

SCOMM

#10:50

ALASKA  
STATE LEGISLATURE

MEMORANDUM

SENATOR JOHN RADER  
Porch V  
Juneau, Alaska 99801  
OR  
Box 2068  
Anchorage, Alaska 99510

JANUARY 19, 1976

ENCLOSED IS BACKUP MATERIAL REFERENCE

LETTER DATED JANUARY 15, 1976.

*file copy*

*Ops PV*

*Sent to:  
Exxon  
Arco  
Arctic  
El Paso  
BP a.k.  
US Dept/Interior*

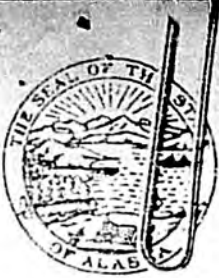
**\*\*PLEASE NOTE\*\***

THE ORIGINAL FILE CONTAINS AN OVERSIZED DOCUMENT THAT IS UNSUITABLE FOR FILMING. PLEASE REFER TO THE ALASKA STATE ARCHIVES TO VIEW THE ORIGINAL.

DESCRIPTION: MAP

ALASKA , U.S. DEPARTMENT OF THE INTERIOR, BUREAU OF MINES  
1977

COPILED FROM THE GEOLOGICAL SURVEY ALASKA RECONASSANCE TOPOGRAPHIC SERIES, SCALE 1:250,000 AND OTHER OFFICAL SOURCES



# Alaska State Legislature

JUNEAU ALASKA

May 6, 1976

Walter Sczudlo, President  
Arctic First Federal Savings & Loan Assoc.  
P.O. Box 709  
Fairbanks, Alaska 99707

Dear Mr. Sczudlo: *walt*

Most of the oil legislation about which you have written me has not yet come before any committee of which I am a member. I, therefore, have no firm opinions at this time.

However, I can state to you unequivocally that I am opposed to the imposition of taxes on any industry which is, one, excessive; two, punitive; three, unusual; four, not required for normal governmental financing.

I know that some of the bills you mentioned do not meet my criteria for acceptance.

I feel reasonably certain, however, that from time to time, the methods and rates of taxation of the petroleum industry will be reexamined and perhaps altered. From the tone of your letter I believe that my conclusions, in regard to what is appropriate and fair, would be similar to your own.

I appreciate very much your concern. I hope you will contact me again on this or any other matter of particular interest or concern to you.

Sincerely,

*John Rader*  
Senator John L. Rader

JLR/kb



ARCTIC first federal  
savings & loan association

P. O. BOX 709 FAIRBANKS, ALASKA 99707 452-4471

April 21, 1976

Mr. John Rader  
Senate  
State of Alaska  
Court Bldg., Rm. 644  
Juneau, Alaska

Re: Proposed oil and gas tax

Dear John:

Our board of directors, officers, and I, personally urge you to oppose levying any new or additional taxes upon the petroleum industry at this time. A few of the reasons we have considered, among many, are:

(1) Taxes already high. Alaska presently has some of the highest taxes on petroleum operations of any state in the United States. (Please see enclosures No. 1 and 2 attached).

(2) Adverse effect on jobs. New or additional taxes on resources will have an adverse effect on the financing of a gas pipeline, or other oil developments. The availability of jobs will be severely limited.

(3) Adverse effect on energy development. Additional taxation will be a detriment to the development of oil, gas, or other energy sources in our great state.

(4) Need economic encouragement. It is imperative that economic activity be encouraged, including oil developments, and legislative fiscal responsibility established. When oil developments have progressed reasonably, and profits are known, then new taxes could be considered.

We have considered this issue extensively, and respectfully urge you again to do all that is in your legislative power to oppose any new or additional taxation on resources or their development at this time.

Sincerely yours,

Walter Sczudlo  
President

WS/lb

Enclosures

RECEIVED APR 12 1976

# ALASKA OIL AND GAS ASSOCIATION

308 G STREET • SUITE 217  
ANCHORAGE, ALASKA 99501  
AREA 907 272-2519

April 9, 1976

To Concerned Alaskans

As you know, there is great competition in the U.S. today for capital funds. In the petroleum industry alone, the projected requirements for capital is in the range of \$30- to \$40-billion a year over the next decade. With a good business environment, it is expected that a significant amount of those investment funds will flow to Alaska. We can only guess how little will come here if the State puts up a "Not Welcome" sign to investors.

Should a major industry like petroleum reduce its expenditures in the State, the consequences would be felt throughout the economy. We could expect a reduction in construction, retail sales, travel, etc. This in turn would have to be reflected in fewer jobs and less prosperity all around.

With completion of the major portion of the pipeline construction project expected at yearend, it seems to be imperative that we encourage economic activity--not drive it away from the State.

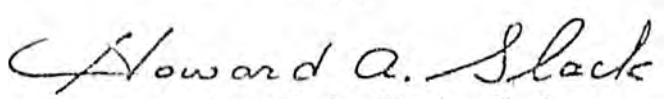
If you agree, we hope you will share your views with your representatives in the State House and Senate.

Specifically, we hope you will speak for more fiscal responsibility by the Legislature and speak against additional taxes on the petroleum industry.

Alaska's tax rates for the oil and gas industry are already high when compared to other states. And total annual revenue to the State, including royalty income and taxes, is already \$222 for every man, woman and child in the State. The State estimates that, under present tax laws, this figure will grow to \$3,179 per capita by 1980. Clearly, there should not be a need for more taxes in Alaska--from business or from individuals.

Should you wish more information, please let us know.

Sincerely,



Howard A. Slack, Chairman  
Alaska Oil & Gas Association

HS:am  
Attachment

Enclosure #1

# Oil Consultant Knocks Studies Urging Taxes

By CHERYL PROBST

Times Juneau Bureau

JUNEAU — Oil studies made for the legislature by other consultants are "virtually irrelevant" to any legislation that might be proposed, the legislature's chief oil consultant, Milton Lipton, said today.

The studies, recommending various aspects of new and revised taxes, were made by other consultants for the House Finance Committee and the legislature's Special Committee on Taxation and Revenue.

Lipton, who has advised the legislature on oil for the past several years, said these studies have been useful in one important aspect: they put down in public what determines what may affect the profitability of the oil industry in Alaska.

But, he said, "Their findings are not germane to what taxation of the oil industry ought to be."

Lipton was the lead-off speaker at six days of joint Resources Committee hearings on oil legislation.

The New York consultant said a new U.S. oil price policy, which set an upper limit of \$11.29 per barrel on new oil, will mean more oil exploration and development. But he said not all activities will be profitable since some will be on marginal fields.

Although he briefly discussed all major legislation pending before the Resources committee, Lipton said most important are the bills which introduce an entirely new principle of taxation.

That concept is to tax the oil industry the same as other industries up to a certain level, then to tax the oil industry separately and higher.

"The legislature must recognize this is a separate and distinct principal and should decide if it wants to go that route," Lipton said. Lipton said he would get into the pros and cons more if the legislature decided it wanted to go this way.

In brief discussion, however, Lipton said the greatest risk to this form of taxation is that the only place where the oil industry will be left with a normal rate of taxation is where the fields are not as productive and profitable.

Important criteria to remember with this taxing concept, he said, are that whatever tax is decided upon, it must strike a balance between the state and the oil industry, and it should be consistent with U.S. oil policy.

"I don't think the state can reasonably expect to adopt a separate tax that is inconsistent with national policy," he said. To do this would be very difficult, extremely dangerous and poorly advised, he said.

The Canadian province of Alberta did this, he said, and it brought oil production to a halt in Canada for a year.

The state has a very good approach to the severance tax, Lipton said. If any changes are contemplated, "The legislature would be well advised to hold off until it has made a decision on the whole



MILTON LIPTON  
Criticizes Findings

oil structure."

Lipton also told the committee that the corporate income tax structure as it now exists is not adequate and said he has some reservations about a net proceed tax.

Lipton concluded his testimony this morning and was to be followed to the witness stand this afternoon by representatives of various native associations, including Sam Kito, president of the Alaska Federation of Natives.

Besides Lipton, 23 persons have signed up to speak before the committees through next Tuesday.



Alaska State Legislature  
Senate

POUCH V  
JUNEAU, ALASKA 99811

January 20, 1976

Lee E. Fisher  
Coopers & Lybrand  
2207 Spennard Road  
Anchorage, Alaska 99503

Dear Mr. Fisher:

I appreciate very much your January 13 letter in opposition of SB 294.

Although I believe that even industry in the state should contribute to the cost of education, roads, etc., I certainly do agree with you that the "tax them out of business" approach is unsound. We do need orderly development of both renewable and non-renewable resources.

I appreciate your thoughtful letter and enclosure. I hope you will contact me again on any other matter of interest or concern.

Sincerely,

A handwritten signature in dark ink, appearing to read "John Rader", written over a horizontal line.

Senator John Rader  
Alaska State Legislature

JLR/kb

P.S. For your information, the Governor withdrew SB 294 today. I understand, however, that there are other bills which have been or will be introduced to accomplish approximately the same purpose.

COOPERS & LYBRAND

CERTIFIED PUBLIC ACCOUNTANTS

IN PRINCIPAL AREAS  
OF THE WORLD

RESIDENT PARTNERS

LEE E. FISHER  
ROBERT W. JOHNSON  
BERNHARD U. KRUMMEL  
GARY T. POSTLETHWAIT

2207 SPENARD ROAD  
ANCHORAGE, ALASKA 99503  
(907) 274-3602

January 13, 1976

Senator John Rader  
Pouch V  
State Capitol  
Juneau, Alaska 99801

Dear Senator Rader:

While the attached article is dated in October 1975, we now understand that Senate Bill 294 has been withdrawn by Governor Hammond, the points enumerated in the article are of continued concern.

With proper planning, I believe we can have a viable mining industry and realize appropriate benefits to the state. It's going to take some understanding of their special industry problems and requires a long-range plan rather than a "tax them out of business" approach.

Hopefully you will be instrumental in passing legislation to develop this great potential. Please call on me and my firm to be of assistance as you may deem necessary.

Respectfully,





# Alaska State Legislature

JUNEAU ALASKA

May 6, 1976

Allen Hamilton  
7820 Ascot Street  
Anchorage, Alaska 99502

Dear Mr. Hamilton:

Most of the oil legislation about which you have written me has not yet come before any committee of which I am a member. I, therefore, have no firm opinions at this time.

However, I can state to you unequivocally that I am opposed to the imposition of taxes on any industry which is, one, excessive; two, punitive; three, unusual; four, not required for normal governmental financing.

I know that some of the bills you mentioned do not meet my criteria for acceptance.

I feel reasonably certain, however, that from time to time, the methods and rates of taxation of the petroleum industry will be reexamined and perhaps altered. From the tone of your letter I believe that my conclusions, in regard to what is appropriate and fair, would be similar to your own.

I appreciate very much your concern. I hope you will contact me again on this or any other matter of particular interest or concern to you.

Sincerely,

A handwritten signature in cursive script, appearing to read "John L. Rader".

Senator John L. Rader

JLR/kb

Form  
letter

17

April 21, 1976

Senator John I. Rader  
Pouch V State Capitol Bldg.  
Juneau, AK. 99811

Dear Senator Rader,

As a registered voter in your district I am  
opposed to any new taxes on the oil industry.

Very truly yours,

*Allen Hamilton*

Allen Hamilton  
7820 Ascot St.  
Anchorage, AK. 99502

ACH/pdd



POUCH v  
JUNEAU, ALASKA 99811

# Alaska State Legislature Senate

*gas PL*

January 15, 1976

Forrest Garb  
H.J. Gruy and Associates  
2501 Cedar Springs Road  
Dallas, Texas 75201

Dear Mr. Garb:

The Gas Pipeline Impact Committee is attempting to find out the effect of the recently published State of Alaska, Department of Natural Resources study on Sadlerochit Reservoir conservation.

Primarily the Committee is interested if this, or the lack of production history, will effect the FPC decision on certification of a pipeline.

Questions to be answered:

1. What effect does the recent study, "Prediction of Reservoir Fluid Recovery Sadlerochit Formation Prudhoe Bay Field", have on marketing plans for Prudhoe Bay gas?
2. How does this study differ from industry and federal studies?
3. How accurate can a model be without production history?
4. Will some production history be necessary before an accurate model is established that will prove feasibility of a gas pipeline for marketing of Sadlerochit gas?
5. How critical are the results of this study in obtaining FPC certification and financing for the gas pipeline project?

Thank you for your assistance.

Sincerely,

*John Rader*  
Senator John Rader, Chairman  
Gas Pipeline Impact Committee

*Letter sent to:*

- Arctic Gas
- Bob Doherty, Dept. of Natural Resources
- John Jotz, US Dept. of Interior
- Clay Cooper, Exxon
- David Mace, BP Alaska
- Mike Holland, El Paso Gas
- Mark Singleton, Atlantic Richfield



Alaska State Legislature  
Senate

JUNEAU, ALASKA

April 7, 1976

Ted Brown  
3830 Crawson Circle  
Anchorage, Alaska 99503

Dear Mr. Brown:

Thank you for your telegram of March 19. I, too, share your concern over proposed oil taxation.

However, the taxes currently proposed are not what I feel is timely or necessary to the State. I hope that the State and industry are able to maintain a good working relationship. It is necessary that the State maintain a reasonable tax posture without discouraging industry from further development in Alaska.

I am sure that some middle ground will be reached and that this and further Legislatures will constantly be jockeying with the oil industry in taxation matters.

I hope that you will contact me again on any matter of particular interest or concern to you.

Sincerely,

A handwritten signature in cursive script, appearing to read "John Rader".

Senator John Rader  
Alaska State Legislature

JLR/EE/kl

# TELEGRAM

SCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

#

02458 POM ANCHORAGE AK 15 03-19 200P AST

PMS SEN JOHN RADER 6168

I AM STRONGLY OPPOSED TO INCREASE TAXATION BEING PROPOSED  
BY SENATOR HUBER ON OIL INDUSTRY

TED BROWN 3830 CRAWSON CIRCLE ANCHORAGE AK 99503

1976 MAR 19 PM 4 50



Senator John L. Rader

POUCH V  
JUNEAU, ALASKA 99801  
OR  
P. O. BOX 2068  
ANCHORAGE, ALASKA 99510

January 22, 1976

George P. DeLoach  
P.O. Box 375  
Eagle River, Alaska 99577

Dear Mr. DeLoach:

Thank you very much for your January 19 letter in opposition to increase taxation on the petroleum industry.

As you know, there are some legislators who claim that the oil industry is not carrying their fair share of the tax burden.

I have not yet heard their arguments. No significant petroleum tax bills have yet come before any committee of which I am a member.

It is difficult for me to tell you in advance what my opinion will or will not be.

I can tell you as a general proposition that when we passed the severance tax bill several years ago, I felt that it was at that time at a proper level.

I appreciate your letter and want you to rest assured that I will keep your views in mind. I agree with you that it is possible to destroy the "goose that lays the golden egg", and under no circumstances do I favor confiscatory or abusive taxation policy.

I share your concern for excessive state spending and hope to use my influence to moderate it.

Please contact me on this matter or any other matter or issue of concern to you.

Sincerely,

A handwritten signature in cursive script, appearing to read "John Rader".

Senator John Rader  
Alaska State Legislature

JLR/kb

Post Office Box 375  
Eagle River, AK 99577  
January 19, 1976

The Honorable John Rader  
Alaska State Senate  
Pouch V State Capitol Bldg.  
Juneau, AK 99811

Dear Senator Rader:

I am writing in reference to the increase in taxes on the oil industry which is being formulated in the Joint Taxation and Revenue Committee.

