

304

HRES

HB

878

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HCR

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78

HB 878 FUNCTIONS AS A SEVERANCE TAX AT THE RATE OF ABOUT SEVEN PERCENT OF INCOME FROM MINING OPERATIONS. IT IS IMPOSED ON TOP OF FEDERAL AND STATE INCOME TAXES, PROPERTY TAXES, SALES TAXES, ETC. IN COMBINATION WITH EXISTING STATE INCOME TAXES IT RESULTS IN WHAT MAY BE THE HIGHEST RATE OF STATE TAXATION ON MINING IN THE U.S.M.

MY TESTIMONY IS BASED UPON THE FOLLOWING ASSUMPTIONS. TO THE EXTENT THAT THESE ASSUMPTIONS MIGHT NOT BE CORRECT, THIS TESTIMONY WOULD NOT HAVE APPLICATION.

1. THAT ALASKANS DESIRE TO BE A FREE PEOPLE.

2. THAT ALASKANS DESIRE TO BE AS NEARLY SELF SUFFICIENT AS THEIR RESOURCES WILL ALLOW.

3. THAT ALASKANS PREFER NOT TO CALL FOR FEDERAL HANDOUTS WITH THEIR ATTENDANT BUREAUCRATIC CONTROLS OR OUTRIGHT COERCION.

4. THAT KNOWLEDGEABLE ALASKANS RECOGNIZE THAT IN MOST OF THE STATE, PARTICULARLY NORTH OF THE ALASKA RANGE, THERE IS VERY LITTLE BASIS FOR SIGNIFICANT ECONOMIC DEVELOPMENT OTHER THAN THE EXTRACTION OF MINERALS OR MINERAL FUELS.

5. THAT ALASKANS UNDERSTAND THAT BECAUSE OF SAVAGELY HIGH COSTS, LACK OF TRANSPORTATION AND LACK OF INFRASTRUCTURE, HARD ROCK MINERAL DEPOSITS IN MOST AREAS OF ALASKA MUST BE TWO OR THREE TIMES MORE VALUABLE THAN IN CONTINENTAL U.S. IN ORDER TO BE COMMERCIAL, AND THAT THESE EXCEPTIONAL DEPOSITS ARE VERY DIFFICULT AND VERY EXPENSIVE TO FIND.

6. THAT KNOWLEDGEABLE ALASKANS REALIZE THAT SINCE THE LAST SIGNIFICANT MINING OPERATION IN ALASKA CLOSED IN 1938, MORE THAN 125 MILLION DOLLARS HAS BEEN EXPENDED IN HARD ROCK EXPLORATION WITHOUT MAKING A DISCOVERY PROVEN TO BE COMMERCIAL UNDER CURRENT CONDITIONS. THIS EXPENDITURE DOES NOT COUNT GOVERNMENT GEOLOGICAL SURVEYS.

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7. THAT THE MINING INDUSTRY WILL BEAR THE COSTS OF DEVELOPMENT OF TRANSPORTATION AND INFRASTRUCTURE TO THE EXTENT THESE MAY NOT EXIST AT THE TIME OF ANY FUTURE DECISION TO PRODUCE.

8. THAT KNOWLEDGEABLE ALASKANS RECOGNIZE THE SEVERE PROBLEMS OF CAPITAL SHORTAGE AND CAPITAL FORMATION FACED BY THE U.S., AND THAT UNLESS TAXES ARE REVISED TO ALLOW FASTER GENERATION OF PRIVATE CAPITAL, THE CAPITAL NEEDS OF U.S. INDUSTRY WILL EXCEED THE SUPPLY BY INCREASING MARGINS, WITH SERIOUS CONSEQUENCES UPON THE ABILITY OF U.S. INDUSTRY TO PRODUCE THE NEEDS OF ITS CITIZENS. REFERENCE IS MADE TO THE CURRENT PLIGHT OF THE STEEL, RAILROAD, AND MINING INDUSTRIES AMONG OTHERS.

9. THAT ALASKANS ARE CONCERNED ABOUT THE BURGEONING BUREAUCRACY AND MIND BOGGLING WASTE THEY SEE IN THE EXPENDITURE OF THEIR TAX DOLLARS.

10. THAT ALASKANS UNDERSTAND THAT METAL PRICES ARE SET BY THE WORLD MARKET, AND THAT BECAUSE OF THIS, MINE OPERATORS CANNOT PASS ON THE COST OF TAXES.

11. THAT ALASKA COMPETES WITH THE REST OF THE WORLD AS A PLACE TO SPEND EXPLORATION DOLLARS, AND THAT POLITICAL STABILITY AND INVESTMENT CLIMATE ARE CRITICAL FACTORS IN MANAGEMENT DECISIONS ABOUT WHERE TO SPEND EXPLORATION DOLLARS. CURRENT PROBLEMS OF LAND STATUS, TAX LEGISLATION, AND GOVERNMENT REGULATION ARE CASTING A CLOUD OVER ALASKA'S EXPLORATION POTENTIAL.

12. THAT ALASKANS WANT JOBS FOR THEMSELVES AND FOR THEIR CHILDREN.

13. THAT ALASKANS UNDERSTAND THAT JOBS COME FROM INDUSTRY, INDUSTRY RESULTS FROM INVESTMENT, AND INVESTMENT REQUIRES A RETURN COMMENSURATE WITH ITS RISK.

BASED UPON THE FOREGOING ASSUMPTIONS, THE ISSUES EVOKED BY HB 878, AS BY ANY SPECIAL TAX ON MINING, INCLUDING THE EXISTING ONE TO BE REPLACED BY HB 878, ARE MORE THAN SIMPLE TAX ISSUES.

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THE ISSUES ARE JOBS FOR OURSELVES AND OUR CHILDREN, THE SURVIVAL OF A FREE ENTERPRISE ECONOMY, AND THE PRESERVATION OF INDIVIDUAL LIBERTY.

THE SEVERANCE TAX PROPOSED BY HB 878, AS ALSO THE PRESENT MINING LICENSE TAX, TENDS TO PREVENT THE CREATION OF JOBS, THE DEVELOPMENT OF ENTERPRISE, THE PRIDE OF SELF SUFFICIENCY, AND THE PRESERVATION OF INDIVIDUAL LIBERTY. IT IMPEDES THESE THINGS BECAUSE IT DISCOURAGES EXPLORATION, WHICH MUST PRECEDE THE DEVELOPMENT OF A MINING INDUSTRY. WITHOUT INDUSTRY THERE ARE NO JOBS, AND WITHOUT JOBS ALASKANS ARE REDUCED TO A KIND OF PARASITIC SERVITUDE AT THE MERCY OF THE FEDERAL PORK BARREL.

THE QUESTION POSED BY HB 878 AND BY THE CONTINUED EXISTANCE OF THE PRESENT MINING LICENSE TAX WHICH IS ALSO A SEVERANCE TAX IN CONCEPT, IS:

DO ALASKANS WANT A MINING INDUSTRY?

WE HAVE NOT HAD A HARD ROCK MINE, MUCH LESS AN INDUSTRY, FOR ALMOST FORTY YEARS. PERHAPS IT MIGHT OCCUR TO THE PUBLIC AND THE LEGISLATURE THAT A COMBINED RATE OF CORPORATE INCOME TAX AND SPECIAL MINING TAX OF PROBABLY THE HIGHEST IN THE NATION IS A MAJOR CONTRIBUTING FACTOR TO AL MISSING MINING INDUSTRY.

SEVERANCE TAXES IMPOSED ON MINING DISCOURAGE EXPLORATION INVESTMENT, THEREBY CAUSING A LOSS OF EMPLOYMENT. THE CONTINUED NON DEVELOPMENT OF A TAX BASE THUS ACTUALLY CAUSES A LOSS OF REVENUE TO THE STATE COMPARED TO WHAT COULD HAVE BEEN REALIZED FROM REGULAR CORPORATE INCOME TAXES ON AN INDUSTRY THAT MIGHT GROW IN THE ABSENCE OF A SEVERANCE TAX.

ONE MUST HAVE INCOME BEFORE THERE IS ANYTHING TO TAX. IF THE PEOPLE OF ALASKA WANT INCOME FROM MINING, THEN IT WILL PROVE USEFUL TO HAVE A MINE.

IF ALASKANS WANT JOBS THEY WILL NEED MINING. IF ALASKANS WANT A MINE, THEY SHOULD ASK YOU LEGISLATORS TO REMOVE THE SPECIAL TAXES ON MINING. IT IS UP TO ALASKANS TO MAKE THEIR WISHES KNOWN.

MINING TAXES PROPOSED IN 1975 AND 1976 HAVE LOST FIFTEEN POTENTIAL JOBS FOR ALASKANS IN MY COMPANY AND ITS SUB CONTRACTORS. I BELIEVE MOST ALASKANS PREFER WORK TO WELFARE. I BELIEVE MOST ALASKANS WOULD LIKE TO BUILD SOMETHING OF VALUE AND WOULD LIKE TO BE A FREE AND SELF SUPPORTING PEOPLE, NOT LIVING OFF THE TAXES PAID BY THEIR FELLOW AMERICANS.

ONE STEP TOWARD SELF SUFFIENCY IS TO REMOVE THE SPECIAL
TAXES ON MINING AND THUS TO ENCOURAGE THE DEVELOPMENT OF AN
INDUSTRY THAT CREATES REAL JOBS.

RESPECTIVELY SUBMITTED,

JEFF KNAEBEL, 3230 AIRPORT WAY, FAIRBANKS AK

JEFF KNAEBEL

TLX 090354 02

1252 EST

IPMAFUB AHG

(6)

Anchorage Helicopter Service, Inc.
1812 East 5th Avenue
Anchorage, Alaska 99501
(907) 277-1437

Rec'd 4/7

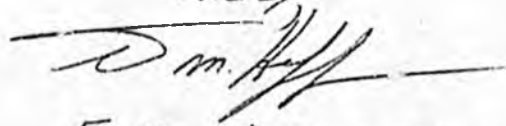
4-5-76

DEAR REP. ANDERSON,

I'M A TWELVE YEAR ALASKA RESIDENT, AND I'M FLYING HELICOPTERS FOR A LIVING. I'D LIKE TO CONVEY TO YOU MY PERSONAL DISLIKE OF SPECIAL TAXES ON THE MINING INDUSTRY. WE QUITE OFTEN WORK FOR MINERAL EXPLORATION FIRMS, AND I KNOW FIRST HAND THE ARDUOUS, FINANCIALLY RISKY, NATURE OF THEIR WORK. TO ADD FURTHER BURDENS OF SPECIAL TAXES, OR RESTRICTIVE REGULATIONS, WOULD BE UNFORTUNATE FOR OUR STATE. ONE OF OUR MOST PRODUCTIVE INDUSTRIES WOULD BE ~~SENT BACK~~ AT THE TIME WE SHOULD BE ADVANCING TO BECOME THE STORE HOUSE FOR VITAL SUPPLYS TO OUR NATION. PLEASE DO WHAT YOU CAN TO HELP.

THANK-YOU FOR YOUR TIME.

SINCERELY


F. H. HEFFERNAN

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HB
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April 1, 1976

Nels Anderson
Chairman House Resources Committee
Juneau, Alaska

Dear Sir:

It is my understanding that hearings begin early this month, concerning special mining taxes it is my opinion if we are going have people productively employed at doing worthwhile things for themselves and their fellow man we cannot kill them with taxation.

I am against any concept of special mining tactics.

