

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 2005-2006 3040

**SB**

**171**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPC T

(11)

Date Referred to Committee: April 28, 2006

FURTHER REFERRALS:

Date of Committee Action: 5/2/06

The FINANCE Committee considered:

CSSB 171(FIN)(ef'd fld)

CS FOR SENATE BILL NO. 171(FIN)(ef'd fld)

NPR-A COMMUNITY GRANT PROGRAM

"An Act amending the National Petroleum Reserve - Alaska special revenue fund; and establishing the Special Legislative Oil and Gas NPR-A Development Impact Review Committee and defining its powers and duties."

Recommends it be replaced with  HCS or  CS for SB 171 (CRA)  
 For Senate Bills with new title:  Technical Title  New Title: HCR \_\_\_\_\_  Same Title  New Title

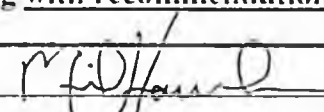
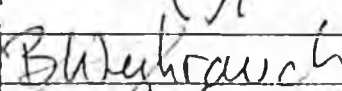
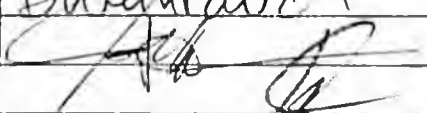
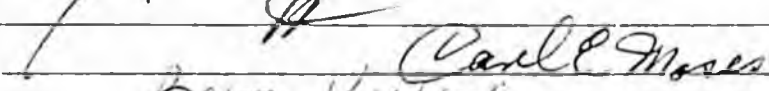
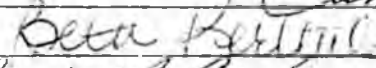
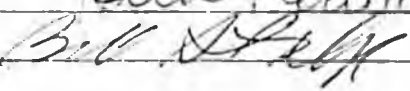
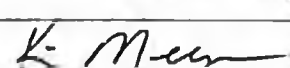
- attach amendments
- add new referral to \_\_\_\_\_ Committee
- Letter of Intent \_\_\_\_\_ Committee

List of Abbrev for Depts.:

- ADM
- CED
- COR
- CRT
- EED
- DEC
- DFG
- GOV
- HSS
- LEG
- LAW
- LWF
- MVA
- DNR
- DPS
- REV
- DOT
- UA

| <u>NEW FISCAL NOTES</u>           |      |        |        |      |
|-----------------------------------|------|--------|--------|------|
| *Assigned by Chief Clerk's Office |      |        |        |      |
| List by Dept(s):                  | *FN# | Fiscal | Indet. | Zero |
| AK Penn Fund                      |      |        | ✓      |      |
| Leg AF Asca                       |      |        |        | ✓    |
| DCCED                             |      |        |        | ✓    |
|                                   |      |        |        |      |
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| <u>PREVIOUS FISCAL NOTES</u> |     |        |        |      |
|------------------------------|-----|--------|--------|------|
| List by Dept(s):             | FN# | Fiscal | Indet. | Zero |
|                              |     |        |        |      |
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| <u>Signing with recommendations</u>  | Printed Last Name | DP | DNP | NR | AM |
|--|-------------------|----|-----|----|----|
|         | Howard            |    |     | *  |    |
|         | Weyhrauch         |    |     | x  |    |
|         | Kelly             | ✓  |     |    |    |
|         | MOSES             | ✓  |     |    | x  |
|         | KERKULA           |    |     | x  |    |
|         | STATZE            |    |     | x  |    |
| Chair:  | Meyer             |    |     |    | ✓  |
| Chair:   |                   |    |     |    |    |

# FISCAL NOTE

STATE OF ALASKA  
2006 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HCS CSSB 171 (CRA)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Legislature  
Title "An Act amending the National Petroleum BRU Legislative Council  
Reserve - Alaska special revenue fund to require...." Component: Council and Subcommittees  
Sponsor Senator Wilken  
Requestor House Finance Committee Component No. 783

## Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

| OPERATING EXPENDITURES | FY 2007    | FY 2008    | FY 2009    | FY 2010    | FY 2011    | FY 2012    |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services      | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| Travel                 | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| Contractual            | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| Supplies               | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| Equipment              | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| Land & Structures      | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| Grants & Claims        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| Miscellaneous          | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

|                             |     |     |     |     |     |     |
|-----------------------------|-----|-----|-----|-----|-----|-----|
| <b>CAPITAL EXPENDITURES</b> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
|-----------------------------|-----|-----|-----|-----|-----|-----|

|                               |     |     |     |     |     |     |
|-------------------------------|-----|-----|-----|-----|-----|-----|
| <b>CHANGE IN REVENUES ( )</b> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
|-------------------------------|-----|-----|-----|-----|-----|-----|

## FUND SOURCE (Thousands of Dollars)

|   |            |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts                   |            |            |            |            |            |            |
| 1003 GF Match                           |            |            |            |            |            |            |
| 1004 GF                                 | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        | 0.0        |
| 1005 GF/Program Receipts                |            |            |            |            |            |            |
| 1037 GF/Mental Health                   |            |            |            |            |            |            |
| Other (Specify Type--Do not abbreviate) |            |            |            |            |            |            |
| <b>TOTAL</b>                            | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

Estimate of any current year (FY2006) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

### POSITIONS

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

**ANALYSIS:** (Attach a separate page if necessary)

HCS CSSB 171 (CRA) has zero fiscal impact on the Legislative Affairs Agency.

Prepared by: Karla Schofield, Deputy Director Phone 465-6626  
Division Legislative Affairs Agency Date/Time 5/1/06 3:54 PM  
Approved by: Pamela Varni, Executive Director Date 5/1/2006  
Agency Legislative Affairs Agency

# FISCAL NOTE

STATE OF ALASKA  
2006 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HCS CSSB171(CRA)  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): 5/01/06 Dept. Affected: Commerce  
 Title: NPR-A Community Grant Program RDU: Comm Assist & Ec Dev (405)  
 Component: Community Advocacy  
 Sponsor: Wilken  
 Requester: House Finance Component No.: 2703

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

| OPERATING EXPENDITURES | FY 2007    | FY 2008    | FY 2009    | FY 2010    | FY 2011    | FY 2012    |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services      |            |            |            |            |            |            |
| Travel                 |            |            |            |            |            |            |
| Contractual            |            |            |            |            |            |            |
| Supplies               |            |            |            |            |            |            |
| Equipment              |            |            |            |            |            |            |
| Land & Structures      |            |            |            |            |            |            |
| Grants & Claims        |            |            |            |            |            |            |
| Miscellaneous          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

|                             |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|
| <b>CAPITAL EXPENDITURES</b> |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|

|                               |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|
| <b>CHANGE IN REVENUES ( )</b> |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|

**FUND SOURCE** (Thousands of Dollars)

|   |            |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts                   |            |            |            |            |            |            |
| 1003 GF Match                           |            |            |            |            |            |            |
| 1004 GF                                 |            |            |            |            |            |            |
| 1005 GF/Program Receipts                |            |            |            |            |            |            |
| 1037 GF/Mental Health                   |            |            |            |            |            |            |
| Other (Specify Type--Do not abbreviate) |            |            |            |            |            |            |
| <b>TOTAL</b>                            | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

Estimate of any current year (FY2006) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

**ANALYSIS:** (Attach a separate page if necessary)

This legislation amends AS 37.05.530 the National Petroleum Reserve-Alaska Special Revenue Fund. In the event 25% of the gross amount of funds is not available for deposit in the permanent fund and 0.5% is not available for deposit in the public school trust fund in one year, then those amounts shall be repaid from subsequent year funds prior to funding PCE/Rural Electric Capitalization funds. This legislation also requires the legislature to identify and specify the grants for activities, services and facilities as capital appropriation items.

New funds are not required to implement the provisions of this legislation.

Prepared by: Mike Black, Director Phone 907 269 4535  
 Division: Community Advocacy Date/Time 5/1/06 6:06 PM  
 Approved by: William C. Noll, Commissioner Date 5/1/2006  
 Agency: Commerce, Community and Economic Development

# FISCAL NOTE

STATE OF ALASKA  
2006 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CSSB171(FIN)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title NPR-A COMMUNITY GRANT PROGRAM RDU AK Permanent Fund Corporation  
Component AK Permanent Fund Corporation  
Sponsor Senator Wilken  
Requester Senate Finance Component No. 109

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

| OPERATING EXPENDITURES | FY 2007    | FY 2008    | FY 2009    | FY 2010    | FY 2011    | FY 2012    |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services      |            |            |            |            |            |            |
| Travel                 |            |            |            |            |            |            |
| Contractual            |            |            |            |            |            |            |
| Supplies               |            |            |            |            |            |            |
| Equipment              |            |            |            |            |            |            |
| Land & Structures      |            |            |            |            |            |            |
| Grants & Claims        |            |            |            |            |            |            |
| Miscellaneous          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

|                             |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|
| <b>CAPITAL EXPENDITURES</b> |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|

|                               |            |            |            |            |            |            |
|-------------------------------|------------|------------|------------|------------|------------|------------|
| <b>CHANGE IN REVENUES ( )</b> | <b>***</b> | <b>***</b> | <b>***</b> | <b>***</b> | <b>***</b> | <b>***</b> |
|-------------------------------|------------|------------|------------|------------|------------|------------|

**FUND SOURCE** (Thousands of Dollars)

|   |            |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts                   |            |            |            |            |            |            |
| 1003 GF Match                           |            |            |            |            |            |            |
| 1004 GF                                 |            |            |            |            |            |            |
| 1005 GF/Program Receipts                |            |            |            |            |            |            |
| 1037 GF/Mental Health                   |            |            |            |            |            |            |
| Other (Specify Type--Do not abbreviate) |            |            |            |            |            |            |
| <b>TOTAL</b>                            | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

**ANALYSIS:** (Attach a separate page if necessary)

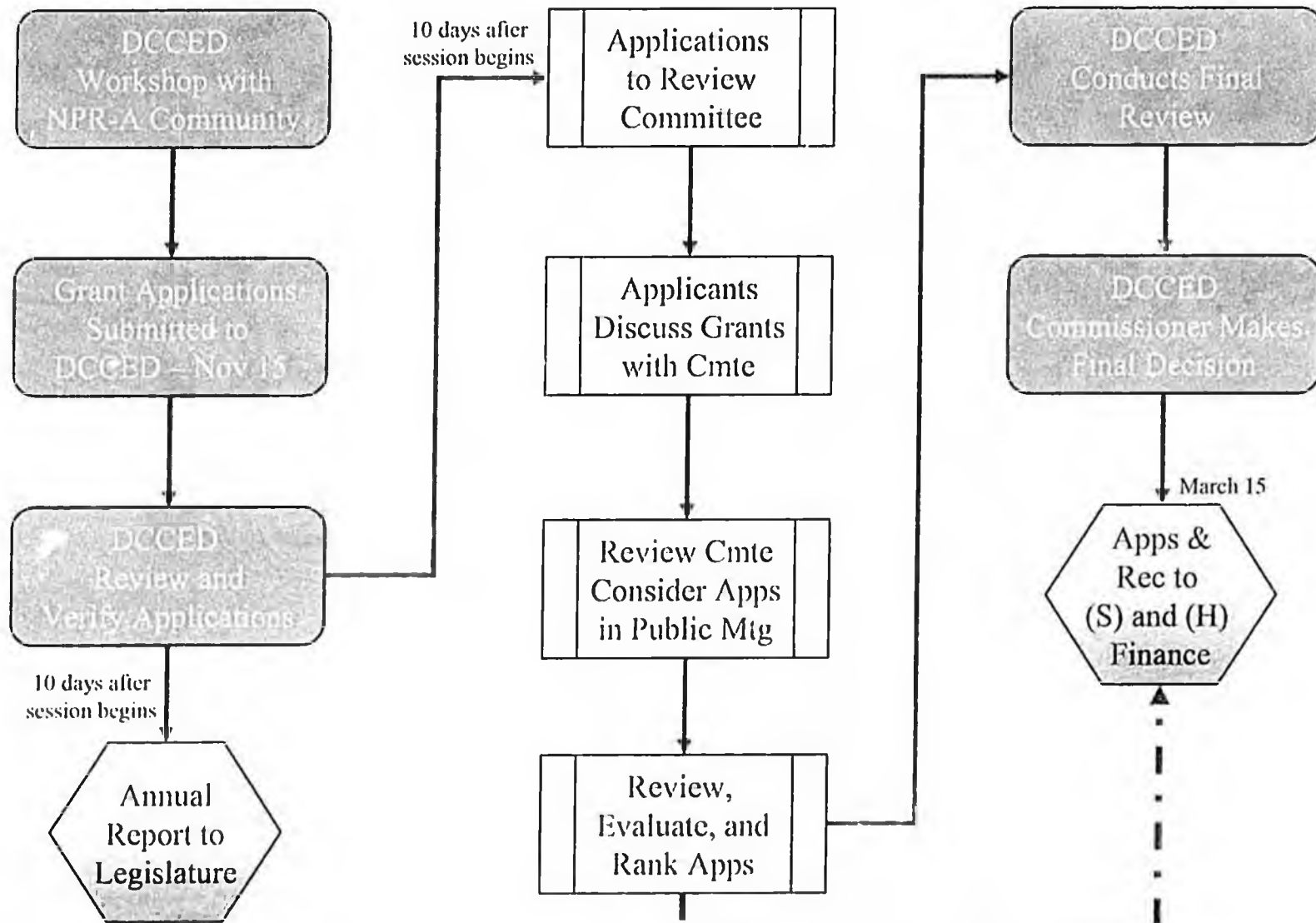
SB 171 would not affect the operating costs of the Permanent Fund.

SB 171 would change the share of annual National Petroleum Reserve - Alaska income that the Fund receives from 25% of the net amount after payment of other obligations to 25% of the gross amount received by the State. APFC staff believe that income to the Fund would increase under the provisions in SB 171, but are not able to quantify the increase.

Prepared by: Michael J. Burns, Executive Director/CEO Phone 907-465-2047  
Division Alaska Permanent Fund Corporation Date/Time 5/2/06 12:00 AM  
Approved by: \_\_\_\_\_ Date \_\_\_\_\_  
Agency \_\_\_\_\_

# Proposal Discussed by (H) CRA Working Group

(Submitted by Gary Wilken, April 19, 2006)



Review Committee = 4 state employees;  
2 representatives and 2 senators, ex-officio

Legislators are ex-officio members

**GARY WILKEN**  
SENATOR  
Fairbanks



Senate

State Capitol Building  
Juneau, Alaska 99801-1182  
Tel: 451-5501 (from Fbks)  
Tel: (907) 465-3709 (outside Fbks)  
Fax: (907) 465-4714  
[www.akrepublicans.org/wilken](http://www.akrepublicans.org/wilken)  
E-Mail: [Senator.Gary.Wilken@legis.state.ak.us](mailto:Senator.Gary.Wilken@legis.state.ak.us)

## SPONSOR STATEMENT

### House CS for CS Senate Bill 171 (CRA) NPR-A Community Grant Program

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House CS for CS Senate Bill 171 (CRA) centers on the National Petroleum Reserve – Alaska, a well-known federal reserve, rich in gas and oil. The State of Alaska is poised to receive a significant amount of money from lease sales, exploration, and production of oil and gas in this area. This money is the focus of Senate Bill 171.

The bounty of NPR-A is thought by many to match or exceed the oil and gas deposits found at Prudhoe Bay or Kuparuk. As was mentioned in the *Anchorage Daily News*, February 15, 2005, "(The) Bureau of Land Management estimates NPR-A northeast corner could hold more than 2 billion barrels of crude oil and 3.5 trillion cubic feet of natural gas." All Alaskans look forward to the time when they can enjoy the benefits of reasonable and responsible development of these natural resources.

When members of the United State Congress authorized competitive leases in NPR-A in 1980, they recognized that development in the petroleum reserve might severely impact communities in or near the area. The federal legislation directed that the revenue generated through NPR-A development be used first to mitigate direct impacts, if any, to municipalities, and then by the rest of the State of Alaska. This federal dictate is in direct conflict with the *Alaska State Constitution*.

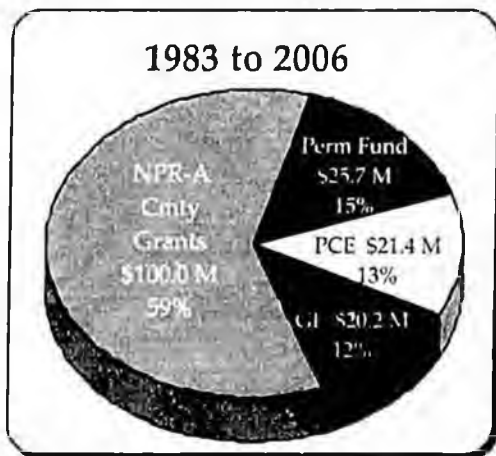
The State of Alaska receives from the federal government 50 percent of royalties and lease payments from the oil and gas development in NPR-A. As required by

federal law, these funds are available, before consideration of any other public purpose, to communities that demonstrate impact from resource development in NPR-A. Unfortunately, this directive is at odds with Article IX, Section 15 of our constitution which states:

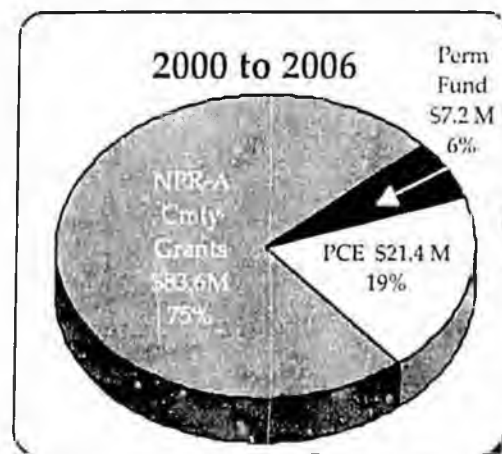
*"At least twenty-five per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund."*

Since 1983, the State of Alaska has received \$167.6 million from development within NPR-A, \$122 million since 2000. But as noted in the following chart, only six percent of NPR-A receipts has been deposited into the Alaska Permanent Fund since the turn of the century.

Summary of Total Funds  
Distribution of \$167.6 M



Summary of 2000 to 2006  
Distribution of \$112.4 M



House CS for CS for Senate Bill 171 (CRA) recognizes this unsettling conflict and puts in place a mechanism to help ensure that the Alaska Permanent Fund receives, to the extent allowed under federal law, 25 percent of all oil and gas lease rentals and royalties as directed by the *Alaska State Constitution*.

In addition, the House Community and Regional Affairs committee substitute requires that the appropriations made as NPR-A funded grants be identified and the amounts of each grant be specified in an appropriation bill as other capital appropriations.

While it is important to address this conflict between our State Constitution and federal law, there remains an equally troublesome issue that must be remedied – how the federal NPR-A payments are distributed to Alaska communities that may be severely impacted by oil and gas development within the National Petroleum Reserve. But in the spirit of compromise, this issue is set-aside for another day.

I respectfully request your support in the passage of this legislation.

May 1, 2006

**House CS for CS for Senate Bill 171 (CRA)  
NPR-A Community Grant Program**

**Sectional Analysis**

The State of Alaska receives 50 percent of the federal revenue received from oil and gas lease sales located in the National Petroleum Reserve – Alaska (NPR-A). Those revenues are deposited into the NPR-A Special Revenue Fund. House CS for CS for Senate Bill 171 (CRA) outlines how those funds are distributed.

**Section 1. Distribution of NPR-A Funds**

1. Funds received by the State of Alaska from the oil and gas development within NPR-A will be used first to alleviate the impact of the development within the petroleum reserve. Communities may apply for grants through the NPR-A Impact Mitigation Grant Program, administered by the Department of Commerce, Community, and Economic Development. These grants are funded first.
2. Secondly, 25 percent of the total NPR-A dollars will be deposited into the principal of the Alaska Permanent Fund and .5 percent of the total will be deposited into the Public School Trust Fund. If the amount remaining after addressing community impacts is insufficient to fully fund these two funds, the deposits shall be allocated pro rata.
3. Thirdly, the amounts remaining after the two previous funds are paid in full may be appropriated to the Alaska Permanent Fund and the Public School Trust Fund to cover any previous shortfalls that occurred on or after the effective date of this legislation.
4. Lastly, the legislature may make appropriations to the Power Cost Equalization and Rural Electric Capitalization Fund and the General Fund.