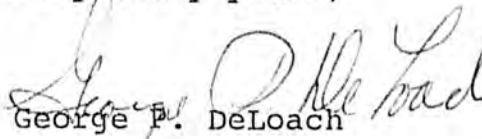
I would like to present my views on this matter. I am presently employed in the oil industry, and have been since my retirement from the Air Force in 1968. The present growth within the industry has been greatly reduced due to the numerous actions, i.e., environmental blocks, no growth in terms of no development in the OCS and other areas of Alaska, and additional level of taxes. Development of new energy sources must not be restricted by continued levy of taxes to satisfy an ever increasing State budget that seems to be growing without check or a safety valve. Exploration within the State, and Nation for that matter, has been reduced to a level where production has overtaken the addition of reserves by exploration. Many people do not realize that in order to find new energy sources and develop these sources, a great deal of money must be spent. This simply will not be available if government action continues to reduce the profit margin which is already far below that realized by some legislators and the general public as well. The end product of taxation induced reduction of exploration and development directly affects every consumer.

I feel that the neck of the goose that lays the golden egg has been strangled and the golden egg is about to disappear. We, as consumers, are now faced with more added "passed on" taxes which strain the very existence of our income, and makes the burden of everyday life difficult to carry.

I would like to know your position on this additional taxation, and what if anything can be done to either stall or remove it from consideration entirely.

I thank you for your effort in this matter.

Very truly yours,

  
George P. DeLoach



Senator John L. Rader

POUCH V  
JUNEAU, ALASKA 99801  
OR  
P. O. BOX 2068  
ANCHORAGE, ALASKA 99510

January 28, 1976

Mrs. Audrey Erickson  
P.O. Box 2416  
Anchorage, Alaska 99510

Dear Mrs. Erickson:

I appreciate your January 21 letter with the Marathon brochures concerning the natural gas shortage.

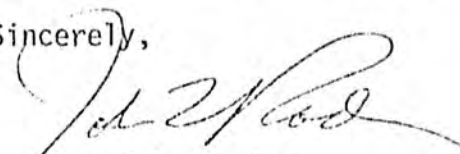
First of all, let me tell you that I am in 100% agreement with the position stated in the brochures. I do feel that our national policy of legislating prices of oil and gas guarantees shortages of oil and gas. Artificially low prices have a short range glitter followed by an ultimate disaster.

Although I do agree with this aspect of your letter, I must be candid with you and tell you that my mind is open on the question of the present level of taxation of oil and gas in the State. Several years ago when we established the present level of taxation, I felt it to be proper.

I honestly cannot tell you what my opinion will be, however, until after I have had an opportunity to read and digest the material presented on both sides of the question.

I can assure you that I will keep your views in mind and I do appreciate your interest. Please contact me on any other matter of particular interest or concern to you.

Sincerely,

  
Senator John L. Rader  
Alaska State Legislature

JLR/kb

Post Office Box 2416  
Anchorage, AK 99510  
January 21, 1976

The Honorable John L. Rader  
Alaska State Senate  
Pouch V State Capitol Building  
Juneau, AK 99811

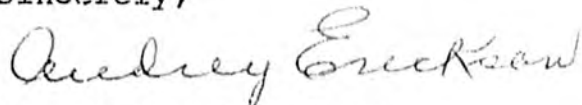
Dear Senator Rader:

I am interested in learning how you stand on the proposal by the Taxation and Revenue Committee to raise the severance tax for oil companies.

I have worked in the oil industry in Anchorage for nine years and feel they are doing wonderful things for the people of Alaska. These added taxes are going a little too far and I would like to know whether or not you think these added taxes are justified.

I am enclosing three brochures distributed by the company for whom I work and hope that you can take time out to look them over. Thank you very much.

Sincerely,



Mrs. Audrey Erickson

enclosure



Alaska State Legislature  
Senate

JUNEAU, ALASKA

May 22, 1976

Mr. W. F. West, President  
Santa Fe Minerals, Inc.  
2131 Turtle Creek Boulevard, Suite 700  
Dallas, Texas 75219

Dear Frank:

I just received the enclosed memorandum with attachments concerning the possible sale of a portion of Alaska's royalty oil. Thought you might be interested. If you think Bert would be interested, send him a copy.

I am leaving Alaska May 22 and will be gone several weeks. I am going to have a little bladder surgery done at Johns Hopkins. Their record of success in this type of situation is 100%, so the only problem is the discomfort, temporary inconvenience, etcetera. I should be back in Anchorage by the middle or the last of June.

Sincerely,

A handwritten signature in cursive script, appearing to read "John L. Rader".

Senator John L. Rader  
Alaska State Senate

Enclosure

JLR:sif



Alaska State Legislature  
Senate

JUNEAU, ALASKA

February 13, 1976

Harvey Samuelson, President  
Bristol Bay Area Native Corporation  
Dillingham, Alaska

Dear Harvey:

Thanks for your wire concerning S.B. 186. I can appreciate your concern.

Although the State does need funds, I believe it to be to the best long run interest of the State to encourage as much as possible LNG facilities and petro-chemical development.

I hope you will express your concern to other Legislators. It may be very important to you. Please contact me again on any matter of particular interest or concern.

Sincerely,

A handwritten signature in black ink, appearing to read "John Rader", with a long, sweeping underline.

Senator John Rader  
Alaska State Legislature

JLR/kb

# TELEGRAM

ALASKA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

1976 FEB 11 PM 7 13

02077 NL ANCHORAGE ALASKA 78 02-11 433P AST

PMS SENATOR JOHN RADER

JUN

0583

WE ARE OPPOSED TO THE PROVISIONS OF SB 186 WHICH WOULD  
EXTEND THE 20 MIL AD VALORUM TAX TO PROPERTY WE HOPE TO  
HAVE A DIRECT INTEREST IN THE FIRST WILDCAT TEST ON OUR  
LANDS IS SCHEDULED FOR JULY AND IF OIL IS DISCOVERED  
BBN AND C WILL BUILD A TOPPING PLANT. IF GAS IS DISCOVERED  
WE WILL HAVE A HALF INTEREST IN AN LNG PLANT. WE ENCOURAGE  
YOU TO OPPOSE THIS BILL.

HARVEY SAMUELSON PRESIDENT BRISTOL BAY

NATIVE CORP

STANDARD REFINERY

COST 11,394,000.00 - APPROXIMATELY  
EMPLOYEES 21 FULL TIME INCLUDING MANAGER  
CAPACITY 24,000 to 26,000 lbs. PER DAY  
TAXES 91 MILLS <sup>9</sup>103,694.00 PER YEAR  
NEW TAX ADDITIONAL 174,205.00 PER YEAR  
WHICH WOULD BE A 10% COST IN  
OPERATING EXPENSES.

PHILLIPS L.N.G.

COST 53 MILLION  
EMPLOYEES 40  
TAXES - Borough Presentation PLANT. 150,000.00  
Royalty 2.3 million  
Severance tax 652,000.00  
Property tax 261,000.00 OTHER THAN PLANT



Alaska State Legislature  
Senate

JUNEAU, ALASKA

February 23, 1976

Mr. Paul Andres  
Seattle Times  
Seattle, Washington

Dear Paul:

Please find enclosed a copy of S.S.S.B. 406 introduced in the Senate two weeks ago.

Soon Alaska and Washington will be inundated by super large oil tankers. The apathetic approach to the safe construction of oil tankers by the United States Coast Guard has forced each state to attempt to deal with this situation as best we can.

While the approach in our bill is somewhat different, it was prompted by the 1975 Washington law now being challenged by the oil companies in court. I suspect ours will be, too.

If you have any questions about our approach to this subject, please feel free to contact me and I will try to answer them as best I can.

I have not as yet received the rest of your series of articles and am looking forward to reading them.

Thank you for your help.

Sincerely,

Tom Biss, Administrative Assistant  
Alaska State Senate Democratic Caucus

TB/kb

Encl.



Alaska State Legislature  
Senate

April 2, 1976

Kenneth C. Hume  
P.O. Box 2257  
Anchorage, Alaska 99510

Dear ~~Mr. Hume~~: *Ken*

Thank you for your communication of March 17.

As you know, S.B. 682 has passed the Legislature, and is awaiting the Governor's signature.

I, also, believe the proposed oil legislation, as presently structured, is not acceptable to the State or industry. Before any tax legislation is passed, I feel there needs to be more of a middle ground struck between the State and industry.

Most of all, I feel that Alaska should remain a state that encourages planned development of our resources in a manner that insures the people of Alaska the ability to maintain their lifestyles without the catastrophic boom/bust cycles of years past.

I hope that you will contact me again on any matter of particular interest or concern to you.

Sincerely,

*John Rader*  
Senator John Rader  
Alaska State Legislature

JLR/EE/kb

KENNETH E. HUMME  
P. O. Box 2257  
Anchorage, Alaska 99510



Senator John L. Rader  
Pouch V  
Juneau, Alaska 99801

John,

1. Believe Senate Bill 682 - Mining

License Law is constructive legislation.

2. Believe present oil tax proposals  
are destructive legislation for the  
future of Alaska.

Kenn Humme

3-17-76  
include  
House action



# Alaska State Legislature

## Senate

JUNEAU, ALASKA

March 18, 1976

Jane R. Angvik  
3343 West 86th Avenue  
Anchorage, Alaska 99502

Dear Jane:

I appreciate your letter. Let me respond in the same order that you presented the issues:

1. The difficulty with deciding that committing  $X$  percent of State revenues to a permanent fund to be used for  $Y$  purposes for an infinite number of years equals sound public policy, creates an equation that cannot rationally stand because it does not consider; a) total State revenues in a particular moment of time; b) total State needs at a particular moment of time, and c) a rational distribution to those needs included in (b) but which are not included in  $U$ . It is an error to think that we should freeze the first equation into the Constitution because this generation, or more precisely, the voters of 1976, or the Legislators of 1976, are superior in intelligence and, therefore, can determine that the first equation ad infinitum makes sense without knowing the omitted values. Isn't it much more reasonable to think that in the year 1983 the people of this State, and the Legislators elected by them who will know the omitted values for that year, can do a better job in distributing funds among completely public uses than we at this moment?

The permanent fund has merit only in the sense that one creates what is known as a "spendthrift trust" for minor or incompetent persons. Those who are urging the creation of a "spendthrift trust", do so in the name of fiscal responsibility. They would do much better if they would be fiscally responsible with the funds we have on a day-to-day basis.

2. I, like you, do not know at what point taxes will "kill the goose that lays the golden egg". I am, however, convinced that such a point does exist and that we must approach it very thoughtfully and carefully.

My initial thought is that the Tanzer posture is too large a stride. I have not yet determined precisely what I think is reasonable in the circumstances. This issue leads to the next point...

3. If Alaska does not act intelligently and handle a very difficult and complex situation with skill, our royalty gas will be committed to inter-state commerce and will probably be lost forever to the State except as a source of revenue.

In other words if our gas gets into a Federal Power Commission controlled inter-state pipeline and utility and gas consumers in Ohio and California are relying on it in their homes, petrochemical establishments, etc., the Federal Power Commission in all probability will never permit us to interrupt their supply for our homes and our petrochemical industry. If the pipeline goes through Canada along the Arctic as proposed, Alaskans will likewise in all probability be deprived of any use of their gas except for revenue purposes. This will be because we do not have an economical delivery system to areas south of the Brooks Range. Under the circumstances, and in order to keep open the options of Alaska for future gas use, we must secure a Trans-Alaska route preferably bringing the gas as far south as Prince William Sound or Cook Inlet. Back to issue #2, the extraordinary taxation of the petroleum industry will have these effects: a) diminish the willingness of equity capital to build any pipeline; b) diminish the economic feasibility and preclude attaining borrowed capital at a reasonable rate.

It is not economically feasible to store our royalty gas in the ground. Although I would prefer not to sell any portion of it, it seems that we must either take delivery of gas in kind and sell it or not take gas in kind, in which event it will be sold by the producers. What we are attempting to do is to sell a portion of what would be considered gas excess to Alaska's present needs with a proviso that as our needs develop in the future, we will be able to interrupt and abandon the supply to our purchaser. We hope to get what is called "pre-abandonment" authorization from the Federal Power Commission if at all possible. To take no action what so ever would be the worst thing that we can do.

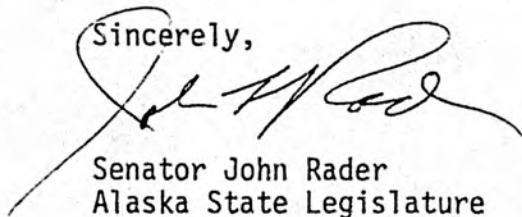
This situation is highly volatile. There are a number of proposals on the national level which will effect our ability to assist ourselves. However, we would be derelict if we did not at least try. I am not at this moment committed to the sale of any of our gas but I am committed to the proposition that we much seek out possible purchasers and determine possible conditions and terms, lay this matter before the public and the Legislature, and act upon it in light of the circumstances as they may then exist. To do less than this is to let others completely determine our destiny. We may not be able to be effective but we should not be guilty of not trying.

March 17, 1976  
Page 3

I do very much appreciate your thoughtful letter.

This letter is much longer than usual "political" replies. However, your letter was also more thoughtful than usual. I appreciate your concern,

Sincerely,

A handwritten signature in cursive script, appearing to read "John Rader". The signature is written in dark ink and is positioned above the typed name and title.

Senator John Rader  
Alaska State Legislature

JLR/kb

3343 W. 86<sup>th</sup> Ave

Anch. AK 99502

Mar. 7, 1974

Senator John Rader,  
AK. State Legislature  
Juneau, Alaska

Dear Senator,

I am writing to you to express my concern about the use of oil revenues to accrue to the State of Alaska upon completion of the pipeline. I believe that it is essential to commit at least 10% of the revenues to savings. If the life of the field is estimated to be approximately 30 years I feel that current legislators have a responsibility to the future generations of Alaskans to be able to

- 2 -

participate in benefits from the development of this non-renewable resource. A savings account could prevent the questions of "what happened to that \$900 million Alaska got for the original lease?" I am also of the opinion that committing a portion of the profits to savings could in some manner direct the rate of population growth in the state. I have attended several of the Humanities Forum's symposiums on "Quality of Life" which have influenced my opinion on the relationship between government spending and growth.

Yet, as I say these things I am very suspicious of the increased taxes proposed on the oil industry. I disagree with the Anchorage Times which maintains that Alaska will be "killing the goose that lays the golden egg."

If I thought for a moment that less tax would result in a benefit to the consumer, I too would object to the proposed increases. However, since I have no evidence to suggest such a result, I encourage you to vote for an increase in the severance tax. This is the first time in U. S. History where large profits from oil development will accrue to the public. Therefore, I believe the State should participate in these profits to the fullest extent possible. However, a plan for expenditures and savings of these funds must be developed before the money starts coming in.

In the same light, the disposition of the State's portion of the natural gas must be planned out before a decision is forced down our throats as a result of time. I encourage you to hire the best advice possible (ie) TANZIER on oil) on the

gas question. At the present time Alaska  
owns that gas and I don't want to  
get taken on its sale. If we are to  
successfully do battle <sup>with</sup> negotiate with  
the oil industry, we must have the best  
possible information. At the present time  
I suspect they have the marked on the  
information and I think we ought to  
buy into that reservoir for our own  
purposes. My opinion, based on sketchy  
information, is that we should not sell  
our gas, but use it for our own domestic  
needs. I have no idea what the economics  
of such action are, but assume it will be  
analyzed as one possibility.

I thank you for your time and  
a member of your district I look  
forward to hearing your response to  
my concerns and suggestions.

Sincerely  
- Jane R. Ingraham

*Sen John Rader*

## Alaska Gas and Service Company



GENERAL OFFICES LOCATED AT 3000 SPENARD ROAD  
P. O. BOX 6288 ANCHORAGE, ALASKA 99502 / PHONE (907) 277-5551  
TELEX 25-187

*[Handwritten signature]*

*[Handwritten signature]*

Dear (each legislator from Southcentral Alaska):

Last year the legislature enacted a tax on oil and gas reserves "in place" to provide interim revenue pending start up of the Trans Alaska oil pipeline. Though many legislators may not have known or intended this result, this tax will apply to the gas reserves, and thus create additional tax liability, of the major regulated gas and electric utilities (and their customers), such as Anchorage Natural Gas, Chugach Electric, the City of Anchorage "ML&P", and Kenai Utility Service Corporation (KUSCo).