Sincerely,

E. S. Albright, President

April 1, 1976

Wm. Hovey Smith
3230 Airport Way
Fairbanks, Alaska 99701

Dear Sirs:

I would like to register the following comments on the proposed Mining License Tax:

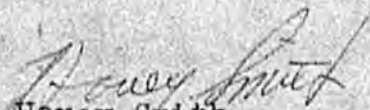
A. If the Mining License Tax as presently proposed is enacted, Alaska would effectively price itself out of the metallic mineral market. Known porphyry mineral deposits in Alaska are large, but low grade. This type of deposit has the potential of bringing into Alaska large amounts of outside money for exploration, development, and production; but the low grade of known deposits, the very high cost of developing such a deposit in Alaska, and the addition of a Mining License Tax would effectively kill exploration and development of this variety of mineral deposit.

B. Another type of mineral deposit which is presently being sought in Alaska is the massive Sulfide type. These deposits are much smaller than porphyry deposits, must be higher grade, but still outside exploration capital is required for their exploration and development. Finding these deposits is a very high risk exploration venture. If any hope of profit is removed by taxation, this exploration will not be done and no mineral deposits which would help the Alaskan economy will ever be developed.

C. If the purpose of the legislature is to bow under the pressure of the Sierra Club and others who seek to keep Alaska as a sort of Natural Park, the Mining License Tax will help insure that Alaska will be forever poor, underdeveloped, and dependent on the federal government. If a strong financially secure state is desired, we must develop our own natural resources.

D. If mining is to be taxed, and no one disputes that the mining industry should pay taxes, the taxes should be nominal; and the approach of a tax free holliday while a property is being explored and for the first three years of production should have serious consideration.

Sincerely,


Wm. Hovey Smith
Exploration Geologist

Send copy

to Bob Boas

Gen. Mgr

BBC

Dillingham

In his info

DMJ
NA



The Honorable Terry Gardiner
Chairman Judiciary Committee
Pouch V
State Capitol
Juneau, AK 99811

April 22, 1976

Dear Mr. Gardiner:

Cominco American Incorporated has been active in exploring for minerals in Alaska for the past four years, and we consider Alaska an excellent location to discover new mineral deposits. If the political and tax structures within the State are not conducive to develop and mine new deposits, our exploration efforts would be better directed to areas more favorable and receptive to keep us competitive in the world market.

Having been unable to attend the resource committee meeting regarding the Mining License Tax in Alaska on April 8, 1976, I would like to comment at this time. For the record, Cominco American Incorporated does not subscribe to the continuation of the Mining License Tax (Bill 878) as recently revised and resubmitted. We realize this is not in accord with those from Industry who spoke at the April 8 meeting, and hence the reason for this reply.

The Mining License Tax by itself will not preclude the development of a major producing venture, but it most certainly does and will add to the total tax burden present for the development and production of minerals in the State of Alaska. At this time, I know you are well aware of the high taxes set for mining in Alaska and the high cost of doing business in the state, let alone the remoteness of nearly all areas within the State.

In the particular instance of the present Mining License Tax (Bill 878) which has been presented, reviewed and nearly passed, attention should be given to a thorough analysis as to its effect on the total mining tax picture before passage. This is to mean: 1. Will the passing of the present bill bring future dollars into the State from something which is nearly nonexistent, and 2. Is there a more viable tax structure which would give the State a base from which to gain additional revenues?

The Honorable Terry Gardiner
April 22, 1976
Page Two

Your attention and time devoted to our thoughts is appreciated, and we would hope your good judgment to the matter could be beneficial to both the State and Industry.

Yours truly,

G.G. Booth

G.G. Booth,
Exploration Geologist

cc: W.E. Bradley	H. Eyrich
Fred Brown	K. Mote
Samuel R. Cotton	R. Babcock
Richard I. Eliason	R. Chadwick
Charles H. Parr	M. Chase
Keith W. Specking	C. Hawley
Mike Colletta	P. Holdsworth
John Butrovich	J. Knaebel
✓ Nels A. Anderson, Jr.	J. Stephens
Hugh Malone	W. McGregor

GGB/drs

TELEGRAM

ALASKA ALASKA COMMUNICATIONS, INC.

PHONE: 585-6710

JUNEAU, ALASKA 99801

#

12 024 POM FAIRBANKS ALASKA 15 03-31 915A AST

1976 MAR 31 PM 2 37

REP NELS ANDERSON

~~7340~~

JUN

WE ARE AGAINST SPECIAL TAX ON MINING INDUSTRY SPECIAL

PENALTY NOT NEEDED IN ALASKA

GEORGE E GORDON PRES COLLEGE UTILITIES CORP

BOX 88909 COLLEGE

MINING TAX BILL
8

TELEGRAM

ALASKA COMMUNICATIONS, INC.
PHONE: 536-6440
JUNEAU, ALASKA 99801

#

02 029 ANCHORAGE AK 88 04-12 1025A AST

PMS GOV J HAMMOND

JUN 2098

CONTRARY TO STATEMENTS BEING MADE IN TELEGRAMS OR IN THE PRESS,
THE ALASKA MINERS ASSOCIATION IS IN GENERAL SUPPORT OF HB 878
WE DID REQUEST MINOR AMENDMENTS WHICH CLARIFIED INTENT OF
LEGISLATION, AND POINTED OUT THAT CARRY OVER OF NET OPERATING
LOSES SHOULD BE ADDED TO ADDRESS THE PROBLEM OF OPERATIONS
IN A PERIOD OF LOW METAL PRICE. HOWEVER WITH THESE MINOR POINTS
WE HONOR OUR OBLIGATION TO THE STATE AND DEPARTMENT OF REVENUE
MADE IN OUR JOINT MEETINGS ON THIS TAX

C C HAWLEY CHAIRMAN ANCHORAGE BRANCH AMA
SRA BOX 780 ANCHORAGE AK 99507

Shan

1976 APR 12 PM 4 10

CHAIRMAN:
NELS A. ANDERSON, JR.

STAFF ASSISTANT:
GUY VANDOREN

POUCH V
JUNEAU, ALASKA 99811



VICE CHAIRMAN:
TED SMITH

SECRETARY:
~~BETH O'DONNELL~~
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

May 10, 1976

Jeff Knaebel
PO Box 81467
College, Alaska 99701

Dear Mr. Knaebel:

Thank you for giving me an opportunity to further express my views on an issue that requires further explanation. I am not adverse to public exposure provided by the press. I believe deeply in every view getting "aired" adequately.

The mining tax issue is one issue that brings us to the point of where mark-up work is done. I am sure you know that committees seldom take news releases as a reliable source for amendments to specific pieces of legislation.

The democratic process commands an open forum on all issues. My feelings on your opposition to the rewritten mining tax law are unimportant. My statement regarding the work that needs to be done in the committee system is still valid. The committee system is open to all people and my committee had this measure before it for a long enough time to allow all sides to take part.

The bill is still in the Finance Committee at this time. The Finance Committee would be happy to hear your views when the bill comes up for consideration. The process there will be an open process, as it was in my committee.

I appreciate the comments and hope that this letter will help you see my point of view.

Here's to open participatory government.

Very Sincerely,

Nels A. Anderson, Jr.

cc. B. Waugaman, C. Hawley, P. Holdsworth, F. Pratt, A. Gregory,
T. Snapp

rec'd
4/22

PO Box 81467
College, Alaska
April 20, 1976

Mr. Nels A. Anderson, Jr., Chairman
House Resource Committee
Pouch V
Juneau, Alaska

Dear Chairman Anderson:

Thank you for taking the time to talk with me on the telephone today. I do appreciate it.

One thing that you said concerns me because of how it might relate to the operation of our system of democratic government. You said, more or less, "do your work in committee, not in the press". This leads me to wonder how you perceive the democratic process.

Do you favor work in a closed system of committees, or truly participatory democracy? The press is a vehicle through which the public is informed of issues so that people may respond. Few people know what happens in legislative committees. Only a very few have the money and can take the time from their jobs to come to Juneau to "work through committee", as you say. Usually it is only the special interests who make it to the closed system of "committee work". I am concerned because you sounded as if you might be averse to press exposure of issues in committee.

Since, according to some of my friends who know you, you are an "up and coming" politician, I am concerned about how you view this process. I truly hope that you favor an open, participatory government with maximum involvement of the public. This would seem to require an active, informed free press. Government of the people, by the people, for the people inherently must be an open process or it cannot succeed.

I would appreciate your views on this matter, and once again I thank you for your time on the telephone today.

Respectfully,



Jeff Knaebel

JK:km

cc: B. Waugaman, C. Hawley, P. Holdsworth, F. Pratt, A. Gregory, T. Snapp

↓ Wm. I. Waugaman, Pres.
Alaska Miners Association

PO Box 60450

Fairbanks, Alaska 99701

↓ G.C. Hawley

5109 Shaun Circle

Star Route A, Box 78-D

Anchorage, Alaska 99507

↓ Tom Snapp

with paper

Tundra Times

510 - 2nd Ave., Rm. 220

Fairbanks, Alaska 99701

↓ Albre Gregory, Editor

Nome Nugget

Nome, Alaska 99762

↓ Fred Pratt

Fairbanks Mtn.

Box 710 Fair 99701

~~Frank Pratt
7446 E 30th Ave.
Anchorage Alaska 99504~~

Phil R. Holdsworth

326 - 4th St., Ab. 1009

↓ Dunbar, Alaska 99801



C. R. Lewis Co. Inc.

PLUMBING - HEATING - SHEET METAL

rec'd 5/10

1500 POST ROAD, ANCHORAGE, ALASKA 99501 - 907-272-4541

May 5, 1976

Mr. Nels Anderson, Jr.
Chairman House Resource Committee
Pouch V
Juneau, Alaska

Dear Nels:

It was good to see you in Juneau a few days ago. Wish I had had more time to spend there and you and I could have had some time together.

We share one thing in common. That is the concern for jobs in Alaska for Alaskans. In view of this, I trust you will carefully consider any increase in taxes or change in tax structure which would make it more difficult for outside risk capital to come in and develop our resources and provide jobs for Alaskans--especially those in the bush area.

What is the present status of House Bill 878? I am especially concerned about this bill and certainly hope it never gets out of your committee.

Will appreciate a note at your convenience.

Best Personal Regards,

Clyde R. Lewis
C. R. Lewis Co.

CRL/ces

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

ALVIN OSTERBACK

DICK ELIASON

LEO RHODE

MIKE HERSHBERGER

LESLIE (RED) SWANSON

JAMES HUNTINGTON

May 13, 1976

C.R. Lewis Co., Inc.
1500 Post Road
Anchorage, Alaska 99501

Dear Mr. Lewis:

Sorry I'm so late in answering your letter of May 5, 1976, regarding HB 878.

The bill moved out of my committee on April 12, 1976, with a Do Pass recommendation. Mr. Phil Holdsworth, C.C. Hawley, and others were here during the mark-up. The information we got from the mining industry and the administration was that the existing mining tax was rewritten jointly.

The new bill imposes no new tax exposure in the mining industry as I understand it. If it does, then I am guilty of a horrible oversight.

Please find enclosed our CS for HB 878 for your consideration. I also would ask you to contact Mr. Holdsworth, or C.C. Hawley, to clarify any problems that may be in the bill.

Very Sincerely,

Nels A. Anderson, Jr.
NAA/ra

8822

HB

"An Act relating to timber salvage contracts."

