

308

HRES

SB

174

-

SB

444

SB

174

"An Act relating to the taking of oil and gas royalty-in-kind; and providing for an effective date."

# COMMITTEE REPORT

3/25/75

HOUSE

FINANCE

Mr. Speaker:

Date 4-21-76

The Committee on Resources has had CSB 174

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" as follows

Members signing the Majority report:

Walter Anderson Do Pass

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Members NOT concurring in the Majority report:

John Steiner recommends: No Fee

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

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

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

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

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

Walter Anderson Chairman

~~CS~~ CSSB 174.

Puts the state at a tremendous disadvantage with their backs against the wall.

Is definitely Not in the state interest.

Reduces all the states options. —

Brown - Sub-committee to find out

Whether Senate Resources Committee still wants CS174

to go through. —

Bristol  
Bay  
Native  
Corporation

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

rec'd  
4/9/76

April 7, 1976

PERSONAL

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

Dear Nels:

You asked me for my comments on CSSB 174 before you held hearings on April 14. Since BBNC has opposed several bills this year, I think we should reserve our ammunition for bigger issues such as increased taxes. Therefore these comments are for your personal guidance, in fact, being a Legislator you may not agree with me at all.

State oil and gas leases have a provision for the State to take its royalty in kind and this has been done in the past by the Commissioner of Natural Resources, no doubt with the approval of the Governor. Since then we have set up an Oil and Gas Royalty Board and their consent is required. Now this bill would require approval of the Legislature which to me is absolutely absurd and suggests the desire for year-round employment or special sessions.

You have always said the Legislature is a very deliberative body and it takes time to do things right. In this case a willing buyer may not have a market by the time the various consents and approvals are obtained. You should consider that Alaska's oil production is only a small part of the world wide production which is controlled by supply and demand, not to mention more or less daily problems of transportation and storage all requiring immediate decision to keep the wheels of progress oiled. Gas production is an entirely different, unrelated problem as sales by necessity must be long term. I would suggest you bury this bill.

One other general comment, I don't think the 9th Legislature can anticipate or solve all of Alaska's as yet undefined future problems.

Keep up the good work and best regards.

Sincerely,

*W. Bishop*  
W. Bishop

cc: Directors  
Legislative Task Force

STATE  
of ALASKA

## MEMORANDUM

DEPARTMENT OF NATURAL RESOURCES  
Division of Oil and GasTO: Guy R. Martin  
Commissioner

DATE: April 13, 1976

FROM: O. K. Gilbreth, Jr. *OKG*  
Director

SUBJECT: CSSB174

This bill would make it virtually impossible to secure the best sales prices for oil and gas. Though we are sympathetic and favor the State controlling the disposition of royalty oil and gas, this bill leaves insufficient flexibility for the Commissioner to operate to secure the best prices. The bill makes it virtually impossible to obtain what is best for the State, then get Royalty Board approval, then get legislative approval and still function in a timely manner and not get caught in distress sale conditions.

It is our opinion that we cannot secure maximum income or contract terms in the sale of oil or gas where the State is boxed in to a mandatory sale and yet has no control over operation of the well or lease. A prospective buyer can easily see that the State will be in a distress condition to sell.

The Committee substitute provides that the Commissioner with the consent of the Board can enter into oil and gas sales contracts for one year or less to relieve a shortage of storage capacity. Any sale over one year presumably requires legislative approval. In the case of oil, long term sale contracts may not be advisable because of the anticipated increases in value in the future. Consequently each contract for two or three years must be approved by the Legislature. This will ultimately result in the Legislature having to pass on many contracts each year --- perhaps as many as 100 contracts. In the meantime, a distress sale must be made to "tide the State over until legislative approval is obtained." The companies, knowing this, would be foolish to pay top prices when they can buy under distress conditions. Consequently we can anticipate some losses on our short term sales. Also, since it will be mandatory that the State sell the oil, a crude oil and gas sales section must be established to handle these affairs. A fiscal note is attached showing the estimated cost of this section.

Guy R. Martin  
O. K. Gilbreth, Jr.

-2-

April 11, 1976  
CSSBI74

For gas, we cannot trade our royalty volumes as easily as we can trade oil. Since the legislature must approve any sale, beyond one year, we must be able to market the first year's production between contracts. It is virtually impossible to sell gas under a one year contract. The net result will probably be that we will have to give the production to anyone who will take it or, in the worst case, pay someone to take it off our hands. We can't flare it nor can we stop the operator from producing simply because we don't have a market for our royalty gas. The operator can readily make long term contracts in order to produce the well at the earliest possible time. It must be borne in mind that facilities have to be installed to transport gas to the ultimate user and this requires financing which requires long term contracts. No one is willing to install facilities to a new source without a long term contract. Thus it is likely that since we can't make long term commitments until the Legislature acts, nor let the operator sell for us until we do, we will find ourselves in quite a dilemma in every new lease where oil or gas is found

If the Legislature feels that the State should sell its royalty oil and gas, then to provide more flexibility, we recommend that they consider leaving the "may" on Line 11 as is in present law and have the Commissioner report within two years after first production on his efforts and results in attempting to sell the royalty in-kind. The Legislature could mandate through resolution or other means at that time if it was not satisfied in the effort that the Commissioner had made. This span would give the Commissioner adequate time to get the best deal for the State, would give him the option to have the company market the oil or gas production while he negotiated if he didn't have an instant buyer, and would not create the climate of a distress sale.

Attachment

SB

177

5-510B H Street  
APO Seattle 98742  
April 15, 1975

Honorable Edward C. Willis  
Pouch V, State Capitol  
Juneau, Alaska 99811

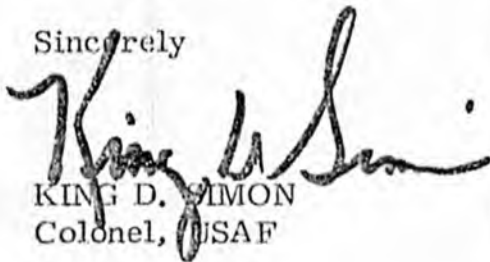
Dear Senator Willis

Thank you for your letter of April 11, 1975 reaffirming your continuing interest in our concern with respect to Senate Bill 177. I appreciate your discussing this matter with Representative Anderson and others.

I also appreciate your offer to arrange for me to testify. However, I believe it would be inappropriate for me as an individual to appear in this legislative matter. Perhaps Representative Anderson could appropriately notify the Alaskan Command at the time a hearing is set and I believe an official representation would probably be forthcoming.

Thank you again for taking the time to advise me of these legislative matters.

Sincerely

  
KING D. SIMON  
Colonel, USAF

from the desk of . . .

Senator Ed Willis

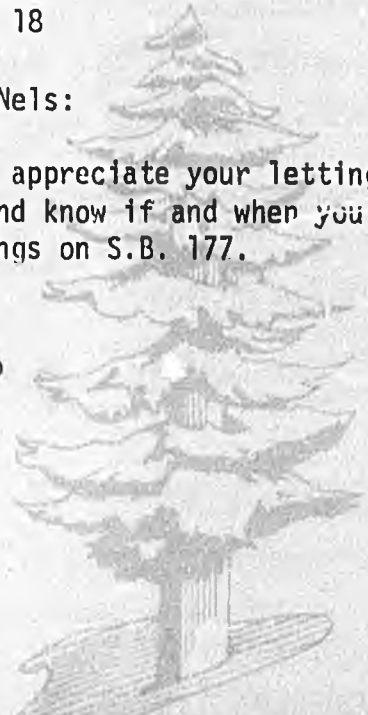
April 18

Dear Nels:

Would appreciate your letting the Alaskan Command know if and when you consider hearings on S.B. 177.

Ed





# Alaska State Legislature



SENATOR  
W. E. "BRAD" BRADLEY  
P.O. DRAWER 8670  
ANCHORAGE, ALASKA 99508

LEGISLATURE ADDRESS  
POUCH V - STATE CAPITOL  
JUNEAU, ALASKA 99811

April 8, 1975

The Honorable Nels Anderson  
Chairman, Resources Committee  
House of Representatives  
Pouch V, State Capitol Building  
Juneau, Alaska 99811

Dear Nels:

I would appreciate your committee providing a committee substitute of SB 177 in accordance with one of the attached versions submitted by Headquarters, Alaskan Command. I, as does the Senior Military Commander in Alaska, prefer the attachment 1 version. All changes to the original bill are underlined if added, and placed in parentheses if deleted.

After almost 30 years in the armed forces, from private to colonel, I can see both sides. Since you have had military experience, I am sure you know that any reasonable fish and game regulation of this type will serve as a deterrent to those G.I.'s that are capable of taking unfair and unsportsmanlike advantage of wildlife with specialized military property, and will result in a better reputation for the military.

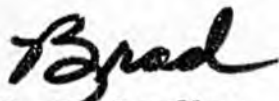
I was wildlife conservation officer for the entire military command as one of my additional duties several years ago, and I am very familiar with how many and how serious the violations can be. Most servicemen are good sportsmen, only a few give all others a bad name. I believe the attachment 1 version of SB 177 will be fair to all concerned. The Senior Military Commander in Alaska, the new title for what was formerly the Commander-in-Chief of the Alaskan command, will designate only that military property for the serviceman's use in hunting, fishing, and other recreational activities that he considers absolutely necessary and will not give the servicemen an unfair advantage in the taking of fish and game. For the most part, military-owned recreational equipment is defined as special services items. I called Fish and

*Senate*  
*Sen Ed*  
*Willis*  
*know when*  
*this comes*  
*up on our*  
*schedule.*

Game Department and they understand the same.

Our fish and game situation is rather pathetic, as we both know; consequently, we must clamp down on the "bandits". This bill passed the Senate, with all 20 votes for it, but hindsight is 20-20; therefore, I staffed it through Headquarters, Alaskan Command, for all the military in the State, and the enclosure is what I received. I think their comments are valid. Your cooperation and expeditious treatment of this request will be very much appreciated. If I can reciprocate, please let me know.