It also appears that legislation may be introduced which might double the severance tax on the natural gas distributed by us and KUSCo, and on the gas used by Chugach from Beluga.

We do not have a close estimate of the magnitude of the impact <sup>on us</sup> of these two new tax burdens, but we believe it to be in the order of \$1 million per year. Such taxes are borne by the users of natural gas and electricity, from Homer and Seward to Talkeetna, about half of the State's population. Both Anchorage municipal power and Chugach would have to bear about \$250,000 per year each, which would be added on their bills to their customers. A typical non-power gas customer would pay about \$20 additional per year. We do not know the impact of these taxes on gas used by Chugach from Beluga, or on KUSCo. We do not believe that it was the intent of the legislature to impose these taxes on Alaska's utility ratepayers. Accordingly, we hope that the legislature will amend the Reserves Tax law by adding, as "(5)" under Sec. 43.58.020 EXEMPTIONS, the following:

- (5) any oil or gas reserves committed to or produced for use or resale by public utilities which are regulated by the Alaska Public Utilities Commission.

Within the next few days, we and our representatives hope to meet with you individually or at committee hearings to answer your questions and explain our position further.

Very truly yours,

*[Handwritten signature of Dale Teel]*

Dale Teel  
President

dh

*Chron.*

SERVICE LIST

U-75-30

Alaska Gas and Service Company Division of Alaska Interstate Com- pany P. O. Box 6288 Anchorage, Alaska 99502	<u>Courtesy List (cont.)</u> The Honorable M. F. Beirne Representative <i>(wife)</i> Pouch V Juneau, Alaska 99811
James Grandjean, Esquire Alaska Legal Services Corporation 524 W. 6th Avenue Anchorage, Alaska 99501	The Honorable Bob Bradley Representative Pouch V Juneau, Alaska 99811
Roger Kemppe, Esquire Municipal Attorney Municipality of Anchorage P. O. Box 400 Anchorage, Alaska 99510	The Honorable Chancy Croft Senator Pouch V Juneau, Alaska 99811
Anchorage Attorney General's Office Civil Section 360 K Street Anchorage, Alaska 99501	The Honorable Thelma Buchholdt Representative Pouch V Juneau, Alaska 99811
<u>COURTESY LIST</u>	
The Honorable Avrum Cross Attorney General Pouch K Juneau, Alaska 99811	The Honorable Samuel R. Cotten Representative Pouch V Juneau, Alaska 99811
Chugach Electric Association, Inc. P. O. Box 3518 Anchorage, Alaska 99501	The Honorable Helen M. Fischer Representative Pouch V Juneau, Alaska 99811
Mr. Jack Woodland Quality Cleaners and Laundry P. O. Box 1087 Eagle River, Alaska 99577	The Honorable Clark Gruening Representative Pouch V Juneau, Alaska 99811
Mr. Wilson Rice, Esquire Alaska Legal Services Corporation 524 W. 6th Avenue, Suite 204 Anchorage, Alaska 99501	The Honorable H. M. Hershberger Representative Pouch V Juneau, Alaska 99811
Bill Hickman Alaska Gas & Service Company P. O. Box 6288 Anchorage, Alaska 99502	The Honorable Ramona M. Kelley Representative Pouch V Juneau, Alaska 99811
George Sullivan, Mayor Municipality of Anchorage P. O. Box 400 Anchorage, Alaska 99510	The Honorable Joseph H. McKinnon Representative Pouch V Juneau, Alaska 99811
The Honorable Helen Beirne Representative Pouch V Juneau, Alaska 99811	The Honorable Hugh Malone Representative Pouch V Juneau, Alaska 99811

The Honorable Kathryn Ostrosky  
Representative  
Pouch V  
Juneau, Alaska 99811

The Honorable Joseph Orsini  
Senator  
Pouch V  
Juneau, Alaska 99811

The Honorable John L. Rader  
Senator  
Pouch V  
Juneau, Alaska 99811

The Honorable Patrick Rodey  
Senator  
Pouch V  
Juneau, Alaska 99811

The Honorable Edward C. Willis  
Senator  
Pouch V  
Juneau, Alaska 99811

The Honorable Clem V. Tillion  
Senator  
Pouch V  
Juneau, Alaska 99811

The Honorable William K. Parker  
Representative  
Pouch V  
Juneau, Alaska 99811

The Honorable Leo Rhode  
Representative  
Pouch V  
Juneau, Alaska 99811

The Honorable Theodore Smith  
Representative  
Pouch V  
Juneau, Alaska 99811

The Honorable Susan Sullivan  
Representative  
Pouch V  
Juneau, Alaska 99811

The Honorable Richard K. Urion  
Representative  
Pouch V  
Juneau, Alaska 99811

The Honorable Lisa Rudd  
Representative  
Pouch V  
Juneau, Alaska 99811

The Honorable W. E. Bradley  
Senator  
Pouch V  
Juneau, Alaska 99811

The Honorable Genie Chance  
Senator  
Pouch V  
Juneau, Alaska 99811

The Honorable Mike Colletta  
Senator  
Pouch V  
Juneau, Alaska 99811

*Also:*

*Bill Gordon  
Sterling Gallagher  
Guy Martin*

M E M O R A N D U M

*Oil Industry*

TO: Senator Chancy Croft

FROM: Tom Riss

RE: Tanker Trip

DATE: January 15, 1976

On January 4, 1976, I boarded the ARCO tanker PRUDHOE BAY, a 70,000 DWT crude oil tanker built in 1971 to transport crude oil from ARCO's oil platform at Drift River to points south.

This tanker is ARCO's pride and joy. I gathered this from the crews comments and from the assumption that ARCO would not allow me to board anything less. The reason for the trip was to determine how many of the safety features we require in SB 405-406 were already in use and how the lack of these features affected the handling of the vessel.

I have already described to you my rather traumatic adventure boarding the PRUDHOE BAY from Senator Tillion's pilot boat. Once aboard, the pilot took me to the bridge where I was introduced to the Captain of the vessel and the mates on shift.

Having read about these vessels and having seen pictures of them did not prepare me for its physical size - 832 ft. long, 200 ft. wide, drawing 40 ft. of water. This ship is gigantic and still it is less than one-third the size of six ships now scheduled for the Valdez run.

Everyone associated with the PRUDHOE BAY was courteous and gracious. They were also fanatics about tankers and believe ARCO's are the best in the world.

During the ten hours I was on board, I had the opportunity to observe the operation. The crew was professional and efficient. Each of the 28 crew members knew his job exactly and knew what the ship was doing. They also seemed to know each others duties - double and triple-checked each chore. The ship confronted no unusual weather or icing conditions. There were no mishaps. Iceburgs enroute to Drift River from Homer were frequent, often being ice flows, but had little or no effect on the handling of the ship.

According to the pilot, ice is the most serious hazard confronting a tanker on this particular route. The pilot is able to track the direction and thickness of the ice flow on the radar screen. The PRUDHOE BAY was equipped with one radar. We require two. If the one had broken down.....

During loading at the platform a change in tide often jams ice between the platform and the ship, sometimes causing all the tie-down ropes (14) to snap and the ship to be forced away from the platform. Tanker and platform personnel state that they can shut off the flow of oil and

unhook the loading arms in three minutes without spilling any oil. I asked how much time they generally have to accomplish this task and was told that "most" ships, upon observation of an oncoming ice flow, will stop loading or cut loading back to 50%. If the ice becomes a problem, they untie and leave the platform. When I asked the least amount of time they have been given, a platform worker said "less than 30 seconds". The oil left in the loading arm spilled onto the deck of the tanker. All said that no oil had ever reached the water.

I found the docking of the ship at the platform interesting. I wanted very much to see how this was going to be accomplished because it has not been fitted with lateral thrusters and did not have twin screws. The pilot did it by heading the ship into the oncoming tide and using the current to maneuver the bow of the ship closer to the platform. The procedure took about one hour - not counting the two hours of extra time spent waiting for the tide to reach its peak flow. Statements by platform and ship crew indicated this landing was a fast one and that many times landing can take as much as six hours to complete, depending on wind tides and icing conditions.

The Captain said the ship was fitted with segregated ballast tanks and he went into a lengthy explanation describing how a system like that worked. He was very proud of the one on his ship. Unfortunately, the ship required more ballast during winter weather than could be carried in the two ballast tanks so he also had one cargo tank full. He explained how the contaminated water in this tank was piped on shore to a holding tank where it was processed. He said that the processed water, when returned to the ocean, was cleaner than when taken out. Later that day in the Kenai airport bar, I talked with some fishermen. They claimed that frequent large slicks of sludge originated from the onshore tanks.

The PRUDHOE BAY is not equipped with an inert gas system - something we require to prevent the vessel from blowing up, and also for the added protection of the crew when they are required to enter a tank for maintenance or cleaning. Ice blocking a valve or pipeline and preventing the loading of the tank is the main reason crew would enter a tank in the winter. Although nothing happened the day that I was there, one week before a Tesoro tanker had an icing problem with a valve inside a cargo tank. As you remember, these tanks when not cleaned, trap gases emanating from cargo clingage on the tank walls. The Tesoro tanker did not have an inert gas system and the crew member sent to clear the valve was required to wear a clean air breathing device. A mate was stationed on deck to watch him in case a problem arose. The Captain of the vessel wanted to get a first hand look at the progress of the crew member and decided to enter the tank for a better view. He did not put a breathing device on although it was offered to him by the mate on watch. The Captain was immediately overcome by fumes and collapsed. The mate saw him drop and entered the tank to get him out. The mate was also overcome by fumes and he dropped. The crewman, seeing what had happened, attempted

Memorandum  
January 15, 1976  
Page -3-

to revive the Captain by putting his personal breathing device on the Captain. The crewman was also overcome. All three men died. Total elapsed time - less than four minutes.

The PRUDHOE BAY did have two power sources as required by your bill. It did not have a double bottom. It did have a docking collision avoidance system which was demonstrated but not used.

The crew of the PRUDHOE BAY was convinced their company had taken every reasonable precaution for the safety of themselves, their ship, and the environment.

HENRY M. JACKSON, WASH., CHAIRMAN

FRANK CHURCH, IDAHO  
LEE METCALF, MONT.  
J. BENNETT JOHNSTON, LA.  
JAMES ABDOUREZK, S. DAK.  
FLOYD K. HASKELL, COLO.  
JOHN GLENN, OHIO  
RICHARD STONE, FLA.  
DALE BUMPERS, ARK.

PAUL J. FANNIN, ARIZ.  
CLIFFORD P. HANSEN, WYO.  
MARK O. HATFIELD, OREG.  
JAMES A. MCCLURE, IDAHO  
DEWEY F. BARTLETT, OKLA.

## United States Senate

COMMITTEE ON  
INTERIOR AND INSULAR AFFAIRS  
WASHINGTON, D.C. 20510

*gsp*

GREVILLE GARSIDE, SPECIAL COUNSEL AND STAFF DIRECTOR  
WILLIAM J. VAN NESS, CHIEF COUNSEL

March 1, 1976

The Honorable John L. Rader,  
Chairman  
Gas Pipeline Impact Committee  
Alaska State Legislature  
Juneau, Alaska 99801

Dear Senator Rader:

My attention has been called to the hearings of your Committee in Juneau on February 17-19, concerning certain issues of North Slope gas supply and transportation systems. As you may know, the U. S. Senate Committees on Commerce and Interior and Insular Affairs held legislative oversight hearings on a set of closely related issues on February 17, and will follow up with further hearings in late March.

Our Committees would be grateful if you could provide us with a copy of the hearing transcripts, prepared statements and other documents submitted to the Gas Pipeline Impact Committee. It would be most useful if these materials could be made available to be reviewed by the staffs of our respective Committees and by a Library of Congress team assisting them, in advance of the March hearings.

It is our understanding that Dr. Arlon Tussing of the University of Alaska will be in Juneau March 3 and 4 for testimony at another legislative hearing, and will be traveling to Washington the following week-end. In order to expedite delivery, he has agreed to carry any materials which you might be able to provide us.

We will be happy to reciprocate by furnishing similar materials to your Committee. For your information, a nearly complete set of the February 17 submissions to our joint Committee hearings is already in Juneau in the possession of Mr. Guy Martin, Commissioner of Natural Resources.

The Honorable John L. Rader  
Page Two

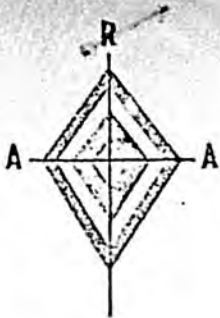
If you have any questions, please contact either  
Thomas Platt of the Senate Interior Committee (212+224-0611)  
or Henry Lippek of the Commerce Committee (212+224-9351).

Thank you for your assistance.

Sincerely yours,

A handwritten signature in cursive script that reads "Henry M. Jackson". The signature is written in dark ink and is positioned above the typed name.

Henry M. Jackson  
Chairman



RESOURCE ASSOCIATES OF ALASKA, INC.

3230 AIRPORT WAY, FAIRBANKS, ALASKA 99701  
TELEPHONE: (907) 479-6231 / 6097  
TELEX: 090 35402

*gas*

January 5, 1976

Mr. Robert L. Doss, C.P.A.  
Coopers & Lybrand  
2207 Spenard Road  
Anchorage, AK 99503

Dear Bob:

The enclosed copy from Western Miner, October 1975, indicates how our Canadian neighbors and other potential outside investors view the investment climate in Alaska.

How does it feel to live in a state that is characterized by a major foreign trade journal as "another banana republic", unsafe for capital investment because of political instability and the "ignorance and greed of most of its elected officials"?

It is becoming increasingly obvious that if the citizens of this state fail to deliver to their legislature the message of sensible government with common sense tax law and respect for private property and the right to use our land, we will have no economy up here except big oil and the dole. Is our legislature really bent on economic suicide through a policy of "spend and tax"?

Sincerely,

  
Jeff Knaebel

JK/dc  
Encl: Western Miner

## ALASKA:

land of mineral promise  
faces barriers to progress

Many Canadian mineral-exploration interests turned to the Northern Territories and to Alaska when provincial legislation discouraged efforts in several traditionally attractive parts of Canada. Canadian exploration people have also been found in increasing numbers recently in the states to the south of the Canada-US border.

The greatly increased interest and activity in the Yukon and Northwest Territories has been widely publicized and discussed. Relatively less was known about what has been happening in Alaska, partly perhaps because it is United States territory, and the ground rules are new and different (though Canadian crews have accumulated experience of conditions in all parts of the world).

Reports from Alaska now indicate that, unless there is a considerable change of conditions in that state, we may hear even less in the future of Canadian (or perhaps any other) exploration activity up there.

The large fly in the ointment is Senate Bill 294, relating to the Alaska Mineral Severance Tax, introduced by recently-elected Governor Jay Hammond. It proposes what amounts to a royalty on production ('severing minerals from the state for commercial use'), ranging from 1% on value of severable minerals at point of severance in the range \$100,000 to \$200,000, and by increments up to \$10,000 plus 5% of the excess over \$500,000.

For a substantial mining operation (over \$500,000 value) the Bill would impose a royalty of 5% on gross value of mineral production without allowance for transportation costs to smelter or for smelter charges.

Governor Hammond seems to have been reading the thoughts (one hesitates to say 'reasoning') of those who advised the government of British Columbia to

impose the infamous mineral royalties. Experienced observers in Alaska foresee that the results of Bill 294 would be similar; enforced 'highgrading' and waste of potential mineral resources; rapid decline in exploration activity; mine closures; loss of jobs; loss of revenue to service and supply companies, and so on.

Applied against current returns shown in company annual reports, it is estimated that the 5% of gross sales will amount to 20-100% of net profits. For coal mined on state lands, a price increase of 20-30% would be passed on to the consumer, and the price of electricity in Fairbanks would rise a similar amount.

