

244

SRES - 481  
SRES - 481

SB

418

MAR 21 1980

*From  
Doris Hutchens 726*

In 1979, the Alaska Legislature adopted SB 164 which authorized the Division of Lands to grant easements without charge to nonprofit electric and telephone corporations for rights of way for transmission and distribution lines. This easement procedure has worked well since its enactment.

Late last year the Division of Lands published a proposed revision of the portion of the Alaska Administrative Code dealing with their operations. Chapter 65 of these proposed regulations has the purpose of consolidating a number of special purpose easements and permits into a general category of land use permits. One of the specific easements which would be repealed by this action is 11-AAC-58.200 which provides for easements for utility rights of way. There are many provisions in the proposed Chapter 65, such as a ten year maximum term, which would make the new land use permits completely inappropriate for use in utility rights of way.

Mr. Ted Smith, Director of the Division of Lands, has predicted that these new regulations would become effective in the third quarter of 1980. In the public hearing in Anchorage on these proposals, Mr. Smith stated that it is his intent that in the future all utility rights of way will be granted through the lease procedure rather than through

the easement or permit procedure. SB 164 dealt only with easements, not leases. The proposed administrative action by the Division of Lands will have the effect of reversing the clear expression of legislative policy adopted unanimously by both Houses of this legislature less than one year ago.

This is an intolerable assumption of legislative authority which must not be allowed to stand. Either the Division of Lands should maintain the easement process for utility rights of way, or the Legislature should reconfirm its policy position. Senate Bill 418 has been prepared as a legislative remedy for this problem if that course is necessary.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. SB 418  
 Title Relating to electric or telephone cooperative associations  
 Requested by Senator Sumner Date 4/15/80

II. FISCAL DETAIL  
 Agency Affected Department of Natural Resources  
 Program Category Affected NRMFC  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)  
 The cost administration is negligible. Some revenue loss to the State would occur, but it is impossible to calculate as we do not know in advance the value of negotiated leases or how many cooperatives would apply for negotiated leases.

IV. DATE 4/15/80 PREPARED BY *[Signature]*  
 AGENCY Natural Resources  
 PHONE 465-2400  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

602  
Synopsis-- Senate Bill 418 by Kerttula

An Act relating to electric or telephone cooperative associations; and providing for an effective date.

This bill amends the Public Lands statutes by the addition of a new paragraph which states: The Commissioner of DNR shall lease state land for telephone or electric lines at less than appraised value if the lessee is a non-profit organization. Annual rental will be determined after the type of public service of the organization and the terms of the original acquisition of the land by the state are considered.

*Gordon Parker Telephone Assoc.  
Contact Lee Hutchins -*

*THU*

Spoke w/ Joe  
Guthrie in Legal  
Services -

Said we need to  
add on to bill -  
statement which  
cites the specific  
changes and annuls  
them.

Hen



Official Business

# Alaska State Legislature

## Senate

### Committee on Resources

April 16, 1980

Pouch V  
State Capitol  
Juneau, Alaska 99811

TO: Senate Resource Committee Members  
FROM: Jens Zehbe, Staff Member  
REGARDING: Senate Bill 418

This bill amends the Public Lands statutes by the addition of a new paragraph which states: The Commissioner of the Department of Natural Resources shall lease state land for telephone or electric lines at less than appraised value if the lessee is a non-profit organization. Annual rental will be determined after the type of public service of the organization and the terms of the original acquisition of the land by the state are considered.

Senate Bill 418 is a response to the new Division of Lands regulations which take effect in the third quarter of this year. The regulations will consolidate a number of special purpose easements and permits into a general category of land use permits thereby repealing certain easements having to do with utility rights of way. Senate Bill 418 re-instates those easements having to do with non-profit organizations.

MAR 21 1980

*from Dave Hutchens*

In 1979, the Alaska Legislature adopted SB 164 which authorized the Division of Lands to grant easements without charge to nonprofit electric and telephone corporations for rights of way for transmission and distribution lines. This easement procedure has worked well since its enactment.

