

299

HRES

HB

664

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HB

728

611

-2-

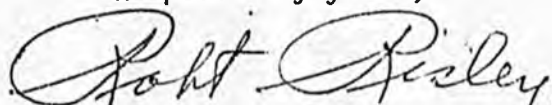
Montana and Wyoming have been experiencing droughts. We are working on a project with beef growers in that area on the possibility of flying in thin stock--fatten them on the Talkeetna Mountains grass for Alaska's market. State revenue from this operation could develop into a sizeable sum in a few years. The Flying Tiger Airline has especially equipped aircraft that would haul them for about thirty-five cents per pound.

The following comments are furnished for your consideration which supports the Borough's proposal:

1. Grazing of livestock as the primary purpose will insure Alaska's future meat supply.
2. Unrestricted mining will greatly assist the Borough tax base. Under present mining laws it would not detract from the environmental aspects of the area.
3. What better time than the Bicentennial Year to re-establish self-discipline in our young people that uses the Reserve to control their own programs without inadequate taxpayer supported supervisory personnel. Under our proposal, we would have hundreds of volunteer police where one or two Park Rangers would be helpless.
4. Under the Mandatory Borough Act, the people in the Matanuska-Susitna Valley were required to organize a Borough. To support it, we had to establish a tax base as well as Long Range Planning for future development. HB580 would withdraw over 40 sections of tillable farm land between the south boundary and the top of the mountain ridge above. The west boundary includes a large number of sections of prime timber.

Based on the above information, I urge you to consider the withdrawal of HB580 or any Senate sponsored Talkeetna Mountain State Park and support our Talkeetna Mountain State Agricultural Reserve.

Respectfully yours,



Robert Risley, Member  
Matanuska-Susitna Borough  
Planning Commission

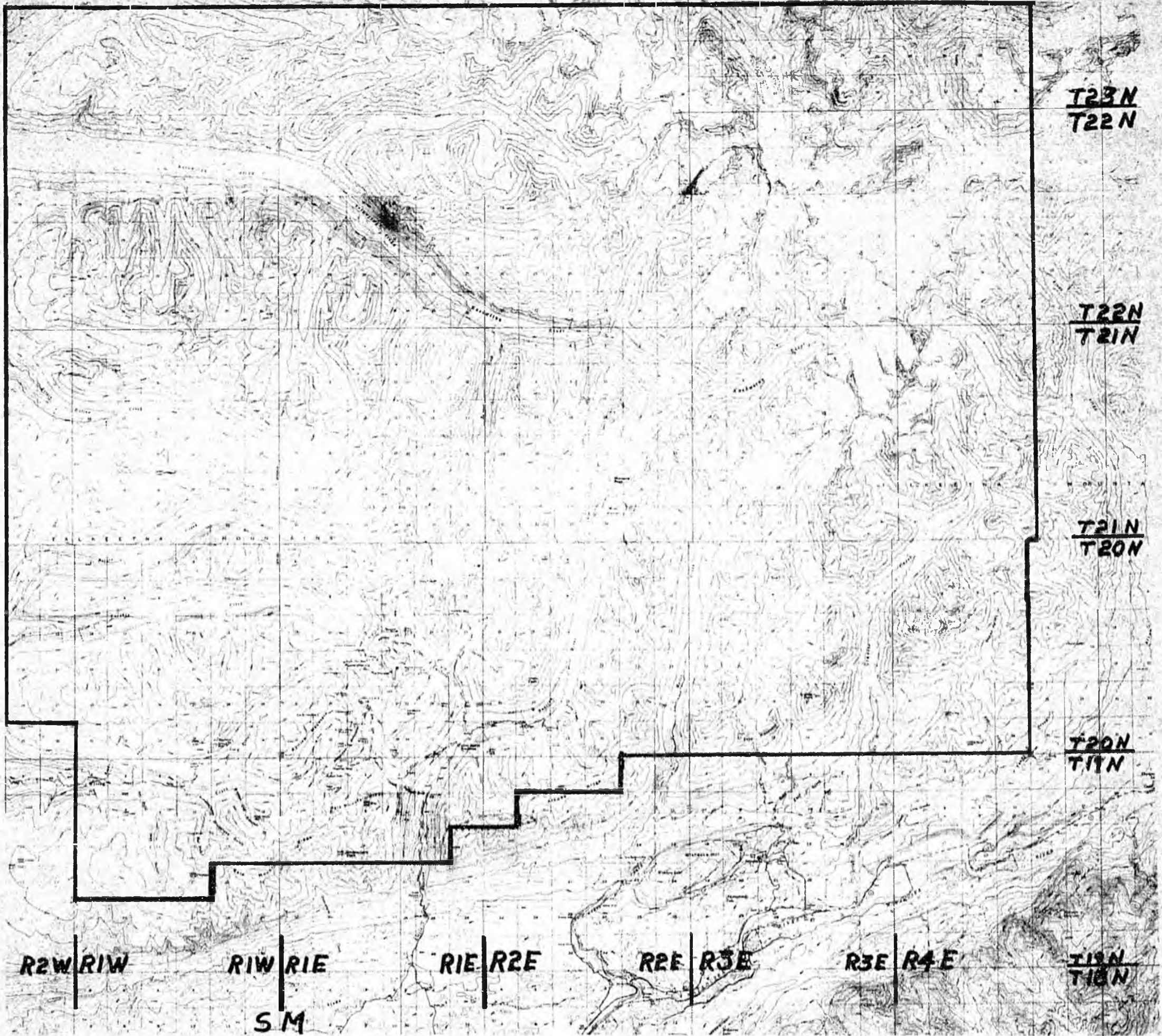
KR:er

cc: Representative Al Ose  
Senator Jay Kerttula  
Senator Kay Poland  
Representative Nels Anderson

**\*\*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.

MAP. PROPOSED TALKEETNA MOUNTAINS  
STATE AGRICULTURAL RESERVE  
M.S.B. RESOLUTION SERIAL NO. 76-7



Proposed Talkeetna Mountains--State Agricultural Reserve--M.S.B. Resolution Serial No. 76-7

MATANUSKA-SUSITNA BOROUGH

RESOLUTION SERIAL NO. 76-7

A RESOLUTION OF THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH CONCURRING WITH THE RECOMMENDATION OF THE PLANNING COMMISSION AND URGING THE ALASKA STATE LEGISLATURE TO ADOPT "AN ACT ESTABLISHING THE TALKEETNA MOUNTAINS STATE AGRICULTURAL RESERVE".

---

WHEREAS, the State of Alaska has proposed the establishment of a Talkeetna Mountains State Park to encompass an area known as "Hatcher Pass" and areas of the Talkeetna Mountains; and

WHEREAS, local residents do not favor a Talkeetna Mountains State Park but agree that the area should be established as an agricultural reserve; and

WHEREAS, the area to be in the proposed agricultural reserve is of local and statewide importance capable of providing revenue under a maximum utilization concept; and

WHEREAS, the land, under the proposed agricultural reserve, would be used but not limited to grazing, recreation, hunting, fishing and mining; and

WHEREAS, it is recommended that a management responsibility group consisting of representatives from the Division of Agriculture, Division of Lands, Department of Fish and Game, Department of Highways, and Division of Parks, Matanuska-Susitna Borough Assembly, and mining interests, be formed; and

WHEREAS, it is recommended that the south boundary of the proposed reserve be established to follow the top of the ridges of the Talkeetna Mountains to allow adequate land for maximum farming development to the south of the mountain range; and

WHEREAS, the west boundary of the proposed agricultural reserve would be considered a buffer zone against overdevelopment and the east boundary be reserved for future stock raising; and

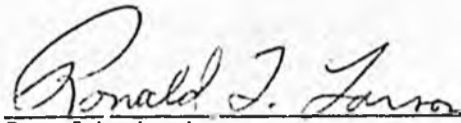
WHEREAS, such a program would provide maximum utilization of land under private ownership and would increase the Borough tax base; and

WHEREAS, the Planning Commission has studied the area as proposed by the Division of Parks and has recommended an alternate use of the area;

NOW THEREFORE, BE IT RESOLVED by the Borough Assembly concur with the recommendation of the Planning Commission and approve an "Act Establishing the Talkeetna Mountains State Agriculture Reserve" and forward same to State

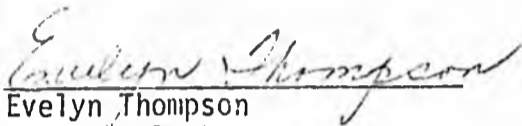
Legislators and request that a public hearing to explain the proposed act be held within the Matanuska-Susitna Borough.

PASSED AND APPROVED by the Borough Assembly of the Matanuska-Susitna Borough this 14<sup>th</sup> day of January, 1976.



Ronald L. Larson  
Borough Mayor

ATTEST:



Evelyn Thompson  
Borough Clerk

(SEAL)

HOUSE BILL NO. \_\_\_\_\_

SENATE BILL NO. \_\_\_\_\_

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - FIRST SESSION

A BILL

For an act entitled: "An act establishing  
the Talkeetna Mountains State Agricultural  
Reserve".

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

SECTION 1. AS 38.05.365 is amended by adding a new paragraph to read:

(22) "State Agricultural Reserve" means land of local and statewide importance capable of providing revenue under maximum utilization concept, including but not limited to grazing, recreation, hunting, fishing and mining.

SECTION 2. Section 38.05 is amended by adding new sections to read:

ARTICLE 13. TALKEETNA MOUNTAINS STATE AGRICULTURAL RESERVE.

SECTION 38.05.371 DECLARATION OF PURPOSE. The purpose of sections 371 - 392 of this chapter is to obtain the maximum utilization of the area for agricultural potential, revenue producing operations, and recreation.

SECTION 38.05.375 DESIGNATED STATE LANDS AND WATER TO MAXIMUM USE AS A STATE AGRICULTURAL RESERVE.

A. The following lands and waters within the Talkeetna Mountains State Agricultural Reserve are subject to the uses specified in section 380 - 392 of this chapter:

(1) Beginning at the SE corner of Section 34, T 20 N, R 3 E, S 4; thence west twelve miles along section lines to the NW corner Section 2, T 19 N, R 2 E, S. 4.; thence south one mile to the SE corner Section 2; thence west three miles to the NW corner of Section 13; thence south one mile to the SW corner Section 3, T 19 N, R 2 E, S 4; thence west two miles to the NW corner of Section 13, T 19 N, R 1 E, S 4; thence south one mile to the SW corner of Section 13; thence west seven miles to the NW corner Section 23, T 19 N, R 1 W, S 4; thence south one mile to the SW corner of Section 23; thence west four miles to SW corner of Section 19; thence north five miles to the

NW corner of Section 31, T 20 N, R 1 W, SM; thence west two miles to the SW corner of Section 26, T 20 N, R 2 W, SM; thence north twenty miles to the NW corner of Section 23, T 23 N, R 2 W, SM; thence east 30 miles to the NE corner of Section 22, T 23 N, R 3 E, SM; thence south twenty-one miles to the point of beginning. This area encompasses 672 sections or 430,080 acres.

SECTION 38.05.380 USES PERMITTED

- (a) This area is classified as multipurpose use in accordance with Section 38.05.300.
- (b) Grazing livestock under an established fee basis is the primary purpose for this area.
- (c) Mining activities are permitted and will be conducted in accordance with Articles 6 and 7 of this chapter.
- (d) Recreational activities are permitted subject to the rules and regulations developed in accordance with Section 38.05.390, 391 and 392.
- (e) Hunting and fishing will be permitted in accordance with Department of Fish and Game regulations.
- (f) Development of private property within boundaries of this reserve will be in accordance with the Matanuska-Susitna Borough Code.