Sincerely,

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

W. E. Bradley  
Senate

dsf

ENCLOSURE

HEADQUARTERS, ALASKAN COMMAND

Office of the Assistant Chief of Staff, J1

4 Apr 75

TO: Senator Bradley

Dear Brad,

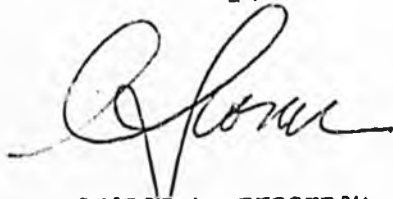
Per our conversation last weekend, I sent a copy of Committee Substitute for SB 177 to General Herbert and Col Simon, our JA. It was discussed with CINCAL.

To make a long story short, it's felt that even the substitute poses some serious problems for us. We would appreciate your consideration of the attached two rewrites. Attachment 1 is our desired position since it does not discriminate against the military per se, yet seems to accomplish the desired goal. Attachment 2 is offered as a possible alternative and makes only minor amendments to the revised bill while constituting, we believe, better legislation.

We don't presume to impose upon your cooperativeness, but the proposed legislation is of concern to us.

As always, I hope all is going well.

Sincerely,



GEORGE L. BERGERON, JR.  
Colonel, USAF  
Asst Chief of Staff, J1

2 Atch

1. SB 177 (Desired)
2. SB 177 (Acceptable)

*Enclosure*

SB

180



Comments of Dr Jack Van Hyning  
at Fairbanks Public hearing  
March 8, 1975

(Jw)

I would also like to comment on Senate Bills 180 and 181, relating to the private nonprofit salmon hatchery legislation passed by the 1974 session.

It may come as somewhat of a surprise to you to learn that Alaska's first private salmon hatchery corporation is headquartered here in Fairbanks. We also have the first provisional permit. Our hatchery, however, is located in Prince William Sound, on an island near Whittier, and in our group in addition to myself we have a Cordova commercial fisherman and an Anchorage businessman. Incidentally, the private hatchery concept originated in Oregon.

With reservations we endorse Senate Bill 180 which refers to the Department of Fish & Game making every effort, within the limits of time and resources, to assist and advice applicants in the planning, construction or operation of private salmon hatcheries. I find that the Department personnel are already committed to this philosophy, but submit that they will not be able to adequately carry out the mandate of such legislation without adequate funding. At the very least there should be a full-time coordinator or liason between the Department and the private hatchery operators. In the future there will be additional personnel needed to monitor the hatcheries for diseases, etc. On the other hand, I would warn against creating another empire of state government for the express purpose of assisting private industry. There are a number of consultants, advisors,

and engineering firms that specialize in this field and are available for working with the private sector in the design and operation of salmon hatcheries. These are private businessmen, taxpayers, and they should not have to compete with tax-supported government agencies. There should be a clear policy on the respective roles of the state staff and private advisors.

We strongly endorse Senate Bill 181 which extends the Commercial Fishing Loan Act to include private hatcheries. The only addition I might request to this would be a delayed payment option. Unlike a fishing boat which can start fishing immediately, private hatcheries will not receive any income for from 2 to 5 years after the beginning of operations. Therefore I suggest that a minimum 2-year delay be considered before the first repayment, as is the case with the federal farm loan program.

I would also like to ask the legislature to consider a change in the Renewable Resources Fund Act. As I understand this legislation, these funds will go to the state for projects dealing with the enhancement of renewable resources. Presumably some could be contracted to universities and other bodies for research and other work, but if Murphy's principle prevails a bureaucracy will expand to fill any vacancy in space or funds. Whether it be 5 or 50 million dollars, I am sure our state agencies will rise to the occasion. I urge that there be some mechanism set up whereby a portion of these funds can be set aside for use by qualified private concerns in research and development projects -- programs to benefit fishermen's organizations, farmers' groups, etc. For example, the Cordova fishermen's aquaculture program, under the leadership of Wally Noerenberg, with adequate funding could do great things in the rehabilitation of Prince William Sound fisheries. Persons familiar with Alaska's agricultural problems could probably cite similar examples.

Obviously there needs to be strong guidelines and control, but perhaps private industry could do a job cheaper, faster, better and more efficiently than a state agency.

Thank you.

SB

181

"An Act relating to loans for the construction of hatchery facilities; and providing for an effective date."

# COMMITTEE REPORT

5/5/75

HOUSE

FINANCE

Mr. Speaker:

Date 5-12-75

The Committee on RESOURCES has had CSSE 181

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:

Nels A. Anderson, Bill S. Johnson

\_\_\_\_\_

Steve Harkness

\_\_\_\_\_

Robert Stewart

\_\_\_\_\_

Members NOT concurring in the Majority report:

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

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

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

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

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

Nels A. Anderson, Chairman



PRINCE WILLIAM SOUND

SB 181

AQUACULTURE CORPORATION

*A regional non-profit organization for the enhancement of fisheries.*

*Wallace H. Noerenberg  
Executive Director*

*P.O. Box 1110  
Cordova, Alaska 99574  
(907) 424-3411*

May 7, 1975

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

Dear Mr. Anderson:

This is to urge passage of CSSB 181, which has been passed by the Senate and is presently under consideration by the House.

Our regional non-profit corporation is planning a major salmon rehabilitation program for Prince William Sound and the Copper River fisheries. The Board governing our actions is composed of State, City of Valdez, City of Cordova, Chugach Natives, Inc., three native village corporations, fishermen's marketing association and fish processors representatives. That is, all elements of the Sound area interested in economic viability through fisheries rehabilitation. Our program will be thoroughly integrated with that of the State via a jointly developed masterplan.

We anticipate our corporation, especially in the next three years before Prudhoe oil monies accrue to the State, will have to finance construction of most of the egg incubation hatcheries necessary for rehabilitation. Passage of CSSB 181 would greatly assist financing of initial phases of our program. Remaining early financing will come primarily through self-assessment of the fishermen catches at 2¢ per fish and matching grants from salmon processors.

Our preliminary permit application for a hatchery at the non-operating Port San Juan cannery has been approved by Commissioner Brooks. We have negotiated a long term lease with New England Fish Company for use of Port San Juan, thus greatly reducing the cost of our first

Honorable Nels Anderson

May 7, 1975

installation, a 20-million pink salmon egg unit. Our ability to construct this installation and take eggs in the summer of 1975 depends largely on our ability to borrow from the State fishermen's revolving loan fund, as provided in CSSB 181.

Sincerely yours,

*Wallace H. Noerenberg*  
pd

Wallace H. Noerenberg  
Executive Director

WHN/pd

cc: Senator Kerttula  
Representative Specking

Cordova Aquatic Marketing Association, Inc. *File*

*Producers of Aquatic Products*

*SB 181*

P. O. Box 359  
CORDOVA, ALASKA 99574

May 12, 1975

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

Dear Representative Anderson:

This is to request your support for passage of FCSSB 181 which has been passed by the Senate and is presently under consideration by the House. Passage of the bill would greatly assist the Prince William Sound Aquaculture Corporation in financing the initial phases of a salmon rehabilitation program by making non-profit salmon hatcheries eligible for loans from the Commercial Fisherman's Revolving Loan Fund.

We believe that the Prince William Sound Aquaculture Corp. offers us an unprecedented opportunity to help ourselves by building and operating Pink and Chum salmon incubation box facilities in Prince William Sound.

Sincerely,



Robert Blake  
President

rb/mh

**Prince William Sound  
Processors Association**

Box 254

Cordova, Ak. 99574

May 12, 1975

*File*  
*SB 181*

Honorable Nels Anderson, Chairman  
Resources Committee  
Alaska State Legislature  
Juneau, Alaska 99801

Dear Mr. Anderson:

The Prince William Sound Processors Association would like to express its support of Senate Bill Number 181 relating to loan support for construction of hatchery facilities, etc. Our organization is totally dependent upon the fisheries resources of the Prince William Sound area.

We know that for our industry to survive we're going to have to enhance the naturally occurring runs of salmon and we feel that the non-profit hatchery program that has been made possible by recent legislation is one good way of starting this effort. We believe that Senate Bill Number 181 would be effective in providing initial financing for our organization and probably others throughout the State.

We hope that you will give your full support to this measure and make sure that it passes the House as it has the Senate.

Thank you very much for your help and cooperation.

Very truly yours,

*Ken Roemhildt*

Ken Roemhildt, President

KR/jcs

SB

235

# STATE OF ALASKA

## DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

SUPPORT BUILDING  
JUNEAU 99801

March 28, 1975

Honorable Nels A. Anderson  
Chairman-House Resources Committee  
Alaska State Legislature  
Pouch V  
State Capitol Building  
Juneau, Alaska 99811

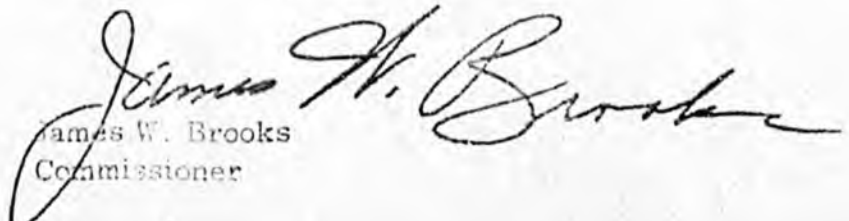
Dear Representative Anderson:

I have your letter of March 25, 1975 and assume that it is related to the arrival of SB 235. You evidently believe that decisive action on my part would have spared the Legislature the responsibility for addressing this problem. Please consider the following:

1. I directed that the predator program be undertaken.
2. Its execution was delayed by court action.
3. I considered and rejected the options for action that would avoid conflict with the injunction. One option involved the reintroduction of public aerial shooting with control being exercised through issuance of permits - a system that had proved uncontrollable in the past and therefore would have probably resulted in prompt, additional court involvement. The other option calling for implementation of an old law permitting the Governor to hire hunters and trappers was simply not practical.
4. I had no knowledge that Senator Butrovich and Senator Huber intended to introduce the legislation until after they had done so.
5. Once the Legislature undertook action to remove the legal obstacles imposed by the court, I supported the effort.