Late last year the Division of Lands published a proposed revision of the portion of the Alaska Administrative Code dealing with their operations. Chapter 65 of these proposed regulations has the purpose of consolidating a number of special purpose easements and permits into a general category of land use permits. One of the specific easements which would be repealed by this action is 11-AAC-58.200 which provides for easements for utility rights of way. There are many provisions in the proposed Chapter 65, such as a ten year maximum term, which would make the new land use permits completely inappropriate for use in utility rights of way.

Mr. Ted Smith, Director of the Division of Lands, has predicted that these new regulations would become effective in the third quarter of 1980. In the public hearing in Anchorage on these proposals, Mr. Smith stated that it is his intent that in the future all utility rights of way will be granted through the lease procedure rather than through

the easement or permit procedure. SB 164 dealt only with easements, not leases. The proposed administrative action by the Division of Lands will have the effect of reversing the clear expression of legislative policy adopted unanimously by both Houses of this legislature less than one year ago.

This is an intolerable assumption of legislative authority which must not be allowed to stand. Either the Division of Lands should maintain the easement process for utility rights of way, or the Legislature should reconfirm its policy position. Senate Bill 418 has been prepared as a legislative remedy for this problem if that course is necessary.

SB

579



Official Business

# Alaska State Legislature

## Senate

### Committee on Resources

May 15, 1980

Pouch V  
State Capitol  
Juneau, Alaska 99811

TO: Senate Resource Committee Members  
FROM: Jens Zehbe, Staff Member  
REGARDING: Senate Bill 579

This bill amends the Alaska Fish and Game statutes which relate to fees for resident hunting and fishing licenses. The bill allows veterans who have incurred 50% or greater disability during military service to receive a license at no charge.

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB No. 579  
 Title An act providing for free resident hunting & sport fishing licenses for disabled vets  
 Requested by Senate Resources Committee Date April 29, 1980

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected Fish and Game Support  
 BRU, Program, or Subprogram(s) Affected Fish and Game Licensing  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars) Revenue Effects

GENERAL FUND					
FEDERAL FUNDS					
OTHER (Specify Fund Source)					
Sport Fish Management Fund		(3.2)	(3.2)	(3.2)	
Game Management Fund		(3.8)	(3.8)	(3.8)	

POSITIONS

FULL TIME					
PART TIME					
TEMPORARY					

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

Statistics from the U.S. Veteran's Administration show that there are 464 veterans in Alaska with 50% or greater disability. Losses to the Sport Fish and Game Management Funds have been computed on the basis that 70% of that number would qualify for and apply for the free license.

IV. DATE April 29, 1980 PREPARED BY Linda Gene Lockridge  
 AGENCY Department of Revenue  
 PHONE 2376

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

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB No. 579  
 Title An act providing for free resident hunting and sport fishing licenses for disabled veterans  
 Requested by Senate Resources Committee Date April 29, 1980

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected Fish and Game Support  
 BRU, Program, or Subprogram(s) Affected Fish and Game Licensing  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	1.0	.5	.7	.9		
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>1.0</b>	<b>.5</b>	<b>.7</b>	<b>.9</b>		

FUNDING (Thousands of Dollars)

GENERAL FUND	1.0	.5	.7	.9		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Initial costs incurred would be for the printing of a special license for disabled veterans and dissemination of information regarding eligibility for this license to statewide license vendors. In future years information regarding this license would be included in our annual license order and mail out to vendors.

*Linda Gene Lockridge*

IV. DATE April 29, 1980 PREPARED BY Linda Gene Lockridge  
 AGENCY Department of Revenue  
 PHONE 465-2376

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

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5  
JUNEAU, ALASKA 99811

May 5, 1980

The Honorable Bill Sumner  
Chairman  
Senate Resources Committee  
Capitol Building, Room 125  
Juneau, AK 99811

Dear Senator Sumner:

SENATE BILL 579

Senate Bill 579, an Act providing for free resident hunting and sport fishing licenses for disabled veterans, was introduced in the Senate on April 25, 1980 and was referred to the Senate Resources and Finance Committees.

For the consideration of the Senate Resources Committee, I am enclosing copies of two Fiscal Notes prepared by Linda Lockridge, Supervisor, Fish and Game Licensing Section of the Department of Revenue, concerning the proposed legislation.