SECTION 38.05.385. MANAGEMENT RESPONSIBILITY.

- (a) All lands and waters specified in Section 375 of this chapter are assigned to the Department of Natural Resources, Division of Agriculture for control by a Board of Directors with the State Director of Agriculture as Chairman.
- (b) The Board of Directors will consist of one representative from the office of each of the following State Directors:
  - (1) Agriculture
  - (2) Fish and Game
  - (3) Highways
  - (4) Mining
  - (5) Parks
  - (6) Division of Lands

Each representative will be assigned from the closest office to the area being managed.

(c) In addition to the above, the Board of Directors will include a representative from the Matanuska-Susitna Borough Assembly. The Borough Assembly may designate a member from the Borough Planning and Zoning Commission as their representative.

SECTION 38.05.390. ESTABLISHMENT OF AN ADVISORY GROUP.

(a) The Board of Directors will obtain assistance in administering the recreational activities within the Agricultural Reserve by organizing a volunteer advisory group from the following organizations:

- (1) Alpine Ski Club
- (2) Cross Country Ski Club
- (3) Snow Machine Club
- (4) Hang Glider Club
- (5) Local Stock Grazing Association
- (6) Mountaineering Club
- (7) Mining Association
- (8) Sportsman Association
- (9) Dog Musher Association

(b) The advisory group will assist the Board of Directors in developing the rules and regulations for the controlled use of this reserve.

(c) The regulations will attempt to establish self-discipline in all activities enjoyed within the reserve.

SECTION 38.05.391. PENALTIES AND FEES.

(a) All persons apprehended for vandalism or leaving of garbage within the reserve, will be punished by being required to replace all damaged property including labor. Whenever possible, they will be required to perform physical labor to restore damaged facilities to their original condition.

(b) A use fee may be charged to cover administration and maintenance of the Reserve. Volunteer assistance listed in Sec. 390(a) above, will be utilized to the fullest extent possible.

(c) Application for matching funds from the Federal Government to construct parking spaces, sanitary facilities, water facilities and warm-up huts will be processed by the Commissioner of Natural Resources.

(d) All users of the area will be required to haul their own garbage home for disposal.

SECTION 38.05.392. RESTRICTIONS.

(a) A strip of land 300 feet on each side of the Hatcher Pass roadway and mining roads in the area (except on private lands) is designated Scenic Roadway. Flowers will not be picked in this area but berry picking is permitted. Constructed parking facilities are permitted if necessary.

(b) Users of the Reserve will avoid using this strip for snow machines or ski activities except through corridors established for that purpose from constructed parking spaces.

## SUMMARY OF PROPOSAL

### GRAZING AREA

The entire area is suitable for grazing of domestic sheep and cattle.

Dr. Walter A. Guntharp, Administrator for the Rural Development Service of the U. S. Department of Agriculture stated in a press release that, "1.2 million acres per year was lost to urban and other development uses." Aside from a moral obligation to contribute to the alleviation of world hunger, our country needs the foreign exchange product through increasing sales of agricultural products for the growing population. Farsighted husbandry of the land is essential. Only by giving development it's place and leaving agricultural land in it's place can we insure a better America for all".

This proposal attempts to insure adequate grazing for future stockgrowers in this Borough as well as encouraging outside stockgrowers to ship stock up here, fatten them on the lush grass, and be consumed in Alaska.

### MINING

There are known rich deposits of ore in the area. Under the proposed management, this activity could accelerate into a large tax base and employment which is badly needed in support of this Borough.

### RECREATION

It must be recognized that grazing with adequate protection of grasslands is the number one priority. However, during the grazing period, recreational activities such as mountain climbing, hiking, hunting, fishing and berry picking would be compatible. Grazing during winter sports activities does not exist.

### SCENIC ROADWAYS

To protect the flora and fauna for motorists to enjoy, a strip of land three hundred ft. wide on each side of all roads is necessary. Narrow corridors across this strip from established parking spaces for use by snowmachines and skiers is necessary to protect these scenic values.

### OTHER CONSIDERATIONS

Lands which may be selected by Natives, Capitol Site Selection, or unforeseen conflicts may be excluded at a later date.

Maximum use concept to realize needed revenue in support of State and Local Governments should be given the most consideration.

The proposed management structure will promote integrity, self-discipline responsibility, and a sense of pride in the people that use the area. It should also provide a volunteer police force in maintaining order and controlling vandalism. By providing the recreational organizations the responsibility for writing their own rules and regulations, enforcement will be minimal.

## BOUNDARIES

The south boundary was established to follow the top of the ridges to allow adequate land for maximum farming development south of the mountain range. It is hoped that, as the farm land adjacent to the base of the mountains is sold for farming the private owners will want to purchase the mountain side for private grazing and tree farming under the Government Reforestation Program. Under private ownership, this would increase the Borough Tax Base.

The west boundary is considered to be a buffer zone against over development.

The north boundary follows a ridge pattern that is considered an adequate area for the foreseeable future and may be moved farther north as the upper Susitna Valley farming development requires it's use.

The east boundary, although steep in profile, is ideal for domestic sheep grazing. Future stockraising may dictate it's movement farther to the east.

HB

671



## *Alaska Conservation Society*

*Incorporated in 1960*

Box 80192      College, Alaska      99701

March 9, 1976

Nels Anderson, Chairman  
House Resources Committee  
Alaska State Legislature  
Pouch V, Juneau 99811

Dear Chairman Anderson:

This letter is about HB 671 "An Act relating to the reservation of water".

The Alaska Conservation Society **STRONGLY** endorses this bill. This bill provides a mechanism for allocation of water for the purpose of maintaining minimum flows for fish, wildlife, recreation and water quality. Such legislation is needed to ensure that these very valid water uses are not only considered in water allocations but are given preferential treatment.

At the present time the Department of Natural Resources Water Section does not manage these resources: there is no mechanism to guard against over appropriation of water. On the Arctic Slope, especially, there have been damages from withdrawing too much water in winter.

In particular, we want to comment on the following:

Section 1: Public water supply and fish habitat are in direct competition. The bill should place habitat before public water supply, because a public water supply should not be built if a habitat is killed.

Section 6: In deciding among competing uses there is no mechanism for public involvement, leaving the definition of beneficial use to the Department of Natural Resources without public review.


Nels Anderson  
HB 671  
March 9, 1976  
Page Two

The Department of Natural Resources Water Resources Section merely catalogs water uses rather than managing them. Therefore, over appropriation is a definite problem. This bill helps to solve the problem. The Water Resources Section should be made to do surveys of water resources present, prior to allocation.

We appreciate this opportunity to express our views.

Sincerely,

ALASKA CONSERVATION SOCIETY



Tina Stonorov  
Executive Secretary

Robert T Baade  
Box 71  
Petersburg, Alaska  
99833  
April 19, 1976

Bill  
HB 671

Rec'd  
4/21

Rep. Nels Andersen, Chairman  
House Resources Committee  
Pouch V  
Juneau, Alaska 99801

Dear Mr. Anderson:

It is with considerable concern that I hear of HB 671 stalled in your committee. I presume the reason for this is lack of understanding of the resources being affected. The freshwater use by fish populations concerns even fewer species and narrower use than those of your Bristol Bay environments. They are being callously destroyed in Southeast Alaska by single-use land surface management. Please let me explain.

The several fisheries of Southeast Alaska are geared to the heavy rainfall and forested watersheds we had in the beginning. Clear-cut logging alters the hydrology by speeding the flow of our precipitation and scouring the streambeds in the process. Also, the forest "metered" the stream flow which becomes a series of torrents and droughts between rather than a relatively even flow. This is not a problem in western Alaska where forests are not such a factor of stream discharges. The fact remains that a flood at the wrong time destroys the salmonid spawn in the stream gravels, and that which does survive is destroyed by the low flow and dehydration between floods.

I urge that H.B. 671 be enacted into law in its present form or amended to be even stronger to guarantee proper flows for maintenance of our salmonid fisheries.

Sincerely yours,

Robert T. Baade  
Fishery Biologist, Ret.

THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. HB 671  
 Title: An Act Relating to Reservation of Water  
 Requested by: Office of the Governor Date: 12-1-75  
 Return Date Requested: \_\_\_\_\_  
 Agency: Dept. of Natural Resources Program: Geol & Geophys. Surveys

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Geological & Geophysical Surveys

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		28.5				
200 TRAVEL		2.5				
300 CONTRACTUAL						
400 COMMODITIES		0.3				
500 EQUIPMENT		0.7				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		32.0	33.5	35.0	37	39

B. FUNDING: (Thousands of dollars)

GENERAL FUND		32.0	33.5	35.0	37	39
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	11 /	1 /	1 /	1 /	1 /
MAN MONTHS (P./T.)	/	12 /	12 /	12 /	12 /	12 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Funds to provide Hydrologist to supervise measuring of stream flows and lake levels and acquire data necessary to implement that portion of proposed act. This funding represents minimum effort. The actual financial impact of proposed legislation is unknown at this time.

IV. ATTACHMENTS

V. DATE: 1-21-76 PREPARED BY: William Jachler

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. \_\_\_\_\_  
 Title: An Act Relating to Reservation of Water  
 Requested by: Office of the Governor Date: 12-1-75  
 Return Date Requested: \_\_\_\_\_  
 Agency: Dept. of Natural Resources Program: Water Management

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Water Management

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		43.0				
200 TRAVEL		2.0				
300 CONTRACTUAL		2.0				
400 COMMODITIES		0.6				
500 EQUIPMENT		1.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		49.1	51.5	54.	57	60

B. FUNDING: (Thousands of dollars)

GENERAL FUND		49.1	51.5	54	57	60
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	2 /	2 /	2 /	2 /	2 /
MAN MONTHS (P./T.)	/	24 /	24 /	24 /	24 /	24 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

On Reverse Side

IV. ATTACHMENTS

V. DATE: 1-21-76 PREPARED BY: William C. Jackson

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

STATE  
of ALASKA

# MEMORANDUM

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF LANDS

TO:

Harry Aase,  
Departmental Administrative Officer

DATE : December 10, 1975

FROM: Dean J. Nation, Chief  
Water Resources Section

*DJN*

SUBJECT:

Fiscal Note:  
Water Use Act

Request for fiscal note was received by Water Resources December 1. Since this will have a definite impact attached find note prepared. Please submit to proper offices.

Realistically this will impact also upon Geological & Geophysical Surveys. Are they preparing a note?

Enclosure

**RECEIVED**  
DEC 11 1975

Department of  
Natural Resources

# State of Alaska

PHYSICAL SURVEYS

DATE: September 25, 1975

FILE NO:

TELEPHONE NO:

FROM: Ross G. Schaff *AGS*  
State Geologist

SUBJECT: Proposed Minimum Stream Flow  
Legislation per attached

I hope Division of Lands will reflect on the legalities involved in the proposal.

I have problems with the mechanism by which "minimum stream flow" and "lake levels" will be established and by whom. With the exception of the Anchorage area, stream flow measurements are very sparse, and lake level determinations with any history are probably very scarce. I'll check with USGS on this but the magnitude of the job of establishing minimum levels and flows for the entire state should be considered before legislation is proposed. Certainly the DGGs does not have this capacity, nor does the USGS unless special appropriations are forthcoming.

Something else that needs to be considered is the fact that surface waters ~~X~~ and ground waters are components of the same system. I would hope that water appropriation statutes would keep this in mind. It is possible to lower lake levels or stream flows indirectly by over using ground water which really keeps the levels constant. Sand Lake, in the Anchorage area, is a good example of a lowered lake level via accelerated ground water removal through a damaged sewer line.