The cost of construction materials mined on state land would rise, and would be passed on to the consumer in higher prices for roads, housing, and other construction. However, the hard-rock mining industry cannot pass on the higher costs imposed by the royalty, since their product prices are fixed on the international markets. The hard-rock exploration industry has brought an estimated \$40-million of new capital into Alaska in 1975, but this would be unlikely to be repeated in the face of Bill 294. At least two major mining companies have indicated that they would close their Alaska operations if the controversial Bill passes.

Further adversities which are calculated to occur if the legislation is enforced, with the expected results, include a loss in sales of between \$6-million and \$15-million a year to Alaska air carriers, and a loss of sales to local merchants, supplies, and services of between \$12-million and \$25-million annually.

## NWMA COMMENT

Earlier in 1975 the Northwest Mining Association, based in Spokane,

Washington, but including Alaska in its field of concern, commented on the introduction (in March 1975) of Bill 294 as 'an attempt to abort the infant Alaskan mining industry'.

The NWMA continued: 'Alaska Commissioner of Revenue, Sterling Gallagher's lack of insight with regard to the implications of the proposal is illustrated in his remarks quoted in the *Alaska Industry* April 1975. "We thought we'd do it now before the mineral industry really gets huge up there and we can't do it, quite frankly, because it becomes politically unfeasible at that point in time when it starts hurting someone." Given the imposition of the tax now, it can safely be said there won't be a mining industry in the State of Alaska'.

The NWMA notes further an indication of the sort of non-thinking on the part of politicians which has become so familiar to Canadians, particularly those in the Western provinces. Governor Jay Hammond has appointed eleven Alaskans to serve on the recently-formed Alaska Growth Policy Council. Apparently 'the doers of society are virtually excluded from participation on the council. There will be no direct representation from fisheries, petroleum, mining, timber and lumber, tourism, transportation, construction, real estate, or small business.'



ARCTIC  
DIAMOND  
DRILLING LTD.

UNDERGROUND  
& SURFACE  
CORE DRILLING  
FOUNDATION TESTING

PHONE  
  
667-6434

184 Industrial Rd.  
Whitehorse, Yukon

---

Vancouver:  
Rm. 730-510 W. Hastings  
Phone 688-3328

## INDUSTRY VIEWS

Based on the realities of mineral exploration and development, it has been pointed out by observers that outside investors are likely to look on Alaska as 'yet another banana republic', unsafe for investment, if the legislation goes through. Similar legislation (a severance tax) is proposed in Colorado, and if one is passed then so will others since 'the domino mechanism will work because of the ignorance and greed of most of our elected officials'.

Attitudes towards government in the United States seem to parallel those prevalent in several parts of Canada, notably the socialist provinces. 'So long

as government policy is established in the interest of re-election rather than public benefit, there will be ever-increasing pressure to hide the real cost of creeping socialism and of government itself'.

Looking to the future one sees severance taxes imposed on mineral production; elimination of favourable treatment for capital gains; and taxes imposed on mineral reserves. Finally, voters will complain that private industry cannot meet their needs, and will demand socialization of the mining industry. This, the politicians will call 'nationalization' — a misnomer coined in Britain which 'equates socialization, as prac-

tised in Britain... with expropriation, as practised in South America (simply theft on a grand scale)'.  
The mining and exploration industry, and associated interests among service and supply people, in Alaska, are apparently trying to educate government about the facts of life, including the realities of risk investment, the benefits to be obtained for the state from exploration and development activity, and how realistic tax policies can ensure a long-term return to the state by encouraging the source of mineral taxes to continue in business and expand.

While encouraging mineral development, it is proposed that government demand development of domestic industry through incentives that would require participation and employment of natives and of bona fide residents.

Alaska could attract high-risk investment capital in preference to Canada, Australia, and elsewhere because mineral investment is still safer in the USA than anywhere else in the world, if the state of Alaska acts now to protect its own best long-term interests. In the view of one experienced observer, 'if it acts like a gang of banana republic thieves, that capital will go elsewhere in the United States'. In the eastern states, exploration activity is increasing because mining is least vulnerable where it is surrounded by other industries and agriculture.

Mineral exploration in Alaska is already beset with very high costs, which have been inflated by the current pipeline building activity. This has caused high demand for men, materials, and services, and has unduly affected costs of almost everything.

No doubt there are many Canadians who are watching with interest the outcome of efforts to educate the government in Alaska, hopefully to encourage an active growth of mineral resource development in an area of great interest and potential.

## TAX RECONSIDERED

The strong protests over Bill 294 caused Governor Hammond to withdraw the Alaska Mineral Severance Tax bill. He instructed Commissioner Gallagher to meet members of the mining industry to discuss problems raised by the proposed bill, and invited John Huber, chairman of the special committee on revenue and taxation of the Alaska State Senate, to take part in the hearings.

Originally scheduled for the summer, the meeting with the Governor's administration officials was moved to late October 1975, to allow time for research and greater participation by members of the industry after the field season. Research and presentation of material will be a joint effort by the Northwest Mining Association and the Alaska Miners Association.

# ASSOCIATED HELICOPTERS LTD.



Single and Multi engine  
light and heavy haul  
helicopters, serving the  
people who are  
developing Canada



EDMONTON

403-455-4157

INUVIK - N.W.T.

403-979-3226

A NEONEX COMPANY

Turbine Powered  
204's 206's 212's  
and the  
BELL 47 SERIES  
light utility machines

CALGARY

403-282-2411

NORMAN WELLS - N.W.T.

403-587-2402

STATE OF ALASKA  
THE LEGISLATURE  
LEGISLATIVE AFFAIRS AGENCY

*gas PL*

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99801

MEMORANDUM

December 19, 1975

*MS*

SUBJECT: Recordings of Anchorage Meeting

TO: Eric Eckholm, Administrative Assistant  
Joint Gas Pipeline Impact Committee

FROM: June Meacham *June*  
Secretary to Gregg Erickson

In his memo of December 17 to you, Gregg Erickson mentioned that I would be transferring the meeting records from reel to reel tapes to cassettes. Unfortunately, according to our experts here, this is not possible to do with the equipment we have available in the Juneau office because of the extremely slow speed at which the tapes were recorded.

Also, the person setting up the recording equipment here had to cut away approximately six feet of tape from what I believe to be the first reel. It had been miswound on the reel and was ruined. Hope it wasn't crucial!

Gregg asked me to return the enclosed reels to you and ask you to take it from there.

jm

Enclosures (2 reels)



Alaska State Legislature  
Senate

JUNEAU, ALASKA

March 19, 1976

Robert Kallenberg  
Box 307  
Chugiak, Alaska

Dear Mr. Kallenberg: *Bob*

You will be pleased to know that S.B. 685, the purpose of which is to assist in getting a Trans-Alaska gas pipeline, passed the Senate last week and the House yesterday.

I appreciate very much your interest of the bill which was authored by the Joint Gas Pipeline Impact Committee, which I chair.

I hope you will contact me again on any matter of particular interest or concern to you.

Sincerely,

A handwritten signature in cursive script, appearing to read "John Rader".

Senator John Rader  
Alaska State Legislature

JLR/kb

TELEGRAM

ALASKA COMMUNICATIONS

1976 MAR 4 PM 10 29

02234 POM TDA CHUGIAK ALASKA 15 03-04 0615P AST

PMS SEN JOHN RADER

JUN

SUPPORT SB 685

ROBERT KALLENBERG BOX 307 CHUGIAK



JUNEAU, ALASKA

Alaska State Legislature  
Senate

March 19, 1976

Pete Isleib, Vice-Chairman  
CDFU  
PO Box 939  
Cordova, Alaska

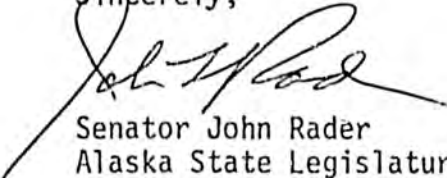
Dear Mr. Isleib:

You will be pleased to know that S.B. 685, the purpose of which is to assist in getting a Trans-Alaska gas pipeline, passed the Senate last week and the House yesterday.

I appreciate very much your interest of the bill which was authored by the Joint Gas Pipeline Impact Committee, which I chair.

I hope you will contact me again on any matter of particular interest or concern to you.

Sincerely,



Senator John Rader  
Alaska State Legislature

JLR/kb

# TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

1976 MAR 5 PM 3 30

19003 POM CORDOVA ALASKA 15 03-05 1030A AST

PMS SEN JOHN RADER 465-3795

POUCH V 1685

JUN

URGING YOUR ASSISTANCE TO GET SB 685 ONTO THE SENATE FLOOR

PETE ISLEIB VICE CHAIRMAN CDFU PO BOX 939 CORDOVA

#



Alaska State Legislature  
Senate

JUNEAU, ALASKA

March 19, 1976

Bette K. Aley  
2905 Tanglewood  
Anchorage, Alaska 99503

Dear Ms. ~~Aley~~: *Betty*

You will be pleased to know that S.B. 685, the purpose of which is to assist in getting a Trans-Alaska gas pipeline, passed the Senate last week and the House yesterday.

I appreciate very much your interest of the bill which was authored by the Joint Gas Pipeline Impact Committee, which I chair.

I hope you will contact me again on any matter of particular interest or concern to you.

Sincerely,

*John Rader*  
Senator John Rader  
Alaska State Legislature

JLR/kb

# TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

1976 MAR 4 PM 10 29

#

02236 PQM ANCHORAGE ALASKA 15 03-04 0611P AST

PMS SEN JOHN RADER

JUN

1534

URGE SUPPORT OF SB 685 MUST HAVE GAS PIPELINE THROUGH ALASKA

BETTE K ALEY 2905 TANGLEWOOD ANCHORAGE AK 99503



Alaska State Legislature  
Senate

JUNEAU, ALASKA

March 19, 1976

Harry MacFadden  
3800 Iowa Drive  
Anchorage, Alaska 99503

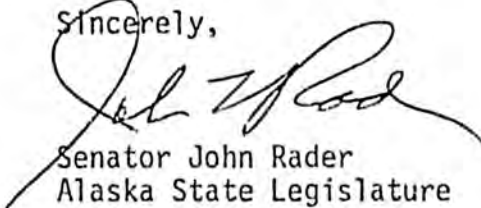
Dear Mr. MacFadden:

You will be pleased to know that S.B. 685, the purpose of which is to assist in getting a Trans-Alaska gas pipeline, passed the Senate last week and the House yesterday.

I appreciate very much your interest of the bill which was authored by the Joint Gas Pipeline Impact Committee, which I chair.

I hope you will contact me again on any matter of particular interest or concern to you.

Sincerely,



Senator John Rader  
Alaska State Legislature

JLR/kb

# TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

#

1976 MAR 4 PM 10 47

02252 WL ANCHORAGE ALASKA 50 03-04 642P AST

PMS SENATOR JOHN RADER

JUN

1973

GET BILL NUMBER 685 OUT OF THE FINANCE COMMITTEE DEALING  
WITH THE ALL ALASKA GAS PIPELINE INSTEAD OF RUNNING IT  
INTO CANADA. THIS ALSO CONCERNS THE DELEGATES OF DISTRICT 9  
PRECINCT 102

DISTRICT CHAIRMAN DISTRICT 9 HARRY MACFADDEN

3800 IOWA DR ANCHORAGE AK 99503



# Alaska State Legislature

## Senate

JUNEAU, ALASKA

March 19, 1976

Glenn Brigg  
Box 517  
Eagle River, Alaska

Dear Mr. Brigg:

You will be pleased to know that S.B. 685, the purpose of which is to assist in getting a Trans-Alaska gas pipeline, passed the Senate last week and the House yesterday.

I appreciate very much your interest of the bill which was authored by the Joint Gas Pipeline Impact Committee, which I chair.

I hope you will contact me again on any matter of particular interest or concern to you.

Sincerely,

A handwritten signature in cursive script, appearing to read "John Rader".

Senator John Rader  
Alaska State Legislature

JLR/kb

# TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

1976 MAR 5 PM 7 09

#

02089 NL TDA EAGLE RIVER ALASKA 50 03-05 0400P AST

PMS SEN JOHN RADER

JUN 1716

AS A MEMBER OF OMAR CONCERNED WITH POTENT

LOBBYING FOR TRANS-CANADIAN GAS LINE URGE EARLY FAVORABLE

ACTION ON SB 685

GLENN BRIGG BOX 517



# Alaska State Legislature

## Senate

JUNEAU, ALASKA

March 19, 1976

Charles Leviege  
National Bank of Alaska  
Ft. Richardson, Alaska 99505

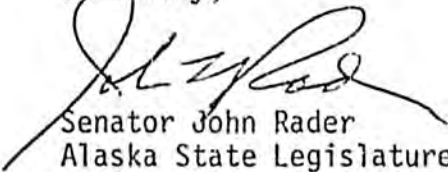
Dear Mr. Leviege:

You will be pleased to know that S.B. 685, the purpose of which is to assist in getting a Trans-Alaska gas pipeline, passed the Senate last week and the House yesterday.

I appreciate very much your interest of the bill which was authored by the Joint Gas Pipeline Impact Committee, which I chair.

I hope you will contact me again on any matter of particular interest or concern to you.

Sincerely,



Senator John Rader  
Alaska State Legislature

JLR/kb

# TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.

PHONE: 587-3110

BUREAU ALASKA

1976 MAR 4 PM 10 29

#

02226 POM ANCHORAGE ALASKA 15 03-04 455P APT

PMS SENATOR JOHN RADER

JUN

1534

URGE IMMEDIATE SUPPORT OF SB 685 USE ROYALTY GAS TO GET  
NATIONAL SUPPORT FOR ALASKA GAS LINE

CHARLES LEVIEGE NATIONAL BANK OF ALASKA

FT RICHARDSON AK 99505

BAKER & BOTTS

1701 PENNSYLVANIA AVE., N. W.  
WASHINGTON, D. C. 20006

ONE SHELL PLAZA  
HOUSTON, TEXAS 77002  
TELEPHONE (713) 229-1234  
CABLE BOTERLOVE • TELEX 76-2779

TELEPHONE (202) 337-4000

ASSOCIATED OFFICES

PASEO DE LA REFORMA 76  
MEXICO D. F. MEXICO

21 AVENUE GEORGE V. 5<sup>e</sup> ETAGE  
PARIS 8, FRANCE

January 9, 1976

Honorable John Rader, Chairman  
Joint Gas Pipeline Impact Committee  
P. O. Box 2068  
Anchorage, Alaska 99501

Dear John:

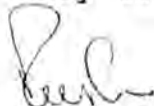
I wish to express my appreciation for your hospitality during my visit earlier this week, and your generosity with your time in working on the report.

I began my redrafting on the plane on the way home, and I believe I can have the report to you in final form by January 15th or 16th.

Your help in bringing the report to a sharper focus was invaluable and I will look forward to working with you in the weeks that lie ahead.

Please give your family my best regards, and my thanks for the opportunity of visiting in your home. With best regards.

Very truly yours,



Rush Moody, Jr.

RM/sm

Enclosure

PS: I enclose a copy of the letter which I can write Gregg Erickson today to advise Gregg of a change in my law firm affiliation. I will not make a change until the final report is completed and on its way to you, and therefore I trust that my new association will not, in any way, hinder my effectiveness insofar as the Committee is concerned.