Sincerely,



R. D. Stevenson  
Special Assistant

### Enclosures

cc: The Honorable John Sackett, Chairman  
Senate Finance Committee

Joseph K. Donohue, Deputy Commissioner  
Department of Revenue

Philip A. Wall, Director  
Administrative Services Division  
Department of Revenue

Linda Lockridge, Supervisor  
Fish and Game Licensing Section  
Department of Revenue

Senate Bill 579- by the Commerce Committee

An Act providing for free resident hunting and sport fishing licenses for disabled veterans.

This bill amends the Alaska Fish and Game statutes which relate to fees for resident hunting and fishing licenses. The bill allows veterans who have incurred 50% or greater disability during military service to receive a license at no charge.

*5/5 Requested Fiscal Note*

SCR

41

SENATE AMENDMENT

By Senate Resources

To: Legal Services SENATE BILL No. SCR 41

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

PAGE:            LINE:

Please see attached copy with the changes underlined.



Official Business

# Alaska State Legislature

## Senate

### Committee on Resources

May 9, 1980

Pouch V  
State Capitol  
Juneau, Alaska 99811

TO: Senate Resource Committee Members  
FROM: Jens Zehbe, Staff Member  
REGARDING: Committee Substitute for SCR 41

This resolution deals with the adoption of a state policy for economic development. The major points are:

- 1) The state firmly supports diversifying it's economic base by utilizing it's human and natural resources in an effective manner.
- 2) Usage of the state's natural resources in a way which most benefits Alaskans.
- 3) Provide a clear indication to the business community, the basis on which the state encourages responsible investors.
- 4) Establishing a sound working relationship with industry to encourage further economic development.

Be it Resolved that the state should encourage economic development that:

- 1) Offers long-term benefits and increased employment to Alaskans.
- 2) Is environmentally sound and approved by the local citizens most affected.
- 3) Diversifies the states revenue, increases personal income, reduces the cost of living by the creation of new economic types of activity and further development of existing ones.
- 4) Does not impose additional governmental costs in excess of the positive effects of business development.
- 5) Has a positive effect on power and energy availability for present and future needs.

- 6) Promotes tax and revenue stability within the state.

Be it further Resolved that the state should:

- 1) Have an awareness of the many advantages and disadvantages

He also addressed the Department's new  
for enabling legislation to ~~control~~  
the ~~and~~ institute separate seasons for non-resident  
aliens hunting in Alaska.

Senate Concurrent Resolution 41- Senators Colletta and Hackney

A Resolution having to do with the adoption of a state policy for economic development. The major areas are:

- 1) The state firmly supports diversifying its economic base by utilizing its human and natural resources in a effective manner.
- 2) Usage of the states natural resources in a way which most benefits Alaskans.
- 3) Clear indication to the business community the basis on which the state encourages responsible investors.
- 4) Establishing a sound working relationship with industry to encourage further economic development.

Be it Resolved that the state should encourage economic development that:

- 1) Offers long-term benefits and increased employment to Alaskans.
- 2) Is environmentally sound and approved by the local citizens most affected.
- 3) Diversifies the states revenue, increases personal income, reduces the cost of living by the creation of new economic types of activity and further development of existing ones.
- 4) Does not impose additional governmental costs in excess of the positive effects of business development.
- 5) Has a politive effect on power and energy availability for present and future needs.
- 6) Promotes tax and revenue stability within the state.

Be it further Resolved that the state should:

- 1) Have an awareness of the many advantages and disadvantages to the state that will result from the development of various industries.
- 2) Provide the leadership to assist potential investors.
- 3) Identify in conjunction with the investors, the constraints imposed by federal regulations and work with the state's congressional delagation in resolving any problems created by these regulations.
- 4) Identify the changes that will result from this economic development.
- 5) Compete with other areas in attracting economic development by the usage of economic incentive...
- 6) Provide assistance to the investors to determine whether the proposed development is in the best interests of the investor and the state.
- 7) Provide a stable economic environment by sale of natural resources owned by the state to processors of the resource at a fixed price for a period necessary for amortization of capital investment by the processor.