Otherwise, I am in favor of the concept proposed. We have received Governor's approval to hire a Geologist III who will have far more expertise in these matters than I. At that time I will put him in touch with Mr. Greg Capito if you wish.

*Revision of  
41,05,010-030*

STATE  
of ALASKA**MEMORANDUM**DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF LANDSTO: Michael C. T. Smith, Director  
Division of Lands

DATE :

October 29, 1975

FROM:

Dean J. Nation, Chief  
Water Resources Section

SUBJECT:

Comments on substantiating budgetary claim of underfunding for administration of Water Resources are briefly:

- 1) Water In my several years with the Division of Lands I have been alarmed with the lack of concern, supported by budgetary denial, of the resource of water. Many hundred water cases remain in the files, many of these for nine years. This can not in any way be construed as an adequate service to the people. The budget restraints impose a non-field capability by limiting staff and have prevented the Section from participating in important state inter-agency meetings resulting in overemphasied products aligned with non-use of the resource, and result in our reacting to situations rather than participating in or leading water resource activities.

Data 1) No of cases backlog 1778 (10/1/75).  
2) No of water field examinations - cy 75-8.  
3) Meeting etc attended - cy 75-9.

- 2) Materials: Shoreland and tideland use of sand and gravel demands administrative actions of material sales and Use Permits. Our present restricted field capability, a product of staffing, may result in either reacting only to the applicants desires or reacting to input from extraneous sources which may or may not be valid. The actions thus result in a paper pushing segment of the section's actions instead of resource administration. To provide for proper administration of this resource and adequate service to agencies and the public, material actions need to be timely and firmly supported with adequate field knowledge both before and after removals. In this calendar year to date 37 new material transactions (not including extensions) have been issued by this section. In support to and with Southeastern District Office an additional 15 new transactions were issued. Field examinations were conducted on less than 1/3 of the total.

3) Tideland preference and lease:

A major concern of state administration as well as federal agencies are the coast areas of Alaska. Further delay in finalizing tideland preference claims is not desirable, either to the states interest or the local governments loss of tax revenues. The limited staff of two people is not capable of acting on the many tideland preference claims and is delayed in acting timely on lease or permit applications. Limited travel is accomplished but is adequately supported by Appraisal and/or Cadastral staff.

Data:	1) Preference cases pending October 1, 1975	<u>115</u> .
	2) Tideland lease applications pending October 1, 1975	<u>93</u> .

Total pending case load of the section is approximately 2134 cases.

10-002  
(12-23-70)

DEPARTMENT OF NATURAL RESOURCES

INTRA-DEPARTMENT ROUTE SLIP

TO:  
DIV/SEC: Water Resources LOCATION: Anch  
ATTN: Dean Nation

- |   |  |
|---|--|
| <input type="checkbox"/> Approval           | <input type="checkbox"/> Note & Return       |
| <input type="checkbox"/> Signature          | <input type="checkbox"/> Initial & Return    |
| <input checked="" type="checkbox"/> Comment | <input type="checkbox"/> Return As Requested |
| <input type="checkbox"/> Contact Me         | <input type="checkbox"/> Return For Approval |
| <input type="checkbox"/> Prepare Reply      | <input type="checkbox"/> Necessary Action    |
| <input type="checkbox"/> For Your File      | <input type="checkbox"/> Your Information    |

REMARKS: Please make estimates of costs and send to Harry for fiscal note.

FROM: \_\_\_\_\_  
BY: Bill Fackler DATE: 11-26-75

DIV/SEC: \_\_\_\_\_ LOCATION: \_\_\_\_\_

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
**RECEIVED**

NOV 25 1975

TO: Department of

- Administration
- Commerce
- Community & Regional Aff.
- Education
- Env. Conservation
- Fish and Game
- Health & Social Svcs.
- Highways
- Labor
- Law
- Military Affairs
- Natural Resources
- Public Safety
- Public Works
- Revenue

ATTN: \_\_\_\_\_

- Return letter w/draft
- Return letter w/comment
- Reply direct
- Your information
- Call me
- Appropriate action
- As requested
- 

REMARKS:

*Have Mike Smith's people seen this?*

From:

*Law*

Date: 11/21

D R A F T

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill to allow a reservation of water for the benefit of fish and wildlife, recreation, and to maintain a minimum flow, level or quality of water.

This bill is an amendment to the state's Water Use Act, AS 46.15, and, specifically, it is designed to permit state agencies and political subdivisions to apply for an order reserving a certain quantity, level or flow of water for fish and wildlife, recreation or water quality.

The bill does not represent much of a departure from existing law. The Alaska Constitution, for example, in Art. VIII, Sec. 13, states that water of the state may be appropriated subject to "the general reservation of fish and wildlife." Also, Secs. 80 and 260 of the Water Use Act, dealing with permit issuance and definitions, respectively, explicitly recognize the values of water for fish and wildlife, recreation and public health of which water quality is a part.

Further, when there are competing applications for use of water from the same source of water, the bill would give reservations for fish and wildlife, recreation, or water

quality a preference, along with public water supply, over other applications. This seems to be implicitly recognized in the state constitutional provision mentioned above, with respect to fish and wildlife, and it is certainly reasonable to assume that recreation and maintenance of water quality are public uses which should likewise be given preference.

Other laws protecting water quality and fostering recreational opportunities demonstrate the importance of clean water to the health and general welfare of the people of the state.

Sincerely,

Jay S. Hammond  
Governor



HB

716

3/16/76

COMMENTS ON HOUSE BILL 716

Department of Natural Resources

This memorandum briefly comments on the provisions of House Bill 716 regarding the classification of State land according to soil conservation categories for agricultural use and outlines the Department's plans to aid agricultural development.

COMMENTS ON PROVISIONS OF HOUSE BILL NO. 716

Section 1 - (a)

1. The proposal bases the definition of agricultural land on only one (soil type) of many relevant factors. By not considering factors such as existing and potential transportation facilities, size of areas related to markets (is an area big enough to function as an agricultural production unit?), production capabilities, and the general characteristics of an area, lands classified for agricultural use may never be appropriate for agriculture. (It should also be noted that there is significant variation within the Class II and III soil categories.)
2. The proposal's mandate to classify areas for a specific use based on one consideration is contrary to sound land use planning practices.
  - a. Using only soil type, the bill prioritizes agriculture above all other land-use alternatives for large expanses of State land. The proposed legislation does not allow for consideration of alternative use options for Class II and III soil regions beyond a minimal 20 percent flexibility factor. Given the various characteristics of a region, the State's interest might best be served by classifying the land for uses which may be incompatible with agriculture such as coal development, wildlife refuge, or recreation. The proposal may also interfere with previously designated uses for certain areas.
  - b. The proposal doesn't consider the statewide potential for various land uses which must be inter-related to the land-use potential such as agriculture for a given area. A newly selected region might be one of the State's best recreation areas or long-term forest management regions, but a poor agricultural region despite the presence of Class II and III soils. Nevertheless, 80 percent of the new area might have to be classified for agriculture.

- c. The proposal focuses on State lands and does not consider the need for coordination of compatible land uses between adjacent State, private, Federal, and Native lands.
3. No rationale is given for the 80 percent figure. The bill sets forth the 80 percent requirement without asserting the acreage of Class II and III lands on existing State selections or future land selections. The proposed legislation does not consider the ownership of good agricultural land by private parties, borough governments and Native corporations.
4. The attempt to classify a large quantity of agricultural land at one time based on one consideration might make it difficult to insure the classification properly preserves agricultural use. Pressures accompanying a conflict use situation would encourage a more lenient classification system.
5. Administrative Problems: The Soil Conservation Survey has only classified about 2.4 million acres of the State selected lands. (The survey has classified about 3 million acres of Federal and Native lands.) A survey review would be necessary to identify Class II and III lands included in the 2.4 million acres. It is optimistically estimated that around 1 million acres of the surveyed State lands fall into Classes II and III. With the current Division of Lands staff, it would be extremely difficult to identify these lands and classify them within the year timeframe.

In order to meet the intent of the bill, additional soil surveys would need to be carried out on other potential areas. At least another 2.4 million acres of current State lands would need to be surveyed. The State costs for completion of such a survey would be 75 cents an acre or \$1.8 million.

#### Section 1 - (b)

Apparently, the required public hearing is only for the purpose of gathering public input on which land should be included in the agricultural classification. Since 80 percent of the eligible land must be classified for agricultural use regardless of hearing testimony, the utility of the public input process is limited.

#### Section 1 - (c)

In order to maintain an 80 percent ratio, the Commissioner would apparently have to classify additional lands for agricultural use if an earlier agricultural classification was changed. This situation might result in a reluctance to change previous classifications.

The specification to hold a hearing on a requested reclassification within 20 days is too short a period to insure public awareness and input.

Section 1 - (d)

Since a large amount of land will be classified for agricultural use by mandate, it may be difficult to provide for a strict classification system which insures protection and maintenance of land for agricultural use.

Current Program to Aid Agricultural Development in the State--

The Natural Resources Planning and Research Section and the Division of Agriculture are working on a three-phased program to facilitate the classification, preservation and use of agricultural lands. The phases include (1) the establishment of priorities for selection and classification of agricultural lands, (2) an analysis of available classification and disposal techniques which contribute to the preservation of potential farm lands, and (3) an examination of economical size units and management schemes for successful agricultural enterprise in Alaska.

The establishment of priorities for the selection and classification of agricultural land is part of a Department-wide effort to identify appropriate land uses for Alaskan lands. The analysis of agricultural lands concentrates on the already identified 17 million acres of potential farmland. This acreage is being separated into geographical regions ranging from 50,000 to 500,000 acres. Each of these regions is evaluated according to eight weighted categories: Productive capability (including climatic limitations), existing and potential transport access, required supplementary soil conservation practices, economy of scale considerations, potential market locations, varied crop capabilities, competing land use considerations, probable development time, and the economics of the adjacent localities. Through the use of these criteria, the potential agricultural areas will be prioritized for selection purposes on Statewide scale and classification purposes on current State lands. The priorities will then be compared with the other prioritized land uses such as forestry, mineral development, wildlife, parks, and existing uses. The evaluation of use priorities will identify potential use conflict situations, compatible land uses, and the most valuable lands to preserve for agricultural purposes.

The analysis of classification and disposal techniques will focus on both methods to preserve existing agricultural enterprises, and the preservation of potential farm lands. The primary focus on existing farmland will be to soften the impact of speculator-induced inflation of land values. Techniques such as purchase of development rights, or speculation taxes will be examined. The preservation of future lands analysis will concentrate on classification, disposal, and leasing methods which encourage farm development and insure that the land will primarily be used for agricultural purposes. The results will be incorporated into our efforts to appropriately classify the most valuable agricultural lands.

The examination of economical size units and management schemes will investigate the Alaskan agricultural situation. Emphasis will be placed on the viability of a large area of land divided into many farms being intensively farmed for specified crops in great enough quantities to support storage and processing facilities in the immediate area.

SUMMARY--The Department does not believe that House Bill 716 represents the best present approach to the problem of designating and protecting State agricultural land. The Department shares fully the concerns of the sponsors on this issue, and is committed that its classification and land selection policy will reflect this concern. Because of past inaction, the matter of agricultural potential is being treated now as a priority within the Department of Natural Resource's Planning and Research Section, and it is expected that during 1976 a number of new proposals and recommendations in this area will be developed.

HOUSE BILL 716

Recommended Amendments--should the bill be further considered for amendment.

