

485

HRES

HB

56

-

HB

118

What might help the mining industry, as several spokesmen are now advocating, would be: 1) A higher minerals depletion allowance and faster tax-depreciation deductions that would enable the recovery of the *real* replacement cost of plants and equipment rather than the historical cost; 2) An immediate write-off for pollution control equipment in the year the costs are incurred. Since the rationale for depreciation is to recover expenditures out of earnings, it is grotesque to depreciate equipment that generates no earnings. The cost of that hardware should be written off immediately; 3) A higher and *permanent* investment tax credit; and 4) The elimination of double taxation on corporate profits because the taxing of income when earned by the corporation and again when received by shareholders in the form of dividends has the twofold effect of scaring investors away from equity and pushing companies into debt financing.

Actually, even if all these tax revisions were made, the next Congress would probably unmake them because, as President Ford once said: "A government that can give you everything is a government that can take everything from you." Besides, a sound monetary system and a non-confiscatory tax system, while being *necessary* conditions for a healthy economy, are not *sufficient* by themselves. Unless Americans are free to create, produce, and trade values, the best currency and the most equitable tax system in the universe won't do much good. Freedom comes first: what's urgently needed is a massive program of deregulating and decontrolling industry. One can't produce with one's hands tied. We may survive double-digit inflation and even greater taxation; but unless we regain our freedom to produce, the American economy will reach the terminal stage.

Officers

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Wallace McGregor, President
A JV Corporation

Vice President
Robert G. Garwood
Regional Geologist, Placer Amex, Inc.

Vice President
Joseph E. Worthington, U.S.
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Power Supply, The Washington
Water Power Company

C. C. Hawley, Geologist
C. C. Hawley & Associates, Inc.

Davis Hintzman, Western Zone Mining
Engineer, U.S. Forest Service

Dale E. Hirschfeld, Northwest Area
Mining Geologist, Interpace Corp.

Donald A. Hull, Geologist, Oregon
Department of Geology & Mineral
Industries

John L. Huxell, President
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George W. Hutton, Jr., Plant
Manager, Northwest Alloys, Inc.

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Midnite Mines, Inc.

James A. Knox, Director
Perry, Knox, Kaufman, Inc.

George F. Koehler, Chief Geologist
Cominco American, Inc.

George T. Krempasky, State Liaison
Officer-Montana, U.S. Bureau of Mines

John H. LaGrange, Land & PR Coordinator
Bear Creek Mining Company

Charles A. R. Lambly, Consultant

Vaughn E. (Ted) Livingston, Jr.
State Geologist, Washington Division
of Geology and Earth Resources

Frank M. Monninger, Manager
Plant Operations, Bachtel Corp.

M. Daniel Regan, Manager Special
Projects, Bear Creek Mining Company

Edgar A. Scholz, Vice President
Exploration, Placer Development Ltd.

Ernest E. Thurlow, Assistant Vice
President-Coal & Minerals
Burlington Northern, Inc.

Giles E. Walker, District Geologist
ANAX Exploration Company

Barry N. Watson, Southwest Regional
Manager, U.S. Borax & Chemical Corp.

O. J. Wick, Program Manager, Mineral
Technology, Battelle-Northwest

Kath Whiting, Consultant

January 30, 1976

Sterling Gallagher, Commissioner
Department of Revenue
11th Floor, State Office Building
Pouch S
Juneau, Alaska 99811

Dear Commissioner Gallagher:

We have reviewed the draft Mining License Tax recently received from your department. We appreciate the efforts you have taken to incorporate the suggestions made by industry at the November hearings, and the fact that the revisions very accurately reflect the decisions made at those meetings.

Two major points still remain to be ironed out to reflect a total agreement, however. In the matter of depreciation, 10% per year is unacceptable in that most equipment has a life much shorter than ten years. Recapitalization of equipment is a continuous operation with replacements being made in three years in some cases. It would appear that conformity with Federal law would be reasonable, and we suggest that Sec. 43.65.015(6) concludes: "...operation, at rates provided in the Internal Revenue Code." A second major point is the treatment of net operating losses, and we suggest again that conformity with federal law is reasonable. We recommend a subsection (8) be added to Sec. 43.65.015, as follows: "Net operating losses with a five-year carry forward as provided in the Internal Revenue Code."

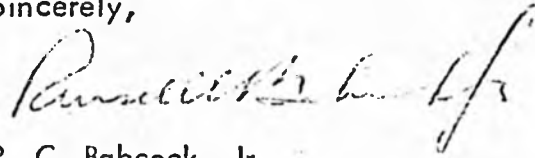
A minor change is recommended for Sec. 43.65.010 (b-2) to effect clarity, as follows: "...The exemption certificate must be applied for in the year the mine first reaches commercial production to qualify for the three and one-half year exemption. A mine will be considered to be in commercial production when it has a net operating income. Another change in Sec. 43.65.010 (c) is recommended to insure that aggregation does not eliminate possible incentives produced by the three and one-half year tax holiday. We recommend the first line of Sec. 43.65.010 (c) read "Where mining operations subject to the tax levied by this chapter are conducted in two or more places by one...". Sec. 43.65.015 (a-7) should read "Amortization of the exploration and mining costs not included in (6)." to insure that it is clear that exploration costs can be amortized, as discussed.

January 30, 1976

We hope these comments will be incorporated in any bills drafted for this session of the Alaska legislature. The ensuing legislation, if enacted, would provide a real incentive for the mining industry by demonstrating an interest on the part of the state in maintaining a healthy economic climate. We hope this interest is reflected in other tax legislation being proposed by the State of Alaska at this time -- special taxes on any industry or group of individuals should be minimized if a truly democratic way of life is to be preserved.

Thank you.

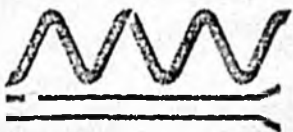
Sincerely,



R. C. Babcock, Jr.
Chairman
Alaska Taxation Committee

RCB/bb

cc: H. T. Eyrich, President
Northwest Mining Association



The Department of Revenue held hearings on the Administration's proposed Mineral Severance Tax (SB 294) in Anchorage on November 6 and 7. The meeting was opened by Commissioner Sterling Gallagher who acknowledged that SB 294 was not a good piece of legislation. He asked those attending to indicate what form of taxation would be acceptable to the mining industry.

Twenty-five formal presentations were made by the mining industry, Native corporations, and service industry spokesmen. Some of the major points presented by the mining industry were:

1. A U.S. Bureau of Mines study has shown that the cost of producing a pound of copper from a large, lowgrade deposit in Alaska would be twice that of a similar mining operation in Arizona.
2. Present taxes on metal mining are already higher than in most other states - and higher than those imposed on other industries in Alaska.
3. The metal mining industry in Alaska is practically non-existent, with only two operations presently paying a tax under the Mining License Tax - one a coal mine.
4. The mineral exploration effort by the industry is the major contributor to the tax base, presently spending \$15 million annually of which 87% remains in the state. The present nature and location of the work done and expenditures made is such that this industry has no significant impact upon those services normally provided at Alaska taxpayers' expense.
5. The history of the industry has shown that most new modern mines are found in isolated areas. The industry, itself, has traditionally built their own communities, schools, and even churches at these isolated sites - and provided employment in those areas where the unemployment rate is highest.
6. It is estimated that in terms of 1975 dollars at least \$132 million have been expended in Alaska for metallic minerals exploration from the time the Kennecott Mine closed in 1938 to the present. This effort and expenditure has resulted in not one substantial orebody being brought into production. This gives an indication of the magnitude of exploration risk, and the tough economic conditions facing the prospective mining industry in Alaska.
7. Several nation-wide and international company representatives predicted exploration budget reductions or cancellations for Alaska, should the economic climate be worsened by increased taxation such as that proposed in SB 294.

8. It was suggested that what this almost non-existent Alaskan industry needed was tax incentives, rather than disincentives. These incentives might take the form of - (a) a more flexible cost recovery allowance, (b) accelerated depreciation, (c) an investment credit for exploration expenditures, and (d) repeal of the present Mining License Tax. This latter tax is, in effect, a tax on a tax as individuals and corporations engaged in this industry pay their income tax as well. Certainly the threat of new taxes would drive away exploration - hence a reduction in state tax revenue, increased unemployment, and a worsening of the state's deficit. This would be irresponsible on the part of government.

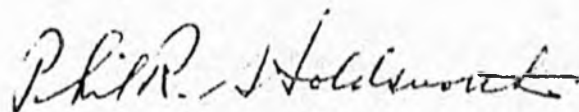
The State presented its position that - (a) the present Mining License Tax is ambiguous, (b) the state spends about \$3,200 for services per year for each person on a payroll, and (c) the state is interested in broadening its tax base.

Following a lengthy panel discussion an apparent industry-state consensus was developed on the following points:

1. SB 294 should be formally withdrawn by the state administration.
2. New incentives should be discussed, whether or not they may be obtainable thru the legislature at this time.
3. The present Mining License Tax should be improved to more clearly define who should be taxed, and what is allowable for deductions.
4. The 3½-year tax holiday for new operations, and allowance for depletion should remain a part of the tax provisions.
5. Revision of the Mining License Tax should be pursued in the legislature, but only to tidy up language.
6. Legislative intent should be expressed in the form of a policy statement on long-term economic (tax) stability for the industry.

The Department of Revenue is presently redrafting the Mining License Tax and will circulate it early in December for further comments. They intend to have a revised bill ready for introduction in January.

Reported by -



Phil R. Holdsworth



Alaska State Legislature

House

JUNEAU ALASKA

Date: February 1, 1977 (approx.)

Memo to: Resource Committee Members

From: Office of Sally Smith

Re: Office conversation with Vance Thornsberry of Inspiration Mining relating to HB 56

Vance stated that his company and he himself would like a mining tax bill, but changes are necessary in HB 56 as it stands now.

1. The tax rate should be a straight 5%, not the sliding scale with all of the qualifications
2. Mining companies should be able to carry forward net operating losses because it helps to smooth out the peak years. For instance, 1972 was a peak year for copper, but it followed a series of very bad years.

