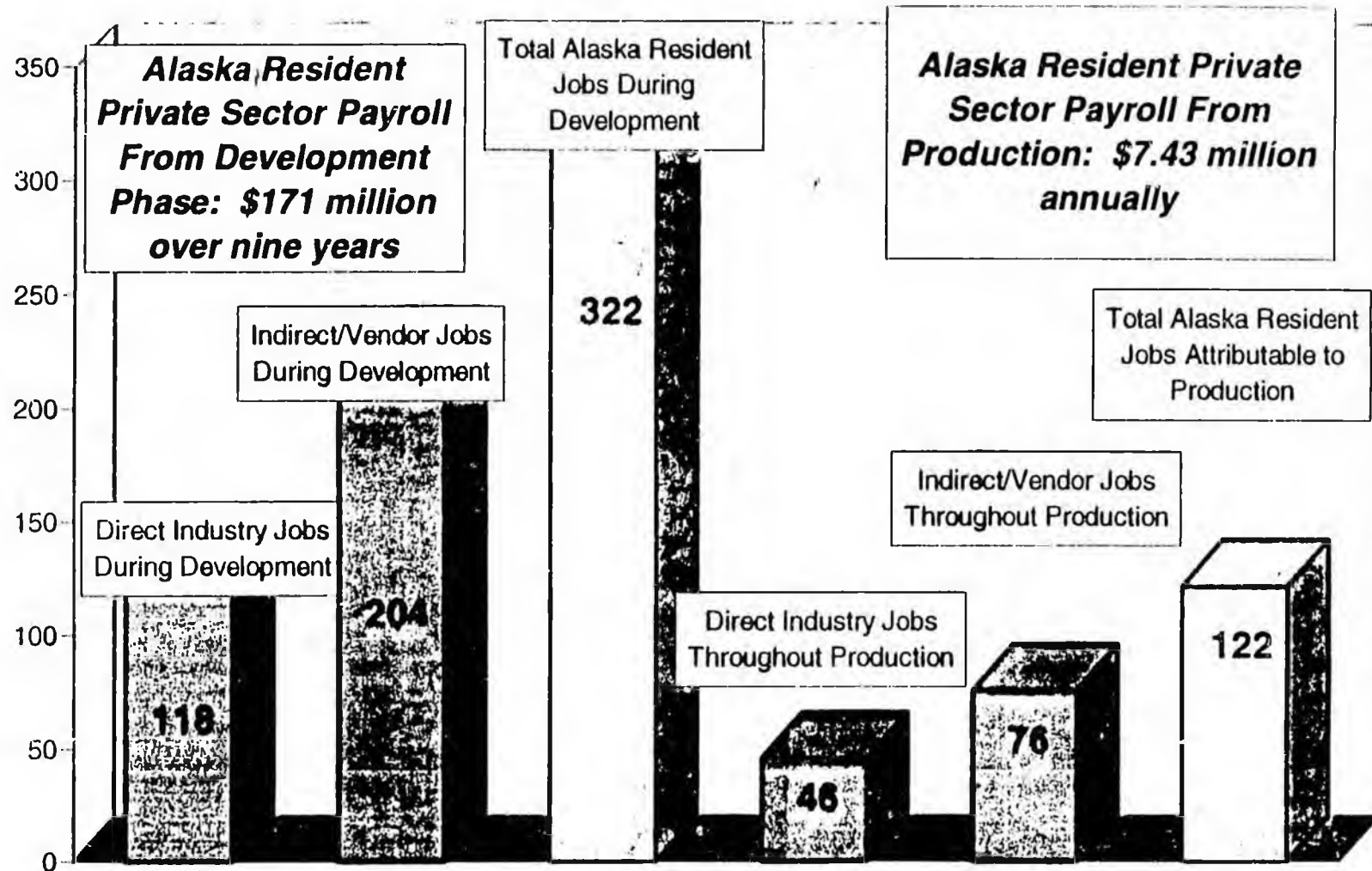
Where the Revenues from Heavy Oil Development Go

OXY Per Well Economics (in millions)

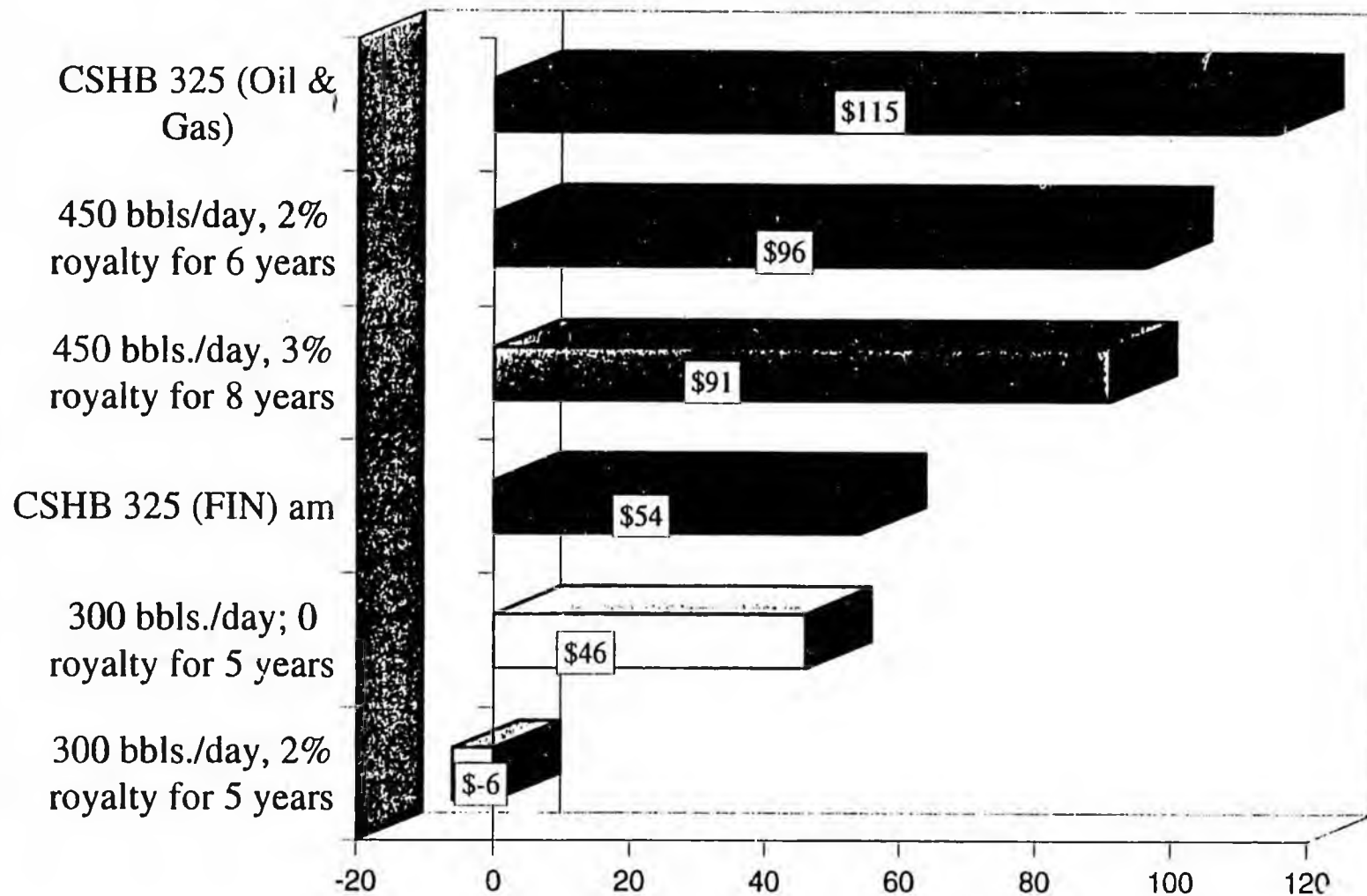
As presented to the Oil & Gas Policy Council, and the House Oil & Gas, Resources and Finance Committees



Alaska Resident Private-Sector Jobs Created by Schrader Bluff Development

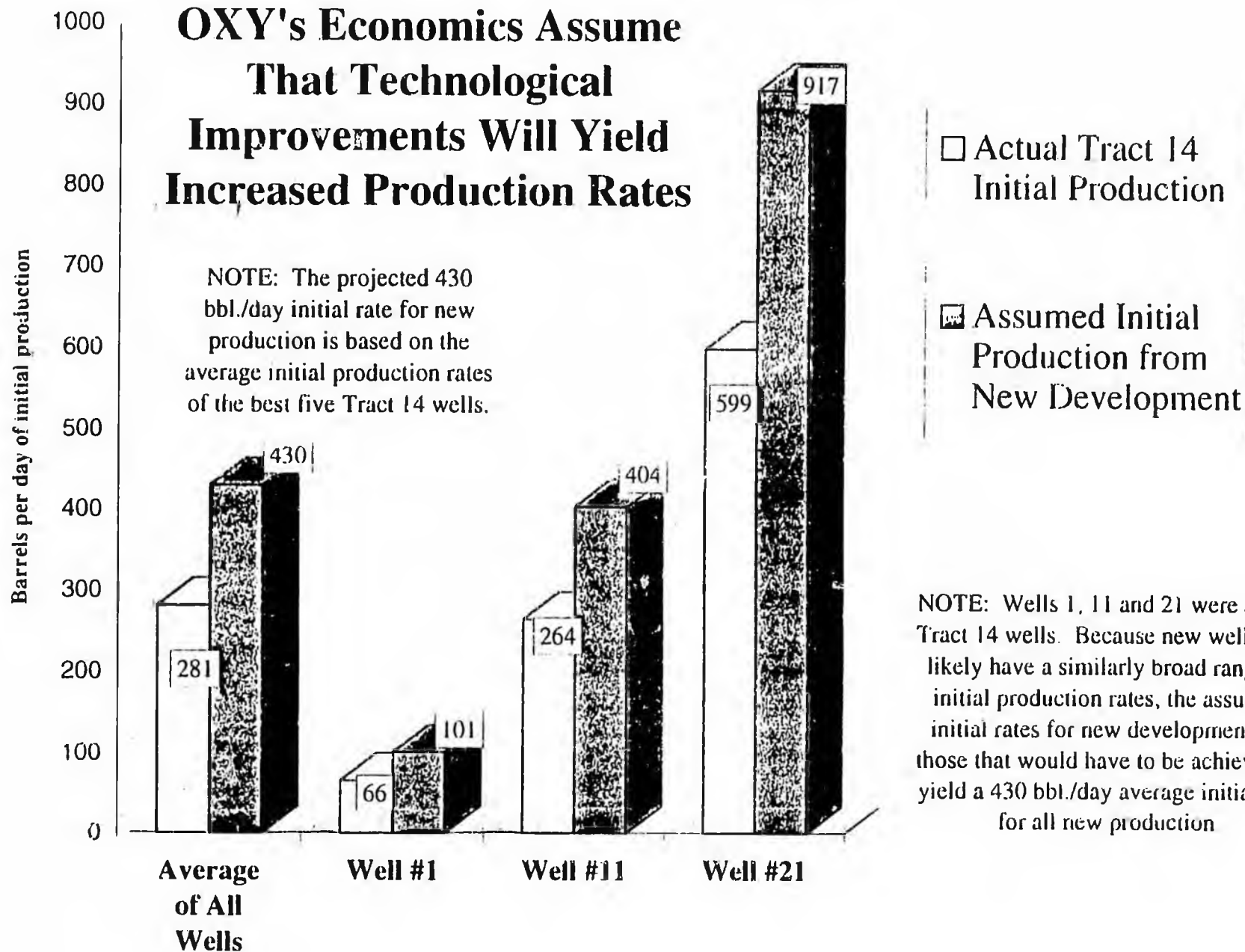


Projected Profit from Each \$4 Million Well and Facility Investment Under Various Scenarios