SENATE RESOURCES COMMITTEE  
HEARING  
on

SENATE CONCURRENT RESOLUTION 41

"Adopting a state policy for  
economic development"

Friday, February 15, 1980

Court Building  
303 K Street, Room 422  
10 a.m.

Senator Jay Kerttula called the hearing to order. Also present was Senator Ed Dankworth and the panel was later joined by Senator Mike Colletta.

These individuals expressed the following comments:

KELLY WALLER, Tanana Chiefs Conference

SUGGESTION: The following changes be made: page 1, lines 7 - 10, should also include that such economic development will insure protection of the environment and lifestyles of rural Alaska.

page 2, line 24 expressed concern with "investors" -- who?  
page 2, line 2 asked that "local citizens" be defined

WILLIAM WOOD, Mayor City of Fairbanks

Commented that the resolution does not address the state's developmental tasks. SUGGESTION: In a "whereas" clause, there should be a statement that any economic development should wisely utilize our resource base as an outlet for the human talent that the state already has.

PAM SMITH, Alaska Industry Support Alliance

Spoke on behalf of the A.S.I.A. who suggests that the legislature examine the purposes of taxation and its possible constraint to economic development.

HAROLD POMEROY

It is inexcusable the drag that regulations and requirements have on inhibiting and discouraging economic development. The state does not use the people and information it already has here, instead it brings in others from Outside to provide the expertise that is already available. The state should exercise caution against giving tax exemptions to businesses who without the exemption, would not

survive -- that's bad business. SUGGESTION: page 2, lines 7 - 9 questions what is intended by the statement; page 2, lines 13 - 16, suggests that this is not economically practical; page 3, lines 8 - 10, he can't justify a subsidy in order to establish a competitive position. Suggests the state utilize a practical economic evaluation procedure to determine what is cost effective.

LEE FISHER, People Against State Income Tax

Suggests that the abolition of individual and corporate taxes will be the best incentive to economic development.

DAVE HARBOUR, ARCO

Suggests that the state do a comparison of its investment climate to that of other states. Concerned that the resolution does not enumerate the constraints to economic development which are spelled out in last session's SCR 27. Suggests the House and Senate Resource Committee members, Department of Commerce and Economic Development and industry people get together to develop a consensus plan.

EUD DYE, Resource Development Council

States that the legislature is going to need to do more than simply pass a resolution. SUGGESTION: that the state:

-- implement the economic development program put together last year by Commerce and Economic Development;

-- determine why there is an adversary tax relationship between the state and oil industry;

-- make a statement that there will be "no more" taxes on the oil industry;

-- study the prohibitive effect of regulations on industry with the hope that regulation reform will decrease the cost of government (Resource Development Council is presently doing such a study). The end result of the above suggestions will be a predictable investment climate. Also suggests that a tax credit be established for any money made from specified projects that is re-invested into other specified projects.

KEN SHOWALTER, SOHIO

Concerned that the resolution only pertains to future businesses and does not address present businesses such as the oil industry. SUGGESTION: submitted a revised resolution which is contained in the committee's records as well as a copy of his comments.

PAULA EASLEY, Resource Development Council

The state desperately needs a clear-cut economic development policy and without one, the private sector is unable to

grow. SUGGESTION: The authority and responsibility of fullfilling the resolution's needs should be the responsibility of the Department of Commerce and Economic Development. On page 2, line 21, add to "the state should, under the direction of the Department of Commerce and Economic Development; page 2, lines 1 - 2, unanimously opposed to present wording; page 2, lines 7 - 9, is a problem of defining "excess" -- something may be excessive now but on a long term basis, it may be best; page 2, lines 10 - 11, concerned that an industry that is energy intensive may be discouraged; page 2, lines 13-- 16, eliminate the minimum requirement; page 3, lines 1 - 4, suggests adopting Showalter's suggestion; page 3, lines 14 - 17, questioned if the resolution would permit the state's royalty oil to be sold for less than the market price, if it is shown that such a sale would be beneficial to Alaskans.

DON LYON, Overall Economic Development Program, Mat-Su Borough

Investment incentives are needed. The state also needs to look beyond initial investment incentives (which often are viewed as subsidies) and instead, must examine the long-term benefits. Regulation reform, which can serve as a catalyst for development, should be a key part of economic development. Once the resolution is adopted, he hopes the necessary money follows in order to carry it out.