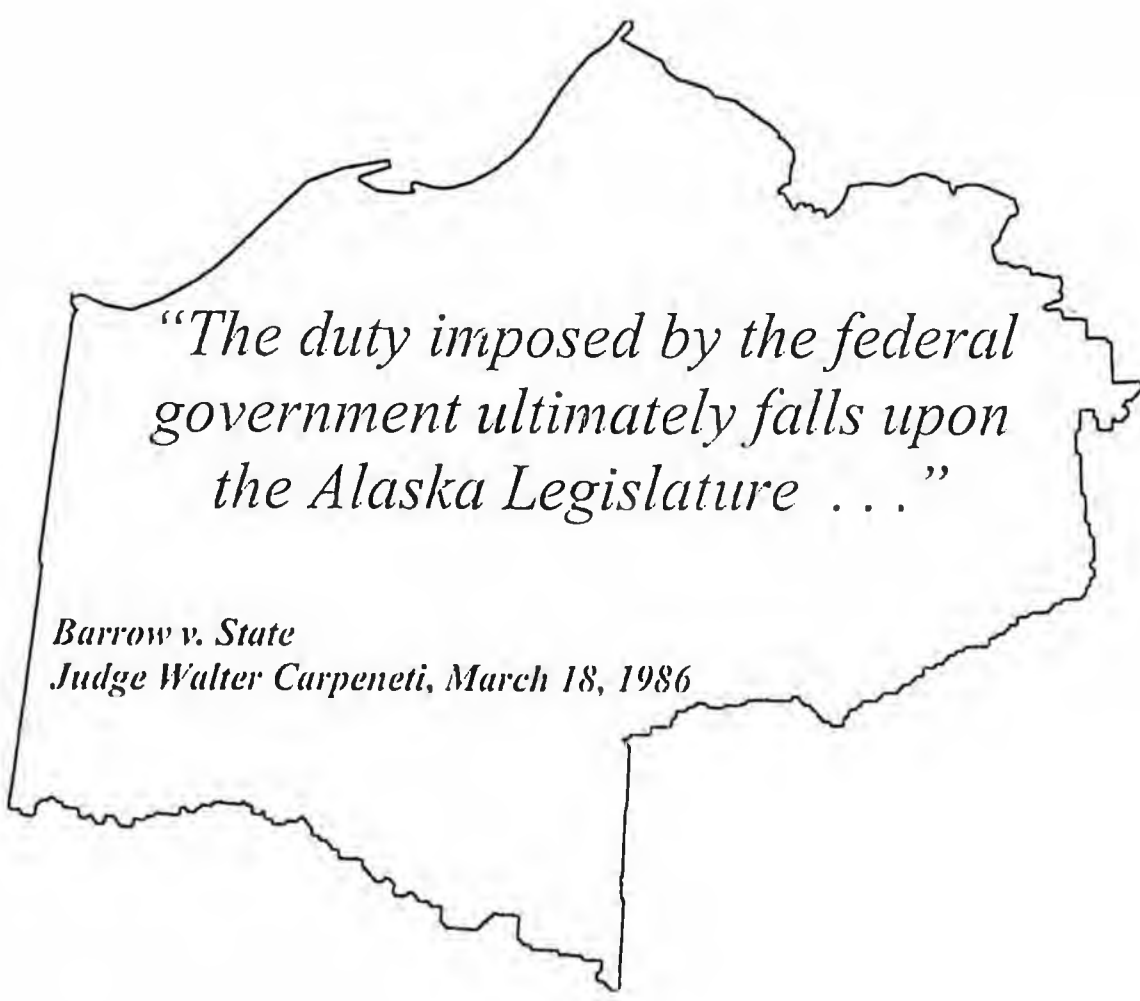
**Section 2. Identification of NPR-A Impact Mitigation Grants**

1. The legislature will identify the grants as capital appropriation items and will list the amounts for each item.

handout  
5/2/06

# Senate Bill 171

House CS for CS for Senate Bill 171 (CRA)



*“The duty imposed by the federal government ultimately falls upon the Alaska Legislature . . . .”*

*Barrow v. State  
Judge Walter Carpeneti, March 18, 1986*

*Sponsored by  
Gary Wilken*

May 1, 2006

In Alaska, there's a little-known fact . . .

## . . . an exception to our Constitution

Article IX, Section 15

Alaska Permanent Fund Corporation

**Fund** Investing in your future  
**works**



## There's an account in front of our AK Permanent Fund – an "Impact Fund"

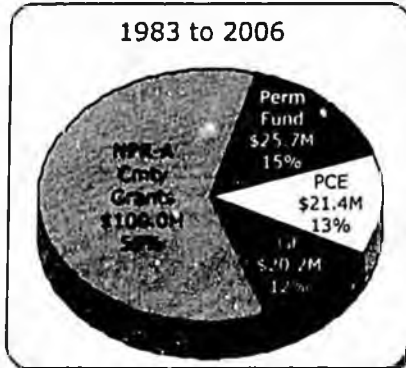
- The "Impact Fund" was inserted there in 1980 by federal legislation.
- Alaska State Constitution (*Art. IX, Sec. 15*) requires 25% percent to be deposited into the Alaska Permanent Fund.
- Since 1980, Alaska has received \$167.6 M from oil and gas development in NPR-A.

### BUT

- To date, only 15% has been deposited into our Permanent Fund.

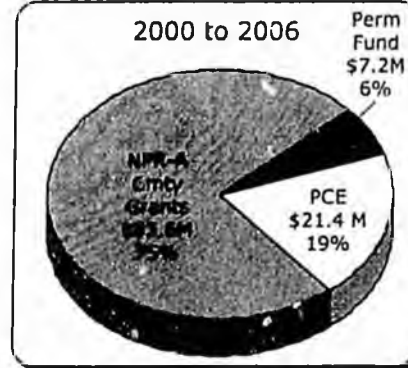
## ... Where'd the money go?

**A Look at the Total Program**  
Distribution of \$167.6 M



Rate: Public School Trust received .2% (\$328,927)

**2000 to 2006**  
Distribution of \$112.4 M

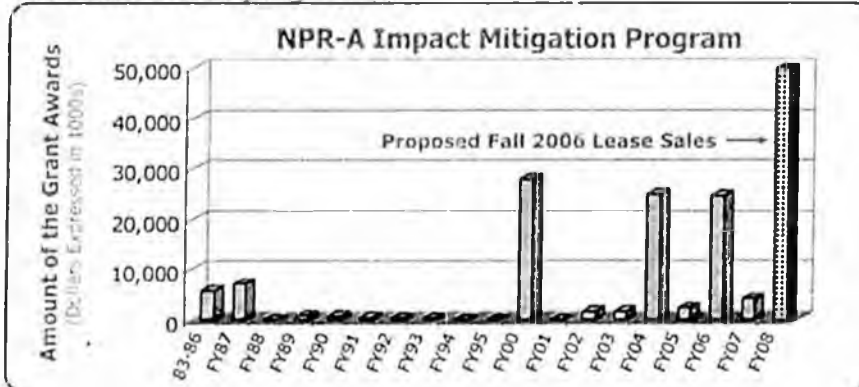


Rate: Public School Trust received .1% (\$143,665)  
General Fund received 0%

Source: Department of Commerce, Community, and Economic Development

## Alaska's NPR-A Receipts

... and FY08 projection



FY07 is the requested amount. FY08 is the projected amount from the proposed NPR-A fall lease sales.

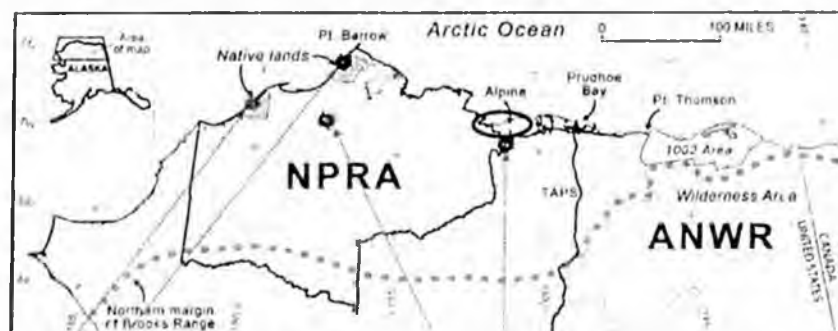
Since 1983, a total of **\$104,213,726** has been awarded to 4 communities. (Total includes the FY07 requested amount of \$1,278,502) (FY87 and FY91 include 5 communities)

## What's NPR-A???



- 23.5 million-acre petroleum reserve (~ Indiana)
- NW third of Alaska's arctic between the Brooks Range and the Arctic Ocean
- New oil lease sale proposed for Fall 2006

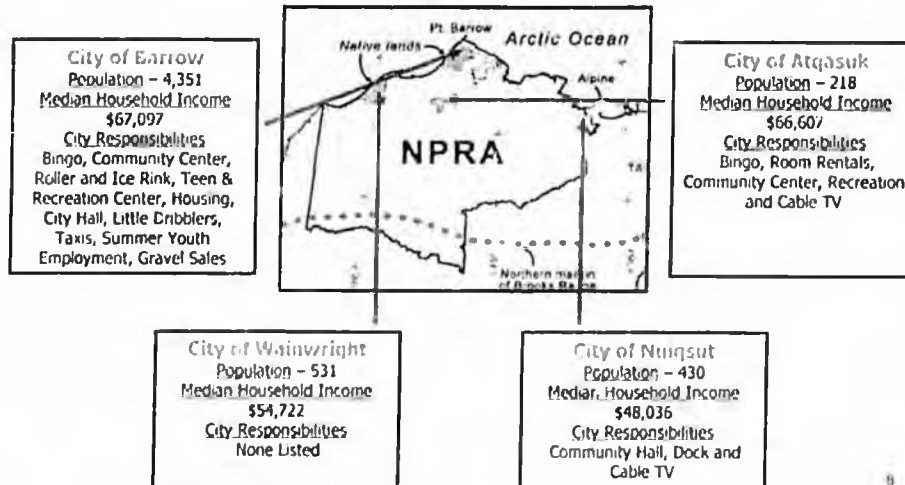
## Where is NPR-A O&G activity?



### Proximity to Current NPR-A Oil and Gas Activity

- |  |   |
|--|---|
| <input type="checkbox"/> Wainwright ~ <u>220 miles</u> | <input type="checkbox"/> Nuiqsut ~ <u>8 miles</u>   |
| <input type="checkbox"/> Barrow ~ <u>160 miles</u>     | <input type="checkbox"/> Atkasuk ~ <u>160 miles</u> |

## Communities within NPR-A



Source: DCCED and Alaska Municipal League - 2005 Alaska Municipal Officials Directory

## The history of NPR-A

- 1923 President Warren Harding established the Naval Petroleum Reserve (renamed National Petroleum Reserve - Alaska in 1976)
- 1980 Congress authorized competitive leases in NPR-A (42 U.S.C., Sec. 6508)
- 1980 State of Alaska to receive 50% of the total revenue from NPR-A leases and impacted communities were given a priority to the revenue.

## Conflicting Laws

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### Under Federal Law

- Priority use of NPR-A funds by communities *most directly or severely impacted by development* of oil and gas within NPR-A

### Without a state law on the books (early 1980s)

- Legislature deposited half of the State's share into the Permanent Fund and .5% to the School Trust
- Legislature deposited the remainder of the funds in the General Fund

10

## ... but a court suit followed

---

- In 1985, the North Slope Borough and NPR-A communities sued the state
- Superior Court Judge Carpeneti ruled in 1986
  - ☞ Automatic deposits into the Permanent Fund violate the federal law.
  - ☞ The State of Alaska has a mandatory duty to address NPR-A development-related impact needs.
  - ☞ The duty imposed by the federal government ultimately falls upon the Alaska Legislature.

11

## Now is the time for a change

To listen to the Alaska Superior Court ( *Barrow v. State*, March 18, 1986)

“The duty imposed by the federal government ultimately falls upon the Alaska Legislature and it includes the duties to examine the claimed needs of the subdivisions arising from oil and gas development impacts, to evaluate them and, if the claimed needs are found to exist, to rate them in order of priority, and to meet them out of NPR-A revenues.”

(Emphasis Added)

## What does the law say?

- Federal Law – 42 U.S.C. 6508
  - *In allocation of the NPR-A funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by the development of oil and gas leased in NPR-A.*
- Alaska State Law – AS 37.05.530
  - *A municipality may use the NPR-A funds only for services to alleviate the impact of oil and gas development within NPR-A.*
- Alaska Regulations – 3 AAC 150.050
  - *Impact means an effect reasonably attributable to NPR-A oil and gas activities under 42 U.S.C. 6508.*

(Emphasis Added)

## A FY06 example for review

Wainwright Lagoon Boat Launch - \$525,000 – *To replace or renovate the Wainwright Lagoon Boat Ramp*

| "Impact" on                | Grant Application  | But . . .   |
|----------------------------|--|---|
| Population                 | "Construction of the oil production infrastructure and pipeline has driven up the growth of population." | The population of Wainwright has only increased from 492 to 546 (11%) in 1990 - 2000. |
| Social and Cultural Values | "The social disruption prompted by oil and gas development affects many traditional activities."         | Wainwright is 220 miles from NPR-A development.                                       |

**Question:** Are the listed impacts reasonably attributable to O&G development within NPR-A and will the project alleviate the impacts?

(As required in AS 17.05.530)

14

## And another FY06 proposal . . .

Roller Rink Renovation Feasibility Study - \$63,556 – *To identify the costs to renovate the Barrow Roller Rink*

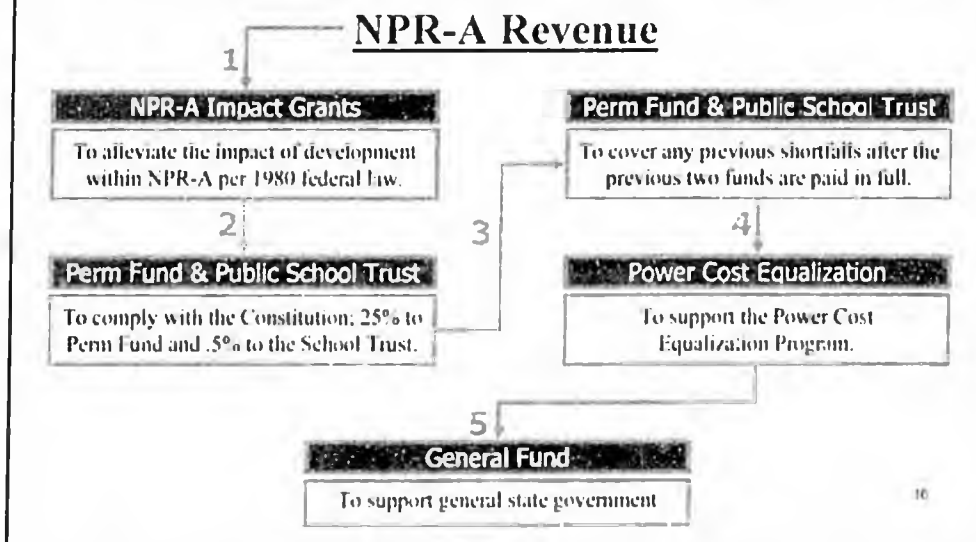
| "Impact" on                | Grant Application  | But . . .  |
|----------------------------|--|--|
| Social and Cultural Values | "The decline in subsistence resources due to NPR-A O&G development negatively impacts the Inupiat culture."  | Studies are currently undertaken to determine the impact to wildlife, if any, to Barrow residents 160 miles from Alpine. |
| Unemployment               | "As the economic benefits of O&G development begin to decline, it leaves members less able to survive . . ." | The decline in O&G development is not in NPR-A; this petroleum reserve is just beginning to be explored.                 |

**Question:** Are the listed impacts reasonably attributable to O&G development within NPR-A and will the project alleviate the impacts?

(As required in AS 17.05.530)

15

## Where does the money go in SB 171?



## Now is the time . . .

### *To consider SB 171*

. . . and to recognize the obligation we have to Alaska's constitution by insuring that at least 25% of the bounty received from the development of NPR-A is deposited into our *Permanent Fund* as directed by Article 9, Section 15.

Thank You  
Gary Wilken

17

**National Petroleum Reserve-  
Alaska (NPRA) Impact  
Mitigation Grant Program  
Report to the Second Session  
of the Twenty Fourth Alaska  
Legislature**

State of Alaska

Frank Murkowski, Governor

Department of Commerce, Community &  
Economic Development

William Noll, Commissioner



DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

Division of Community Advocacy

*Frank H. Murkowski, Governor*  
*William C. Noll, Commissioner*  
*Michael Black, Director*

January 16, 2006

The Honorable Ben Stevens  
Senate President  
Twenty-Fourth Alaska State Legislature  
Second Session  
State Capitol, Room 111  
Juneau, Alaska 99801-1182

The Honorable John Harris  
Speaker of the House  
Twenty-Fourth Alaska State Legislature  
Second Session  
State Capitol, Room 208  
Juneau, Alaska 99801-1182

Dear President Stevens and Speaker Harris:

This document is the Division of Community Advocacy's report on the status of the National Petroleum Reserve-Alaska (NPR-A) Impact Mitigation Grant Program.

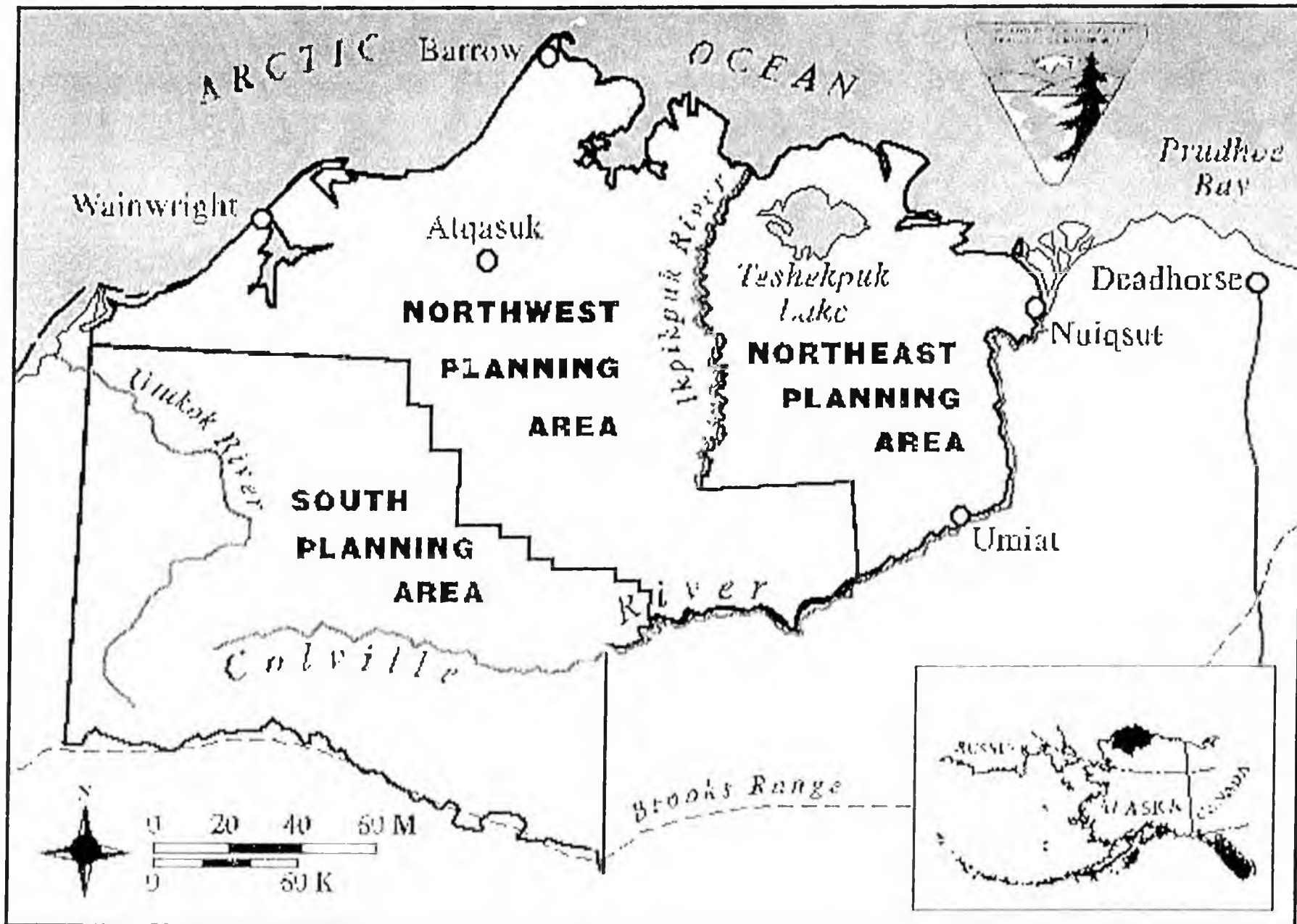
The State of Alaska receives 50% of the federal revenues from oil and gas lease sales located in the NPR-A. Those revenues are deposited into the NPR-A Special Revenue Fund to provide grants to communities impacted by oil and gas development. This report provides information on the program and the status of the grants previously approved.

Please contact me if you have any questions about the NPR-A Program or this report.

Cordially,

Michael Black, Director  
Division of Community Advocacy

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## NPR-A Impact Mitigation Program History and Overview

As authorized December 12, 1980 by 42 U.S.C. Chapter 78, Sections 6501-6508, the Federal Government, through the Department of Interior, Bureau of Land Management, allows for the exploration and development of oil and gas within the National Petroleum Reserve-Alaska (NPR-A).

Although the federal government manages the NPR-A, Section 6508 of the federal statute requires that fifty-percent of the money received by the federal government from the "sales, rentals, bonuses, and royalties on leases issued..." be paid to the State of Alaska. Leases awarded by the federal government are usually for ten years and require that each company holding a lease pay a decreasing annual amount.

In accordance with Section 6508, the monies are to be used by "the State of Alaska for (a) planning, (b) construction, maintenance, and operation of essential public facilities, and (c) other necessary provisions of public service: *Provided further*, That in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this section."

The State of Alaska began receiving payments in State fiscal year (FY) 1983. To segregate these monies, in SLA 1984, Chapter 94 the Alaska Legislature enacted AS 37.05.530 (a) and (b). This statute established the National Petroleum Reserve Alaska Special Revenue Fund. Henceforth, NPR-A payments were to be deposited within the NPR-A Fund and used to support:

1. NPR-A Impact Mitigation grants to communities in accordance with AS 37.05.530 (c) through (e) which established the NPR-A Impact Mitigation Program. Under this program, communities may apply for assistance, i.e. grants, to fund projects that fall within federal and state guidelines. As required, priority is given to those communities most directly or severely impacted by oil and gas development.
2. Of the remaining lease payments, not needed to fund NPR-A Impact Mitigation grants, twenty-five percent is transferred to the Alaska Permanent Fund per AS 37.05.530(g).
3. Of the remaining payments, not needed to fund NPR-A Impact Mitigation grants, one-half percent is transferred to the Public School Trust Fund per AS 37.05.530(g).
4. Up to the entire amount of the remaining payments may be appropriated by the Legislature to the Power Cost Equalization and Rural Electric Capitalization Fund per AS 37.05.530(g).
5. Any remaining payments are then transferred to the State's General Fund per AS 37.05.530(g).