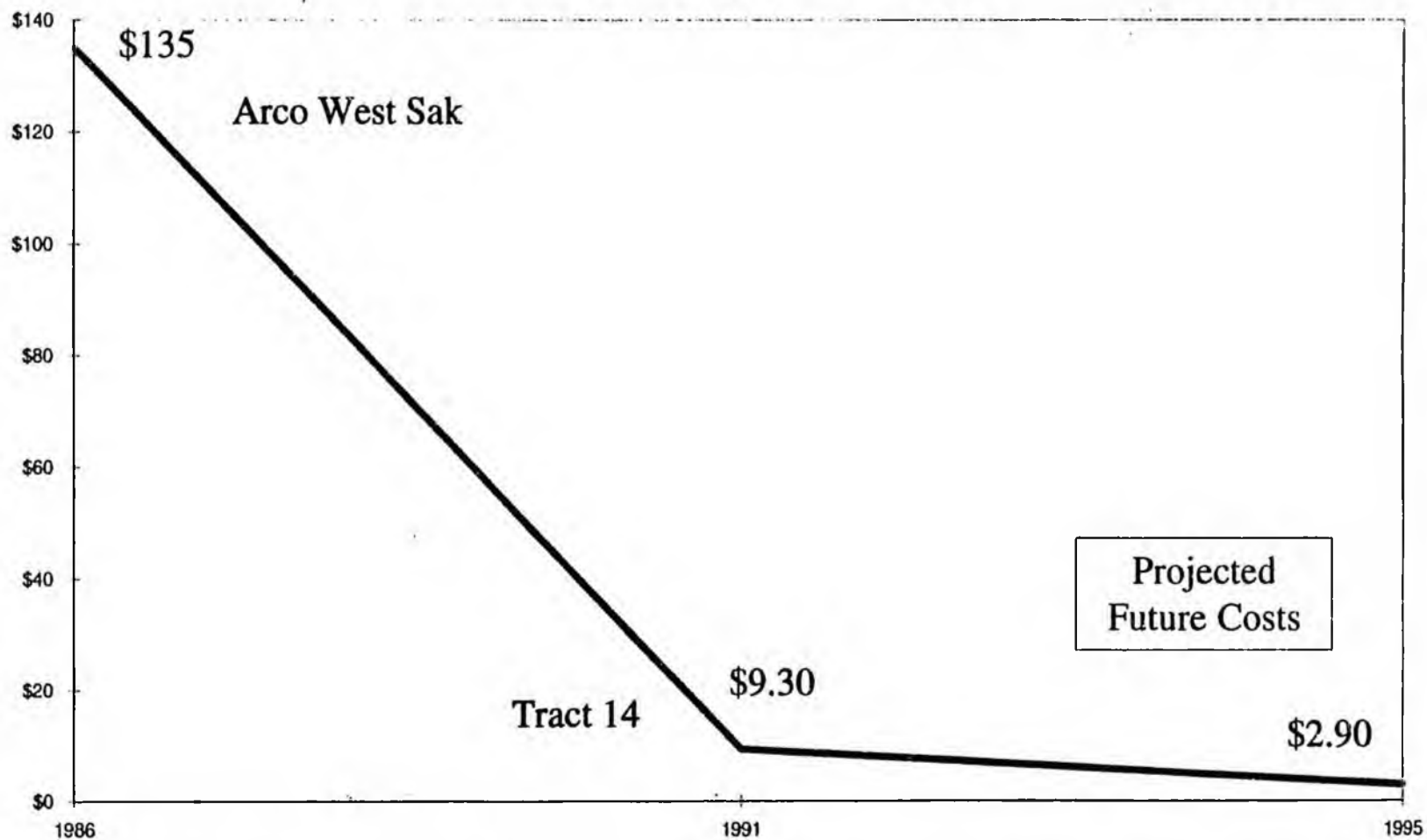
In thousands of dollars @ a 15% discount

OXY's Economics Assume That Technological Improvements Will Yield Increased Production Rates

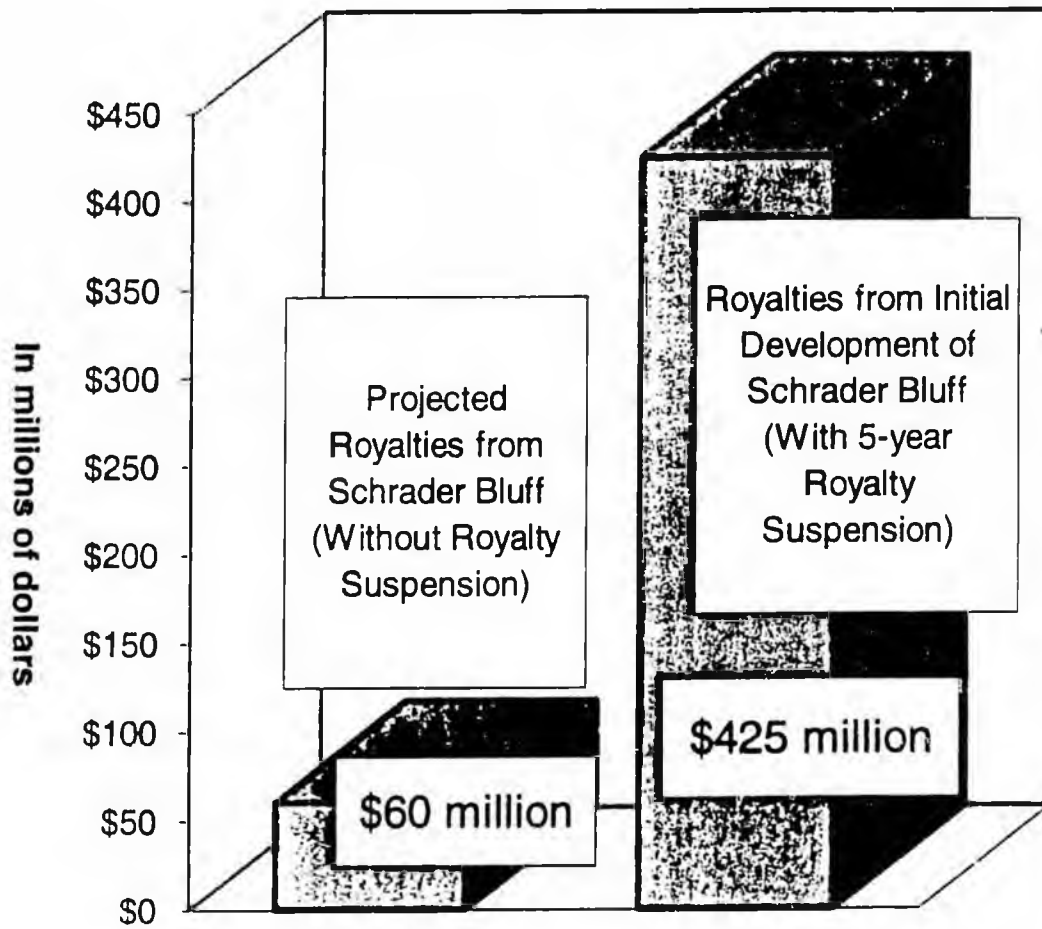


History of ANS Heavy Oil Development Costs

In dollars per barrel



Two Paths for Schrader Bluff



FISCAL NOTE

Revision Date: _____ Dept. Affected: Revenue
 Title: Royalty Suspension: N. Slope Heavy Oil BRU: Revenue Operations
 Component: Oil and Gas Audit
 Sponsor: Representative Green
 Requestor: (H) Finance COMPONENT SERIAL NO. 115

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 ()	0.0	0 - (300.0)	0 - (2,000)	0 - (7,000)	0 - (13,000)	0 - (19,000)

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY96) cost \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Chuck Logsdon Phone: (907) 276-1363
 Division: Oil and Gas Audit Date: February 13, 1996
 Approved by Commissioner: Wilson F. Condon Date: February 13, 1996
 Agency: Department of Revenue

Analysis of Bill/Program Effects

This revised fiscal note is prepared to illustrate more specifically the potential revenue impacts of the bill. To a large extent the revenue outcome of any legislation which is designed to promote a particular economic activity is uncertain. This revised fiscal note presents two alternative outcomes for heavy oil royalty holiday as applied to the Schrader Bluffs using the Department of Revenue Fall 1995 forecast production, wellhead price and well assumptions. This analysis does not include the West Sak heavyoil production from the Kuparuk unit which in the Fall Forecast is assumed to begin in a small way (.012 million ob/day) in FY 2003.

Scenario #1
 Holiday Ensures Large Scale Heavy Oil
 Development Which would Otherwise
 Not Occur

Scenario #2
 Development Would Have Occurred
 Without Holiday

	Incremental Royalty Impact (Millions \$)	Incremental Royalty Impact (Millions \$)
1997	0	0
1998	0	-0.3
1999	0	-2
2000	0	-7
2001	0	-13
2002	0	-19
2003	1	-22
2004	2	-25
2005	7	-21
2006	12	-15
2007	19	-10
2008	19	-7
2009	23	-3
2010	25	-1

Clearly if the holiday is needed to attract the investment, the payoff to the State is long term since no significant added royalty income will flow into the treasury until well into the next decade. At the same time Scenario #2 could be characterized a potential revenue loss scenario and effectively puts a price tag on the likely subsidy to Schrader heavy oil production using the Department of Revenue production assumptions.

Note neither of these scenarios is based on the maximum potential oil production scenarios presented in industry documents during testimony on this legislation.

FISCAL NOTE

No. 1
 Bill Version: CSHB 325(O&G)
 (H) Publish Date: 1/24/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Revision Date: Original Dept Affected Natural Resources
 Title: An Act authorizing suspension of payment BRU: Resource Development
of a portion of the royalty due the state for initial production... Component: Oil & Gas Development
 Sponsor: Representative Green
 Requestor: _____ Component Serial No. 439

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	0.0	0.0	0.0	0.0	0.0	0.0
-----------------------------	------------	------------	------------	------------	------------	------------

CHANGE IN REVENUES (1004)	(228.0/well)	(228.0/well)	(228.0/well)	(228.0/well)	(228.0/well)	(228.0/well)
----------------------------------	---------------------	---------------------	---------------------	---------------------	---------------------	---------------------

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: \$ 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)

It is not possible at this time to accurately predict the number of new wells that will be drilled that will qualify for the proposed royalty reduction. Nor is it possible to accurately predict the timing of the drilling of any of these new wells. For each new well that is drilled, if it produces at a rate of 500 barrels per day and oil is valued for royalty purposes at \$10 per barrel, then the annual royalty reduction will be \$228,000 for each of the first five years of well life. Assuming that the well produces at the 500 b/d rate for five years and oil prices stay flat, the total royalty reduction would amount to \$1.14 million per well – close to the cost to drill the well. For a new demonstration project equal in size and scope to the existing Milne Point Schrader Bluff heavy oil project, the royalty reduction would range from \$1.5 million per year at current well rates to \$3.7 million per year at well rates of 500 b/d/well. Long term production behavior also is unknown for these wells. It is suspected that the wells will produce at a fairly constant rate for at least five years then production decline will begin. Behavior of the Milne Point Schrader Bluff wells is being analyzed to see if any production trends are evident to date.

Prepared by: Ken Boyd, Director Phone: 269-8800
 Division: Oil & Gas Date: 18-Jan-96
 Approved by Commissioner: _____ Date: 18-Jan-96
 Agency: Natural Resources

COMMITTEE COPY

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 4/2/96

FURTHER: Finance

DATE TURNED INTO OFFICE: 4-22-96

The Resources Committee considered CS FOR HOUSE BILL NO. 325(FIN) am
 Relating to modification of royalty to encourage production from an oil pool containing heavy oil; efd.

Ø d Foy

and recommends:

- be replaced with SEN CS HB325 (RES)
- 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>Rich Hattad</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>			<input checked="" type="checkbox"/>
<i>Deane</i>	<input checked="" type="checkbox"/>	<i>Chris L. Taylor</i>			<input checked="" type="checkbox"/>
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>John Frank</i>			<input checked="" type="checkbox"/>
CHAIR: <i>Screw D. Hansen</i>	<input checked="" type="checkbox"/>	CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
Revenue	3/25/96	<input checked="" type="checkbox"/>	
ENR - O+G	4/24/96		(2280)

FN to CS, plus

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

HB

329

SFIN

FILE



Alaska State Legislature

Senate

Office of the Secretary

OFFICIAL BUSINESS

PO. BOX V
CAPITOL BUILDING
JUNEAU, ALASKA 99811

FOR YOUR IMMEDIATE ATTENTION

DATE:

4/28/96

TO SENATE COMMITTEE:

Finance

FROM: Office of the Senate Secretary

The Chairman of the above-referenced Committee has waived the Committee referral on the following bill(s):

HB 329 - *Team Restitution for Certain Game Violating*

HB 90 - *Convening Legislature after Governor Election*

Please give the bill file(s) to the page delivering this message for forwarding to the next Committee of referral.

Thank you for your prompt attention to this request.