COMMITTEE REPORT

HOUSE

3/25/76

Mr. Speaker:

Date 4-22-76

RESOURCES

HB 882

The Committee on _____ has had _____

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 HB 882 AND THAT
CS FOR HB 882 DO PASS

() "and" recommends it BE REFERRED TO THE _____
COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

Nels B. Anderson James Hershberger

Harold ...

Members NOT concurring in the Majority report:

... recommends: No Rec.
... recommends: No Rec.

_____ recommends:

Nels B. Anderson Chairman

HOUSE RESOURCE COMMITTEE - Minutes - March 4, 1976

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

Subject: HB 769, HB 580

Sponsor Gardiner began. The basic problem is that a two-year time frame imposed on the salvage operations is unworkable. This bill would cut down the time-frame to 30 days with an extension possible. A loss would be recorded by the Department, then after 30 days, if salvage was still desired, but had not begun, an extension would be available. The desire is to make salvage possible of logs the timber industry is not interested in. The Dept. of Natural Resources does not have a policy on the sale of logs from beaches. Permits now are tied up in paperwork--so salvage takes place "illegally". Under HB 769, the state doesn't have to respond to a request for a permit. Automatic approval is granted if no response. Also, the bill would set up a federal-state log agreement. Most salvage logs are above the mean high water--which is federal land. Regarding brands--each business has its own brand.

(2783) According to Gardiner, there would not be any added administrative problem under this proposed legislation.

Chairman Anderson asked whether there was now a problem with permits. Answer: Yes, the process is cumbersome. The timing in the proposed bill is based on the current abandoned log status.

In answer to a question as to what happens to undistinguishable brands on abandoned timber, statement was made that it is now salvageable under permit. Gardiner also stressed that there is no magic in the 30-day timing in the bill. Time is needed to retrieve the logs, but the longer you wait the more "junk" accumulates in the logs. They then become unusable in the mills.

Osterback stated that logs are a hazard to boats. The bill would be an aid to fishermen.

Mr. Smith asked whether there might be another solution to the problem. The proposed bill still presents a cumbersome proposition.

Rep. Gardiner stated that the "sign off" procedure in the bill for the state could speed up the process. Basically the industry is interested only in the larger amounts of logs. They don't bother reporting the smaller amounts. The state does nothing to or with reported losses. It only files them. It is up to the salvager to "do something".

Mr. Miller, co-sponsor of the bill, stated that, as Gardiner had said, the two-year waiting period was the hassel. (Miller referred to letters from Mr. Yates, and Mr. Dutton, copies of which are in committee folders)

Mr. Jim Clark, representing Alaska Lumber and Pulp, presented testimony on HB769. He stated that people will be here Fri., Mar. 5, who could present additional testimony on this bill. Mr. Clark stated that the problem is not when the title passes, although there could be a constitutional problem involved, but the problem is finding people who are willing to salvage the logs.

Mr. Clark elaborated on the title problem. Probably the logs belong to the Forest Service until they are scaled--which is when the actual number of board feet in the contract is known.

Contracting for beach salvage logging is difficult. Tides are a problem--no one has ever "made it" as a beach logger in Southeast. The companies end up getting people from down south to do the salvaging. Industry would "like to have a contract with a beach logger".

Chairman Anderson asked how industry now reflects salvage loss. Mr. Clark stated that it shows up on the books as a loss--the monitoring program shows the loss.

Mr. Clark stated that floating logs are comparatively easy to get. Beached logs are much harder to get. In answer to a question on what the market is for beached logs, Mr. Clark answered that it depends on the condition of the logs. Clark also stated that 30 days was not long enough for industry--people cannot be brought up fast enough to recover the logs in the 30-days.

Chairman Anderson asked whether a 1:30 p.m. meeting Friday would be acceptable with the industry people. The meeting was then set.

Mr. Clark stated additional industry concerns--under the failure to report clause, the term "lost logs" should be used, not "timber property". Also, clarification of "immediate" is needed. Also, there is an unclear relationship between the sections of the proposed Act. Clark made reference to the "Uniform Commercial Code" and its requirements.

Rep. Smith asked that there be clear title passage wording in the Act.

Mr. Anderson asked who owned the logs while they were being pulled down the channel. Mr. Clark answered that the Forest Service says that they own them at that time. However, the question is very real, as to who owns break-away logs. The industry and government have been working under "understandings". Now they are attempting to ascertain "definite" ownership criteria.

Rep. Miller stated that the title problem has nothing to do with the bill.

Clark continued--Industry does bear the risk of loss--they are concerned about the right to get their logs back.

Mr. Huntington asked whether in industry's opinion the present law giving 2 years was o.k. Clark answered "not necessarily, but 30 days is too short".

Rep. Brown referred to the "Uniform Commercial Code", and stated that problems in the proposed legislation could be amended. He stated that others must have had similar problems--and they must have solved them. It would be helpful to have law reference from other jurisdictions.

Mr. Smith asked why the log salvage had become an issue.

Mr. Larry Dutton, State Forester, presented testimony. He said that the state has been attempting to solve the salvage problems since at least 1970. Evidently the bill as presented would preclude sale of salvagable timber. The problem with permits is that the state should be able to recover administrative costs of the program. A fee is needed--either a flat fee or a volume-based fee. Also, the state has to know how much is actually being salvaged. Mr. Dutton felt that the permit system is burdensome. Also, the problem of logs above high water necessitates agreement with the federal people. An estimated value of the logs in question is necessary, with a price.

(Tape 8, Side 1) It is difficult to award a sale without watching out for protection of wildlife habitat. Cooperation with Fish and Game is thus necessary. Also, if 2 or more are applying for the same salvage logs, who gets it? Not enough information is provided. Mr. Dutton stated that large sales are not advertised--they are negotiated. He stated approval of the cooperative agreement that would be forthcoming under the bill between the federal and state governments.

Discussion of salvage problems included: Only 5 to 6 months per year can be used for salvage. Also, only 5 to 6 months per year are covered by insurance on log-towing. Initial recovery period should be for at least 90 days. If industry attempts salvage, it will begin within 30 days. The total time needed would not be more than 90 days.

Mr. Smith asked about research on a state "Log Patrol". The answer was that in 1970 one was tried, but had a lack of support from the timber industry.

According to Mr. Dutton, Alaskan people are in the majority in applying for salvage permits.

Mr. Osterback asked whether if the insurance company has paid for the lost logs, when do they no longer belong to industry? Answer: Maybe.

As to what the insurance company is actually insuring, answer was that this is all or part of the question on when title passes.

Mr. Dutton added that a tremendous amount of money is involved in each log from the minute cutting starts. What the brand means is that that company has an interest in that log, even if the ownership at a given time is not clear.

Mr. Brown elaborated, stating that an example would be the sale of property (land) under contract. Lots can happen before the title

actually passes to the next party.

Mr. John Raynor, U.S.F.S., Div. of Timber Management, testified.
(Tape 8 Side 1 0474--0595)

Form 421 is used to report the tree count to the Forest Service. When the raft arrives at the scaling point, a recount is made. If there is a significant difference, a check is made. If the check indicates that adverse conditions of weather or raft were present, adjustments might be made on the basis of comparing with the logs shipped.

Mr. Huntington asked why, if the Forest Service has been selling logs for over 20 years, how come no solution has been reached yet. Also, if the logs are on your beach, why wouldn't they be your logs. Answer was made that ownership of the brands goes for two years, with a 1 year extension possible. That's why this bill is necessary. After a three-year period, the logs are worthless.

A problem was stated as to combining state and federal logs in any one sale.

Mr. Anderson asked how come the problem hasn't been solved (salvage) yet, at least on federal lands. He also asked whether the federal government could charge industry a rental fee for space the logs take up. There was no concrete answer.

A question regarding navigation problems, ascertained that if the logs are not on National Forest lands, they are not the responsibility of the Forest Service.

Mr. Brown stated that the Federal Government has control of the navigable areas through the Coast Guard.

In answer to a question from Mr. Huntington as to what other states do about this situation, reply was made that the magnitude of the problems other states face is not as great as ours.

It was stated that there is support for the state and federal governments working together on this problem. As to progress on a proposed state-federal agreement alluded to, Mr. Raynor answered that only the concept has been discussed, with no agreement-proposed yet. The bill would accelerate the process of getting agreement finalized. Probably three years would be necessary to complete the agreement.

Chairman Anderson stated that we definitely need to move on the waste problem.

Mr. Dutton quoted a memorandum to Roger Lewis re: a governor's log salvage bill. Evidently it is not going to be available. If HB 769 is passed, and if sale is involved, wording from the memorandum needs to be included.

Mr. Clark added information on timing. The logs go from the U.S.F.S. to the insurance company (if lost) and possibly a "reasonable" time needs to be specified for each step of the process. Chairman Anderson felt that this problem could be solved by regulations. Clark stated that regulations might be better than law for timing.

Mr. Brown asked whether the bill could refer not to the owner of the logs, but the owner of interest in the logs? Clark answered--"Probably".

Action on HB769 was recessed until 1:30 p.m. Friday, Mar. 5, 1976.

Announcement was made that status plats are to be sent on SB444 from Anchorage.

Mr. Smith moved that HB580 be passed with No Recommendation to Finance. Motion passed.

Present were Eliason, Huntington, Rhode, Smith, Osterback and Brown, with Staff Assistant Van Doren and Chairman Anderson.

Subject: HB 769

Mr. Smith began continuation of the hearing on HB 769 by asking whether a tidelands lease was really necessary to salvage logs.

Mr. Jim Clark, of Alaska Lumber and Pulp Co. (counsel) stated affirmatively. The state still has some requests for permits from a year ago. In order to salvage the logs, a rafting area must be established. The "killer" is that the Corps of Engineers require a permit for a rafting area. This problem could use up the entire 30 days plus an extension proposed in HB 769.

Mr. Smith stated that short term permits only are necessary for such as rafting procedures. That wouldn't take as much time.

Rep. Mike Miller stated that an entire raft breakup would not be usual. Small breakups are the common occurrence.

Mr. Walt Begalka, of Ketchikan Pulp Co., stated that he has worked with permits at least since 1958. Originally much leeway was allowed. Now permits are required for everything. If a change of as little as one-half mile is incurred from the original permit, a new permit must be obtained.

Question: What is the feasibility of logging salvage?

Answer: If "everything" was picked up, it could be profitable.

Question: How soon do you have to get wood for it to be saleable?

Answer: The biggest problem is iron and rocks in the wood.

Mr. Jim Rynearson, of Ketchikan Pulp, stated that salvageability depends upon when the logs were lost. If the logs are originally washed up high on the beach, they may be good for at least 3 years. However, if they are washed up at low tide, they probably will be battered.

Question: How can salvage operations be improved?

Answer: There are many problems--legal problems. So far, private ownership situations are no problem, but when the native ownership takes over additional problems will occur

Also, the Corps of Engineers permits take up large amounts of time. Temporary permits used to be offered, but now only permanent permits are available.

British Columbia operations have been observed for several years, and many ways have been tried to solve the salvage problem. No profitable solution has yet been found.

Question: Why are there no Alaskan salvage operators?

Answer: Possibly because of the ownership problem (ownership of the logs). But basically, because of the cumbersome salvage permit system.

Mr. Begalka stated that many ways have been tried. Many losses are incurred at this time of year when it is impossible to retrieve lost logs.

Mr. Huntington asked for a suggestion of a proper time frame for the bill. The answer was maybe a year, but some agencies don't move very fast. A year after the permit was awarded would be plenty of time.