Mr. Thornsberry will try to be present to present testimony to the Committee when HB 56 is heard.

January 14, 1977

HOUSE JOURNAL

41

"January 14, 1977

HB
56

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

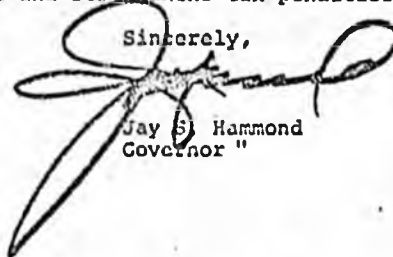
Dear Mr. Speaker:

Under the authority of art. III, sec. 10 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill relating to the Alaska mining license tax.

This bill amends the mining license tax law in several respects to achieve a more effective taxing system than we presently have in Alaska.

The bill would impose the tax on the net proceeds of a mining business. It would be calculated using the total gross receipts from the business less certain specified direct expenses of mining. The bill also insures that all mining businesses would be subject to the tax regardless of the form of business or the nature of the operation. The bill also clarifies several ambiguous areas of the present law which serve as loopholes for some mining businesses. In addition, the bill expands and strengthens tax penalties.

Sincerely,



Jay S. Hammond
Governor "

HOUSE BILL NO. 57 by the Rules Committee by Request of
the Governor, entitled:

HB
57

"An Act relating to risk management
and loss prevention in state govern-
ment; and providing for an effective
date."

was introduced, read the first time and referred to the
Committees on Judiciary and Finance.

" January 14, 1977

The Honorable Hugh Malone
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:



C. C. HAWLEY AND ASSOCIATES, INC.

STAR ROUTE A, BOX 78-D • ANCHORAGE, ALASKA 99507 • (907) 344-6114

May 14, 1976

RECEIVED
MAY 19 A.M.
INMC-JUNEAU

Mr. Sterling Gallagher, Commissioner
Department of Revenue
Pouch SA
Juneau, AK 99811

Dear Sterling:

Phil Holdsworth has advised me that the Department of Revenue will likely oppose carryover of net operating loss in HB878, if it does show up at more committee hearings. I would like you to consider this carefully, and take it up at the cabinet level to see if your stand can be modified.

I realize that effectively we were given a choice between a three-and-a-half year Mining License Tax free period, or carryover, but we also did not have much real choice in the matter. Our argument is that the two things are not at all equivalent. The three-and-a-half year period allows you to recover some capital costs prior to the special tax. The net operating loss provision helps you ride over periods of low metal prices. At present about only five of fifteen major low-grade copper mines in the United States are operating profitably. This condition has held for about two years and, although there is an upswing in copper profitability, this thing happens time and time again. There is a vast difference in the profitability of the mining industry now, as against the time when the original Mining License Tax was passed. This additional concession would be an incentive, but would not cut into revenues paid the state during long stable periods of profit.

I am also requesting you consider this carefully because of the split within the mining ranks. The Alaska Miners Association (a majority anyway) is still with you on 878, but, as you are aware, we have a broad split, and the Northwest Mining Association has come out against 878 in majority, even though some companies--especially Kennecott--are strongly behind 878. It will be much easier for us to stay in this middle ground, if the state can make some concessions.

I don't think you will argue with us that Alaska is just an expensive place to operate, including taxes. But small concessions made now on rates or schedules will mean mining revenues will start to appear sooner than if maximum tax rates go in effect.

Sincerely,

Chcock

C. C. Hawley

ams

cc Phil Holdsworth
Governor Hammond
Mike Whitehead
Don Harris
Tony Motley
Bill Mote - NWMA
Russ Babcock

February 10, 1977

Ms. Sally Smith
Alaska State Representative
Pouch V
Juneau, AK 99811

Dear Ms. Smith:

We appreciate your concern for our interest in mining in Alaska and your transmittal of a copy of H.B. No. 56 entitled "An Act Relating to the Alaska Mining License Tax; and providing for an effective date," which was introduced 1/14/77.

In Sec. 1, (b), I recommend a flat rate of 5% (no more) on the net proceeds derived from mining in the State of Alaska.

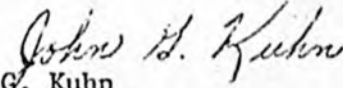
In Sec. 1, (d), I think it would be best to tax each operation separately and not to consider mining business operations conducted in two or more places as one mining business.

A further provision should be included for a mining business to carry forward net operating losses.

A further provision should be included for deduction of wages and payments for services performed out-of-state, where these are directly related to in-state operations.

We appreciate your consideration of this matter.

Sincerely yours,


John G. Kuhn
Vice President

INSPIRATION DEVELOPMENT COMPANY

JGK/HWO/am

cc: Alaska Mining Association
Northwest Mining Association

HB

68

1-19-77

BALD EAGLE
PARK

HB 68

Haines residents
very opposed

NO ACTION

per Mike Miller



University of Alaska
Statewide System of Higher Education
Fairbanks, Alaska 99701

March 11, 1977

The Honorable Alvin Osterback
Chairman, House Judiciary Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Alvin: *al*

Attached is the University of Alaska's position on House Bill 68.

If you should desire a representative of the University to appear before your Committee regarding HB 68, please let me know.

Sincerely,

Charles O. Ferguson
President

COF/djh
Attachment

Position Paper on HB 68
March 11, 1977

HOUSE BILL 68
"An Act Creating the Bald Eagle Council Grounds State Park"

The University of Alaska would like to draw your attention to a conflict of State interest in the land involved with the proposed bill.

On January 24, 1956 as recorded in the Clear List #7, and on May 14, 1957 contained in Clear List #8, 846.30 acres of this proposed park were designated Trust Lands to be held for income production to support higher education in the then Territory, now State of Alaska. We believe that the courts have been clear that any use of trust land must be accompanied by appropriate payment into the Permanent Fund for such use. At the time the same area was declared critical habitat, we drew the same information to the attention of the committee. Further check will reveal a similar situation is in existence in the same area with Mental Health lands. Both of these land situations predate statehood.

The University of Alaska hereby requests that this bill be held in committee until such time that the defects in handling of the Trust Status of the lands can be properly spoken to. Further, the closing of this area to miners/entry is noted and we would draw the committee's attention to the long-term State lease for iron ore held by U.S. Steel within one mile and three-quarters of the proposed boundary of the area. The University requests consideration on this matter to resolve anticipated administrative or legal problems prior to action, hoping to avoid creating, through premature action, a situation requiring extensive after-the-fact negotiation, litigation, added legislative action, etc. We recommend that further consideration of the details of the bill be made.

HB

71

First Man (Wednesday)
Unit Man 2, 1977

BILL ANALYSIS

ASSIGNMENT DATE 1-22

UNASSIGNED _____

DEPARTMENT SPONSOR (PRINCIPAL) BILL NO.

Fish and Game

Haugen

HB 71

DEPARTMENT POSITION

Oppose

DIVISION DIRECTOR DATE COMMISSIONER DATE

Carl L. Rosier

DATE

James H. Brooks

DATE

2/3/77

GOVERNOR'S OFFICE USE

POSITION NOTED POSITION APPROVED POSITION DISAPPROVED

BY DATE *2-3*

SUMMARY

(1) RELATED BILLS (SIMILAR OR CONFLICTING)

(2) a. ORGANIZATIONAL SUPPORT FOR BILL



(2) b. ORGANIZATIONAL OPPOSITION TO BILL

PROGRAM EFFECTS OF BILL

More than one hundred thousand shellfish pots are in use in Alaska's shellfish and bottomfish fisheries. In the Bering Sea king crab fishery alone, an estimated 35,000 pots were used during the 1976 season. Pots vary in design and durability between fisheries. Not all pots degrade at the same rate. To require that all pots have a biodegradable seam or panel would put an unreasonable burden on the fishermen of the state.

We applaud the objectives of this bill but believe its enactment would be detrimental.

(4) FISCAL IMPACT: NONE FISCAL ANALYSIS ATTACHED

(5) AMENDMENTS PROPOSED:

(6) COMMENTS:

Biodegradable pots are currently required by Board of Fisheries regulation in the South-eastern Alaska bottomfish fishery. This requirement was adopted by the Board in December 1975 on an experimental basis to be expanded to other fisheries if it proved successful. In April 1976, the Board adopted regulations requiring that after July 1, 1978, all king crab and tanner crab pots have a mechanism which will destroy their fish catching and holding ability within a six-month period if they are lost or abandoned. The intent of these regulations was to encourage the department and fishermen to experiment with methods which will insure that lost pots do not continue to fish without unnecessarily restricting fishermen to use of a biodegradable panel. Since regulations are currently in existence which provide the means of dealing with the problem addressed by this bill, there is no need for this legislation to be enacted.

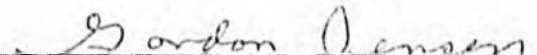
RESOLUTION NO.

ALASKA BOARD OF FISHERIES

WHEREAS the Alaska Board of Fisheries recognizes the socio-economic advantages of pot limits in certain areas and urges the Fish and Wildlife Protection Division of the Department of Public Safety to enforce it to the best of its abilities.

FURTHERMORE, Mr. Ole Harder's proposal to individually mark crab pot buoys may be applicable in some king crab fisheries of the state while in other major production areas new refinements may be necessary to implement it on a reasonable cost-benefit basis.

THEREFORE BE IT RESOLVED, that the Alaska Board of Fisheries urges the legislature to explore the possibilities of funding a comprehensive program that would incorporate a realistic and enforceable approach to this pot limit problem.



Gordon Jensen, Chairman
Alaska Board of Fisheries

Adopted: March 31, 1977
Vote: 7/0

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for SENATE BILL 196
 Title Regulation of Shellfish Pots & Buoys Used In Taking King Crab
 Requested by POLAND Date 4/13/77

II. FISCAL DETAIL

Agency Affected Department of Fish and Game
 Program Category Affected NRMEC
 Budget Request Unit(s) Affected Commercial Fisheries

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	0	12.7	12.7	12.7	12.7	12.7
200 TRAVEL	0	0	0	0	0	
300 CONTRACTUAL	0	7.3	7.3	7.3	7.3	7.3
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	20.0	20.0	20.0	20.0	20.0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	20.0	20.0	20.0	20.0	20.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER (Specify)	0	0	0	0	0	0

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	12.7	12.7	12.7	12.7	12.7

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

See attached.