BOB DEMPSEY, Fairbanks Chamber of Commerce

The Fairbanks Chamber of Commerce will be submitting written testimony at a later time. Asks that there be available government funding for projects that are to be undertaken by the private sector. Also urged that money be available to implement the intent of the resolution.

MYRON IGLANTOC, Tlingit and Haida of Anchorage

Energy efficient projects should be a priority and the long-term benefits of any project must be taken into consideration. Expressed concern about the high energy costs in Southeast and the fact that lines have not been extended to villages because it is not economically feasible. Also stressed that the state should take a look at utilizing natural gas in the northern areas.

WRITTEN COMMENTS

The following individuals and organizations submitted written comments:

- C. W. Baer, General Manager, Greater Fairbanks Chamber of Commerce
- Malcolm B. Roberts, Executive Director, Commonwealth North
- Alfred R. Ketzler, Executive Director, Community Enterprise Development Corporation of Alaska
- Arthur R. Hauver, Attorney-at-Law
- Charles F. Becker, Economic Development Director, Municipality of Anchorage
- Eddie J. Turner, President and Managing Officer, Peninsula Savings and Loan Association

Copies of the above comments follow.

THOSE ATTENDING HEARING

Mr. Bob Dempsey  
Fairbanks Chamber of Commerce  
550 First  
Fairbanks, Alaska 99701

Mr. Paul A. Dunham  
Machinists, Local 601  
825 East 8th  
Anchorage, Alaska 99501

Mr. Bud Dye  
2301 Loussac  
Anchorage, Alaska 99503

Mr. Wayne L. Fincher  
Painters Union, Local 1140  
1818 Northern Lights Boulevard  
Anchorage, Alaska 99503

Mr. Lee E. Fisher, C.P.A.  
430 West 7th Avenue  
Anchorage, Alaska 99501

Mr. Dave Harbour  
SRA Box 62-R  
Anchorage, Alaska 99507

Mr. Martin Hoskins  
Post Office Box 288  
Anchorage, Alaska 99510

Mr. Ken Hume  
225 Cordova, Building B  
Anchorage, Alaska 99501

Mr. Myron B. Igtanloc  
2201 West 48th Avenue  
Anchorage, Alaska 99503

Mr. Dick Kloep  
IUOE, Local 302  
2510 Arctic Boulevard  
Anchorage, Alaska 99503

THOSE ATTENDING HEARING

Mr. Don Lyon  
Overall Economic Development Program  
Matanuska-Susitna Borough  
SR Box 5011  
Wasilla, Alaska 99687

Mr. Ken Peavyhouse  
FAA-AAL-4C  
Box 14  
Anchorage, Alaska 99513

Ms. Jennie Day Peterson  
Public Employees, Local 71  
Post Office Box 4-241  
Anchorage, Alaska 99509

Mr. Harold Pomeroy  
4048 Wright Street  
Anchorage, Alaska 99504

Mr. Ken Showalter  
Pouch 6-612  
Anchorage, Alaska 99502

Mr. Patrick J. Smutz  
HRDI  
213 West 6th  
Anchorage, Alaska 99501

Mr. Rudy J. Trosclair  
Painters Union, Local 1140  
1818 Northern Lights Boulevard  
Anchorage, Alaska 99503

Mr. Frank N. Van Zant  
Pouch 6607 H-280  
Anchorage, Alaska 99502

Mr. Kelly Waller  
Tanana Chiefs Conference  
First and Hall Streets  
Fairbanks, Alaska 99701

Dr. William R. Wood, Mayor  
City of Fairbanks  
619 Eleventh Avenue  
Fairbanks, Alaska 99701



# Greater Fairbanks

## CHAMBER OF COMMERCE

Member:

U. S. Chamber of Commerce  
Alaska State Chamber of Commerce

1907) 452-1105 5<sup>th</sup> First Avenue

FAIRBANKS  
ALASKA 99701

February 14, 1980

Senator Bill Sumner, Chairman  
Senate Resources Committee  
Pouch V  
Juneau, Alaska 99811

Re: Senate Concurrent Resolution No. 41

The Greater Fairbanks Chamber of Commerce is greatly encouraged by, and is in firm support of, the proposals contained in Senate Resolution No. 41 to adopt a state policy for economic development.