JR/s

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

NO. 1
Bill Version: HB 329
(H) Publish Date: 3/6/96

Revision Date: _____ Dept. Affected: Public Safety
Title: An act providing for restitution to the state for BRU: Fish and Wildlife Protection
the unlawful taking of game. Component: Enforcement & ISU
Sponsor: Rep Bunde & Rep Grussendorf Marine Enforcement
Requestor: H. Rys COMPONENT SERIAL NO. 400.493

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

OPERATING	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
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						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
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.)

HB 329, if enacted, would not negatively impact the department's budget. Additional revenues would be generated to the General Fund but an accurate estimate is not available as the Department of Public Safety does not maintain computerized information for violations by specific animal species.

Prepared By: Major Buell Russell Phone: (907) 269-5682
Division: Fish and Wildlife Protection Date: 02/27/96
Approved by Commissioner: *Ronald L. Otte* Date: 3/5/96
Agency: Ronald L. Otte, Dept. of Public Safety

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COMMITTEE COPY

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 3/28/96

FURTHER: Finance

DATE TURNED INTO OFFICE: 4-18-96

The Resources Committee considered HOUSE BILL NO. 329 am

"An Act providing for restitution to the state for the unlawful taking of game."

c/2

and recommends:

- be replaced with SEN CS HB 329 (RES)
- 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 TO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Deanna</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>	<input checked="" type="checkbox"/>		
<i>Rick Hallford</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>	<input checked="" type="checkbox"/>		
<i>[Signature] French</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>	<input checked="" type="checkbox"/>		
CHAIR: <i>[Signature]</i>	<input checked="" type="checkbox"/>	CHAIR: <i>[Signature]</i>	<input checked="" type="checkbox"/>		

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
<i>DPS</i>	<i>3/6/96</i>	<input checked="" type="checkbox"/>	

Fiscal note to created

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

HB

335

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 5/9/95

FURTHER:

DATE TURNED INTO OFFICE: 4/9/96

Finance Committee considered CS FOR HOUSE BILL NO. 335(RES)(title am)

Extending the termination date of the Big Game Commercial Services Board; eliminating the requirement for a commercial use permit and payment of commercial use permit fees; efd.

and recommends:

- be replaced with 5 CS CS HB 335 (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 <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Steve Rios</i>	✓		
		<i>ROD & JILL</i>	✓		
Co-Chair: <i>DWA</i>	✓	Co-Chair:			
Co-Chair: <i>Kirk Halford</i>	✓	Co-Chair:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
<i>DF+G</i>	<i>3/11/96</i>		<i>(49.6)</i>
<i>DC & ED</i>	<i>3/20/96</i>		<i>(1.8)</i>
<i>DPS</i>	<i>3/27/96</i>	<i>0</i>	<i>(24.8)</i>

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

Accompanying title change resolution SCR 27

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. SCS CSHB 335 (FIN)

Revision Date: 3/11/96 Dept. Affected: Fish and Game
 Title: Big Game Commerical Services Board BRU: Wildlife Conservation
 Component: Wildlife Conservation
 Sponsor: Representative Ogan
 Requester: Senate Finance COMPONENT SERIAL NO. 473

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	(49.6)	(49.6)	(49.6)	(49.6)	(49.6)	(49.6)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	(49.6)	(49.6)	(49.6)	(49.6)	(49.6)	(49.6)
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES (1005)	(49.6)	(49.6)	(49.6)	(49.6)	(49.6)	(49.6)

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	(49.6)	(49.6)	(49.6)	(49.6)	(49.6)	(49.6)
1006 GF/MHTIA						
Other 1024 Fish/Game						
TOTAL	(49.6)	(49.6)	(49.6)	(49.6)	(49.6)	(49.6)

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

Assumption: If "commercial use permit fees" (AS 08.54.470(d)) are not repealed, revenue would remain constant.

Note: Commercial use permit fees received annually for use by ADF&G and Department of Public Safety are approximately \$49.6. If not repealed, those fees will be equally divided between the two departments with half of the revenue transferred by the department to Public Safety under an RSA.

Prepared by: Wayne L. Regelin, Director *W. Regelin* Phone: 465-4190
 Division: Wildlife Conservation Date: 3/11/96
 Approved by Commissioner: Goran Breen *G. Breen* Date: _____
 Agency: Alaska Department of Fish and Game

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. SCS CSHB 335(FIN)
DRAFT

Revision Date: March 26, 1996
Title: An Act relating to big game guides and transporters;
and providing for an effective date.
Sponsor: Reps. Ogan, Toohey, Rokeberg
Requestor: Senate Finance Committee

Department: Commerce and Economic Development
BRU: Occupational Licensing
Component: Operations

COMPONENT SERIAL NO. 1844

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL	(7.4)	(10.4)	(10.4)	(10.4)	(10.4)	(10.4)
CONTRACTUAL	5.6	(12.7)	(12.7)	(12.7)	(12.7)	(12.7)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	(1.8)	(23.1)	(23.1)	(23.1)	(23.1)	(23.1)

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

CHANGE IN REVENUES	(24.9)	0.0	(46.2)	0.0	(46.2)	0.0
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1091 Designated PR	(1.8)	(23.1)	(23.1)	(23.1)	(23.1)	(23.1)
TOTAL	(1.8)	(23.1)	(23.1)	(23.1)	(23.1)	(23.1)

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

SCS CSHB 335(FIN) is a rewrite of AS 08.54 pertaining to regulation of big game guides and transporters. Funding for the big game guide-outfitter licensing program is currently in the FY 97 operating budget request. The decrement identified in this fiscal note is a change to the operating budget request based on provisions in this bill. Explanation of this decrement is provided on the attached pages.

Prepared by: Jennifer Strickler, Administrative Officer
Division: Occupational Licensing
Approved by Commissioner: William L. Hensley
Agency: Commerce and Economic Development

Phone: 465-2144
Date: March 26, 1996
Date: 3-26-96

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO.: SCS CSHB 335(FIN)

ANALYSIS: (Continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT FISCAL NOTE CALCULATIONS

Funding for the guide-outfitter licensing program is included in the FY 97 operating budget. This funding is based on FY 95 Direct program expenses shown below:

(FY 95 Direct costs)

Personal Services	\$141,159.00
Travel	11,196.00
Contractual Services	53,333.00
Supplies	<u>594.00</u>
TOTAL:	\$206,282.00

SCS CSHB 335(FIN) proposes several changes to the current statutory requirements. The changes with substantial fiscal impact include the following:

- Elimination of the Board and associated travel to board meetings;
- Elimination of the Commercial Use Permits;
- Elimination of the Assistant Guide-Outfitter examinations.

The fiscal impact of these changes are explained below.

Travel: {7,396.00}

The elimination of a board will no longer require funding for board meetings. However, travel funds will still be required for staff to administer the guide-outfitter examinations throughout the State; and to fund examination workshops or other travel associated with re-write of the guide-outfitter examinations.

In FY 95, travel expenses of the Big Game Commercial Services Board were lower than previous years because the board was in its final year of existence having sunsetted on June 30, 1994. We therefore used FY 94 activity upon which to base costs. The FY 94 board member travel costs to attend 3 meetings totaled \$10,800.00; while staff travel to attend the meetings and administer examinations totaled \$5,100.00.

SCS CSHB 335(FIN), continued

Consideration of travel requirements under the bill in administering only guide-outfitter examinations (at least two times per year), the cost is \$400.00 x 1 staff x 2 exams = \$800.00; and holding at least two examination work shops in the first year at a cost of \$1,500.00 each x 2 = \$3,000.00. It is estimated that at least \$3,800.00 will be needed in travel. The examination work shop costs of \$3,000.00 is deleted after the first year.

Contractual Services: 5,555.00

An average of 143 assistant guide-outfitter exams are administered each year. The costs per exam is \$50.00, thereby reducing assistant guide-outfitter costs by \$7,150.00 with elimination of the assistant guide-outfitter exams (\$50.00 x 143 = \$7,150.00). Aside from this reduction, the bill requires:

a) Re-write of the Guide-Outfitter examination, at an estimated cost of \$10,000.00 (development cost for the current exam was approximately \$25,000.00). Funding to re-write the examination is a one-time expense needed only in the first fiscal year and is deleted thereafter.

b) Re-write of existing regulations. Costs involved with public noticing the regulation changes, printing, and postage, are estimated at \$2,700.00. This expense is anticipated to be a one-time expense and is deleted thereafter.

Based on the issues listed above, an additional \$5,550.00 would be needed to complete these tasks in the first year.

Supplies: {0.0}

No change is anticipated to supply costs. Based on FY 95 activity, supply funding of \$600.00 is already included in the FY 97 operating budget request.

SUMMARY:

The adjustments described in this fiscal note will provide the following FY 97 funding for the Guide-Outfitter licensing program:

	<u>FY 95</u>	<u>Fiscal Note Adj.</u>	<u>FY 97</u>
Personal Services	141,159.00	0.00	141,159.00
Travel	11,196.00	{7,396.00}	3,800.00
Contractual Services	53,333.00	5,550.00	58,883.00
Supplies	<u>594.00</u>	<u>0.00</u>	<u>594.00</u>
TOTAL:	\$206,282.00	{1,846.00}	204,436.00

SCS CSHB 335(FIN), continued

REVENUE:

Licensing fees from all categories within the guide-outfitter licensing program will have to be adjusted to ensure sufficient fees are collected to fund the program. The following factors are considered in adjusting fees for the program:

- Elimination of the assistant guide-outfitter exams at \$50.00 per examinee x 143 candidates. {7,150.00}
 - Elimination of the Commercial Use Permit (CUP) Holder Application (\$50) x 13 applicants {650.00}
 - Elimination of the CUP Holder (\$100) fees x 36 CUP Holders {3,600.00}
 - Elimination of the Use Area Application (\$50) x 50 applicants {2,500.00}
 - Elimination of Use Area Registration (\$100) fees x 732 registrants {73,200.00}
- Sub-Total Annual Revenue Reduction: {87,100.00}

In addition, elimination of the Commercial Use Permit (CUP) will reduce FY 97 revenue by up to \$68,100.00. The CUP is a fee collected by this department, then transferred to the Department of Fish and Game or Public Safety for enforcement. No part of the CUP fee is used to support licensing operations in the Department of Commerce and Economic Development.

Section 13 of the bill requires the Department of Commerce & Economic Development to refund CUP fees paid in 1996. Receipts from Commercial Use Permit fees collected in 1996 by the Department of Commerce and Economic Development will not be transferred to the Departments of Fish and Game and Public Safety, but will be refunded to guides. In FY 96, the Department of Fish and Game was anticipating CUP receipts of \$49.6 with approximately half to be shared with the Department of Public Safety.

Section 13 of the bill also requires the Department of Commerce to refund guide use area application fees paid in 1996. As of March 25, 1996 approximately 300 applications have been received. The application fee is \$50.00.

1996 LEGISLATIVE SESSION

Revision Date: March 27, 1996 Dept. Affected: Public Safety
 Title: An Act relating to big game guides and BRU: Fish & Wildlife Protection
transporters; and providing for an effective date. Component: Enforcement & ISU
 Sponsor: Representative Ogan
 Requestor: S. Finance COMPONENT SERIAL NO. 0490

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

OPERATING	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-
CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES (1007)	(24.8)	(24.8)	(24.8)	(24.8)	(24.8)	(24.8)
Code Revenue						

FUNDING: (Thousands of Dollars)

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

Estimate of current year (FY 96) impact: \$ (49.6)

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Captain Richard Graham Phone: 243-2298
 Division: Fish & Wildlife Protection Date: 03/27/96
 Approved by Commissioner: *Ronald L. Otte* Date: 3/27/96
 Agency: Ronald L. Otte, Department of Public Safety

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FISCAL NOTE Continuation
Bill Number SCS CSHB 335 (FIN)
Title: "An Act relating to big game guides ...

Page 2 of 2

ANALYSIS:

Two issues are being addressed with this fiscal note:

1. This bill eliminates planned revenue from this division with the removal of the Big Game User Permit Fees, estimated at \$24.8 in FY97. In the past, these fees provided needed funding for special big game and guiding enforcement programs. Without this revenue, these programs would be reduced or eliminated.
2. The proposed refunding of fees paid for transporter licenses, guide-outfitter licenses, commercial use permits, use area registrations, and use area registration application for 1996 or 1996 and 1997 will have a direct impact on this division. The estimated \$49.6 to be transferred to Fish & Wildlife Protection in FY96 will be reduced with passage of this legislation.