GENERAL FUNDS TO BE OFFSET BY PROGRAM RECEIPTS.

IV. DATE 4/19/77

PREPARED BY Robin Glauthier
 AGENCY Commercial Fisheries
 PHONE 465-4210

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

ANALYSIS: CS for SB 196, Regulation of Shellfish pots

Passage of SB 196 will require positive identification of shellfish pots and buoys used in taking King Crab by means of individually numbered registration tags designating year of issuance which are to be issued with each license and permanently affixed to each pot.

A reliable manufacturer estimates that a tag suitable for this use can be produced for approximately \$.20 each. Approximately 280 vessels will be affected by the requirement to identify shell fish pots (Sec 16.05.632). The pot limit is 75 pots that can be fished per vessel in regulated areas. Lost gear and replacement pots average approximately 25% of the total shellfish pots. Therefore, approximately 26,250 tags will be needed at a cost of approximately \$5,250.00. Shipping, postage, and other handling charges would amount to approximately \$2,000.00.

Personal services to administer tag issuance and maintain records will be necessary for six months per year at Homer, Kodiak, Juneau, and Petersburg. This requirement will be satisfied by four temporary Clerk III's, totaling 12 man-months per year at a total cost of \$12,721.00.

Registration tags could be issued for a fee of \$.75 per tag to offset General Funds.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 71Title An Act relating to the use of biodegradable shellfish potsRequested by OsterbackDate 2-14-77

II. FISCAL DETAIL

Agency Affected Fish and GameProgram Category Affected NRMECBudget Request Unit(s) Affected Commercial FishEXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	0					
200 TRAVEL	0					
300 CONTRACTUAL	0					
400 COMMODITIES	0					
500 EQUIPMENT	0					
600 LAND & STRUCTURES	0					
700 GRANTS, CLAIMS, ETC.	0					
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND	0					
FEDERAL FUNDS	0					
OTHER (Specify)	0					

POSITIONS

FULL TIME	0					
PART TIME	0					
TEMPORARY	0					

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

No fiscal impact.

IV. DATE 2-22-77PREPARED BY *[Signature]*AGENCY Fish and GamePHONE 465-4210

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

AMENDMENT

OFFERED IN THE HOUSE:

By: House Resources

To: _____ HOUSE BILL No. 71

SENATE BILL No. _____

PAGE: 1

LINE: # 12 & 22

Delete - August 1, 1977
Insert - July 1, 1978

HB

73

Billy Smith
arrange
Hearings Co
in
Valley

TESTIMONY OF RUSSELL W. CARILL
DIRECTOR - ALASKA STATE PARKS
ON

H.B. 73

FEBRUARY 15, 1977

ALASKA HOUSE OF REPRESENTATIVES RESOURCES COMMITTEE

Mr. Chairman, committee members, thank you for the opportunity to comment on the Keystone Canyon State Park proposal.

In 1969, the Legislature instructed the State Department of Natural Resources to study the Thompson Pass - Keystone Canyon area, which was known at the time as one of the great scenic wonders of Alaska. A study was done and a proposal, which had great support, was developed. The proposal had so much support that the City of Valdez once had imprinted on its municipal stationary, "City of Valdez, Home of Keystone Canyon State Park."

Since that time, a lot of water has gone under the proverbial bridge. The trans-Alaska Pipeline has been driven through this State, over Thompson Pass and down to the sea at Valdez Harbor. This park proposal has been placed on the back burner. The El Paso Gas line versus the Arctic Gas proposal seems the big issue in resources now. El Paso's "all Alaska" line would diverge from the trans-Alaska Pipeline Corridor here and run through the wilderness to Port Gravina down here (indicate on map). A potential road route connecting Cordova with the rest of Alaska by road would come up here (indicate on map). Development is booming in the area.

I drafted this legislation and Commissioner Martin and I asked the Governor to send it over as an administration bill. We did so because we believe strongly that this area should be set aside as a scenic park. Set aside to encourage recreation and tourism as a part of the array of resource uses in the Copper Basin - Valdez area: to balance. if you will, some of the heavily

development oriented resource use which this area is experiencing in it's period of rapid growth.

My staff has provided you with briefing papers which give the nuts and bolts of this proposal. In addition, we have held two meetings in Valdez, and have discussed this proposal in Anchorage, Fairbanks, and Juneau at public meetings. The general consensus of feelings at the meetings in Fairbanks, Anchorage, and Juneau was favorable toward the bill. In Valdez, as you can see by the questionnaire, the community was in basic opposition.

To meet some of the needs expressed by the people of Valdez and their government, I have for your perusal, a proposed substitute for H.B. 73 , which would remove from the park proposal approximately 4,000 acres of potential development land in the Lowe River Valley. The proposed substitute also contains the following stronger language regarding utility and road corridors:

The commissioner must, upon review of an approved environmental impact statement, issue a permit authorizing a right-of-way or corridor for a utility or transportation project within the boundaries of the Keystone Canyon State Park when there is no other feasible alternative.

I am hopeful that these changes will make this proposed legislation more acceptable to the people of Valdez and to this committee.

There is another argument against this bill which I will try to deal with at this time. That is a general argument which shows up frequently in the Alaskan media. Because this is my first appearance before you this session I beg your indulgence for a short time to allow me to deal with the overall picture of State Parks in Alaska.

Why set aside State Parks when the federal government is proposing more than 100 million acres for the National Parks, Forests and Wildlife Refuge systems? First, where are these federal parks? 75 per cent of them are more than 100 miles from Alaskan communities of 1,000 or more people. The State Parks, existing and proposed, are all within those 100 miles of such communities.

Second, how much do Alaskans have to say about management on the systems? On the Federal Systems, almost nothing. The laws and regulations are very nearly holy-writ. Promulgated in and enforced from Washington, D.C. One cannot hunt or trap on those lands, and many recreational pursuits are limited. Conversely on State Park lands, the laws and regulations are made in Alaska by Alaskans responsive to an Alaskan public. In 80 per cent of the State Park System, hunting and trapping is permitted. Snow-machines are permitted in many areas, and visitation is encouraged. More than twice as many people visit the State Parks as visit the National Parks in Alaska. We operate five times the number of campsites and serve a more local recreation clientele.

The last reason, and I think the best, is that if we, in Alaska, are going to talk about balanced resource use, then we can't talk out of both sides of our mouths. Our 102½ million acres should have a rational and reasonable distribution among resource uses. One of those is scenic and recreation protection and use. All of the existing State Parks make up 1.6 per cent of the State's land entitlement. Adding all proposed State Parks to the system would still leave the percentage under 4 per cent. That's 4 per cent of the land to be set aside for our people to use for active recreation pursuits. Certainly if we can drive

two highways and two pipelines through Thompson Pass and the
Keystone Canyon, we can afford to pay our dues to the re-creation
of the human spirit by setting aside this magnificent area as a
State Park.

Ladies and gentlemen, if we are to go to Washington, D.C. and
talk to Congress about a rational plan for Federal lands in Alaska,
let us do the right thing with our lands so that we can hold our
heads high and talk from a position of the strength of our
convictions. Thank you.

2/8/77

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act creating the Keystone Canyon State Park."

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

* Section 1. AS 41.20 is amended by adding new sections to read:

ARTICLE 14. KEYSTONE CANYON STATE PARK.

Sec. 41.20.460. DECLARATION OF PURPOSE. The purpose of secs. 460 - 475 of this chapter is to establish the state-owned and state-acquired land and water described in sec. 465 of this chapter as Keystone Canyon State Park. The primary purpose in creating the park is to protect and develop the area's recreational and scenic resources. The land and water described in sec. 465 of this chapter are closed to multiple purpose use in conformity with AS 38.05.300 and are dedicated as a special purpose site in accordance with art. VIII, sec. 7, of the Constitution of the State of Alaska.

Sec. 41.20.465. DESIGNATED LAND AND WATER RESTRICTED TO USE AS A STATE PARK. The state-owned and state-acquired land and water lying within the following parcel comprising 330,000 acres more or less, are

2/8/77

designated as the Keystone Canyon State Park: beginning at the NW corner, Section 6, T9S, R4W, C.R.M.; thence easterly to the SW corner of Section 32, T8S, R4W, C.R.M.; thence northerly to the NW corner of Section 8, T7S, R4W, C.R.M.; thence easterly to the NE corner of Section 9, T7S, R2W, C.R.M.; thence southerly to the SE corner of Section 21, T7S, R2W, C.R.M.; thence easterly to the NE corner of Section 26, T7S, R1W, C.R.M.; thence southerly to the SE corner of Section 35, T8S, R1W, C.R.M.; thence westerly to the SW corner of Section 32, T8S, R1W, C.R.M.; thence southerly to the SE corner of Section 7, T9S, R1W, C.R.M.; thence westerly to the SW corner of Section 12, T9S, R2W, C.R.M.; thence southerly to the SE corner of Section 14, T9S, R2W, C.R.M.; thence westerly to the SW corner of Section 14, T9S, R2W, C.R.M.; thence southerly to the SE corner of Section 27, T10S, R2W, C.R.M.; thence westerly to the SW corner of Section 27, T10S, R2W, C.R.M.; thence southerly to the SE corner of Section 33, T10S, R2W, C.R.M.; thence westerly to the SW corner of Section 33, T10S, R2W, C.R.M.; thence southerly to the SE corner of Section 8, T11S, R2W, C.R.M.; thence westerly to the SW corner of Section 8, T11S, R2W, C.R.M.; thence southerly to the SE corner of Section 19, T11S, R2W, C.R.M.; thence westerly to the intersection of the south line of Section 21, T11S, R4W, C.R.M. with the north boundary of the Chugach National Forest; thence northwesterly along that boundary line to the intersection with the west line of Section 30, T10S, R5W, C.R.M.; thence northerly to the NW corner of Section

30, T9S, R5W, C.R.M.; thence easterly to the NE corner of said section 30; then southerly to the E 1/4 corner of said section 30; thence easterly along the east-west 1/4 line of section 29, T9S, R5W C.R.M. to the E 1/4 corner of said section 29; thence southerly to the SE corner of said section 29; thence easterly to the NE corner of section 33, T9S, R5W, CRM; thence southerly to the N 1/16 corner of said section 33; thence easterly along the N 1/16 line of section 34, T9S, R5W, CRM, to the N 1/16 corner of the E section line of said section 34; thence southerly to the SW corner of section 35, T9S, R5W, CRM; thence easterly to the SE corner of said section 35; thence northerly to the N 1/16 corner of section 25, T9S, R5W, CRM; thence easterly along N 1/16 lines of said section 25 and sections 29 and 30, T9S, R4W, CRM, to the N 1/16 corner on the eastern section line of section 29, T9S, R4W, CRM; thence northerly to the NE corner of said section 29; thence westerly to the intersection with the northern right-of-way limit of the Richardson Highway; thence westerly along said right-of-way limit to the intersection with the west section line of section 23, T9S, R5W, CRM; thence northerly to the NW corner of said section 23; thence easterly to the NE corner of section 24, T9S, R5W, CRM; thence northerly NW corner of section 6, T9S, R4W, CRM; this corner being the true point of beginning. All bearing courses for this description follow section lines, either surveyed or protracted, except where otherwise stated.