1. Mandatory 80 percent figure should be reduced to a maximum of 50 percent for agricultural classification.
2. Mandatory classification should be prospective and apply only to lands to which the State gains "tentative approval or patent after the effective date of the Act."
3. The time limit for such mandatory classification should be two years rather than one. It might be done earlier but likely with greater expense. (Two years after T.A. or patent)
4. The mandate should apply only to tentatively approved or patented land; not "selected" as in Subsection (a).
5. In Subsection (c) change 20 days to 60 days.
6. Subsection (c) places the responsibility for change in classification on the Commissioner including hearing and decision. This should specifically allow for delegation, or place the primary duty (subject to appeal) on the Director of the Division of Lands.

HB

718

"An Act providing for the transplanting of wolves to other states."

# COMMITTEE REPORT

2/11/76

HOUSE

FINANCE

Mr. Speaker:

Date \_\_\_\_\_

The Committee on RESOURCES has had HB 718

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

Walter B. Anderson, Jr. Chairman

AMENDMENT

OFFERED IN THE HOUSE:

BY: House Resources Committee

To: Amend HOUSE BILL No. 718

SENATE BILL No. \_\_\_\_\_

PAGE: 1 - 2

LINE: 27 - 4

After the word "State" insert  
for the purpose of re-establishing natural populations

Page 2 line 4 after the word "Section" delete the phrase (a) and  
add.

except that nothing in this section shall prohibit  
taking of water during regulated seasonal  
harvesting and trapping.

THOMAS E. MEACHAM

ATTORNEY AT LAW

SUITE 403

310 "K" STREET

ANCHORAGE, ALASKA 99501

(907) 278-1322

(907) 278-1443

January 15, 1976

Mr. Robert Hemming, Editor  
Alaska Magazine  
Box 4-EEE  
Anchorage, Alaska 99509

Dear Mr. Hemming:

Your editorial in the January issue of Alaska Magazine called for more wolf control since, as you put it, ". . . it seems logical that as man must be controlled, so should the wolf." Yet notably absent is evidence of any serious attempt to control man, the predator, before game populations are reduced to the level where wolf predation becomes significant. This observation is borne out by your statement earlier in the same editorial that, ". . . for the first time in Alaskan game management history, to our knowledge, there are areas closed entirely to the taking of deer this year."

Game units "closed entirely" to the taking of moose or caribou or sheep are almost non-existent in Alaska. Yet when a combination of overhunting, increased vehicular access, declining habitat and bad winters reduce game to a level where the managers are compelled to restrict or close a hunting season, it is the wolf which must pay the price by being shot from an aircraft.

The real problem seems to be the ambiguity in the perceived role of game managers toward one of nature's most effective game managers. Unfortunately the wolf doesn't possess a B.S. degree or a doctoral dissertation, and is often viewed more as a meddler than as a game manager in his own right. Alaska law classifies the wolf as a game animal, elevating him to the ranks of the elite, "trophy" species. Accompanying this high status are supposed to be the concepts of fair chase, sportsmanship and respect for the intrinsic worth of such game species.

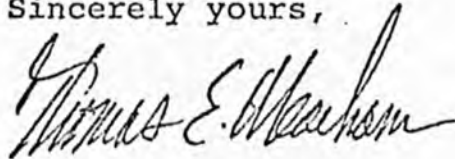
Yet when the wolf attempts to follow the life he has lived for eons, preying on other game animals, he is vilified, hounded and destroyed like a common cur. The concepts of fair chase and sportsmanship are disregarded because the wolf, unfortunately, is too intelligent (or "cunning", if you wish) to be effectively hunted

Mr. Robert Hemming, Editor  
Alaska Magazine  
January 15, 1976  
Page two.

as a trophy species, and can apparently be "managed" only by poisons or aircraft. Apparently the eons of evolution have advanced the wolf far ahead of man the predator, leaving him vulnerable only to man the technocrat. The game managers, willing to use their new-found technology, see no ethical problem in subordinating the wolf to the desires of his human competition, using means of control which, if used against any other species, would be considered abhorrent by most civilized and reasonable persons.

This anomaly must be resolved in favor of the wolf as a co-equal member of the community of Alaskan game animals in fact as well as in law, with the human predator effectively controlled to the extent necessary to preserve this equality. Until then, many concerned residents of Alaska and other states will campaign effectively against the gross manipulation of the wolf's numbers by Orwellian technology, and against his general status as a second-class citizen of the animal kingdom.

Sincerely yours,



Thomas E. Meacham

TEM/bja

ALASKA  
STATE LEGISLATURE

MEMORANDUM

*For  
Resource  
Committee  
Members*

*(naa)*

TO: Rep. Nels Anderson, Chairman  
House Resources Committee

DATE: 2/25/76

FROM: Hugh Malone

*Hm*

SUBJECT: Wolf Control

Enclosed for your information is a copy of Commissioner Brooks' testimony in the House Finance Committee on 2/3/76 with regards to the wolf control issue.

HOUSE FINANCE COMMITTEE

February 3, 1976

1:15 p.m.

Hearing on Wolf Control

Included as a segment of the Budget Presentation of the Department of Fish and Game for FY77. Commissioner Jim Brooks was asked to comment on this subject toward the end of the afternoon meeting:

Malone: As I understand it the state has the responsibility in the area of game management. How can there be conflicts between attitudes as far as game management goes and how is it going to be resolved as far as wolf control? The reason I am asking that question is the list in my district, the Advisory Board of Fish and Game there, felt very strongly that the state had the responsibility and they didn't appreciate the interference on the part of the federal bureaucracy. But what does there eventually happen?

Brooks: I see every continuing erosion of the state's ability to manage resident wild life on federal land. There is no question but what the state can manage wildlife on state lands, and traditionally the states experience management restrictions over wildlife wherever they occurred, on federal lands or private lands, but the basis for this is not explained out anywhere but is an authority that is not addressed in the constitution, is not managed as one of the perogatives that the state has relinquished to the federal government, and so it has always been assumed that not having given up this right to the federal government, that the state still inherently possesses it. On the other hand, if the federal government wishes to take action to preempt a certain area of jurisdiction, there is apparently little question but what the supremacy clause of the constitution does allow that and on these, (particularly on the federal wildlife refuges the word is such that one might say that the federal government has grounds for preempting management jurisdiction over the life (undecipherable), but in fact, they have not as a practise exercised it. But whether they elect to exercise it, they have always made it stick and the states have never been successful in challenging the federal government in those situations. However, there has usually been a tacit understanding among all states and federal agencies that the states would have the right to management of resident fish and wildlife on public domain federal lands. And that held

now in that same court in about 2-1/2 weeks. The problem there is that the money you were using was partly state money and partly federal aid and wildlife restoration money and the the argument of the public was "because there was federal money involved, it federalized our activities and since our activities were federalized, (they involved the federal government then, its true), the action under National Environmental Policy Act --because the action we were taking was a joint state-federal action and it was highly controversial". Any action that is highly controversial then is subject to the National Environmental Policy Act. You said "no we won't use federal money, we'll 'de-federalize it' so it will be purely state action -- ", it isn't a federal action and you couldn't fall underneath it. However, the plaintiff said that we couldn't "de-federalize it" simply by changing the source of funding and they have some precedent. The most recent one was a highway, a controversial highway in Texas, federal aid to highways. The environmentalists didn't want the highway to go where it was, so they got it stopped. And the state of Texas said "okay, we won't use federal money. We'll use state money", and they went on building the highway; and the courts said "no you can't 'de-federalize' the project; it wouldn't be in existence if there had not been federal money there, and so you have to stop". And that case has been extended on appeal. This is the sort of thing we are faced with in Unit 13 here. We are going to argue, though, that its a state action and we hope that that restraining order will be lifted. However, BLM, in another area in a western state, has stated that any use of poison on federal lands for killing a predator will require environmental impact statement and they prepared an environmental impact statement and poison is now being used for killing coyotes in several of the western states. On the basis of that precedent, the director of the BLM called me the other day and said, "Look, we did prepare environmental impact statements for killing predators on federal lands by state people on the western states and we are afraid, because of it, (this case is now filed in court), that we are liable to lose it on the basis that we already have a precedent of requiring an environmental impact statement. So yes, all operations would have to stop until an environmental impact statement is filed.

Director Bergman said they thought the situation was sufficiently different in Alaska that if the federal attorney had time to prepare arguments, they would have a better chance to resisting an impact injunction or restraining order, and eventually they had an agreement with the plaintiffs that they would not file at that time if I would agree to stopping that control activity in Unit 28. I did agree, but agreed for quite another reason: most of the state land, most of Unit 28, where we would be conducting wolf control, is state land. We could be going ahead with it without any problem of federal intervention. But what I didn't like about it was the fact that here, while the environmentalists and park lobby are trying to get more and more in the park category under B2, they would be given tremendously good argument if I went ahead and had something that was obnoxious to many people,

as controversial on state land and that would not be permitted on federal land, and I did not want to go and kill a bunch of wolves on state land and have these environmental lobbyists say, "Look how the state of Alaska is abusing its resources on its own land". This is what's going to happen if we don't put more of this land on some kind of federal reserve so that was the principle reason why I agreed to a delay. I agreed only to a three week delay because the report will be arguing the Unit 13 case in twenty days and we hopefully will have a reading of Unit 13 and if we win Unit 13, its "go" everywhere as far as I'm concerned.

We are going to launch those wolf control programs. If we lose in "13", I'm still ready to go in Unit 20A. The operation in 20A will be more efficient at that time than it would be now because the days are still short, conditions are not good. I told those fellows to get out there and try to take those wolves as quickly as they could a week or so ago. They tried to push it. They went out there, burned up a lot of helicopter time, under conditions that weren't ideal, and didn't kill any wolves. So I want to hold up now, so when we do it, we are going to be efficient about it; and I don't think the three-week delay up there is going to be harmful.

But as far as the question of whether the state can exercise management jurisdiction over wildlife on federal lands being resolved here, I wouldn't know that it will be. It is not a good issue, this wolf thing is too emotional. There is so much sentiment against that. We have received now about 4,000 pieces of mail. We have received real bad publicity in national TV and the printed media, and I am afraid if we "go" on that issue we might lose it, not on merit, but on emotion. So I don't want to lose it. But we are faced with litigation on this one and I would hope that if it comes up in Washington, we will be successful in getting a change in venue to an Alaskan court, and I think that (we'll) properly come out without losing ground. But it's a serious matter now. The federal agencies are more and more attempting to preempt that kind of service.

The military has advised us not to kill wolves on their lands, so we are keeping off their lands; and although they have no jurisdiction to selectively regulate our activities, if we resist it, they will simply close the area to trespass, period; and they can do that. And so its a kind of tough one.

I would hope I can get the Attorney General and his people to realize just how serious the matter is. Even in the state within the administration, I am not sure that everyone appreciates what is at stake here, and some people may have their attitude tempered by not agreeing that wolf control is not the proper thing.

Malone: Well, I am not in favor of wolf control myself, but as far as management of the game, the state if the state isn't going to manage it, who is? I thought that was one of the reasons the state was created in the first place, was to give some degree of control over what happens up here. Myself, I'm greatly alarmed that you are encountering things like -- "Look how the Alaskans

are abusing their resources on state lands". Frankly, if our policy dictated that we are to eliminate or destroy resources, that ought to be an alternative that is available to the state because it would be a state policy.

Brooks: Yes, but if the federal agencies feel that our wildlife is of national interest and the Bureau of Land Management has a bunch of fish and wildlife biologists, (the forest service has fish and wildlife biologists, (the forest service has fish and wildlife biologists, the fish and wildlife service has fish and wildlife biologists, even the military has conservation officers), some of these federal agencies would love to put these people to work. I am not at all sure but what they wouldn't publish their regulations in the federal register if they thought they could get away with it.