Prior to 1984, half of the total NPR-A funds received by the State were deposited in the Alaska Permanent Fund, one-half percent in the Public School Trust Fund and the remainder was deposited in the General Fund and used to fund various Legislative appropriations. In 1985 the North Slope Borough, Wainwright and Barrow filed suit alleging that the State's method of allocating the NPR-A payments was in conflict with federal law. The decision in *Barrow v. State*, No. 1JU-85-2634, established that: (1) the State's distribution of NPR-A revenue had been incorrect and it did conflict with federal requirements; (2) the State needed to "reconstitute" the NPR-A Fund in part; and (3) henceforth, the State would allow first priority to the municipalities and/or communities most directly impacted by the NPR-A development.

As a result of the litigation, the NPR-A Fund was reconciled and reconstituted as of October 1987. It was also reconciled and reconstituted again as of September 1990 and again as of June 1992. Multiple reconciliations between actual NPR-A payments received and cash available in the NPR-A Fund were necessary because:

- (1) The NPR-A payments (deposited in the NPR-A Fund) were being used to fund *two* programs. In addition to funding the NPR-A Impact Mitigation Program the payments were also funding grants awarded by the Department of Administration under the Municipal Grants Program; and
- (2) In FY 92 AS 37.05.530 was amended and required a recalculation of available cash in the NPR-A Fund annually back to FY 87.

SLA 1985, Chapter 96; SLA 1986, Chapter 128; SLA 1988, Chapter 173; and SLA 1990, Chapter 208 appropriated, repealed, and reappropriated the grants funded from NPR-A payments but administered under the Municipal Grants Program by the Department of Administration. These projects and their grants are not reflected in this report. This report addresses only the grants that were/are funded from NPR-A payments *and* awarded under the NPR-A Impact Mitigation Program.

FY 87 was the first year of the actual NPR-A Impact Mitigation Program. The general procedure remains the same today as in 1987. Periodically, the Department is notified by the U.S. Department of Interior, Bureau of Land Management (BLM) that the federal government will be offering tracts of land for lease in the National Petroleum Reserve-Alaska. The Department then provides public notice that funding may become available for NPR-A Impact Mitigation grants and requests that communities submit project proposals (grant applications). The Department establishes a review committee, makes award recommendations, and if both NPR-A lease revenue and a Legislative appropriation is received, the Department awards NPR-A Impact Mitigation grants to specific communities for specific projects.

The Bureau of Land Management (BLM) receives payments from the NPR-A leases in two installments each year. The first installment includes payments received between April 1 and September 30; the second installment includes payments received between October 1 and March 31. BLM forwards fifty-percent of the amount received to the State of Alaska in two installments, usually received by December 31<sup>st</sup> and May 31<sup>st</sup>.

Each year, the Department requests a Legislative capital appropriation for that year's anticipated fifty-percent. The appropriation and subsequent revenue are then used to fund NPR-A grants according to AS 37.05.530.

Aggregate information for the initial years of the NPR-A Impact Mitigation Program is reflected below. Project specific information is provided beginning on page 7 of this report.

| <u>State Fiscal Year</u> | <u># of Projects<br/>and Communities</u> | <u>\$ Awarded</u>   |
|--------------------------|--|---------------------|
| FY 87                    | 12 Projects<br>5 Communities             | 7,240,237           |
| FY 88                    | 0  | 0                   |
| FY 89                    | 1 Project<br>1 Community                 | 937,000             |
| FY 90                    | 8 Projects<br>4 Communities              | 836,745             |
| FY 91                    | 7 Projects<br>5 Communities              | 590,000             |
| FY 92                    | 7 Projects<br>4 Communities              | 367,378             |
| FY 93                    | 4 Projects<br>4 Communities              | 447,126             |
| FY 94                    | 4 Projects<br>4 Communities              | 18,941              |
| FY 95                    | 4 Projects<br>4 Communities              | 25,538              |
| FY 96 through FY 99      | 0  | 0                   |
| <b>Total</b>             |  | <b>\$10,462,965</b> |

By FY 96 all existing NPR-A leases had been terminated, relinquished, or had expired. The Bureau of Land Management (BLM) notified the Department that additional NPR-A payments would not be forthcoming. Therefore, the NPR-A Impact Mitigation Program was inactive from FY 96 through FY 99.

The NPR-A Impact Mitigation Program remained inactive until the early part of calendar year 1999. At that time the Department was notified that BLM would be entering into new ten-year (approximate) leases in May 1999 on tracts of land in the NE planning area of the National Petroleum Reserve-Alaska.

BLM estimated that upon issuance of the leases, the federal government would receive approximately \$80,000,000 in fees. Alaska would receive fifty-percent, approximately \$40,000,000, about six months after the leases were awarded.

In anticipation of the forthcoming \$40,000,000 in payments, the Alaska State Legislature appropriated funding for NPR-A Impact Mitigation grants in FSSLA99 Chapter 2, Section 63. Additionally, the Department provided public notice and requested impacted communities to submit grant applications for potential projects. The Department established a review committee, evaluated the grant applications and in April 2000 recommended award of 24 grants totaling \$28,000,000 to four communities.

In January 2000 the State received \$40,298,622 in payments. The State retained \$28,000,000 of the cash within the NPR-A Fund for the NPR-A Impact Mitigation grants. As required by AS 37.05.530(g) the remaining cash was distributed to the Alaska Permanent Fund, Public School Trust Fund, and the Power Cost Equalization and Rural Electric Capitalization Fund.

In the two years following the May 1999 leases, BLM received slightly over \$3.3 Million annually. Alaska continued to receive fifty-percent, or approximately \$1,683,850 in FY 02 and \$1,686,105 in FY 03. Companies will continue to pay a declining annual lease amount to the federal government through 2009 or 2010. The State will continue to receive fifty-percent of the fees (approximately \$1,700,000).

In May 2002 the State was notified by BLM that new ten-year leases would be awarded June 3, 2002. BLM awarded leases on 60 tracts in the NPR-A NE planning area, totaling approximately 579,269 acres. BLM estimated the initial lease fees at \$63,811,496. The State's fifty-percent was estimated at approximately \$31,905,748. The total received in April 2003 was actually \$34,556,469.

In anticipation of the continuing payments from the May 1999 leases and the initial payments from the June 2002 leases, the Department requested a \$35,300,000 capital appropriation for FY 04, to be funded with the NPR-A payments. The Department requested and received grant applications from impacted communities and awarded 30 projects totaling \$25,011,457 to three communities in March 2003. The actual amount received in April 2003 was \$34,556,469. As required by AS 37.05.530(g) the remaining cash was distributed to the Alaska Permanent Fund, Public School Trust Fund, and the Power Cost Equalization and Rural Electric Capitalization Fund.

The State will continue to receive fifty-percent of the fees (approximately \$830,000) on the 2002 leases through 2012 or 2013.

Effective October 16, 2003 the NPR-A program regulations were amended to change the date by which grant applications must be postmarked (for receipt by the Department) from September 15<sup>th</sup> annually to November 15<sup>th</sup> annually. This was the only change made to the regulations.

For FY 05, the State originally anticipated receiving approximately \$3,190,170 for the NPR-A Impact Mitigation Grants. Applications were received in November 2003. The Department established a review committee, evaluated the grant applications and in December 2003 recommended award of 10 grants totaling \$3,030,000 to three communities. However, in May 2004 when it became apparent that the funds available had been reduced from initial estimates, the tentative awards were reduced to the actual amount received (\$2,530,536). Nine grants were awarded to three communities.

In June 2004, BLM awarded new leases on approximately 165 tracts of land in the NPR-A NW planning area. BLM estimated the initial lease fees at \$53,904,491. On 11/15/04 the State received \$1,738,829.50 as the first installment from BLM for rent and bonuses received between 4/1/04 and 9/30/04 on the leases awarded in May 1999 and June 2002. The second installment received by the State in May 2005 was \$29,855,765 for bonus bids received between 10/1/04 and 3/31/05, bringing the total receipts to \$31,594,594.50.

The Department provided public notice and requested impacted communities to submit FY06 grant applications for potential projects in September 2004. Department staff also traveled to Barrow in September 2004 to provide NPR-A assistance and grant training to eligible communities. A total of 53 applications requesting approximately \$52,000,000 in grant funding were received by the deadline. In January 2005, 30 grants totaling \$24,706,539 were recommended for award leaving \$6,888,055.50 for distribution according to AS 37.05.530 (g).

The Department provided public notice and requested impacted communities to submit FY07 grant applications for potential projects in September 2005. Department staff also traveled to Barrow in September 2005 to provide NPR-A assistance and grant training to eligible communities. A total of 18 applications requesting approximately \$5,281,209 in grant funding were received by the deadline. As of January 2006, no awards have been made. Attached is a list of the 18 applications received by the November 15, 2005 deadline.

Aggregate information is reflected beginning on page 6 of this report. Project specific information is provided immediately thereafter.

| <u>SLA and<br/>State Fiscal Year (FY)</u>   | <u># of Projects<br/>and Communities</u> | <u>\$ Awarded</u> |
|---|--|-------------------|
| FSSLA 1999 Chapter 2<br>Section 63 - FY 00  | 24 Projects<br>4 Communities             | 28,000,000        |
| SLA 2000 - FY 01                            | 0  | 0                 |
| SLA 2001 Chapter 61<br>Section 85 - FY 02   | 10 Projects<br>3 Communities             | 1,683,849.50      |
| SSSLA 2002 Chapter 1<br>Section 29 - FY 03  | 8 Projects<br>3 Communities              | 1,686,104.50      |
| SLA 2003, Chapter 82<br>Section 11 - FY 04  | 30 Projects<br>3 Communities             | 25,011,457        |
| SLA 2004, Chapter 159<br>Section 6 - FY 05  | 9 Projects<br>3 Communities              | 2,530,586         |
| FSSLA 2005, Chapter 3<br>Section 10 - FY 06 | 30 Projects<br>4 Communities             | 24,706,539        |
| TOTAL                                       |  | \$83,618,536      |

**FY 87 NPR-A Impact Mitigation Grants Awarded**

| <u>Grantee</u>      | <u>Project</u>                            | <u>Amount</u>      | <u>Comments</u>   | <u>Grant Status</u> |
|---------------------|---|--------------------|---|---------------------|
| Atkasuk             | Community Center Operations & Maintenance | 99,000             | Fund 50% of operating costs; only partly related to NPR-A development.  | Closed 3/90         |
| Atkasuk             | Community Center Expansion                | 500,000            | Project provides space for additional cultural programs; related to mitigation of cultural impacts.   | Closed 1/88         |
| Atkasuk             | Basic Local Government Operations         | 90,000             | Fund administrator position and miscellaneous office equipment/supplies. Administrator to develop strategies and plan for dealing with future NPR-A impacts and other grants.   | Closed 9/90         |
| Barrow              | Boat Ramps                                | 825,000            | Related to subsistence impacts.   | Closed 9/92         |
| North Slope Borough | Barrow - Residential Care                 | 539,637            | Partly related to NPR-A impacts; fund a portion of operating costs. Serves regional needs.  | Closed 9/90         |
| North Slope Borough | Barrow - Juvenile Detention               | 3,000,000          | Related to incremental impacts of NPR-A development. Serves regional needs.   | Closed 6/93         |
| North Slope Borough | Comprehensive Subsistence Management Plan | 232,500            | Related to overall subsistence impacts of NPR-A development.  | Closed 9/91         |
| Nuiqsut             | Dry Boat Storage                          | 551,395            | Related to subsistence impacts. Fund construction of storage facility but not entrepreneurial activity unrelated to NPR-A impacts. Maintenance and operation costs partly related; funded at 50%.   | Closed 9/90         |
| Nuiqsut             | Basic Local Government Operations         | 109,250            | Large expansion of municipal government. Fund full-time administrator 1-1/2 years and miscellaneous office equipment/supplies. Administrator to develop strategies and plan for future impacts and administer other grants. Fund 50% (\$19,250) of request for computer/recreation equipment, only partly related to impacts. | Closed 10/89        |
| Nuiqsut             | Expansion of Community Center             | 682,075            | Related to cultural impacts; fund construction (\$625,000). Maintenance and operation costs partly related; fund at 50%.  | Closed 10/89        |
| Wainwright          | Boat Ramp Construction                    | 550,000            | Related to mitigation of subsistence impacts. One boat ramp on sea and one on river.  | Closed 11/88        |
| Wainwright          | Boat Ramp Planning                        | 61,380             | Planning Boat Ramp project (see above).   | Closed 5/88         |
| <b>Total</b>        |   | <b>\$7,240,237</b> |   |                     |

**FY 89 NPR-A Impact Mitigation Grants Awarded**

| <u>Grantee</u>      | <u>Project</u>                  | <u>Amount</u>    | <u>Comments</u>   | <u>Grant Status</u> |
|---------------------|---------------------------------|------------------|---|---------------------|
| North Slope Borough | Alcohol and Drug Abuse Facility | 937,000          | Residential and emergency respite care, alcohol and drug abuse treatment center located in Barrow. Serves regional needs. | Closed 10/91        |
| <b>Total</b>        |                                 | <b>\$937,000</b> |   |                     |

**FY 90 NPR-A Impact Mitigation Grants Awarded**

| <u>Grantee</u> | <u>Project</u>                                      | <u>Amount</u>    | <u>Comments</u>   | <u>Grant Status</u> |
|----------------|---|------------------|---|---------------------|
| Atkasuk        | Basic Local Government Operations                   | 79,130           | Continuation funding of FY 87 award. Related to mitigation of NPR-A impacts.  | Closed 7/91         |
| Atkasuk        | Community Center Planning and Operations            | 96,982           | Maintenance of facility related to expected long-term impacts of NPR-A exploration and development.   |                     |
| Barrow         | Cultural Center Planning                            | 48,250           | Related to mitigation of cultural impacts of NPR-A exploration and development. Fund planning/design of facility.   | Closed 8/91         |
| Barrow         | Basic Local Government Assistance                   | 74,788           | Fund each position by half; City to make up difference.   | Closed 10/90        |
| Barrow         | City's Public Facilities Operations & Maintenance   | 238,843          | Maintenance of public facilities related to expected long-term impacts of NPR-A exploration and development.  | Closed 11/90        |
| Nuiqsut        | Community Center/City Hall Operations & Maintenance | 57,900           | Previous NPR-A grant funded expansion of center. Operations & Maintenance of facilities related to counteracting long-term cultural impacts from NPR-A exploration and development. | Closed 1/91         |
| Wainwright     | Basic Local Government Operations                   | 82,961           | Goal: properly process and disseminate information and have adequate management in order for City to properly function. Related to mitigation of NPR-A impacts.                     | Closed 5/91         |
| Wainwright     | Community Center Operations & Maintenance           | 157,891          | Maintenance and operation of center related to expected long-term impacts of NPR-A activities.  | Closed 7/91         |
| <b>Total</b>   |   | <b>\$836,745</b> |   |                     |

**FY 91 NPR-A Impact Mitigation Grants Awarded**

| <u>Grantee</u>      | <u>Project</u>                            | <u>Amount</u>    | <u>Comments</u>  | <u>Grant Status</u> |
|---------------------|---|------------------|--|---------------------|
| Atkasuk             | Community Center Operations & Maintenance | 21,181           | On-going maintenance and operation of facility related to impacts of NPR-A activities. | Closed 7/91         |
| Barrow              | Volunteer Fire Department Operations      | 133,980          | Project pertains to life/health/safety.  | Closed 11/91        |
| Barrow              | Search and Rescue Operations              | 104,000          | Project pertains to life/health/safety.  | Closed 11/91        |
| Barrow              | City Facilities Operations & Maintenance  | 49,319           | On-going maintenance and operation of facility related to impacts of NPR-A activities. | Closed 4/91         |
| North Slope Borough | Arctic Women in Crisis                    | 200,000          | Facility and program serves regional needs; pertains to life/health/safety.            | Closed 9/91         |
| Nuiqsut             | Boat Storage Operations & Maintenance     | 30,500           | On-going maintenance related to NPR-A impacts.   | Closed 8/91         |
| Wainwright          | Community Center Operations & Maintenance | 51,020           | On-going maintenance and operation of facility related to impacts of NPR-A activities. | Closed 7/91         |
| <b>Total</b>        |   | <b>\$590,000</b> |  |                     |

**FY 92 NPR-A Impact Mitigation Grants Awarded**

| <u>Grantee</u> | <u>Project</u>                             | <u>Amount</u>    | <u>Comments</u>   | <u>Grant Status</u> |
|----------------|--|------------------|---|---------------------|
| Atkasuk        | Basic Local Government Assistance          | 69,802           | Equipment/Office Supplies; Freight; Salaries/Benefits; Administrative/Audit Costs; Phone, Office Utilities. | Closed 8/92         |
| Atkasuk        | Community Center Operations & Maintenance  | 14,328           | Maintenance and operation of center related to expected long term impacts of NPR-A activities.              | Closed 1/92         |
| Barrow         | Public Facilities Operations & Maintenance | 146,951          | Operation of public facilities related to long-term impacts of NPR-A activities.                            | Closed 10/92        |
| Nuiqsut        | Basic Local Government Assistance          | 49,963           | Salary/Benefits; Equipment/Office Supplies.   | Closed 4/92         |
| Nuiqsut        | Utilities Operations & Maintenance         | 5,878            | City facility utility costs.  | Closed 4/92         |
| Wainwright     | Basic Local Government Assistance          | 66,128           | Equipment/Freight; Administrative Costs; Office Utilities; Salaries/Benefits; Maintenance of city vehicle.  | Closed 9/92         |
| Wainwright     | Community Center Operations & Maintenance  | 14,328           | On-going maintenance and operation of facility related to long-term impacts of NPR-A activities.            | Closed 9/92         |
| <b>Total</b>   |  | <b>\$367,378</b> |   |                     |

FY 93 NPR-A Impact Mitigation Grants Awarded

| <u>Grantee</u> | <u>Project</u>                               | <u>Initial</u>   | <u>Increase</u>  | <u>Total</u>     | <u>Comments</u>   | <u>Grant Status</u> |
|----------------|--|------------------|------------------|------------------|---|---------------------|
| Atkasuk        | Basic Local Government Assistance            | 21,280           | 28,720           | 50,000           | Equipment/Office Supplies; Freight; Salaries/Benefits; Administrative/Audit Costs; Phone; Office Utilities. | Closed 4/93         |
| Barrow         | Public Facilities Maintenance and Operations | 61,286           | 138,714          | 200,000          | Operation of public facilities related to long-term impacts of NPR-A activity.                              | Closed 6/93         |
| Nuiqsut        | Basic Local Government Assistance            | 21,280           | 68,720           | 90,000           | Office Benefits; Equipment/ Office Supplies.  | Closed 6/93         |
| Wainwright     | Basic Local Government Assistance            | 21,280           | 85,846           | 107,126          | Equipment/Freight; Administrative Costs; Office Utilities; Salaries/Benefits; Maintenance of city vehicle.  | Closed 6/93         |
| <b>Total</b>   |  | <b>\$125,126</b> | <b>\$322,000</b> | <b>\$447,126</b> |   |                     |

**FY 94 NPR-A Impact Mitigation Grants Awarded**

| <u>Grantee</u> | <u>Project</u>                             | <u>Amount</u>   | <u>Comments</u>   | <u>Grant Status</u> |
|----------------|--|-----------------|---|---------------------|
| Atkasuk        | Basic Local Government Assistance          | 4,167.02        | Funds for existing city employees' salary and fringe benefits and for NPR-A fund audit related costs. | Closed 3/94         |
| Barrow         | Public Facilities Operations & Maintenance | 6,439.94        | Funds for utilities in association with public facilities.  | Closed 3/94         |
| Nuiqsut        | Basic Local Government Assistance          | 4,167.02        | Funds for existing city employees' salary and fringe benefits and for NPR-A fund audit related costs. | Closed 12/93        |
| Wainwright     | Basic Local Government Assistance          | 4,167.02        | Funds for existing city employees' salary and fringe benefits and for NPR-A fund audit related costs. | Closed 4/94         |
| <b>Total</b>   |  | <b>\$18,941</b> |   |                     |

**FY 95 NPR-A Impact Mitigation Grants Awarded**

| <u>Grantee</u> | <u>Project</u>                             | <u>Amount</u>   | <u>Comments</u>   | <u>Grant Status</u> |
|----------------|--|-----------------|---|---------------------|
| Atkasuk        | Basic Local Government Assistance          | 8,172.27        | Funds for existing city employees' salary and fringe benefits and for NPR-A fund audit related costs. | Closed 7/95         |
| Barrow         | Public Facilities Operations & Maintenance | 7,661.50        | Funds for utilities in association with public facilities.  | Closed 6/95         |
| Nuiqsut        | Basic Local Government Assistance          | 3,319.98        | Funds for existing city employees' salary and fringe benefits and for NPR-A fund audit related costs. | Closed 6/95         |
| Wainwright     | Basic Local Government Assistance          | 6,384.58        | Funds for existing city employees' salary and fringe benefits and for NPR-A fund audit related costs. | Closed 7/95         |
| <b>Total</b>   |  | <b>\$25,538</b> |   |                     |