Sec. 41.20.470. DESIGNATION OF MANAGEMENT RESPONSIBILITY. The land and water described in sec. 465 of this chapter are assigned to the Department of Natural Resources for control, development, and maintenance as a state park. The Department of Fish and Game is responsible for the management of fish and wildlife resources in the Keystone Canyon State

2/8/77

Park and shall consult with the Department of Natural Resources before the adoption of regulations concerning fish and wildlife management. The maintenance of public roads and highways within the area is the responsibility of the Department of Highways, and the cost of the maintenance are to be borne by Department of Highways funds. Park regulations apply to a highway right-of-way.

Sec. 41.20.475. INCOMPATIBLE USE PROHIBITED. (a) The land and water described in sec. 465 of this chapter are closed to mineral entry.

(b) The commissioner shall designate by regulation incompatible uses within the boundaries of the Keystone Canyon State Park in accordance with sec. 460 of this chapter and those incompatible uses designated are prohibited or restricted, as provided by regulation.

(c) The commissioner must, upon review of an approved environmental impact statement, issue a permit authorizing a right-of-way or corridor for a utility or transportation project within the boundaries of the Keystone Canyon State Park when there is no other feasible alternative.

Analysis of Public Information

Sessions Conducted by the Alaska

Division of Parks on the Proposed

KEYSTONE CANYON STATE PARK

(House Bill 73)

Meetings Conducted In:

- Fairbanks: 6 January 1977
- Anchorage: 13 January 1977
- Juneau: 17 January 1977
- Valdez: 27 January 1977

Prepared By:

Planning Section
Division of Parks
619 Warehouse Drive, Suite 210
Anchorage, Alaska 99501

1. COMMENT/QUESTION: Exclude private lands at Mile 12 of Richardson Highway. (Anchorage, Valdez.)

DISCUSSION: Future land needs of Valdez warrant exclusion of some lands from proposed park in the vicinity of private parcels near Mile 12, Richardson Highway.

RESPONSE: Proposed redescription of boundary in Lowe River to exclude 4,000 acres of developable land.

2. COMMENT/QUESTION: Would a right-of-way for power transmission lines in the park be a compatible use? (Anchorage.)

DISCUSSION: Yes, if the commissioner of Natural Resources determines that such a project is in the best interests of the state.

RESPONSE: The proposed legislation contains the following: "The commissioner may, upon review of an approved environmental impact statement, issue a permit authorizing the construction of a utility or transportation project within the boundaries of Keystone Canyon State Park when he determines that construction to be in the best interest of the state.

3. COMMENT/QUESTION: Shouldn't such a large land tract have a mineral survey before making it a park? (Anchorage.)

DISCUSSION: The proposal covers what's generally known as "Valdez Group Rock", which is associated with low mineral potential except for some gold associated with quartz veins.

RESPONSE: General mapping has occurred. Area has been prospected by company teams and individuals. Less than 10 mining claims are known to exist in the area, which are allowed to operate under existing mining law.

4. COMMENT/QUESTION: What's your policy on possible concession developments in this area? (Fairbanks.)

DISCUSSION: Concessions are allowed in state park areas if their development is compatible with park values and user demands. Concession contracts are negotiated under competitive bid procedures.

RESPONSE: Proposals for concession development invited for review at any time, but must be awarded on a competitive basis.

5. COMMENT/QUESTION: Are there trails in area? (Fairbanks.)

RESPONSE: A few unmaintained trails exist.

6. COMMENT/QUESTION: Developments - specifically trails - will encourage more use of area and thereby hurt hunting opportunities. (Fairbanks.)

DISCUSSION: Better access to unroaded or traileed areas can increase hunting pressure. Trails offer increased recreational opportunities while helping to disperse people over a larger area.

RESPONSE: Some recreational development will take place. It is the responsibility of the Department of Fish and Game to prevent over-harvest of game animals.

7. COMMENT/QUESTION: Isn't the area too rugged for building trails? (Fairbanks.)

DISCUSSION: Keystone Canyon State Park is a very rugged, glaciated mountain area with several river and creek valleys of moderate gradient.

RESPONSE: Trails could be constructed in much of the area, including Brown Creek Valley, Sheep Creek Valley, Heiden Canyon, Ptarmigan Creek, and the Tsina River Valley.

8. COMMENT/QUESTION: What's the Division of Parks policy towards commercial uses originating outside of the park, crossing through, or using the park - such as kayak trips? (Fairbanks.)

DISCUSSION: Such uses are allowed if impacts on both the park and other users is minimal.

RESPONSE: Most uses are allowed if not damaging to the park environment or irritating to other visitors.

9. COMMENT/QUESTION: How much will it cost to operate this park? (Fairbanks.)

DISCUSSION: Operations staff, equipment, space rental, and construction of recreation facilities broken down. This, of course, depends on legislative authorization.

RESPONSE:	<u>Operation</u>	<u>Construction</u>
1978	88.9	12.5
1979	75.8	300.0
1980	83.6	300.0

10. COMMENT/QUESTION: Why make this area a state park? (Fairbanks.)

DISCUSSION: Scenic beauty, accessibility, minimum resource conflicts involving timber, minerals, oil and gas, and agriculture and developable lands.

RESPONSE: The State Constitution and Alaska Statutes Title 38 and 41 mandate the establishment of an Alaska State Park System and the Keystone Canyon area is immensely qualified for such status.

11. COMMENT/QUESTION: Didn't the bill fail last year? (Juneau.)

DISCUSSION: The Keystone Canyon State Park - introduced last year by a legislator - never reached a floor vote in the House and the Senate.

RESPONSE: Bill did not become law in the 9th State Legislature and has been submitted this year by Governor Hammond.

12. COMMENT/QUESTION: Would the Division of Parks zone private land within the park boundary? (Valdez.)

DISCUSSION: Efforts will be made to preserve the scenic quality of the park. There is very little private land within the park. It is our policy to work with local government for zoning ordinances prior to taking any state zoning action.

RESPONSE: The possibility of the Division of Parks zoning private lands within the park exists at a later day.

13. COMMENT/QUESTION: Which way is information flowing between the public and the Division of Parks? (Valdez.)

RESPONSE: Both directions, but the public meetings are for the primary purpose of receiving public comment.

14. COMMENT/QUESTION: The proposed Keystone Canyon State Park is too large. (Valdez.)

DISCUSSION: The proposed park covers 330,000 acres, mostly very steep mountainous country and glaciers.

RESPONSE: Size of park may be reduced by excluding developable lands on lower portion of Lowe River.

15. COMMENT/QUESTION: Why such a large park? Suggest a series of small roadside waysides and wilderness trails. (Valdez.)

DISCUSSION: The boundary of the proposed park has been drawn to include an optimum amount of highly scenic mountain country, primarily following hydrographic boundaries.

RESPONSE: The possibility of small roadside waysides and wilderness trails will not provide long-term assurance that lands around the waysides and trails will be protected from uses incompatible to public recreation and scenic protection.

16. COMMENT/QUESTION: Exclude 6,000 acres along Lowe River to the east of Keystone Canyon, in the vicinity of Sheep and Wortmans Creek, for development. (Valdez.)

DISCUSSION: The proposed park contains minimal development sites for campgrounds, picnic areas, visitor centers, etc. The forested area along the Lowe River in the vicinity of Sheep and Wortmans Creek provides interesting contrast to the rocky high country which constitutes 80 percent of the park.

RESPONSE: Park boundary will retain this area.

17. COMMENT/QUESTION: Disagree with giving the Commissioner of Natural Resources the discretionary power over approving utility or transportation project within the proposed Keystone Canyon State Park (41.20.475 (c)). (Valdez.)

DISCUSSION: The Commissioner of Natural Resources presently has this power - the legislation only re-states it.

RESPONSE: Wording in legislation regarding discretionary power of commissioner to be retained.

James J. Shephard
Star Route
Valdez, Alaska 99686
February 6, 1977

Representative Sally Smith
Pouch V
Juneau, Alaska

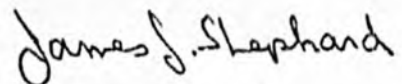
Dear Rep. Smith:

I would like to make a comment on the proposed Keystone Canyon State Park. As a land owner and resident of some of the private property located within the proposed boundaries, I object to the eminent domain provisions of the park bill.

My home and land is located at milepost 18 $\frac{1}{2}$ on the Richardson Highway, which is just about in the middle of the proposed park. I would like to be assured that my home and land is safe from public seizure (regardless of compensation) if the park bill ever becomes a reality.

Any advise or comments you could give me would be appreciated.