BAKER & BOTTS

1701 PENNSYLVANIA AVE., N. W.  
WASHINGTON, D. C. 20006

ONE SHELL PLAZA  
HOUSTON, TEXAS 77002  
TELEPHONE (713) 229-1234  
CABLE BOTERLOVE · TELEX 76-2779

TELEPHONE (202) 337-4000

ASSOCIATED OFFICES

PASEO DE LA REFORMA 76  
MEXICO 6, D. F. MEXICO

21 AVENUE GEORGE V 5<sup>e</sup> ETAGE  
PARIS 8. FRANCE

January 9, 1976

Mr. Gregg Erickson  
Director of Research Services  
Legislative Affairs Agency  
State of Alaska  
Pouch Y  
Juneau, Alaska 99801

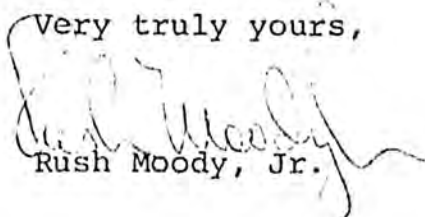
Dear Gregg:

I had an excellent visit with Senator Rader in Anchorage on January 7th, and as a result of this meeting I believe that I will have a report in final form ready for submission next week. I enjoyed working with Senator Rader and he was most helpful in helping me understand the needs of the Committee. The legislature is fortunate in having a man of Senator Rader's intelligence and knowledge directing the affairs of the Committee.

There is one matter that I need to bring to your attention at this time. For reasons wholly unrelated to my work for the Committee I have concluded that I should terminate my association with Baker & Botts. I will not do so until the report is finalized and transmitted to Senator Rader. With the filing of the report, my opinions and conclusions will, in due course, become a matter of public record, and accordingly, I do not believe that a change in law firm affiliation will adversely affect the work which I have undertaken. It is my present intention to enter the law firm of Vinson, Elkins, Searls, Connally, and Smith, and I will be in charge of that firm's Washington office.

If you have any questions, please do not hesitate to call me. With best regards.

Very truly yours,

  
Rush Moody, Jr.

RM/sm



Alaska State Legislature  
Senate

JUNEAU, ALASKA

April 1, 1976

Avrum M. Gross  
Attorney General  
Department of Law  
Pouch K  
Juneau, Alaska 99811

Dear Mr. Gross:

This letter is to confirm the request for an opinion on "Memorandum on risks to seller of Prudhoe Bay gas of attempting to control transportation of inter-state gas after sale".

My staff requested an opinion of Mr. Fred Boness on March 29. Mr. Boness said he would review the memorandum but that he needed a letter to follow department policy.

Thank you very much for your attention. There is some need for a timely response as this opinion may have some effect on current negotiations with State royalty gas.

Sincerely,

A handwritten signature in cursive script, appearing to read "John Rader".

Senator John Rader  
Alaska State Legislature

JLR/EE/kb

WARREN G. MAGNUSON, WASH., CHAIRMAN

JOHN O. PASTORE, R.I.  
VANCE HARTKE, IND.  
PHILIP A. HART, MICH.  
HOWARD W. CANNON, NEV.  
RUSSELL B. LONG, LA.  
FRANK E. MOSS, UTAH  
ERNEST F. HOLLINGS, S.C.  
DANIEL K. INOUE, HAWAII  
JOHN V. TUNNEY, CALIF.  
ADLAI E. STEVENSON, ILL.  
WENDELL H. FORD, KY.

JAMES B. PEARSON, KANS.  
ROBERT P. GRIFFIN, MICH.  
TED STEVENS, ALASKA  
J. GLENN BEALL, JR., MD.  
LDWELL P. WEICKEK, JR., CONN.  
JAMES L. BUCKLEY, N.Y.

## United States Senate

COMMITTEE ON COMMERCE  
WASHINGTON, D.C. 20510

February 19, 1976

FREDERICK J. LORDAN, STAFF DIRECTOR  
MICHAEL PERTSCHUK, CHIEF COUNSEL  
ARTHUR PANKOFF, JR., MINORITY COUNSEL

Honorable John Rader  
Chairman  
Gas Pipeline Impact Committee  
Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

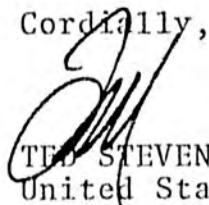
Dear John:

Thank you for your recent letter informing me of the hearings your Committee is planning to hold this week. I also appreciate your courtesy in providing me with a copy of the report prepared by Rush Moody, Jr.

Unfortunately, I will not be able to testify but I do appreciate your kind offer.

With best wishes,

Cordially,

  
TED STEVENS  
United States Senator

COPY OF TELEGRAM SENT:

TO: Rush Moody, H.K. Van Poolen & Assocs., Washington, D.C. (202)298-5550

FROM: Eckholm

DATE: February 26, 1976

AFFIRMATIVE TO RELEASE REPORT TO FEA OR ANYONE YOU WANT.

586 = Telegrams  
6440

Vinson, Elkins, Scarles,  
Connolly, Smith  
Suite 1120  
1701 Pennsylvania Ave NW  
Wash DC 20006



Alaska State Legislature  
Senate

JUNEAU, ALASKA

March 2, 1976

Howard A. Slack  
Atlantic Richfield Company  
P.O. Box 360  
Anchorage, Alaska 99501

Dear Mr. Slack:

Thank you for your letter of February 27 regarding your natural gas commitments for Prudhoe Bay gas.

I can understand your concern for the possibility of allocation proceedings and your desire to honor your current commitments if at all possible.

I appreciate your candor in your response. As you know, we feel it imperative that a delivery system for natural gas be built through Alaska to allow for future use and development of Alaska's natural gas reserves.

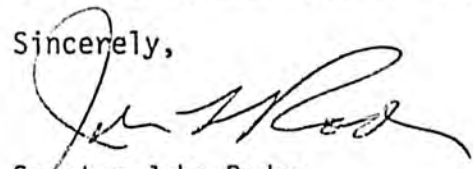
I am sure that you at ARCO can agree that if a Trans-Alaskan pipeline can deliver gas faster to market, and provide a broader industrial tax-base within Alaska, ARCO's interests would best be served.

I note with interest paragraph 3, page 2 of your letter, "We expect conditions will be such that Atlantic Richfield can institute negotiations prior to that date looking toward designating market commitments. El Paso should be able to compete strongly for a portion of our Prudhoe Bay gas when such negotiations commence".

I intend to commend you on the floor of the Senate for your interest in working with the State. If there is any possibility of assistance we can offer, or you have further developments that might provide further incentive for a Trans-Alaskan Gas Pipeline, please contact me.

Once again, thank you for your cooperation.

Sincerely,

  
Senator John Rader  
Alaska State Legislature

JR/EE/kb



JUNEAU, ALASKA

Alaska State Legislature  
Senate

April 14, 1976

Herbert W. Lehseldt  
City Manager  
Valdez, Alaska

Dear Mr. Lehseldt:

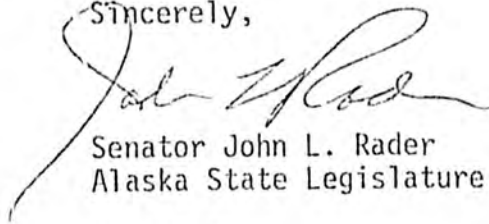
Thank you for your telegram regarding sale of State royalty gas.

It is a complex issue, with no solid answers at this time. However, according to the best information available to our Committee at this time, a commitment of royalty gas will assist the State in the gas line determination.

In order to assure the State will have use of the gas at some time in the future, a recall option for the State is an integral part of all proposed contracts. The exact terms of the contracts are still under negotiation, but will include provisions guaranteeing the State rights to future use of royalty gas.

I appreciate your letter of support. If you have any other matters of particular interest or concern, please contact me at any time.

Sincerely,



Senator John L. Rader  
Alaska State Legislature

JLR/EE/kb

# TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

#  
02143 NL TDA VALDEZ ALASKA 188 04-01 0502P AST

PMS SENATOR JOHN RADER

CHAIRMAN GAS PIPELE IMPACT COMMITTEE

JUN 0094

0094  
XTHE CITY OF VALDEZ HAS SUPPORTED A POSITION INSURING  
USE OF ALASKA STATE ROYALTY GAS WITHIN THE STAE.  
IT NOW APPEARS VITAL THAT COMMITMENT OF THE ROYALTY GAS  
BY THE STATE TO ALLOW INCLUSION IN THE FEDERAL POWER  
COMMISSION HEARINGS BE MADE BY THIS SESSION OF  
THE LEGISLATURE. WE UNDERSTAND THAT A PROPOSED CONTRACT  
WOULD COMMIT EIGHT/PERCENT OF THE ROYALTY GAS FOR THE  
PERIOD 1976 TO 1981, WITH A HOLD BACK OF TWENTY PERCENT  
DURING THAT PERIOD. SUBSEQUENT HOLD BACK WOULD INCREASE  
TO FORTY PERCENT FOR THE SECOND FIVE YEAR PERIOD,  
SIXTY PERCENT FOR THE THIRD FIVE YEARS, EIGHTY PERCENT  
FOR THE FOURTH FIVE YEARS AND TOTAL HOLD BACK THEREAFTER.  
THIS FORMULA APPEARS TO BE EQUITABLE WITH ORDERLY  
USE WITHIN THE STATE AND REASONABLE DEVELOPMENT COULD  
BE OBTAINED. THE FIRST FIVE YEAR PERIOD WILL BE LARGELY  
USED UP BY CONSTRUCTION AND THE FORMULA AS STATED SHOULD  
PROVIDE ADQUATE GAS FOR IN TATE CONSUMPTION THEREAFTER.  
WE FIND THIS PROPOSAL, IF ACCURATELY STATED, TO BE  
CONSISTANT WITH THE POSITION OF THE CITY OF VALDEZ,  
AND URGE THE SUPPORT OF THE COMMITTEE IN PUSHING FOR  
A DECISION THIS SESSION.

HERBERT W. LEHSELDT CITY MANAGER CITY OF VALDEZ

1976 APR 1 PM 9 36



JUNEAU, ALASKA

Alaska State Legislature  
Senate

April 14, 1976

W.F. Todd, Associate Economist  
Arabian American Oil Company  
Shoreham Building  
Washington, D.C. 20005

Dear Mr. Todd:

Thank you for your letter requesting information on the Gas Pipeline Impact situation in Alaska.

I think you have our Committee confused with the Pipeline Impact Information Center. They have published twenty-five reports regarding pipeline impact in the State.

I have contacted them and asked them to mail you copies of their reports.

The Gas Pipeline Impact Committee is mainly concerned with supporting the construction of a Trans-Alaska gas pipeline routing.

If you have any other questions, please contact me or my staff assistant, Eric Eckholm.

Sincerely,

A handwritten signature in cursive script, appearing to read "John L. Rader".

Senator John L. Rader  
Alaska State Legislature

JLR/EE/kb

ARABIAN AMERICAN OIL COMPANY  
A CORPORATION  
SHOREHAM BUILDING  
WASHINGTON, D. C. 20005

February 20, 1976

Gas Pipeline Impact Committee  
Alaska State Legislature  
Juneau, Alaska 99801

Gentlemen:

As I'm sure you know, the Saudi Arabian Government has launched its second five-year development program which calls for the expenditure of \$143 billion during that period and will require the importation of some 500,000 construction and operating personnel.

We in Aramco are interested in anticipating and hopefully trying to head-off unfortunate economic side-effects which we would expect to accompany such a large undertaking. Some of these unfortunate negative impacts can be anticipated readily while others might be more obscure.

I have seen references to as many as 21 Impact Information Center reports having been issued through the end of 1975. I would like to receive copies of these reports and any additional material that your committee may have released for public use. Furthermore, I would like to have my name added to your mailing list for subsequent reports if that can be arranged.

Very truly yours,

  
W.F. Todd  
Associate Economist

WFT/elj



## Alaska State Legislature

JUNEAU ALASKA

April 28, 1976

Rush Moody  
Vinson, Elkins, Searles, Connally and Smith  
Suite 1120  
1701 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006

Dear Mr. Moody:

The weather is sunny in Juneau - a rare pleasure!

The legislative session is winding up. Senator Rader is considering his funding needs for the Gas Pipeline Committee for next year, and asked me to write you concerning maintaining you as a consultant for the State.

Guy Martin forwarded your letter regarding a possible conflict of interest with your new firm. Could you please make a thorough report to Senator Rader concerning any possible conflict of interest? We are confident of your integrity and hopeful you will be able to maintain an involvement with the State.

To assist with our planning and to avoid any future misunderstanding, could you supply the Committee with your funding requirements? We are prepared to pay for all your out-of-pocket expenses, including travel and per diem and related expenses plus your professional requirements. What would you charge on a per hour, per day, and per week contract? Would you consider a yearly retainer to supply the Committee with regular information regarding Federal Power Commission and Congressional actions of interest to Alaska.

I hope we are able to retain your expertise in the future and look forward to meeting with you again.

Sincerely,

A handwritten signature in cursive script, appearing to read "Eric Eckholm".

Eric Eckholm, Administrative Assistant  
Gas Pipeline Impact Committee

EE/kb



JUNEAU, ALASKA

# Alaska State Legislature

## Senate

April 2, 1976

G.A. Seeliger  
1001 Nobel Street  
Fairbanks, Alaska 99701

Dear Mr. Seeliger:

Thank you for your letter of March 16.

The Gas Pipeline Committee has been active in maintaining an aggressive posture with regards to supporting the Trans-Alaskan line.

According to our best information at this time, sale of some part of the State's royalty gas might aid the State in obtaining broader consumer and political support in the "lower 48".

The administration has begun negotiations with several parties for a possible sale of royalty gas, and I am personally monitoring the progress of those negotiations to insure what I feel are the best interests of the State.

Advance payments is not an issue of primary interest at this time. The only reason for a sale of royalty gas now is to obtain greater support for an Alaskan line, and the negotiations are aimed at furthering that goal.

Prior to any sale, we are attempting to insure the current and future needs of Alaskans will be met.

Thank you for your concern. If you have any other matter of particular interest or concern, I hope you will contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "John Rader".

Senator John Rader  
Alaska State Legislature

JLR/EE/kb

1001 Noble Street  
Fairbanks, Alaska 99701  
March 16, 1976

Senator John Rader, Chairman  
Joint Gas Pipeline Impact Committee  
Alaska State Legislature  
Juneau, Alaska 99801

Dear Senator Rader:

Thank you for inviting my comment on the disposition of Alaska's share of Prudhoe Bay gas.

It is my understanding that there is some interest in selling all surplus Prudhoe gas to a single potential purchaser. That suggestion if followed would, it seems to me, weaken our effort to build an Alaskan pipeline, and perhaps destroy our flexibility in negotiating the sale of our share of Prudhoe gas. It seems apparent to me that a better approach would be to encourage El Paso in their effort to build a pipeline by offering them a substantial share of the royalty gas and at the same time offer royalty gas to one or two other interested parties who would, in turn, support the construction of the Alaska gas pipeline both financially and politically.

In my opinion it would be unwise to commit our gas to a company who, up to now, has shown little interest and no activity simply because they hold out the "advance funds" bait. Were we to take this lure we could get locked into something that would result in a long term disadvantage to the state, as it would seem that we might be surrendering control.

As a plain old Alaskan Resident I want to commend you for the solid work performance that you and your Gas Pipeline Import Committee has done thus far. Keep up the good work.

Very truly yours,

  
G. A. Seeliger

GAS:pbw

Mr. G. A. Seeliger, Manager  
TANANA VALLEY MEDICAL-SURGICAL GROUP

1001 NOBLE STREET • FAIRBANKS, ALASKA 99701



Alaska State Legislature  
Senate

JUNEAU, ALASKA

February 12, 1976

Jerry McCutcheon  
P.O. Box 2340  
Anchorage, Alaska 99510

Dear Mr. McCutcheon:

The Gas Pipeline Impact Committee will be holding hearings in Juneau on February 17, 18 and 19. Senator Rader requested that you be invited to testify at those hearings due to your continuing interest in the gas pipeline issue.

Testimony will center on three issues:

1. the Rush Moody Report (attached)
2. the State's reservoir analysis
3. use of State royalty gas

If you plan to attend the hearings and testify, please contact me as soon as possible at Senator Rader's office at 465-3770.

If there is any further information the Committee can provide, please contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Eric Eckholm".