NPR-A Impact Mitigation Grants Awarded - Based on April 2000 Recommendations  
 FY 00 Appropriation (page 1 of 2)

| <u>Grantee</u>                          | <u>Project</u>  | <u>Amount</u>       | <u>Comments</u>   | <u>Grant Status</u> |
|---|---|---------------------|---|---------------------|
| Atkasuk 00-<br>NPRA-4-16                | Community Center<br>Maintenance & Operations                                | 90,000              | Maintenance and operation of center related to expected long-term impacts of NPR-A.   | Closed<br>10/01     |
| Atkasuk 00-<br>NPRA-4-15                | Basic Local Government<br>Operations  | 109,000             | Fund salaries for new positions and increase of hours on current positions from part-time to full-time.   | Closed 4/02         |
| Barrow 00-<br>NPRA-4-11                 | Public Facilities -<br>Maintenance & Operations                             | 650,000             | Fund staff and other expenses to operate city recreation facilities.  | Closed 8/02         |
| Barrow 00-<br>NPRA-4-12                 | Renovation/Upgrade of<br>Barrow Teen Center and<br>Community Center         | 1,000,000           | The facilities are needed due to increase in NPR-A activities. The City's ability to absorb this impact through existing facilities and services is limited.  | Active              |
| Barrow 00-<br>NPRA-4-13                 | Design, Construct &<br>Purchase Retractable Boat<br>Ramp                    | 1,000,000           | NPR-A uplands development will displace subsistence users from some areas. A boat ramp will provide subsistence hunters better access to the ocean.   | Active              |
| Barrow 00-<br>NPRA-4-14                 | Maintenance Building<br>Construction  | 630,000             | Need for warm storage can be linked to mitigation of foreseeable NPR-A impacts.   | Active              |
| North Slope<br>Borough 00-<br>NPRA-4-01 | Village Power Plant/<br>Electrical Distribution &<br>Waste Heat Conversion  | 10,069,367          | NPR-A development will impact power generation & distribution. Upgraded power production and distribution mitigates population growth impacts and increasing 'westernization' of local lifestyles.  | Active              |
| North Slope<br>Borough 00-<br>NPRA-4-02 | All Infrastructures Services<br>Study                                       | 1,500,000           | Studies will identify additional and continuing effects of NPR-A development on public facilities and the provision of public services. Impacts known or anticipated can be supplemented with new data and forecasts.   | Active              |
| North Slope<br>Borough 00-<br>NPRA-4-03 | Nuqsut Above Ground<br>Service Connections                                  | 2,100,000           | A total of 124 residential, commercial, and public facilities were connected to water and sewer service.  | Closed 3/03         |
| North Slope<br>Borough 00-<br>NPRA-4-04 | Nuqsut Police Officer for<br>3 years  | 100,000             | The community is presently impacted by NPR-A development. An additional officer will help the city address NPR-A related impacts.   | Closed 9/01         |
| North Slope<br>Borough 00-<br>NPRA-4-05 | Wainwright Community<br>Center Renovations                                  | 191,283             | Provides improved facilities for locals who have family members working away from home in NPR-A related employment. Improved opportunity for social and community support.  | Closed 6/03         |
| North Slope<br>Borough 00-<br>NPRA-4-06 | Fire Department<br>Equipment & Training                                     | 1,114,150           | Provides an essential public service. Current firefighting equipment is old and outdated; existing fire trucks are not equipped to handle the new city water system. Need is linked to anticipated growth in service demand caused by NPR-A development.          | Closed 6/03         |
| North Slope<br>Borough 00-<br>NPRA-4-07 | Harvest Monitoring:<br>Subsistence<br>Documentation                         | 100,000             | Subsistence hunting is a culturally important activity. The need for harvest monitoring is clearly related to the foreseeable impacts of oil/gas development. Establishment of baseline data will permit more accurate monitoring of oil/gas impacts on wildlife. | Closed 4/02         |
| North Slope<br>Borough 00-<br>NPRA-4-08 | Survey & Inventory Fish<br>Resources in Lakes &<br>Streams of Eastern NPR-A | 150,000             | The need for the inventory is clearly related to the foreseeable impacts of oil/gas development. Establishment of baseline data will permit more accurate monitoring of oil/gas impacts on wildlife.  | Closed 1/04         |
| <b>Sub-Total (page 1)</b>               |   | <b>\$18,803,800</b> |   |                     |

**NPR-A Impact Mitigation Grants Awarded - Based on April 2000 Recommendations**  
**FY 00 Appropriation (page 2 of 2)**

| <u>Grantee</u>                    | <u>Project</u>   | <u>Amount</u>        | <u>Comments</u>  | <u>Grant Status</u> |
|-----------------------------------|--|----------------------|--|---------------------|
| North Slope Borough 00-NPRA-4-09  | Tracking & Analysis of Teshekpuk Lake Caribou Herd Movement and Distribution | 150,000              | The need for the analysis is clearly related to the foreseeable impacts of oil/gas development. Establishment of baseline data will permit more accurate monitoring of oil and gas impacts on wildlife.  | Closed 12/02        |
| North Slope Borough 00-NPRA-4-10  | Waterfowl Surveys  | 150,000              | The need for the survey is clearly related to the foreseeable impacts of oil/gas development. Establishment of baseline data will permit more accurate monitoring of impact on wildlife.   | Closed 11/01        |
| North Slope Borough 00-NPRA-4-25  | Nuiqsut Natural Gas Piping Distribution                                      | 3,800,000            | This grant and 00-NPRA-4-26 were originally awarded to Nuiqsut who chose in 10/01 to have the NSB administer both projects on their behalf. NPRA development will create a higher demand for fuel use. Impacts include larger volumes and more frequent shipping, handling, air pollution, fuel spills and leaks, and expanded fuel storage needs.   | Active              |
| North Slope Borough 00-NPRA-4-26  | Nuiqsut Natural Gas Home/Building Conversion                                 | 2,200,000            | Same as above.   | Active              |
| North Slope Borough 00-NPRA-27    | Nuiqsut Natural Gas Pipeline   | 1,580,000            | Provides funds for the final installation and start up of the natural gas system from the processing module at the Alpine oil facility pad to the in-village gas distribution system in Nuiqsut.   | Active              |
| North Slope Borough 00-NPRA-28    | Nuiqsut City Hall/Kisik Center Renovation                                    | 1,280,548            | Project originally awarded to City of Nuiqsut but was re-negotiated with the NSB. Renovations include mechanical and electrical upgrades to correct code deficiencies and construction of an addition. The addition is planned to include a multi-purpose room of approximately 1,500 SF, restrooms, mechanical room and a combined custodial closet and storage area. In 12/05 grant increased by \$336,795 with funds from two pending grants appropriated in FY 02: \$288,000 from 01-NPRA-07 (Nuiqsut Cultural Center O & M), and \$48,795 from 01-NPRA-10 (Nuiqsut Emergency Hunting Shelters). These two grants, previously identified in the FY 02 list as pending, are now closed with no expenditures and the funds added to the FY 00 grant. | Active              |
| Nuiqsut 00-NPRA-4-17              | Basic Government Operation/Maintenance                                       | 200,000              | Funds used to supplement staff salaries for a full-time mayor/administrator, grants administrator, clerk & bookkeeper.   | Closed 8/01         |
| Nuiqsut 00-NPRA-4-18, 19, 20, 23* | See * Below  | 61,078               | In 10/03, the City passed a resolution to transfer the unexpended funds from four grants (\$2,479,121.42) to the NSB to administer two priority projects on their behalf (see * below). Project expenditures on the four grants prior to closure totaled \$61,078.   | Closed *            |
| Nuiqsut 00-NPRA-4-24              | Install Graveyard Fencing  | 111,369              | Provides mitigation for foreseeable NPR A impacts through the protection of cultural resources   | Closed 3/04         |
| <b>Sub-Total (page 1)</b>         |  | <b>\$ 18,803,800</b> |  |                     |
| <b>Sub-Total (page 2)</b>         |  | <b>\$ 9,196,200</b>  | This subtotal does not include the \$336,795 moved from FY 02.   |                     |
| <b>Total</b>                      |  | <b>\$ 28,000,000</b> | This total does not include the \$336,795 moved from FY 02.  |                     |

\*Grants previously awarded to the City of Nuiqsut for City Hall/Kisik Center Renovation (00-NPRA-4-18 @ \$340,000); Construct Cultural Center (00-NPRA-4-19 @ \$939,800); Day Care Construct/O&M (00-NPRA-4-20 @ \$495,400), and Design/Construct Retractable Boat Ramp (00-NPRA-4-23 @ \$765,000) were closed effective Oct/Nov 2001. Unexpended funds from these grants were transferred to the NSB to administer two priority projects in Nuiqsut: 00-NPRA-27 and 00-NPRA-28. The total FY00 funding for these two grants (\$2,523,752.62) also includes the unexpended balance (\$44,631.20) remaining on 00-NPRA-4-24 (original award \$156,000).

**NPR-A Impact Mitigation Grants Awarded - Based on January 2001 Recommendations**

**FY 02 Appropriation**

| <u>Grantee</u>                        | <u>Project</u>   | <u>Amount</u>      | <u>Comments</u>  | <u>Grant Status</u>  |
|---------------------------------------|--|--------------------|--|--|
| Barrow 01-<br>NPRA-05                 | Public Facilities -<br>Maintenance and Operation             | 334,540            | Project will maintain safe and improved recreational facilities. This alleviates adverse social and cultural impacts from oil and gas development.   | Closed 2/04  |
| North Slope<br>Borough 01-<br>NPRA 01 | Harvest Monitoring,<br>Subsistence Documentation             | 100,000            | This is Phase II of the FY00 study.  | Closed 3/04  |
| North Slope<br>Borough 01-<br>NPRA-02 | Waterfowl Surveys  | 150,000            | This is Phase II of the FY00 surveys.  | Closed 3/04  |
| North Slope<br>Borough 01-<br>NPRA-03 | Tracking & Analysis of the<br>Teshekpuk Lake Caribou<br>Herd | 150,000            | This is Phase II of the FY00 study.  | Closed 6/04  |
| North Slope<br>Borough 01-<br>NPRA-04 | Wainwright Basic Operations                                  | 250,000            | Project provides operations assistance including partial salary costs, expenses and staff training necessary to successfully operate the local government.   | Closed 5/03  |
| North Slope<br>Borough 01-<br>NPRA 07 | Nuiqsut Cultural Center<br>Operations                        | -288,000           | Project originally awarded to City of Nuiqsut but was pending re-negotiation with the Borough. In December 2005 the City of Nuiqsut and the NSB agreed to move the funding to 00-NPRA-28 (Kisik Center Renovation) in part due to need for additional funds to complete that project. Cultural Center is within Kisik Center facility.                             | Closed 12/05,<br>\$288,000 in funds<br>moved to 00-<br>NPRA-28 in the<br>FY 00 list  |
| North Slope<br>Borough 01-<br>NPRA-08 | Nuiqsut Teen Center<br>Operation & Maintenance               | 121,310            | Project originally awarded to City of Nuiqsut but was re-negotiated with the Borough. Funds staff salaries including adult supervisors and recreation aides, training, travel, utilities and supplies.   | Active   |
| North Slope<br>Borough 01-<br>NPRA-09 | Nuiqsut Wooden Deck Ball<br>Court Construction               | -30,000            | Project originally awarded to City of Nuiqsut but was pending re-negotiation with the Borough. In December 2005 the City of Nuiqsut and NSB agreed to put funds into 06-NPRA-13 (Nuiqsut Teen Center Operations and Maintenance in part due to not having enough money to properly construct the ball courts and need for funds to maintain and operate teen       | Closed 12/05,<br>\$30,000 in funds<br>moved to 06-<br>NPRA-13 in the<br>FY 06 list   |
| North Slope<br>Borough 01-<br>NPRA-10 | Nuiqsut Emergency Hunting<br>Shelters Construction           | -60,000            | Project originally awarded to City of Nuiqsut but was pending re-negotiation with the Borough. In December 2005 City of Nuiqsut and NSB agreed to put funds into 00-NPRA-28 (Kisik Center Renovations) and 06-NPRA-13 (Nuiqsut Teen Center Operations and Maintenance) and abandon Emergency Hunting Shelter project due in part to issues obtaining site control. | Closed 12/05,<br>\$48,795 moved to<br>00-NPRA-28 and<br>\$11,205 moved to<br>06-NPRA-13 in<br>the FY 00 and FY<br>06 lists |
| Nuiqsut 01-<br>NPRA-06                | Basic Government<br>Operations and Maintenance               | 200,000            | Grant funds used for staff salaries and expenses.  | Closed 8/04  |
| <b>Total</b>                          |  | <b>\$1,683,850</b> | Note: This total does include the \$336,795 moved to the FY 00 grants and \$41,205 moved to FY 06 grants.  |  |

**NPR-A Impact Mitigation Grants Awarded - Based on December 2001 Recommendations  
FY 03 Appropriation**

| <u>Grantee</u>                        | <u>Project</u>                            | <u>Amount</u>      | <u>Comments</u>  | <u>Grant Status</u> |
|---------------------------------------|---|--------------------|--|---------------------|
| Atkasuk 02-<br>NPRA-01                | City Operations                           | 249,057            | Project supplements operations with partial salaries for the mayor, janitor, recreational aides and city clerk.  | Closed 6/04         |
| Atkasuk 02-<br>NPRA-02                | Renovate Recreation Center                | 49,000             | This phase includes installation of an efficient waste heating system.   | Closed 9/04         |
| Barrow 02-<br>NPRA-03                 | Public Facilities Operations              | 350,000            | Project will maintain safe and improved recreational facilities and supplement funding for the Summer Youth Program.   | Closed 11/04        |
| Barrow 02-<br>NPRA-04                 | Summer Youth Program                      | 50,000             | Project includes the annual Summer Clean-up Program which employs up to 60 youth as a service to the community.  | Closed 6/04         |
| North Slope<br>Borough 02-<br>NPRA-05 | Capacity Building                         | 100,000            | This involves each community within the Borough, encouraging consolidation of resources between city & tribal governments to result in the formation of partnerships to generate revenue necessary for a common goal: economic viability of the NPR-A communities. As of 9/30/05 less than \$25,000 remains in grant. Expect it to be closed by 6/30/06. | Active              |
| North Slope<br>Borough 02-<br>NPRA-06 | Mayor's Workforce Job<br>Training Program | 188,048            | Project mitigates impacts by supplying entry level employment in village positions that have been vacated due to oil and gas development.  | Closed 11/03        |
| North Slope<br>Borough 02-<br>NPRA-07 | Nuiqsut Natural Gas Project               | 450,000            | Project provides an alternative to high energy costs and increased demand created by the oil and gas activity. As of 9/30/05 approximately \$53,000 remains in grant. Expect it to be closed by 6/30/06.   | Active              |
| North Slope<br>Borough 02-<br>NPRA-08 | Wainwright BASIC Operations               | 250,000            | Project provides operational assistance such as salaries, equipment and training to city staff with the goal of increased efficiency and an improved level of service to residents. As of 11/05 \$119 remains in grant. Will be closed by 6/30/06.   | Active              |
| <b>Total</b>                          |   | <b>\$1,686,105</b> |  |                     |

**NPR-A Impact Mitigation Grants Awarded - Based on March 2003 Recommendations**  
**FY 04 Appropriation (page 1 of 3)**

| <u>Grantee</u>                        | <u>Project</u>   | <u>Amount</u>      | <u>Comments</u>   | <u>Grant Status</u> |
|---------------------------------------|--|--------------------|---|---------------------|
| Atkasuk 04-<br>NPRA-21                | Local Government &<br>Community Center<br>Operations & Maintenance | 368,621            | Project supplements operations with partial salaries for the mayor, janitor, recreational aides and city clerk as well as costs to operate and maintain community center.   | Closed 10/05        |
| Barrow 04-<br>NPRA-01                 | Recreation Building<br>Addition Feasibility                        | 40,000             | Project will complete a feasibility study for the renovation and construction of the recreation building.   | Active              |
| Barrow 04-<br>NPRA-02                 | Renovate Multi-Purpose<br>Facility                                 | 53,719             | Project will upgrade and expand existing public services currently provided at the Roller Rink and purchase necessary equipment and supplies.   | Active              |
| Barrow 04-<br>NPRA-22                 | Basic Local Government<br>Operations and<br>Maintenance            | 1,309,806          | Project will fund in part the operation and maintenance of the city council, administration and recreation departments.   | Closed 12/04        |
| Barrow 04<br>NPRA-23                  | Public Facilities Operations<br>and Maintenance                    | 420,705            | Project will maintain safe and improved recreational facilities and supplement funding for the Summer Youth Program.  | Closed 9/05         |
| Barrow 04-<br>NPRA-24                 | Quest Mentorship Program<br>with KBRW                              | 265,000            | Project will fund the Quest Mentorship Program through KBRW AM/FM radio station. Grant funds will be used to purchase necessary equipment for training interns and contractual services for implementation of the program. As of 12/05 balance remaining is less than \$23,000. Expect project to be closed 06/30/06. | Active              |
| Barrow 04-<br>NPRA-25                 | Additon to Cemetery Road   | 44,230             | Project will construct a one-quarter mile road, drainage culverts, and skoulder work to gain access to cemetery. Funds for design, purchase of road materials, freight, supplies, labor. As of 12/05 approximately \$11,000 remains in grant.   | Active              |
| North Slope<br>Borough 04-<br>NPRA-03 | Nuiqsut Natural Gas<br>Upstream Conditioner                        | 2,000,000          | Project provides an alternative to high energy costs and increased demand created by the oil and gas activity.  | Active              |
| North Slope<br>Borough 04-<br>NPRA-04 | Waterfowl in NPRA<br>Continuation                                  | 443,619            | This is Phase III of the FY00 surveys. The need for tracking and analysis is clearly related to the foreseeable impacts of oil and gas development.   | Active              |
| North Slope<br>Borough 04-<br>NPRA-05 | Arctic Fox Satellite Project                                       | 316,582            | Project will outfit 20 arctic fox with radio transmitters and collection and analysis of data gathered. Establishment of baseline data will permit more accurate monitoring of impact on wildlife.  | Active              |
| North Slope<br>Borough 04-<br>NPRA-06 | Caribou Movements &<br>Distribution                                | 359,245            | This is Phase III of the FY00 surveys. The need for tracking and analysis is clearly related to the foreseeable impacts of oil and gas development.   | Active              |
| <b>Sub-Total (page 1)</b>             |  | <b>\$5,621,527</b> |   |                     |

**NPR-A Impact Mitigation Grants Awarded - Based on March 2003 Recommendations**  
**FY 04 Appropriation (page 2 of 3)**

| <u>Grantee</u>                       | <u>Project</u>                               | <u>Amount</u>      | <u>Comments</u>   | <u>Grant Status</u> |
|--------------------------------------|--|--------------------|---|---------------------|
| North Slope<br>Borough 04-<br>NPR-07 | Survey and Inventory of<br>Fish Resources    | 362,931            | Project will include tagging and radio tracking of subsistence fish. The need for the inventory is clearly related to the foreseeable impacts of oil and gas development. Establishment of baseline data will permit more accurate monitoring of oil and gas impacts on wildlife. | Active              |
| North Slope<br>Borough 04-<br>NPR-08 | Fish Petroleum<br>Hydrocarbon Study          | 405,659            | Project will establish baseline data on the current status of petroleum hydrocarbons in four species of subsistence fish in the NPR-A.  | Active              |
| North Slope<br>Borough 04-<br>NPR-09 | Subsistence Harvest<br>Monitoring            | 188,030            | This is Phase III of the FY00 survey. Project will continue documentation of yearly wildlife harvest; identify specific areas important to subsistence hunting and any adverse impacts caused by oil/gas development.   | Active              |
| North Slope<br>Borough 04-<br>NPR-10 | Electric Thermal<br>Oxidation/Waste Heat     | 1,500,000          | Project will remodel the thermal oxidation system, expand the thermal oxidation system facility, and prepare a feasibility study on development of an electrical co-generation system at the facility.  | Active              |
| North Slope<br>Borough 04<br>NPR-11  | Grant Oversight and<br>Supervision           | 213,418            | Project will allow NSB staff to work with borough communities to provide capacity building as well as send staff to professional development training.  | Active              |
| North Slope<br>Borough 04-<br>NPR-12 | Volunteer Search and<br>Rescue Equipment     | 565,425            | Project will provide search and rescue equipment, parts and supplies, and training for borough communities.   | Active              |
| North Slope<br>Borough 04-<br>NPR-13 | Fire Department<br>Equipment Upgrades        | 250,276            | Project will provide emergency medical equipment for five borough communities.  | Closed 12/04        |
| North Slope<br>Borough 04-<br>NPR-14 | Barrow Sewage Treatment<br>Facility          | 10,000,000         | Project will provide funds for construction of a new sewage treatment facility which will safely store and treat raw sewage and runoff for the next 20 years.   | Active              |
| North Slope<br>Borough 04-<br>NPR-15 | Emergency Radio<br>Communications            | 1,550,570          | Project will provide funds for purchase and maintenance of equipment/materials/supplies needed for the 800 MHz radio system for NSB emergency response teams.   | Active              |
| North Slope<br>Borough 04-<br>NPR-16 | Police Department<br>Facilities and Training | 728,999            | Project will upgrade police department facilities in NSB communities including purchase of updated equipment and vehicles and professional development training.  | Active              |
| North Slope<br>Borough 04-<br>NPR-17 | Telecommunications<br>System Update          | 156,145            | Project will purchase equipment necessary for upgrading the current information technology system and to provide training for NSB staff in installation, operation and maintenance. As of 9/30/05 \$7500 remains in grant. Expect to close by 6/30/06.                            | Active              |
| <b>Sub-Total (page 2)</b>            |  | <b>515,921,453</b> |   |                     |