Sincerely,



James J. Shephard



CITY OF VALDEZ

P.O. BOX 307
PHONE: (907) 835-4313

ZIP CODE: 99686

January 31, 1977

Representative Al Osterback
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Subject: Senate Bill No. 73 - Keystone Canyon State Park

Dear Representative Osterback:

The citizens and city council of the city of Valdez, Alaska are violently opposed to the creation of the subject state park. This opposition has been expressed each time this specific park has been proposed since 1970.

Each time this proposal has been submitted, the City has taken exception to the superimposing of the park upon the city boundaries and encompassing privately owned lands. Each time the boundaries have been redrawn to conform to the City's demands. The proposal has been subsequently rejected and then reintroduced with the same old boundaries.

How many times do we have to oppose this same proposal? When is the State going to stop trying to force this park upon the City?

The Division of Parks allegedly scheduled a hearing in Valdez on January 11, 1977. No public notice was given; no contact made with City Hall and no one showed up at the hearing, not from lack of interest, but from lack of notice. Subsequently a hearing was held in Valdez on January 27, 1977, but only because a couple of Valdez citizens happened to attend the meeting scheduled in Anchorage and demanded a hearing in Valdez.

The proposal is completely unacceptable and the continued effort to sneak this legislation through is very repugnant. The State representatives, at the meeting on January 27, 1977, even failed to advise us that the bill had been introduced on January 19, 1977. The City's objections to the park are on file; however, the following is a brief summation.

1. The proposed park includes many private homes and private property.
2. Public utility corridors must be provided for, but presently are not.
3. Most of the park is inaccessible except to the most hardy and public penetration of the area is restricted to a very narrow margin along the existing road system.

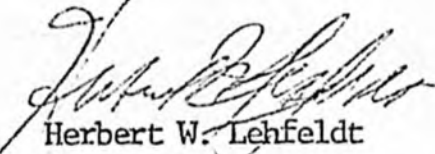
Representative Al Osterback
January 31, 1977
Page 2

4. Valdez would become the only city in the country with sole land access through a state park.
5. Economic development in Valdez is dependent upon local planning and zoning powers without restrictions imposed by the State.

The Valdez hearing response from the public and from the official statement by the Chamber of Commerce and the city of Valdez has one hundred percent against park formation.

I encourage you to consider the desires of the citizens of Valdez and withdraw this bill from consideration.

Respectfully yours,



Herbert W. Lehfeldt
City Manager

HWL:ss

I suggest we pull back in here to provide "stretch" room for Valdez expansion



PROPOSED
KEYSTONE CANYON
STATE PARK



2HB 13

James J. Shephard
Star Route
Valdez, Alaska 99686
Feb. 6, 1977

Representative Alvin Osterack
Pouch V
Juneau, Alaska

Dear Rep. Osterack,

I would like to make a comment on the proposed Keystone Canyon State Park. As a land owner and resident of some of the private property located within the proposed boundaries, I object to the eminent domain provisions of the park bill.

My home and land is located at milepost 18 $\frac{1}{2}$ on the Richardson Highway which is just about in the middle of the proposed park. I would like to be assured that my home and land is safe from public seizure (regardless of compensation) if the park bill ever becomes a reality.

Any advise or comments you could give me would be appreciated.

Sincerely,

James J. Shephard

James J. Shephard

CITY OF VALDEZ
All American City 1965
P. O. BOX 307
VALDEZ, ALASKA 99686

January 18, 1977

Mr. Russell W. Cahill, Director
Division of Parks
Department of Natural Resources
323 East 4th Avenue
Anchorage, Alaska 99501

Subject: Keystone Canyon State Park

Dear Mr. Cahill:

At its regular meeting of January 17, 1977, the Valdez City Council voted unanimously to oppose the creation of the Keystone Canyon State Park as set forth by the proposed legislation to be introduced by Governor Hammond.

When the first proposal for the Keystone Canyon State Park was presented in 1970, the city council, by Resolution No. 7002, opposed the proposed boundaries and requested that provision be made to provide for a perpetual general utilities corridor through the park.

Again in 1975 the City took precisely the same position and now again in 1977 the City is forced to assume the same negative position because the state Division of Parks refuses to recognize the legal rights of the citizens of Valdez.

As a result of the City's protests in 1975, a committee substitute for House Bill No. 163 was introduced. This bill attempted to resolve the conflicts between the state proposal and the city of Valdez. While still opposed to the proposal, the City felt that this bill reflected the least of two evils.

The citizens of Valdez are not opposed to state parks per se; but we are opposed to being strangled by the imposition of rigid regulations relating to access to our city and the utilization of properties within the city. Land use patterns are a local home rule responsibility. This is and has always been recognized and honored. What other city in the whole United States has other than a local city park superimposed upon its boundaries?


If the State wishes to develop hiking trails, visitor centers, ski trails or ski runs, additional camping areas, picnic or campgrounds, the City welcomes such improvements and encourages immediate construction; however, if this is the carrot to gain acceptance of the rigid restrictions on the use of the land, then - no thank you!

Division of Parks
January 18, 1977
Page 2

Surely these improvements can be made and enjoyed without infringing upon the local community.

Copies of this letter are being sent directly to the Governor, the Commissioner of Natural Resources, Senator Kertulla, Representative Specking and all other senators and representatives in order that there will be no misunderstanding as to Valdez's posture on this subject.

Very truly yours,



Herbert W. Lehfeldt
City Manager

HWL:ss



CITY OF VALDEZ

P.O. BOX 307
PHONE: (907) 835-4313

ZIP CODE: 99686

January 31, 1977

Representative Al Osterback
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Subject: Senate Bill No. 73 - Keystone Canyon State Park

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How many times do we have to oppose this same proposal? When is the State going to stop trying to force this park upon the City?

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1. The proposed park includes many private homes and private property.
2. Public utility corridors must be provided for, but presently are not.
3. Most of the park is inaccessible except to the most hardy and public penetration of the area is restricted to a very narrow margin along the existing road system.


Representative Al Osterback
January 31, 1977
Page 2

4. Valdez would become the only city in the country with sole land access through a state park.
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The Valdez hearing response from the public and from the official statement by the Chamber of Commerce and the city of Valdez has one hundred percent against park formation.

I encourage you to consider the desires of the citizens of Valdez and withdraw this bill from consideration.

Respectfully yours,



Herbert W. Lehfeltd
City Manager

HWL:ss



House of Representatives

DISTRICT 15

ADAK
AKHIOK
AKUTAN
ALITAK
ATKA
BELKOFSKI
CHIGNIK
CHIGNIK LAGOON
CHIGNIK LAKE
COLD BAY
FALSE PASS
IVANOF BAY
KARLUK
KING COVE
LARSEN BAY
NELSON LAGOON
NIKOLSKI
OLD HARBOR
PERRYVILLE
PORT LIONS
SAND POINT
SQUAW HARBOR
ST. GEORGE
ST. PAUL
UGANIK BAY
UNALASKA

February 7, 1977

Ms. Beverly Robinson
Pouch E
Valdez Vanguard
Valdez, Alaska

Dear Beverly:

House Bill 73 relating to the Keystone Canyon State Park will be before the House Resources Committee on February 15, 1977 at 1:15 p.m. in room 118, Capitol Building.

Sincerely,

Diann L. Nelson
Administrative Assistant

Valdez Vanguard

"Where the news you
want to know comes first"

January 31, 1977

Alvin Osterback
Chairman
House Resources Committee
Pouch V
Juneau, Ak. 99811

Dear Sir,

I have been notified by Neal Johannsen, Chief of the Parks Dept., that the resources committee has requested a hearing concerning the proposal for a Keystone Canyon State Park.

I would like to know if, in fact, such a meeting will take place, when and where. I would appreciate receiving any information regarding the committees work on this proposal.

Sincerely,

Beverly Robinson

Valdez Vanguard
"Where the news you
want to know comes first"

Tues.
T

Sally,
Give to
Ruth

January 31, 1977

Alvin Osterback
Chairman
House Resources Committee
Pouch V
Juneau, Ak. 99811

Dear Sir,

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I would like to know if, in fact, such a meeting will take place, when and where. I would appreciate receiving any information regarding the committees work on this proposal.

Sincerely,

Beverly Robinson

HB

///

COMMITTEE REPORT

1-25-77

HOUSE

JUDICIARY

2/10/77

Date

Mr. Speaker:

The Committee on RESOURCES has had HB 111 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 recommendations *Individual*
- AND attaches a report of its intent
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

<u><i>Mark E. Sanders</i></u>	<u>_____</u>	<u><i>Richard</i></u>	<u>_____</u>
<u><i>W. H. ...</i></u>	<u>_____</u>	<u><i>W. D. ...</i></u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u><i>...</i></u>	<u>_____</u>

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

... recommends: *needs fiscal note*

_____ recommends: _____

_____ recommends: _____

Chairman

BILL ANALYSIS

ASSIGNMENT DATE 2/2/77

UNASSIGNED

DEPARTMENT Public Safety SPONSOR (PRINCIPAL) Osterback BILL NO. HB 111

DIVISION POSITION Oppose. CO-SPONSORS OR COMMITTEE SPONSORS Gardiner DATE LAST AMENDED

DIVISION DIRECTOR Swadlow DATE 2-2-77 COMMISSIONER DATE

GOVERNOR'S OFFICE USE

POSITION NOTED POSITION APPROVED POSITION DISAPPROVED

BY: DATE:

SUMMARY

(1) Related bills (similar or conflicting)

Unknown.

(2) a. Organizations sponsoring and supporting bill

Unknown.

(2) b. Organizations opposing bill

Unknown.

(3) Program effects of bill The primary effect is that it would require a substantial increase in personnel staff to perform and accomplish an identical level of service in protection of the commercial fisheries. Present program of "stake-out crews" utilizes concealment to create a deterrent to closed water fishery violations and has successfully achieved this goal. To remain visible is announcing where stream protection is being afforded and would be the most effective aid to the potential and habitual violator in unlawful fishing activity.

To adequately provide protection of anadromous spawning areas with placement of "stream guard" personnel utilizing the concept of remaining visible would require an increase of both permanent and seasonal staff to a similar level in which this concept was practiced during the early 1960's. A departure from this concept became necessary due to funding restrictions and return would have an outstanding fiscal impact as well as substantial program planning changes.