In answer to a question as to how long a salvage permit lasts, answer was one year. It can be renewed, but a new fee is necessary. Also, total areas are not necessarily covered. There may be large open spaces between areas covered by the permit.

Discussion:

Rewrite the bill to fit time constraints. That would be a positive advance.

Eighty percent of logs are left above mean high tide.

Certain types of logs simply can't be used--no metal, no holes, no cedar, no rocks.

Logs used to be moved in flat rafts--logs left the rafts. It was/is difficult to bundle the logs.

The only real way to log after their being stranded on a beach is to load them with an A-frame or a loading machine. They must be bundled.

Regarding title: Title stays with the U.S.F.S. until the logs are scaled. Once rafts are paid for under loss, insurance company would own the logs. (right of subrogation)

The industry's loss on an annual basis is possibly 2,000,000 feet a year. or \$300,000.00. (Begalka)

Mr. Dutton stated that the Administration wouldn't object to a one-year limit if the subject company notified the state if at any time it actually abandoned the logs.

Discussion of the time involved to deliver logs from their source to their mill elicited that a possible 4 knots could be attained with rafts in good conditions. But the total situation is unpredictable. Logs are started in the South, transferred to northern tugs, then wait for a favorable tide at Sitka.

Mr. Dutton stated that the proposed bill requires an immediate report of log loss, whereas industry doesn't know a loss has been sustained until the scaling of the logs at the destination.

Mr. Begalka stated that any logs not accounted for at the destination must be paid for to the Forest Service.

Mr. Miller stated that the two-year period is generally agreed to be too long, both by government and by industry. But he expressed concern as to the "smoke screens" being raised on the issue. The problem is not title--it's time. Possible 45 days could be allowed for reporting, with no absolute outside limit for recovery. (3485) "If your are going to recover them, we don't care how long it takes".

Miller (cont.) Originally industry was not behind the bill because too much money was involved with little return. Now the main problem may be a need for legal counsel overview to clear up any problems that have been incurred.

Chairman Anderson: There is a problem--If industry is required to retrieve logs, then the profitability decreases--is that correct? Mr. Begalka answered that at least 10% of wood on beaches is Douglas fir. Also on beaches is cottonwood and pine. The Forest Service won't allow any logs to be taken unless all are taken. (180). A concerted effort by industry and government is needed to recover the wood.

_____, representing the U.S.F.S., stated that the salvage problem has been recognized for many years--at least since 1957. Many of the stranded logs are not of Alaskan origin. (He will have more facts on this by next week). Probably only 2% to 3% are uprooted trees. The rest were once logs. Brands are unrecognizable in 96% of the logs beached. Cedar comprises 21% of the useable lumber--and cedar is unuseable in pulp. There is lots of hemlock on the beaches, also. The longer the logs are on the beaches, the more the brands will disappear. There is also a trespass problem in recovering the logs. This problem will also be researched for the committee.

Chairman Anderson asked what was done with the logs no one wanted?
Answer: There is no good solution at this time.

The representative of the Forest Service stated that at the time of an adjustment for lost logs, title passes. In effect, scaling is then accomplished.

Anderson--It doesn't appear to hurt industry if a few logs are lost. What is industry losing? The federal government should be able to go ahead and say to a salvager in such a situation "Get rid of it".

Mr. Al Anderson, of Alaska Wood Products, stated that just because the logs are insured doesn't mean that industry doesn't care what happens. Insurance rates go up. In answer to a question as to whether an insurance company will go out and gather up logs it has paid for, answer was "Maybe".

Mr. Miller asked how often there was a major spill. Mr. Begalka answered that Ketchikan Pulp has had two major breakups in 20 years. Al Anderson stated that an insurance company had recovered 900,000 out of 1,400,000 b/f in their most recent spill.

Mr. Begalka stated that the problem of lost logs is compounded by count inaccuracies.

Roger Allington, of Sealaska Corporation, testified to future problems foreseen by the native corporations. The corporations will be industry, but will also own the land. There is a problem with what the government

can do, versus what a private land owner can do. For instance, a private land owner cannot condemn property. Also trespass is a problem--there is a need for clarification on when a private owner can handle log property--in other words, who owns and for how long?

Mr. Miller stated that he sees it as a good deal for the private owner. If 30 days goes by they are already your logs by right of possession.

Chairman Anderson informed the committee that the bill will be addressed again after the information is in from Dutton.-- with a tentative date of March 19 for the rehearing. Staff was advised to get in touch with insurance companies for the timber industry.

Meeting adjourned.

HOUSE RESOURCE COMMITTEE - Minutes - March 18, 1976

Present were Huntington, Swanson, Hershberger, Rhode, Smith and Brown; Staff Assistant Van Doren and Chairman Anderson.

Subject: CS SCR 83 am
CS HB 769
HB 863

Motion was made to Pass CS SCR 83 am out of committee. Swanson made objection. General discussion cleared up the objection by Swanson. Motion carried to recommend Do Pass on CS SCR 83 am.

RE: HB 769. Joel Bennett gave a general resume of the changes in the committee substitute from the original bill. 1) there is now a 90-day salvage clause. 2) there is addition of good faith wording as applied to salvage attempts. 3) there is addition of "rightful transporter" wording.

Mr. Brown asked whether there might be a need for a definition of "rightful transporter".

Mr. Bennett answered that "rightful transporter" is to help clarify responsibility. Bennett also mentioned that the criminal provision of the original bill has been removed at request of the sponsor. Guidelines for the "good faith effort" will be in draft regulations.

Brown stated that regulations wouldn't be needed--"good faith" is familiar in the law. Brown presented a possible definition of "rightful transporter", (approx.) a person having an executory contract or interest in the logs, or his designee, or one who in normal process of trade transports or causes to be transported the logs. (0955)

Swanson expressed concern with regulations--they might present the catch in the bill.

Huntington stated the problem of logs the state owns that are under salvage contract, but the salvagers haven't done the job.

Brown suggested that there might be a need for another phrase covering "good faith" in the salvage operation.

Swanson mentioned situations in which it was impossible to retrieve logs because of adverse tides. There is "alot to salvage besides "floating" the log".

Mr. Smith presented a possible "good faith" wording--"good faith effort includes the fact that effects of weather, tide, etc., might preclude salvage operations" (approx.)

Motion was made to include Mr. Smith's "good faith" wording and Mr. Browns "rightful transporter" wording in the Committee Substitute. Motion passed.

Motion for Do Pass recommendation of CS for HB 769 carried unanimously.

Mr. Brown suggested that a bill be presented by the Resources Committee addressing the salvage owner problem. Chairman Anderson requested the staff to handle this as expeditiously as possible.

It was requested that HB 863, scheduled for Monday morning, be brought before the committee for consideration. Committee agreed.

Pending receipt of a fiscal note, the Committee moved a Do Pass recommendation on HB863. Motion carried. If there is an adverse impact reflected in the note, the committee will reconsider the bill.

Meeting adjourned.

HB

890

"An Act relating to cooperative resource management or development agreements; and providing for an effective date."

COMMITTEE REPORT

3/31/76

HOUSE

JUDICIARY

Mr. Speaker:

Date 4-21-76

The Committee on RESOURCES has had HB 890

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 HB 890 AND THAT

CS FOR HB 890 DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other" 5

Members signing the Majority report:

<u>W. A. Anderson</u>	_____	_____
_____	_____	_____
_____	<u>W. G. Learson</u>	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

W. A. Anderson Chairman

TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

02 054 ANCHORAGE AK 34 04-14 135P AST

PMS NELS ANDERSON CHAIRMAN HOUSE RESOURCE COMMITTEE 4 653781

POUCH V **2590**

JUNEAU AK 99811

CALISTA CORPORATION AFTER REVIEWING HB 890 IS SUPPORTIVE OF
ITS INTENT GIVING STATE OF ALASKA EXPLICIT AUTHORITY TO
GO INTO COOPERATIVE RESOURCE MANAGEMENT OR DEVELOPMENT OF
AGGREEMENTS OF BOTH RENEWABLE AND NON-RENEWABLE RESOURCES
IS COMMENDABLE

RAYMOND C CHRISTSEN CHAIRMAN OF BOARD CALISTA CORP

1976 APR 14 PM 4 11

Federal-State
Land Use Planning Commission
For Alaska

733 W. FOURTH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99501

April 15, 1976

Honorable Nels A. Anderson, Jr.
Chairman
House Resource Committee
State of Alaska
Pouch V
Juneau, Alaska 99811

Dear Chairman Anderson:

We understand that the House Resource Committee will be holding a hearing tomorrow on HB 890, "An Act relating to cooperative resource management development agreements; and providing for an effective date."

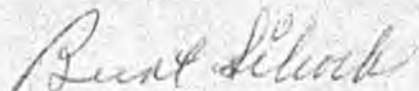
Without regard to the technical aspects of this bill or the question which has been raised about the existing authority of certain State officials to consummate cooperative agreements, we are writing to communicate our belief that appropriate State officials should be vested with authority to enter into cooperative management agreements with adjoining landowners and other parties. The land ownership pattern in Alaska is growing ever more complex as a consequence of the implementation of the Alaska Statehood Act and the Alaska Native Claims Settlement Act. Lands owned by the Federal government, the State, Native corporations, and other parties lie adjacent to each other in tracts the boundaries of which do not necessarily take cognizance of the biotic and other resources found on such lands. This intermixture of land ownership and the somewhat arbitrary location of certain boundaries often jeopardize prudent land management and use.

Given this situation, we believe that adjacent landowners including the custodians of the State public domain and the resources found there, must have the authority to enter into cooperative resource management agreements. Such authority would facilitate the coordinated and consistent management of fish and game which know no man-made boundaries. In addition, the authority to enter into cooperative management agreements would help facilitate the efficient management and use of renewable and nonrenewable resources located on adjoining lands. Through such agreements, fragmented decisionmaking, with all of the deleterious consequences

resulting therefrom, could be avoided. As a result, each of the parties to an agreement would be benefited, and the resource would be managed more rationally.

Thank you for this opportunity to comment on HB 890. If we can be of any subsequent assistance in your evaluation of this legislation, please let us know.

Sincerely,



Burton W. Silcock
Federal Co-Chairman

Sincerely,



Walter B. Parker
State Co-Chairman

cc: Senator Kay Poland

ESCA·TECH CORP.
EARTH SCIENCE CONSULTING AND TECHNOLOGY

April 14, 1976

The Honorable Nels Anderson, Chairman
House Resource Committee
House of Representatives
Pouch V
Juneau, Alaska 99811

RE: H. B. 890

Dear Honorable Anderson:

Reference is made to H. B. 890, a proposed legislation relating to cooperative resource management or development agreements; and providing for an effective date.

Our office has reviewed H. B. 890 and as a result has one concern. That is, we feel that, in order to insure that public interest is protected, we suggest that the word "that" be substituted for the present word "whether" on line 21 of Sec. 38.05-025.

Other than this one expressed concern we are supportive of the intent of H. B. 890. If this bill is passed, it will give explicit authority, rather than implied authority, to the State of Alaska to go into cooperative resource management or development agreements with the federal government and/or private corporations. This is a very wise move and your committee should be commended for its ability to look at both short and long range utilization of Alaska resources, both renewable and non renewable.