Note: As this division does not have program receipt authority, the Department of Fish and Game (ADFG) receives the revenue from the Department of Commerce and then transfers the Division of Fish and Wildlife Protection's (FWP) share via Reimbursable Services Agreement. In FY97, the estimated revenue of \$49.6 would be received by ADFG with 50% (\$24.8) being transferred to FWP.

SENATE FINANCE
 COMMITTEE
 Amendment Number: 1
 Bill Number: SCS 335(FIN) N
 Sponsor: _____ Date: 4/9/96
 Logged In By: [Signature]

4/9/96 pm
 SR
 9-LS1156N.1 moved
 Utermohle Adopted
 4/4/96

A M E N D M E N T

Phoned
 Legal
 4:00pm

OFFERED IN THE SENATE

TO: SCS CSHB 335(FIN); version N

1 Page 6, line 16:

2 Delete "18"

3 Insert "21"

Post-It [®] Fax Note	7671	Date	4/11/96	# of pages	2
To	Kristi	From	Terry		
Co./Dept.	Fbx. Leg. Office	Co.	Sen Fin Committee		
Phone #	452-4448	Phone #	465-4935		
Fax #	456-3346	Fax #	465-2187		

4 Page 6, line 21:

5 Delete "for at least three seasons"

6 Insert "during at least three calendar years"

7 Page 10, line 10:

8 Delete "or"

9 Insert ", who contracts to guide or outfit a big game hunt, or a"

10 Page 10, line 19:

11 Delete "under"

12 Insert "in a timely manner under (c) of"

13 Page 10, line 22, after "services;":

14 Insert "or"

15 Page 10, lines 23 - 25:

16 Delete all material and insert:

17 "(2) has failed to file records or reports required under this chapter.

18 (b) The department may impose a disciplinary sanction in a timely manner
 19 under (c)(3) - (7) of this section if the department finds after a hearing that a licensee
 20 is incompetent as a registered guide, class-A assistant guide, assistant guide, or

1 transporter."

2 Reletter the following subsections accordingly.

3 Page 11, line 12, after "AS 08.54.720.":

4 Insert "If the department suspends or permanently revokes a license under this
5 subsection, the department may not also impose an administrative disciplinary sanction of
6 suspension or permanent revocation of the same license for the same offense for which the
7 court ordered the suspension or permanent revocation under AS 08.54.720."

8 Page 14, line 27:

9 Delete "08.54.710(f)"

10 Insert "08.54.710(g)"

11 Page 16, after line 30:

12 Insert a new subsection to read:

13 "(e) For licenses issued under this chapter for 1997 and subsequent years, the
14 amount of the license fee for a nonresident shall be two times the amount of the
15 license fee for a resident."

4/9/96 PM
SF
moved
w/
Amend
#1

9-LS1156N
Utermohle
3/27/96

SENATE CS FOR CS FOR HOUSE BILL NO. 335(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES OGAN, Toohey, Rokeberg

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to big game guides and transporters; and providing for an
2 effective date."

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

4 * Section 1. AS 08.01.010 is amended by adding a new paragraph to read:

5 (37) regulation of big game guides and transporters under AS 08.54.

6 * Sec. 2. AS 08.01.050(a) is amended to read:

7 (a) The department shall perform the following administrative and budgetary
8 services when appropriate:

9 (1) collect and record fees;

10 (2) maintain records and files;

11 (3) issue and receive application forms;

12 (4) notify applicants of acceptance or rejection as determined by the
13 board or as determined by the department under AS 08.06 for acupuncturists, under
14 AS 08.11 for audiologists, under AS 08.18 for contractors, under AS 08.40 for electrical

1 and mechanical administrators, under AS 08.45 for naturopaths, under AS 08.54 for big
2 game guides and transporters, under AS 08.55 for hearing aid dealers, or under
3 AS 08.70 for nursing home administrators;

4 (5) designate dates examinations are to be held and notify applicants;

5 (6) publish notice of examinations and proceedings;

6 (7) arrange space for holding examinations and proceedings;

7 (8) notify applicants of results of examinations;

8 (9) issue licenses or temporary licenses as authorized by the board or as
9 authorized by the department under AS 08.06 for acupuncturists, under AS 08.11 for
10 audiologists, under AS 08.18 for contractors, under AS 08.40 for electrical and
11 mechanical administrators, under AS 08.45 for naturopaths, under AS 08.54 for big
12 game guides and transporters, under AS 08.55 for hearing aid dealers, or under
13 AS 08.70 for nursing home administrators;

14 (10) issue duplicate licenses upon submission of a written request by the
15 licensee attesting to loss of or the failure to receive the original and payment by the
16 licensee of a fee established by regulation adopted by the department;

17 (11) notify licensees of renewal dates at least 30 days before the
18 expiration date of their licenses;

19 (12) compile and maintain a current register of licensees;

20 (13) answer routine inquiries;

21 (14) maintain files relating to individual licensees;

22 (15) arrange for printing and advertising;

23 (16) purchase supplies;

24 (17) employ additional help when needed;

25 (18) perform other services that may be requested by the board;

26 (19) provide inspection, enforcement, and investigative services to the
27 boards and for the occupations listed in AS 08.01.010 [,] regarding all licenses issued by
28 or through the department;

29 (20) retain and safeguard the official seal of a board and prepare, sign,
30 and affix a board seal, as appropriate, for licenses approved by a board;

31 (21) issue business licenses under AS 43.70.

32 * Sec. 3. AS 08.54 is amended by adding new sections to read:

1 ARTICLE 5. BIG GAME GUIDES AND TRANSPORTERS.

2 Sec. 08.54.600. DUTIES AND POWERS OF DEPARTMENT. The Department
3 of Commerce and Economic Development shall

4 (1) prepare, grade, and administer

5 (A) a qualification examination for a registered guide license that
6 requires demonstration that the applicant is qualified generally to provide guided
7 and outfitted hunts and, in particular, possesses knowledge of fishing, hunting,
8 and guiding laws and regulations; and

9 (B) a certification examination for each game management unit
10 in which the registered guide intends to provide big game hunting services; the
11 examination must require demonstration that the registered guide is qualified to
12 provide guided and outfitted hunts in the game management unit for which the
13 registered guide seeks to be certified and, in particular, must require
14 demonstration that the registered guide possesses knowledge of the terrain,
15 transportation problems, game, and other characteristics of the game management
16 unit;

17 (2) issue registered guide, master guide, class-A assistant guide, assistant
18 guide, and transporter licenses;

19 (3) compile, maintain, and publish an annual roster of registered guides
20 and master guides licensed under this chapter; a person listed in the roster whose license
21 is revoked or suspended shall be removed from the roster while the person's license is
22 revoked or suspended;

23 (4) impose appropriate disciplinary sanctions on a licensee under
24 AS 08.54.600 - 08.54.790;

25 (5) require an applicant for issuance or renewal of any class of guide
26 license or of a transporter license to state in a written and signed document whether the
27 applicant's right to obtain, or exercise the privileges granted by, a hunting, guiding,
28 outfitting, or transportation services license is revoked or suspended in this state or
29 another state or in Canada;

30 (6) regularly disseminate information regarding examinations and other
31 qualifications for all classes of guide licenses to residents of the rural areas of the state;

32 (7) adopt procedural and substantive regulations required by this chapter;

1 (8) administer examinations for registered guides at least twice a year;
2 an examination may not be given within 90 days after the previous examination; at least
3 once every other year the department shall give the examination at a location other than
4 Anchorage.

5 Sec. 08.54.605. ELIGIBILITY FOR LICENSES. (a) Notwithstanding
6 AS 08.54.610, 08.54.620, 08.54.630, 08.54.650, and 08.54.660, a person may not
7 receive or renew a registered guide license, master guide license, class-A assistant
8 guide license, assistant guide license, or transporter license if

9 (1) the person has been convicted of

10 (A) a state hunting, guiding, or transportation services statute
11 or regulation within the last five years for which the person was fined more
12 than \$1,000 or imprisoned for more than five days;

13 (B) a felony within the last five years; or

14 (C) a felony offense against the person under AS 11.41 within
15 the last 10 years; or

16 (2) the person's right to obtain, or exercise the privileges granted by,
17 a hunting, guiding, outfitting, or transportation services license is suspended or revoked
18 in this state or another state or in Canada.

19 (b) Notwithstanding (a) of this section, (a)(1)(B) and (a)(1)(C) of this section are
20 not applicable to offenses committed by a person who receives or received any class of
21 guide license or a transporter license under sec. 13 of this Act if the offense was
22 committed before the effective date of this Act.

23 Sec. 08.54.610. REGISTERED GUIDE LICENSE. (a) A natural person is
24 entitled to a registered guide license if the person

25 (1) is 21 years of age or older;

26 (2) has practical field experience in the handling of firearms, hunting,
27 judging trophies, field preparation of meat and trophies, first aid, photography, and
28 related guiding and outfitting activities;

29 (3) has passed the qualification examination prepared and administered
30 by the department under AS 08.54.600;

31 (4) has passed a certification examination prepared and administered by
32 the department under AS 08.54.600 for at least one game management unit;

1 (5) has legally hunted in the state for part of each of any five years in
2 a manner directly contributing to the person's experience and competency as a guide;

3 (6) has been licensed as and performed the services of a class-A assistant
4 guide or assistant guide, or of a class-A assistant guide-outfitter or assistant guide-
5 outfitter under former AS 08.54.300 - 08.54.590, in the state for a part of each of three
6 years;

7 (7) is capable of performing the essential duties associated with guiding
8 and outfitting;

9 (8) has been favorably recommended in writing by eight big game
10 hunters whose recommendations have been solicited by the department from a list
11 provided by the applicant, including at least two favorable recommendations for each
12 year of any three years during which the person was a class-A assistant guide or assistant
13 guide, or a class-A assistant guide-outfitter or assistant guide-outfitter under former
14 AS 08.54.300 - 08.54.590;

15 (9) has provided proof of financial responsibility if required by the
16 department under AS 08.54.680; and

17 (10) has applied for a registered guide license on a form provided by the
18 department and paid the license application fee and the registered guide license fee.

19 (b) A master guide license authorizes a registered guide to use the title master
20 guide, but is for all other purposes under this chapter a registered guide license. A
21 natural person is entitled to receive a renewable master guide license if the person

22 (1) is, at the time of application for a master guide license, licensed as
23 a registered guide under this section;

24 (2) has been licensed in this state as a registered guide or a guide-
25 outfitter, under former AS 08.54.010 - 08.54.240, former AS 08.54.300 - 08.54.590, or
26 this chapter, for at least 12 of the last 15 years, including the year immediately preceding
27 the year in which the person applies for a master guide license;

28 (3) submits a list to the department of at least 25 clients for whom the
29 person has personally provided guiding or outfitting services and the person receives a
30 favorable evaluation from 10 of the clients selected from the list by the department; and

31 (4) applies for a master guide license on a form provided by the
32 department and pays the application fee, if any.

1 (c) A registered guide may contract to guide or outfit hunts for big game and
2 may provide transportation services, personally or through an assistant, to big game
3 hunters who are clients of the guide.

4 (d) A person who is licensed as a registered guide may be employed by another
5 registered guide to perform the functions of a registered guide or class-A assistant guide
6 in the game management unit for which the person is certified under AS 08.54.600 or
7 of an assistant guide in any game management unit.

8 (e) A registered guide who contracts for a guided hunt shall be

9 (1) physically present in the field with the client at least once during the
10 contracted hunt; and

11 (2) in the field and participating in the contracted hunt, unless the hunt
12 is being conducted by a class-A assistant guide or a registered guide employed by the
13 contracting registered guide.

14 Sec. 08.54.620. CLASS-A ASSISTANT GUIDE LICENSE. (a) A natural
15 person is entitled to a class-A assistant guide license if the person

16 (1) is 18 years of age or older;

17 (2) applies for a class-A assistant guide license on a form provided by
18 the department and pays the license application fee and the license fee; and

19 (3) either

20 (A) has

21 (i) been employed for at least three seasons as any class
22 of licensed guide in the game management unit for which the license is
23 sought; and

24 (ii) at least 10 years' hunting experience in the state;
25 military service outside of the state for not more than three years shall be
26 accepted as part of the required 10 years' hunting experience; or

27 (B) provides

28 (i) evidence that the person physically resides in the game
29 management unit in which the person is to be employed;

30 (ii) evidence that the person has had at least 15 years'
31 hunting experience in the game management unit in which the person is
32 to be employed; military service outside of the state for not more than

1 three years shall be accepted as part of the required 15 years' hunting
2 experience; and

3 (iii) a written recommendation from a registered guide,
4 state trooper, state fish and wildlife law enforcement officer, or state fish
5 or game biologist who is familiar with the person or who intends to
6 employ the person as a class-A assistant guide.