4) Fiscal impact: none _____ Fiscal analysis attached X

5) Amendments proposed: None.

6) Comments: Implementation of the bill would have severe detrimental results to the fishery resources unless an approximate 400% increase in temporary man months were funded to provide stream guards for protection of salmon spawning streams. In addition to the temporary man months support funds would be necessary to provide field gear such as: tents, skiffs, outboard motors, cots, mattresses, cooking equipment, food, mooring tackle, charter funds for field servicing, outboard fuel and maintenance plus a major item, warehouse space throughout the coastal areas to accommodate winter storage of gear.

Implementation of the bill is legislating enforcement methods and provides a license to steal. It would offer the maximum advantage to theft of fish stocks by commercial fishermen that can be envisioned. Perpetuation of fish stocks would be limited to those areas where a stream guard was stationed during the spawning activity and would be directly proportional to the funding provided for temporary personnel. Southeastern Alaska alone has in excess of 2,500

(cont. on back)

FISCAL ANALYSIS

DEPARTMENT Public Safety	SPONSOR (PRINCIPAL) Osterback	BILL NO. HB111
DIVISION POSITION Opposed.	CO-SPONSORS OR COMMITTEE SPONSORS Gardiner	DATE LAST AMENDED
DIVISION DIRECTOR	DATE	COMMISSIONER
		DATE

FISCAL EFFECTS OF BILL

(1) CHANGES IN PERSONNEL

(See attachment).

(2) CHANGES IN GOVERNOR'S PROPOSED BUDGET

(3) CAN COSTS BE ABSORBED

Costs cannot be absorbed.

(4) REVENUE/EXPENDITURE CLASSIFICATION AND FUND -- SOURCE (GENERAL FUND/BUDGET, FEDERAL FUNDS, BONDS, SPECIAL APPROPRIATIONS)

COMMENTS:

FISCAL ANALYSIS.

(Attachment)

1. CHANGES IN PERSONNEL.

To provide a minimal level of surveillance to spawning activity on a stream guard concept, temporary man months must be increased to the following level:

SOUTHEASTERN ALASKA:

Ketchikan, Craig, Wrangell, Petersburg, Sitka, and Juneau.

	60 temp. employees at 3 mo. each.
Yakutat	5 temp. employees at 3 mo. each.
Cordova	12 temp. employees at 4 mo. each.
Valdez	6 temp. employees at 3 mo. each.
Seward	10 temp. employees at 3 mo. each.
Homer	8 temp. employees at 3 mo. each.
Kodiak	32 temp. employees at 3 mo. each.
Sand Point and westward	16 man months at 3 mo each.

TOTAL TEMP. EMPLOYEES - 149

TOTAL TEMP. MAN MONTHS - 459

The following is an estimate of the costs of hiring, equipping and maintaining one stream guard for a 10 week period:

EQUIPMENT

Tent, 10 x 12 white wall	100.00
Boat, Avon S-400 Sportboat, 12' 4" (40 h.p. rated)	1,200.00
Motor, 25 h.p. Johnson, Short Shaft, Manual Start	520.00
Coleman Lantern	30.00
Coleman Stove	30.00
Foam Mattress	35.00
Tent Frame	200.00
Cooking Utensils	20.00
Gas cans, funnels, misc. gear	<u>100.00</u>

Sub Total \$2,135.00

Air Charter - Minimum
6 trips including setting up camp 600.00

Food - 10 weeks at \$50.00 per week 500.00

Fuel - White gas, outboard fuel 100.00
1,200.00

Wages - 12 weeks - 37.5 straight time (hourly rate \$ _____) _____

15 hours overtime/week _____

TOTAL \$1,301,200

This figure does not include the cost of training or the cost of maintaining the man in the field. Depending on the number of stream guards in the field, it will take one to two men to handle engine repairs, buy groceries, run errands and chauffeur.

6) Comments, Cont.

spawning streams and each should receive protection from fishery theft. It would be physically and financially impossible to thoroughly protect the areas unless the fisherman is faced with the prospect of apprehension during the violation through a means he cannot predetermine. Under the terms of the bill, absence of a visible stream guard would assure the fisherman the stream is unprotected and vulnerable.

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

January 18, 1977

SUBJECT: Stream Surveillance Control

TO: Representative Alvin Osterback

FROM: Joel Bennett *JEB*
Legislative Counsel

You asked me to investigate the commercial fisheries "stake-out crew" situation within the Department of Public Safety. You said current procedure allowed violations to occur first, before arrest and apprehension, thereby allowing the waste of fisheries resources.

I have talked with Capt. Frank Sharp, Division of Fish and Wildlife Protection (under whose jurisdiction this is) and he informs me that what happened in Sand Point last summer was the exception - what usually happens is that the violators are apprehended while in the act of setting the net and they are ordered to release the fish before they are landed. Apparently in most cases, the fish are released in good shape.

He went on to say that stake-out crews, (concealed at the sites) have been the most effective enforcement tool for violations of this type since 1960. Although some stream guard crews still operate in certain situations, the state has found that there are just too many producing stream sites to cover (2500 in Southeast Alaska alone); the boats just switch to a stream around the corner in another arm of the same cove, for instance, and take their illegal catch there.

The real problem, in his opinion, is lack of funds in the budget for Fish and Game to hire adequate "temporary personnel" for stream surveillance. He said they don't even have a quarter of the personnel they used to have. Last season, about 40 people operated during the fishing season statewide in this capacity. Eleven in Southeast, six in the Aleutians and Alaska Peninsula area, and the rest elsewhere.

TO: Representative Alvin Osterback
January 18, 1977
Page 2

After hearing this, you may wish to alter your bill request. If statistics have shown concealed "stake-outs" to have been more effective than visible "stream guards", with few cases of resource loss, and if the Sand Point case was really an exception, I would suggest leaving things as they are. To be more effective, it might be better to push for a fish and game budget increase for that category of employees. You could perhaps ask that the category be made more specific, i.e. temporary stake-out guard instead of just "temporary employee".

Please consider this - if you want to get further details on the stream guard situation, call Capt. Frank Sharp, Division of Fish and Game Wildlife Protection, Department of Public Safety, in Anchorage at 272-1561.

If you still feel that legislation requiring all stream surveillance to be conducted openly and visibly is appropriate, please contact me. I will wait on further word from you.

JB:hjd



Alaska State Legislature

JUNEAU ALASKA

HOUSE RESOURCES COMMITTEE

10 February 1977

AGENDA

CALL MEETING TO ORDER.

BILLS UNDER CONSIDERATION:

~~HJR 12~~ ~~OPPOSING S. 499 & 500 AS INTRODUCED IN THE 95TH CONGRESS~~

~~HJR 16~~ ~~INTERNATIONAL CONVENTION FOR THE HIGH SEAS FISHERIES OF THE NORTH PACIFIC OCEAN~~

~~SB 1 am~~ ~~RELATING TO FEES FOR VENDORS OF COMMERCIAL FISHING LICENSES~~

Burton → HB 111 RELATING TO STREAM SURVEILLANCE FOR FISHERIES VIOLATIONS

HB 157 RELATING TO UTILIZING WASTE HEAT FROM OIL & GAS PIPELINES

HB 158 APPROPRIATION TO THE UNIVERSITY OF ALASKA FOR DEVELOPING UTILIZATION OF WASTE HEAT FROM OIL & GAS PIPELINES

DISCUSSION, QUESTIONS.

ADJOURNMENT.

→ HB 121

TO: Representative Osterback
FROM: Hugh Malone
DATE: March 1, 1977
SUBJ: Summary of Incident at Sand Point

*file HB III
(out of committee)*

MEMORANDUM

FEB 28 1977

TO: [Richard L. Burton
Commissioner
Department of Public Safety
Juneau

DATE : February 16, 1977

FROM: Col. Fred M. Woldstad
Director
Fish & Wildlife Protection
Anchorage

SUBJECT: E-76-0811/Controversial
Incident - House Resources
Committee.

I have taken the liberty of summarizing a rather lengthy investigation report that includes a number of statements attesting to identical information. Two seine vessels were involved and six defendants:

F/V "Andronica"

William Dushkin - Captain, Sand Point.
Carl R. Furguson - Crewmember, Sand Point.
Jack Foster, Jr. - Crewmember, Sand Point.

F/V "Norse Maid"

Carl G. Carlson, Jr. - Captain, Sand Point.
Charles G. Gundersen - Crewmember, Sand Point.
Henry P. Nielsen - Crewmember, Sand Point.

On July 23, 1976 at 10:30 a.m., a stakeout team composed of Officer Steve Case and Officer Mike Webber was placed at Bay Point by a Department of Public Safety Goose flown by Ed Fleek. They set up camp about a mile from the creek at Bay Point.

At approximately 9:30 p.m., Officer Case observed two boats heading toward Bay Point. Both boats were white in color and towing skiffs. The boats were later identified as the "Andronica" and the "Norse Maid". The two subject vessels anchored up, side by side, about 30 yards from the entrance to the lagoon at Bay Point (Nigger Head). At approximately 10:15 p.m., two skiffs left the anchored boats and entered into the lagoon. Each skiff contained two men.

Shots were fired from one skiff into the brush around the edge of the lagoon, apparently by a semi-automatic rifle. The two skiffs then returned to the "Andronica" and "Norse Maid".

At 11:00 p.m., four skiffs left the subject boats and proceeded into the waters of the lagoon at Bay Point. Officer Case moved around to where he could observe what they were doing. He observed the skiffs engaging in making two sets with their commercial type salmon seines, taking salmon from the closed waters at Bay Point. At 11:25 p.m., one skiff headed back to the anchored vessels. At midnight the other three seine skiffs followed. Officer Webber observed that two of the boats were low in the water and had what appeared to be a seine with a bulge in it alongside. At 12:45 a.m.,

Officer Case, who has commercial fished in the past, heard the hydraulics start up, as if the brailer was in operation on the subject vessels. At 3:00 a.m., the two vessels pulled anchor and left Bay Point.