Eric Eckholm, Staff Assistant  
Gas Pipeline Impact Committee

# Alaska Municipal League

## Policy Statement

**1979**



Adopted at the Business Meeting  
of the twenty-eighth Annual Conference of the

**ALASKA MUNICIPAL LEAGUE**

Anchorage, Alaska  
November 11, 1978

# Alaska MUNICIPAL League

TELEPHONES  
(907) 586-1325  
586-6526

204 N. FRANKLIN ST.  
JUNEAU, ALASKA 99801

January 15, 1979

The Honorable Arliss Strugulewski  
Alaska State Senate

Dear Senator Sturgulewski:

The enclosed 1979 Municipal Policy Statement was adopted by the delegates attending the Alaska Municipal League's 28th annual Local Government Conference in Anchorage, November 8-11, 1978.

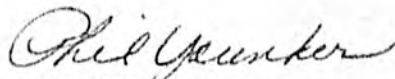
As in the past, this policy statement attempts to define and emphasize the legislative and administrative goals of political subdivisions throughout Alaska. Items included in the statement have been reviewed and debated for several months by municipal officials who are concerned on a day-to-day basis with the many complex problems facing local governments in this state. The statement is presented as a guide to the priority concerns of League member municipalities.

It is the League's desire that our members, especially the Board and the Legislative Committee, become more active in dealing with legislation pertaining to municipalities. Our goal is to achieve greater success by being more available to the Legislature and the Administration. It is our hope our expertise will be utilized and we can continue and build on the good working relationship the League has enjoyed with the Legislators, the Governor, and the members of his cabinet.

The League's Legislative Committee has been given the authority to draft specific legislation covering various proposals, copies of which will be available in the League office for any of you who are interested in reviewing them and assisting us in their introduction and passage.

We certainly want to express our appreciation of your interest in the League's program and look forward to working with you during the next session. Please don't hesitate to call on us at any time.

Sincerely,



Phil Younker  
President

PART I  
TAXATION AND FINANCE

State Collected, Locally Shared Taxes

A. Municipalities in Alaska presently derive significant revenues from state-collected, locally shared taxes to help meet their basic operating expenses. Any curtailment of such revenues would have a serious adverse effect upon the operation of municipal governments, resulting in either a marked increase of local property taxes or a reduction in the level of services offered to the public. The League, therefore, opposes reduction of such revenues through the elimination of such taxes unless other equal sources of revenue are made available to local government, or appropriations to compensate for lost revenues are made by the state.

B. The exploration, development and industrial utilization of renewable and non-renewable resources, both inside and outside municipal boundaries, creates a substantial and immediate impact on the need for municipal facilities and services which exceed the financial ability of most municipalities to meet in the short period of time available to have such facilities and services operational. The League urges adoption of legislation which would provide financial assistance to municipalities which are proposed for such impacts.

C. The League continues to urge adequate funding of the Abandoned Motor Vehicle Fund with special emphasis paid to the cost incurred in handling abandoned vehicles which have no value.

D. The League supports legislation which would enable municipalities to levy, by local option, a tax on the same tax source as are authorized for levy under the Alaska Income Tax Act, without restricting municipalities' rights to levy taxes on other sources. The League further recommends that the municipal income tax be collected and administered by the state and refunded to the jurisdiction levying the tax.

E. The League supports an increase in the percentage of raw fish tax from 20% to 60% with distribution to local governments to remain the same as present statute.

Locally Collected Taxes

A. Sources of local revenue for municipalities in Alaska are limited to a very extensive degree, to the income derived from local property and sales taxes. Therefore, the League opposes the imposition of state-mandated exemptions of certain classes of property, individuals, organizations or commodities from the applications of such taxes unless adequate compensation is made by the state to reimburse local government for revenues lost due to these exemptions.

B. Several laws have been enacted in the past few years which have mandated exemptions, partial exemptions and deferrals from local property taxes or assessments. In most cases provisions have been included which cause the state to reimburse municipalities for lost revenue. The League urges the Legislature to include in all such reimbursement legislation the provision that this reimbursement is a lien in favor of the State against the property exempted, except that this lien provision will not apply to exemptions granted under AS 29.53.020(e).

C. The State of Alaska is increasingly acquiring property within the various municipalities and as such demands the local governmental services for such property to include fire, police and other amenities from the human resource standpoint. The League, therefore, endorses the position whereby the state would pay to the local governments a payment in lieu of ad valorem taxes for the state owned property as well as payments for its share of the cost of improvements which benefit such property.

#### Local Taxing Powers

A. The League opposes any further effort on the part of the State to levy a property tax which would infringe upon the rights of local governments to levy the same rate of tax as levied on other property within the taxing jurisdiction.

B. The municipalities in Alaska must assess property at 100% of its fair market value for purposes of taxation. To assure the public of fair and equitable treatment to protect the property owner from improper assessing practices, municipalities have established adequate procedures for hearings and appeal. The League, therefore, opposes any attempt to restrict local assessment procedures without a thorough review of the statewide impact those restrictions might have.

#### State Shared Revenues

A. The League supports the concept of HB 343 introduced in the Second Session of the Tenth State Legislature which distributes state shared revenue on the basis of local taxing effort with a savings clause for all communities, and provides, at a minimum, for inflationary increases in the funding of the program.

B. The League supports legitimate and reasonable changes in the amount of money requested for the municipal services shared revenue program and remains adamant in the belief that each Legislature has the obligation to fund the program 100% annually.

C. State road maintenance of local roads (under state revenue sharing program) has been set at \$1,500 per mile for a number of years. Over this period of years, the actual cost of road maintenance has increased substantially. The League hereby supports an increase of available state funding for road maintenance to realistically reflect today's cost of road maintenance with this increase funded by an additional legislative appropriation.

### Bonding

A. The League opposes any legislation which would limit the municipal authority to levy taxes for payment of bonded debt.

### Funding the Newly Organized Municipalities

A. The League requests the enactment of legislation to provide adequate block grants to assist in the formation of new municipalities.

### Public Employee Retirement

A. The League urges that legislation which increases benefits under the Public Employees Retirement System provide that the increased cost shall be borne by contributions from the employees. The League urges the Legislature to recognize the effect on participating municipal employers if any amendments are made to PERS.

### Cultural, Civic and Convention Centers and Museums

A. While legislation has been enacted into law to enable the state to assist local communities in the construction, maintenance and operation of cultural, civic, convention and community recreation centers, no funding has been available for this purpose. The League, therefore, urges the Legislature to authorize the issuance of bonds for this or any similar legislation in an amount sufficient to meet the construction requirements in Alaska communities.

B. The League urges the Legislature to provide state assistance for the acquisition, construction, maintenance and operation of museums by Alaskan communities in order to preserve and display materials illustrative of the history of the state, the community and its people.

### Local Hospital Use

A. It is the practice of the Public Health Service and other health agencies to transport patients from local communities with modern hospital facilities and professional expertise to regional hospitals for treatment and convalescence. If local community hospitals are to survive and provide the professional services communities require, these cases should remain in the local hospitals. The League, therefore, urges the state and federal agencies responsible for health care to utilize the local health facilities and to transport patients to regional centers only when the necessary services are not available.

### Real Estate Transfer Information

A. The League supports legislation to enact a statute imposing a real estate transfer fee with an affidavit to the Department of Community and Regional Affairs containing the date of transfer, legal description, total consideration, terms and conditions of sale, name and mailing address and signature of grantee and grantor.

### Role of the Permanent Fund

A. The League supports legislation which would mandate the investment of a percentage of the permanent fund into the development of energy resources and potable water supplies.

B. The League, which recognizes that the concept of the permanent fund is to take revenues from a non-renewable resource and turn these revenues into a renewable resource, urges the Legislature to increase the percentage of income going into the fund to help guarantee the economic stability of the state.

### Anti-Cyclical Policy

A. The Alaska Municipal League requests the executive and legislative branches of state government to develop a clear anti-cyclical policy to provide as much as possible for the scheduling of state capital projects projected for municipalities during periods of lower economic activity in the municipality and to direct other state activities with consideration of municipalities whose economies are depressed from normal levels.

## PART II EDUCATION

### School Support

A. The Constitution of Alaska is very specific in its requirement that education is the responsibility of the state. Therefore, the League urges the Legislature to fund annually 100% of the costs of Public School Foundation Program, student transportation (including kindergarten, hazardous bus routes and inclement weather), and community schools. Appropriations for these programs must reflect annually the increased costs incurred by school districts and full funding should not be used as a catalyst for the state to infringe upon the rights of local people to administer local schools.

B. The League further encourages the Legislature to continue to support school capital projects at 80% construction level or higher (as defined by the rules and regulations established by the Department of Education) and call upon the Legislature and the Governor to fund this amount annually.

C. The League recommends that the state Legislature fund fully facilities and certificated and clerical personnel to educate all children required by Public Law 94-142.

D. The League recommends the Governor and the Legislature fully fund the cost of pupil transportation for fiscal year 1978-79 by supplemental appropriation if necessary.

E. The League recommends that the state reduce and simplify the paper work requirement for local school districts receiving state and federal funds.

F. The League recommends that the state Legislature adopt legislation to endorse and fund education programs in that area of alcohol and drug abuse with staff training and such programs would be optional by each school district.

#### Assembly/Council-School Board Relationships

A. The League supports legislation to clarify assembly/council-school board relationships and opposes legislation which would diminish assembly-council authority in education matters.

#### Public Communications

A. The League encourages state and federal governments to seek immediate and expeditious activation of satellite communication facilities for education in the State.

B. The Second Session of the Ninth State Legislature implemented initial funding for limited televising of legislative sessions. The League now urges adequate funding of the program to assure that the general public has the greatest access possible, not only to floor sessions, but also committee hearings.

### PART III PUBLIC SAFETY

A. The demand for trained competent local police and fire departments is accelerating throughout Alaska. It is urged that the Legislature at an early date assure that police, fire and emergency medical personnel training programs throughout the state have adequate facilities for training of local public safety people, and provide financial support to assist the communities who participate.

B. Because the Public Safety Academy is reaching a point of saturation for available space for outside training, the League recommends the establishment of a state-supported police training facility or facilities. State assistance should be proportional support of the cost of expanded facilities and on-going tuition assistance to those members of municipal police agencies attending the courses in order to meet the requirements of the Alaska Police Standards Act.

C. The League urges the Legislature to provide the Commissioner of Public Safety with the authority to establish a limited certification program for municipal security officers for special purposes, to include airport boarding security.

D. The League urges the Department of Health and Social Services, Division of Corrections, to fund the construction and/or operation of short term detention facilities within local communities.

E. The League supports legislation which would permit municipalities to tax, assess or oppose a surcharge on the distribution and/or sale of alcohol within its boundaries.

F. The League supports legislation authorizing municipalities to establish additional standards for the issuance, renewal and transfer by the state of liquor licenses within the jurisdiction of the municipality.

G. The League urges the State of Alaska to establish two arson teams to investigate fires.

H. The League urges the State of Alaska to establish a comprehensive fire prevention/education program, through the state Fire Marshal's office, that will utilize professionally trained fire prevention/education officers in each region of the state.

#### PART IV LAND USE

##### Local Options

A. The League feels strongly that laws pertaining to the powers of local planning and zoning must allow for the greatest flexibility at the local level.

##### Land Selection

A. The League urges (1) immediate conveyance of Native and State lands presently identified and jointly agreed upon for selection, and (2) the State of Alaska move expeditiously to convey lands to municipalities. (3) The League encourages a cooperative intergovernmental land use planning process that considers municipal, state and federal lands affected by the land selection process.

B. The language of chapter 180 SLA 1978, which was enacted to solve the problems municipalities have faced in acquiring lands within their boundaries for local management appears to contain certain language which prevents the use of "redesignated" mental health lands to calculate the entitlement of "cities" which are not located within a borough. Every effort should be made to correct this interpretation either administratively or by statutory amendment.

##### d(2) Lands in Alaska

A. The League opposes any legislation that would create instant land use classifications severely restricting lands and resources without consideration for land use potential. Any land use recommendation should, whenever possible, follow the multiple use concept, and should be based on professionally thorough and unbiased analysis of land use potential and compatibility of uses, giving appropriate weight to economic, social and environmental factors.

B. The League urges that potential hydroelectric projects be eliminated from federal and state d(2) selections by providing headwater rights, sites for dam sites, corridors for water and electric transmission lines, power houses, associated substations and all attendant facilities. The League further supports the preservation of rights-of-way across all land selection and classification for the purpose of providing for future construction of public accesses of various types.

#### Historic Sites

A. In order to help municipalities to retain as much as possible of Alaska's colorful and historic past, the League supports establishment of a matching grant program and funding for acquisition, maintenance and rehabilitation of monuments and historic sites.

#### Coastal Management

A. The League supports continued and maximum local control in the development and management of the coastal policies, coastal planning and implementation of coastal policies.

B. The League supports the concept of "extra-territorial" planning for municipalities in the unorganized borough with statutory provisions to permit the Alaska Coastal Policy Council to adopt said "extra-territorial" planning as part of the Alaska Coastal Management Program until such time as a resource district is formed in that part of the unorganized borough.

#### Subdivisions

A. Subdivision of land is a major factor in community development creating patterns which have long lasting effects. Although present legislation clearly recognizes the need for subdivision, means of enforcement are inadequate. The League supports legislation which would require proof of approval by local authorities prior to the filing of an instrument affecting the boundaries of land.

### PART V TRANSPORTATION, DOCKS AND PORTS

#### Surface and Marine highways

A. With the increasing development of natural resources in Alaska, the League supports legislation which would expand the Alaska Marine Highway to Western Alaska and improve transportation to Southeast Alaska linking it to Western Alaska, and expand the marine highway system to Lower Cook Inlet communities, and further supports the expeditious procurement of an ocean going vessel to accomplish the expansion of the Alaska Marine Highway System as stated above.

B. Since Alaska economically depends heavily upon ocean and inlet water shipping, fishing and other marine travel, the League supports the state's port and Harbor Grant programs and urges further expansion of those programs. Major port and harbor facility plans should be prepared and developed consonant with the municipalities' plans.

C. The League supports efforts to provide efficiencies in the operation of the Alaska Marine Highway System providing these efficiencies are based on publicly available economic and technical data. However, the League strongly objects to any reduction in existing marine highway systems absent technical, economic and other jurisdictions, strongly urges community input be required prior to establishing marine highway rates, schedules and operational changes, and requests public input for any studies affecting the operations of the Alaska Marine Highway System be solicited on a state-wide basis.

D. With the difficulty in acquiring public rights-of-way throughout the state, primarily due to different land classification and ownerships, the League supports the identification of adequate corridors for construction for public access through such lands and early acquisition of adequate rights-of-way.

E. The League supports efforts toward an expanded railroad system to serve areas beyond the current northerly railroad terminus and south-easterly extensions linking the State of Alaska with Canadian rail facilities. The League supports the extension of the existing line to the Kenai Industrial Complex.

F. Since the Alaska economy depends on the existence of transportation routes, the League supports the continued use and state maintenance of the state highways.

G. The League supports an effort by the state to improve the land transportation service between Southcentral Alaska and the Whittier Gateway to Prince William Sound.

H. The League requests that the State of Alaska support mandatory shipping corridors within Alaskan waters.

I. The League supports enactment of boating safety laws within Alaska.

J. The League requests the state to intervene in the matter of interpretation and enforcement of federal regulations pertaining to the transportation of hazardous cargo on passenger vessels and aircraft in order to reduce the financial penalties now imposed upon certain communities.

K. The League supports the expeditious development of a transportation program based on technical data with the maximum public participation possible which identifies the needs and establishes an improvement program for all forms of transportation in Alaska to include commercial and private air, marine and land transportation systems and adequate consideration for emergency airstrips.

L. The League requests that the state join in asking the President of the United States to intervene in the interpretation of the Jones Act by the Bureau of Customs, as it limits the time permitted and number of port calls in Alaska by foreign bottom cruise ships.