**NPR-A Impact Mitigation Grants Awarded - Based on March 2003 Recommendations**  
**FY 04 Appropriation (page 3 of 3)**

| <u>Grantee</u>                 | <u>Project</u>                            | <u>Amount</u>       | <u>Comments</u>   | <u>Grant Status</u> |
|--------------------------------|---|---------------------|---|---------------------|
| North Slope Borough 04-NPRA-18 | Research Equipment for NPR-A Activities   | 250,000             | Project will purchase equipment for collecting and analyzing data on subsistence activities and fish and wildlife resources.  | Active              |
| North Slope Borough 04-NPRA-19 | Barrow School Resource Officers           | 237,240             | Project will fund School Resource Officers in three Barrow schools, provide training and purchase educational materials and supplies.   | Active              |
| North Slope Borough 04-NPRA-20 | NPR-A Village School Counselors           | 435,736             | Project will fund salary/benefits for a School Counselor in four NPR-A communities and provide training for each position.  | Active              |
| North Slope Borough 04-NPRA-26 | Project Compliance and Fiscal Coordinator | 198,250             | Project will fund salary/benefits for a new Project Compliance and Fiscal Coordinator for all research related projects within the NSB's Dept of Wildlife Management for two years.   | Active              |
| North Slope Borough 04-NPRA-27 | Childcare/Learning Center/Training        | 56,123              | Funds will be used to purchase surveillance equipment and for purchase and installation of fencing around the Barrow Child Care Learning Center playground. Village Center employees will attend professional development training. | Active              |
| North Slope Borough 04-NPRA-28 | Village Summer Recreation Program         | 121,374             | Project will fund salary/benefits for a Recreation Coordinator and a Recreation Aide for a summer recreation program in the five NPR A communities. Professional development training also to be provided.                          | Active              |
| North Slope Borough 04-NPRA-29 | Mayor's Job Program                       | 653,929             | This is a continuation of the FY03 NPR-A grant project, which mitigates impacts by supplying entry-level employment in village positions that have been vacated due to oil and gas development.                                     | Closed 9/05         |
| North Slope Borough 04-NPRA-30 | Workforce Development Program             | 1,515,825           | Project will develop a One-Stop Job Center where NPR-A village members can obtain skills, certifications, and the expertise necessary to become employed by the infrastructure created by NPR-A development.                        | Active              |
|                                | Sub-Total (page 1)                        | \$5,621,527         |   |                     |
|                                | Sub-Total (page 2)                        | \$15,921,453        |   |                     |
|                                | Sub-Total (page 3)                        | \$3,468,477         |   |                     |
|                                | <b>Total</b>                              | <b>\$25,011,457</b> |   |                     |

NPR-A Impact Mitigation Grants Awarded - Based on December 2003 Recommendations

FY 05 Appropriation

| <u>Grantee</u>                        | <u>Project</u>                                | <u>Amount</u>      | <u>Comments</u>  | <u>Grant Status</u> |
|---------------------------------------|---|--------------------|--|---------------------|
| Barrow 05-<br>NPRA-01                 | Tuzzy Library                                 | 180,000            | Project will fund salary/benefits for a full-time Library Technician to provide general library services with a focus on children.   | Active              |
| North Slope<br>Borough 05-<br>NPRA-02 | Wainwright Local<br>Government Operations     | 250,000            | Project will fund salary/benefits for City positions and increase of hours on some current positions.  | Active              |
| North Slope<br>Borough 05-<br>NPRA-03 | Barrow Allied Health Care<br>Training Program | 320,000            | The need for the survey is clearly related to the foreseeable impacts of oil and gas development. The North Slope Allied Health Training Program will provide a continuum of training and education in paraprofessional fields essential to developing local health care providers on the North Slope. | Active              |
| North Slope<br>Borough 05-<br>NPRA-04 | Social and Cultural Impacts<br>Study          | 300,586            | Purpose of project is to document observations and perceptions of North Slope residents regarding historical, current and potential effects of oil industry activities on hunting and to determine how oil/gas development has affected hunters.   | Active              |
| North Slope<br>Borough 05-<br>NPRA-05 | Oil/Gas Development<br>Comprehensive Plan     | 400,000            | This project will develop a comprehensive borough-wide oil and gas land-use plan to guide industrial development.  | Active              |
| North Slope<br>Borough 05-<br>NPRA-06 | School Counselors<br>Extended Program         | 205,000            | This is a continuation of the program initially funded in FY 04 and will hire two additional school counselors in Barrow. As of 9/30/05 balance in grant is \$61. Expect it to close effective 12/05.  | Active              |
| North Slope<br>Borough 05-<br>NPRA-07 | School Resource Officers                      | 125,000            | This is a continuation of the program initially funded in FY 04 and will be used to retain and train a School Resource Officer in Barrow.  | Active              |
| North Slope<br>Borough 05-<br>NPRA-08 | School Based Programs                         | 500,000            | The NSB will partner with the NSB School District to provide open gyms and structured activities in Atqasak, Anaktuvuk Pass, Barrow, Nuiqsut and Wainwright.   | Active              |
| Nuiqsut 05-<br>NPRA-10                | Local Government<br>Operations                | 250,000            | Project will fund salary/benefits for City positions and increase of hours on some current positions.  | Closed 7/05         |
| <b>Total</b>                          |   | <b>\$2,530,586</b> |  |                     |

NPR-A Impact Mitigation Grants Awarded - Based on January 2005 Recommendations

FY 06 Appropriation (page 1 of 6)

| <u>Grantee</u>         | <u>Project</u>                                      | <u>Amount</u>      | <u>Comments</u>   | <u>Status</u> |
|------------------------|---|--------------------|---|---------------|
| Atkasuk 06-<br>NPRA-01 | Local Government<br>Operations                      | 336,468            | The purpose of this project is to supplement the maintenance and operations costs necessary to successfully operate the local government of Atkasuk and provide continued services to residents including an expanded youth program. The project will provide funding for one year for the following city staff: mayor, city clerk, assistant clerk, janitor, two recreation aides. Grant funds are also requested for insurance, audit/accountant, utilities, equipment, communications, materials/supplies, freight and travel.   | Active        |
| Atkasuk 06-<br>NPRA-02 | Youth Center Addition to<br>Community Center        | 680,000            | The purpose of this project is to construct a 1600 square foot (SF) one-story addition to the Community Center to create a Youth Center. This will provide Atkasuk youth (ages 10-18) with a safe, drug-free, warm, supervised environment to socialize, play games, study and take part in other youth activities. There are currently 43 children in Atkasuk who are between the ages of 10 and 18. Grant funds are requested for the design and construction contract.   | Active        |
| Barrow 06-<br>NPRA-03  | Basic Local Government<br>Operations                | 1,385,843          | The purpose of this project is to provide operations for the City of Barrow for a one-year period. Grant funds are requested for labor/benefits for the following full-time positions (37.5 hr/wk): mayor, city clerk, assistant clerk, property manager, finance director, bookkeeper, permitting clerk, special projects/polar bear watchman, administrative assistant, webmaster, recreation director, recreation supervisor and two recreation aides. Grant funds are requested for labor/benefits for the following part-time positions: grants administrator (30 hr/wk), DMV representative (19 hr/wk), and 13 recreation aides (15-24 hr/wk). Grant funds are also requested for contractual (legal, audit, computer support), equipment, materials, freight and training. Administration will be provided as an in-kind contribution (2 hr/wk for the Grant Administrator). | Active        |
| Barrow 06-<br>NPRA-04  | City Hall Building<br>Addition Feasibility<br>Study | 69,413             | The purpose of this project is to complete a feasibility study to identify the costs and materials needed to construct an addition for City Hall so it will continue to function efficiently and adequately. Grant funds are requested for contractual consultant costs.  | Active        |
| Barrow 06-<br>NPRA-05  | City Impound and<br>Disposal Site                   | 174,389            | The purpose of this project is to construct a 120' x 200' gravel pad to provide a safe area for junk vehicles. The pad will be lined to keep vehicle fluids from seeping into the earth. Grant funds are requested for labor/benefits (four laborers), contractual (tractor operator/ rental costs), materials and freight.   | Active        |
| Barrow 06-<br>NPRA-06  | Roller Rink Renovation<br>Feasibility Study         | 63,556             | The purpose of this project is to complete a feasibility study to identify the costs and materials needed to renovate the Barrow Roller Rink, which is utilized as a multi purpose facility. Grant funds are requested for contractual consultant costs.  | Active        |
| Sub-Total (page 1)     |   | <u>\$2,709,669</u> |   |               |

NPR-A Impact Mitigation Grants Awarded - Based on January 2005 Recommendations  
 FY 06 Appropriation (page 2 of 6)

| <u>Grantee</u>                        | <u>Project</u>   | <u>Amount</u>      | <u>Comments</u>  | <u>Status</u> |
|---------------------------------------|--|--------------------|--|---------------|
| Nuiqsut 06-<br>NPRA-07                | Local Government<br>Operations                                       | 468,000            | The purpose of this project is to provide continued funding for local government operations for one year. Grant funds are requested for labor/benefits (full-time city clerk, maintenance, cultural coordinator, and bookkeeper; full-time night watch during summer months), contractual (City Administrator labor/benefits), equipment purchase (copier, fax/printer, computer), office supplies, freight (for equipment/supplies), travel (City Council/staff training), other (CPA professional services) and administration (utilities, insurance, council honorarium, vehicle maintenance and repairs). Also includes some equipment purchases for cultural coordinator.   | Active        |
| North Slope<br>Borough 06-<br>NPRA-08 | Barrow Allied Health<br>Care Training Program                        | 3,400,000          | The North Slope Allied Health Training Program (NSAHTP) was established to provide a continuum of training and education in paraprofessional fields essential to developing local health care providers on the North Slope. Providers and participants include the Borough, NSB Health Department, Arctic Slope Native Association, Samuel Simmonds Memorial Hospital, and Iisagvik College. The purpose of this project is to provide funding for the North Slope Allied Health Training Center which will coordinate training that has been identified to address and assuage the impacts of NPRA oil and gas development. Grant funds are requested for labor/benefits, contractual, equipment, supplies, travel, other and administration. | Active        |
| North Slope<br>Borough 06-<br>NPRA-09 | Continue Studies to<br>Investigate Wildlife                          | 2,461,368          | The purpose of this project is to supplement existing research within the NSB Department of Wildlife Management, which is critical to responding to Inupiat hunter's concerns about oil and gas exploration and development. This project would cover a three-year period to continue the following research: (1) Subsistence Harvest Documentation; (2) Waterfowl Surveys; (3) Key Subsistence Fish Species; (4) Hydrocarbons in Fish; and (5) Satellite Tracking of the Teshekpuk Caribou Herd. Grant funds are requested for labor/benefits, contractual, equipment, materials/supplies, travel and administration.   | Active        |
| North Slope<br>Borough 06-<br>NPRA-10 | Health, Survival &<br>Sustainability of Key<br>Subsistence Resources | 654,426            | The purpose of this project is to conduct new studies over a 3-year period that address and document independent aspects of wildlife population biology. Each study has been designed to complement each other so the NSB Department of Wildlife Management may better understand the influences of weather and habitat on natural winter survival of caribou; project future population estimates of TCH caribou under different conditions; and assess and document the health of subsistence animal and fish populations. Grant funds are requested for labor/benefits, contractual, equipment, supplies, travel and indirect.  | Active        |
| Sub-Total (page 2)                    |  | <u>\$6,983,794</u> |  |               |

NPR-A Impact Mitigation Grants Awarded - Based on January 2005 Recommendations  
 FY 06 Appropriation (page 3 of 6)

| <u>Grantee</u>                         | <u>Project</u>                                       | <u>Amount</u>      | <u>Comments</u>   | <u>Status</u> |
|--|--|--------------------|---|---------------|
| North Slope<br>Borough 06-<br>NPR-A-11 | Mayor's Job Program                                  | 2,527,961          | The purpose of this project is to continue the existing Mayor's Job Program, which provides short-term employment for NSB residents at the Borough offices and other employers such as the Arctic Slope Native Association, Native Village of Barrow and the City of Barrow. The program provides training for individuals to assist them with acquiring necessary job skills to advance to full-time employment. Grant funds are requested to fund these positions, as well as a part-time coordinator to oversee the participants throughout the affected areas. Funding is also requested for supplies and administration.   | Active        |
| North Slope<br>Borough 06-<br>NPR-A-12 | Nuiqsut Design<br>Retractable Boat Ramp              | 200,000            | The purpose of this project is to design and install a retractable boat ramp. Grant funds are requested for contractual and administration.   | Active        |
| North Slope<br>Borough 06-<br>NPR-A-13 | Nuiqsut Youth Center<br>Operation and<br>Maintenance | 191,205            | The purpose of this project is to provide funding for the operation and maintenance of the Nuiqsut Youth Center. Grant funds are requested for labor/benefits (three full-time Coordinator positions), equipment purchase (TV & DVD), material/supplies (cleaning/janitorial, computer software, games, craft supplies), freight, training (academic/computer), utilities (fuel, electricity, water/sewer phone/internet) and administration. In December 2005 the City of Nuiqsut and NSB agreed to move funds (total \$41,205) to this grant from two grants appropriated in FY02: 01-NPR-A-09 (Nuiqsut Wooden Deck Ball Court @ \$11,205) and 01-NPR-A-10 (Nuiqsut Emergency Hunting Shelters @ \$30,000). | Active        |
| North Slope<br>Borough 06-<br>NPR-A-14 | Village Capacity Building                            | 968,182            | The purpose of this project is to provide capacity building assistance over a 3-year period to NSB villages so they may effectively serve the needs of their communities as they deal with the effects of oil and gas development. This project is planned for three years in order to assist those communities that are affected today by NPR-A oil and gas activity as well as to prepare those communities that will be impacted as NPR-A activity expands. Grant funds are requested for labor/benefits, contractual, travel, materials/supplies and administration.  | Active        |
| North Slope<br>Borough 06-<br>NPR-A-15 | Wainwright City Office<br>Reconstructions            | 38,114             | The purpose of this project is to repair the City Office building to provide a safe, warm environment for city business. This includes replacement of damaged floor substrate, floor tiles, ceiling lighting, furnace, hot water heater, fire door and addition of o/s air intake. Grant funds are requested for contractual services and administration.   | Active        |
| Sub-Total (page 3)                     |  | <u>\$3,884,257</u> |   |               |

**NPR-A Impact Mitigation Grants Awarded - Based on January 2005 Recommendations**  
**FY 06 Appropriation (page 4 of 6)**

| <u>Grantee</u>                        | <u>Project</u>                            | <u>Amount</u>      | <u>Comments</u>  | <u>Status</u> |
|---------------------------------------|---|--------------------|--|---------------|
| North Slope<br>Borough 06-<br>NPRA-16 | Wainwright Lagoon Boat<br>Launch          | 525,000            | The purpose of this project is to replace or renovate the Wainwright Lagoon Boat Ramp to provide a safe launch site for subsistence and rescue activities. Grant funds are requested for contractual services and administration.  | Active        |
| North Slope<br>Borough 06-<br>NPRA-17 | Wainwright Local<br>Government Operations | 311,500            | The purpose of this project is to provide continued funding for a City Administrator, Program Assistant and City Clerk to build the capacity of the City of Wainwright to successfully manage its financial affairs and grant programs, to implement new sources of revenue, and to continue staff training. Grant funds are requested for labor/benefits, contractual services, maintenance/repairs, insurance, utilities, materials/supplies, training/travel, audit/ accountant fees and administration.  | Active        |
| North Slope<br>Borough 06-<br>NPRA-18 | Wainwright Softball Field                 | 35,000             | The purpose of this project is to purchase and install a backstop, bleachers and other equipment required to provide a summer softball program for Wainwright youth which will be conducted on the Municipal Reserve recreational area owned by the city. Grant funds are requested for contractual services, materials/supplies and administration.   | Active        |
| North Slope<br>Borough 06-<br>NPRA-19 | Wainwright Youth<br>Program               | 229,500            | The purpose of this project is to provide funding for the Wainwright Youth Program at the Robert James Community Center which offers an adult-supervised, safe, drug-free environment for Wainwright youth ages 10-18. Grant funds are requested for labor/benefits, contractual, utilities, maintenance/ repairs, materials/supplies and administration.  | Active        |
| North Slope<br>Borough 06-<br>NPRA-20 | Workforce Development<br>Program          | 3,729,451          | The purpose of this project is to continue the existing Workforce Development Program, which is designed to provide entry-level training for unemployed residents, apprenticeship training for residents with more advanced job skills and training to enhance the job skills of current NSB employees. Grant funds are requested for labor/benefits for four full-time positions at the Savaat Center: Workforce Development Coordinator, NSB Employer Liaison; NSB Training Facilitator, Savaat Center Program Assistant. Grant funds are also requested for equipment, training, travel and administration. | Active        |
| North Slope<br>Borough 06-<br>NPRA 21 | Atqasuk Energy<br>Assessment              | 100,042            | The purpose of this project is to identify the most cost-effective, cleanest and safest alternative to energy (power, light and heat) in the community of Atqasuk. Fuel costs in Atqasuk are currently the highest on the Slope and they have need to purchased 500,000 gallons for FY05. Grant funds are requested for contractual engineering/cost analysis and administration.  | Active        |
| Sub-Total (page 4)                    |   | <u>\$4,930,493</u> |  |               |

NPR-A Impact Mitigation Grants Awarded - Based on January 2005 Recommendations  
 FY 06 Appropriation (page 5 of 6)

| <u>Grantee</u>                         | <u>Project</u>                             | <u>Amount</u>      | <u>Comments</u>  | <u>Status</u> |
|--|--|--------------------|--|---------------|
| North Slope<br>Borough 06-<br>NPR-A-22 | Fire Equipment and<br>Training             | 250,000            | The purpose of this project is to allow the NSB Fire Department to acquire a quint fire fighting apparatus in Barrow, acquire other training and operational equipment, and provide fire and emergency medical training to fire department employees and volunteer fire fighters in Atkasuk, Anaktuvuk Pass, Barrow, Nuiqsut and Wainwright. Grant funds are requested for equipment, supplies, freight, training, travel and administration.  | Active        |
| North Slope<br>Borough 06-<br>NPR-A-23 | Misdemeanor Probation<br>Officer           | 346,071            | The purpose of this project is to create one full-time Misdemeanor Probation Officer position for three years, which will be tasked with collecting information on misdemeanor offenders and their compliance with court-ordered conditions of probation/release. Grant funds are requested for labor/benefits, contractual, travel, materials/supplies and administration.  | Active        |
| North Slope<br>Borough 06-<br>NPR-A-24 | North Slope Borough<br>Science Initiatives | 425,578            | The purpose of this project is to support the Borough's involvement in the North Slope Science Initiative (NSSI). The NSSI was established to develop a science-based program that integrates inventory, monitoring and research activities to support resource management decisions on the North Slope of Alaska. Its mission is to enhance the quality and quantity of the scientific information available for aquatic, terrestrial and marine environments on the North Slope and to make this information available to decision-makers, governmental agencies, industry and the public. Grant funds are requested for labor/benefits, contractual, supplies, travel and administration. | Active        |
| North Slope<br>Borough 06-<br>NPR-A-25 | NPR-A Technical Review<br>Team             | 1,468,508          | The purpose of this project is to provide additional staff to assist the NSB departments responsible for reviewing and commenting on resource development issues, including environmental analyses and permit applications. Grant funds are requested for services from a biologist, permit specialist and an attorney, including travel and support costs related to attending and holding public hearings and other meetings. Funds are also requested for contractual services, materials and administration.   | Active        |
| North Slope<br>Borough 06-<br>NPR-A-26 | Oil Response Team                          | 737,867            | The purpose of this project is to develop a dedicated spill response team with squads located in Atkasuk, Barrow, Nuiqsut and Wainwright. Each team would have primary responsibility for handling spills in and near their respective communities, but would also be able to rapidly respond to neighboring communities to assist in large-scale spills. Grant funds are requested for labor/benefits (Fuel Spill Response Team Coordinator – full-time in Year One, part-time in Year Two), materials/supplies, protective equipment/response gear, travel/training and administration.  | Active        |
| Sub-Total (page 5)                     |  | <u>\$3,228,024</u> |  |               |

NPR-A Impact Mitigation Grants Awarded - Based on January 2005 Recommendations  
 FY 06 Appropriation (page 6 of 6)

| <u>Grantee</u>                        | <u>Project</u>                              | <u>Amount</u>       | <u>Comments</u>   | <u>Status</u> |
|---------------------------------------|---|---------------------|---|---------------|
| North Slope<br>Borough 06-<br>NPRA-27 | Police Importation<br>Combat Program        | 1,101,512           | The purpose of this project is to implement an investigative unit comprised of three new full-time Police Officer positions for a 3-year period, dedicated to combating the illegal importation, manufacture and distribution of drugs and alcohol occurring in each of the NPRA impacted communities. Grant funds are requested for labor/benefits and administration.   | Active        |
| North Slope<br>Borough 06-<br>NPRA-28 | Police Officers for<br>NPRA Villages        | 1,486,689           | The purpose of this project is to employ a full-time Police Officer for a three-year period in Atkasuk, Barrow, Nuiqsut and Wainwright. Grant funds are requested for labor/benefits and administration.  | Active        |
| North Slope<br>Borough 06-<br>NPRA-29 | Social and Culutral<br>Impact Study Phase 2 | 275,880             | The purpose of this project is to prepare a comprehensive scientific study to identify the key socio-economic impacts of oil and gas development in Atkasuk, Barrow, Nuiqsut and Wainwright. Phase 1 of the study started in July 2004 and consists of designing the survey instrument and data collection. Phase 2 will analyze data collected in phase 1, focusing on the observations and perceptions of NSB residents regarding historical, current and potential effects of oil industry activities on onshore and offshore hunting. Grant funds are requested for contractual and administration. | Active        |
| North Slope<br>Borough 06-<br>NPRA-30 | Utility Master<br>Plan/Emergency Plan       | 106,221             | The purpose of this project is to prepare a Borough-wide Utility Master Plan and Emergency Utility Plan to assess the future requirements of power, water, sewer, waste collection and landfill functions across the North Slope and develop a tool for the Borough to use to prepare communities for the changes ahead. Grant funds are requested for contractual engineering and administration.  | Active        |
|                                       | Sub-Total (page 1)                          | \$2,709,669         |   |               |
|                                       | Sub-Total (page 2)                          | \$6,983,794         |   |               |
|                                       | Sub-Total (page 3)                          | \$3,884,257         |   |               |
|                                       | Sub-Total (page 4)                          | \$4,930,493         |   |               |
|                                       | Sub-Total (page 5)                          | \$3,228,024         |   |               |
|                                       | Sub-Total (page 6)                          | \$2,970,302         |   |               |
|                                       | <b>Total</b>                                | <b>\$24,706,539</b> | Note: This total does not include the \$41,205 moved from FY 02 grants.   |               |