Sincerely,



Nelson Angapak

/pw

Ref/76-164

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF PARKS

323 E. 4TH AVENUE - ANCHORAGE 99501

April 15, 1976

Honorable Nels Anderson, Chairman
Resources Committee
Alaska House of Representatives
Pouch V
Juneau, Alaska 99801

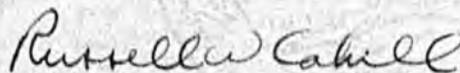
Dear Nels:

Guy Van Doren has asked me to comment on HB 890, "An Act relating to cooperative resource management or development agreements; and providing for an effective date." Although the bill has not undergone thorough legal review by the Department, I can comment on its usefulness in park management.

I concur with the basic intent of the bill and with its specific guidelines with one exception. The exception is in Sec. 2 (b) on Page 1. I believe that an annual summary to the legislature would be an unnecessary addition of workload with no substantial benefits.

I believe that the Directors of the Divisions of Lands and Parks presently have the power to enter into agreements of this type. Perhaps a resolution of the legislature emphasizing the issue would be more appropriate. Thank you for the opportunity to comment on this bill.

Sincerely,



Russell W. Cahill
Director

CC: Commissioner Martin
Mike Smith

HB

911

Call
Doug Erickson
LA pers.

ERNEST Z. REHBOCK

ATTORNEY AT LAW

308 "G" STREET, SUITE 220

ANCHORAGE, ALASKA

PHONE: 277-5732 or 279-8132

DATED: December 30, 1975.

Dr. Helen Beirne
State Representative
Pouch 4BB
Anchorage, Alaska

RE: Cornell's Case:

My dear Dr. Beirne,

You kindly confirmed to the writer of the letter that you would if properly informed give consideration to a private bill whereby to compensate the Cornells for their loss in their effort to settle and develop about 50 acres in Alaska for Trade and Manufacturing Site.

This is a sad story because as a result of a final decision on appeal of the Ninth Circuit, the Cornells cannot acquire this land under federal auspices.

The land would form an enclave within a wider area selected by the State of Alaska and as I undersatand was earmarked for recreational park area. It lies in the foothilles of Mount McKinley and south of the Mount McKinley Park Region. It seems to be an area unexcelled by scenic beauty and by potentials for recreational developments. The Director of Divisions Park and Recreation can undoubtedly more competently fill you in on the nature and potential of this area.

All I can do is to attempt to advise you by some basic material of the many efforts undertaker by the Cornells to acquire the land and considerable efforts and sacrifices made.

I believe for information the following items should be and are herein submitted for your kind attention:

(1) Copy of a letter I addressed to Honorable J. Hammond, Governor of Alaska on behalf of the Cornells. Subsequent to this letter Mr. Cayhill of the Division of Parks and Recreation gave me his time to present to him the situation in detail.

(2) An affidavit made by former Governor Miller, a long time friend of the Cornells as an item of personalized information on the integrity of the Cornell's efforts.

(3) A copy of the complaint for review of an adverse final administrative decision that I filed in the United States District Court in 1972. Unfortunately the United States District Court felt bound by the policy of the Department of Interior whereby a

T & M Manufacturing Site will be granted in patent only where during the five years of development proof of a successful commercial enterprise can be furnished. The circumstances that such commercial success did not accompany the investment effort and time were set forth in the complaint and sketched in the above mentioned letter.

(4) A copy of the appeal brief which I filed in the Ninth Circuit because the Statement of the case is believed to give you a brief summary of the events. Unfortunately the Ninth Circuit for technical reasons and without setting forth basic grounds, refused to reverse a final administrative decision.

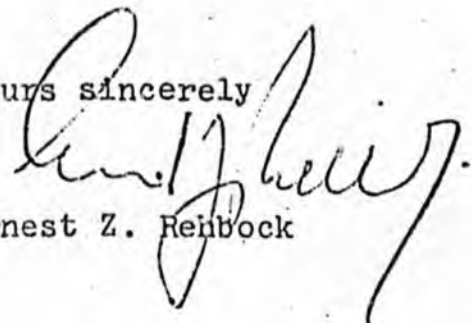
Under the foregoing the Cornells as bona fide settlers in public land, have suffered a great loss. The State of Alaska is not legally in a position in the absence an act of legislature, to allow a franchise or grant the land. Mr. Cyhill will also be able to fill you in on this. The State of Alaska would be I believe sympathetic to an act of the legislature whereby the Cornells could be compensated for loss. The Cornells are willing and able to personally if so advised to communicate with you and to appear before committees to testify on their behalf and fill you in and explain the labor and many sacrifices whereby they attempted to obtain title.

The situation is one of great hardship and extremely inequitable. It cannot be the sense of the legislature that the State would derive uncompensated benefits from the efforts of these settlers. Remedial legislation for compensation seems to be called for in the interest of justice.

Please address me if I can be of any further assistance.

Any effort which can be made on the behalf of the Cornells will be very much appreciated.

Yours sincerely


Ernest Z. Renbock

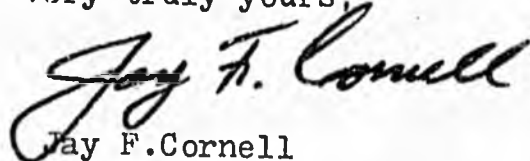
Mr. George Utermohle
Legislative Affairs Agency
Pouch "Y"
Juneau, Alaska 99811

April 4, 1976

Dear Mr. Utermohle:

My attorney Ernest E. Rehbock has requested me to send you the enclosed Statement of expenses and loss suffered. Please advise me should you need additional data.

Very truly yours,



Jay F. Cornell
P.O. Box 61045
Sacramento, CA 95860

cc: Representative Helen Beirne
Ernest Z. Rehbock

Statement of expenses and loss of
Jay F.Cornell and Vicki A.Cornell

Re: Trade and Manufacturing
claim within State Lands

(1) From March 1964, to September 1974 approximately 4,200 hours of physical labor and effort were put into improving 40 acres of land. At \$5.00 per hour, labor cost is \$21,000.00.

(2) Improvements includes the clearing of a 200'X1,000' area of birch and spruce trees by hand to be used as an airstrip, clearing of foot trails, and the building of picnic tables and restroom facility in a campground setting.

(3) Expenses for improvements which include equipment, materials, and air and water freight total \$3,000.00.

(4) Legal expenses incurred to acquire claim were \$6,000.00.

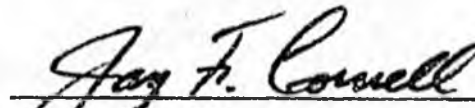
(5) Current market value of land. 40 acres @ \$2,000.00 per acre.

A general statement of actual loss suffered is:

Labor-----	\$21,000.00
Improvements-----	3,000.00
Legal expenses-----	6,000.00
Land value-----	<u>80,000.00</u>
Total loss	\$110,000.00

I, Jay F.Cornell hereby attest that the above is a true accounting of the actual expenses and loss suffered by not being able to receive our valid claim for a Trade and Manufacturing site on land now owned by the State of Alaska.

Signed:


Jay F. Cornell

DATED: September 2, 1975.

Honorable Jay F. Hammond
Governor of the State of Alaska
Pouch "A"
Juneau, Alaska 99801

RE: Trade & Manufacturing Site of
Jay F. Cornell & Vicki Cornell:

My dear Mr. Governor,

The writer of this letter is an attorney in private practice. Among my clients there have been for many years Jay F. Cornell & Vicki Cornell who have a problem of long standing regarding their effort to acquire certain land for trade and manufacturing site in the State of Alaska.

Being an attorney and therefore professionally attuned to submit controversies to the Court or to such departments as are in immediate administrative control, I am addressing you and your office only with great hesitancy and only because I firmly believe that your appropriate representation to proper authority may prevent grave injustice to these citizens of Alaska;

May I very briefly summarize: Jay F. Cornell and Vicki Cornell have been residents of Alaska of long standing. Around the early 1960s they acquired by their industry and purchased from the United States government five acres as a so-called homesite. On this homesite they built a fine home. This homesite lies in the Mount McKinley area and in an area which now has been tentatively approved for land acquisition from the United States by the State of Alaska; and which the Cornells presented to me is believed to be part of a future park and as such among the lands under the division of lands; parks and recreation.

The ownership of that tract was insufficient for business purpose. Therefore around 1965 Jay F. Cornell developed plans for a trade and manufacturing site. This plan which in my belief was fully and very rationally developed and considered camping facilities for sportsmen, tourists and other traffic; and for facilities to provide travelers with food, lodging and sanitary facilities.

The Cornells did not have much cash capital, but invested a tremendous amount of labor under extremely difficult conditions so to develop and build foot-paths, a camping site, a sanitary facility and many installations designed to accommodate the public.

At that time there was a construction program afoot to build a highway through the area. The plans called for a location of the highway alongside the project. However, for circumstances not under the control of the Cornells and of which the writer of this

atter are somewhat unfamiliar, there was a stoppage and interruption of that program. Under these circumstances Cornell realized that in order to have access to the area he would have to build a landing field for small aircraft. Cornell and his wife under hardship and with the greatest physical effort build such a landing field for small planes. Everything looked perfect, but for lack of highway traffic there was no cash income of a presentable amount from the incipient venture.

When Cornell applied for final approval and title to land of about 40 to 50 acres as trade and manufacturing site for tourist accommodation he received negative replies from the Bureau of Land Management in that he had been unable to make a showing of sufficient cash income and therefore the venture was deemed to be speculative or not of a sufficient commercial nature, to be deemed an "ongoing business".

At this point Cornell went through various steps of appeals from the first administrative decision in the Bureau of Land Management.

Around or about 1971 Cornell engaged my services as attorney for a final appeal to the Board of Land Appeals in the office of the Secretary of Interior. The office of the Secretary of Interior refused a hearing for which I had made myself available and declined a review of the decisions below.

I brought on behalf of Cornell an action in the United States District Court, District of Alaska. The Court felt it was bound by administrative regulations of the BLM of long standing, whereby a trade and manufacturing site would only be patented if profit by the actual operations could be shown. As I pointed out, circumstances beyond Cornell's control had prevented him from operating this site on a successful financial basis at that time.

It was hoped that an appeal to the Ninth Circuit Court of Appeals could change this decision. However, the appeal was dismissed with a minimum of grounds given.

For some time under the former administration, I attempted to persuade the division of lands, Director of Parks and Recreation that there are sufficient legal and equitable grounds that the State should permit Cornell at a minimal rental or some other equitable terms to acquire a lease of portion or of all of the area. It is obvious that if this area is integrated into a park system of the State of Alaska and use of the area can be had by way of leases from the State, other parties could be enriched by the work and labor of the Cornells. The highway has long been opened and the business potential is excellent. The landing field has of course suffered but can be reconditioned. There are roads and foot-paths and various other improvements so that with a minimum of additional effort the entire site can be commercially rehabilitated. At present the homesite of five acres forms an enclave and the highway can technically be reached

only by claiming easements of necessity.

Needless to say that both Cornell and I myself received chilly or no responses of the Division of Parks.

We have a situation where Jay Cornell whose health has severely suffered is temporarily resting and residing in the lower 48. Vicki is working very hard at a job in Valdez. Both of them hope and live for the day where their past dedicated efforts in improving Alaska land could be compensated by a mode of acquisition which is financially bearable and non-competitive or that compensation be had for the definite advantage or enrichment of other parties,

A mere literal reading of title 39 of the Alaska Statutes did not show to me any possibility that such compensation could be administratively or in the Courts enforced but as attorney for the Cornells I cannot believe that legislators and administrators would allow injustice and I believe there was injustice albeit based on a technicality of the law, could be perpetuated.