M. Port Authorities: Insufficient mechanisms exist under Alaska law to create joint port authorities, free port of entries and trade zones. Therefore, the League supports legislation to expand the powers of home rule and general law municipalities to create, finance and operate port facilities and ancillary authorities to enhance commerce within the State of Alaska.

N. The League requests the state provide the option for municipalities to assume jurisdiction over control of the movement of local street and highway traffic within its boundaries.

## PART VI MUNICIPAL UTILITIES

### State Regulation

A. Alaska is undoubtedly unique among the fifty states in its preponderance of municipally-owned utilities. However, most of these utilities are currently over-burdened because of unprecedented growth of recent years. The League supports expeditious funding which would make available to the various municipal utilities in the State of Alaska low interest loans in order that they may immediately be brought into adequate service for the people, and that the Alaska Power Authority be adequately funded to meet the needs of the municipalities for water and power source development and distribution.

B. Despite the demonstrated ability of municipalities to operate their own utilities in the best interest of consumer public, efforts are constantly being made to subject municipally owned and operated utilities to regulation by the Alaska Public Utilities Commission. This is a costly and unnecessary infringement on local government powers and the League opposes any legislation which would inflict this undue regulation by the State on municipally owned and operated utilities.

C. The League supports legislation which would make it clear that municipalities and REA financed utilities may include construction work in progress in the utilities rate base.

D. The League supports the concept of direct subsidization from state funds for the construction of power and water projects in order that rates paid by the Alaska consumer for these necessary services may be set at a reasonable level which is within the ability of the citizen to pay.

### Acquisition

A. One of the alleged benefits to accrue from the enactment of the Alaska Public Utility Commission Act was an amicable solution to the service area conflicts between competing utilities. To further this commendable objective, the League, therefore, supports legislation which would allow municipalities operating utilities to acquire the facilities of a competing utility under specific terms which would fairly compensate the competing utility.

### Sewage Disposal

A. The League opposes regulations which would limit the Clean Water Act of 1977 from excluding municipalities adjacent to tidal fluctuations from the requirements of secondary treatment where the receiving waters do not merit secondary treatment for sewage effluent disposal into ocean waters.

B. The League also endorses the concept of the State of Alaska's paying up to 75% for sewage and water systems constructed by municipalities under the State of Alaska Construction Grant Program.

C. The League endorses an amendment to Federal Law which would allow the operational cost of sewage treatment facilities to receive general fund support from the State of Alaska and its municipalities.

### Solid Waste

A. The League supports legislation which would authorize up to 75% of the costs of capital improvements for construction of solid waste disposal facilities by municipalities under the State of Alaska Construction Grant Program. This program shall be applicable to those facilities currently under construction at the time the Act passes.

### Fresh Water

A. The League endorses amendments to federal and state regulations to permit waivers of the Fresh Water Drinking Standards.

## PART VII MUNICIPAL ELECTIONS

### Majority Elections

A. The League supports legislation which would amend 29.28.040 to allow municipalities to determine, by local option, what percentage of votes cast is necessary for election to municipal office.

### Poll Hours

A. Experience has proven that extension of polling hours has not increased voter turnout and has been costly. The League, therefore, opposes legislation which would extend the hours beyond the present 8:00 am to 8:00 pm.

### Registration

A. The League opposes legislation which would eliminate or erode the State of Alaska registration system.

B. The League supports legislation which would expand the state voter registration laws (AS 15.07.030) to include as part of voter history for registration and purging purposes, voting in a regular municipal election.

### Administration

A. The League supports legislation which consolidates all functions pertaining to election, conflict of interest, campaign disclosure reporting and qualifications for candidates into one agency.

### Disclosure Restrictions

A. Although the League opposes campaign and financial disclosure restrictions imposed upon local governments, it recognizes the improbability of complete repeal of these statutes. The League, however, urges the Legislature to review and revise the laws making the reporting requirement less onerous than presently in effect. The League specifically supports legislation which would exempt from campaign disclosure elected advisory boards as defined in 29.63.090.

### Voter Qualification

A. The League supports legislation which would require a person to be registered to vote, under the state registration system, in the municipality in which he seeks to vote.

### Qualifications for Elective Office

A. The League supports legislation that would include provisions in Title 29 for municipalities to set qualifications for all elected municipal officials and to delete that section in Title 14 relating to school board member qualifications.

B. The League supports legislation that would amend Title 29 to include reference to the requirements of AS 15.13 and AS 39.50 pertaining to qualifications of candidates.

### Title 29 Revisions

A. The League supports legislation which would clarify AS 29.28.070(b) to specify that signature requirements for petitions be based upon the last applicable election held just preceding the date of first circulation of the petition.

B. The League supports legislation amending AS 29.28.070 to provide that the number of signatures required to initiate a petition for referendum, initiative or recall be 25% of the number of voters voting in the last general or special election regardless of population of the municipality.

PART VIII  
LOCAL GOVERNMENT POWERS

Local Autonomy

A. Because certain restrictions currently exist in the Alaska Statutes which impede effective independent local government, the League supports legislation which would promote more effective and independent local government in all organized boroughs and cities, and opposes any legislation which restricts local government powers.

B. The League also opposes any further intrusion into local government powers and operations.

C. The League supports the continued exemption of municipal officials and employees from the lobbying reporting requirements under AS 24.25.

D. The League supports legislation at both state and federal levels placing municipalities in an equal posture with state governments with respect to federal anti-trust laws.

E. The League opposes state restrictions on enforcement of municipal ordinances and supports legislation clearly establishing local autonomy in the creation of mandatory sentences and other remedies for violation of local ordinances.

Public Employee Labor Relations

A. The League strongly opposes any legislation which would force municipalities to be subject to the provisions of the Alaska Public Employees Labor Relations Act. The League opposes just as strongly, any legislative efforts to dictate the provisions of local public employees labor relations ordinances. The League supports legislation to allow each municipality at any time to reject or withdraw from the terms of the Alaska Public Employees Relations Act.

B. The League opposes legislation imposing binding arbitration on local governments. Such legislation would hinder local governments' ability to determine their personnel costs and therefore, prevent local government from determining the local tax rate.

### Title 29 Revision

A. In 1972, the League was successful in its efforts to have the Legislature approve passage of Chapter 118 SLA 1972 which repealed Title 7 (Boroughs) and former Title 29 (Municipal Corporations) and created a new Title 29 (Municipal Government) in lieu of the repealed provisions. Since most powers of municipalities are derived from Title 29, the League supports efforts by the Department of Community and Regional Affairs to continually review, in consultation with Alaska municipalities, Title 29.

### Third Class Borough

A. The League supports elimination of language from Alaska Statutes which would allow for the future creation of third class boroughs. Any existing third class borough would be allowed to continue in existence until such time as it reclassifies. The League believes that a third class borough, as currently defined in statute, does not meet standards for a general purpose local government.

### Local Government Study

A. The League endorses, and strongly supports, legislative action that would create and adequately fund a committee which would be charged with investigating current and future state/local government relations and finance in Alaska and the current and future status of local government structures, specifically including the unorganized borough. The committee membership shall be comprised of a broad representation of state and local government residents. The committee shall prepare a report on its findings, including proposed legislation and constitutional changes, and shall submit the report to the Second Session of the 11th State Legislature.

### Public Officials

A. Title 29 presently provides that salaries of elected officials of general law municipalities may not be changed during a term of office. (AS 29.23.530). No such limitation applies to home rule municipalities. The League supports amending Title 29 to allow establishment of, or increases in, the salaries or compensation of elected officials during their term of office.

B. The League supports legislation to allow public officials of participating municipalities to enroll in the Public Employees Retirement System at any time during their term of office.

### Unemployment Insurance

A. The League opposes state imposition of unemployment insurance for local government employees.

PART IX  
RESOURCES

Non-Renewable

- A. The Alaska Municipal League supports a clear policy requiring the processing of state royalty oil and gas within Alaska.
- B. The League also encourages state policy requiring the distribution and sale within Alaska, to the extent it is economically feasible, the products of Alaska processed oil and gas.
- C. In response to the energy shortage and its economic impact on the people of the state, the League urges the federal government, the State of Alaska, and League members to design, construct and use their buildings with an emphasis on energy efficiency.
- D. In consideration of anticipated shortages of petroleum products for energy production, the League urges the State of Alaska to pursue the development of Alaska's coal resources.

Renewable

- A. The Alaska Municipal League requests that the executive and legislative branches of state government shall establish, through inventory, and make available for development and processing on a sustained yield basis, all renewable resources through a clear policy requiring the development and processing of renewable resources within Alaska.
- B. The Alaska Municipal League supports legislation which would continue long range research and development in salmon enhancement and for the development of an aggressive bottom fish program.
- C. The Alaska Municipal League requests the executive and legislative branches of our state government to accelerate market studies and market development of Alaska's renewable resources.

Human Resources

- A. The Alaska Municipal League supports and encourages, within the confines of the constitution and human resources limitations, any efforts on the part of the Governor and the Legislature to implement an Alaska hire policy.

A RESOLUTION TO URGE STATE FUNDING OF A NATIONAL EDUCATIONAL PROGRAM  
TO TAKE THE ALASKA d(2) POSITION TO OUR FELLOW CITIZENS

WHEREAS the d(2) controversy affects the very lives and fortunes of every citizen of Alaska, and because of its impact it has become a familiar, integral part of our daily existence; and

WHEREAS the vast majority of the citizens of our sister states don't understand the immediate, devastating effect this legislation would have in Alaska, as well as the long term overall effect it will have on the entire nation; and

WHEREAS if our congressional delegation is to obtain some reasonable workable compromise in the legislative political process, it is essential that our fellow citizens throughout the country become educated in and familiar with the Alaska position; and

WHEREAS while some of our people, at great personal sacrifice, have attempted to carry our message across the land, we must now expand this effort to educate our neighbors of our plight and the d(2) impact on their own lives;

NOW THEREFORE BE IT RESOLVED that the Alaska Municipal League strongly urges the State Legislature and Administration to immediately provide adequate funding to finance a national educational program involving qualified representatives of our state and the media to present, in clear terms, the background, current status and immediate and long term effects of d(2) in Alaska and the entire nation, inlisting the aid of our neighbors to contact their congressional representatives on our behalf.

This resolution was passed and approved by the general membership of the Alaska Municipal League at its annual conference in Anchorage on November 11, 1978.

A RESOLUTION ON SURFACE TRANSPORTATION CORRIDORS

WHEREAS the League supports the identification of adequate surface transportation corridors for public access; and

WHEREAS the U.S. Congress and/or President may create extensive national interest land preserves which could preclude access to extensive state and private lands; and

WHEREAS surface transportation access has been one of the major issues in debates on national interest lands; and

WHEREAS much of this controversy could be resolved by the establishment of a minimal number of surface transportation corridors so located as to reasonably assure access to state and private lands;

NOW THEREFORE BE IT RESOLVED that the League requests immediate action by the Department of Transportation and Public Facilities to identify and adopt a minimal number of statewide surface transportation Corridors to assure to the maximum extent possible, surface access to all existing or anticipated state and private lands.

This resolution was passed and approved by the general membership of the Alaska Municipal League at its annual conference in Anchorage on November 11, 1978.

A RESOLUTION REGARDING DISPOSITION OF ALASKA'S ROYALTY NATURAL GAS

WHEREAS the Alaska Municipal League supports a clear policy regarding in-state processing of Alaska's royalty natural gas; and

WHEREAS it is imperative that this policy be made clear to all public and private agencies and firms involved in the production, transportation and utilization of Prudhoe Bay natural gas;

NOW THEREFORE BE IT RESOLVED that the Alaska Municipal League urges the First Session of the 11th Alaska Legislature and the Governor to provide immediate, separate notification to appropriate federal authorities, to private industry bidders for Prudhoe Bay royalty gas and to the owners and transporters of the gas that the state fully intends to process its royalty gas in-state; and

BE IT FURTHER RESOLVED that all federal and private planning for the disposition and transportation of Prudhoe Bay gas should reflect this intent.

This resolution was passed and approved by the general membership of the Alaska Municipal League at its annual conference in Anchorage on November 11, 1978.

A RESOLUTION REGARDING COORDINATION OF STATE AND LOCAL PUBLIC  
HEARINGS AND PROVIDING FOR LOCAL OPTION

WHEREAS state programs require public meetings to determine the  
desires and attitudes of the citizenry; and

WHEREAS many of those public meetings are conducted within  
municipalities; and

WHEREAS cooperation and coordination between the state and municipal  
governments is essential to proper delivery of services; and

WHEREAS the local governing bodies of municipalities should be  
involved in public meetings conducted by state agencies within their  
jurisdictions;

THEREFORE BE IT RESOLVED that state agencies are requested to make  
every effort to assure that all public meetings within a municipality  
are held in conjunction with an official meeting of the local governing  
body unless the local governing body decides otherwise.

This resolution was passed and approved by the general membership of the  
Alaska Municipal League at its annual conference in Anchorage on  
November 11, 1978.

A RESOLUTION URGING THE USE OF ALASKA ART IN PUBLIC PLACES

WHEREAS a percentage of all public works is required to be in the form of visual arts; and

WHEREAS this art form is an important part of our tourist industry and our local aesthetics; and

WHEREAS Alaska has a great many talented artists;

THEREFORE BE IT RESOLVED we urge the art forms in public places be representative art of the Alaska scene where practicable; and

BE IT FURTHER RESOLVED we urge that communities be granted a significant role in selection of art forms placed in their communities.

This resolution was passed and approved by the general membership of the Alaska Municipal League at its annual conference in Anchorage on November 11, 1973.

A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE REGARDING FULL  
FUNDING OF PUPIL TRANSPORTATION, SCHOOL CAPITAL PROJECTS  
AND STATE SHARED REVENUE

WHEREAS the municipalities of Alaska have approved and are presently operating under their adopted budget for fiscal year 1978-79; and

WHEREAS any reduction in anticipated state aid or state support, after the budget adoption, would cause great financial hardship to municipalities and would force them to reduce or eliminate needed goods and services;

NOW THEREFORE BE IT RESOLVED that the Alaska Municipal League urge Governor Hammond to fund the cost of pupil transportation at the 100% level; and

BE IT FURTHER RESOLVED that the Alaska Municipal League urge Governor Hammond to fund the full 80% portion of the state share of school capital projects; and

BE IT FURTHER RESOLVED that the Alaska Municipal League urge Governor Hammond to fully fund the State Shared Revenue Program at 100% of its anticipated amounts; and

BE IT FURTHER RESOLVED that the Alaska Municipal league urge Governor Hammond to seek a special appropriation from the Legislature, if necessary, to make it possible to accomplish the above.

This resolution was passed and approved by the general membership of the Alaska Municipal League at its annual conference in Anchorage on November 11, 1978.

A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE REGARDING  
PUPIL TRANSPORTATION REIMBURSEMENT

WHEREAS it is the obligation of the state to provide free pupil education subject to the provisions of AS 14.14.110 and AS 14.14.120; and

WHEREAS it is the obligation of the state to provide minimum levels of pupil transportation as outlined in 4 AAC, Chapter 27; and

WHEREAS student transportation has, in the past, been a totally reimbursable state expense; and

WHEREAS cost of living clauses and other inflationary contract provisions have been required by the Department of Education; and

WHEREAS annual cost of living, as per Cost of Living Index, generally exceeds 6% and present contract COLA factors compound this figure throughout the life of the contract; and

WHEREAS the Legislature did not fully fund pupil transportation during the last legislative session; and

WHEREAS this action places a significant financial burden upon municipalities throughout the state;

THEREFORE BE IT RESOLVED that the Municipal Finance Officers Association of Alaska requests the Alaska Municipal League to seek a supplemental legislative appropriation to fully fund the cost of pupil transportation for FY '78 and FY '79 to include the 2% administration fee; and

BE IT FURTHER RESOLVED that the Alaska Municipal League request the Legislature and the Governor to provide full funding, to include the 2% administrative fee for pupil transportation services in all districts throughout the state.

This resolution was passed and approved by the general membership of the Alaska Municipal League at its annual conference in Anchorage on November 11, 1978.