FY 07 NPR-A Applications Received by 11/15/05 Deadline

| APPLICANT           | PROJECT TITLE  | COMMUNITY(IES)<br>TO BENEFIT    | AMOUNT<br>REQUESTED   |
|---------------------|--|---------------------------------|-----------------------|
| City of Atqasuk     | Local Government Operations & Youth Program                              | Atqasuk                         | 345,867.00            |
|                     | <b>Total Requested (1)</b>   |                                 | <b>\$345,867.00</b>   |
| City of Barrow      | Public Facilities Operations & Maintenance                               | Barrow                          | 744,073.05            |
|                     | <b>Total Requested (1)</b>   |                                 | <b>\$744,073.05</b>   |
| North Slope Borough | Wainwright Local Government Operations                                   | Wainwright                      | 325,000.00            |
|                     | Wainwright Youth Center Program  | Wainwright                      | 243,000.00            |
|                     | Training & Mentoring Program for NPRA Residents<br>Entering Oil Industry | All NPRA                        | 315,707.00            |
|                     | Nuiqsut & Hopson Middle School Counselors                                | Nuiqsut & Barrow                | 253,115.00            |
|                     | Bowhead Workshop   | Barrow, Nuiqsut &<br>Wainwright | 60,095.00             |
|                     | Vegetation Monitoring in NPRA  | All NPRA                        | 147,688.00            |
|                     | Understanding Predators (Gulls)  | All NPRA                        | 341,812.00            |
|                     | Health Assessment/Contaminants   | All NPRA                        | 24,200.00             |
|                     | Cabin & Campsite Locations Mapping                                       | All NPRA                        | 61,710.00             |
|                     | NSB Assembly Chambers Expansion/Renovation                               | Borough-wide                    | 525,000.00            |
|                     | Barrow E911 System   | Borough-wide                    | 511,878.00            |
|                     | Barrow Digital Repeater Upgrades   | Borough-wide                    | 507,064.00            |
|                     | School Resource Officer  | Barrow                          | 125,000.00            |
|                     | <b>Total Requested (13)</b>  |                                 | <b>\$3,441,269.00</b> |
| City of Nuiqsut     | Local Government Operations & Maintenance                                | Nuiqsut                         | 500,000.00            |
|                     | Paisangich Cultural Plan   | Nuiqsut                         | 100,000.00            |
|                     | Youth Center Operations & Maintenance                                    | Nuiqsut                         | 150,000.00            |
|                     | <b>Total Requested (3)</b>   |                                 | <b>\$750,000.00</b>   |
|                     | <b>GRAND TOTAL - 18 Applications</b>                                     |                                 | <b>\$5,281,209.05</b> |

# ATTACHMENTS

**Federal Statutes (42 USC Chapter 78)**

**Alaska Statutes (AS 37.05.530)**

**Alaska Regulations (03 AAC 150)**

**UNITED STATES CODE**  
**Title 42 - The Public Health And Welfare**  
**Chapter 78 - National Petroleum Reserve In Alaska**

**Sec. 6501. - "Petroleum" defined**

As used in this chapter, the term "petroleum" includes crude oil, gases (including natural gas), natural gasoline, and other related hydrocarbons, oil shale, and the products of any of such resources

**Sec. 6502. - Designation of National Petroleum Reserve in Alaska; reservation of lands; disposition and conveyance of mineral materials, lands, etc., preexisting property rights**

The area known as Naval Petroleum Reserve Numbered 4, Alaska, established by Executive order of the President, dated February 27, 1923, except for tract Numbered 1 as described in Public Land Order 2344, dated April 24, 1961, shall be transferred to and administered by the Secretary of the Interior in accordance with the provisions of this Act. Effective on the date of transfer all lands within such area shall be redesignated as the "National Petroleum Reserve in Alaska" (hereinafter in this chapter referred to as the "reserve"). Subject to valid existing rights, all lands within the exterior boundaries of such reserve are hereby reserved and withdrawn from all forms of entry and disposition under the public land laws, including the mining and mineral leasing laws, and all other Acts; but the Secretary is authorized to

(1) make dispositions of mineral materials pursuant to the Act of July 31, 1947 (61 Stat. 681), as amended (30 U.S.C. 601 et seq.), for appropriate use by Alaska Natives and the North Slope Borough,

(2) make such dispositions of mineral materials and grant such rights-of-way, licenses, and permits as may be necessary to carry out his responsibilities under this Act,

(3) convey the surface of lands properly selected on or before December 18, 1975, by Native village corporations pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), and

(4) grant such rights-of-way to the North Slope Borough, under the provisions of title V of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1761 et seq.) or section 28 of the Mineral Leasing Act, as amended (30 U.S.C. 185), as may be necessary to permit the North Slope Borough to provide energy supplies to villages on the North Slope. All other provisions of law heretofore enacted and actions heretofore taken reserving such lands as a Naval Petroleum Reserve shall remain in full force and effect to the extent not inconsistent with this Act

**Sec. 6503. - Transfer of jurisdiction, duties, property, etc., to Secretary of the Interior from Secretary of Navy**

(a) Transfer of jurisdiction over reserve; date of transfer

Jurisdiction over the reserve shall be transferred by the Secretary of the Navy to the Secretary of the Interior on June 1, 1977.

(b) Protection of environmental, fish and wildlife, and historical or scenic values; promulgation of rules and regulations

With respect to any activities related to the protection of environmental, fish and wildlife, and historical or scenic values, the Secretary of the Interior shall assume all responsibilities as of April 5, 1976. As soon as possible, but not later than the effective date of transfer, the Secretary of the Interior may promulgate such rules and regulations as he deems necessary and appropriate for the protection of such values within the reserve.

(c) Contract responsibilities and functions

The Secretary of the Interior shall, upon the effective date of the transfer of the reserve, assume the responsibilities and functions of the Secretary of the Navy under any contracts which may be in effect with respect to activities within the reserve.

(d) Equipment, facilities, and other properties used in connection with operation of reserve; transfer without reimbursement

On the date of transfer of jurisdiction of the reserve, all equipment, facilities, and other property of the Department of the Navy used in connection with the operation of the reserve, including all records, maps, exhibits, and other informational data held by the Secretary of the Navy in connection with the reserve, shall be transferred without reimbursement from the Secretary of the Navy to the Secretary of the Interior who shall thereafter be authorized to use them to carry out the provisions of this chapter.

(e) Unexpended funds previously appropriated for use in connection with reserve and civilian personnel ceilings assigned to management and operation of reserve

On the date of transfer of jurisdiction of the reserve, the Secretary of the Navy shall transfer to the Secretary of the Interior all unexpended funds previously appropriated for use in connection with the reserve and all civilian personnel ceilings assigned by the Secretary of the Navy to the management and operation of the reserve as of January 1, 1976

**Sec. 6504. - Administration of reserve**

(a) Congressional authorization as precondition for production and development of petroleum

Except as provided in subsection (e) of this section, production of petroleum from the reserve is prohibited and no development leading to production of petroleum from the reserve shall be undertaken until authorized by an Act of Congress.

(b) Conduct of exploration within designated areas to protect surface values

Any exploration within the Utukok River, the Teshekpuk Lake areas, and other areas designated by the Secretary of the Interior containing any significant subsistence, recreational, fish and wildlife, or historical or scenic value, shall be conducted in a manner which will assure the maximum protection of such surface values to the extent consistent with the requirements of this Act for the exploration of the reserve.

(c) Continuation of ongoing petroleum exploration program by Secretary of Navy prior to date of transfer of jurisdiction; duties of Secretary of Navy prior to transfer date

The Secretary of the Navy shall continue the ongoing petroleum exploration program within the reserve until the date of the transfer of jurisdiction specified in section 6503(a) of this title. Prior to the date of such transfer of jurisdiction the Secretary of the Navy shall -

(1) cooperate fully with the Secretary of the Interior providing him access to such facilities and such information as he may request to facilitate the transfer of jurisdiction;

(2) provide to the Committee on Energy and Natural Resources of the Senate and the Committee on Natural Resources of the House of Representatives copies of any reports, plans, or contracts pertaining to the reserve that are required to be submitted to the Committees on Armed Services of the Senate and the House of Representatives; and

(3) cooperate and consult with the Secretary of the Interior before executing any new contract or amendment to any existing contract pertaining to the reserve and allow him a reasonable opportunity to comment on such contract or amendment, as the case may be.

(d) Commencement of petroleum exploration by Secretary of the Interior as of date of transfer of jurisdiction; powers and duties of Secretary of the Interior in conduct of exploration

The Secretary of the Interior shall commence further petroleum exploration of the reserve as of the date of transfer of jurisdiction specified in section 6503(a) of this title. In conducting this exploration effort, the Secretary of the Interior -

(1) is authorized to enter into contracts for the exploration of the reserve, except that no such contract may be entered into until at least thirty days after the Secretary of the Interior has provided the Attorney General with a copy of the proposed contract and such other information as may be appropriate to determine legal sufficiency and possible violations under, or inconsistencies with, the antitrust laws. If, within such thirty day period, the Attorney General advises the Secretary of the Interior that any such contract would unduly restrict competition or be inconsistent with the antitrust laws, then the Secretary of the Interior may not execute that contract;

(2) shall submit to the Committee on Energy and Natural Resources of the Senate and the Committee on Natural Resources of the House of Representatives any new plans or substantial amendments to ongoing plans for the exploration of the reserve. All such plans or amendments submitted to such committees pursuant to this section shall contain a report by the Attorney General of the United States with respect to the anticipated effects of such plans or amendments on competition. Such plans or amendments shall not be implemented until sixty days after they have been submitted to such committees; and

(3) shall report annually to the Committee on Energy and Natural Resources of the Senate and the Committee on Natural Resources of the House of Representatives on the progress of, and future plans for, exploration of the reserve

**Sec. 6505. - Executive department responsibility for studies to determine procedures used in development, production, transportation, and distribution of petroleum resources in reserve; reports to Congress by President; establishment of task force by Secretary of the Interior; purposes; membership; report and recommendations to Congress by Secretary; contents**

(a) Omitted

(b)

(1) The President shall direct such Executive departments and/or agencies as he may deem appropriate to conduct a study, in consultation with representatives of the State of Alaska, to determine the best overall procedures to be used in the development, production, transportation, and distribution of petroleum resources in the reserve. Such study shall include, but shall not be limited to, a consideration of -

(A) the alternative procedures for accomplishing the development, production, transportation, and distribution of the petroleum resources from the reserve, and

(B) the economic and environmental consequences of such alternative procedures.

(2) The President shall make semiannual progress reports on the implementation of this subsection to the Committees on Interior and Insular Affairs of the Senate and the House of Representatives beginning not later than six months after April 5, 1976, and shall, not later than one year after the transfer of jurisdiction of the reserve, and annually thereafter, report any findings or conclusions developed as a result of such study together with appropriate supporting data and such recommendations as he deems desirable. The study shall be completed and submitted to such committees, together with recommended procedures and any proposed legislation necessary to implement such procedures not later than January 1, 1980.

(c)

(1) The Secretary of the Interior shall establish a task force to conduct a study to determine the values of, and best uses for, the lands contained in the reserve, taking into consideration

- (A) the natives who live or depend upon such lands,
- (B) the scenic, historical, recreational, fish and wildlife, and wilderness values,
- (C) mineral potential, and
- (D) other values of such lands.

(2) Such task force shall be composed of representatives from the government of Alaska, the Arctic slope native community, and such offices and bureaus of the Department of the Interior as the Secretary of the Interior deems appropriate, including, but not limited to, the Bureau of Land Management, the United States Fish and Wildlife Service, the United States Geological Survey, and the United States Bureau of Mines.

(3) The Secretary of the Interior shall submit a report, together with the concurring or dissenting views, if any, of any non-Federal representatives of the task force, of the results of such study to the Committees on Interior and Insular Affairs of the Senate and the House of Representatives within three years after April 5, 1976, and shall include in such report his recommendations with respect to the value, best use, and appropriate designation of the lands referred to in paragraph (1)

**Sec. 6506. - Applicability of antitrust provisions; plans and proposals submitted to Congress to contain report by Attorney General on impact of plans and proposals on competition**

Unless otherwise provided by Act of Congress, whenever development leading to production of petroleum is authorized, the provisions of subsections (g), (h), and (i) of section 7430 of title 10 shall be deemed applicable to the Secretary of the

Interior with respect to rules and regulations, plans of development and amendments thereto, and contracts and operating agreements. All plans and proposals submitted to the Congress under this chapter or pursuant to legislation authorizing development leading to production shall contain a report by the Attorney General of the United States on the anticipated effects upon completion of such plans and proposals

**Sec. 6507. - Authorization of appropriations; Federal financial assistance for increased municipal services and facilities in communities located on or near reserve resulting from authorized exploration and study activities**

(a) There are authorized to be appropriated to the Department of the Interior such sums as may be necessary to carry out the provisions of this chapter.

(b) If the Secretary of the Interior determines that there is an immediate and substantial increase in the need for municipal services and facilities in communities located on or near the reserve as a direct result of the exploration and study activities authorized by this chapter and that an unfair and excessive financial burden will be incurred by such communities as a result of the increased need for such services and facilities, then he is authorized to assist such communities in meeting the costs of providing increased municipal services and facilities. The Secretary of the Interior shall carry out the provisions of this section through existing Federal programs and he shall consult with the heads of the departments or agencies of the Federal Government concerned with the type of services and facilities for which financial assistance is being made available

**Sec. 6508. - Competitive leasing of oil and gas**

There shall be conducted, notwithstanding any other provision of law and pursuant to such rules and regulations as the Secretary may prescribe, an expeditious program of competitive leasing of oil and gas in the National Petroleum Reserve in Alaska: Provided, That

(1) activities undertaken pursuant to this section shall include or provide for such conditions, restrictions, and prohibitions as the Secretary deems necessary or appropriate to mitigate reasonably foreseeable and significantly adverse effects on the surface resources of the National Petroleum Reserve in Alaska (the Reserve);

(2) the provisions of section 202 and section 603 of the Federal Lands Policy and Management Act of 1976 (90 Stat. 2743) (43 U.S.C. 1712, 1782) shall not be applicable to the Reserve;

(3) the first lease sale shall be conducted within twenty months of December 12, 1980. Provided, That the first lease sale shall be conducted only after publication of a final environmental impact statement if such is deemed necessary under the provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4332);

(4) the withdrawals established by section 102 of Public Law 94-258 (42 U.S.C. 6502) are rescinded for the purposes of the oil and gas leasing program authorized herein;

(5) bidding systems used in lease sales shall be based on bidding systems included in section 205(a)(1)(A) through (H) [1] of the Outer Continental Shelf Lands Act Amendments of 1978 (92 Stat. 629) (43 U.S.C. 1337(a)(1)(A)-(H));

(6) lease tracts may encompass identified geological structures;

(7) the size of lease tracts may be up to sixty thousand acres, as determined by the Secretary;

(8) each lease shall be issued for an initial period of ten years, and shall be extended for so long thereafter as oil or gas is produced from the lease in paying quantities, or as drilling or reworking operations, as approved by the Secretary, are conducted thereon;

(9) for purposes of conservation of the natural resources of any oil or gas pool, field, or like area, or any part thereof, lessees thereof and their representatives are authorized to unite with each other, or jointly or separately with others, in collectively adopting and operating under a unit agreement for such pool, field, or like area, or any part thereof (whether or not any other part of said oil or gas pool, field, or like area is already subject to any cooperative or unit plan of development or operation), whenever determined by the Secretary to be necessary or advisable in the public interest. Drilling, production, and well reworking operations performed in accordance with a unit agreement shall be deemed to be performed for the benefit of all leases that are subject in whole or in part to such unit agreement. When separate tracts cannot be independently developed and operated in conformity with an established well spacing or development program, any lease, or a portion thereof, may be pooled with other lands, whether or not owned by the United States, under a communitization or drilling agreement providing for an apportionment of production or royalties among the separate tracts of land comprising the drilling or spacing unit when determined by the Secretary of the Interior to be in the public interest, and operations or production pursuant to such an agreement shall be deemed to be operations or production as to each such lease committed thereto;

(10) to encourage the greatest ultimate recovery of oil or gas or in the interest of conservation the Secretary is authorized to waive, suspend, or reduce the rental, or minimum royalty, or reduce the royalty on an entire leasehold, including on any lease operated pursuant to a unit agreement, whenever in his judgment the leases cannot be successfully operated under the terms provided therein. The Secretary is authorized to direct or assent to the suspension of operations and production on any lease or unit. In the event the Secretary, in the interest of conservation, shall direct or assent to the suspension of operations and production on any lease or unit, any payment of acreage rental or minimum royalty

prescribed by such lease or unit likewise shall be suspended during the period of suspension of operations and production, and the term of such lease shall be extended by adding any such suspension period thereto; and

(11) all receipts from sales, rentals, bonuses, and royalties on leases issued pursuant to this section shall be paid into the Treasury of the United States: Provided, That 50 percent thereof shall be paid by the Secretary of the Treasury semiannually, as soon thereafter as practicable after March 30 and September 30 each year, to the State of Alaska for:

(A) planning;

(B) construction, maintenance, and operation of essential public facilities;  
and

(C) other necessary provisions of public service: Provided further, That in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this section.

Any agency of the United States and any person authorized by the Secretary may conduct geological and geophysical explorations in the National Petroleum Reserve in Alaska which do not interfere with operations under any contract maintained or granted previously. Any information acquired in such explorations shall be subject to the conditions of 43 U.S.C. 1352(a)(1)(A).

Any action seeking judicial review of the adequacy of any program or site-specific environmental impact statement under section 102 of the National Environmental Policy Act of 1969 (42 U.S.C. 4332) concerning oil and gas leasing in the National Petroleum Reserve-Alaska shall be barred unless brought in the appropriate District Court within 60 days after notice of the availability of such statement is published in the Federal Register.

The detailed environmental studies and assessments that have been conducted on the exploration program and the comprehensive land-use studies carried out in response to sections 105(b) and (c) of Public Law 94-258 (42 U.S.C. 6505(b), (c)) shall be deemed to have fulfilled the requirements of section 102(2)(c) of the National Environmental Policy Act (Public Law 91-190) (42 U.S.C. 4332(2)(C)), with regard to the first two oil and gas lease sales in the National Petroleum Reserve-Alaska: Provided, That not more than a total of 2,000,000 acres may be leased in these two sales: Provided further, That any exploration or production undertaken pursuant to this section shall be in accordance with section 104(b) of the Naval Petroleum Reserves Production Act of 1976 (90 Stat. 304; 42 U.S.C. 6504)

**ALASKA STATUTES**

**Title 37. Public Finance**

**Chapter 5. Fiscal Procedures Act**

**Section 530. National Petroleum Reserve - Alaska Special Revenue Fund**

(a) The National Petroleum Reserve - Alaska special revenue fund is established. The fund consists of all money disbursed to the state by the federal government under 42 U.S.C. 6508 (P.L. 96-514) since December 12, 1980, less the amount deposited in the general fund and expended by the state by general fund appropriations before June 9, 1984.

(b) The commissioner of revenue shall manage the National Petroleum Reserve - Alaska special revenue fund.

(c) The Department of Community and Economic Development shall adopt regulations under which municipalities impacted by National Petroleum Reserve - Alaska oil and gas development under 42 U.S.C. 6508 may apply for and be eligible to receive grants to alleviate the impact. The department shall give priority in the allocation of grants to municipalities that are experiencing or will experience the most direct or severe impact from oil and gas development under 42 U.S.C. 6508 within the National Petroleum Reserve - Alaska. The department shall fund all meritorious grant applications out of the money appropriated to it each year. Within 10 days after the convening of each regular session of the legislature, the department shall submit to the legislature a list of all municipalities that have received grants, a list of all municipalities determined by the department to be eligible for further grants, a recommendation of the amount of money to be granted for those additional applications, and written justification of each past and potential grant.

(d) It is the intent of the legislature that each year all of the money in the National Petroleum Reserve - Alaska special revenue fund be made available for appropriation by the legislature to municipalities that demonstrate under (c) of this section present impact, or the need to determine or plan for future impact, from oil and gas development under 42 U.S.C. 6508. It is the intent of the legislature that an initial appropriation be made to the Department of Community and Economic Development to cover anticipated impact grants, and that additional funds be made available through supplemental appropriations if the impact is greater than anticipated and the legislature considers the additional grants proposed by the department to be meritorious.

(e) A municipality may use the funds received under (d) of this section only for the following activities and services to alleviate the impact of the oil and gas development under 42 U.S.C. 6508 within the National Petroleum Reserve - Alaska:

- (1) planning;

(2) construction, maintenance, and operation of essential public facilities by the municipality, and

(3) other necessary public services provided by the municipality.