For this reason and all other reasonable roads to seek for the Cornells some measure of compensation or ability to benefit by their labors being closed, I address your office not without reluctance. I earnestly believe that there is room for legislative improvements which your office could sponsor or even for administrative action to provide some form of appropriate ruling to acquire area or to be otherwise compensated for losses whereby Alaska as the present actual owner of the land largely benefits.

I have not in this letter elaborated in great detail. If your very busy schedule would permit, I would be happy to present myself to your office at any time you would schedule and Vicki Cornell would be available also to fill you in as to her experiences. Further approaches and openings to the Park Division would appear to be fruitless unless proper directives or a specter of new legislation could be opened.

On behalf of the clients, I would very deeply appreciate your response in particular as it seems stand to reason that there may be other parties similar situated who have suffered greatly under the restrictive land policies of the Bureau of Land Management.

Respectfully yours

Ernest, Z. Rehbock

DATED: September 2, 1975.

Honorable Jay F. Hammond
Governor of the State of Alaska
Pouch "A"
Juneau, Alaska 99801

RE: Trade & Manufacturing Site of
Jay F. Cornell & Vicki Cornell:

My dear Mr. Governor,

The writer of this letter is an attorney in private practice. Among my clients there have been for many years Jay F. Cornell & Vicki Cornell who have a problem of long standing regarding their effort to acquire certain land for trade and manufacturing site in the State of Alaska.

Being an attorney and therefore professionally attuned to submit controversies to the Court or to such departments as are in immediate administrative control, I am addressing you and your office only with great hesitancy and only because I firmly believe that your appropriate representation to proper authority may prevent grave injustice to these citizens of Alaska;

May I very briefly summarize: Jay F. Cornell and Vicki Cornell have been residents of Alaska of long standing. Around the early 1960s they acquired by their industry and purchased from the United States government five acres as a so-called homesite. On this homesite they built a fine home. This homesite lies in the Mount McKinley area and in an area which now has been tentatively approved for land acquisition from the United States by the State of Alaska; and which the Cornells presented to me is believed to be part of a future park and as such among the lands under the division of lands; parks and recreation.

The ownership of that tract was insufficient for business purpose. Therefore around 1965 Jay F. Cornell developed plans for a trade and manufacturing site. This plan which in my belief was fully and very rationally developed and considered camping facilities for sportsmen, tourists and other traffic; and for facilities to provide travelers with food, lodging and sanitary facilities.

The Cornells did not have much cash capital, but invested a tremendous amount of labor under extremely difficult conditions so to develop and build foot-paths, a camping site, a sanitary facility and many installations designed to accomodate the public.

At that time there was a construction program afoot to build a highway through the area. The plans called for a location of the highway alongside the project. However, for circumstances not under the control of the Cornells and of which the writer of this

atter are somewhat unfamiliar, there was a stoppage and interruption of that program. Under these circumstances Cornell realized that in order to have access to the area he would have to build a landing field for small aircraft. Cornell and his wife under hardship and with the greatest physical effort build such a landing field for small planes. Everything looked perfect, but for lack of highway traffic there was no cash income of a presentable amount from the incipient venture.

When Cornell applied for final approval and title to land of about 40 to 50 acres as trade and manufacturing site for tourist accommodation he received negative replies from the Bureau of Land Management in that he had been unable to make a showing of sufficient cash income and therefore the venture was deemed to be speculative or not of a sufficient commercial nature, to be deemed an "ongoing business".

At this point Cornell went through various steps of appeals from the first administrative decision in the Bureau of Land Management.

Around or about 1971 Cornell engaged my services as attorney for a final appeal to the Board of Land Appeals in the office of the Secretary of Interior. The office of the Secretary of Interior refused a hearing for which I had made myself available and declined a review of the decisions below.

I brought on behalf of Cornell an action in the United States District Court, District of Alaska. The Court felt it was bound by administrative regulations of the BLM of long standing, whereby a trade and manufacturing site would only be patented if profit by the actual operations could be shown. As I pointed out, circumstances beyond Cornell's control had prevented him from operating this site on a successful financial basis at that time.

It was hoped that an appeal to the Ninth Circuit Court of Appeals could change this decision. However, the appeal was dismissed with a minimum of grounds given.

For some time under the former administration, I attempted to persuade the division of lands, Director of Parks and Recreation that there are sufficient legal and equitable grounds that the State should permit Cornell at a minimal rental or some other equitable terms to acquire a lease of portion or of all of the area. It is obvious that if this area is integrated into a park system of the State of Alaska and use of the area can be had by way of leases from the State, other parties could be enriched by the work and labor of the Cornells. The highway has long been opened and the business potential is excellent. The landing field has of course suffered but can be reconditioned. There are roads and foot-paths and various other improvements so that with a minimum of additional effort the entire site can be commercially rehabilitated. At present the homesite of five acres forms an enclave and the highway can technically be reached

only by claiming easements of necessity.

Needless to say that both Cornell and I myself received chilly or no responses of the Division of Parks.

We have a situation where Jay Cornell whose health has severely suffered is temporarily resting and residing in the lower 48. Vicki is working very hard at a job in Valdez. Both of them hope and live for the day where their past dedicated efforts in improving Alaska land could be compensated by a mode of acquisition which is financially bearable and non-competitive or that compensation be had for the definite advantage or enrichment of other parties.

A mere literal reading of title 39 of the Alaska Statutes did not show to me any possibility that such compensation could be administratively or in the Courts enforced but as attorney for the Cornells I cannot believe that legislators and administrators would allow injustice and I believe there was injustice albeit based on a technicality of the law, could be perpetuated.

For this reason and all other reasonable roads to seek for the Cornells some measure of compensation or ability to benefit by their labors being closed, I address your office not without reluctance. I earnestly believe that there is room for legislative improvements which your office could sponsor or even for administrative action to provide some form of appropriate ruling to acquire area or to be otherwise compensated for losses whereby Alaska as the present actual owner of the land largely benefits.

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On behalf of the clients I would very deeply appreciate your response in particular as it seems stand to reason that there may be other parties similar situated who have suffered greatly under the restrictive land policies of the Bureau of Land Management.

Respectfully yours

Ernest, Z. Rehbock

4/21

Guy, Attached is a draft of suggested changes to HB 911. I don't know where it really came from. Rep. Beirne requested it, apparently to remedy one person's problem in the interior. A memo was sent to her from Evikson of our Research Division.

HCR 129 was requested by Ted Smith.

HB 888 is self-explanatory and HB 882 should be in your hands already with additional language re the APA and a review procedure for cases of adverse determinations.

Joel

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF PARKS

JAY S. HAMMOND, GOVERNOR

323 E. 4TH AVENUE
ANCHORAGE 99501



April 22, 1976

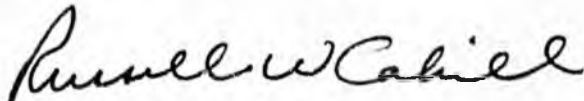
Honorable Nels Anderson, Chairman
Resources Committee
Alaska House of Representatives
Pouch V
Juneau, Alaska 99801

Dear Nels:

Helen Beirne asked me to comment on House Bill 911 an act relating to compensation for improvements on certain federal land subsequently patented to the state.

I believe there may be three properties within the State Park System at the present time which would qualify under the three criteria listed in HB 911. The primary one of course is the one claimed by Jay Cornell within the Denali State Park. I believe this Legislation would enable us to pay a fair price for structures and improvements which are usable for the public without getting involved in the question of the value of the real property which the state claims as its own. Although this bill would only effect a few properties, I think it shows that the state is looking out for the "little guy" and as such I give the Legislation my full support. Thank you for the opportunity to comment on HB 911.

Sincerely yours,



Russell W. Cahill, Director
Alaska State Parks

cc: Representative Helen D. Beirne
Commissioner Guy Martin

RWC:gn

HB

9288

STATE OF ALASKA

DEPARTMENT OF REVENUE

file
JAY S. HAMMOND, GOVERNOR

OFFICE OF THE COMMISSIONER

POUCH S - JUNEAU 99811

May 18, 1976

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

Re: House Bill No. 928

Dear Mr. Anderson:

House Bill No. 928, an Act making a special appropriation to the Legislative Council to fund a study concerning the optimum producibility of the Prudhoe Bay reservoir, was introduced in the House on May 10, 1976 and was referred to the House Resources and Finance Committees.

For the consideration of the House Resources Committee, I am enclosing a copy of a memorandum prepared by Thomas K. Williams, Director, Petroleum Revenue Division, Department of Revenue, concerning the proposed legislation.

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

cc: The Honorable Hugh Malone
Chairman
House Finance Committee

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

"1776-A TRIBUTE FROM OUR STATE TO OUR NATION-1976"



MEMORANDUM

State of Alaska

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

DATE: May 13, 1976

FILE NO:

TELEPHONE NO:

FROM: Thomas K. Williams
Director
Petroleum Revenue Division

SUBJECT: HB 928

HB 928 appropriates \$25,000 to the Legislative Council to contract for a study of the maximum producibility of the Prudhoe Bay reservoir. The Division of Oil and Gas in the Department of Natural Resources has already contracted with H. K. Van Poolen & Associates for such a study for conservation purposes. It has been completed in great detail.

I have two questions about this Bill: Is it really worth \$25,000 to re-plow the same ground? Can any meaningful simulation of Prudhoe reservoir performance be developed for only \$25,000?

TKW:1gh

HCR

18

TELEGRAM

NCA ALASKA COMMUNICATIONS, INC.

PHONE NO. 582-0440

JUNEAU, ALASKA 99801

*file Her
18*

12033 NL FAIRBANKS ALASKA 61 05-06 440P ADT

PMS REP NELS ANDERSON JR

0475

1975 MAR 6 PM 7 33

JUN

RE HCR18 THE FAIRBANKS NORTH STAR BOROUGH IS ATTEMPTING
TO ESTABLISH TO SOUND MANAGEMENT POLICIES. OPEN TO ENTRY
BEING A RANDOM OR UNPLANNED DEVELOPMENT LENDS ITSELF TO
HIGH PUBLIC FACILITY COSTS WHEN WE ARE ATTEMPTING TO
DEVELOP ECONOMY DURING THIS PIPELINE IMPACT I WOULD
ENCOURAGE STATE SURVEY OF LAND AND MAKING THEM AVAILABLE
FOR PUBLIC PURCHASE AS RAPIDLY AS POSSIBLE

JOHN A CARLSON BOROUGH MAYOR

TELEGRAM

ALASKA COMMUNICATIONS, INC.
PHONE: 588-8440
JUNEAU, ALASKA 99801

*File
HCR 18*

1975 MAR 6 PM 4 55

20004 NL KENAI ALASKA 76 03-06 227P ADT 0-170

PMS REP NEIL ANDERSON JR CHAIRMAN HOUSE RESOURCE COMMITTEE

POUCH V

JUNEAU

AGREE WITH PHILOSOPHY HCR 18 CONCERNING OPEN TO ENTRY. DEFINITELY SHOULD BE IMPLEMENTED IT IS A SHAME WHEN WE LIVE IN A STATE WITH MILLION OF VACANT ACRES THAT AN INDIVIDUAL CAN'T GET EVEN FIVE OR TEN ACRES FOR A HOME. MANY PEOPLE DESIRE TO LIVE QUOTE OUT IN THE BUSH UNQUOTE AND NOT IN EITHER PRIVATE OR GOVERNMENT SUB DIVISION AND THEY ARE WILLING TO PAY THE PRICE FOR ISOLATION ECT TO DO SO.