7 (b) A class-A assistant guide

8 (1) may not contract to guide or outfit a big game hunt;

9 (2) shall be employed by and under the supervision of a registered guide
10 who has contracted with the client for whom the class-A assistant guide is conducting
11 the hunt;

12 (3) may take charge of a camp and conduct guide activities from the
13 camp without the contracting registered guide being in the field and participating in the
14 contracted hunt if the contracting registered guide is supervising the guiding activities;

15 (4) may not perform functions of a class-A assistant guide outside of the
16 game management unit for which the license is issued; and

17 (5) may be employed by a registered guide to perform the functions of
18 an assistant guide in any game management unit.

19 Sec. 08.54.630. ASSISTANT GUIDE LICENSE. (a) A natural person is
20 entitled to an assistant guide license if the person

21 (1) is 18 years of age or older;

22 (2) has legally hunted in the state during two calendar years;

23 (3) possesses a first aid card issued by the Red Cross or a similar
24 organization;

25 (4) obtains a written recommendation from a registered guide, state
26 trooper, state fish and wildlife law enforcement officer, or state fish or game biologist
27 who is familiar with the person or who intends to employ the person as an assistant
28 guide; and

29 (5) applies for an assistant guide license on a form provided by the
30 department and pays the license application fee and the license fee.

31 (b) An assistant guide

32 (1) may not contract to guide or outfit a big game hunt;

1 (2) shall be employed by a registered guide and under the supervision of
2 a registered guide or class-A assistant guide while the assistant guide is in the field on
3 guided hunts; and

4 (3) may not take charge of a camp or conduct guide activities unless the
5 contracting registered guide is in the field and participating in the contracted hunt or a
6 registered guide or class-A assistant guide employed by the contracting guide is
7 physically present and supervising the hunt.

8 Sec. 08.54.640. LAW ENFORCEMENT OFFICERS AND GAME
9 BIOLOGISTS. (a) Notwithstanding AS 08.54.610 - 08.54.630 and except as provided
10 in (b) of this section, a person may not hold, or earn experience credits to apply for, a
11 registered guide license under this chapter, while the person is a law enforcement officer
12 and for three months after terminating the person's status as a law enforcement officer.

13 (b) A registered guide license, class-A assistant guide license, or assistant guide
14 license issued under this chapter, or under former provisions of AS 08.54.300 -
15 08.54.590, after May 16, 1992, is suspended if the person to whom the license is issued
16 subsequently becomes a law enforcement officer. A person whose license is subject to
17 suspension under this subsection shall notify the department that the person has become
18 a law enforcement officer within 30 days after becoming a law enforcement officer. The
19 suspension of a license under this subsection remains in effect until three months have
20 elapsed from the date on which the licensee provides written notification to the
21 department of the fact that the person is no longer a law enforcement officer. A person
22 whose license is suspended under this subsection is not required to renew the license or
23 pay license renewal fees for the period of suspension. Once a suspension of a license
24 is terminated, the licensee may provide without further payment of a guide license fee,
25 the guide services authorized by the license for the remainder of the licensing period in
26 which the suspension is terminated. Notwithstanding other provisions of this subsection,
27 if a person whose license is suspended under this subsection fails to notify the
28 department within one year after the person is no longer a law enforcement officer, the
29 person's license lapses and the person is eligible for reissuance of the license only as
30 provided in AS 08.54.670. The department may adopt regulations to implement this
31 subsection.

32 (c) A person who holds any class of guide license and who is employed by the

1 Department of Fish and Game or a federal wildlife management agency may not, while
2 employed by the department or agency as a game or wildlife biologist and for 12 months
3 after leaving employment with the department or agency as a game or wildlife biologist,
4 engage in providing big game hunting services in a game management unit in which the
5 person conducted game or wildlife management or research activities for the department
6 or agency at any time during the preceding 12 months.

7 (d) In this section, "law enforcement officer" means a person who is

8 (1) employed by the Department of Public Safety as a state trooper or
9 as a law enforcement officer engaged in fish and wildlife protection; or

10 (2) employed as a fish and wildlife law enforcement officer by the United
11 States Department of the Interior or the United States Department of Agriculture.

12 Sec. 08.54.650. TRANSPORTER LICENSE. (a) A person is entitled to a
13 transporter license if the person

14 (1) applies for a transporter license on a form provided by the
15 department; and

16 (2) pays the license application fee and the license fee.

17 (b) A transporter may provide transportation services and accommodations to big
18 game hunters in the field at a permanent lodge, house, or cabin owned by the transporter
19 or on a boat with permanent living quarters located on salt water. A transporter may not
20 provide big game hunting services without holding the appropriate license.

21 (c) A transporter shall provide an annual activity report on a form provided by
22 the department. An activity report must contain information required by the department
23 by regulation.

24 Sec. 08.54.660. RENEWAL OF GUIDE AND TRANSPORTER LICENSES.

25 (a) An applicant for renewal of a registered guide, class-A assistant guide, assistant
26 guide, or transporter license shall submit

27 (1) a request for renewal of the license on a form provided by the
28 department; and

29 (2) the appropriate license fee for the next licensing period.

30 (b) The department may not renew a registered guide license under this section
31 unless all fees have been paid in full and all hunt records due during the term of the
32 current license have been filed with the department.

1 (c) The department may not renew a transporter license unless all fees have been
2 paid in full and all activity reports due during the term of the current license have been
3 filed with the department.

4 Sec. 08.54.670. FAILURE TO RENEW. The department may not issue a
5 license to a person who held a registered guide class-A assistant guide, or assistant guide
6 license and who has failed to renew the license under this chapter for four consecutive
7 years unless the person again meets the qualifications for initial issuance of the license.

8 Sec. 08.54.680. FINANCIAL RESPONSIBILITY AND OTHER
9 REQUIREMENTS FOR GUIDES AND TRANSPORTERS. (a) The department may
10 require a registered guide or transporter to provide proof of financial responsibility up
11 to the amount of \$100,000. A registered guide or transporter may demonstrate financial
12 responsibility by assets, insurance, or a bond in the requisite amount.

13 (b) If a registered guide, class-A assistant guide, or an assistant guide personally
14 pilots an aircraft to transport clients during the provision of big game hunting services,
15 the registered guide, class-A assistant guide, or assistant guide shall have a commercial
16 pilot's rating or a minimum of 500 hours of flying time in the state.

17 ARTICLE 6. ENFORCEMENT.

18 Sec. 08.54.710. DISCIPLINE OF GUIDES AND TRANSPORTERS. (a) The
19 department may impose a disciplinary sanction under this section if the department finds
20 after a hearing that a licensee

21 (1) is convicted of a violation of a state statute or regulation relating to
22 hunting or to provision of big game hunting services or transportation services;

23 (2) is incompetent as a registered guide, class-A assistant guide, assistant
24 guide, or transporter; or

25 (3) has failed to file records or reports required under this chapter.

26 (b) The department may impose the following disciplinary sanctions, singly or
27 in combination:

28 (1) permanently revoke a license;

29 (2) suspend a license for a specified period;

30 (3) censure or reprimand a licensee;

31 (4) impose limitations or conditions on the professional practice of a
32 licensee;

1 (5) impose requirements for remedial professional education to correct
2 deficiencies in the education, training, and skill of the licensee;

3 (6) impose probation requiring a licensee to report regularly to the
4 department on matters related to the grounds for probation;

5 (7) impose a civil fine not to exceed \$1,000.

6 (c) The department shall permanently revoke a transporter license or any class
7 of guide license if the department finds after a hearing that the license was obtained
8 through fraud, deceit, or innocent misrepresentation.

9 (d) The department shall suspend or permanently revoke a transporter license or
10 any class of guide license without a hearing if the court orders the department to suspend
11 or permanently revoke the license as a penalty for conviction of an unlawful act under
12 AS 08.54.720.

13 (e) A certified copy of a judgment of conviction of a licensee for an offense is
14 conclusive evidence of the commission of that offense in a disciplinary proceeding
15 instituted against the licensee under this section based on that conviction, regardless of
16 whether the conviction resulted from a plea of nolo contendere or the conviction is under
17 appeal, unless the conviction is overturned on appeal.

18 (f) A person whose license is suspended or revoked under this section may not
19 engage in the provision of big game hunting services or transportation services during
20 the period of license suspension or revocation.

21 (g) If the department revokes a license under this section, the person whose
22 license has been revoked shall immediately surrender the license to the department.

23 (h) The department may summarily suspend a licensee from practice of the
24 profession under this chapter, for a period of not more than 30 days, before a final
25 hearing is held or during an appeal if the department finds that the licensee poses a
26 clear and immediate danger to the public health and safety. A person is entitled to a
27 hearing before the department to appeal the summary suspension within seven days
28 after the order of suspension is issued. A person may appeal an adverse decision of
29 the department on an appeal of summary suspension to a court of competent
30 jurisdiction.

31 Sec. 08.54.720. UNLAWFUL ACTS. (a) It is unlawful for a

32 (1) person who is licensed under this chapter to knowingly fail to

1 promptly report to the Department of Public Safety, division of fish and wildlife
2 protection, and in no event later than 20 days, a violation of a state game, guiding, or
3 transportation services statute or regulation that the person reasonably believes was
4 committed by a client or an employee of the person;

5 (2) person who is licensed under this chapter to intentionally obstruct
6 or hinder or attempt to obstruct or hinder lawful hunting engaged in by a person who
7 is not a client of the person;

8 (3) class-A assistant guide or an assistant guide to knowingly guide a
9 hunt except while employed and supervised by a registered guide;

10 (4) person who holds any class of guide license to knowingly enter or
11 remain on private land without prior authorization during the course of providing big
12 game hunting services;

13 (5) registered guide to knowingly engage in providing big game hunting
14 services outside of

15 (A) a game management unit for which the registered guide is
16 certified; or

17 (B) a use area for which the registered guide is registered under
18 AS 08.54.750 unless the registration requirement for the area has been
19 suspended by the Department of Fish and Game;

20 (6) person to knowingly guide without having a current registered
21 guide, class-A assistant guide, or assistant guide license and hunting license in actual
22 possession;

23 (7) registered guide to knowingly fail to comply with AS 08.54.610(e);

24 (8) person who is licensed under this chapter to knowingly

25 (A) commit or aid in the commission of a violation of this
26 chapter, a regulation adopted under this chapter, or a state game statute or
27 regulation; or

28 (B) permit the commission of a violation of this chapter, a
29 regulation adopted under this chapter, or a state game statute or regulation that
30 the person knows or reasonably believes is being or will be committed without

31 (i) attempting to prevent it, short of using force; and

1 (ii) reporting the violation;

2 (9) person without a current registered guide license to knowingly
3 guide, advertise as a registered guide, or represent to be a registered guide;

4 (10) person without a current master guide license to knowingly
5 advertise as, or represent to be, a master guide;

6 (11) person without a current registered guide license to knowingly
7 outfit a big game hunt, advertise as an outfitter of big game hunts, or represent to be
8 an outfitter of big game hunts;

9 (12) person to knowingly provide transportation services to big game
10 hunters without holding a current registered guide license or transporter license;

11 (13) person without a current transporter license to knowingly advertise
12 as, or represent to be, a transporter;

13 (14) class-A assistant guide or an assistant guide to knowingly contract
14 to guide or outfit a hunt;

15 (15) person licensed under this chapter to knowingly violate a state
16 statute or regulation prohibiting waste of a wild food animal or hunting on the same
17 day airborne; or

18 (16) person to knowingly provide big game hunting service or
19 transportation services during the period for which the person's license to provide that
20 service is suspended or revoked.

21 (b) In addition to a disciplinary sanction imposed under AS 08.54.710, a
22 person who commits an offense set out in (a)(1) - (7) of this section is guilty of a
23 misdemeanor and is punishable by a fine of not more than \$10,000 or by imprisonment
24 up to one year, or both.

25 (c) In addition to a disciplinary sanction imposed under AS 08.54.710, a
26 person who commits an offense set out in (a)(8) - (14) of this section is guilty of a
27 misdemeanor and is punishable by a fine of not more than \$30,000 or by imprisonment
28 up to one year, or both.