(f) Funds appropriated under (d) of this section may not be used for the retirement of municipal debt.

(g) Amounts received by the state under 42 U.S.C. 6508 and not appropriated for grants to municipalities under (d) of this section shall be deposited at the end of each fiscal year as follows: (1) 25 percent to the principal of the Alaska permanent fund; and (2).5 percent to the public school trust fund (AS 37.14.110). The amounts remaining after the deposits to the Alaska permanent fund and the public school trust fund may be appropriated to the power cost equalization and rural electric capitalization fund (AS 42.45.100). The amounts remaining after any appropriation to the power cost equalization and rural electric capitalization fund shall lapse into the general fund for use by the state for the following facilities and services: planning; construction, maintenance, and operation of essential public facilities; and other necessary public services.

(h) Notwithstanding other provisions of law and unless expressly provided by the legislature in the appropriation item making the appropriation, an appropriation from the National Petroleum Reserve - Alaska special revenue fund shall, for the purposes of determining the funding sources for the appropriation be treated as though the appropriation takes effect in the fiscal year in which the appropriation passes the legislature. The authorization to expend funds appropriated from the fund shall take effect as otherwise provided by law.

**ALASKA ADMINISTRATIVE CODE**  
**Title 3. Community and Economic Development**  
**Chapter 150. National Petroleum Reserve - Alaska Impact Program**

**3 AAC 150.010. General Objectives**

The primary objective of the National Petroleum Reserve-Alaska (NPR-A) Impact Program is to provide municipalities with financial assistance to help mitigate significantly adverse impacts related to oil or gas leasing within the NPR-A, including exploration, production, and oil or gas transportation activities, conducted under the authority of 42 U.S.C. 6508. Financial assistance may be available for

- (1) planning;
- (2) construction, maintenance, and operation of essential public facilities; and
- (3) other necessary public services.

**3 AAC 150.020. Administration of NPR-A Impact Program**

Under sec. 2, ch. 53, SLA 1986, the legislature will appropriate each year the balance remaining in the National Petroleum Reserve-Alaska special revenue fund to the Department of Community and Economic Development. The department will, in accordance with this chapter, receive, review, and evaluate applications from eligible municipalities each year, and will fund qualified grant requests up to the amount of the appropriation. Money not allocated to eligible municipalities each year lapses in accordance with sec. 3, ch. 53, SLA 1986. If the total amount of money requested by eligible municipalities in a year exceeds the appropriation for that year, the department will allocate the available grant money in accordance with the criteria for priority set out in 3 AAC 150.060 - 3 AAC 150.080. Additional money might be made available through supplemental appropriations if the impact is greater than anticipated and the legislature considers the additional grants proposed by the department to be meritorious.

**3 AAC 150.030. Eligibility in General**

Eligibility for NPR-A impact assistance has two main components: applicant eligibility and project eligibility.

**3 AAC 150.040. Applicant Eligibility**

To be eligible to receive assistance under the NPR-A Impact program, the applicant

- (1) must be a municipality under state law; and
- (2) must demonstrate present impact, regardless of date of initial occurrence, or foreseeable future impact, on the applicant or the applicant's residents from oil or gas exploration, production, or transportation activities in the NPR-A under 42 U.S.C. 6508.

**3 AAC 150.050. Project Eligibility**

(a) To be eligible for funding under the NPR-A impact program, a project must be related to present, continuing, or reasonably foreseeable impact on the applicant or the applicant's residents from oil or gas exploration, production, or transportation activities in the NPR-A under 42 U.S.C. 6508.

(b) To be eligible for funding, a project also must be for the purpose of

- (1) planning;
- (2) construction, maintenance, and operation of essential public facilities; or
- (3) other necessary public services.

(c) In this section, "impact" means an effect reasonably attributable to NPR-A oil and gas activities under 42 U.S.C. 6508 on

- (1) population;
- (2) employment;
- (3) finances;
- (4) social and cultural values;
- (5) air and water quality;
- (6) fish and wildlife habitats;
- (7) the ability to provide essential public services, including health care, public safety, education, transportation, utilities, and government administration; and
- (8) other things of demonstrable importance to the applicant or the applicant's residents.

(d) Examples of needs that eligible projects may address include the following:

- (1) resource protection to ensure the continued viability of fish, wildlife, and other natural resources on which the applicant's residents rely for subsistence needs;
- (2) alleviation or mitigation of adverse social or cultural impacts;
- (3) health needs, including hospitals, clinics, emergency medical facilities, alcohol and drug abuse facilities, mental health facilities, waste disposal systems, and water quality improvement systems;
- (4) public safety needs, including police protection, search and rescue, and fire protection;
- (5) utility needs, including electric generating plants and distribution systems, water supply systems, telephone systems, and other fuel distribution systems;
- (6) housing needs;
- (7) recreational needs.

### **3 AAC 150.060. Project Criteria**

(a) If the total amount of money requested by eligible applicants for eligible projects in meritorious applications exceeds the amount appropriated for grants that year, the department will rank applications for the purpose of establishing priority for funding.

(b) In determining the merit of an application, the department will consider

- (1) the degree to which the project proposed in the grant application alleviates the impact caused by development in the NPR-A under 42 U.S.C. 6508;
- (2) the ability of the applicant to accommodate or absorb the impacts through existing facilities or programs; and
- (3) other criteria the department identifies as critical to determination of the merit of the application.

(c) In ranking the applications, the department will consider

- (1) the severity of the impact caused by the development in the NPR-A under 42 U.S.C. 6508 on the municipality; and
- (2) the degree to which the impact on the municipality is directly caused by development in the NPR-A under 42 U.S.C. 6508.

### **3 AAC 150.070. Submission of Applications**

(a) Application must be made on forms provided by the department. The forms will be such that they may be easily filled out by small communities without technical staff. The department will, upon request, provide assistance to applicants to the extent possible based upon the availability of financial and human resources.

(b) A municipality that believes it is eligible to receive NPR-A impact assistance under 3 AAC 150.010 – 3 AAC 150.060 may file an application with the department as provided for in (a) of this section. An application must be postmarked no later than November 15 of each year in which NPR-A assistance money is available for appropriation by the legislature under AS 37.05.530. If November 15 is a Saturday, Sunday, or legal holiday, the deadline for postmark is the department's next regular business day.

**3 AAC 150.080. Review of Applications and Award of Grants**

(a) The department will review applications for eligibility for NPR-A impact assistance and place applications in order of priority in accordance with 3 AAC 150.060.

(b) The department will review each application determined to be eligible for NPR-A impact assistance to determine whether the amount requested for a project is reasonably necessary for the project to alleviate impacts from oil and gas development in the NPR-A under 42 U.S.C. 6508, the department will deduct from the amount requested any amounts that are not reasonably necessary for that purpose.

(c) If, after making necessary adjustments to grant requests under (b) of this section, the department determines that the total amount for eligible projects requested by all eligible applicants that year is equal to or less than the amount appropriated for that year, the department will fund all meritorious requests. If the total amounts requested are greater than the amount appropriated, the department will fund requests in accordance with the priorities established in 3 AAC 150.060 until the appropriation is spent. The department will, in its discretion, recommend to the legislature that additional money be made available through supplemental appropriations.

**3 AAC 150.090. Reconsideration and Judicial Review**

A municipality aggrieved by a decision made under this chapter may request reconsideration by the commissioner of community and regional affairs, and must seek such reconsideration before seeking judicial review. A final decision of the department is subject to judicial review in accordance with Rule 602 of the Alaska Rules of Appellate Procedure.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
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Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329


## MEMORANDUM

April 26, 2006

**SUBJECT:** Draft HCS CSSB 171( )  
(Work Order No. 24-LS0785\W)

**TO:** Representative Kurt Olson

**FROM:** Jack Chenoweth  
Assistant Revisor



I mentioned to Eleanor that someone may object to the insertion of reference to "activities" to the amendment set out in AS 37.05.530(h) [in the accompanying draft, bill section 2]. The language of the federal Act, to which the provisions of the state's National Petroleum Reserve - Alaska special revenue fund (AS 37.05.530) are linked, directs as follows:

*(l) Receipts.* All receipts from sales, rentals, bonuses, and royalties on leases issued pursuant to this section shall be paid into the Treasury of the United States: Provided, That 50 percent thereof shall be paid by the Secretary of the Treasury semiannually, as soon thereafter as practicable after March 30 and September 30 each year, to the State of Alaska for: (1) *planning*; (2) construction, maintenance, and operation of essential *public facilities*; and (3) other necessary provisions of *public service*: Provided further, That in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this Act.

42 U.S.C.6506a(l). The "planning, public facilities, public service" litany of the federal statute is repeated, for example, in existing AS 37.05.530(g), in language appearing in bill section 1. Inserting "activities" adds a new term, with no antecedent reference in the federal Act.

"Activities" and "services" are generally not identified and appropriated or allocated (that is, paid out) in a measure that makes capital appropriations. Under AS 37.07.062, "capital expenditures" are typically characterized by activities associated with "project development" and "construction." Under AS 37.07.120, a "capital project" or "capital improvement" is defined as

an allocation or appropriation item for an asset with an anticipated life exceeding one year . . . [that may] include land acquisition, construction,

Representative Kurt Olson  
April 26, 2006  
Page 2

structural improvement, engineering and design for the project, and equipment and repair costs;

On the other hand, provision of "services" not connected to project development or construction of a capital improvement is typically handled as an operating appropriation.

JBC:ljw  
06-219.ljw

Enclosure

**REVISED**  
**Responses to Questions**  
**by**  
**House Community & Regional Affairs Committee**  
**Alaska House of Representatives**  
**To**  
**Alaska Department of Commerce, Community, and Economic Development**  
**Regarding the Hearing of**  
**SB171 NPR-A Grants**  
**April 2006**

*Note: Information presented in question 4 has been revised to clarify that section 15 of the Alaska Constitution specifies which funds are to be deposited in the permanent fund, and this does not include impact aid. Information in question 5 has been revised to breakout the source of funds and compare NPR-A grant funds to other funds in the North Slope communities.*

**1. What is the amount of total Tongass Forest Receipts?**

The following table outlines Tongass National Forest Receipts to the State of Alaska between FY01 and FY2006.

|      |                |
|------|----------------|
| FY01 | \$2,303,713.60 |
| FY02 | \$9,163,597.00 |
| FY03 | \$9,236,906.63 |
| FY04 | \$9,347,749.46 |
| FY05 | \$9,469,269.00 |
| FY06 | \$9,687,063.63 |

**2. Which communities received forest impact aid and how much?**

*Attachment A provides an overview of the National Forest Receipts program, along with a detailed distribution of funds to cities and boroughs in Tongass and Chugach National Forests between FY2001 and 2006. Note: Attachment A was provided with the original document on 30 March. If additional copies are needed please contact Sally Saddler at 465,2503.*

**3. Why were funds not taken out of National Forest Receipts and deposited into the Permanent Fund?**

National Forest Receipts were not deposited into the Permanent Fund because Section 25 of the Alaska Constitution, which addresses the Alaska Permanent Fund, states that "at least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund..."

In addition to the constitutional language that specifies minerals related payments as those to be deposited into the permanent fund, the federal law requiring payment of National Forest

Receipts specifies that these funds are to be made as direct grants and direct payments to the boroughs and cities in the Tongass. The language does not speak to depositing these funds into the permanent fund.

4. What is the amount of total capital funds and general funds that the North Slope Borough (NSB) has gotten for six years between 2000-2006?

| Community*               | NPR-A                | State Revenue Sharing/Safe Comm/Temp Fiscal Relief | Cap Match/ Legislative Grants | Other (ACMP, DHSS, DCCED, etc) | Community Total      | NPR as % of Total |
|--------------------------|----------------------|--|-------------------------------|--------------------------------|----------------------|-------------------|
| Anaktuvuk Pass           | \$0                  | \$103,690  | \$267,164                     | \$0                            | \$370,854            | 0.00%             |
| Atkasuk                  | \$2,285,185          | \$121,679  | \$220,518                     | \$100,000                      | \$2,728,382          | 83.79%            |
| Barrow                   | \$8,979,375          | \$300,169  | \$755,677                     | \$31,391                       | \$10,076,612         | 89.11%            |
| Kaktovik                 | \$0                  | \$103,993  | \$200,000                     | \$0                            | \$303,993            | 0.00%             |
| North Slope Borough      | \$78,553,304         | \$2,235,360  | \$84,339                      | \$335,751                      | \$81,209,754         | 96.73%            |
| Nuiqsut                  | \$10,349,687         | \$108,959  | \$217,606                     | \$25,000                       | \$10,701,252         | 96.71%            |
| Point Hope               | \$0                  | \$152,325  | \$75,000                      | \$48,700                       | \$276,025            | 0.00%             |
| Wainwright               | \$117,678            | \$112,694  | \$100,007                     | \$0                            | \$330,379            | 35.62%            |
| <b>Program Totals**:</b> | <b>\$100,286,229</b> | <b>\$3,239,869</b>                                 | <b>\$1,930,311</b>            | <b>\$540,842</b>               | <b>\$105,997,251</b> | <b>94.61%</b>     |

Notes: \* The community of Point Lay did not have any State capital grants listed. Also, please note that the only money Prudhoe Bay received was in relation to a DOT project. \*\*For purposes of this analysis all DOT funded projects are not included.

This information comes from the Division of Community Advocacy Capital Projects and Grants Tracking Database. *Note: The community of Point Lay did not have any State capital grants listed. Also, please note that the only money Prudhoe Bay received was in relation to a DOT project. For purposes of this analysis all DOT funded projects are not included in this analysis.*

5. Can the Department address issues with NPR-A in-house instead of the Legislature having to pass this bill and does the department have any recommendations?

We believe that the department has in the past few years strengthened the review process to be more accountable than it was in the last decade. While 3 AAC 150.050 c defines "impact" to mean an effect reasonably attributable to NPR-A activities on eight criteria, the department welcomes any legislative clarification and/or assistance to define impact in each of these areas.

**FY 01 NATIONAL FOREST RECEIPTS PROGRAM  
BOROUGH PAYMENTS**

**TONGASS NATIONAL FOREST**

| Borough                      | Acres             | Total Payment         |
|------------------------------|-------------------|-----------------------|
| Haines Borough               | 916,669           | \$124,619.44          |
| City & Borough of Juneau     | 1,710,896         | \$232,593.12          |
| Ketchikan Gateway Borough    | 740,014           | \$100,603.52          |
| City & Borough of Sitka      | 1,796,993         | \$244,297.85          |
| City & Borough of Yakutat    | 1,226,567         | \$166,749.50          |
| Unorganized Borough          | 10,197,822        | \$1,386,374.93        |
| <b>TOTAL ACRES</b>           | <b>16,588,961</b> |                       |
| <b>TOTAL TONGASS PAYMENT</b> |                   | <b>\$2,255,238.36</b> |

**CHUGACH NATIONAL FOREST**

| Borough                              | Acres            | Total Payment         |
|--------------------------------------|------------------|-----------------------|
| Municipality of Anchorage            | 274,983          | \$2,466.12            |
| Kenai Peninsula Borough              | 1,094,670        | \$9,825.25            |
| Kodiak Island Borough                | 3,455            | \$31.01               |
| Matanuska-Susitna Borough            | 43,386           | \$389.41              |
| City & Borough of Yakutat            | 420              | \$3.77                |
| Unorganized Borough                  | 3,983,906        | \$35,757.68           |
| <b>TOTAL ACRES</b>                   | <b>5,400,820</b> |                       |
| <b>TOTAL CHUGACH PAYMENT</b>         |                  | <b>\$48,475.24</b>    |
| <b>TOTAL STATE OF ALASKA PAYMENT</b> |                  | <b>\$2,303,713.60</b> |

**FY 01 NATIONAL FOREST RECEIPTS PROGRAM  
TONGASS NATIONAL FOREST - UNORGANIZED BOROUGH PAYMENTS**

| <b>Municipality</b> | <b>Road Miles</b> | <b>Road Mile \$</b> | <b>ADM</b>      | <b>School \$</b>      | <b>Total Payment</b>  |
|---------------------|-------------------|---------------------|-----------------|-----------------------|-----------------------|
| <b>Home Rule</b>    |                   |                     |                 |                       |                       |
| Petersburg          | 21.56             | \$18,209.33         | 678.30          | \$207,451.60          | \$225,660.93          |
| Wrangell            | 10.51             | \$8,876.62          | 488.35          | \$149,357.20          | \$158,233.83          |
| <b>First Class</b>  |                   |                     |                 |                       |                       |
| Craig               | 9.35              | \$7,896.90          | 516.30          | \$157,905.44          | \$165,802.35          |
| Hoonah              | 9.10              | \$7,685.25          | 226.90          | \$69,395.21           | \$77,080.96           |
| Hydaburg            | 6.20              | \$5,236.45          | 102.85          | \$31,455.69           | \$36,692.14           |
| Kake                | 14.02             | \$11,841.13         | 165.00          | \$50,463.68           | \$62,304.81           |
| Klawock             | 10.30             | \$8,699.26          | 207.90          | \$63,584.24           | \$72,283.50           |
| Pelican             | 1.10              | \$929.05            | 23.00           | \$7,034.33            | \$7,963.38            |
| Skagway             | 12.05             | \$10,177.29         | 136.75          | \$41,823.69           | \$52,000.98           |
| <b>Second Class</b> |                   |                     |                 |                       |                       |
| Angoon              | 7.69              | \$6,494.88          | N/A             | N/A                   | \$6,494.88            |
| Coffman Cove        | 15.54             | \$13,124.90         | N/A             | N/A                   | \$13,124.90           |
| Kasaan              | 8.47              | \$7,153.66          | N/A             | N/A                   | \$7,153.66            |
| Port Alexander      | 0.88              | \$743.24            | N/A             | N/A                   | \$743.24              |
| Tenakee Springs     | 2.50              | \$2,111.47          | N/A             | N/A                   | \$2,111.47            |
| Thorne Bay          | 34.00             | \$28,716.00         | N/A             | N/A                   | \$28,716.00           |
| <b>Federal Law</b>  |                   |                     |                 |                       |                       |
| Metlakatla          | 34.70             | \$29,307.22         | N/A             | N/A                   | \$29,307.22           |
| <b>REAA'S</b>       |                   |                     |                 |                       |                       |
| Annette Island      | N/A               | N/A                 | 325.75          | \$99,627.54           | \$99,627.54           |
| Chatham             | N/A               | N/A                 | 247.50          | \$75,695.52           | \$75,695.52           |
| Southeast Island    | N/A               | N/A                 | 281.15          | \$85,987.05           | \$85,987.05           |
| <b>TOTAL LOCAL</b>  | <b>197.97</b>     | <b>\$167,203.16</b> | <b>3,399.75</b> | <b>\$1,039,781.20</b> | <b>\$1,206,984.36</b> |
| <b>STATE</b>        | <b>212.40</b>     | <b>\$179,390.57</b> | <b>N/A</b>      | <b>N/A</b>            | <b>\$179,390.57</b>   |
| <b>GRAND TOTAL</b>  | <b>410.37</b>     | <b>\$346,593.73</b> | <b>3,399.75</b> | <b>\$1,039,781.20</b> | <b>\$1,386,374.93</b> |

FY 01 NATIONAL FOREST RECEIPTS PROGRAM  
CHUGACH NATIONAL FOREST - UNORGANIZED BOROUGH PAYMENTS

| Municipality        | Road Miles | Road Mile \$ | ADM      | Schol \$    | Total Payment |
|---------------------|------------|--------------|----------|-------------|---------------|
| <b>Home Rule</b>    |            |              |          |             |               |
| Cordova             | 12.90      | \$704.24     | 475.95   | \$8,450.84  | \$9,155.08    |
| Valdez              | 25.25      | \$1,378.44   | 861.75   | \$15,354.27 | \$16,732.72   |
| <b>Second Class</b> |            |              |          |             |               |
| Whittier            | 8.60       | \$469.49     | N/A      | N/A         | \$469.49      |
| <b>REAA'S</b>       |            |              |          |             |               |
| Chugach             | N/A        | N/A          | 169.70   | \$3,013.15  | \$3,013.15    |
| <b>TOTAL LOCAL</b>  | 46.75      | \$2,552.17   | 1,510.40 | \$26,818.26 | \$29,370.43   |
| <b>STATE</b>        | 117.00     | \$6,387.25   | N/A      | N/A         | \$6,387.25    |
| <b>GRAND TOTAL</b>  | 163.75     | \$8,939.42   | 1,510.40 | \$26,818.26 | \$35,757.68   |

STATE OF ALASKA  
 FY 02 NATIONAL FOREST RECEIPTS  
 BOROUGH PAYMENTS  
 BASED ON PRIOR-YEAR BOROUGH ACREAGE AND  
 14 YEAR HISTORICAL PAYMENTS TO EACH NATIONAL FOREST

TONGASS NATIONAL FOREST

| Borough                      | Acres             | Schools/Roads \$      | 15% Projects \$       | Total Payment         |
|------------------------------|-------------------|-----------------------|-----------------------|-----------------------|
| Haines Borough               | 916,669           | \$423,648.60          | \$74,761.52           | \$498,410.12          |
| City & Borough of Juneau     | 1,710,896         | \$790,709.29          | \$139,536.93          | \$930,246.22          |
| Ketchikan Gateway Borough    | 740,014           | \$342,005.56          | \$60,353.92           | \$402,359.48          |
| City & Borough of Sitka      | 1,796,993         | \$830,499.96          | \$146,558.82          | \$977,058.77          |
| City & Borough of Yakutat    | 1,226,567         | \$566,871.35          | \$100,036.12          | \$666,907.47          |
| Unorganized Borough          | 10,197,822        | \$4,713,034.90        | \$831,712.04          | \$5,544,746.95        |
| <b>TOTALS</b>                | <b>16,588,961</b> | <b>\$7,666,769.65</b> | <b>\$1,352,959.35</b> | <b>\$9,019,729.00</b> |
| <b>TOTAL TONGASS PAYMENT</b> |                   |                       |                       | <b>\$9,019,729.00</b> |

CHUGACH NATIONAL FOREST

| Borough                      | Acres            | Schools/Roads \$    | 15% Projects \$    | Total Payment       |
|------------------------------|------------------|---------------------|--------------------|---------------------|
| Municipality of Anchorage    | 274,985          | \$7,325.05          | \$0.00             | \$7,325.05          |
| Kenai Peninsula Borough      | 1,094,670        | \$29,160.01         | \$0.00             | \$29,160.01         |
| Kodiak Island Borough        | 3,455            | \$92.03             | \$0.00             | \$92.03             |
| Matanuska-Susitna Borough    | 43,386           | \$1,155.72          | \$0.00             | \$1,155.72          |
| City & Borough of Yakutat    | 420              | \$9.51              | \$1.68             | \$11.19             |
| Unorganized Borough          | 3,983,906        | \$90,205.39         | \$15,918.60        | \$106,123.99        |
| <b>TOTALS</b>                | <b>5,400,820</b> | <b>\$127,947.72</b> | <b>\$15,920.28</b> | <b>\$143,868.00</b> |
| <b>TOTAL CHUGACH PAYMENT</b> |                  |                     |                    | <b>\$143,868.00</b> |

**TOTAL STATE OF ALASKA PAYMENT** **\$9,163,597.00**

## Overview of the National Forest Receipts Program

### BACKGROUND

Historically, the distribution of funds under the National Forest Receipts Program was made under 16 U.S.C. 500, commonly known as the 25 Percent Fund. The 1908 federal law provides that 25% of the annual income earned from activities within a national forest be paid to the state in which the national forest is situated "Provided, That when any national forest is in more than one State or county the distributive share to each from the proceeds of such forest shall be proportional to its area therein." The payment received must be used for the benefit of public schools and public roads.