STAN THOMPSON, BOROUGH MAYOR

TELEGRAM

MOA ALASKA COMMUNICATIONS, INC.
PHONE: 585-6440
BUREAU ALASKA 99801

*File #18
HCR13*

1975 MAR 6 PM 11 28

02087 NL ANCHORAGE ALASKA 145 03-06 0220P ADT

PMS NELL ANDERSON

0483

POUCH V STATE CAPITOL

JUN

THIS LETTER OPPOSES HCR13 WHICH WOULD URGE THAT OPEN TO ENTRY BE RESUMED THE BOROUGH UNDER AS29.33.070 IS RESPONSIBLE FOR EXECUTING A PLAN TO GUIDE PHYSICAL SOCIAL AND ECONOMICAL DEVELOPMENT. OTE PERMITS SETTLEMENT WITHOUT REGARD TO PRINCIPLES OF LAND USE DEVELOPMENT TRANSPORTATION CORRIDOR NEEDS UTILITY EASEMENTS MINERAL AND OTHER NATURAL RESOURCE POTENTIAL. SCHOOL AND OTHER PUBLIC FACILITY LOCATION NEED MINIMAL RESTRICTIONS ON PROPERTY LINE RELATIONSHIPS. OTE FRUFRUSTRATES THE BOROUGH PLANNING PROCESS CREATION OF PACELS UNDER OTE IS IN FACT SUBDIVISION OF PROPERTY. BOROUGH ORDINANCES INACTED PURSUANT TO AS29.33.150 PROHIBIT DIVISION OF PROPERTY WITHOUT PLATTING AS29.33.170 PERMITS WAIVING OF PLATING REQUIREMENTSONLY IF PARCELS HAVE ACCESS TO PBLIC ROADS AND ARE LARGER THAN FIVE ACRES OTE SHOULD NOT BE RESUMED WITHOUT A MEANS OF ASSURING THAT PARCELS ARE CREATED IN CONFORMANCE WITH SENSIBLE LAND DEVELOPMENTS REQUIREMENTS INCLUDED IN BOROUGH ORDINANCES

WESLEY M HOWE BOROUGH MANAGER

HCR

22

COMMITTEE REPORT

2/26/75

HOUSE

FINANCE

Mr. Speaker:

Date 3-12-75

The Committee on Resources has had HCR 22

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>Walter A. Anderson</u>	_____	_____
<u>_____</u>	_____	_____
<u>Timothy H. Ashberger</u>	_____	_____
<u>_____</u>	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Walter A. Anderson Chairman

File

HOMER L. BURRELL

Attorney at Law

~~216 WISSEMAN DRIVE~~ P. O. Box 764
ANCHORAGE, ALASKA ~~99504~~ 99510

(907) ~~232-0235~~ 274-8927

April 6, 1975

Mr. H. Samuelson
President, Board of Directors
Bristol Bay Native Corporation
P. O. Box 237
Dillingham, Alaska 99576



Re: HCR 22, Relating
to future oil lease sales

Dear Mr. Samuelson:

Following a recent exchange of correspondence with Representative Nels A. Anderson, Jr. concerning the captioned resolution (which I oppose), Representative Anderson suggested I write you of my belief in the safety of offshore petroleum development.

The resolution urges the Governor not to hold an oil lease sale in any fishery area or near any spawning grounds. The authors of the resolution obviously fear offshore petroleum development is incompatible with commercial fishing.

Rather than give unsupported opinion, I suggest your corporation obtain a copy of Petroleum in the Marine Environment, a recent publication of the National Academy of Sciences. It is available from the Academy's Printing and Publishing Office, 2101 Constitution Avenue, Washington, D.C. 20418 @ \$6.50 per copy. It is a most impressive report, not oil industry sponsored.

The report concludes that offshore oil production operations contribute the least oil pollution. Transportation operations contribute the most, followed, in order, by river and urban runoff, coastal refineries and municipal and industrial wastes, atmospheric fallout, natural seeps, and, last of all, offshore oil production operations.

The major danger to the Bristol Bay fishery from oil would therefore be from a spill of diesel, fuel oil, or gasoline from a barge or tanker, while under way or unloading. In addition to the potential volume of such a spill, these highly volatile products are much more dangerous to fishery resources than crude oil.

Despite the foregoing, I seriously doubt that either the residents or commercial fishermen of the Bristol Bay area will cease importing these products.

AGO 935668 +

Mr. H. Samuelson

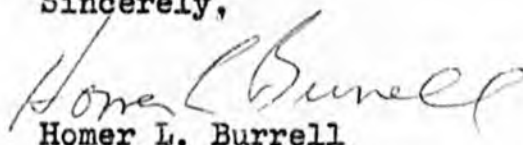
April 6, 1975

HCR 22

Representative Anderson was gracious enough to comment on my "crystal clear view of the situation." I suppose my "crystal clear view" can be attributed to an effort on my part to get facts, not votes. Perhaps a small pool of water would be a reasonable analogy: if one sits on the bank and quietly studies the pool he may get a reasonable idea of what it contains; however, if one agitates the pool, wildly and irresponsibly, with a stick, his view of the contents of the pool will be muddied rather than crystal clear.

I hope this letter will in some small way help inform the people of Bristol Bay that leasing of and oil production from the Bay need not impair their livelihood. Please feel free to call upon me at any time if I can provide additional information or be of any assistance to you or your corporation.

Sincerely,


Homer L. Burrell

cc: Honorable Nels A. Anderson, Jr.
Pouch V
Juneau, Alaska 99811

HCR

34

3/10/75

COMMITTEE REPORT

FINANCE

HOUSE

Mr. Speaker:

Date March 13, 1975

The Committee on RESOURCES has had HCR 34

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>Nels Q. Anderson Jr.</u>	_____	_____
<u>_____</u>	_____	_____
<u>_____</u>	_____	_____
<u>_____</u>	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Nels Q. Anderson Jr. Chairman

AMENDMENT

OFFERED IN THE HOUSE:

By: House Resolutions

To: AMEND HOUSE BILL No. HCR 34

SENATE BILL No. _____

PAGE: 1

LINE: 17, 20

(17) AFTER THE WORD "WHEREAS" INSERT
"WE BELIEVE THAT"

(20) AFTER WHEREAS INSERT
"WE FEEL"

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HER 34

March 10, 1975

The Honorable Nels A. Anderson, Jr.
Chairman, House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Anderson:

Your recent letter raises two questions of concern to your committee regarding our proposed Beaufort Island Oil and Gas Lease Sale.

The necessity of holding public meetings on the results of the environmental assessment of the Beaufort Island area and possible impact of such a sale is brought about by my desire to keep the public informed on matters of general public concern. The environmental considerations as well as the economic considerations will be presented equally to the public for review and comment.

Other areas were not opened for nominations at this time because this area had attracted the greatest interest in the previous statewide request for nominations on a priority basis made about one year ago. One of the essential elements of a successful oil and gas lease sale is to attract the largest possible number of responsible bidders with sufficient information on which to base their bid. The competitive aspect encourages each bidder to outdo his prospective rivals. A sale with few participants possessing essential data does not attract high bids. It is in the State's best interest to delay putting these areas up for sale until more companies have an interest in the area as demonstrated by their geological and geophysical work in the area plus nominations or expressed interest. The selection of areas for oil and gas lease sales is a carefully studied process and not an arbitrary decision.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "J. Hammond".

Jay S. Hammond
Governor

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 10, 1975

The Honorable Nels A. Anderson, Jr.
Chairman, House Resources Committee
Pouch V
Juneau, Alaska 99811

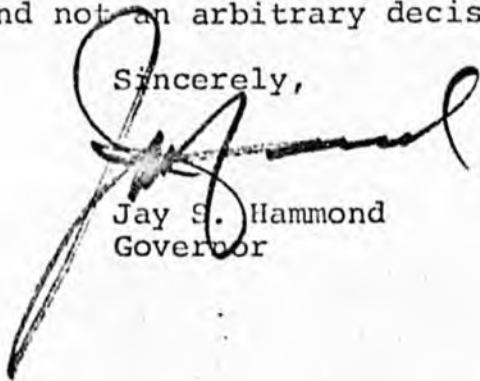
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Sincerely,



Jay S. Hammond
Governor

AGC 935671

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 10, 1975

The Honorable Nels A. Anderson, Jr.
Chairman, House Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Anderson:

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Sincerely,

A handwritten signature in dark ink, appearing to read "Jay S. Hammond", written over a large, stylized flourish.

Jay S. Hammond
Governor

AGO 935672

HCR

82

THOMAS E. KELLY
Consultant Earth Sciences

February 9, 1976

Honorable Nels A. Anderson, Jr.
Chairman House Resources Committee
Pouch V
Juneau, Alaska

Dear Representative Anderson:

I regret that I was unable to present testimony at the joint Resources Committee hearing in Anchorage this past weekend. I attended the afternoon session and was scheduled to address the Committee at 4:45 P.M. A prior obligation prevented me from returning that evening and the following morning (Sunday).

I hope that you will accept this letter as a brief summary of my viewpoints on the proposed Cook Inlet Region, Inc. - State - Federal land exchange.

From the standpoint of information and clarification I am a director and chairman of the Natural Resources - Economic Development Committee of the Anchorage Chamber of Commerce. The Chamber created a special task force to review the proposed land exchange and condensed its findings which sought:

- (a) Legislative review.
- (b) Greater explanation of the factual basis of the trade.

As a member of the Committee and task force, but not speaking for the Committee itself, I believe that the concerns of the Chamber have been met. If the Chamber takes a further position you will be advised immediately.

Accordingly the opinions herein are those of an interested individual with approximately seventeen years direct involvement in Alaska's natural resources.

I support, without reservation, the land exchange provisions as incorporated in the report accompanying and made a part of the Omnibus Act amending the Alaska Native Claims Settlement Act.

There are certain conditions in the report accompanying H.R. 6644 that I do not favor - and one in particular requiring the endorsement by CIR, Inc. of the Wilderness proposals within the Kenai National Moose Range is unfortunate - however the document represents a fair compromise and should be reviewed as such. The exchange agreement is a complex document that is probably not well understood by anyone not directly involved in the negotiations. It is apparent that the agreement is a delicately balanced instrument that will not survive further modifications, amendments, or adjustments.

It appears to me that the committee must be convinced that the exchange is in the best interest of all of the people of Alaska. In making this determination several questions should be answered:

1. Is it legal, fair to all parties and consistent with economic interests of the State?
2. Are the resulting land management patterns workable?
3. Will final solution avoid further litigation and resulting delays in completing selections pursuant to the Alaska Native Claims Settlement Act as well as final state selections pursuant to the Alaska Statehood Act?
4. Does it make for improved land classification and ownership patterns in Southcentral Alaska including the facilitation of Fish and Game management, recreation, and economic development of those lands to which a highest and best use classification can be determined?
5. Does it strive for a proper balance between lands best suited for development and those suited for purposes other than development?
6. Does it improve the possibilities for resource development on lands that have demonstrable economic significance?

Depending on personal convictions - sometimes colored with confusion, mistrust, or lack of facts - one could argue about whether the Native Corporation is getting more than its entitlement or whether the state is getting too much or too little or giving up valuable resources belonging to all of the people. Additionally we could argue, depending on our individual philosophy, that the federal government is being short changed.

I think it is important to understand honest concerns and apprehensions but I believe that on balance - the final solution that is before you - will be in the best interests of all parties.