I commend you on not wishing to make resource management decisions and it is not in my nature to pass controversial ones on to anyone else. To the contrary, I strive daily to carry out my responsibilities in a manner that will avoid imposing additional burdens or problems on the legislator and the Governor.

Sincerely yours,

  
James W. Brooks  
Commissioner

S B

3 35

"An Act relating to sport fishing, hunting, and trapping licenses and fees; and providing for an effective date."

# COMMITTEE REPORT

HOUSE

3/25/76

FINANCE

Mr. Speaker:

Date 4-13-76

The Committee on RESOURCES has had CS SSSB 335

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>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
<u>MIKE HERSHBERGER</u>	_____	_____
<u>[Signature]</u>	_____	_____

Members NOT concurring in the Majority report:

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

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

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

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

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

[Signature] Chairman

A M E N D M E N T

OFFERED IN THE HOUSE:

By: House Resources Comm.

To: \_\_\_\_\_ HOUSE BILL No. \_\_\_\_\_

SENATE BILL No. CS SSB 335

PAGE: 3

LINE: 25/L

Change the effective date to  
July 1, 1974

Walter Anderson, 4/13/76  
Chairman House Resources

# COALITION of INTERIOR ALASKA OUTDOORSMEN

P.O. Box 18  
FAIRBANKS, ALASKA 99707

## Affiliated Clubs:

Chena River Sports Club  
Christina Dipnetter's Association  
Fairbanks Trailblazers, Inc.  
Interior Alaska Trappers Association  
Interior Wildlife Association  
Tanana Valley Sportsmen's Association

300  
#123  
April 15, 1976

Dear Governor Hammond and Legislators,

Re: Senate Bill No. 335

The Coalition of Interior Alaska Outdoorsmen has previously stated their position on raising the cost of hunting and fishing licenses and big game tag fees. We now feel that it is time to better define and clarify this position.

Senate Bill 335 as passed by Senate drastically changes the license and tag fee structure. It is our understanding that over 85% of revenue generated by sales of licenses and tags comes from non-residents. Based on this information, we question how much will be gained by doubling the cost of resident sport fishing and hunting licenses. We believe fewer licenses will be sold, therefore decreasing any gain hoped to be achieved.

We believe that three other areas should be considered for additional revenue and to better distribute the cost burden to all those benefiting from fish and game management programs. These are as follows:

1. We do not believe that any valid reason exists today for a 25-cent license. If necessary, the welfare agency supporting the qualifying individual should pay the normal fee and thereby transfer these funds to the fish and game fund so federal matching monies could be received. In 1975, 5,004 25-cent licenses were sold. None of these funds went to the Dept. of Fish and Game. Since this 25-cent license allows the licensee to hunt, fish and trap it should be valued at \$15.00. Thus \$75,000.00 in possible revenues was not received by Fish and Game. When the 3 to 1 matching federal monies are added the total loss we actually \$300,000.00.
2. We believe that somewhere between one fifth and one third of the Dept. of Fish and Game's Sport Fishing and Game Division's activities are solely directed toward non-hunting and fishing activities. This is estimated to consume in excess of \$2,000,000.00 of Fish and Game funds. At the present time the hunter and fisherman pays the bill for these activities. We believe a better method would be to fund these activities from general funds and thus more equitably share the costs of all activities. A general fund appropriation of approximately \$600,000.00, along with matching federal funds, would total approximately \$2,000,000.00.
3. At the present time all revenue derived from trapping licenses goes directly to the general fund account. Fish and Game does not receive any of these monies, but provides all the management efforts. Again, the hunter and fisherman is paying the bill. We believe that these trapping funds should be sent directly to the Fish and Game account. This could then be matched by federal monies. Approximately 8,000 trapping licenses were sold in 1975. This amounts to \$24,000.00. Due to loss of federal matching funds, this resulted in a loss of \$100,000.00 to Fish and Game. We would support an increase of the resident trapping license to \$10.00 providing these funds go directly to Fish and Game. This could generate \$320,000.00 in additional revenue.

We are opposed to all resident big game tag fees. The cost of administering may well offset any additional revenue derived. This will also discourage hunting by residents and may effect sales in related outdoor activities. We believe this new fee area should be approached with great caution.

Items 1 through 3 above would require a general fund appropriation of \$600,000.00 and could generate as much as \$2,620,000.00 for Fish and Game management. This would be done without changing the present resident hunting and fishing license structure.

We have not taken a position on non-resident fee increases. The legal and social ramifications are such that we think it best to concentrate our efforts on this license and fee issue as it affects us as resident Alaskans.

Again we would like to suggest that public hearings on this matter be held in several areas of the State.

Sincerely



Ivan Thorall, Chairman

file  
SB 335

rec'd  
H/26

Frank W. Harris  
610 W. Fireweed Lane  
Anchorage, Alaska 99503

Rep Nels Anderson  
Pouch V  
Juneau, Alaska 99801

RE: SB 33 5.

Dear Rep. Anderson,

Having just returned from a safari in Africa, I believe I have some familiarity with what is going on as to the charges being made in most African countries for hunting their more precious species of game.

In my opinion according to the scarcity of sheep in Alaska....I would compare it to a Bongo in the Sudan....where the permit is \$450.00--- \$300.00 for the license and an extra \$150.00 if you make a kill.

Also you could compare our walrus hunt as to scarcity with a lion or leopard, where in Africa the fee will be \$345.00 for a lion or a leopard.

I believe that your caribou fee as set at \$200.00 is slightly high, when compared to animals of the same frequency in Africa.

The Alaska non-resident deer license at \$25.00 however, seems right in line.

I've enclosed a special tourist license fee from the Sudan, which shows their prices are not cheap.

For instance...the Roan Antelope could be compared in scarcity with our moose.

Hope this is of some help.

Very truly yours,

  
Frank W. Harris

**The Democratic Republic Of The Sudan**  
**Department Of Wildlife Conservation & Tourism**  
**Southern Region**

**Amended Charges Of Ordinary And Special Game Licences 1975/1976**

Schedule (5)

SPECIAL LICENCE (TOURISTS)

Species	Number allowed	Licence	Shooting tax after killing each animal
Bongo .....	1	U. S. \$ 300	U. S. \$ 150
Situtunga .....	1	U. S. \$ 180	U. S. \$ 150
Nile Lechwe .....	1	U. S. \$ 300	U. S. \$ 150
Giant Eland .....	1	U. S. \$ 300	U. S. \$ 150
Oryx Belsa .....	1	U. S. \$ 240	U. S. \$ 150
Lion .....	1	U. S. \$ 195	U. S. \$ 150
Lesser Kudu .....	1	U. S. \$ 135	U. S. \$ 120
Leopard .....	1	U. S. \$ 195	U. S. \$ 150
Hippo .....	1	U. S. \$ 300	U. S. \$ 150
Giant Forest Hog .....	1	U. S. \$ 240	U. S. \$ 150
Crocodile .....	1	U. S. \$ 240	U. S. \$ 120
Yellow-Backed Duck .....	1	U. S. \$ 240	U. S. \$ 150
White Eared Cob .....	1	U. S. \$ 120	U. S. \$ 90
Roan Antelope .....	1	U. S. \$ 180	U. S. \$ 120
Elephant .....	1	U. S. \$ 60	Approx. U. S. \$ 12 per lb. weight of Ivory subject to Market price when Exported.

N. B.: 1) Wounded Elephant is counted on the licence and fine of U. S. \$ 3000 is collected as shooting tax.

2) Penalty fee for killing Elephant with tusks LESS than 15 Kgs.  
U. S. \$ 1500.

3) Immature Bongo is not allowed (this concerns Males). Penalty fee for killing any male Bongo with horn length less than 18 inches (45 cm)  
U. S. \$ 600.

4) Female Bongo is not allowed. Penalty fee for killing female Bongo  
U. S. \$ 900.

5) Wounded Giant Eland is counted on the licence. Fine of U. S. \$ 600 is collected as shooting tax.

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH S - JUNEAU 99811

March 26, 1976

The Honorable Nels Anderson  
Chairman  
House Resources Committee  
Alaska State Legislature  
State Capitol Building  
Juneau, Alaska 99811

Dear Mr. Anderson:

re Committee Substitute for Sponsor Substitute  
for Senate Bill No. 335

Committee Substitute for Sponsor Substitute for Senate Bill No. 335 was introduced in the House on March 25, 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 Fiscal Note and accompanying schedules advising of estimated revenue and administrative costs of the proposed legislation, prepared by R. H. Pilcher, Manager, Juneau Field Office, Department of Revenue.

If you or any members of the House Resources Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Pilcher for further information or testimony at a hearing.

Very truly yours,



R. D. Stevenson  
Special Assistant

cc: The Honorable Hugh Malone  
Chairman  
House Finance Committee

R. H. Pilcher, Manager  
Juneau Field Office  
Department of Revenue

**MEMORANDUM**

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

DATE: March 22, 1976

FROM: R. H. Pilcher  
Manager  
Juneau Field Office

SUBJECT: Committee Substitute for Sponsor  
Substitute for SB 335

Passage of committee substitute for Sponsor Substitute for SB 335 will:

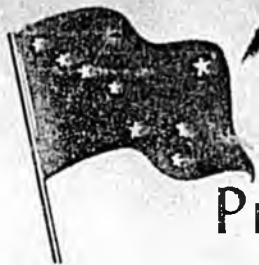
1. Increase certain sport fishing and hunting license fees for both residents and non-residents.
2. Increase certain tag fees for non-residents.
3. Require tags for residents to hunt five species of game effective January 1, 1977.

EFFECT ON TREASURY

Based on calendar year 1975 actual license and tag sales and on the sale of approximately 14,150 resident tags, passage of this bill will result in a dollar revenue increase of approximately \$2,191,390.00 for distribution to the various funds in calendar year 1977. (See attached breakdown of revenue estimates.)