Haugen: And then we are going to take on anywhere from 80 to 130 million more under the DC land ammendment with the federal government -- seems to me superfluous land -- its absolutely outrageous the land claims bill did not have (?) with the DC ammendment. I don't see how we got in such a pickle.

Brooks: That's why the wolf issue right now is most unfortunate because the park lobby is exploiting us, its no doubt, and if we did anything on state lands that was different than the way they had it on federal lands, they would really turn against us.

Haugen: Well, of course your own people right in my own district, on that program, we got many deer. We got no wolves. So we are all involved. *no*

Brooks: That's exactly what the environmentalists want to see happen. Everywhere just let nature take its course until some day it will strike a balance. Well, the balance is somewhere between extremes. On the one extreme it means no game and no wolves. In 40 or 50 years it may mean we'll have them both back. But fluctuations are so extreme and they won't work the way they did under natural conditions. Now man has intervned. Man is an element in the system now. He is harvesting the prey and he has a right to, has a need to. So the idea these people are promoting is you should let the predator and prey strike their own balance simply is not realistic. We have already intervned in that system and we have to continue.

Haugen: The people up there that live (on the land), depend on it for their sustenance. They are the ones that really are going to get hurt. And then if you have the pressure from these big wheels and organizations that are going to be nothing.

Brooks: If we lose these two, it's only one case that hasn't filed now and if that injunction isn't closed in federal court, its a bad omen, and I don't know where it will stop.

Gruening: I think it is a significant thing, the department knew that this --

Brooks: The question is: were we going to manage in wildlife properly or were we going to sit back and say "no," let's not rock the boat". Maybe the environmentalists in Washington will.

Gruening: Why didn't the department use that philosophy when it came to the argument as to whether it would be state management of fisheries or federal management of fisheries? The state said "Let's not rock the boat and hope the feds will give us some -- " There is an inconsistency here. Shooting those wolves right now is just playing into federal hands.

Brooks: That's right. That's right. But the Board of Game directed that it be done and if I had been on the Board of Game, I couldn't tell you right now how I would have voted. It would have been a tough one. But it is an expression of the people of the state, as expressed by their representatives, and the board members knew -- petitions were around --when they directed the Department of Fish & Game to carry out this program.

Haugen: How about the days when the Fish & Game people had a predator program right here in Southeast on wolves? They were poisoning them and everything else.

Brooks: More than that, the Department of Interior has conducted aerial wolf control in Alaska in 1969, 70, 71, 72 and 75 with the I.S. (BIA).

Haugen: And all Southeast prior to statehood, they were poisoning wolves.

Brooks: Course, we have only had NEPA, National Environmental Policy Act, since '69.

Malone: My concern is who is going to have the responsibility; and who is going to have the authority? I hope it ends up that it is the state that has it because otherwise all our policies will be dictated from Washington, and I don't think that is the best way to run things. I appreciate your briefing us on where things are on it.

Naughton asks a question (undecipherable on tape).

Brooks: They will be sold at public auction.

Naughton: Mr. Chairman, to indicate that the Department of Game -- what I think that their judgement in the thing is on control -- I'd like to tell the Dept. of Game that they are going to get out of me all they are going to get in this session. That's what I think of our wolf control.

Malone: Any further comments?

# TELEGRAM

ALASKA COMMUNICATIONS, INC.

PHONE 336640  
JUNEAU, ALASKA 99901

*File*  
HB 718

#

1976 FEB 23 AM 3 57

02088 NL TDA FAIRBANKS ALASKA 55 02-22 1133P AST

PMS REP NELS ANDERSON

JUN 1238

OUR GROUP WILL SUPPORT REPRESENTATIVE ED NAUGHTONS  
"WOLF TRANSPLANT BILL IF SENTENCE STATING THERE CANNOT  
BE ANY PREDATOR CONTROL WORK UNTIL" ALL REQUEST  
FOR TRANSPLANTS HAVEE BEEN FULFILLED" IS REMOVED.  
AS IT STANDS, THIS WILL BE ANOTHER TOOL FOR THE  
PRESERVATIONIST TO USE TO TIE UP CONTROL WORK  
INDEFINATELY.

CHARLES GRAY INTERIOR WILDLIFE ASSOCIATION BOX 60255  
FAIRBANKS AK 99701

STATE OF ALASKA  
Inter-Department Route Slip

TO:  
MAIL STATION NUMBER 3100  
DEPARTMENT House Resource Committee  
ATTENTION \_\_\_\_\_

- |  |  |
|--|--|
| <input type="checkbox"/> Approval      | <input type="checkbox"/> Note & Return               |
| <input type="checkbox"/> Signature     | <input type="checkbox"/> Initial & Return            |
| <input type="checkbox"/> Comment       | <input type="checkbox"/> Return As Requested         |
| <input type="checkbox"/> Contact Me    | <input type="checkbox"/> Return For Approval         |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action            |
| <input type="checkbox"/> For Your File | <input checked="" type="checkbox"/> Your Information |

Remarks:

FROM:  
MAIL STATION NUMBER 1100  
DEPARTMENT Fish & Game  
BY Rausch DATE 2/23

JJ

Mr + Mrs TK Hayes  
155 William's Rd  
Saucorod, MASS. 01742

Am

Pol

Gov! file on walrus  
will need this

Please Mr Jones

Thank you for all the info. on  
the walrus. We are with you  
100% and have had many  
letter's in the Boston paper's  
on this. The man who causes  
the most trouble here is Cleveland  
Amory + the Fund For Animals.

Enclosed is his last tax report.

NOT A DIME FOR WILDLIFE

Please use this IN any way you  
can if you can get it in the paper's  
all the better. We also have the  
report for the A.P.I. Belton. P MOURAS  
ANIMAL PROTECTION FUND. If you want a  
copy please in form and we will mail  
it to you. Keep up the good work

Mr + Mrs TK HAYES

THE FOLLOWING DOCUMENT(S) MAY NOT FILM  
LEGIBLY BECAUSE OF POOR QUALITY OF THE  
ORIGINAL.

517502290231

Form 990-0  
Return of Organization Exempt From Income Tax

Return of Organization Exempt From Income Tax

1973

Under section 501(c) of the Internal Revenue Code (Except Private Foundation)

For the calendar year 1973, or fiscal year beginning 1973, and ending 19

Form of organization

**THE FUND FOR ANIMALS INC.**

Address (number and street)

**190 W. 57TH STREET**

City or town, state, and ZIP code

**NEW YORK NEW YORK 10019**

If gross receipts are normally not more than \$5,000. (See general instruction A, other page . . . )

Employer identification number (See instruction I)

**13-6218740**

Date of exemption letter

**MAY 27 1963**

If exemption application is pending, check this block . . .

Enter exemption Code paragraph 501(c) ( 3 )

Enter the name and address used on your return for 1972 (if the same as above, write "Same"). If none filed, give reason.

**SAME**

All Organizations Complete Part I If line 8 is \$10,000 or less, complete only Part I. Do not complete Part II.

Receipts (Revenues)		Expenses and Disbursements	
1	Gross sales and receipts from all sources, other than shown on lines 5 and 6		50964
2	Cost of goods sold		
3	Cost or other basis and sales expenses of assets sold	48740	48745
4	Gross income—line 1 less sum of lines 2 and 3		Y,nnf
5	Gross dues and assessments from members and affiliates		
6	Gross contributions, gifts, grants and similar amounts received (see instructions)		384067
7	Total—add lines 4, 5 and 6		386266
8	Gross receipts for filing requirements tests—add lines 1, 5 and 6		
Expenses and Disbursements			
9	Expenses attributable to gross income		
10	Expenses attributable to amount on line 6	7634	
11	Disbursements for purposes for which exempt		55040
12	Excess of receipts over expenses and disbursements—line 7 minus sum of lines 9, 10 and 11—Increase or (Decrease) in net worth (see instructions)		55866
Assets and Liabilities			
13	Total assets	Beginning of year	End of year
14	Total liabilities	110,935	165619
15	Net worth	17,331	16149
		93,604	149470
16	Have you engaged in any activities which have not previously been reported to the Internal Revenue Service? If "Yes," attach a detailed description of such activities		Yes No
17	Have any changes not previously reported to the Internal Revenue Service been made in your governing instrument, articles of incorporation, or bylaws, or other instruments of similar import? If "Yes," attach a copy of the changes.		Yes No
18	Is this a group return filed on behalf of affiliated organizations covered by a group exemption letter? (See instruction G.)		Yes No
19	Have you filed a tax return on Form 990-T, "Exempt Organization Business Income Tax Return," for this year?		Yes No
20	Was there a substantial contraction during the year? (See instruction O.) If "Yes," attach a schedule for the disposition(s) for the year(s) showing type of asset disposed of, the date(s) disposed, the cost or other basis, the fair market value on date of disposition and the names and addresses of the recipients of the assets distributed.		Yes No
21	Membership organizations enter amount allocated for political purposes		
22	Clubs exempt under section 501(c)(7) enter amount of:		
	(a) Initiation fees and capital contributions included in line 5, Part I		
	(b) Gross receipts from general public from use of club facilities included in line 1, Part II (or line 1, Part I, if only Part I is completed) (See instructions)		
23	Organizations exempt under section 501(c)(12) enter amount of:		
	(a) The total amount of gross income received from members or shareholders		
	(b) The total amount of gross income received from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)		

RECEIVED JUL 1 1974

PSC PHILA., PA.

28

24 Enter your principal activity codes from last page of instructions . . . . . 1913 1 1

25 The books are in care of **THE FUND FOR ANIMALS, INC.** Located at **190 W. 57TH ST. N.Y.C. N.Y.**  
Name and telephone number of person to be contacted during business hours **HR. C. AMORY 246-7096**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which he has any knowledge.

Date **JUNE 27 1974** Signature of officer or trustee **Cleveland Amory** PRESIDENT

Date **JUN 28 1974** Signature of preparer **Alexander Grant & Company**

Preparer's address **J.D. 55-6055558** Emp. Ident. or Soc. Sec. I.D. No.

**ALEXANDER GRANT & COMPANY**

5 25  
11 25

Part II Organizations with Gross Receipts of More Than \$10,000—Complete Part II  
Receipts from Other Sources (line 1, Part I)

Gross sales or receipts from all business activities (state nature). (Attach a statement explaining how each business activity not reported on Form 990-T contributed importantly to your exempt purpose. See instruction J.)