On 7/24/76, the Captain of the P/V "Enforcer" was patrolling in a skiff at Settlement Point with Fish and Wildlife Aide Shaul when he observed the "Norse Maid" pull their anchors and head off toward the North.

Gunnar Hamren, the Captain of the tender "Logger", reports in his statement that the F/V "Norse Maid", Captained by Carl Carlson, Jr., got into the line behind his tender at 11:00 p.m. on 7/24/76. About midnight the "Norse Maid" pulled up alongside the Logger with approximately 7,000 salmon on board. Carlson asked Hamren to split his load with the "Andronica", stating they had been fishing together. The crew from the "Andronica" came over and helped take the salmon off the "Norse Maid". The "Logger" was anchored in Canoe Bay.

Mrs. Bertha Jean Hamren, who made out the ADF&G Fish tickets #393789 and #393319, in her statement relates a conversation with Carlson in which he told her that the "Andronica" and "Norse Maid" had been fishing together and he wanted to split his load with the "Andronica". The fish tickets were made out at approximately 12:30 a.m. on 7/25/76. Later that day the skipper of the "Andronica" came over and signed his fish ticket, #393789. The poundage on the fish tickets totaled 32,255; 16,127 lbs. to William Dushkin on the "Andronica" and 16,128 lbs. to the "Norse Maid", skippered by Carl Carlson, Jr. James Harrington, a crew member on the "Logger", was present when the Captain of the "Andronica" signed his fish ticket the morning of 7/25/76.

William Fishell was a Fish and Game employee sampling the catches on board the "Logger" when the subject fish were delivered. He states he remembers one boat bringing in a large number of salmon and states that without the delivery made by the "Norse Maid" figured into the daily catches, the boat average was 1,149.5 salmon per boat. The catches reflected for the "Norse Maid" and the "Andronica" were over three times the average for boats delivering to the "Logger" on the day in question.

On 7/26/76 at 12:20 p.m., the F/V "Norse Maid" was boarded soon after it moored at the fuel dock in Sand Point. Corporal Winn advised the Captain and crew of their legal rights and that they would be charged for seining in closed waters. Also on 7/26/76, Captain Sharp flew to Canoe Bay and boarded the F/V "Andronica", advised the Captain and crew of their rights and that they would be charged for seining in closed waters. While aboard the "Andronica" Captain Sharp observed a 30 caliber carbine semi-automatic weapon with a 30 shot clip and during the conversation the owner of the weapon was identified as Jack Foster, Jr.

The six defendants were cited to the Sand Point District Court and each entered a not guilty plea requesting a jury trial. Subsequent trial in Sand Point before a jury found all six defendants not guilty. Stated cause for the not guilty verdict was that the state did not prove fish were taken by the skiffs in the stream mouth, and the jury was not advised that "take" is also defined as "attempting to take".

Two additional statements are found in the report which are pertinent to the character and honesty of the defendants involved. Both are statements of Fish and Wildlife Aide Steve Case.

"On the 4th of July, 1976, at the New England Reservoir in Sand Point, I was testing outboards and rafts when we were approached by Charles G. Gundersen on the subject of bribery and asked what our salary was and if we were getting paid enough for watching the streams. I said, "yes, we were getting paid enough". Then he approached me with an offer for \$2,000.00 or \$3,000.00 for turning my back while they made a couple sets in the creek. He kept saying he would make it good to me for twice the amount I'm getting paid. He said that if I would get hold of him later we would talk real business and a part of \$2,000.00 or \$3,000.00. Then we departed the area."

On August 29, 1976, Charles G. Gundersen approached Officer Steve Case and Officer Jim Johnston stating that if the State lost their case, he would sue for false arrest. He also advised that they better be careful or they would leave Sand Point in a pine box. Gundersen stated he was passed out drunk when the skiff from the "Norse Maid" went up into the creek. Gundersen was drunk while making the statements.

FMW:rp

HB

114

HB 114, 115

TO: Guy R. Martin
Commissioner

THRU: Michael C. T. Smith
Director

DATE : November 3, 1975

FROM: George K. Hollett
State Forester

SUBJECT: Fire Suppression Fund

One of the items that will have to be resolved before we start in the fire suppression business on the Kenai Peninsula next summer is where does the out-of-pocket money come from to pay our bills. As long as we use State crews and equipment, there is no problem as they are funded in our budget. The problem will be in paying the individuals we hire and the equipment owner that may be needed at times to supplement our crews. No money has been included in our budget for this unknown. All our previous bills have been to BLM and have been paid up to a year or so after they expended the funds. When we hire an individual, he is going to want his pay within a short period of time after the fire.

The amount of money needed for out-of-pocket fire suppression costs is really an unknown. If we were to look at the last five years' costs on the Kenai, we find the following:

<u>Year</u>	<u>Acres Burned</u>	<u>Cost</u>	<u># Fires</u>
1970	2375	\$354,424.39	33
1971	1	1,454.84	5
1972	205	11,145.85	11
1973	47	14,637.20	20
1974	40	24,036.16	13
Total	3168	\$405,747.24	102

This then gives us an average cost of \$21,149.45, which you can see does not come close to any of the years. These figures are not a true picture of what the out-of-pocket cost will be as a good bit of these costs will be covered by State crews and equipment.

The same thing shows up when we look at the fire suppression costs for all State and private lands.

<u>Year</u>	<u>Costs</u>
1970	\$1,451,345.63
1971	1,304,955.70
1972	99,646.70
1973	235,967.31
1974	339,527.49

I am not sure what is the best way to handle the situation, but do feel that there should be some way to have money available on a non-expiring basis. This way everyone who has to be involved with the money from payor to payee knows there is money available.

I would like to suggest that the idea of having a "Fire Suppression Fund" be established by the Legislature be looked into. I can see where it could be worked out somewhat similar to the Disaster Relief Fund (copy attached). Since the fire law A.S. 41.15 refers to the Commissioner, it would then be natural to tie the operation of the suppression fund there also.

Since we are really dealing with an unknown figure at this time, I would suggest we ask for an initial funding of \$50,000.00. This would give us some protection for our job on the Kenai Peninsula. It would mean we would have to come in each year as we take over different areas of the State for subsequent financing. This may be easier than asking for a large amount at first. I would be most happy to work with someone on the workings of such a fund and also the amount, if you feel it is worthwhile.

If we do not go the fund route, it will then be necessary to ask for a supplemental to the FY 76 budget to be assured there are funds available to make payments. Since the fire season starts in May, it would be best to have about \$20,000.00 in case we do have any trouble. I am not sure what code something like this would go under since they appear to have removed the 800 code. If there is something like the old 800 code, I would say that is where it belongs as we pay both salaries and equipment rental from the funds.

Let me know if there is any more information I can put together or any way I can help.

Attachment

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HOUSE BILLS NO. 114 & 115
 Title Fire Suppression Fund
 Requested by Office of the Governor Date 1/19/77

II. FISCAL DETAIL
 Agency Affected Department of Natural Resources
 Program Category Affected Division of Lands
 Budget Request Unit(s) Affected _____

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		750.0	566.8	595.2	624.9	
400 COMMODITIES						
500 EQUIPMENT						
600 LANDS & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		750.0	566.8	595.2	624.9	

FUNDING (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND		750.0	566.8	595.2	624.9	
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
FULL TIME		0	0	0	0	
PART TIME		0	0	0	0	
TEMPORARY		0	0	0	0	

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
 The requested legislation establishes a Fire Suppression Fund and appropriates from the General Fund monies sufficient to initiate the Fund and maintain it in future years at a level adequate to meet anticipated costs of annual fire fighting activities. The Fire Suppression Fund is a reserve from which fire fighting expenses will be paid; it is not a planned expenditure. Future annual inputs from the General Fund to the Fire Suppression Fund are difficult to predict, however, from 1970 through 1975 State outlays for fire suppression have ranged from \$1.2 million to \$99,646, averaging approximately \$539,855. Creation of a Fire Suppression Fund will enable prompt payment of fire fighting costs. With increasing State ownership of land, and responsibility for fire protection, the base cost can be expected to rise, even aside from inflation. Previously these payments have been met through supplemental or annual appropriations and have been subject to the delays implicit in that process.

IV. DATE _____ PREPARED BY George Hollett
 AGENCY Division of Lands
 Original: Legislative Finance PHONE Gay Martin 1/19/77
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

BRIEFING

Bureau of Land Management - State of Alaska Fire Control Contract

February 4, 1977

BACKGROUND

With realization of Alaska statehood in 1959, BLM entered a contract with the State to protect State lands from wildfire. This was an interim measure to protect State resources until the State established its own fire control capability.

In 1971, after considerable dialogue, serious contract disengagement proposals were discussed with Mr. Charles Herbert, Commissioner, Department of Natural Resources. These proposals called for BLM disengagement in the Cook Inlet - Kenai Peninsula areas by 1975.

In 1972, BLM disengaged from the lands in Southeast Alaska. The Cook Inlet disengagement plan was reiterated this same year by letter Governor William Egan.

In 1973, Governor William Egan informed BLM, by letter, that he had directed the Department of Natural Resources to review the problem and prepare a detailed program for building a State organization.

In a 1975 letter, Governor Jay Hammond was briefed on BLM's disengagement plans.

By contract amendment dated June 17, 1976, the State removed 21,206,381 acres of land from BLM contract protection. The State established a fire control organization to fight fire on the Kenai Peninsula and the Chugach State Park. This amendment also eliminated all protection on approximately 10,500,000 acres of burnable resources on State lands in western Alaska. During the 1976 fire season, problems were identified with the "let burn" decision on this 10.5 million acres. Since time did not allow a formal contract adjustment, BLM agreed by memorandum to protect these acres on a fire by fire basis despite contract deletion, and lack of associated presuppression monies.

Also in 1976, a formal plan of BLM disengagement from lands bounded by the Alaska Range, Talkeetna Mountains, Chugach Mountains, and Kenai Mountains was presented to the State. More specifically, this area includes the Kenai Peninsula, Anchorage Bowl, and the Mat-Su Valley.

This brief chronology brings us to the present. Three situations require attention:

1. 10.5 million acres of unprotected State land in western Alaska.
2. BLM's planned disengagement from the Mat-Su area.
3. Contract rewrite to optimize the contract dollar and optimize protection on BLM and State lands.