The additional work load involved in the distribution and sales of resident game tags, plus auditing reports and accounting for the added revenues will require the addition of one Accounting Clerk II position to the BRU's work force. (See Fiscal note attached.)

The January 1, 1977 effective date for this sponsor substitute bill eliminates problems of administration encountered with the original SB 335.



# Alaska

## Professional Hunters Association, Inc.

P. O. BOX 4-1932  
ANCHORAGE, ALASKA 99509

Phone (907) 279-7837  
or (907) 344-5482

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Nels Anderson  
Juneau, Alaska

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CLARK ENGLE  
Anchorage

Subject; Proposed non-resident tag fee increase.

Many thousands of dollars are spent by the the State promoting tourism in Alaska in magazines and in papers in the lower 48. It seems inconsistent to me that on the one hand we want tourism and on the other hand we reject it by making it too expensive for the lower income tourist that come to Alaska - and when I say tourist I also mean hunter.

There seems to be a misconception to what a tag fee is. Many people seem to think that a tag fee is the price of an animal. This is not true. A hunter must buy a tag for the privilege of hunting the animal. This tag does not mean that he is buying or getting the animal, but only the right to hunt it.

Many other expenses are involved besides the tag fee in a guided or non-guided hunt. Airlines, hotels, restaurants, sporting-goods stores, air taxi operators, etc. Everyone benefits when we have this type of tourist up here.

The hunting tourist leaves much more money in Alaska, than the person that comes up to look around and take a few pictures.

Another point that we might consider is that when we increase the tag fee as the proposed legislation would do, we are only restricting those people from the lower income brackets that can not afford this type of increase. It is not going to restrict or stop the very monied hunter that wants a



PLEDGED FAIR CHASE

guided hunt, from coming up here. We will have less hunters, and it will not effect the majority of guides, but it will affect the hotels, resturants and all the other businesses that depend upon tourists.

If the purpose of this legislation is to reduce the number of hunters that come to Alaska, then we are accomplishing this, but I would like to make a suggestion. If what you really want is to reduce the number of hunters that come to our state, then the best way to do it is to require that all hunters must have the services of a guide, before they can hunt in Alaska. Because of the high price of the guided hunts this would materially reduce the number of people that come from the states and other countries to hunt Alaska. I do not say this to benefit the guides because that would have very little effect on them. The people that come for a guided hunt have the money to do so, but it would stop a number of hunters who are in the lower income bracket and can not afford the services of a guide.

Many thousand of hunters come to Alaska and hunt moose, caribou black bear and goat on their own, because a guide is not required. Their success is not that great, but they do spend much with the charter boat operators, air taxies, roadhouses, etc. Less hunters means less business and therefore less taxes for the state.

What I am saying is that the proposed increase is not going to drasticially effect the guided hunts in Alaska, but it will effect the other small businesses that depend on tourism to quite some extent.

If you recall in 1973 after the last price increase in tags the number of non-resident hunters purchasing tags dropped from 11000 approx. to 8000. I have no idea what the drop would be now after this proposed increase, but I am sure it would be substantial.

On a 16 or 18 day hunt, most guided hunters normally buy 5 tags and the price in the past has amounted to \$525.00. On a hunt of this type he expects to take three trophies and the other tags are just in case he has a chance at additional game.

If this increase goes into effect we may look forward to a hunter buying only three tags for \$600.00 instead of five tags for \$1000.00 The revenue to the state would be increased by \$75.00, but with a substantial decrease in the number of hunters it seems to me that in the long run the state will come out on the short end, when we consider reduced taxes from small businesses, reduced income from Airlines and the state ferry system.

We all should in the future think of the hunter as a tourist,

and every time a piece of legislation comes up partaining to hunters, to try to think of them as tourists first and hunters second. The hunter is one of Alaska's greatest tourist. They have contributed much to the state and businesses, almost everyone benefits from these hunters that come up here. When the pipeline boom is over we are going to be left with an ecconomy that is based on tourism and some commerical fishing operations. Alaska has no industries as such and our dependence on the tourist is very great for all businesses, not just the guiding business, BUT ALL BUSINESSES.

Thank you for taking the time to read this as I know you are all very busy people.

Stan Frost  
President A.P.H.A. Inc.

COMMITTEE REPORT

CS SS  
SB 335

HOUSE RESOURCE COMMITTEE

In reporting out CS SS SB 335 the committee has changed the effective date of this act.

It is the intent of the committee that no fee collected before the effective date of this act will reflect the increases appearing in the bill but, that all licenses and tags purchased after the effective date of this act will reflect the increases.

-----  
Nels A. Anderson, Jr., Chairman



## ALASKANS FOR TRAVEL, INC.

P. O. Box 1479 • Anchorage, Alaska 99510 • (907) 276-7818

April 8, 1976

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

Dear Representative Anderson:

We are writing to you today in regards to Senate Bill 335, or any substitute bill that is now being given consideration. This bill deals with hunting and fishing license fees. In particular, we are concerned with the impact the proposed increase in these fees may have upon the Alaska visitor industry. We are also concerned with fishing license fees as they relate to the visitor.

Certainly the AFT is not now, nor do we have the capability of, becoming experts in the field of game management and the costs related thereto. However, we do feel that it is necessary to point out that the substantial increases in license fees and game tags, as this bill suggests, may have a detrimental effect upon sportsmen coming to Alaska for the purpose of hunting big game.

In the fishing license fees we recognize the need for proper management, the costs that are related to that management, and the federal revenues that accrue to the State in this area of fees collected. However, we would call to your attention that with the proposed changes the minimum fishing license fee for a nonresident would be \$15.00. Our Alaskan visitor traffic has a great number of people who are in the State for only a few days and frequently their wilderness and/or fishing experience potential is limited to a matter of hours.

I am speaking of such visitors as those that arrive and return on the cruise ships, the air package travelers that visit the Anchorage gateway area and have an opportunity for a half or full day of fishing in the Southcentral Region, and the substantial number of visitors that are here for commercial purposes and spend an extra day in Alaska for their own personal "R & R". Many of these people would like to fish from a few hours to a full day.

April 8, 1976

When they are currently advised that the minimum license fee is \$10.00 they feel they are being "ripped-off" by Alaska. The State of Alaska and the unfortunate individual that has to inform them of the required \$10.00 license (\$15.00 in the new bill) to fish for a few hours is made to appear in less than a favorable light. This problem is accentuated by the fact that many of our visitors come from other coastal states where there are no fishing licenses required for salt water angling. We lose many potential short term fishermen because of this license fee. I might add most of them catch few fish due to the short time period and their lack of fishing experience.

The Alaska travel industry has suggested many times in the past, and we would suggest once again, that the legislature give consideration to a one day visitor fishing license. With the \$15.00 fee that you are considering, we suggest it would be appropriate for that one day license to be \$5.00. It would also help the circumstance if that license was issued in the form of an inexpensive certificate. This could help make the visitors happy, even if they failed to catch a fish, and consequently they and their friends may return another time and leave another cash deposit in our State.

The Alaska State Department of Fish and Game has, in the past, expressed concern that this one day license would adversely affect the sales of the 10 day (\$10.00) visitor fishing licenses. While to a small degree this may be the case, it is our firm conviction that what we are talking about is providing, at an acceptable price, a fishing license to those individuals that refuse to pay the price (\$10.00) now required. Many visitors will elect not to fish for the few hours they have available if they are going to be charged \$10.00 (or \$15.00 as proposed) for the privilege of doing so. The State loses potential license fee revenue and our sports fishing business loses potential customers.

There are many charter boats available, particularly in Southeast Alaska, for one-half or one day fishing excursions. At \$15.00 per individual for a license for a half day's fishing, the cost of the license would equal 50% of the cost of chartering a boat for a party of five people.

In determining the price of the one day fishing license, we believe it appropriate and necessary that the one day license fee be set at a price of approximately 1/3 of the ten day license fee. This would provide a safeguard to avoid individuals buying a series of licenses to keep their license fee below that of the ten day fee. Most professional sports fishermen and/or fishing parties that go into lodges fish four to five days or perhaps a week. They would not be interested in purchasing a one day fishing license.

The Honorable Nels Anderson

-3-

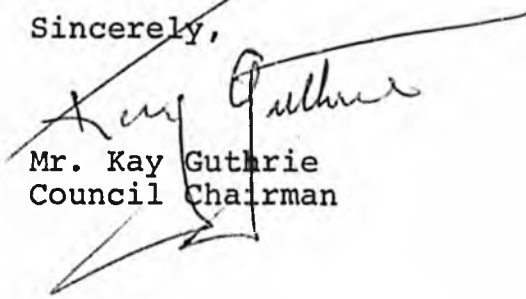
April 8, 1976

There are several other administrative features, simple but effective, that could be used to avoid any complication or abuses to this license. Also, this license would generate new revenue for the State.

Business members in the Alaskan travel community would be pleased to work with the Department of Fish and Game to assure that this program is properly designed and implemented.

Thank you very much for your consideration in regards to this issue.

Sincerely,



Mr. Kay Guthrie  
Council Chairman

cc: James W. Brooks, Commissioner  
Department of Fish and Game

Rupert E. Andrews, Director  
Division of Sport Fish

House Resources Committee Members

KWG:bf

File  
SB 335

4-8-76  
Mora, Minn.

Alaska State Representative  
Nels Anderson, Jr.

This letter is in reference to a recently Senate passed State license fee raise. As a non-resident it looks as though some in the Senate only want to have some kind of a rich man's hunting grounds. For a few years (4 or 5) I have been coming to your state to visit & while there I have either been fishing & hunting or just one but the cost I thought was considerable but I enjoyed it. Senator Poland seems to think you have been almost giving your game away. I don't know what states he has been checking on but I do know it couldn't have been in the

midwest. Our State of Minn.  
just raised our fees in  
the past ~~few~~ few days and our  
non-resident deer hunting fee  
went from <sup>\$</sup>50<sup>00</sup> to <sup>\$</sup>62<sup>50</sup> and  
that includes the tag. Non-resident  
fishing will be 10<sup>00</sup> for individual  
or <sup>\$</sup>15<sup>00</sup> combination man & wife.