State law, AS 41.15.180, also provides that the distribution of national forest income be paid to each borough, organized and unorganized, "proportional to the area of national forest located within its boundaries". For the organized boroughs, the state law provides that each shall determine locally what percentage of the payment is spent on schools and/or roads. For the unorganized borough share, the state law provides that 75% of the payment be allocated to home rule and first class cities and regional educational attendance areas for public schools based on annual school enrollment. The remaining 25% is allocated to all cities (including Metlakatla) that exercise road powers, based on the number of road miles maintained. The State of Alaska also receives an allocation based on the number of state roads maintained.

### SECURE RURAL SCHOOLS AND SELF-DETERMINATION ACT OF 2000

In 2000, Congress passed Public Law 106-393, the Secure Rural Schools and Community Self-Determination Act of 2000 (the Act). The Act made substantial changes to how the payments to states are calculated and how the payments may be spent. The Act will be in effect for State fiscal years 2002 – 2007.

1) Each eligible borough had the option of continuing to receive its annual payment based on the 25% payment or the borough's share of the State's "full payment amount". The "full payment amount" was determined based on upon the average of the three highest payments made to the State during the 14-year eligibility period of 1986 – 1999. For the State of Alaska, the three highest payment years were 1990, 1991, and 1994 and resulted in a full payment amount over \$9 million. All organized boroughs elected to receive a share of the full payment amount. For the unorganized borough, the State also elected to receive a share of the full payment amount. Per the federal law, these elections remain in effect through the length of the Act (2007).

National Forest Receipts Overview  
Page Two

2) The Act provides that each State distribute payment among eligible boroughs in accordance with 16 U.S.C. 500. The USFS has stated that legislative history associated with the Act indicated that historical payments made during the 14-year eligibility period (1986-1999) generally were to be used in calculating each borough's share of the payments to the State. However, because AS 41.15.180 requires DCED to pay each borough based on current national forest acreage, we annually determine each borough's share based on current acreage rather than the historical payment method as promoted by the USFS. The State's distribution method has been approved by the USFS.

3) The Act also provides that each borough expend at least 15% but no more than 20% of its annual share of the full payment amount on projects under Titles II or III of the Act. The election by boroughs of their Title II and/or Title III projects percentages is made annually to the DCED. Funds for the Title II projects (known as public lands projects) are withheld by the USFS and are administered through a 15 member Resource Advisory Committee. Title III projects (known as borough projects), are paid to each borough by the DCED along with their school/road payment. Title III projects must be spent on certain services including search, rescue and emergency services; fire fighting; and after school forest related programs.

# FISCAL NOTE

STATE OF ALASKA  
2006 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CSSB171(FIN)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title NPR-A COMMUNITY GRANT PROGRAM RDU AK Permanent Fund Corporation  
Component AK Permanent Fund Corporation  
Sponsor Senator Wilken  
Requester Senate Finance Component No. 109

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

| OPERATING EXPENDITURES | FY 2007    | FY 2008    | FY 2009    | FY 2010    | FY 2011    | FY 2012    |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services      |            |            |            |            |            |            |
| Travel                 |            |            |            |            |            |            |
| Contractual            |            |            |            |            |            |            |
| Supplies               |            |            |            |            |            |            |
| Equipment              |            |            |            |            |            |            |
| Land & Structures      |            |            |            |            |            |            |
| Grants & Claims        |            |            |            |            |            |            |
| Miscellaneous          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

|                             |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|
| <b>CAPITAL EXPENDITURES</b> |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|

|                               |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|
| <b>CHANGE IN REVENUES ( )</b> |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|

**FUND SOURCE** (Thousands of Dollars)

|   |            |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts                   |            |            |            |            |            |            |
| 1003 GF Match                           |            |            |            |            |            |            |
| 1004 GF                                 |            |            |            |            |            |            |
| 1005 GF/Program Receipts                |            |            |            |            |            |            |
| 1037 GF/Mental Health                   |            |            |            |            |            |            |
| Other (Specify Type--Do not abbreviate) |            |            |            |            |            |            |
| <b>TOTAL</b>                            | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

Estimate of any current year (FY2006) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

**ANALYSIS:** (Attach a separate page if necessary)

SB 171 would not affect the operating costs of the Permanent Fund.

SB 171 would change the share of annual National Petroleum Reserve - Alaska income that the Fund receives from 25% of the net amount after payment of other obligations to 25% of the gross amount received by the State. APFC staff believe that income to the Fund would increase under the provisions in SB 171, but are not able to quantify the increase.

Prepared by: Michael J. Burns, Executive Director/CEO Phone 907-465-2047  
Division Alaska Permanent Fund Corporation Date/Time 2/24/06 12:00 AM  
Approved by: \_\_\_\_\_ Date \_\_\_\_\_  
Agency \_\_\_\_\_

# FISCAL NOTE

STATE OF ALASKA  
2006 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HCS CSSB171(CRA)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
Title NPR-A Community Grant Program PDU Comm Assist & Ec Dev (405)  
Component Community Advocacy  
Sponsor Wilken  
Requester House Finance Component No. 2703

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

| OPERATING EXPENDITURES | FY 2007    | FY 2008    | FY 2009    | FY 2010    | FY 2011    | FY 2012    |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services      |            |            |            |            |            |            |
| Travel                 |            |            |            |            |            |            |
| Contractual            |            |            |            |            |            |            |
| Supplies               |            |            |            |            |            |            |
| Equipment              |            |            |            |            |            |            |
| Land & Structures      |            |            |            |            |            |            |
| Grants & Claims        |            |            |            |            |            |            |
| Miscellaneous          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

|                             |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|
| <b>CAPITAL EXPENDITURES</b> |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|

|                               |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|
| <b>CHANGE IN REVENUES ( )</b> |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|

**FUND SOURCE** (Thousands of Dollars)

|   |            |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts                   |            |            |            |            |            |            |
| 1003 GF Match                           |            |            |            |            |            |            |
| 1004 GF                                 |            |            |            |            |            |            |
| 1005 GF/Program Receipts                |            |            |            |            |            |            |
| 1037 GF/Mental Health                   |            |            |            |            |            |            |
| Other (Specify Type--Do not abbreviate) |            |            |            |            |            |            |
| <b>TOTAL</b>                            | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

Estimate of any current year (FY2006) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

**ANALYSIS:** (Attach a separate page if necessary)

This legislation amends AS 37.05.530 the National Petroleum Reserve-Alaska Special Revenue Fund. In the event 5% of the gross amount of funds is not available for deposit in the permanent fund and 0.5% is not available for deposit in the public school trust fund in one year, then those amounts shall be repaid from subsequent year funds prior to funding PCE/Rural Electric Capitalization funds. This legislation also requires the legislature to identify and specify the grants for activities, services, and facilities as capital appropriation items.

New funds are not required to implement the provisions of this legislation.

Prepared by: Mike Black, Director Phone 907 269 4535  
Division Community Advocacy Date/Time 5/1/06 4:20 PM  
Approved by: William C. Noll, Commissioner Date 5/1/2006  
Agency Commerce, Community and Economic Development

**SB**

**171**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT  
 FEB 01 2006  
 SENATE FINANCE COMMITTEE

DATE: 4/25/05

FURTHER:

DATE TURNED IN TO OFFICE: 1 Feb 2006

Finance Committee considered

SENATE BILL NO. 171

## SB 171 NPR-A COMMUNITY GRANT PROGRAM

"An Act amending the National Petroleum Reserve - Alaska special revenue fund; and establishing the Special Legislative Oil and Gas NPR-A Development Impact Review Committee and defining its powers and duties."

and recommends:

- be replaced with \_\_\_\_\_ CS SB 171 (FIN)
- adopt previous \_\_\_\_\_ CS CS forthcoming (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**CS Senate Bill:**

Same Title

New Title

**SCS House Bill:**

Same Title

Technical Title Change

New Title w/ SCR # \_\_\_\_\_

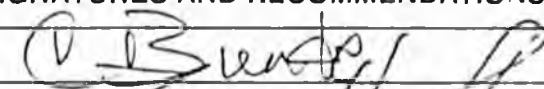
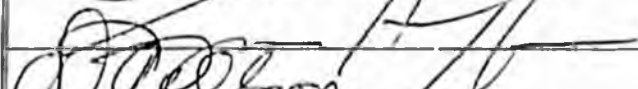
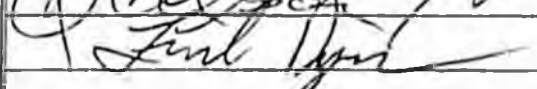
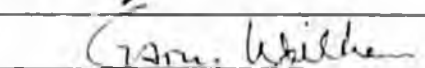
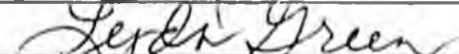
**NEW FISCAL NOTE(S):**

| Department | Date    | Fiscal | Ind. | Zero | FN# |
|------------|---------|--------|------|------|-----|
| DCCED      | 1/25/06 |        |      | ✓    |     |
| Leg        | 1/25/06 | 20.0   |      |      |     |
|            |         |        |      |      |     |
|            |         |        |      |      |     |

**PREVIOUS FISCAL NOTE(S):**

| Department | Date | Fiscal | Ind. | Zero | FN# |
|------------|------|--------|------|------|-----|
|            |      |        |      |      |     |
|            |      |        |      |      |     |
|            |      |        |      |      |     |
|            |      |        |      |      |     |

APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS:  | DO PASS | DO NOT PASS | NG REC | AMEND |
|--|---------|-------------|--------|-------|
|           | ✓       |             |        |       |
|           |         | ✓           |        |       |
|           | ✓       | ✓           |        |       |
| COCHAIR:  | ✓       |             |        |       |
| COCHAIR:  | ✓       |             |        |       |

# FISCAL NOTE

REPORTED OUT  
**FEB 01 2006**  
 SENATE FINANCE COMMITTEE

STATE OF ALASKA  
 2006 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB171  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Commerce  
 Title NPR-A Community Grant Program RDU Comm Assist & Ec Dev (405)  
 Component Community Advocacy  
 Sponsor Wilken  
 Requester Sena'e Community & Regional Affairs Component No. 2703

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

| OPERATING EXPENDITURES | FY 2007    | FY 2008    | FY 2009    | FY 2010    | FY 2011    | FY 2012    |
|------------------------|------------|------------|------------|------------|------------|------------|
| Personal Services      |            |            |            |            |            |            |
| Travel                 |            |            |            |            |            |            |
| Contractual            |            |            |            |            |            |            |
| Supplies               |            |            |            |            |            |            |
| Equipment              |            |            |            |            |            |            |
| Land & Structures      |            |            |            |            |            |            |
| Grants & Claims        |            |            |            |            |            |            |
| Miscellaneous          |            |            |            |            |            |            |
| <b>TOTAL OPERATING</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

|                             |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|
| <b>CAPITAL EXPENDITURES</b> |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|

|                               |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|
| <b>CHANGE IN REVENUES ( )</b> |  |  |  |  |  |  |
|-------------------------------|--|--|--|--|--|--|

**FUND SOURCE** (Thousands of Dollars)

| FUND SOURCE                             | FY 2007    | FY 2008    | FY 2009    | FY 2010    | FY 2011    | FY 2012    |
|---|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts                   |            |            |            |            |            |            |
| 1003 GF Match                           |            |            |            |            |            |            |
| 1004 GF                                 |            |            |            |            |            |            |
| 1007 GF/Program Receipts                |            |            |            |            |            |            |
| 1037 GF/Mental Health                   |            |            |            |            |            |            |
| Other (Specify Type--Do not abbreviate) |            |            |            |            |            |            |
| <b>TOTAL</b>                            | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

Estimate of any current year (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

**ANALYSIS:** (Attach a separate page if necessary)

This legislation amends the National Petroleum Reserve-Alaska Special Revenue Fund, establishes the Special Legislative Oil and Gas NPR-A Development Impact Review Committee, and defines its powers and duties. It also repeals and amends sections of Alaska Statute 37.05.530.

New funds are not required to implement provisions of this legislation.

Prepared by: Mike Black, Director  
 Division: Community Advocacy  
 Approved by: William C. Noll, Commissioner  
 Agency: Commerce, Community and Economic Development

Phone: 907.269.4535  
 Date/Time: 1/25/06 5:29 PM  
 Date: 1/25/2006

# FISCAL NOTE

REPORTED OUT  
**FEB 01 2006**  
 SENATE FINANCE COMMITTEE

STATE OF ALASKA  
 2006 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: WD24-LS0785C  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Legislature  
 Title: "An Act amending the National Petroleum BRU Legislative Council  
Reserve - Alaska special revenue fund; and establishing..." Component: Council and Subcommittees  
 Sponsor: Senator Wilken  
 Requestor: Senate Finance Component No. 783

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

| OPERATING EXPENDITURES | FY 2007     | FY 2008     | FY 2009     | FY 2010     | FY 2011     | FY 2012     |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Personal Services      | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Travel                 | 20.0        | 20.0        | 20.0        | 20.0        | 20.0        | 20.0        |
| Contractual            | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Supplies               | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Equipment              | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Land & Structures      | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Grants & Claims        | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Miscellaneous          | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>TOTAL OPERATING</b> | <b>20.0</b> | <b>20.0</b> | <b>20.0</b> | <b>20.0</b> | <b>20.0</b> | <b>20.0</b> |

|                             |     |     |     |     |     |     |
|-----------------------------|-----|-----|-----|-----|-----|-----|
| <b>CAPITAL EXPENDITURES</b> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
|-----------------------------|-----|-----|-----|-----|-----|-----|

|                               |     |     |     |     |     |     |
|-------------------------------|-----|-----|-----|-----|-----|-----|
| <b>CHANGE IN REVENUES ( )</b> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
|-------------------------------|-----|-----|-----|-----|-----|-----|

**FUND SOURCE** (Thousands of Dollars)

|   |             |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| 1002 Federal Receipts                   |             |             |             |             |             |             |
| 1003 GF Match                           |             |             |             |             |             |             |
| 1004 GF                                 | 20.0        | 20.0        | 20.0        | 20.0        | 20.0        | 20.0        |
| 1005 GF/Program Receipts                |             |             |             |             |             |             |
| 1037 GF/Mental Health                   |             |             |             |             |             |             |
| Other (Specify Type--Do not abbreviate) |             |             |             |             |             |             |
| <b>TOTAL</b>                            | <b>20.0</b> | <b>20.0</b> | <b>20.0</b> | <b>20.0</b> | <b>20.0</b> | <b>20.0</b> |

Estimate of any current year (FY2006) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

|           |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |

**ANALYSIS:** (Attach a separate page if necessary)

WD 24-LS0785C establishes the Special Legislative Oil and Gas NPR-A Development Impact Review Committee (NPR-A). The NPR-A Committee shall be organized within 15 days after the organization of each Legislature. Members may be appointed only from the Finance Committee of each house. Finance committee aides of Legislators appointed to the NPR-A Committee will staff the NPR-A Committee. The NPR-A Committee may meet during sessions and during the interim at times and places in the state as the Committee Chair may determine. The main purpose of the NPR-A Committee is to review grant application information submitted by the Department of Community and Regional Affairs and submit the NPR-A Committee's recommendations to the Finance Committees of the Senate and House. Each member of the NPR-A Committee is required to visit each community within the National Petroleum Reserve within one year of appointment to the NPR-A Committee.

Prepared by: Karla Schofield, Deputy Director Phone: 465-6626  
 Division: Administrative Services Date/Time: 1/25/06 11:20 AM  
 Approved by: Pamela Varni, Executive Director Date: 1/25/2006  
 Agency: Legislative Affairs Agency

SENATE FINANCE COMMITTEE  
2/1 / 2006 COMMITTEE ACTION

|                            |           |             |   |
|----------------------------|-----------|-------------|---|
| Bill Number                | SB 171    |             |   |
| Amendment                  | move from |             |   |
| Motion                     | Committee |             |   |
| <u>Motion by</u>           | Wilken    |             |   |
| <u>Objection by</u>        | Olson     |             |   |
| <u>Removed</u>             |           |             |   |
| <u>Second Objection by</u> |           |             |   |
| <u>Committee Member</u>    | Y         | <u>Vote</u> | N |
| Senator Dyson              | ✓         |             |   |
| Senator Hoffman            |           |             | ✓ |
| Senator Olson              |           |             | ✓ |
| Senator Stedman            |           | —           |   |
| Senator Bunde              | ✓         |             |   |
| Co-Chair Wilken            | ✓         |             |   |
| Co-Chair Green             | ✓         |             |   |
| <u>Tally</u>               |           |             |   |
| Yea                        |           | 4           |   |
| Nay                        |           | 2           |   |
| Absent                     |           | 1           |   |
| <u>MOTION</u>              |           |             |   |

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interim between sessions at times and places in the state as the committee chair may determine.

(d) Members of the committee may receive, for the minimum time required to get to and from meetings and for the period while attending meetings, the same travel and per diem allowances provided by law for members of the legislature when attending sessions. However, members of the committee do not receive per diem for committee meetings during legislative sessions other than the per diem paid to members of the legislature.

(e) A majority of the members of the committee appointed from each house

(1) constitutes a quorum for the purpose of carrying out the committee's duties under this section; and

(2) is necessary to approve and forward to the respective finance committees in each house the committee's recommendations for grants.

(f) <sup>Each</sup> member of the committee shall visit each community within the National Petroleum Reserve - Alaska

(1) within one year after the member's appointment to the committee; and

(2) at least once every three years during the member's term of service if the member continues to serve on the committee during succeeding legislatures.

(g) The committee may consult with the Department of Commerce, Community, and Economic Development about applications submitted under AS 37.05.530.

\* Sec. 3. AS 37.05.530(a) is amended to read:

(a) The National Petroleum Reserve - Alaska special revenue fund is established. The fund consists of all money disbursed to the state by the federal government under 42 U.S.C. 6506a(f) and former 42 U.S.C. 6508 (P.L. 96-514) since December 12, 1989, less the amount deposited in the general fund and expended by the state by general fund appropriations before June 9, 1984.

\* Sec. 4. AS 37.05.530(c) is repealed and reenacted to read to read:

(c) The Department of Commerce, Community, and Economic Development shall adopt regulations under which municipalities that are most directly and severely

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impacted by National Petroleum Reserve - Alaska oil and gas development under 42 U.S.C. 6506a, formerly 42 U.S.C. 6508, may apply for and be eligible to receive grants from the fund established in this section to alleviate the impact. A grant under this section may be made only on application by the municipality to the Department of Commerce, Community, and Economic Development. Each application must state the intended use for which the grant will be expended. When a municipality applies under this subsection, the municipality shall also submit to the department evidence or a certificate that the municipality is current on submission of reports concerning the expenditure of any grant previously received under this section. The department

(1) shall receive the applications and related materials and verify that the municipality is current on submission of reports concerning the expenditure of any grant previously received under this section;

(2) shall conduct a preliminary evaluation of each application; in conducting the preliminary evaluation, the department shall determine if the application is for an activity<sup>^</sup> or service that involves planning; construction, maintenance, and operation of essential public facilities by the municipality; and necessary public services provided by the municipality;

(3) within 10 days after the convening of each regular session of the legislature, shall submit to the committee a list of

(A) all qualifying<sup>^</sup> activities, facilities or services based on the department's preliminary evaluation made under (2) of this subsection; and

(B) all municipalities that have already received grants and written justification for each previous grant; and

(4) when advised of the committee's recommendations for grants, shall notify municipalities of that action.

\* Sec. 5. AS 37.05.530(d) is repealed and reenacted to read:

(d) In its review of applications submitted under (c) of this section, the committee shall, within 45 days after receipt of the information submitted by the department under (c)(3) of this section,

(1) examine applications and related and supporting materials to verify the needs claimed for each facility or service for which an application was submitted;