One last comment is made. BLM can contractually protect State lands only as long as mutual agency benefit is realized. In other words, BLM cannot sell its fire control services unless it realized reciprocal benefits such as the State protecting portions of BLM land. The opportunity exists for a contract incorporating this concept.

BLM has responsibility lands in locations where the State is major land holder. The features of these locations include people/property density, road accessibility, and compact area. Fire attack can be accomplished with vehicular pumper trucks and some helicopter support.

The State has responsibility lands in locations where BLM is the major responsible land administrator. The features of these locations include limited people/property density, no road access, and vast area. Fire attack can only be accomplished utilizing major aircraft involvement. Annually, BLM must obligate 3.0 million dollars to acquire contract aircraft. This cost is exclusive of flying time.

The point is made that no technical organizational duplication will exist if the State elects to focus fire protection in the population/property density areas and BLM focus its protection in the vast roadless areas. Mutual benefit is realized and the resulting fire control organizations are complementary.

The briefing will describe the current contractual situation and offer a new contract approach to better solve our mutual fire control problem.

SIGNIFICANT FIRE CONTROL CONTRACT PROVISIONS

(STATE OF ALASKA-BUREAU OF LAND MANAGEMENT)

1. On lands contracted to either party by the other, there is a \$0.0474 per acre presuppression charge.
2. On contracted lands all suppression costs incurred are directly reimbursable.
3. An administrative charge on a sliding scale is added to reimbursable suppression costs. This charge is applied on the total annual bill.

Amount of Bill	Rate	Maximum Amount
First \$ 250,000	25%	\$ 62,500
Next \$ 250,000	20%	\$ 50,000
Next \$ 500,000	15%	\$ 75,000
Next \$1,000,000	10%	\$100,000
Over \$2,000,000	5%	N/A

4. Bills by each party offset each other annually.
5. The presuppression bill is due and payable each September 1 for the following fiscal year (October 1 through September 30).
6. The advanced suppression bill is due and payable September 1 for the current calendar year (75 percent of the last 5 year average reimbursable suppression bills).
7. The suppression bill is due and payable each September 1 for the year previous to the two most current calendar years (the advanced suppression payment applies to this bill).
8. Presently the State protects 372,194 acres of BLM responsibility lands at a presuppression cost of \$17,642.
9. Presently BLM protects 14,115,468 acres of State responsibility lands at a presuppression cost of \$669,073.
10. The State advanced suppression bill for CY 1977 is \$295,447.
11. During the 5 year period 1971 - 1975, the lowest actual State suppression bill was \$99,647 and the highest actual bill was \$1,240,740.

- - - - - For the remainder of this presentation we will
only consider contract change opportunities in
the southwestern quarter of Alaska - - - - -

CHANGES FROM PRESENT TO RECOMMENDED CONTRACT

1. Kenai Peninsula. No change. As a note of interest, BLM has suppression base at Soldotna for protection of the Kenai Moose Range.
2. Chugach. Presently the State protects 8,432 acres of BLM responsibility land in the Eagle River area. Recommended contract would add the 6,000 acre Eklutna Power Withdrawal Area to this State protection. The State has in-place capability.
3. Bristol Bay. No change. No protection needed since no fire history.
4. Kodiak Island. No change. Each agency protects its own land.
5. Taylor Mountain. Realign contract protection to the area with fire history (north one-third). Due to negligible fire incidence in the south two-thirds, BLM would react to assistance requests without contract presuppression monies.
6. Iditarod. Total State area would change from no protection to protection by BLM.
7. Poorman. Total State area would change from no protection to protection by BLM.
8. Farewell. No change. No protection needed since no fire history. Fires near the west boundary on State land would be normally attacked by BLM as they threaten BLM responsibility lands. No presuppression monies necessary.
9. Kokrine Hills. Total State area would change from no protection to protection by BLM.
10. Haines Skagway. No change.
11. Mat-Su. State would assume protection of its own lands (4,920,396 acres). Additionally, the State would contract protect 697,473 acres of BLM land located adjacent to the Alaska Range.

Note that irrespective of this particular proposal, BLM will discontinue contract protection on the SE quarter of Mat-Su in CY 1977. This quarter experiences 85 percent of the ignitions in Mat-Su. This particular disengagement is in consonance with planning, discussions, and correspondence between BLM State Director, Curt McVee, and Governors Jay Hammond and William Eagan.

PRESENT CONTRACT TERMS

Area	<u>BLM Land Protected By State</u>		<u>State Land Protected by BLM</u>		<u>Burnable Area Not Being Protected</u>		
	Acres	5 Year Average No. of Fires	Acres	5 Year Average No. of Fires	Acres	5 Year Average No. of Fires	Land Owner
1. Kenai Peninsula	258,762	1.0	0	N/A	0	N/A	N/A
2. Chugach	8,432	2.0	0	N/A	0	N/A	N/A
3. Bristol Bay	0	N/A	0	N/A	1,612,800	0	State
4. Kodiak Island	0	N/A	0	N/A	0	N/A	N/A
5. Taylor Mountain	0	N/A	4,772,711	0.8	4,608,306	1.2	State
6. Iditarod	0	N/A	0	N/A	1,385,605	3.6	State
7. Poorman	0	N/A	0	N/A	3,658,621	8.0	State
8. Farewell	0	N/A	0	N/A	1,961,644	1.2	State
9. Kokrine Hills	0	N/A	0	N/A	875,520	1.2	State
10. Haines-Skagway	105,000	0	0	N/A	0	N/A	N/A
11. Mat-Su	0	N/A	4,920,396	47.6	0	N/A	N/A
Total	372,194	3.0	9,693,107	48.4	14,102,496	15.2	----

Net presuppression cost: $(9,693,107 - 372,194) \times 0.0474 = \$ 441,811.$

RECOMMENDED CONTRACT TERMS

Area	BLM Land Protected By State		State Land Protected By BLM		Burnable Area Not Being Protected		
	Acres	5 Year Average No. of Fires	Acres	5 Year Average No. of Fires	Acres	5 Year Average No. of Fires	Land Owner
1. Kenai Peninsula	258,762	1.0	0	N/A	0	N/A	N/A
2. Chugach	14,432	2.0	0	N/A	0	N/A	N/A
3. Bristol Bay	0	N/A	0	N/A	1,612,800	0	State
4. Kodiak Island	0	N/A	0	N/A	0	N/A	N/A
5. Taylor Mountain	0	N/A	3,068,883	1.4	6,312,134	0.6	State
6. Iditarod	0	N/A	1,385,605	3.6	0	N/A	N/A
7. Poorman	0	N/A	3,658,621	8.0	0	N/A	N/A
8. Farewell	0	N/A	0	N/A	1,961,644	1.2	State
9. Kokrine Hills	0	N/A	875,520	1.2	0	N/A	N/A
10. Haines-Skagway	105,000	0	0	N/A	0	N/A	N/A
11. Mat-Su	697,473	0.4	0	N/A	0	N/A	N/A
Total	1,075,667	3.4	8,988,629	14.2	9,886,578	0.6	----

Net presuppression cost: $(8,988,629 - 1,075,667) \times 0.0474 = \$ 375,074.$

Conclusions

If the discussed or similar contract change is acceptable, the following products will be realized:

1. All BLM and State lands will receive protection from wildfire either contractually or cooperatively.
2. State lands which presently receive no contract protection will be reduced from 14.1 million acres to 9.9 million acres.
3. The 9.9 million acres will be relocated on the basis of low fire occurrence (15.2 fires annually to 0.6 fires annually). On these lands BLM will react to assistance requests from the State without contract presuppression monies.
4. The State will provide protection to the whole Mat-Su valley (4.9 million acres State land and 0.7 million acres BLM land). This impact is minimal, since in 1977, BLM will disengage from the State contract area containing 85 percent of the Mat-Su fire load.
5. State contract dollar will be placed in areas having highest occurrence.
6. In this southwestern quarter of Alaska, State presuppression monies to BLM will be reduced from \$442,000 to \$375,000.
7. The State would develop a tanker truck fire control organization while BLM would continue operation of an aerial fire control organization. Organizations are complementary. This type State development is commensurate with its projected fire control engagement in the Fairbanks, Delta, and Glenallen areas.

We are jointly engaged in rewriting our mutual protection contract to update provisions. Likewise we must jointly address our operating policies, procedures, and field organizations for the 1977 fire season. An early decision on State protection position would allow smooth transition into this fire season.

HB

118

2/28/77
 2/29/77
 3/2/77
 3/3/77
 motion picture out
 Filed
 3/3/77

2/28/77
 2/29/77
 3/2/77



Alaska State Legislature
House

HOUSE RESOURCES COMMITTEE

Alvin Osterback, Chairman

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 55-3715

AGENDA

*House
Resources*

Tuesday
31 January 31, 1978

Rm 1118 - 1:30 Today

- SJR 36 - Relating to Land Allocation In the Tongass National Forest
- SCR 68 - Western States Legislative Forestry Task Force
- HB 652 - Appropriation for Steering Council on Alaska Land.
- HB 118 - Maximum Length Salmon seine vessels

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

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MEMORANDUM

January 31, 1978

SUBJECT: CS for HB 118

TO: House Resources Committee

FROM: Joel F. Bennett, Legislative Counsel



Unfortunately, time constraints do not allow me to fully research this question, but at first glance I should point out to the committee that the enclosed bill may suffer constitutionally as special legislation (Art. II, Sec. 19, Alaska Constitution) or as a denial of equal protection of the laws (Art. I, Sec. 1, Alaska Constitution) unless there is a proper basis for the division of seine fishing into two geographical areas for purposes of limited boat lengths.

In analyzing this bill you must be able to conclude that there is a sufficient and justifiable difference in circumstances and situation, other than economics, to justifying the creation of two separate classes in this instance, and then treating them differently, to the apparent economic disadvantage of one against the other.

The general rule is that all classifications must be based upon substantial distinctions, which make one class really different than another. Is there a sound biological, safety, or other basis for this sort of distinction?

JFB:hjd