29 (d) In addition to a disciplinary sanction imposed under AS 08.54.710, a
30 person who commits an offense set out in (a)(15) of this section is guilty,

31 (1) for a first offense, of a misdemeanor and is punishable by a fine of
32 not more than \$30,000 or by imprisonment up to one year, or both;

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- (2) for a second or subsequent offense, of a class C felony.
- (e) In addition to a disciplinary sanction imposed under AS 08.54.710, a person who violates (a)(16) of this section is guilty of a class C felony.
- (f) In addition to the penalties set out in (b) - (e) of this section and a disciplinary sanction imposed under AS 08.54.710,
 - (1) the court may order the department to suspend the guide license or transporter license of a person who commits a misdemeanor offense set out in (a)(1), (3) - (5), or (7) of this section for a specified period of not more than three years;
 - (2) the court shall order the department to suspend the guide license or transporter license of a person who commits a misdemeanor offense set out in (a)(2) or (8) - (14) of this section for a specified period of not less than one year and not more than five years;
 - (3) the court shall order the department to suspend the guide license or transporter license for a specified period of not less than three years, or to permanently revoke the guide license or transporter license, of a person who commits an offense set out in (a)(15) or (16) of this section; and
 - (4) all guns, fishing tackle, boats, aircraft, automobiles, or other vehicles, camping gear, and other equipment and paraphernalia used in, or in aid of, a violation of (a) of this section may be seized by persons authorized to enforce this chapter and may be forfeited to the state as provided under AS 16.05.195.
- (g) Upon conviction of a person for committing an offense set out in (a) of this section, the execution of sentence may not be suspended and probation may not be granted except on the condition that the minimum term of imprisonment is served. Imposition of sentence may not be suspended.

Sec. 08.54.730. INJUNCTION AGAINST UNLAWFUL ACTION. When in the judgment of the department, a person has engaged in an act in violation of AS 08.54.620(b), 08.54.630(b), 08.54.650(b), 08.54.710(f), or 08.54.720(a) or the regulations adopted under these statutes, the department may apply to the appropriate court for an order enjoining the action. Upon a showing by the department that the person is engaging in the act, the court shall grant injunctive relief or other appropriate order without bond.

Sec. 08.54.740. RESPONSIBILITY OF GUIDE OR TRANSPORTER FOR

1 VIOLATIONS. (a) A registered guide who contracts to guide or outfit a big game hunt
2 is equally responsible under AS 08.54.710 for a violation of a state game, guiding, or
3 transportation services statute or regulation committed by a person while in the course
4 of the person's employment for the registered guide.

5 (b) A transporter who provides transportation services is equally responsible
6 under AS 08.54.710 for a violation of a state game, guiding, or transportation services
7 statute or regulation committed by a person while in the course of the person's
8 employment for the transporter.

9 ARTICLE 7. MISCELLANEOUS PROVISIONS.

10 Sec. 08.54.750. USE AREA REGISTRATION. (a) At least 30 days before
11 conducting big game hunting services within a guide use area, a registered guide shall
12 inform the department, in person or by registered mail on a registration form provided
13 by the department, that the guide will be conducting big game hunting services in the use
14 area.

15 (b) A registered guide may not register for or conduct big game hunting services
16 in

17 (1) more than three guide use areas during a calendar year; or

18 (2) a guide use area that is outside of a game management unit for which
19 the registered guide is certified under AS 08.54.600.

20 (c) Notwithstanding (a) and (b) of this section, a registered guide may register
21 to conduct big game hunting services within a guide use area at any time before
22 beginning operations in the guide use area and may conduct big game hunting services
23 in a guide use area, or for a big game species in a guide use area, that is not one of the
24 three guide use areas for which the registered guide has registered under (b) of this
25 section if the Department of Fish and Game has determined by regulation that it is in the
26 public interest to suspend the registration requirements for that guide use area or for all
27 guide use areas in a game management unit or game management subunit for a big game
28 species within those guide use areas.

29 (d) In this section, "guide use area" means a geographic area of the state
30 identified as a guide-outfitter use area by the former Big Game Commercial Services
31 Board and described on a set of maps titled Guide-Outfitter Use Area Maps, dated
32 June 22, 1994.

1 Sec. 08.54.760. HUNT RECORDS; CONFIDENTIALITY OF HUNT
2 RECORDS AND ACTIVITY REPORTS. (a) The department shall collect and maintain
3 hunt records provided by a registered guide. A registered guide shall submit to the
4 department a hunt record for each contracted hunt within 30 days after the completion
5 of the hunt. A hunt record must include a list of all big game hunters who used the
6 guiding or outfitting services of the registered guide, the number of each big game
7 species taken, and other information required by the department. The department shall
8 provide forms for reporting hunt records.

9 (b) The department shall make hunt records received under this section, and
10 activity reports received under AS 08.54.650, available to state agencies and federal fish
11 and wildlife law enforcement agencies charged with the enforcement of statutes and
12 regulations relating to guiding, outfitting, transportation services, or game or with
13 management of game if requested for game management or law enforcement purposes.
14 Aggregated data compiled from hunt records and activity reports may be included in
15 reports by the department. For all other purposes, the hunt records and activity reports
16 are confidential and are not subject to inspection or copying under AS 09.25.110 -
17 09.25.125.

18 Sec. 08.54.770. LICENSE AND EXAMINATION FEES. (a) The department
19 shall set fees under AS 08.01.065 for each of the following:

- 20 (1) registered guide license;
- 21 (2) class-A assistant guide license;
- 22 (3) assistant guide license;
- 23 (4) transporter license;
- 24 (5) license application fee.

25 (b) The license fee for the registered guide, class-A assistant guide, or assistant
26 guide license is in addition to the fee required for a hunting license.

27 (c) An applicant for a qualifying examination for a registered guide license shall
28 pay a fee established by regulations adopted under AS 08.01.065.

29 (d) The fee for the transporter license must be equal to the fee for the registered
30 guide license.

31 Sec. 08.54.790. DEFINITIONS. In this chapter,

- 32 (1) "big game" means brown bear, grizzly bear, caribou, moose, black

1 bear, bison, Sitka blacktail deer, elk, mountain goat, musk-ox, and mountain or Dall
2 sheep; "big game" includes wolf and wolverine when taken under hunting regulations;

3 (2) "big game hunting service" means a service for which the provider
4 of the service must obtain a registered guide, class-A assistant guide, or assistant guide
5 license; "big game hunting service" includes guiding services and outfitting services;

6 (3) "compensation" means payment for services including wages or other
7 remuneration but not including reimbursement for actual expenses incurred;

8 (4) "department" means the Department of Commerce and Economic
9 Development;

10 (5) "field" means an area outside of established year-round dwellings,
11 businesses, or other developments usually associated with a city, town, or village; "field"
12 does not include permanent hotels or roadhouses on the state road system or state or
13 federally maintained airports;

14 (6) "game management unit" means one of the 26 geographic areas
15 defined by the Board of Game for game management purposes;

16 (7) "guide" means to provide, for compensation or with the intent or with
17 an agreement to receive compensation, services, equipment, or facilities to a big game
18 hunter in the field by a person who accompanies or is present with the big game hunter
19 in the field either personally or through an assistant; in this paragraph, "services"
20 includes

21 (A) contracting to guide or outfit big game hunts;

22 (B) stalking, pursuing, tracking, killing, or attempting to kill big
23 game;

24 (C) packing, preparing, salvaging, or caring for meat, except that
25 which is required to properly and safely load the meat on the mode of
26 transportation being used by a transporter;

27 (D) field preparation of trophies, including skinning and caping;

28 (E) selling, leasing, or renting goods when the transaction occurs
29 in the field;

30 (F) using guiding or outfitting equipment, including spotting
31 scopes and firearms, for the benefit of a hunter; and

32 (G) providing camping or hunting equipment or supplies which

1 are already located in the field;

2 (8) "outfit" means to provide, for compensation or with the intent to
3 receive compensation, services, supplies, or facilities to a big game hunter in the field,
4 by a person who neither accompanies nor is present with the big game hunter in the field
5 either personally or by an assistant;

6 (9) "transportation services" means the carriage for compensation of big
7 game hunters, their equipment, or big game animals harvested by hunters to, from, or in
8 the field; "transportation services" does not include the carriage by aircraft of big game
9 hunters, their equipment, or big game animals harvested by hunters

10 (A) on nonstop flights between airports listed in the Alaska
11 supplement to the Airmen's Guide published by the Federal Aviation
12 Administration; or

13 (B) by an air taxi operator or air carrier for which the carriage of
14 big game hunters, their equipment, or big game animals harvested by hunters is
15 only an incidental portion of its business; in this subparagraph, "incidental"
16 means transportation provided to a big game hunter by an air taxi operator or air
17 carrier who does not

18 (i) charge more than the usual tariff or charter rate for the
19 carriage of big game hunters, their equipment, or big game animals
20 harvested by hunters; or

21 (ii) advertise transportation services or big game hunting
22 services to the public; in this sub-subparagraph, "advertise" means
23 soliciting big game hunters to be customers of an air taxi operator or air
24 carrier for the purpose of providing air transportation to, from, or in the
25 field through the use of print or electronic media, including advertising
26 at trade shows, or the use of hunt broker services or other promotional
27 services.

28 * Sec. 4. AS 12.55.125(e) is amended to read:

29 (e) A defendant convicted of a class C felony may be sentenced to a definite
30 term of imprisonment of not more than five years, and shall be sentenced to the
31 following presumptive terms, subject to adjustment as provided in AS 12.55.155 -
32 12.55.175:

- 1 (1) if the offense is a second felony conviction, two years;
 2 (2) if the offense is a third felony conviction, three years;
 3 (3) if the offense is a first felony conviction, and the defendant
 4 knowingly directed the conduct constituting the offense at a uniformed or otherwise
 5 clearly identified peace officer, fire fighter, correctional officer, emergency medical
 6 technician, paramedic, ambulance attendant, or other emergency responder who was
 7 engaged in the performance of official duties at the time of the offense, one year;
 8 (4) if the offense is a first felony conviction, and the defendant violated
 9 AS 08.54.720(a)(15) [AS 08.54.520(a)(7) - (10)], one year.

10 * Sec. 5. AS 16.05.195(a) is amended to read:

11 (a) Guns, traps, nets, fishing gear, vessels, aircraft, other motor vehicles, sleds,
 12 and other paraphernalia or gear used in or in aid of a violation of this title or AS 08.54,
 13 or regulation adopted under this title or AS 08.54, and all fish and game or parts of fish
 14 and game or nests or eggs of birds taken, transported, or possessed contrary to the
 15 provisions of this title or AS 08.54, or regulation adopted under this title or AS 08.54
 16 [IT], may be forfeited to the state

17 (1) upon conviction of the offender in a criminal proceeding of a
 18 violation of this title or AS 08.54 in a court of competent jurisdiction; or

19 (2) upon judgment of a court of competent jurisdiction in a proceeding
 20 in rem that an item specified above was used in or in aid of a violation of this title or
 21 AS 08.54 or a regulation adopted under this title or AS 08.54 [IT].

22 * Sec. 6. AS 16.05.407(a) is amended to read:

23 (a) It is unlawful for a nonresident to hunt, pursue, or take brown bear, grizzly
 24 bear, mountain goat, or sheep in this state, unless personally accompanied by

25 (1) a person who is licensed as a registered guide, master guide, class-
 26 A assistant guide, or an assistant guide under AS 08.54 [GUIDE-OUTFITTER,
 27 CLASS-A ASSISTANT GUIDE-OUTFITTER, OR ASSISTANT GUIDE-OUTFITTER
 28 BY THE BIG GAME COMMERCIAL SERVICES BOARD]; or

29 (2) a resident over 19 years of age who is

30 (A) the spouse of the nonresident; or

31 (B) related to the nonresident, within and including the second
 32 degree of kindred, by marriage or blood.

1 * Sec. 7. AS 16.05.407(f) is amended to read:

2 (f) An applicant for a nonresident hunt permit for the taking of an animal
3 specified in (a) of this section shall, if requested by the department, first furnish to the
4 department proof of prior authorization to use [STATE,] federal [,] or private land where
5 the permit hunt will occur. The authorization shall be provided to the applicant by the
6 registered guide or master guide [GUIDE-OUTFITTER] with whom the applicant has
7 contracted to guide [GUIDE-OUTFIT] the permit hunt.