2 Interest	1056
3 Dividends	2945
4 Gross rents	
5 Gross royalties	
6 Gross amount received from sale of assets, excluding inventory items (attach schedule)	46963
7 Other income (attach schedule—Do not include contributions, gifts, grants, etc.)	
<b>B Total gross sales and receipts from other sources. Enter here and on line 1, page 1.</b>	<b>50964</b>

Expenses and Disbursements (lines 9, 10, and 11, Part I)	(A) Attributable to gross income	(B) Attributable to capital assets, etc., rec'd.	(C) For exempt purposes
9 Contributions, gifts, grants, and similar amounts paid (attach schedule—see instructions)			27,164
10 Disbursements to or for members (attach schedule—see instructions)			-
11 Compensation of officers, directors, and trustees (attach schedule—see instructions)			-
12 Other salaries and wages			79,265
13 Interest			5912
14 Taxes			21,010
15 Rent			3347
16 Depreciation (and depletion) (attach schedule—see instructions)			
17 Direct fees paid for raising contributions, gifts, grants, etc.		7534	186185
18 Other (attach schedule)			
19 Totals. Enter here and on lines 9, 10 and 11, page 1		7534	342886

Balance Sheets

	Beginning of Taxable Year		End of Taxable Year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
<b>Assets</b>				
20 Cash: (a) Savings and interest-bearing accounts				
(b) Other	37,258	37,258	42,631	42,631
21 Accounts receivable net		1021		
22 Notes receivable net (attach schedule)				
23 Inventories		609		1,629
24 Gov't obligations: (a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
25 Investments in nongovernmental bonds, etc. (attach schedule)		8584		8584
26 Investments in corporate stocks (attach schedule)		45584		45070
27 Mortgage loans (number of loans _____)				
28 Other investments (attach schedule)				
29 Depreciable (depletable) assets (attach schedule)	40,334		33517	
(a) Less accumulated depreciation (depletion)	5773	14561	9120	14397
30 Land		1900		1900
31 Other assets (attach schedule)		1118		1108
32 Total assets (line 13, Part I)		110,935		165,619
<b>Liabilities</b>				
33 Accounts payable		15,601		14,018
34 Contributions, gifts, grants, etc., payable				
35 (a) Bonds and notes payable (attach schedule)				
(b) Mortgages payable				
36 Other liabilities (attach schedule)		1830		2101
37 Total liabilities (line 14, Part I)		17,431		16,149
<b>Net Worth</b>				
38 Capital stock or principal fund balance				
FUND BALANCE		93,604		149,470
39 Paid in or capital surplus				
40 Retained earnings or income fund balance				
41 Total net worth		93,604		149,470
42 Total Liabilities and Net Worth		110,935		165,619

Foreign organizations—Enter book value \$..... and fair market value \$..... of assets held within the United States for investment.

**SCHEDULE A**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Organizations Exempt Under 501(c)(3)**  
**(Except Private Foundations Filing Form 990-PF)**  
**Supplementary Information**  
▶ Attach to Form 990.

**1973**

For the calendar year 1973 or other taxable year beginning ..... 1973, and ending ..... 19.....

Name THE FUND FOR ANIMALS INC. Employer identification number 13-6418740

**Part I Compensation of Officers, Directors and Trustees (See instructions)**

Name and address	Social security number	Title	Time devoted to position	Compensation
CLEVELAND AMORY		PRES	PART	NONE
JIM FOWLER		VICE-PRES	PART	NONE
WINTHROP WADLEIGH		TREAS	PART	NONE
HANION R. SCHAEFER		SECY	PART	NONE

**Part II Compensation of Five Highest Paid Employees (Other than included in Part I—see instructions)**

Name and address of employees paid more than \$25,000	Social security number	Title	Compensation
NONE IN EXCESS OF \$30,000			

Total number of other employees paid over \$30,000 ▶

**Part III Five Highest Paid Persons for Professional Services (See instructions)**

Name and address of persons paid more than \$30,000	Type of service	Compensation
NONE IN EXCESS OF \$30,000		

Total number of others receiving over \$30,000 for professional services ▶

	Yes	No
<b>1</b> During the taxable year, has the organization (1) attempted to influence any national, State, or local legislation, or (2) participated or intervened in any political campaign? . . . . .		✓
If "Yes," attach a statement giving a detailed description of such activities and a classified schedule of the expenses paid or incurred. Also, attach copies of any materials published or distributed by the organization in connection with such activities.		
<b>2</b> Are you related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization? . . . . .		✓
If "Yes," identify the organization and describe the relationship.		
<b>3</b> Have you engaged in during the year, either directly or indirectly, in any of the following acts with a trustee, director, principal officer, creator, or any organization or corporation with which such person is affiliated:		
(a) Sale, exchange, or leasing of property? . . . . .		✓
(b) Lending of money or other extension of credit? . . . . .		✓
(c) Furnishing of goods, services, or facilities? . . . . .		✓
(d) Payment of compensation (or payment or reimbursement of expenses)? . . . . .		✓
(e) Transfer of any part of your income or assets? . . . . .		✓
If the answer to any question is "Yes," attach a detailed statement explaining the transaction(s).		
<b>4</b> (a) Did the organization give notice as required by section 508(b) that it is not a private foundation? . . . . .		
(b) If the organization has received a final ruling or determination letter from the Internal Revenue Service that it is not a private foundation within the meaning of section 509(a), enter date of ruling or letter . . . . . ▶		
(c) If the organization has not received a final ruling or determination letter, indicate, if applicable, whether the organization has received a ruling or determination letter based on an: <input type="checkbox"/> Advance ruling <input type="checkbox"/> Extended advance ruling. Date of ruling . . . . . ▶		
<b>5</b> Attach a statement explaining how you determine that individuals or organizations receiving disbursements from you, in furtherance of your exempt programs, are qualifying recipients.		
<b>6</b> Do you make grants for scholarships, fellowships, student loans, etc? . . . . .		✓

**Reason for Non-Private Foundation Status (See instructions for definitions)**

The organization is not a private foundation because it is:

- 1  A church, school or hospital within the meaning of section 170(b)(1)(A) (i), (ii), (iii), or (v), respectively.
- 2  A medical research organization, operated in conjunction with a hospital as provided in section 170(b)(1)(A)(iii). Enter name and address of hospital.....
- 3  An organization operated for the benefit of a college or university owned or operated by a governmental unit as provided in section 170(b)(1)(A)(iv). (Complete support schedule.)
- 4  An organization that normally receives a substantial part of its support from a governmental unit or from the general public as provided in section 170(b)(1)(A)(vi). (Complete support schedule.)
- 5  An organization that normally receives no more than 1/3 of its support from gross investment income and more than 1/3 of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions. Refer to section 509(a)(2). (Complete support schedule. See instructions for method of accounting.)
- 6  An organization operated solely for the benefit of, and in connection with, one or more of the organizations described in blocks 1 through 5 (or for the benefit of one or more organizations described in section 501(c)(4), (5), or (6) and also described in 5 above), but not controlled by disqualified persons other than foundation managers. Refer to section 509(a)(3). (Attach a statement identifying and describing the organization(s) for whose benefit you are operated and the relationships between you and the organization(s).)
- 7  An organization organized and operated to test for public safety as provided in section 509(a)(4) (see instructions).

**Support Schedule (complete only if block 3, 4 or 5 above, is checked)**

	(a)	(b)	(c)	(d)	(e)
	1972	1971	1970	1969	Total
8 Gifts, grants and contributions received	251,996	167,799	116,059	76,504	612,358
9 Membership fees received					
10 Gross receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities in any activity which is not an unrelated business within the meaning of section 513					
11 Gross income from interest, dividends, rents, and royalties	2,438	1,169	1,850	439	5,896
12 Net income from unrelated business activities					
13 Tax revenues levied for your benefit and either paid to you or expended on your behalf	"				
14 The value of services or facilities furnished by a Governmental unit to you without charge (do not include the value of services or facilities generally furnished to the public without charge)					
15 Other income (do not include gain (or loss) from sale of capital assets)—attach schedule					
16 Total of lines 8 through 15	254,434	168,968	117,919	76,943	618,264
17 Line 16 less line 10	254,434	168,968	117,919	76,943	618,264
18 Enter 1% of line 16	2,544	1,690	1,179	769	

19 Organizations described in blocks 3 or 4 above:

- (a) Enter 2% of amount in column (e), line 17 . . . . . 12,365
- (b) Attach a list showing the name of and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts for the above four-year period exceeded the amount shown in (a) above and enter the sum of all of the excess amounts here . . . . . 114,650

20 Organizations described in block 5 above:

- (a) Attach a list, with respect to amounts shown on lines 8, 9, and 10, showing the name of, and total amounts received in each year from, each person who is a "disqualified person," and enter the sum of such amounts for each year:
  - (i) \_\_\_\_\_, (ii) \_\_\_\_\_, (iii) \_\_\_\_\_, (iv) \_\_\_\_\_
- (b) Attach a list showing the name and amount included in line 10 for each person (other than a "disqualified person"), but only if the amount for each year exceeds the greater of the amounts on line 18 for each year, or \$5,000. The term "person" includes a bureau or agency of a governmental unit, and each person described in section 170(b)(1)(A)(i) through (vi). Enter the sum of such excess amounts for each year: (i) \_\_\_\_\_, (ii) \_\_\_\_\_, (iii) \_\_\_\_\_, (iv) \_\_\_\_\_

21 Organizations described in blocks 3, 4, and 5 that have received any unusual grants during any of the above taxable years, attach a list for each year showing the name of the contributor, the date and amount of grant, and a brief description of the grant. Do not include such grants in line 8 above. (See instructions.)

Name THE FUND FOR ANIMALS INC  
 13-6718740

Year Ended 12/31/73

Schedule INVESTMENTS IN BONDS, STOCKS

	1-1-73	12-31-73
INVESTMENTS IN NONGOVERNMENTAL BONDS - PY LY4		
BRUMMEN CORP	8504	8504
INVESTMENTS IN CORPORATE STOCK - PY, LY5		
50 SH NEWMONT MINING	1044	1497
40 SH GOODYEAR TIRE & RUBBER	1130	1130
3 SH IBM	904	
200 SH IT+T PEP CORP	9902	9902
45 SH GM	3107	
750 SH <sup>12/31/73</sup> U.S. GYPSUM (700 SH <sup>12/31/73</sup> U.S. GYPSUM)	7324	5299
15 SH HOUBAILE IND, INC	217	
10 SH EASTMAN KODAK	1123	
100 SH AT+T	1310	1310
100 SH PANHANDLE EASTERN PIPE LINE	3541	3541
100 SH AMERICAN NATURAL GAS CO	3730	3730
100 SH GENERAL FOODS CORP	2519	2519
100 SH AETNA LIFE CASUALTY CO	6853	
60 SH GOODYEAR TIRE + RUBBER		1800
1750 SH CORGATE PALMOLIVE		38669
100 SH SOUTHERN CO.		1747
100 SH SOUTHERN PACIFIC CO.		3226

CARRIED FORWARD (5)

45684 79070



Name THE FUND FOR ANIMALS INC

Year Ended 12-31-73

13-5718740

Schedule CROSS AMOUNT FROM SALE OF ASSETS

		DATE FORWARD	COST	SALES
50	✓	U.S. GYPSUM	14x!	1101
215	✓	GENERAL MOTORS	72	2933
100	✓	ARENA LIFE CASUALTY	113172	7133
80	✓	MEMPHIS INDUSTRIES	127972	261
14	✓	EXETRAI KAPPA	122-73	1556
13	✓	IBM	VAR	3466
120	✓	AMERICAN HOME PRODUCTS	72672	4416
55	✓	COLGATE PALMOLIVE	VAR	23158
115	✓	GOODYEAR TIRE + RUBBER	112-73	2450
			48740	46963

Name THE FUND FOR ANIMALS INC.

Year Ended 1231-73

13-6218740

Schedule DEPRECIATION

1. Group and go down class or description of property	2. Date acquired	3. Cost or other basis	4. Depreciation allowed or allowable in prior years	5. Method of computing depreciation	6. Life or rate	7. Depreciation for this year
1 Total additional first-year depreciation (do not include in items below)						
2 Depreciation from Form 4532						
3 Depreciation from Form 5505						
4 Other depreciation:						
Buildings						
Furniture and fixtures	VAR	9888	1114	5K		7571
Transportation equipment		11699	4309	5K		3373
Machinery and other equipment						
Other (specify)		2000	350	5K		700
5 Totals						3348
6 Less amount of depreciation claimed in Schedule A						
7 Balance—Enter here and on line 21, page 1						

Name THE FUND FOR ANIMALS INC.Year Ended DECEMBER 31, 1973

Schedule \_\_\_\_\_

OTHER EXPENSES AND DISBURSEMENTS. PAGE Y LINE 18

CLEANING AND MAINTENANCE	1469
DATA PROCESSING	13049
EDUCATIONAL EXPENSES	54031
ENTERTAINMENT	645
INSURANCE	1303
LEGAL AND ACCOUNTING	161245
OFFICE EQUIPMENT RENTAL	1111
OFFICE EXPENSE	4431
OUTSIDE OFFICE SERVICES	6631
PAYMENTS TO INDEPENDENT CONTRACTORS	4050
POSTAGE	15475
PROMOTION AND PUBLICITY	15145
STATIONERY AND SUPPLIES	4998
TELEPHONE	21244
TRAVEL EXPENSES	31873
UTILITIES	641
MISCELLANEOUS	31166
VOLUNTEER MEETINGS + BOARD OF DIRECTOR MEETINGS	476
	<u>126,185</u>

(4)

THE PRECEDING DOCUMENT(S) MAY NOT FILM  
LEGIBLY BECAUSE OF POOR QUALITY OF THE  
ORIGINAL.