All non-residents know that  
it is going to cost them some more  
but we all spend quite a bit  
I decided these fees in each others  
states. In the past there has been  
talk of federal licenses & it is  
just type of fees your senate  
has passed that may someday  
make it happen. Don't price  
the little guy out of your hunting  
& fishing.

Thank You  
Wm Washburn  
607 W. Forest Ave.  
Mora, Minn., 55051

S B

4 06

"An Act relating to oil terminal facilities and the marine transportation of crude oil, refined petroleum products or their by-products; and providing for an effective date."

# COMMITTEE REPORT

4/28/76

HOUSE

JUDICIARY

Mr. Speaker:

Date

5-17-76

The Committee on RESOURCES has had CS SS SB 406

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 HCS FOR CS SS SB 406 AND THAT

HCS FOR CS SS SB 406 DO PASS

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

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>Walter B. Anderson</u>	<u>W. W. Thompson</u>	<u>W. W. Thompson</u>
<u>Frank P. Harrison</u>	<u>W. W. Thompson</u>	<u>W. W. Thompson</u>
<u>W. W. Thompson</u>	<u>W. W. Thompson</u>	<u>W. W. Thompson</u>
<u>W. W. Thompson</u>	<u>W. W. Thompson</u>	<u>W. W. Thompson</u>

Members NOT concurring in the Majority report:

Frank P. Harrison recommends: Do Not Pass and no Committee

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

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

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

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

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

Walter B. Anderson Chairman

Madam Chairman and Members of the Committee:

My name is George Day. I have been employed by Standard Oil Company of California for 28 years and have been the Manager of my Company's refinery and oil terminal in Kenai for the past four years. I appreciate the opportunity to present my Company's views on Sponsor Substitute for Senate Bill 406 as it pertains to my Company's operations in the Cook Inlet and the Gulf of Alaska. Following my testimony, I will be available to answer any questions you may have.

My Company shares your concern for the preservation of the natural beauty and the ecological integrity of the Cook Inlet and the Alaskan sea coast. Therefore, we understand your desire to take all possible steps to assure the protection of the coastal waters. However, we emphatically do not agree with the approach taken in this legislation. We do not agree because we do not accept many of the assumptions made by the authors of the bill.

The assumptions I am referring to are first, that spills, discharges, and the escape of petroleum products have occurred frequently in the past, are occurring now, and present future threats of potentially catastrophic proportions. This is inflammatory language because it implies that oil spills occur on a regular and predictable basis. This is demonstrably not true. There have been very few oil spills and they have caused only a small amount of damage.

As an appendix to my statement, I am attaching a recap of a bulletin prepared by the State of Alaska Department of Natural Resources, Division of Oil and Gas. It is a tabulation of the volume of oil

spilled and the incidence of spills in the Cook Inlet from 1949 to August of 1975. The Bulletin specifically notes the small volume of spillage attributed to the oil industry during the past five years. Further, the data shows an almost steady decline in spill volume since 1958 and in incidence of spills since 1969. Our terminal spill record conforms to the above.

This brings us to the second assumption which is that the damage caused by oil spills is permanent and longlasting.

There have been numerous studies taken over the years to determine the after effects of oil spills, discharges, the leaks of petroleum products. Two studies are particularly noteworthy. One was undertaken in 1972 by the Gulf Universities Research Consortium (GURC) which is composed of scientists and graduate students from eleven universities and non-profit research instituties. The objective of their study was a scientific assessment of the ecological effects of offshore oil drilling and production off the coast of Lousiana. The area chosen for study was one which has been subjected to over 25 years of normal operations, as well as two recent accidental spills.

After two years of intensive investigation under the most rigid scientific conditions GURC concluded:

- (1) The area had not undergone significant ecological change as a result of petroleum drilling and production.
- (2) Every indication of good ecological health is present; the region is a highly productive one from a biological standpoint.

(3) Concentrations of all compounds which are in any way related to drilling or production are sufficiently low to present no known persistent biological hazards.

(4) Natural phenomena such as seasonality and floods have much greater impact upon the ecosystem than do petroleum drilling and production activities.

In other words, after 25 years of oil and gas drilling operations, GURC found there had been no adverse environmental/ecological impact.

The second study I would like to refer you to concerns the effects of the 1971 San Francisco oil spill on marine life. The spill occurred during the early morning hours when two vessels collided under the Golden Gate Bridge releasing 840,000 gallons of Bunker & fuel. The oil was washed up on intertidal shores throughout the San Francisco Bay Area.

The study was sponsored by the College of Marine School District Board of Trustees. Conducted in 1972 and 1973, it found no lingering effects of the oil spill in any of the marine species throughout the intertidal transect sites. In fact, in a few instances, it was found that the marine organisms on the reef transects previously covered by oil had surpassed pre-oil population levels.

Thus, I believe it is reasonable to state that oil spills are of short-term duration and, secondarily, that a long-term effect is not measurable.

Now, the third assumption which I would like to discuss is the one that the present capability of personnel, equipment, and supplies are not adequate in the event of an oil spill. On the basis of this assumption, Section 30.25.110 of the bill would permit the state to establish and maintain at ports, harbors, or other locations throughout the state personnel, equipment and supplies to combat oil spills. This would be an extremely costly and unnecessary step for the State of Alaska to take.

The highly efficient natural dispersion of the Cook Inlet and ocean waters is one of the most effective means of combating oil spills. Additionally, professional contractors and oil spill cooperatives are rapidly approaching the capability to deal with spills, leaks, and discharges of petroleum products. The privately-financed programs include the Cook Inlet Oil Spill Cooperative ready now with equipment. A production cooperative in the Gulf of Alaska is in the process of purchasing equipment in preparation for oil and gas drilling there. Similarly, Alyeska Pipeline Company is developing its own oil spill cleanup capability at Valdez. In any event, the U.S. Coast Guard is charged, by law, with the responsibility for cleaning up oil spills and its record for doing so is an excellent one.

There are several other instances where this bill requires action by the state in areas now regulated by federal authorities.

Section 30.25.040 would require a Certificate of Insurance as a condition of operation for a terminal facility or a vessel engaged in the transportation of petroleum products. Such a certificate

could or be obtained upon submission of satisfactory evidence that the applicant has, or is in the process of, implementing state and federal plans and regulations for the control and abatement of oil pollution. Section 30.25.010(d)(4), declares it to be a purpose of the act to establish a fund for the inspection and supervision of oil transfer activities. These two provisions would be duplicative of authority already granted under federal law.

The U.S. Coast Guard, acting under the authority of the Federal Water Pollution Control Act Amendments of 1972, regularly inspects and monitors all oil transfer facilities.

It may suspend operations at any time in the event a threat of a discharge is found to exist. In addition, the operator of each transfer facility is required to prepare and submit an Operations Manual describing the procedures followed to meet specified operating rules and equipment requirements. These include ready access to oil containment material and equipment, licensing of tanker employees and certification of terminal employees involved in oil transfer activities. Forming a State force to duplicate what is now being satisfactorily done by the Coast Guard would be a wasteful expenditure of the consumers dollar.

Another example of duplication is the requirement of EPA for the preparation of Spill Prevention and Countermeasure Plans for refineries and storage terminals. A further example is Section 30.25.010(d)(1) which confers upon the Department of Conservation

the authority to deal with the potential danger posed by the transfer of petroleum products through the exercise of the police power of the State. Again, the U.S. Coast Guard is required, by law, to exercise all the police powers stated herein for the navigable waters of the United States. In this regard, if a terminal fails to clean up a spill, the Coast Guard is required to do so and then to obtain reimbursement from the terminal.

The final point I would like to mention today regards the establishment by the state of a fund to guarantee the prompt payment of reasonable damages resulting from oil spills. It is my hope that the Congress will move very shortly to enact legislation which would establish a fund to cover claims for oil spill damages; create a uniform nationwide system of strict liability for oil spill damages and settlement of claims; and implement two international conventions dealing with oil pollution caused by tankers on the high seas. The purpose of the federal bill, known as the Comprehensive Oil Pollution Liability and Compensation Act of 1975, is to insure that any damaged party will be compensated regardless of the source of the oil spill. Secondly, its purpose is to clearly fix responsibility and liability for an oil spill. To meet these objectives, the bill specifies the types of damages that would be recognized and the procedures to be followed in obtaining recovery. Rather than a patchwork of differing and often conflicting laws providing compensation for damages, here is an opportunity to centralize the whole funding and recovery procedure. I urge this committee to consider the merits of the federal legislation and in so doing, defer taking action until the Federal Government has had an opportunity to act on its program.

In addition I would like to remind you of the two existing funds established voluntarily by tanker owners and cargo owners. The first program is the Tanker Owners Voluntary Agreement Concerning Liability for Oil Pollution (TOVALOP), which provides that, irrespective of liability, participating tanker owners may claim reimbursement for costs incurred in voluntarily cleaning up oil spills. The second program is the Contract Regarding an Interim Supplement to Tanker Liability (CRISTAL), which was developed by oil cargo owners to provide additional protection -- for private citizens as well as for governments -- by extending the limit for each incident up to as much as \$30 million.

The broad industry coverage under these programs provides sound protection in the event of a spill and encourages ship owners to take prompt remedial action.

In conclusion, we believe that the protection now available to the State as outlined above is entirely adequate to the task of monitoring and inspecting petroleum product transfer operations. What is more, the equipment, supplies, and personnel provided by private cooperatives, contractors, and the Coast Guard is similarly adequate to protect the waters of the State from untimely leaks, discharges and spills of petroleum products. Hence, no further legislation is necessary, particularly legislation as costly to the taxpayers of the State as this bill will be while yielding a correspondingly low level of return.

I hope the views I have presented will be helpful to you and I respectfully urge that you consider them and reject this bill.