8 * Sec. 8. AS 16.05.408(a) is amended to read:

9 (a) It is a class A misdemeanor for a nonresident alien

10 [(1) TO HUNT, PURSUE, OR TAKE MARINE MAMMALS UNLESS
11 PERSONALLY ACCOMPANIED BY A LICENSED MARINE MAMMAL GUIDE-
12 OUTFITTER; OR

13 (2)] to hunt, pursue, or take a big game animal as defined by the Board
14 of Game unless personally accompanied by a registered guide, master guide, class-A
15 assistant guide, or assistant guide [GUIDE-OUTFITTER, A CLASS-A ASSISTANT
16 GUIDE-OUTFITTER, OR AN ASSISTANT GUIDE-OUTFITTER] licensed under
17 AS 08.54.

18 * Sec. 9. AS 16.05.408(c) is amended to read:

19 (c) Before obtaining a nonresident hunt permit for the taking of an animal
20 specified in (a) of this section, a nonresident alien shall, if requested by the department,
21 first furnish to the department proof of prior authorization to use [STATE,] federal [,]
22 or private land where the permit hunt will occur. The authorization shall be provided
23 to the nonresident alien by the registered guide or master guide [GUIDE-OUTFITTER
24 OR MARINE MAMMAL GUIDE-OUTFITTER] with whom the nonresident alien has
25 contracted to guide [GUIDE-OUTFIT] the permit hunt.

26 * Sec. 10. AS 23.10.055 is amended by adding a new paragraph to read:

27 (14) a person who holds a license under AS 08.54 and who is employed
28 by a registered guide or master guide licensed under AS 08.54, for the first 60 work days
29 in which the person is employed by the registered guide or master guide during a
30 calendar year.

31 * Sec. 11. AS 41.23.420(d) is amended to read:

32 (d) The provisions of AS 41.23.400 - 41.23.510 do not affect the authority of

1 (1) the Department of Fish and Game, the Board of Fisheries, the Board
2 of Game, or the Department of Commerce and Economic Development [BIG GAME
3 COMMERCIAL SERVICES BOARD] under AS 08.54, AS 16, or AS 41.99.010;

4 (2) the Department of Environmental Conservation under AS 46.03; or

5 (3) state agencies and municipalities under AS 44.19.145(a)(11) and
6 AS 46.40.100.

7 * Sec. 12. AS 44.62.330(a)(35) is amended to read:

8 (35) Department of Commerce and Economic Development under
9 AS 08.54 as to licensing and related functions for big game guides and transporters
10 [BIG GAME COMMERCIAL SERVICES BOARD];

11 * Sec. 13. TRANSITION; LICENSES, FEES, REGULATIONS. (a) Notwithstanding
12 AS 08.54.610, added by sec. 3 of this Act, a person who held a guide-outfitter license in good
13 standing under the provisions of AS 08.54.300 - 08.54.590 on June 30, 1995, and who did not
14 renew the license between June 30, 1995, and the effective date of this section shall receive a
15 registered guide license valid until December 31, 1996, upon payment of a license fee of \$65.
16 A license issued under this subsection is for all purposes a registered guide license issued under
17 AS 08.54.610.

18 (b) Notwithstanding AS 08.54.610, added by sec. 3 of this Act, a person who, in
19 reliance upon the apparent authority of the Department of Commerce and Economic
20 Development, obtained a guide-outfitter license from the Department of Commerce and
21 Economic Development after June 30, 1995, and before the effective date of this section shall
22 receive a registered guide license valid until December 31, 1996, without payment of a license
23 fee. A license issued under this subsection is for all purposes a registered guide license issued
24 under AS 08.54.610.

25 (c) Notwithstanding AS 08.54.610, added by sec. 3 of this Act, a person who held a
26 master guide-outfitter license in good standing under the provisions of AS 08.54.300 - 08.54.590
27 on June 30, 1995, and who did not renew the license between June 30, 1995, and the effective
28 date of this section, shall receive a master guide license valid until December 31, 1996, upon
29 payment of a license fee of \$65. A license issued under this subsection is for all purposes a
30 master guide license issued under AS 08.54.610.

31 (d) Notwithstanding AS 08.54.610, added by sec. 3 of this Act, a person who, in
32 reliance upon the apparent authority of the Department of Commerce and Economic

1 Development, obtained a master guide-outfitter license from the Department of Commerce and
2 Economic Development after June 30, 1995, and before the effective date of this section shall
3 receive a master guide license valid until December 31, 1996, without payment of a license fee.
4 A license issued under this subsection is for all purposes a master guide license issued under
5 AS 08.54.610.

6 (e) Notwithstanding AS 08.54.620, added by sec. 3 of this Act, a person who held a
7 class-A assistant guide-outfitter license in good standing under the provisions of AS 08.54.300 -
8 08.54.590 on June 30, 1995, shall receive a class-A assistant guide license valid until
9 December 31, 1996, without payment of a license fee. A license issued under this subsection
10 is for all purposes a class-A assistant guide license issued under AS 08.54.620.

11 (f) Notwithstanding AS 08.54.620, added by sec. 3 of this Act, a person who, in reliance
12 upon the apparent authority of the Department of Commerce and Economic Development,
13 obtained a class-A assistant guide-outfitter license from the Department of Commerce and
14 Economic Development after June 30, 1995, and before the effective date of this section shall
15 receive a class-A assistant guide license valid until December 31, 1996, without payment of a
16 license fee. A license issued under this subsection is for all purposes a class-A assistant guide
17 license issued under AS 08.54.620.

18 (g) Notwithstanding AS 08.54.630, added by sec. 3 of this Act, a person who held an
19 assistant guide-outfitter license in good standing under the provisions of AS 08.54.300 -
20 08.54.590 on June 30, 1995, shall receive an assistant guide license valid until December 31,
21 1996, without payment of a license fee. A license issued under this subsection is for all
22 purposes an assistant guide license issued under AS 08.54.630.

23 (h) Notwithstanding AS 08.54.630, added by sec. 3 of this Act, a person who, in
24 reliance upon the apparent authority of the Department of Commerce and Economic
25 Development, obtained an assistant guide-outfitter license from the Department of Commerce
26 and Economic Development after June 30, 1995, and before the effective date of this section
27 shall receive an assistant guide license valid until December 31, 1996, without payment of a
28 license fee. A license issued under this subsection is for all purposes an assistant guide license
29 issued under AS 08.54.630.

30 (i) A person may receive only one guide license of any class under (a) - (h) of this
31 section.

32 (j) Notwithstanding AS 08.54.650, added by sec. 3 of this Act, a person who held a

1 transporter license in good standing under the provisions of AS 08.54.300 - 08.54.590 on
2 June 30, 1995, and who did not renew the license between June 30, 1995, and the effective date
3 of this section, shall receive a transporter license valid until December 31, 1996, upon payment
4 of a license fee of \$75. A license issued under this subsection is for all purposes a transporter
5 license issued under AS 08.54.650.

6 (k) Notwithstanding AS 08.54.650, added by sec. 3 of this Act, a person who, in
7 reliance upon the apparent authority of the Department of Commerce and Economic
8 Development, obtained a transporter license from the Department of Commerce and Economic
9 Development after June 30, 1995, and before the effective date of this section shall receive a
10 transporter license valid until December 31, 1996, without payment of a license fee. A license
11 issued under this subsection is for all purposes a transporter license issued under AS 08.54.650.

12 (l) A person who, before the effective date of this section, has paid a license fee for a
13 commercial use permit or a use area registration application for 1996 shall receive a refund of
14 the full amount paid from the Department of Commerce and Economic Development.

15 (m) Pending the adoption of regulations under AS 08.01.065 and (n) of this section to
16 implement this Act, the fee for the

- 17 (1) biennial registered guide license or biennial master guide license is \$200;
18 (2) biennial class-A assistant guide license is \$100;
19 (3) biennial assistant guide license is \$100;
20 (4) biennial transporter license is \$200.

21 (n) Notwithstanding AS 44.62.250, the Department of Commerce and Economic
22 Development may adopt emergency regulations under AS 44.62.250 and 44.62.260 to implement
23 this Act without making a written finding under AS 44.62.250. The legislature finds that the
24 adoption of emergency regulations necessary to implement this Act is necessary for the
25 immediate preservation of the public peace and general welfare.

26 * Sec. 14. TRANSITION; USE AREA REGISTRATION. Notwithstanding AS 08.54.750(a),
27 added by sec. 3 of this Act, during the first 60 days that this Act is in effect, a registered guide
28 shall inform the Department of Commerce and Economic Development, in person or by
29 registered mail, that the guide will be conducting big game hunting services in a guide use area.
30 The registered guide shall provide the information required to be submitted to the Department
31 of Commerce and Economic Development under this section at any time before beginning
32 operations in the use area. After the first 60 days that this Act is in effect, a registered guide

1 shall provide information required under AS 08.54.750, in accordance with AS 08.54.750(a).

2 * Sec. 15. CONSTRUCTION OF ACT. Nothing in this Act shall be construed as ratifying
3 or validating acts of the Department of Commerce and Economic Development or of the
4 governor relating to the licensing or regulation of guide-outfitters and related occupations under
5 former provisions of AS 08.54.300 - 08.54.590.

6 * Sec. 16. AS 08.01.010(5); AS 08.03.010(c)(5); AS 08.54.300, 08.54.310, 08.54.320,
7 08.54.330, 08.54.350, 08.54.360, 08.54.370, 08.54.380, 08.54.390, 08.54.393, 08.54.395,
8 08.54.400, 08.54.410, 08.54.420, 08.54.430, 08.54.440, 08.54.450, 08.54.460, 08.54.470,
9 08.54.500, 08.54.505, 08.54.510, 08.54.520, 08.54.530, 08.54.540, 08.54.550, 08.54.590; and
10 AS 39.50.200(b)(48) are repealed.

11 * Sec. 17. This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

No. 1

Bill Version: CSHB 335 (RES)

(H) Publish Date: 5/9/95

STATE OF ALASKA
1995 LEGISLATIVE SESSION

Revision Date: May 8, 1995

Department: Commerce and Economic Development

Title: An Act relating to the Big Game Commercial

BRU: Occupational Licensing

Services Board:

Component: Operations

Sponsor: Representative Ogan

Requestor: Representative Ogan

COMPONENT SERIAL #: 1844

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	174.0	174.0	174.0	174.0	174.0	174.0
TRAVEL	17.3	27.5	27.5	27.5	27.5	27.5
CONTRACTUAL	53.8	53.8	53.8	53.8	53.8	53.8
SUPPLIES	1.2	1.2	1.2	1.2	1.2	1.2
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	246.3	256.5	256.5	256.5	256.5	256.5

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

CHANGE IN REVENUES	321.2	185.2	321.2	188.2	321.2	191.8
---------------------------	--------------	--------------	--------------	--------------	--------------	--------------

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts	246.3	256.5	256.5	256.5	256.5	256.5
1006 GF/MHTIA						
Other						
TOTAL	246.3	256.5	256.5	256.5	256.5	256.5

Estimate of any current year (FY 95) cost: \$ 219.6

POSITIONS

FULL-TIME	2	2	2	2	2	2
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

CSHB 335 extends the termination date of the Big Game Commercial Services Board to June 30, 1999 and makes two significant changes having fiscal impact which are included in this fiscal note. The expenditures shown are in the FY 96 operating budget request. The changes consist of the following: 1) An average of 143 assistant guide candidates are tested each fiscal year at a cost of \$20.00 per exam. Elimination of the written test requirement for assistant guides will therefore reduce contractual costs and revenue by \$2.9 each fiscal year. (Continued on next page)

Prepared by: Jennifer Strickler, Admin. Officer
 Division: Occupational Licensing
 Approved by Commissioner: William L. Hensley
 Agency: Commerce and Economic Development

Phone: 465-2144
 Date: 5/8/95
 Date: 5/8/95

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FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CSHB 335

ANALYSIS: (Continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT FISCAL NOTE CALCULATIONS FOR CSHB 335

2) CSHB 335 also proposes to eliminate the Commercial Use Permit. The Division of Occupational Licensing annually collects the commercial use permit fee as general fund/program receipt revenue which is then transferred to the Department of Fish and Game or the Department of Public Safety for enforcement purposes. Since CSHB 335 proposes to eliminate the commercial use permits, the division anticipates a revenue loss of \$58.6 for enforcement purposes. The revenue is based on 586 commercial use permit applicants paying \$100.00 annually. *(Note: Since this revenue is only collected by the Division of Occupational Licensing, it is not included as part of the board's revenue projections for self-sufficiency purposes.)*

Proposed changes to SCS CSHB 335 (Fin) offered at April 2, 1996,
Senate Finance Committee Meeting:

Teleconference
Wayne Woods from MatSu

Page 4, Line 10:

Delete current language in (A) and replace with:

A major violation of a state hunting, guiding,
or transportation services statute or
regulation within the last five years.