HB

726

# COMMITTEE REPORT

2/11/76

HOUSE

FINANCE

Mr. Speaker:

Date 4-20-76

The Committee on RESOURCES has had HB 726

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>W. A. Anderson</u>	_____	_____
<u>W. P. Sweeney</u>	_____	_____
<u>W. J. ...</u>	_____	_____
<u>W. ...</u>	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

W. A. Anderson Chairman

AMENDMENT

OFFERED IN THE HOUSE:

By: House Resources Committee

To: Amend HOUSE BILL No. 726

SENATE BILL No. \_\_\_\_\_

PAGE: 1

LINE: 9

Change \$ 3,000,000 TO \$ 1,000,000

*W. L. Anderson*  
*(Chairman House Resources)*  
*4/20/76*

Present were Swanson, Rhode, Huntington, Osterback, Brown, Staff Assistant Van Doren and Chairman Anderson.

Subject: HJR 60  
HB 726  
SSHB 626  
HB 854

It was moved that HJR 60 pass from the committee with a Do Pass recommendation, unanimously. Motion carried.

Mr. Rhode asked that HB 626 be brought to the floor. Approved for discussion. He presented the results of the polls conducted on HB 626. (copies available) Also, Palmer was sent by the governor to Seldovia to conduct a hearing at the request of the people there. The group in Seldovia voted 2 for a marine sanctuary, and 40 against. Mr. Rhode stated that condemnation proceedings are in Superior Court now, and action on the bill should probably be delayed until the Court decision is reached.

It was moved to table the bill until a time certain with a unanimous consent asked. Motion carried.

Mr. Rhode stated that there is also a "buy-back" bill (HB 854) in our committee which would fund the lease purchase by the state if necessary. He recommended delay of action on this bill also.

It was moved to bring HB854 before the committee for discussion. Motion carried.

It was moved to table HB854 until a time certain with unanimous consent asked. Motion carried.

Discussion of HB726 began with Chairman Anderson stating that there appeared to be no great enthusiasm for the bill among miners, but general agreement that it would help the small miner.

Swanson stated that \$1,000,000 would be a better figure than the \$3,000,000 in the bill. Finance could take it from there. It is a good bill--progressive, and an incentive for the small operator to continue mining.

Motion was made to reduce the fund amount to \$1,000,000, and adopt the language change as per amendment.

Huntington stated objection to an amount of money to be tied up for an indefinite time. It would be o.k. if it were used, and could be refunded if necessary in the future.

Mr. Swanson stated that the state wouldn't be losing anything no matter what.

Mr. Van Doren brought to the attention of the committee that the bill

doesn't say where income from sale of the stockpiled minerals would be put, or where any profit would go.

(Mr. Brown has arrived)

Mr. Holdsworth stated that when he was in office there were many unofficial inquiries on the mining fund, but no money was available to appropriate at the time. The fund could be cut from the \$3,000,000 and still be beneficial. Using the fund won't either increase or decrease the fund, if handled properly.

Motion to insert the \$1,000,000 amount in the bill was passed..

Mr. Brown raised a question on how much of the money would be used for disseminating information. Discussion ascertained that information is now readily available. Brown stressed that the funds need to be used for the minerals themselves, not information. He suggested that if the committee adopted the amendment referring to education, a committee report clarifying intent should accompany the bill.

Mr. Brown stated that there should probably be two separate bills--one with the appropriation amount, the other with any language or specific information applying to the mineral revolving fund.

Chairman Anderson asked staff to find out whether information is already being given out and funded through another source.

March 18 was set for the next hearing of HB726.

HB 804 will also be brought up on Mar. 18.

Mr. Swanson asked that staff consider going to a 5-year residency requirement on HB 808 to help alleviate some of the problems with the bill--this would tend to strengthen the bill.

Meeting adjourned.

## HB 726 - Staff Analysis

HB 726 was introduced to fund 41.05.040 (2 ch. 116 SLA 1962)

HB726 appropriates \$3,000,000 for the purchase by the fund of necessary metals other than gold, silver and platinum.

Staff review of the proposed legislation has determined that one possible objective of the bill is to allow the state to purchase metals from small mineral extraction operations who do not have significant resources or amount of minerals to be able to afford marketing and transportation of the mined minerals. Several small mining operations could sell their product to the state, the state in turn could stockpile the product until there was a sufficient amount to sent to market. In this way the small mining operator would have a market for his product.

The second possibility is that the state desires to enter into the speculative position of marketing minerals. In the short term, the state's investment in the stock market has not been proven successful. Perhaps the thrust of the legislation is to allow the state to speculate in minerals.

Staff suggestions and observations:

- 1). Although HB 726 states "metals" on line 11, the original act is a mineral resource revolving fund. Is the intent to stockpile "oil or gas"?
2. On line 11 appears the word "necessary". What is a necessary mineral and who determines what is necessary? Staff would rather see "necessary" eliminated.
3. If the intent is truly to help the small miner, because staff doubts the finance committees would be willing to allow an appropriation of \$3,000,000, perhaps rephrasing of the objective could be done to allow any monies appropriated to be used to assist the smaller mining operators in finding a market for their product or used in assisting in the formation of a co-op, consisting of a group of small minor operators. If the above suggestion is valid Sec. 41.05.040 could be amended to include the above suggestions after the words "purchase minerals".
4. Question: Is there any other revolving fund similarly set up at the present time?  
  
Question: Is there any revolving fund in which the money does not lapse into the general fund?  
  
Question: Will all the monies received from the sale of minerals to a qualified broker be returned to the fund, or will some monies be taken out for administrative purposes.
5. After all these years, why has this legislation been introduced in the first place?

HB

728

COMMITTEE REPORT

HOUSE

2/11/76

Mr. Speaker:

Date 4-21-76

The Committee on RESOURCES has had HB 728

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR H 3728 AND THAT

CS FOR H 3728 DO PASS

( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

[Signature] \_\_\_\_\_  
[Signature] \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

[Signature] Chairman

Bristol  
Bay  
Native  
Corporation

445 E. 5TH STREET / ANCHORAGE / ALASKA 99501 / PH. (907) 277-9511

March 2, 1976

The Honorable Nels A. Anderson, Jr.  
Alaska State House of Representatives  
Pouch "V"  
Juneau, AK 99801

Dear Nels:

I do not have a position of HB <sup>728</sup>~~722~~, which you cosponsored, however I do have a few comments that may be useful in your deliberations next week.

First of all, it appears the bill was written for only one case, that is, Prudhoe Bay, TAPS, and a proposed Trans-Alaska gas line. Since the bill only applies to new leases, I see a few problems in other remote presently unleased areas of Alaska. Also, I see a lot of harassment and potential litigation from (t) (4 and 5).

The state could shut-in a field (oil or gas or both) where there were no pipelines or other transportation facilities to alleviate the supply problems in some other part of Alaska while notices, hearings, etc. were held before granting an exemption.

In some instances (Alaska Peninsula) a field could involve State, Federal and Native lands. It certainly would not be practical to shut-in the portion of the field. This would not be a sound conservation practice and could well result in a waste of the states resources as well as revenue.

Historically, gas sales have been long term, otherwise the transportation, distribution and manufacturing facilities could not be financed. This being the case, the state may well be entering an area where unintentionally they are retarding development within the state, which I am sure was not the original intent of the bill.

Actually, what I think you may be striving for is some mechanism that applies only to the states future oil and gas royalty to supply local demand before export. Since this bill does not apply to any of the present oil or gas field and under the terms of the leases, the state can take its royalty oil or gas "in kind" there seems to be no great problem. There is however, a problem for the industry to finance new plants of any type in Alaska as long as there is a threat of shutting-in a field or the portion of a field on state leases.

AGO 935628 +

As a matter for thought, consider the situation in California for the past several years where production lagged far behind refinery capacity. What if California had passed a law banning export of refined products until notices and hearings were held?

Very truly yours,

BRISTOL BAY NATIVE CORPORATION

*W. C. Bishop*

W.C. Bishop  
Petroleum Consultant

TO: APC

DATE: 2/11/76

(SENATE - HOUSE) BILL 728

RE: state oil & gas leases

Check One:

- 1. TOP PRIORITY - in favor of X
- 2. FAVOR - in favor of, but not top priority \_\_\_\_\_
- 3. OK - no definite stand \_\_\_\_\_
- 4. NOT IN FAVOR \_\_\_\_\_
- 5. TOP PRIORITY - "Strongly Opposed" \_\_\_\_\_
- 6. BILL DOES NOT PERTAIN TO DIVISION \_\_\_\_\_
- 7. Bill does not directly pertain to division, but I am interested in its progress. Keep me informed. \_\_\_\_\_

COMMENTS: (Justification must be stated for #1 - #6 above. Continue on another page if needed).

In concept HB No. 728 appears to be wise legislation in that it would require the state to take a hard look at Alaska's need for oil and gas resources within the state before granting leases. Of course, any discussion of local consumption must take into consideration the cost of producing the resource and, more importantly, the cost of transporting it to the place of consumption (usually via pipeline).

It is not clear to the Commission, however, as to whether or not its determination of "existing need," as specified in the bill (p. 1, line 15), would satisfy the real intent of the legislature without some due consideration given to future need. Assuming rather constant growth in the state for the foreseeable future, those resources which are in excess of present needs may very well be critical to future needs. I am referring here not to the overall availability of gas and oil in the state, but to the future

Writer's Signature: *John R. Walker*  
Writer's Title: Chairman

AGO 935630

(Note: Please return to Information Officer/Leg. Asst., Office of the Commissioner)

(DEADLINE 24 hours)

Comments on HB 728 (Continued)

cost of producing a given resource and transporting it to the point of consumption and the ultimate price which must be paid by the consumer.

Another suggestion to further strengthen the bill is that a new subsection (v) be added. This would incorporate the concept that an examination by the Commission be conducted, consistent with due process of law, of projected transportation costs for the resource encompassed by a proposed lease (including capital costs, operating costs and rates) in order for the state to gain a reasonable understanding of the expected impact on wellhead values and the ultimate royalties and taxes anticipated prior to granting the lease. The state could then force producers to develop hard figures on transportation costs to be carefully scrutinized by the Commission to insure the protection of Alaska's interest. This may be an effective means of controlling cost overruns such as we have experienced on the TAP system.

at least

line - 25 consistency of members of oil industry  
timber industry, fishing-mining industry,  
environmental <sup>interest groups</sup> transportation

line 9 1,000,000 -

Fackler

O.K. Guilbault - Texas Legislature - No problem because of  
Marketing, transportation.

Alaska - limited transportation - Refining - Leaves no  
alternative for refining w/in the state. Any operator would have to  
construct a refinery to market the gas.

Bill does not define who is responsible to enforce or  
transport oil & gas.

AS 31 Pipeline Comm does not have the expertise to carry out the functions  
of the bill.