Adoption and implementation of such a policy will provide the basic structure for the orderly development of Alaskan resources through a partnership of government and private industry.

Toward this end I would urge that a framework be developed as a part of this resolution that would make possible governmental funding assistance for needed projects undertaken by the private sector. Such a provision would greatly facilitate joint development of worthwhile projects.

Further comment on these matters, on behalf of the Greater Fairbanks Chamber of Commerce will be provided by Bob Dempsey, Chairman of the Chamber's Economic Development Committee.

Sincerely,

C. W. Baer, General Manager  
Greater Fairbanks Chamber of Commerce

CWB/sh





February 18, 1980

Senator Bill Sumner  
Pouch V  
Juneau, AK 99811

Dear Bill:

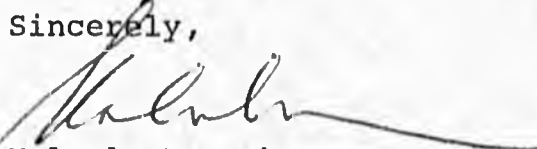
Thank you for letting us know about the hearings  
last Friday and Saturday.

Enclosed is a copy of a letter to Senator Kerttula  
regarding the state policy on economic development.

Everywhere, I find great enthusiasm for the benefits  
the Susitna Project can mean to the entire railbelt.  
Although I was unable to attend that hearing, I believe  
it is fair to say that most of the Board and membership  
of Commonwealth North are 100% behind those who will  
make this project move, and move quickly.

With best regards.

Sincerely,



Malcolm B. Roberts  
Executive Director

MBR/cds

Encl.

*Governor William A. Egan, Co-Chairman • Governor Walter J. Hickel, Co-Chairman  
Max Hodel, President • Helen Fischer, Vice-President • Morris Thompson, Vice-President • William Sheffield, Vice-President  
Robert Hatig, Secretary • Millett Keller, Treasurer • Carl Brady, Sr. • Larry Carr • Henry Hedberg • Loren Lounsbury • Dr. Glenn Olds  
Glenn Simpson • William J. Tobin  
Malcolm B. Roberts, Executive Director*

935 West Third Avenue / Anchorage, Alaska 99501 / 907-276-1414



February 18, 1980

Senator Jalmar M. Kerttula  
Pouch V  
Juneau, AK 99811

Dear Senator Kerttula:

I am sorry I had to leave your hearings last Friday before I had a chance to testify.

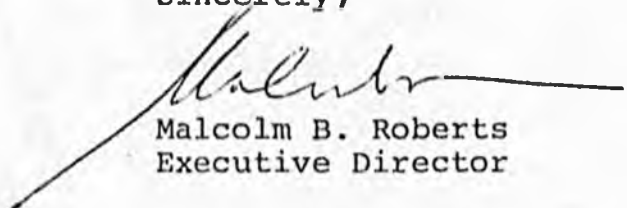
We support Senate concurrent Resolution 41, adopting a state policy for economic development.

The current debate over the feasibility of a petrochemical industry being established as part of the natural gas pipeline project focused the need for such a state policy. Industry across America and elsewhere in the world has received mixed signals as to what Alaska really wants.

Our committee studying the gas pipeline recommended a shorter version. Please see attached. But we have no problem with the intent or wording of the resolution as it stands, with the one suggestion that on page 3 line 15 the author probably meant "fixed terms" rather than "fixed price." The way the cost of resources is skyrocketing, fixed price contracts may prove to be very unwise in the decades ahead.

With best regards.