Page 6, Line 16

Delete "18" and insert "21"

Page 6, Lines 22 and 23

Delete: in the game management unit for which the license
is sought

Page 6, Line 27

Delete all of section (B)

Page 10, Line 11

After \$100,000, insert:

In the case of registered guides, proof of
financial responsibility shall only be
required when applying for a guide-use area.

Page 10, Lines 23, 24, and 25

Delete Secs. (2) and (3)

Page 11, Line 31

Add a new section to read:

(1) the department shall act on disciplinary
matters in a timely manner, and the department
may only impose disciplinary actions that are
no greater than those imposed by a court of
competent jurisdiction, nor may the department
impose any disciplinary action that extends
beyond the limits of a judgment of conviction
imposed by a court of competent jurisdiction.

Page 12, Line 2

Delete "20" and insert "30"

Page 15, Line 2

Replace "is" with "may be held"

Page 15, Line 4

After "guide" insert:

if there is a demonstrable complicity shown

Page 15, Line 8

After "transporter" insert:

if there is demonstrable complicity shown

Page 16 Add to Definitions Section

"guide use area" means a game management unit or sub-unit as defined by the board of game

"major violation" means:

- (1) hunting the same day airborne
- (2) wanton waste
- (3) hunting in a closed area
- (4) taking game during a closed season

Jeff Bush

Page 15, Lines 4 and 8

Alternative language to "demonstrable complicity"

If the registered guide knew or should have known of the violation.

Senator Phillips advised of the following notes on behalf of Senator Rieger:

Page 4, Lines 9 through 15

Concern that language represents an all or nothing proposition.

Page 15, Line 8

Change "for" to "of"

Page 16, Between Lines 30 and 31

Add new sec. (e) containing double fees for non-residents.

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO: SCS CSHB 335 (FIN)

Revision Date: March 15, 1996 Dept. Affected: Public Safety
 Title: An Act relating to big game guides and BRU: Fish & Wildlife Protection
transporters; and providing for an effective date. Component: Enforcement & ISU
 Sponsor: Representatives Ogan, Toohey, Rokeberg
 Requestor: Senate Finance COMPONENT SERIAL NO. 0490

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

OPERATING	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-
CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES (1007)	(24.8)	(24.8)	(24.8)	(24.8)	(24.8)	(24.8)
Revenue Code						

FUNDING: (Thousands of Dollars)

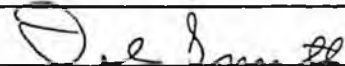
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

Estimate of current year (FY 96) impact: \$ (49.6)

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Captain Richard Graham Phone: 243-2298
 Division: Fish & Wildlife Protection Date: 03/15/96
 Approved by Commissioner:  Date: 3/15/96
 Agency: Ronald L. Otte, Department of Public Safety

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ANALYSIS:

Two issues are being addressed with this fiscal note:

1. This bill eliminates planned revenue from this division with the removal of the Big Game User Permit Fees, estimated at \$24.8 in FY97. In the past, these fees provided needed funding for special big game and guiding enforcement programs. Without this revenue, these programs would be reduced or eliminated.
2. The proposed refunding of fees paid for transporter licenses, guide-outfitter licenses, commercial use permits, use area registrations, and use area registration application for 1996 or 1996 and 1997 will have a direct impact on this division. The estimated \$49.6 to be transferred to Fish & Wildlife Protection in FY96 will be reduced with passage of this legislation.

Note: As this division does not have program receipt authority, the Department of Fish and Game (ADFG) receives the revenue from the Department of Commerce and then transfers the Division of Fish and Wildlife Protection's (FWP) share via Reimbursable Services Agreement. In FY97, the estimated revenue of \$49.6 would be received by ADFG with 50% (\$24.8) being transferred to FWP.

FISCAL NOTE

STATE OF ALASKA 1996 LEGISLATIVE SESSION

BILL NO: SCS CSHB 335 (FIN)

Revision Date: March 12, 1996
 Title: An Act relating to big game guides and transporters; and providing for an effective date.
 Sponsor: Representatives Ogan, Toohey, Rokeberg
 Requestor: Senate Finance

Dept. Affected: Public Safety
 BRU: Fish & Wildlife Protection
 Component: Enforcement & ISU
 COMPONENT SERIAL NO. 0490

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

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	43.9	43.9	43.9	43.9	43.9	43.9
TRAVEL	2.2	2.2	2.2	2.2	2.2	2.2
CONTRACTUAL	2.2	2.2	2.2	2.2	2.2	2.2
SUPPLIES	2.6	2.6	2.6	2.6	2.6	2.6
EQUIPMENT	6.3					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	57.2	50.9	50.9	50.9	50.9	50.9
CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES (1007) Revenue Code	(24.8)	(24.8)	(24.8)	(24.8)	(24.8)	(24.8)

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	57.2	50.9	50.9	50.9	50.9	50.9
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	57.2	50.9	50.9	50.9	50.9	50.9

Estimate of current year (FY 96) impact: \$ (49.6)

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)
 See Page 2 of 2.

Prepared By: Captain Joseph D'Amico Phone: 243-2298
 Division: Fish & Wildlife Protection Date: 03/12/96
 Approved by Commissioner: *Ronald L. Otte* Date: 3/13/96
 Agency: Ronald L. Otte, Department of Public Safety

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ANALYSIS:

Several issues are being addressed with this fiscal note:

1. In order to provide sufficient administrative support in carrying out the added responsibilities of this bill, this division requires one additional position and its associated cost totalling \$57.2 in FY97. This position would be responsible for maintaining, editing, and publishing the state's guide area use maps. In addition, this person would receive incoming notifications from guides that they are changing or moving guide use areas. This would include receiving registered mail or in-person visits from guides wishing to change their use areas. Maps would have to be maintained and made available for court or other hearings. Because of this, a degree of security and chain-of-custody issues would be required.
2. This bill eliminates planned revenue from this division with the removal of the Big Game User Permit Fees, estimated at \$24.8 in FY97. In the past, these fees provided needed funding for special big game and guiding enforcement programs. Without this revenue, these programs would be reduced or eliminated.
3. The proposed refunding of fees paid for transporter licenses, guide-outfitter licenses, commercial use permits, use area registrations, and use area registration application for 1996 or 1996 and 1997 will have a direct impact on this division. The estimated \$49.6 to be transferred to Fish & Wildlife Protection in FY96 will be reduced with passage of this legislation.

Note: As this division does not have program receipt authority, the Department of Fish and Game (ADFG) receives the revenue from the Department of Commerce and then transfers the Division of Fish and Wildlife Protection's (FWP) share via Reimbursable Services Agreement. In FY97, the estimated revenue of \$49.6 would be received by ADFG with 50% (\$24.8) being transferred to FWP.

4. Pending court litigation could challenge the current Guide User System. Based on how the court rules, this may require redefinition of the current system or the need to create a new system. If this becomes true, additional funding will be required to institute the process.

FY97 Operational Expenditures for Administrative Support Efforts:

Personal Services, Administrative Assistant I, 12 mo., 12A/B	\$ 43.9
Travel	2.2
Contractual	2.2
Supplies	2.6
Equipment	<u>6.3</u>
Total FY97 Cost to the BRU	\$ 57.2

One-time purchases in FY97 include: Office setup for the position (desk, chair, computer table, computer, and printer).

FISCAL NOTE

**STATE OF ALASKA
1996 LEGISLATIVE SESSION**

BILL NO. SCS CSHB 335(FIN)

Revision Date: _____
Title: An Act relating to big game guides and transporters;
and providing for an effective date.
Sponsor: Reps. Ogan, Toohy, Rokeberg
Requestor: Senate Finance Committee

Department: Commerce and Economic Development
BRU: Occupational Licensing
Component: Operations
COMPONENT SERIAL NO. 1844

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	(13.8)	(13.8)	(13.8)	(13.8)	(13.8)	(13.8)
TRAVEL	(7.4)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
CONTRACTUAL	5.6	(12.7)	(12.7)	(12.7)	(12.7)	(12.7)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	(15.6)	(29.5)	(29.5)	(29.5)	(29.5)	(29.5)

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

CHANGE IN REVENUES	** (45.1)	0.0	(59.0)	0.0	(59.0)	0.0
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**See note below

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1091 Designated PR	(15.6)	(29.5)	(29.5)	(29.5)	(29.5)	(29.5)
TOTAL	(15.6)	(29.5)	(29.5)	(29.5)	(29.5)	(29.5)

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

SCS CSHB 335(FIN) is a rewrite of AS 08.54 pertaining to regulation of big game guides and transporters. Funding for the big game guide-outfitter licensing program is currently in the FY 97 operating budget request. The decrement identified in this fiscal note is a change to the operating budget request based on provisions in this bill. Explanation of this decrement is provided on the attached pages.

** Note: Section 12, subsection (l) of the bill refers to possible refunds of fees paid in 1996. If refunds become necessary, even greater reductions in revenue will occur.

Prepared by: Jennifer Strickler, Administrative Officer
Division: Occupational Licensing
Approved by Commissioner: William L. Hensley
Agency: Commerce and Economic Development

Phone: 465-2144
Date: March 12, 1996
Date: 3-12-96

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO.: SCS CSHB 335(FIN)

ANALYSIS: (Continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT FISCAL NOTE CALCULATIONS

Funding for the guide-outfitter licensing program is included in the FY 97 operating budget. This funding is based on FY 95 Direct program expenses shown below:

(FY 95 Direct costs)

Personal Services	\$141,159.00
Travel	11,196.00
Contractual Services	53,333.00
Supplies	<u>594.00</u>
TOTAL:	\$206,282.00

SCS CSHB 335(FIN) proposes several changes to the current statutory requirements. The changes with substantial fiscal impact include the following:

- Elimination of the Use Area category;
- Elimination of the Board and associated travel to board meetings;
- Elimination of the Commercial Use Permits;
- Elimination of the Assistant Guide-Outfitter examinations.

The fiscal impact of these changes are explained below.

Personal Services: {13,800.00}

Based on positive timekeeping data recorded in FY 95, one-third of an Occupational Licensing Examiner I position was dedicated to support the Use Area and Commercial Use Permit categories. Elimination of these categories will no longer require funding for these tasks.

Travel: {7,396.00}

The elimination of a board will no longer require funding for board meetings. However, travel funds will still be required for staff to administer the guide-outfitter examinations throughout the State; and to fund examination workshops or other travel associated with re-write of the guide-outfitter examinations.

SCS CSHB 335(FIN), continued

In FY 95, travel expenses of the Big Game Commercial Services Board were lower than previous years because the board was in its final year of existence having sunsetted on June 30, 1994. We therefore used FY 94 activity upon which to base costs. The FY 94 board member travel costs to attend 3 meetings totaled \$10,800.00; while staff travel to attend the meetings and administer examinations totaled \$5,100.00.

Consideration of travel requirements under the bill in administering only guide-outfitter examinations (at least two times per year), the cost is $\$400.00 \times 1 \text{ staff} \times 2 \text{ exams} = \800.00 ; and holding at least two examination work shops in the first year at a cost of $\$1,500.00 \text{ each} \times 2 = \$3,000.00$. It is estimated that at least \$3,800.00 will be needed in travel. The examination work shop costs of \$3,000.00 is deleted after the first year.

Contractual Services: 5,555.00

An average of 143 assistant guide-outfitter exams are administered each year. The costs per exam is \$50.00, thereby reducing assistant guide-outfitter costs by \$7,150.00 with elimination of the assistant guide-outfitter exams ($\$50.00 \times 143 = \$7,150.00$). Aside from this reduction, the bill requires:

- a) Re-write of the Guide-Outfitter examination, at an estimated cost of \$10,000.00 (development cost for the current exam was approximately \$25,000.00). Funding to re-write the examination is a one-time expense needed only in the first fiscal year and is deleted thereafter.
- b) Re-write of existing regulations. Costs involved with public noticing the regulation changes, printing, and postage, are estimated at \$2,700.00. This expense is anticipated to be a one-time expense and is deleted thereafter.

Based on the issues listed above, an additional \$5,550.00 would be needed to complete these tasks in the first year.

Supplies: {0.0}

No change is anticipated to supply costs. Based on FY 95 activity, supply funding of \$600.00 is already included in the FY 97 operating budget request.