Thank you for permitting me to speak with you this afternoon. I will be happy to answer any questions you may have.

STATE OF ALASKA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS  
3001 PORCUPINE DR. ANCHORAGE, ALASKA 99501

JAY S. HAMMOND, GOVERNOR  
BULLETIN  
FEBRUARY 1976

GUY R MARTIN: COMMISSIONER O.K. GILBRETH JR., DIRECTOR  
CIL SPILLS IN COOK INLET  
-----

A tabulation has been prepared showing oil spill volumes and incidence of spills in the Cook Inlet. The data were obtained from the EPA and Coast Guard.

The spills are broken down into three categories: (1) oil industry related; (2) non-oil industry related and; (3) unknown sources. This is the first time to our knowledge that a breakdown such as this has been reported. It should be noted that there are no volumes reported with the unknown source spills because the small volumes could not be determined.

The non-oil industry related spills are those that would have occurred even if there was no oil industry activity in the Inlet, e.g., a fuel oil spill from a tanker bringing fuel to Anchorage for domestic use.

It is interesting to note the small volume of spillage attributed to the oil industry during the last 5 years, namely a total of 145 barrels.

It has been the practice in the past for persons making E.I.S. or environmental assessment studies to take data from one area and use for extrapolating in other areas of producing oil industry, this distorted picture could be compounded by trying to apply this data to other areas being evaluated for potential impact of oil industry activity.

YEAR	<u>OIL INDUSTRY</u>		<u>OTHER SOURCES</u>		<u>UNKNOWN</u>
	<u>SPILL VOLUME</u> BBLs	<u>INCIDENTS</u>	<u>SPILL VOLUME</u> BBLs	<u>INCIDENTS</u>	<u>SOURCE</u> <u>INCIDENTS</u>
1949			30	1	0
1962	No data	1			0
1964			No data	1	0
1965	160	1			0
1966	4,855	28	30	2	13
1967	1,824	47	10,000	1	26
1968	1,070	49	389	17	18
1969	918	21	6,243	10	12
1970	1,039	23	3,984	9	31
1971	72	12	1,794	6	15
1972	19	8	32	7	1
1973	24	6	29	8	1
1974	19	25	268	7	4
1975*	11	2	18	4	3
	10,011	223	22,817	73	124
				(Total incidents = 420)	

\*through 8/21/75

	<u>OIL INDUSTRY</u>	<u>OTHER SOURCES</u>
OVERALL AVERAGE SIZE OF SPILL	45 bbls	313 bbls
AVERAGE SIZE OF SPILL LAST 5 YRS.	3 bbls	67 bbls
TOTAL VOLUME SPILLED LAST 5 yrs.	145 bbls	2,141 bbls

# STATE OF ALASKA

*rec'd 5/12*  
JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF INSURANCE

POUCH D — JUNEAU 99811

May 12, 1976

House of Representatives  
Resources Committee  
In Session  
Juneau, Alaska

Attention: The Honorable Nels Anderson, Chairman

Re: Senate Bill 406

At your session on Monday, May 10th, on the occasion of my testifying as to the insurance aspects of the Tanker Bill, I was asked to investigate the costs of Pollution Liability Insurance for the oil terminal facilities in the bush areas of Alaska.

I am happy to give you the following report which is, at this time, sketchy but I hope will prove helpful.

Perhaps the most helpful source of information has been Mr. William Beaton, Senior Insurance Analyst for Standard Oil of California. Mr. Beaton is responsible for the insurance placement requirements for all of the oil distribution facilities in the western states including Alaska which includes arranging for the insurance for all bush oil terminal facilities. I would suggest that if further detailed information is required that Mr. Beaton should be contacted directly.

In our conversation, Mr. Beaton advised that Standard Oil Company of California owns all of the physical plants at each of the oil terminal facilities. With respect to all of the facilities in Alaska except three, Standard Oil enters into a contractual relationship with the distributor, which amounts to the lease of the premises and an operations agreement which includes the provisions for the purchase and distribution of Standard Oil products and the requirements for proper operation of the facility.

Included is the requirement that the distributor purchase and maintain adequate limits of liability insurance. The distributor is free to purchase his liability insurance from any source, however, Standard Oil makes available an insurance program in which the distributor has the option to participate which has been arranged by Standard Oil with the Hartford Insurance Company. Under this program Hartford provides Bodily Injury

May 12, 1976

Liability protection up to limits of \$100,000/300,000 and includes a pollution endorsement for both intentional and accidental damages up to \$25,000. This policy has a specially arranged premium of 70¢ per 1,000 gallons of capacity at the oil terminal facility. For example, the village facilities which were included on a list given me by Representative Huntington, had an average gallon capacity of about 300,000 gallons. A 300,000 gallon facility would have a premium of \$210.00 per year.

This is an extremely favorable rate and is perhaps available because of the program being arranged and probably subsidized by Standard Oil although this last point is speculation on my part.

Mr. Beaton advises and I believe his information to be correct, that a distributor would be unable to purchase Pollution Liability Insurance on his own from any other source.

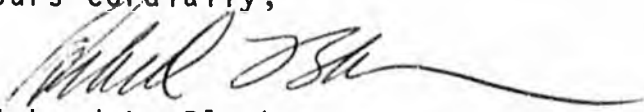
I am aware of the fact that some carriers have announced policies of not covering pollution liability and currently are endorsing all of the liability policies accordingly. It is my conclusion that it would be a very difficult requirement to impose upon the small village distributor operated facilities, to ask that they purchase \$1,000,000 of Pollution Liability Insurance. I should point out that the oil terminal facilities handle refined products, fuel oil, gasoline, and so forth.

It was my understanding originally that the oil terminal facilities which were the target of the Tanker Bill were those handling the exportation of crude oil and it perhaps would be desirable for the committee to consider limiting the application of the Tanker Bill to those facilities.

Mr. Beaton indicated that while he could not remember which were the three facilities which were not operated by distributors, I would suspect that they do handle crude and because they are owned and operated by Standard Oil, may be covered under the International Consortium, known as CRISTAL.

If I can be of further assistance, please advise.

Yours cordially,



Richard L. Block  
Director

May 14, 1976

Memo to: Guy Van Doren

From: Norman Gorsuch

Re: HCS CSSSSB 406

Page 20, Line 10

Strike lines 10 through 20 and replace with the following language:

(ii) partial, complete or defensively placed segregated ballast systems;

(iii) a double bottom of a minimum height of one-fifteenth of the beam or two meters, whichever is the greater, or a double hull throughout the cargo-carrying length or compartments of the tank vessel of a minimum of two meters;

Purpose:

(1) sets forth clear statutory criteria that can be used by DEC in setting risk certificate premiums - avoids arbitrary rate setting

(2) recognizes that segregated ballast systems on tankers are safer than single hull vessels - arguably, double hulls would be even safer. Allows some recognition in premium rates of difference between rate for single hull vs. segregated ballast tankers.

Failed →

Joan Ray called: May 12, 4:00 p.m.

Regarding insurance for the villages, it is very difficult to find any company that will insure the bulk storage at all.

Rates are: \$2.00 per hundred for gross receipts, on liability.

3% to 8% or more of the value of the facility plus the contents for fire insurance.

The Director for (Aneca)??called her from Seattle. He is very concerned with the bill. It would hit their villages very hard. They now have \$300,000 per facility for liability. It would be impossible to handle \$1,000,000.

I told Joan about the 25,000 barrel suggestion. She feels that would probably take care of the villages except for Barrow, which owns all of its facilities. Barrow is calling her this afternoon to let her know what their insurance costs and situation is.

Joan will call you again tomorrow.

ra

P.S. Joan definitely feels that the best answer would be to separate out the crude oil from the rest of the products.



# BERING STRAITS NATIVE CORPORATION

P.O. BOX 1008 · NOME, ALASKA 99762 · (907) 443-5252

May 4, 1976

*rec'd  
5/6*

House Resource Committee  
Nels Anderson, Chairman  
Pouch V  
Juneau, Alaska

Dear Mr. Anderson:

The Bering Straits Native Corporation Office received a copy of Senate Bill No. 406. Under this bill, if passed, tighter restrictions would be put on tanker vessels and storage facilities. In the original bill, under Section 30.25.060 - Exemptions, any marina which stores less than 20,000 gallons and any facility which stores less than 105,000 gallons are exempt from the proposed regulations. In the Bering Straits Region, we have (3) three, possibly (4) four villages that would fall under the new regulations. Those villages, under the new regulations, would have an added financial strain to meet those requirements. The fuel that they purchase and store is also sold to other villages nearby when shortages occur. If they are to take the time and money to meet the new requirements, less fuel will be purchased because monies were or will be used to upgrade their facilities; creating more of a shortage next year. It's bad enough already.

The Bering Straits Native Corporation supports the Alaska Energy Office in increasing the figure in Section 30.25.060 from 105,000 gallons to 400,000 gallons for on-shore facilities; thus creating a less hardship on the villages in this region.

Sincerely,

*Isaac Piscoya*

Isaac Piscoya  
Assistant Vice President  
Village Affairs

IP/sw

cc: Governor Jay Hammond

5-5-76 HB 872 - C555513 406

Milton Lipton - HB 872 - Amends Leasing Act. Feb 1970

- #1 Royalty fixed - specified % of gross value
- #2 Net Profit Interest - Royalty - NOT Gross value but of profits.

Suggestion: Instead of 12% or 30% - Royalty "not less" unless the commissioner feels in certain cases it should be less.

- #3 New concept - Pays bonus and offers the highest bid on net profit

on non-productive leases

- 1-2 Risk on the oil co.s - State gets larger share
- 3 - State taking a portion of the risk. Small fixed bonus - would offer more in terms of the net profit. STATE foregoes the competitive share of Bonus w/o Risk

- 4. Interesting alternative - Fixed cash bonus - + Companies bid on royalty - on how much they will offer for royalty - Cost of operating. Could be uneconomical esp when oil starts to peter out - Too soon abandonment of well - Public hearing justification to legislature why this was taken. Only if it was a highly productive field

(b) Specification of how Net profits will be calculated.