Sincerely,



Malcolm B. Roberts  
Executive Director

cc: Senator E. Dankworth  
Senator M. Colletta

*Governor William A. Egan, Co-Chairman • Governor Walter J. Hickel, Co-Chairman  
Max Hadel, President • Helen Fischer, Vice President • Morris Thompson, Vice-President • William Sheffield, Vice-President  
Robert Hartig, Secretary • Millett Keller, Treasurer • Carl Brady, Sr. • Larry Carr • Henry Hedberg • Loren Lounsbury • Dr. Glenn Olds  
Glenn Simpson • William J. Tobin  
Malcolm B. Roberts, Executive Director*

935 West Third Avenue / Anchorage, Alaska 99501 / 907-276-1414

Recommended Resolution for the 1980

Alaska Legislature

Proposed by the COMMONWEALTH NORTH GAS PIPELINE STUDY COMMITTEE

Approved by the Commonwealth North Board of Directors, Nov. 20, 1979

WHEREAS the State of Alaska firmly supports and encourages responsible development that will strengthen and diversify the economy through the utilization of the human and natural resources of Alaska in an effective manner; and

WHEREAS adoption of a State Economic Development Policy that clearly sets forth the goals of achieving a healthy and growing economy would establish a sound working relationship with industry; and

WHEREAS an economic development policy would establish a basis upon which critical planning decisions could be made and alternatives could be evaluated;

BE IT THEREFORE RESOLVED that the Alaska Legislature adopts the following policy which sets forth the conditions and expectations under which the state will encourage economic development:

- (1) offers long term employment opportunities to Alaskans
- (2) improves the productivity of the existing economy
- (3) contributes to the economy through capital investment
- (4) increases energy availability for present and future needs
- (5) does not cause a substantial adverse impact on the environment
- (6) provides in-state processing of natural resources derived in the state in an amount equal to or greater than the State's royalty share of the resource;

BE IT FURTHER RESOLVED that the state should undertake activities to attract investment within these criteria to take advantage of the opportunities afforded by Alaska's abundant resources, and use its powers and resources as a catalyst for economic development. The Alaska Legislature therefore ordains that the state should:

- (1) identify the many constraints to economic development imposed by the federal, state and local governments and work to eliminate unreasonable constraints as well as resolve the problems created by these constraints;
- (2) establish a competitive position with other areas seeking to attract economic development and adopt incentives to attract industry
- (3) provide a stable economic environment through the sale of natural resources owned by the state to those firms which will process those resources within Alaska.



February 13, 1980

The Honorable Bill Sumner  
Chairman  
Senate Committee on Resources  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99801

Dear Senator Sumner:

With reference to SCR 41 which establishes the guidelines for a State policy on economic development, I would like to offer the following comments.

In rural Alaska one of the most expensive aspects of economic development is compliance with state and federal environmental laws. The main reason is existing fresh water systems, sewage treatment facilities and local electrical utilities are not capable of meeting the needs of major industrial activity. In fact, many communities have no utilities, no fresh water system and the sewage disposal systems are very crude.

Any kind of economic development in these areas must bear the additional cost of infrastructure development in order to acquire necessary licences and permits. Hotels, lodges, fish processing facilities and other activities requiring large amounts of power and fresh potable water are especially victimized by the high cost of infrastructure development.

Part of the state policy on economic development as outlined in SCR 41 should include a statement number 8 to be added on line 18 of page 3 which reads:

"Provide utility infrastructure development funds to rural communities located within the unorganized borough to facilitate otherwise unfeasible projects that promote the general economic development goals of the State of Alaska."

**CEDC**

Community Enterprise Development Corporation of Alaska  
1011 E. Tudor Road, Suite 210/Anchorage, Alaska 99503. 907-279-4551

Ltr. to Sumner  
2/13/80  
Page two

State assistance is infrastructural development as outlined would generally lend itself to promoting resource based industries and ensuring local support and proper facilities to aid profitable business development.

Sincerely,

COMMUNITY ENTERPRISE DEVELOPMENT  
CORPORATION OF ALASKA

A handwritten signature in cursive script, appearing to read "Alfred R. Ketzler".

ALFRED R. KETZLER  
Executive Director

ARK:kra

Arthur Ronald Hauber  
Attorney At Law  
P.O. Box 2782  
Anchorage, Alaska 99510  
(907) 694-3983

February 20, 1980

The Honorable Bill Sumner  
Alaska State Senator  
Chairman, Senate Resources Committee  
Pouch V  
Juneau, AK 99811

Dear Senator Sumner:

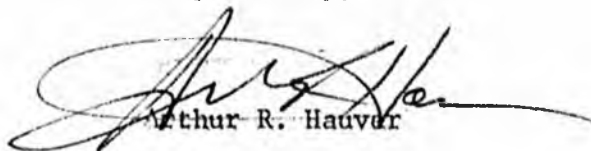
Thanks very much for your letter of February 6 and your invitation to attend the hearings on SCR 41 in Anchorage. Unfortunately, all of my efforts at setting the morning aside for that activity were in vain due to a number of matters which my clients classified as emergencies.