The issue of vulnerability of the state in potential loss of revenues from Swanson River field or the loss of high value real estate in the Anchorage Bowl should not be a determinant. In other words the exchange will never be accepted if it is a product of duress or threat. I don't believe it is and I think it is our job to convince the people that it is not.

In conclusion if your greatest concern is that the state may be getting short changed particularly because of the Red Herring issue of the Beluga coal fields I recommend that you carefully plot the existing coal leases and/or prospecting permits as well as the mental health grants - the latter having been excluded from the exchange - to see the apparent potential effect on the state from relinquishing the lands in the Capps Glacier area. I think that you will find that the suggested giveaway is very questionable. Were it possible to select a great deal more fee or subsurface lands within the Kenai National Moose Range I would be very surprised if the Cook Inlet Region did not enthusiastically opt to do this. But it is not possible.

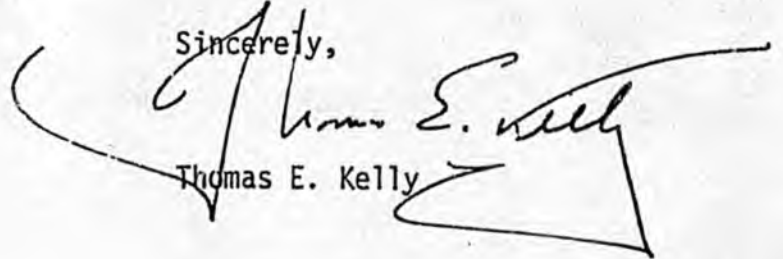
I urge your favorable consideration of the Cook Inlet Region - State - Federal land exchange - but only after you have satisfied yourself that the bug-a-boo is not there.

I wish to commend the committee for its diligence and effort in making it possible for everyone to become better informed on such an important issue as the proposed land exchange.

It is my understanding that legislation may be proposed that would establish guidelines for any future exchanges involving State lands. In this regard I hope that the committees and the legislature will recognize that each trade will have certain unique provisions and any new legislation should allow reasonable flexibility without rigid requirements that would impede prudent judgment.

Thank you for permitting me to include my position in the record of testimony.

Sincerely,

A handwritten signature in cursive script, appearing to read "Thomas E. Kelly". The signature is written in dark ink and is positioned above the printed name.

Thomas E. Kelly

TEK/sp

Federal-State
Land Use Planning Commission
For Alaska

731 W. MOUNTAIN AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501

REC'D CIVIL FEB 2 1976

October 30, 1975

Honorable Henry M. Jackson
Chairman
Senate Committee on Interior
and Insular Affairs
Attn: Steve Quarles
3106 Dirksen Building
Washington, D.C. 20510

ROUTE TO:	Info	Action	Initial
PRESIDENT	✓		
GEN. MANAGER			<i>WJ</i>
LAND DEPT.	✓		
VILLAGE COORDINATOR			
PUBLIC REL. OFFICER			
LEGAL DEPT.	✓		
CENTRAL FILES			<i>1-</i>
COPY FOR BOARD MEMS.			
COPY FOR VILLAGES			

Dear Chairman Jackson:

It is our understanding that the Interior Committee will soon commence its markup of certain proposed amendments to the Alaska Native Claims Settlement Act. With this in mind, I am writing to communicate the Commission's strong support for amendatory legislation relating to the land entitlement of Cook Inlet Region, Inc., and its constituent villages, as such legislation is described in the recently announced agreement between Cook Inlet and the State of Alaska.

For the past three years, the Commission has been actively involved in efforts to resolve the land-related problems which have confronted Cook Inlet and its constituent villages. These efforts have taken the form of technical assistance to the regional corporation and, more recently, to the State of Alaska, and recommendations to the Secretary of the Interior with respect to the location and quantity of withdrawals needed to help satisfy the requirements provided in Section 11(a)(3) of the Settlement Act. Most recently, the full Commission has considered the tentative agreement arrived at between Cook Inlet and the State of Alaska. On the basis of this consideration, which took place at a Commission meeting held on October 24-25, 1975, I have been authorized to communicate our unanimous support for the approach taken in the proposed agreement.

The Commission's position is premised on the following principal considerations. First, in our opinion, a significant portion of the acreage presently withdrawn for possible selection by Cook Inlet does not meet the qualitative criterion provided in Section 11(a)(3) of the

Settlement Act. In arriving at this conclusion, we are cognizant of the Federal District Court's ruling in Cook Inlet v Morton, and are constrained to disagree with that portion of the ruling which relates to compliance with the criteria specified in Section 11. Second, the land status pattern in the Cook Inlet region, which encompasses large Federal withdrawals and significant acreage in State and private ownership, indicates that it would be very difficult for Cook Inlet to obtain a satisfactory land entitlement in the absence of the land exchanges and other mechanisms provided in the pending agreement. Third, implementation of the agreement would greatly improve land management within the Cook Inlet region by consolidating Federal, State, and Native ownership in areas which aptly reflect the interests of the various parties. Thus, for example, the agreement would result in Native ownership of certain areas on the Kenai Peninsula which, by virtue of their location, soils, and other characteristics, appear suitable for private settlement and development. Similarly, the State would obtain additional lands in the Bristol Bay watershed, which is of critical importance to the State for its fishery and recreational values, and the Federal government would be assured of a viable management unit in the Lake Clark area, which has been proposed for national park status pursuant to Section 17(d)(2) of the Settlement Act. Improved management and ownership patterns would also result in other areas of the Cook Inlet region, including the Talkeetna Mountains and the Kenai Peninsula. Fourth, the proposed agreement would lessen the impact of private ownership on the Kenai National Moose Range by reducing the total acreage that might otherwise be transferred to Native corporations and by requiring that certain protective measures be taken in a significant portion of the lands that would be conveyed. In short, implementation of the agreement would permit the creation of rational patterns of land management and ownership which reflect the varied interests of the parties involved. Neither the administrative nor judicial alternatives afford the flexibility which is necessary to accomplish this result.

In supporting the proposed agreement, the Commission does not mean to minimize the technical and other problems which must be overcome prior to its final adoption. For example, there are certain legal issues which must be addressed. However, the research conducted by our staff and more extensive work performed by attorneys for Cook Inlet and the State indicate that solutions to these problems do exist. Moreover, since the agreement would authorize Cook Inlet to select lands within the boundaries of certain other regional corporations, the views of those corporations must be considered with great care, and an effort must be made to insure that in the process of improving land ownership and management patterns in the Cook Inlet region, we do not jeopardize

the opportunity to create sensible patterns in other areas of the State. In addition, full participation on the part of Cook Inlet's constituent villages and groups will be required, for the agreement calls for the relocation of certain withdrawals made for their benefit. We believe that the participation and cooperation of all of the parties to the agreement and other affected Native corporations will create an atmosphere in which possible problems can be resolved and the objectives of the current proposal can be successfully achieved.

Thank you for your consideration of this correspondence.

Sincerely,

Burt Silcock

Burton W. Silcock
Federal Co-Chairman

cc: Senator Ted Stevens
Senator Mike Gravel
Royston C. Hughes, Assistant Secretary, Program Development and Budget
Ken Brown, Legislative Counsel, Department of the Interior
Guy Martin, Commissioner, State Department of Natural Resources
Michael C.T. Smith, Director, State Division of Lands
Sam Kito, President, Alaska Federation of Natives
Roy Huhdorf, President, Cook Inlet Region, Inc.

ANCHORAGE ASSEMBLY RESOLUTION

Requested by:
Prepared by: Land Trust Fund Counsel
For Reading: 2/10/76

ON COOK INLET LAND TRADE PROPOSAL

(SEE BOTTOM PAGE 2)

ANCHORAGE, ALASKA

UNANIMOUSLY ADOPTED

AR NO. 8-76

10 To 0

A RESOLUTION OF THE ANCHORAGE ASSEMBLY EXPRESSING ITS CONCERN REGARDING THE DISPOSITION OF CERTAIN LARGE TRACTS OF PUBLIC LAND WHICH ARE THE SUBJECT OF PUBLIC LAW 94-204, AN AMENDMENT BY THE U.S. CONGRESS TO THE ALASKA NATIVE CLAIMS SETTLEMENT ACT OF 1971.

THE ANCHORAGE ASSEMBLY RESOLVES:

Section 1. The Congress of the United States has recently enacted Public Law 94-204, containing certain amendments to the Alaska Native Claims Settlement Act of 1971, one of which, at Section 12 of the Act and entitled "Cook Inlet Settlement", would have the effect of trading certain lands and future rights in lands between and among the federal government, the State of Alaska, and Cook Inlet Region, Inc., a native regional corporation, for the stated purposes of consolidating rational land ownership patterns and settling certain pending litigation in the public interest.

Section 2. The Cook Inlet Settlement section of P.L. 94-204 provides that, if the Alaska Legislature disapproves of the Cook Inlet Settlement prior to April 15, 1976, that settlement shall be null and void and the options of the Congress to fashion an appropriate remedy shall not have been foreclosed.

Section 3. The great bulk of lands and land rights so exchanged between the parties lie outside the boundaries of the Anchorage Municipality, and do not directly affect the property interests or planning authority of the Municipality; however, certain specific tracts of land identified in P.L. 94-204 directly affect present and future

and may consequently determine the direction of future growth and development which the Municipality will undergo and the amenities and necessities of life which will exist here for future generations. These tracts are the Campbell Airstrip Tract, the Point Campbell Military Reservation, the Point Woronzof FAA Reservation, and the Goose Lake Tract.

Section 4. The Municipality of Anchorage and its predecessors have long attempted to insure that the Campbell Airstrip Tract remains intact in public ownership as the Far North Bicentennial Park, both for its recreational and its watershed attributes. More recent efforts by local governments have stressed the importance of retaining the Goose Lake Tract, Point Campbell Reservation, and Point Woronzof Reservation in public ownership to guarantee that non-intensive land uses compatible with existing adjacent uses will occur in these areas in the future. While public ownership of each of these unique tracts of land at the local, State or Federal level is imperative, the Municipality of Anchorage believes that it is best qualified and equipped to plan and to manage these tracts in the public interest to meet the open space, watershed, recreational, institutional and cultural needs of a growing Anchorage, and this belief is hereby restated in this Resolution.

Section 5. Insofar as P.L. 94-204 may affect the future disposition and use of the Campbell Airstrip Tract, the Point Campbell Military Reservation, the Point Woronzof FAA Reservation and Goose Lake Tract, the Anchorage Assembly strongly urges that the Alaska State Legislature approve the Cook Inlet Settlement portion of P.L. 94-204 to insure that the public interest in

retaining these large, undeveloped tracts of land in continued public ownership is fully protected.

Section 6. The Municipal Legal Office has, at the request of the Assembly, monitored the progress of negotiations regarding the proposed agreement entitled "Terms and Conditions for Land Consolidation and Management in the Cook Inlet Area", and the legal office is hereby directed to continue to monitor the progress of said agreement and to report to the Municipality any changes which may affect those tracts of land which the Assembly has determined by this Resolution to be significant to the public interest.

Section 7. The Municipal Clerk is hereby directed to inform the Governor, the President of the Senate, the Speaker of the House, the Chairpersons of the House and Senate Resource Committees, and each member of the Anchorage Legislative delegation of this action by the Municipal Assembly, and to provide a full text of this Resolution to each of such persons.

PASSED AND APPROVED by the Anchorage Assembly this 10th day of February, 1976.

Chairperson

ATTEST:

Municipal Clerk

APPROVED this _____ day of _____, 1976.