Primary term.

p13 - lease specified - 5yr. lease to do production 18,00 per year 3rd year - Difficult areas 11yr. Primary term.

page 2

. No monies payed for 4 years. Is this too long?

(e) + (f) discretion to Commissioner - part of existing Statute - Personally feels ambiguity in (e) + (f)

pg 4

a lot of power + authority -

### Sec 184. Whole New Concept.

Companies will bid for the right to explore. State is providing only an exploration contract. What they bid is for what the state will give to the companies. Bid for what reward they want from the state - (Lowest bid)

(b) Very different than competitive bidding - If unsuccessful you loose all you've put in the exploration process.

How do you determine how much oil you've found. Periodically. State must access what was found at request of company - Contractors can ask to reaccess the pool - at contractor expense.

If higher the state pays. If lower, the state cannot collect what they have paid.

Ambiguities - Not specified at what point in time when exploration contract comes to an end. <sup>1<sup>st</sup></sup> Successful well? Not stating how much work must be done. Not clear at what rate the state must pay. See clause (f.)

If successful contractor - state is obligated to pay problem with where the discovery is. Especially if in outlying area + cannot be developed. - Doesn't say how the state would develop the the discovery + bring it into ~~business~~ production.

No Rights to oil for the company - state has title to proven reserves under the surface -

page 3

(1) Conventional leases. No provision for work that must be done. No obligations to do the work. Work obligation should be in law

→ every lease should require minimal work to be done  
Lease - holding does not bring in any money to state. Commissioner should set minimum dollar amount of work to be done. Exploration work may be allowed to use in-lieu of Rents. (credit)  
State also will learn from the work obligation - Useful contribution to the state.

INITIAL Round. (2) checkboarding but <sup>does</sup> not mean that. Any <sup>lease</sup> ~~company~~ must allow enough acreage for the companies to explore especially in the 1<sup>st</sup> Round.

Should be in. Shape of basin - Commissioner offers reasonable amount but not all, but save some for future bids which might be valuable -

### General Obligations.

XXXX No indication here what is really in the mind of the legislature. No guidelines for Commissioner. Nothing which says "Why" the Commissioner would go for Competitive Contract Exploration. 64,000 acres - (High potential) or way out areas. Should be a reason for choosing that alternative. What circumstances would dictate Exploration.

Rhode: Parallel to taking states assets - Really going into oil business? YES. Nothing in the bill says what the state is going to do after exploration esp. if Reserves are found. No reassessment after 10 years have passed. Bill implies that the state will do something with the land w/in 10 yrs.

See HB 60

add  
language  
from  
1/1/68 -

Huntington - Has this been tried before? NO

pg 7 (g)

pg 5 (K) Provision addressing "checkerboard"

### Minimum Work Requirements on leases

(e) pg 3

discretion or authority of Commissioner

(f) pg 4

after  
Rental  
payments  
pg 3

Companies must know before lease are offered the minimum work requirements. Companies can charge to lease rental. abandon lease before, monies go to the state. Commission shall set minimum work requirements.

Net profits should not be on a month to month basis

---

CSSSB406

Ken Showalter SOTH

Adequate Equip  
Financial Obligation  
immediate removal.

Unlimited quantity of Monies in the fund.

2 other voluntary funds for cleanup

Valdez - California 100, Million fund 5¢ assessment per bl.

Required by federal law

Not clear that the state assumes clean-up v

undue burden on shipping companies

Oil Amendment #1 20 million limit - Cease assessment  
unless fund dropped below 15 million dollars. Would  
also provide for new entry requirement by assessment

→ Fund not intended to settle 3<sup>rd</sup> party liability.

Oil Amendment #3 Double bottom

#2 +

oil Amendment #4 Year to Year accumulation of Monies.

2 + 4 would take care of this

line 8 pg 29

Amendment #5

Objective of the bill is to provide safe ships.  
Better to use #6 - Everyone should pay for  
their own clean-up costs. 1:30

Gene Wildes - Social

on shore terminal facilities

Before being issued the permit (certificate) insurance  
equipment, financial responsibility - THEN YOU MUST  
BE IN THE FUND.

Undue burden on small operators

ANC - NIKISKI - NOME KOTZ - BETT. Valdez  
Dutch Harbor, KETCHIKAN 90,000 bbls or greater.

30 - 50 - (11) Cold Bay Cord. DLG. ANC Apt.  
Kudink - NAKNAK ST. MICHA SIKOG  
Term. SKAG FARMY Terminal

10 - 30 - (11) Homer, Seward, Sitka, Galena,  
Seldovia, Haines, Annett Isl. FT Yuk. Petersburg  
Nunavut, Yakutat.

2 - 10. (8) CRAIG, PELICAN, ST. MARY, WAINWELL  
Holy Cross, KENAI, PLATINUM,

3 MARINAS - 2 are over 2,000 ELKILCOVE  
False Pass -  
1 Under 2,000 JUNEAU, MARINA.

additional fuel costs to people in the area.

Figures on how much it will cost the consumer.

---

Joan Ray - FS through-put included.

Doug  
Bailey -

Marathon oil. for figures.

8:00 A.M. FRI Morning -

tax on value of the field  
take out credit for corporation income tax

additional language including gas.

pg 25 (f) If can tax the oil do so.

No state has been able to tax the companies adequately

John

pg 3 line 3) no costs which have already been included deduction  
may be deducted under this act.

In the bill dry holes are treated the same as good holes

3-26 Cow and Platforms are not depreciated.

→ Maximum of simplicity: Handle program how Dept of Revenue handles  
income tax

→ Set up categories of deductions and definitions of same  
\* operating costs - Capital recovery - Depreciation <sup>costs</sup>  
allow Dept of Revenue to come up with Regs

Carry over costs -

Direct accounting -

pg 4-20. Before production and at the start and towards the end

pg 5-2 Does not deal w/ state royalty oil -  
Native argument.

pg 5 11. Value at the well head.

Look into Senate Bill

S.S. 503 620

SB 747

do not call excess profit -  
purpose should state taxation of <sup>oil & gas</sup> on a non-  
renewable resource - you must point out where it is different.  
Determine net proceeds - oil & gas.  
deductions allowed for - operating <sup>expense</sup> costs - within 5% more of  
money spent in the state.

Must amend Chapter 20 income tax.

income tax year 1976 effect would be confined to these

congress in Cook 2nd Pa. Clear up problems - Constitutional  
questions can be circumvented - different philosophy of legislature

Fear of endangering the compact. Administrative problems  
would <sup>factor</sup> wisely is to disadvantage to Alaska

Alaska income tax alone not taking in construction  
world wide factor.

Sales & employment figures also favor Alaska - property values  
may help.

Return of property will be great enough. 8% rental rate or  
initial acquisition price. Acquisition cost not applicable  
because of the cost level in 1960 (date)

The way to get tax base from apportionment -  
world wide value of property vs value of Alaska  
property. take that fraction and apply to  
world wide profits.

Only two million dollars from income tax to for  
socially that some would raise seven million.

Corporate income tax hit the Regional Corporations  
harder than if the bill passed. This is because oil  
companies can use apportionment throughout the world.

Reform directed at the multi-state companies

Industry productivity 70% of the go that you do  
Japan - 30% come from the cost side.  
Anchorage Market has said they were going to  
be short of gas.

Copy of letter from Alaska Pipeline  
October 10, 1975.

Homer Electric - out in at the time.

History of who was at the meeting.

Copy of the minutes of the meeting.

Came to agreement about three or four weeks ago.

Alaska Pipeline - Anchorage - Kenai

### CSSSB 406 - Core withs

of financial responsibility - 1 million dollar

guarantee plus 150,000 per year 100,000

deductible -

Committee members - 4 million dollar budget

to administer the provisions of the bill.

Eliminate equipment market 1 - 2 million

dollar for equipment.

286,000 bbls capacity

Dutch Market

Anchorage &

Kenai pipeline

134,000 "

800,000 "

Severson?

Deland Area all not at budget to spend at  
the cost of area

Insurance will only reduce  
up to the March end insurance rate will go up.

Even after suggested change many villages would be affected.

850,000 gallons in Barrow village owned insured now.

Pt Hope 350,000 gallons Pt. Hope

150,000 Savonga, Hamble and Ading

AVFC over 200,000 gallons in many villages.

Brown 2 Bills one dealing w/ Crude oil & one dealing with Refined products.

LARRY

Vauber 0 Increased Costs Transportation & Ship regulation - Elimination of Refined Products

MAY 10, 1976 - SB406 - HCR142

Commissioner Martin: A.G.'s office that the  
Legislative review of the Royalty Statute is  
unconstitutional

Craig Erickson: In general there is nothing  
in the contract adverse to the people of the state.

Smith: Moved to adopt Resolve clause  
out written by Erickson - adopted.

Contract to be ~~be~~ included.

---

## TANKER Bill CSSSB 406

MR. Block - STATE director of Insurance.

2 Items -

Financial Resources

Cost distribution Mechanism - TANKER Most Likely  
to cause a spill will pay more than TANKERS w/  
safety factor.

Coastal Protection fund - ~~Monies~~ Monies from  
assessment - Distribution based on problem tankers.

→ on going fund

Administrative funds will come out of the fund.  
Torrey Canyon - about 14 million for clean-up.

~~By enactment of this law.~~

Coastal Protection Fund - Exists to help clean up a spill.  
Scaling how much liability vs. the amount of fuel.

1 Bill, but dealing with crude & refined  
products Separately -

Brown: Upper limit on the fund. Support Some sort of  
limit - New Entrants would have to pay a certain

~~50,000,000~~  
~~9,000,000~~  
42 million

people under the Hartford plan  
have liability for pollution only  
up to \$25,000 maximum

Crystal covers the Standard oil facility liability.

Three Standard oil facilities.