A RESOLUTION REGARDING THE ESTABLISHMENT OF SINGLE USE  
FEDERAL MANAGEMENT AREAS IN ALASKA

WHEREAS the federal government proposes to establish in Alaska large areas of land that will be managed for a single purpose and use; and

WHEREAS such proposals suggest that relocation or heavy subsidies of bush communities may be required because of single use management; and

WHEREAS implementation of these proposals would violate federal law and established federal policies and direction; and

WHEREAS the cumulative impacts of single use management have not been compiled nor related to economic and job losses; and

WHEREAS access and opportunity for surface transportation have been precluded in such proposals; and

WHEREAS single use management would prevent the reasonable harvest of both renewable and non-renewable resources; and

WHEREAS the intent and purposes of the Alaska Statehood Act and the Alaska Native Claims Settlement Act have been set aside;

NOW THEREFORE BE IT RESOLVED that the Alaska Municipal League strongly urges the State Legislature and Administration to actively support completion of the selection provisions of the Alaska Statehood Act and the Alaska Native Claims Settlement Act, to oppose the establishment of large single use management areas and to provide adequate funding to accomplish these purposes; and

BE IT FURTHER RESOLVED that the League urges the State Legislature and Administration to support the establishment of single use management areas of the smallest practical size under the provisions of Section 17(D)(1) of ANCSA, but only after thorough and detailed studies as required by the Federal Land Policy and Management Act of 1976 and Executive Order No. 11821.

This resolution was passed and approved by the general membership of the Alaska Municipal League at its annual conference in Anchorage on November 11, 1978.

ADDENDUM TO  
ALASKA MUNICIPAL LEAGUE  
POLICY STATEMENT

The following letter was approved by the Alaska Municipal League's Board of Directors at a meeting December 8 and 9, 1978 in Anchorage:

The Honorable Jay S. Hammond  
Office of the Governor  
State of Alaska

Dear Governor Hammond:

The Board of Directors on behalf of the members of the Alaska Municipal League wish to take this opportunity to express our concern about training and certification standards for Alaska police officers.

The reduction of federal funding for basic police officer training programs now requires 50% state or local matching funds. Since many municipalities have initiated or completed their budget process for FY 80 and will be unable to provide the necessary 50% match, the Alaska Police Standards Council budgeted for this match along with funds for vital specialized training programs. However, we understand this appropriation was disallowed.

We ask you to reconsider and approve the Police Standards Council budget as it was originally submitted in order that the police training courses may be continued as well as the training coordinator position previously funded by LEAA.

Thank you for your courteous consideration of this matter.

Sincerely,

Phil Younker  
President

cc: Mike Harper  
Administrative Assistant to the Governor

ALASKA MUNICIPAL LEAGUE  
204 North Franklin  
Juneau, Alaska 99801  
586-1325 - 586-6526

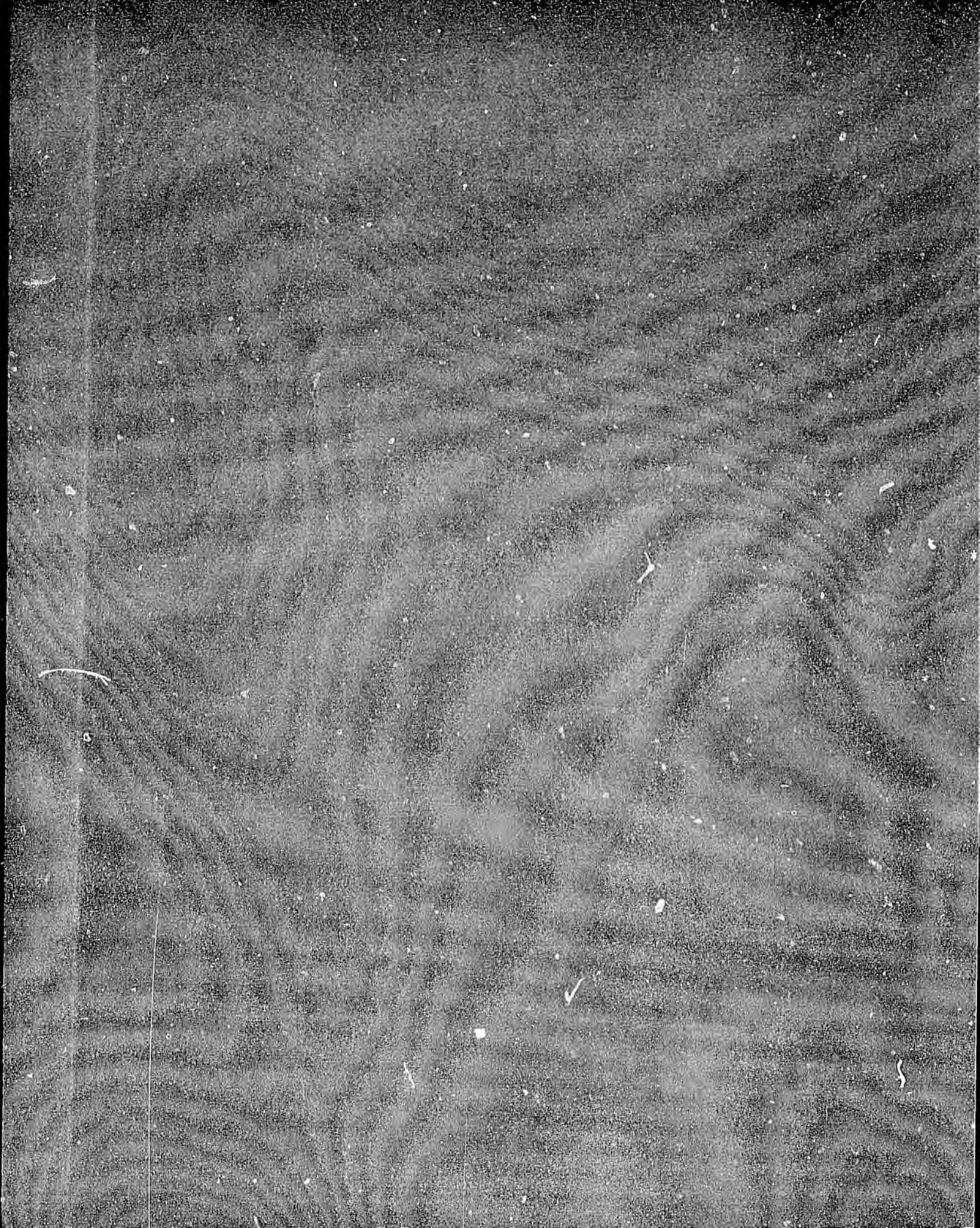
ALASKA MUNICIPAL LEAGUE BOARD OF DIRECTORS 1978-79

Phil Younker, President-----Fairbanks North Star Borough  
Dave Walsh, First Vice President-----Municipality of Anchorage  
Roberley Potter, Second Vice President-----City and Borough of Sitka  
Carroll Fader, Immediate Past President-----Ketchikan Gateway Borough  
L.F. MacDonald, Director-----City of Valdez  
Harry Aase, Director-----City and Borough of Juneau  
Ted Lehne, Director-----City of Fairbanks  
John Nash, Director-----Matanuska-Susitna Borough  
Raymond Hugli, Director-----City of Seward  
Don Gilman, Director-----Kenai Peninsula Borough  
Ernie Brannon, Director-----Municipality of Anchorage

ALASKA MUNICIPAL LEAGUE LEGISLATIVE COMMITTEE 1978-79

Ron Larson, Chairman-----Matanuska-Susitna Borough  
Robert Wolting, Member-----City of Fairbanks  
Gary Stevens, Member-----City of Kodiak  
Mary Coffey, Member-----Municipality of Anchorage  
John Spencer, Member-----Municipality of Anchorage  
Lyman Hoffman, Member-----City of Bethel  
Lee Wareham, Member-----Fairbanks North Star Borough  
Lee Sharp, Member-----City and Borough of Juneau  
J.D. Nordale, Member-----Fairbanks North Star Borough  
Judith Slajer, Member-----Ketchikan Gateway Borough  
Dan Keck, Member-----City and Borough of Sitka  
James Eide, Member-----City of Wrangell  
David Jensen, Member-----Cities of King Cove & Sand Point  
Bob Sundberg, Member-----City of Fairbanks  
Mike Emmick, Member-----Kodiak Island Borough  
William Curtis, Member-----City of Palmer  
Paul Baer, Member-----Municipality of Anchorage  
Roger Allington, Member-----City and Borough of Juneau  
Carol Lechner, Member-----City of Kodiak  
Ken Peavyhouse, Member-----City of Valdez

Staff: Marilyn Miller, Director, Program Services  
Susan King, Administrative Assistant



WJ Levy

A Note on  
Sohio Submission One

1. The rationale for allocation of income among states with corporate income taxes is that the three factors -- proportions of property, payrolls, and sales within a state relative to corporate totals -- will on average yield a reasonable approximation to the corporate income actually generated within the state.

Either property, payrolls, and sales will all be proportionate to income, or if one or two are disproportionately low, the other(s) will be relatively high (compared with other states) and thus yield appropriate allocation of taxable income to each of the several states.

2. The criticism of the allocation formula is that it appears to fail in the case of oil and gas producing income in Alaska -- i.e., that the formula allocates substantially less taxable income to Alaska than petroleum producing operations actually earn in the state.

Producing companies in Alaska typically "export" their crude so that the proportion of the companies' sales in Alaska is nil. Employment in producing operations tends to be relatively low compared with refining/marketing operations, so that the proportion of the companies' payrolls in Alaska tends to be low.

While investment in Alaskan production may be large, it does not appear to be that large relative to profitability -- at least not to the extent that the property allocation factor would make up for the deficiency of sales and payroll allocation factors.

3. Sohio Submission One points up the inadequacy of the allocation formula. But the point is implicit, not explicit, in Sohio's submission. Following is an analysis of the Sohio hypothetical projections.

4. The Table on page 4 for three companies related only to their operations outside Alaska.

Property factors are cited on page 6 -- e.g., 65 to 70 per cent for Company A, 20 to 25 per cent for C. Each of the three companies is assumed to have equal property in Alaska, on account Prudhoe and Alyeska. No property figure for Alaska divided by gross property shown in the table -- if the table included Alaska -- would yield those property factors.

If we assume property in Alaska of \$12 billion\* -- \$8 billion for Alyeska and \$4 billion for Prudhoe -- and divide that equally among the three companies, the property factors work out to 69, 33, and 22 per cent for A, B, and C, respectively, closely in line with Sohio's figures on page 6.

5. Turning to Table 2A for 1978 data --

Sohio shows Alaskan income tax of \$24.1, \$19.2, and \$19.6 million for companies A, B, and C, respectively.

Note that the range in income tax liability is \$4.9 million for the one year, despite that Sohio postulates that each of the three companies has the same income in Alaska. This, in itself, raises questions as to the adequacy of the allocation formula.

---

\* A necessary assumption to reconcile Sohio's model with its indicated property factors for the several companies.

Taking Alaska's 9.4 per cent corporate income tax rate, we derive taxable income in Alaska for each of the three companies --

A -	\$256 million
B -	204
C -	<u>209</u>
Total	\$669

6. On page 6, Sohio assumes that in all cases the Alaskan payroll factor is less than 2 per cent. We take 2 per cent as the payroll factor and average that in with the property factors cited in paragraph 4 above.

On that basis, the Alaskan income implied in Sohio's projections works out to --

A -	\$858 million*
B -	852
C -	<u>906</u>
Total	\$2,616

These average out to \$872 million for 1978, and total to \$2,616 million for the three companies.

The differences are small (Sohio assumes equal Alaskan income) and can be explained by the fact that our property and payroll factors vary slightly from what Sohio used but did not precisely specify.

---

\* For Company A, 1978 tax payments to Alaska of \$24.1 million divided by tax rate of 9.4 per cent equals income allocated to Alaska of \$256 million. Income allocated to Alaska of \$256 million divided by average allocation factor of 24 per cent (69-per-cent property plus 2-per-cent payroll divided by 3) equals total taxable income of \$1,068 million. Subtracting income outside Alaska of \$210 million implies income in Alaska of \$858 million.

7. Setting Sohio's Alaskan taxable income (derived from Table 2A) on the basis of the allocation formula against our figures on actual Alaskan income (derived from Sohio's example) --

	<u>Actual Income in Alaska</u>	<u>Allocated Income to Alaska</u>	
A	\$858 million	\$256 million	29.5
B	852	204	24.0
C	<u>906</u>	<u>209</u>	23.1
Total	\$2,616	\$669	

Note that only 30, 24, and 23 per cent of Alaskan income is allocated to Alaska as taxable income for A, B, and C, respectively.

In toto, only 26 per cent is allocated.

The shortcoming in the allocation formula is clearly that the property factor does not make up for the deficiency in the sales and payroll factors.

8. It is not only that Sohio's own case points up the deficiency of the allocation formula. The deficiency can be shown as a basic problem.

Let  $Y'$  = taxable income allocated to Alaska by formula,  
 $Y_t$  = company's total taxable income,  
 $Y_a$  = company's Alaskan taxable income,  
 $P_t$  = company's total property,  
 $P_a$  = company's Alaskan property.

Assume, for simplicity, that sales in Alaska are nil (as is the case) and payrolls in Alaska are nil (in actuality, relatively small).

Then,

$$Y' = Y_t \frac{(P_a)}{(P_t)} \cdot 1/3$$

$$\frac{Y'}{P_a} = 1/3 \frac{(Y_t)}{(P_t)}$$

Then,  $Y_a = Y'$  only when the above relationship holds. That is, the allocation formula only works equitably for Alaska when the ratio of income in Alaska to property in Alaska is as low as 1/3 of a company's total income to total property.

9. On \$8 billion pipeline property, and an ICC 7-per-cent rate, the companies' net would be \$560 million. Pre-tax, say, \$1,189 million.

Note that Sohio's total income for the three companies allocated to Alaska (\$669 million) is actually below the pipeline's pre-tax net.

If pipeline income (\$1,189 million) is subtracted from Sohio's implied Alaskan income (\$2,616 million), that leaves \$1,427 million of Prudhoe income. On the basis of \$4 billion producing property, the ratio of producing pre-tax income to property in Alaska works out to 36 per cent.

The pipeline pre-tax income to property works out to 15 per cent.

In contrast, Sohio's figures for the companies' outside income and outside property yield ratios of income to property of 12, 10, and 12 per cent for A, B, and C, respectively -- below the ratios of Alaskan income to property for both pipeline and producing operations.

The Sohio submission points up our general criticism of the allocation formula -- that it will not adequately identify as Alaskan income subject to Alaskan corporate income tax unless the profitability of Alaskan operations is comparatively very low. Sohio's model implies that profitability will be comparatively high for Prudhoe and the pipeline.

10. Finally, a few words about Sohio's conclusions on pages 9-10.

- (1) Despite the substantial aggregate revenues that Alaska may be receiving, the formula allocates inadequate taxable income and income tax revenue to Alaska. If income tax revenue were a correct reflection of Prudhoe earnings, other taxes and tax rates might be reconsidered.
- (2) Inclusion of Alaskan royalties is a distortion. Royalties outside are largely paid to private landowners (or Federal Government). These are as much a cost to companies. And they tend to average higher outside (15 per cent) than in Alaska (12 1/2 per cent).
- (3) The "over 20 per cent" of state income taxes allocated to Alaska is irrelevant. It's a function of relative tax rates. If Alaska's 9.4 per cent is higher than average (some states have no income tax, e.g., Texas), that's no reason to acquiesce in incorrect allocation.
- (4) Begs the question! The issue is not whether Alaska will receive "the full 9.4-per-cent rate" on that portion of the companies' taxable income which is allocated to the state under the Multistate Tax Compact. Of course it will. But whether the formula allocates taxable income to Alaska reasonably in line with the income actually generated in the course of oil production.

W. J. Levy Consultants Corp.  
November, 1976