No requirement that there must be a way to get to the place it is  
needed. Nor how.

- Low demand for oil & gas due to small population.  
industry probably wouldn't want to bid under this provision.
- Too many people would have to review the leases

Mandatory phrase is

who would make that determination

HB 728 0 60,000 barrels per day -

150,000 barrels per day in royalty at 1.2 million per day  
through the pipeline

Impermissible burden on interstate commerce.

→ Standards set

If the needs are shown within the state the

Commissioner may require it to be refined within the state.

problems trying get rid of 180,000 barrels of refined  
oil per day.

Standards of practicality -

ALASKA  
STATE LEGISLATURE /

MEMORANDUM

March 19, 1976

TO: Senator John Huber

FROM: Franklin D. Fleeks  
Tax Counsel

SUBJECT: Legal Analysis in Support of SB 525 and HB 728  
"An Act relating to state oil and gas leases."

Introduction

Many of the large oil and gas producing states have found themselves in a quandry. Because the oil and gas resource found on their state lands have previously been contracted for, in this time of shortage, the states cannot divert their oil and gas to the needs of their citizens. In order to avert this situation, SB 525 and HB 728 added new subsections to AS 38.05.180. (Copies of the bills are attached). The new subsections also give the Alaska Pipeline Commission the authority to determine, after notice and hearing, that the oil or natural gas is not required for intrastate use.

Industry' Position

The oil and gas industry does not agree with the new subsections. If the bills are passed, the industries' protest will probably be in the

nature of a court case. The principal argument would be " . . . that the legislation would be an unconstitutional interference with interstate commerce, in violation of the Commerce Clause (Art. I, Sec. 8, clause 3) of the United States Constitution . . ." (see copy of letter attached) Two of the principal cases relied upon would be: (a) West v. Kansas Natural Gas Co., 221 US 229, 55 L.ed. 716, 31 S.Ct. 564, (1911) and (b) Commonwealth of Pennsylvania v. State of West Virginia, 262 U.S. 553, 67 L.Ed. 1117, 43 S.Ct. 658 (1923).

In West, a 1907 Oklahoma statute attempted to prohibit gas pipeline construction and transportation to only domestic corporations whose charters provided that the gas was only to be transferred to points within Oklahoma. The statute was held unconstitutional as interference with interstate commerce. The second case, Commonwealth of Pennsylvania, also involved natural gas. West Virginia passed a statute limiting the sales of natural gas from its wells to neighboring states. The case stated:

" . . . Natural gas is a lawful article of commerce, and its transmission from one state to another for sale and consumption in the latter is interstate commerce. A state law, whether of the state where the gas is produced or that where it is to be sold, which by its necessary operation prevents, obstructs, or burdens such transmission, is a regulation of interstate commerce - a prohibited transaction. . . "

If we stopped at those cases, then industries' position would be unassailable. However, the two cases mentioned above are not determinative.

Analysis in Support of SB 525 and HB 728

The new subsections are valid as an exercise of the state's police powers. The exercise of police power by a state is aimed at the conduct, activities and operations of people within the state in the interest of the health, welfare, and safety of the people of the state in general. The point was succinctly stated in Huron Portland Cement Co. v. City of Detroit, 362 U.S. 440, 4 L.Ed. 2d 852, 80 S.Ct. 813 (1960):

" . . . In determining whether the state has imposed an undue burden on interstate commerce, it must be borne in mind that the Constitution when 'conferring' upon Congress the regulation of commerce . . . never intended to cut the states off from legislating on all subjects relating to the health, life, and safety of their citizens, though the legislation might indirectly affect the commerce of the country. Legislation, in a great variety of ways, may affect commerce and persons engaged in it without constituting a regulation of it, within the meaning of the Constitution . . ."

Later in the case the Supreme Court stated: " . . . State regulation based on the police power, which does not discriminate against interstate commerce or operate to disrupt its required uniformity, may constitutionally stand . . ."

To help interpret the impact of state regulations on interstate commerce the Supreme Court has formulated two tests. The tests are:

(a) Subject matter test -- If the subject matter of the state regulation does not require a single uniform rule, but rather is of local concern and permits diverse regulation, then the state regulation is generally valid.

(b) Balancing test -- (most frequently used) In each particular case, the Supreme Court will determine the extent of the burden on

interstate commerce imposed by the state regulation in terms of difficulty, cost of compliance and the inefficiency involved. It will weigh this against the strength and merit of the state interest in the regulations.

The balancing test was used in Cities Service Gas Co. v. Peerless Oil and Gas Co., 340 U.S. 179, 95 L.Ed. 190, 71 S.Ct. 215 (1950). The case involved the state fixing a rate for transportation of gas. Ninety percent of the gas was consumed outside of the state. The Supreme Court held the following:

" . . . It is now well settled that a state may regulate matters of local concern over which federal authority has not been exercised, even though the regulation has some impact on interstate commerce . . . The only requirement consistently recognized has been that the regulation not discriminate against or place an embargo on interstate commerce, that it safeguard an obvious state interest, and that the local interest at stake outweigh whatever national interest there might be in the prevention of state restrictions. Nor should we translate the quiescence of federal power into an affirmation that the national interest lies in complete freedom from regulation. . . ."

Review of new subsection (t) of the bills reveals that the categories set out are "aimed at the conduct, activities and operations of people within the state in the interest of the health, welfare, and safety of the people of the state in general." supra. There is an obvious state interest in providing for its citizens' needs from oil and gas from state lands before shipment in interstate commerce and that interest outweighs the national interest.

In Commonwealth of Pennsylvania, supra, which the industry cites, Justice Holmes wrote a vigorous dissent. That dissent is pertinent for

Alaska's case. The bills regulate oil and gas before it enters the stream of commerce. The dissent states:

". . . The statute seeks to reach natural gas before it has begun to move in commerce of any kind. It addresses itself to gas hereafter to be collected and states to what uses it first must be applied. The gas is collected under and subject to the law, if valid, and at that moment it is not yet matter of commerce among the states. I think that the products of a state, until they are actually started to a point outside it, may be regulated by the state notwithstanding the commerce clause . . . (emphasis added) However, for the decision in the case referred to goes, it cannot outweigh the consensus of the other decisions to which I have referred and that seem to me to confirm what I should think plain without them, that the Constitution does not prohibit a state from securing a reasonable preference for its own inhabitants in the enjoyment of its products even when the effect of its law is to keep property within its boundaries that otherwise would have passed outside . . ." (emphasis added).

#### Conclusion

From the discussion above, the bills are constitutional. Any court case brought by the oil and gas industry can be contested with a more than even chance of winning. In this endeavor, Alaska is not alone. The second largest state, Texas, has a similar law. (See copies attached.)

Attachments

I. SB 525

II. HB 728

III. Letter to Rep. Brown from Monte Taylor, Exxon Lobbyist

IV. Texas statute Art. 5382f.

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH S - JUNEAU 99811

February 24, 1976

The Honorable Nels Anderson  
Chairman  
House Resources Committee  
Alaska State Legislature  
State Capitol Building  
Juneau, Alaska

Re: House Bill No. 728

Dear Mr. Anderson:

House Bill No. 728, an Act relating to state oil and gas leases was introduced in the House on February 11, 1976 and was referred to the House Resources Committee.

For the consideration of the House Resources Committee, I am enclosing a copy of a Fiscal Note and accompanying memorandum prepared by Mr. Thomas K. Williams, Director, Petroleum Revenue Division, Department of Revenue, Anchorage, Alaska.

If you or any members of the House Resources Committee have any questions on the material submitted, please telephone the writer and I will contact Mr. Williams in Anchorage for further information.

Very truly yours,



R. D. Stevenson  
Special Assistant

Enclosure

cc: The Honorable Mike Bradner  
Speaker of the House  
Prime Sponsor - House Bill No. 728

Thomas K. Williams  
Director  
Petroleum Revenue Division  
Department of Revenue  
Anchorage, Alaska

AGO 935640 +

THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. House Bill 728  
 Title: Act relating to state oil and gas leases  
 Requested by: \_\_\_\_\_ Date: \_\_\_\_\_  
 Return Date Requested: \_\_\_\_\_  
 Agency: Revenue Program: Petroleum Revenue

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Petroleum Revenue

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	None	None	None	None	None	None

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. ATTACHMENTS

See attached memorandum dated February 20, 1976 from Thomas K. Williams to R. D. Stevenson.

*Thomas K. Williams*

V. DATE: February 20, 1976 PREPARED BY: Thomas K. Williams

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

# MEMORANDUM

State of Alaska

TO: R. D. Stevenson  
Special Assistant  
Department of Revenue

DATE: February 20, 1976

FILE NO:

TELEPHONE NO:

FROM: Thomas K. Williams  
Director  
Petroleum Revenue Division  
Department of Revenue

SUBJECT: House Bill 728

H.B. 728 would require that no oil or gas production from future leases enter interstate commerce without a finding by the Alaska Pipeline Commission that such oil or gas is not needed by in-state users. If in-state users needed some or all of such oil or gas, the lessee would be required by the lease to discriminate against Outside users in favor of in-state users. This may impermissibly burden interstate commerce and the view of the Attorney General should be sought as to the constitutionality of the bill.

The Petroleum Revenue Division would not be involved in the determinations to be made by the Alaska Pipeline Commission, and so no additional expense or funding is needed for the Division.

No tangible effects on Treasury can be seen, except conjectural effects on bonus bids offered to the State in future lease sales. The possibility of State control over interstate sales of production could dampen would-be bidders' enthusiasm.

TKW:dh

cc: Frederick P. Boetsch  
Deputy Commissioner - Taxation

CHAIRMAN:  
NELS A. ANDERSON, JR.

STAFF ASSISTANT:  
GUY VANDOREN

POUCH V  
JUNEAU, ALASKA 99811



VICE CHAIRMAN:  
TED SMITH

SECRETARY:  
~~XXXXXXXXXXXX~~  
Ruth I. Allington  
PHONE: 465-3715  
465-3781

## House Resource Committee

FRED BROWN

MIKE HERSHBERGER

ALVIN OSTERBACK

LESLIE (RED) SWANSON

DICK ELIASON

LEO RHODE

JAMES HUNTINGTON

March 8, 1976

Mr. Avrum Gross  
Attorney General  
State of Alaska

Dear Mr. Gross;

I would like to ask your assistance in giving to the House Resource Committee a legal opinion on the constitutionality of the proposed leasing condition expressed in HB 728. We will schedule another hearing on this legislation as soon as these verdicts are in.

Thank you.

  
Nels A. Anderson, Jr.  
NAA/ra

# STATE OF ALASKA

## DEPARTMENT OF LAW

JAY S. HAMMOND, GOVERNOR

April 1, 1976

Representative Nels A. Anderson, Jr.  
Chairman  
House Resources Committee  
State of Alaska  
Pouch V, State Capitol  
Juneau, Alaska 99811

Dear Representative Anderson:

You have asked for a legal opinion concerning the constitutionality of HB 728. This bill would require that all State oil and gas leases issued after the effective date of the bill contain terms and conditions to the effect that a lessee agrees not to sell oil or gas produced from the leasehold outside the state, unless the Alaska Pipeline Commission finds the oil or gas is not needed for specified in-state uses. HB 728 is substantially the same as a law adopted by the State of Texas in 1975. 1/

The principal constitutional question raised by this bill is whether it would impermissibly burden interstate commerce. It is an established principle of constitutional law that

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1/ The Texas Attorney General's Office advises that no applications have been made to the Railroad Commission for sales outside of Texas because the intrastate price of gas is presently much higher than the interstate price. The Texas Attorney General's office also stated that it had not conducted an analysis of the constitutionality of the Texas statute.