Bill Beaton:

70¢ per 1000  
 $\frac{70}{1000}$   
7000.00

whole program

# Amendments

406

CS pg 14 - delete #6 Mag Card Mistake.  
pg 13 line 15  
pg 13 line 19 } Processing Ships who  
pg 28 line 17 } incidently fuel fishing boats when  
Necessary - ~~INSERT~~  
pg 31 line 17 See INSERT

CROFT - Proposed House Committee Sub.  
Fishing vessels are exempt  
Tugs + Barges are exempt.

Mueller

Double Hull Configuration is NOT safety factor in ramming.  
But it is in grounding.

Review limit for fund every 5 yrs or so.

20,000,000 - upper limit.

Well head value effect.

— Deep water Ports referral Delete  
all of these.

PASS Bill OUT OF Committee

DO PASS 5

THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE  
 Second Session - Ninth Legislature

I. REQUEST

Bill No. SB 406  
 Title: Oil Terminal Facilities and Marine Transportation  
 Requested by: Croft et. al. Date: April 23, 1976  
 Return Date Requested: ASAP  
 Agency: Environ. Conservation Program: Water Programs

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Water Programs, Field Ops & Mgmt. Svcs.

A. EXPENDITURES: (Thousands of dollars)

\* No inflation projected

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		50.1	145.7	145.7	145.7	145.7
200 TRAVEL		8.0	38.0	38.0	38.0	38.0
300 CONTRACTUAL		38.4	815.4	815.4	815.4	815.4
400 COMMODITIES		.5	2.0	2.0	2.0	2.0
500 EQUIPMENT		2.0	3.5	3.5	3.5	3.5
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		99.0	1004.6	1004.6	1004.6	1004.6

B. FUNDING: (Thousands of dollars)

GENERAL FUND		99.0				
FEDERAL FUNDS						
OTHER			1004.6	1004.6	1004.6	1004.6

C. POSITIONS:

PERMANENT/TEMPORARY	/	2/	6/	6/	6/	6/
MAN MONTHS (P./T.)	/	24/	72/	72/	72/	72/

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

SEE ATTACHED

IV. ATTACHMENTS

Analysis

V. DATE: April 23, 1976 PREPARED BY: 

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

Once the program is established and operating, an additional cost is incurred. However, this cost would be borne totally by the revolving fund and supported by the risk charges. As envisioned by the Department, the annual costs would be composed of the existing program staff, field inspection and enforcement personnel, and the actual contingency fund for oil spill cleanup. If satisfactory contractual arrangements can be made, it is probable that actual oil spill cleanup activity would be contracted to a firm specializing in these activities. The annual costs would be:

- |      |   |       |
|------|---|-------|
| I.   | Existing program staff.   | 99.0  |
| II.  | One Range 17 Field Officer each in; Anchorage, Valdez, and Southeast Alaska and an Accounting Clerk II to handle the revolving fund and miscellaneous program support cost. | 155.6 |
| III. | Contingency Fund from risk charges to cleanup oil spills. If oil spills are voluntarily cleaned up by industry, or if no spills occur, no costs are incurred by the fund.   | 750.0 |

It is the desire of the House Resources Committee to include the contract for the sale and purchase of state-owned royalty gas from the North Cook Inlet Gas Field with Alaska Pipeline Company, in the Committee Report and have the contract printed in the Journal.

-----  
Nels A. Anderson, Jr., Chairman

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y, STATE CAPITOL  
JUNEAU, ALASKA 99811  
465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

17 May 1976

SUBJECT: House CS for CS for Sponsor Substitute for  
Senate Bill 406 ("The Tanker Bill")

TO : Rep. Nels Anderson, Jr., Chairman  
House Resources Committee

FROM : Stuart C. Hall, <sup>Just</sup> Senior Legislative Counsel

In the House CS which you directed this office to prepare incorporating various amendments adopted by the House Resources Committee, we edited the language of proposed AS 30.25.250(d)-(f), found on page 21, lines 14-29, inclusive, and on page 22, lines 1-4, inclusive, to conform it to the Legislative Drafting Manual and to the style adhered to by this office contained in Dickerson, The Fundamentals of Legal Drafting (1965) and to eliminate excess verbiage and redundancy. This editing makes no substantive change in the amendments adopted by the committee or in the bill.

S B

4 4 4

"An Act creating the Clam Gulch critical habitat area; and providing for an effective date."

# COMMITTEE REPORT

1/29/76

HOUSE

Mr. Speaker:

Date 3-8-76

The Committee on RESOURCES has had SB 444

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 SB 444 AND THAT

CS FOR SB 444 DO PASS

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

COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

<u>[Signature]</u>	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____	recommends: <u>DO NOT PASS</u>
_____	recommends:
_____	recommends:
_____	recommends:
_____	recommends:

[Signature] Chairman

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 23, 1976

To: Representative Nels A. Anderson, Jr.  
Chairman, House Resources Committee

*- Capitol Rm. 118*

Fr: Senator Chancy Croft

Re: Senate Bill 444

Dear Nels: Senate Bill 444 creating the Clam Gulch critical habitat area has been referred to the House Resources Committee. This legislation is important to protect the razor clam beds on the east side of Cook Inlet. It is strongly supported by the Alaska Department of Fish and Game. I would be happy to discuss this bill with you at any time and would appreciate an opportunity to testify before your Committee whenever the bill is being considered.

Very truly yours

*Chancy Croft*  
Chancy Croft

CC/bf

*Decided before 1976 to discuss on Tuesday AC*

THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE  
 Second Session - Ninth Legislature

I. REQUEST

Bill No. SB 444  
 Title: An act creating the Clam Gulch Critical Habitat Area  
 Requested by: Ruth Allington Date: 3/1/76  
 Return Date Requested: 3/2/76  
 Agency: Fish and Game Program: NRMEC

II. FISCAL DETAIL

Budget Request Unit(s) Affected: none

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		0	0			

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

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

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

There is no appreciable fiscal impact on the operations of the Department of Fish and Game anticipated as a result of passage of this legislation.

IV. ATTACHMENTS

V. DATE: 3/1/76 PREPARED BY: Jeffrey J. Morrison

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

## KENAI PENINSULA RAZOR CLAM INVESTIGATIONS

The Sport Fish Division of the Alaska Department of Fish and Game has monitored the recreational Kenai Peninsula razor clam fishery since 1966. During this ten year period Division personnel have contacted over 25,000 sport diggers who reported harvesting more than 860,000 razor clams or an average of 33.2 razor clams per digger per trip. The majority of this data is collected from the popular area of Clam Gulch located 22.5 miles south of Soldotna on the Sterling Highway. Minimum estimates on this six mile beach indicate a harvest of 2.6 million clams in the last ten years.

Division personnel have also dug more than 19,000 razor clams since the inception of these investigations. The samples are dug monthly (April through August). These clams are analyzed to determine the average age structure of the population as well as the average size of the clams which enter the recreational diggers creel. These samples are primarily from the northern beaches of Clam Gulch and Oil Pad Access (three miles south of Clam Gulch) but sufficient samples have been dug from the southern beaches of Ninilchik, Deep Creek and Whiskey Gulch to assess the stocks in these areas.

This report to the Board of Fisheries will review razor clam harvest and effort estimates with emphasis on the Clam Gulch area. Stock status at popular areas will also be reviewed and compared with other beaches both within and outside Alaska. The Sport Fish Division's management program for this valuable recreational resource will also be discussed.

## HARVEST AND EFFORT

Since 1966 Division Biologists have contacted 25,969 recreational diggers at the popular area of Clam Gulch. These diggers reported harvesting 861,716 razor clams for a ten year mean of 33.2 razor clams per digger per trip. The total estimated minimum harvest on this six mile beach is therefore approximately 2.6 million razor clams during a ten year period. This information is summarized in Table 1.

TABLE 1. Summary of Razor Clam Creel Census Information Collected at Clam Gulch, 1965-1975.

<u>Year</u>	<u>No. Diggers Interviewed</u>	<u>Total Clams Enumerated</u>	<u>Clams/Digger</u>	<u>Estimated Harvest</u>
1965	Unknown	Unknown	35.2	32,500*
1966	91	3,790	41.6	39,000*
1967	987	32,455	32.9	45,800*
1968	997	27,334	27.4	84,700*
1969	2,998	93,836	31.3	279,480
1970	2,964	87,650	29.6	226,150
1971	1,465	43,201	29.5	126,260
1972	3,624	109,528	30.2	259,560
1973	4,054	145,489	35.9	392,140
1974	4,733	163,906	34.6	596,110
1975	<u>4,056</u>	<u>154,527</u>	<u>38.1</u>	<u>607,850</u>
Total/Mean	25,969	861,716	33.2	2,689,550

\* Clam harvest figures for 1965-1968 are minimum estimates.

It is of interest to note that the average number of razor clams per digger per trip in 1975 was 38.1. This is an exceptionally high average which was exceeded only in 1966 by a limited number of diggers. Considering that this average reflects novice diggers new to the area, tourists, and individuals who come to dig only enough for a meal, it is indicative that digging was excellent in 1975.

Digger effort was relatively high in 1969 (8,580 man-days), decreased somewhat from 1970 through 1972, rose again in 1973 and peaked in 1974 when an estimated 17,550 individuals utilized the Clam Gulch area. Effort in 1975 decreased slightly to 15,710 man-days (Table 2). This decrease is not considered significant and is probably related to weather conditions as well as the timing and occurrence of the minus tides. It is anticipated that effort will display steady growth as Alaska's population continues to grow.

TABLE 2. Estimated Recreational Razor Clam Harvest and Effort, Clam Gulch, 1969-1975.

<u>Year</u>	<u>Total Estimated Effort (Man-Days)</u>	<u>Estimated Razor Clam Harvest</u>
1969	8,580	279,480
1970	7,540	226,150
1971	4,270	126,260
1972	7,860	259,560
1973	11,100	392,140
1974	17,550	596,110
1975	<u>15,710</u>	<u>607,850</u>
1969-1974 Mean	9,420	313,280