I have, in fact, reviewed Senate Concurrent Resolution No. 41 in detail. The proposal is, in my view, worthy of the Committee's attention and of its support.

Any critique will have to come from someone other than myself. I find it most difficult to find any problems with the Resolution at all. Perhaps my only change would be to underline numbered paragraphs (5) and (6) on page 3 as being particularly germane to the infrastructure and support systems -- such as the transportation system -- upon which new enterprises will depend for their long term existence. You are undoubtedly aware of the enormous economic hardship suffered by the Alaskan motor carrier industry in the last few years and the continuing losses which the railroad has suffered. While no single factor is the sole cause of the sundry liquidations, insolvencies, and bankruptcies, high costs of operation, poor management planning, and a dramatic diminution of traffic all were contributing factors. But, perhaps the most compelling force of all has been the widespread inadequate capitalization of these enterprises. While a few firms are beginning to emerge with substantial financial strength, the battle is far from over in this arena of essential support services and the State's efforts, both financial and regulatory, are essential to the maintenance and growth of a sound and stable system.

If the Legislature follows the light that has been illuminated by your Committee's Resolution, this will be an extraordinary session, indeed.

Respectfully,

  
Arthur R. Hauber

ARH:ag

# PENINSULA SAVINGS AND LOAN ASSOCIATION

Eddie J. Turner  
President  
and Managing Officer

February 19, 1980

The Honorable Bill Sumner  
Senate Committee on Resources  
Pouch V  
State Capital  
Juneau, Alaska 99811

RE: SCR 41 - A state policy for economic development  
Senate Bill No. 294

Dear Senator Sumner:

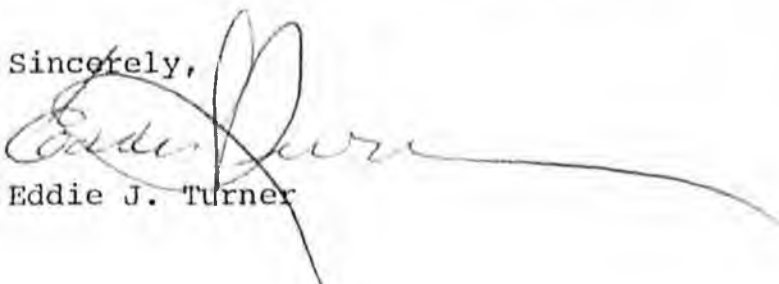
It was with regret that my schedule prevented attendance to the public testimony on Friday, February 15th in Anchorage.

SCR 41 is a very sound and basic policy which could benefit all of the residents of Alaska and enhance the development of our natural resources. I therefore support this resolution.

While the Susitna River hydroelectric project is outside my area of expertise, it is my opinion that the state as a whole will greatly benefit from such a project. The ever increasing need for energy demands that alternative sources be developed. Costs continue to soar, therefore it would appear such a project should be pursued with the greatest expediency.

The state presently has the fortunate opportunity to promote, through skillful leadership and proper funding, the beginning of a new era in the development of our abundant resources. It is always my pleasure to provide any input which might prove beneficial to these goals.

Sincerely,



Eddie J. Turner

EJT/jt

cc: Senator Colletta  
Senator Hackney  
File

---

Pouch 1000  
Soldotna, Alaska 99669  
907/262-9166  
Blazy Mall — Sterling Highway

Testimony of

K. E. Showalter, Director Alaska Government Affairs

SOHIO ALASKA PETROLEUM COMPANY

Before the Senate Resources Committee

Anchorage, Alaska

February 15, 1980

Mr. Chairman and Committee members:

I am K. E. Showalter, Director Alaska Government Affairs for Sohio Alaska Petroleum Company.

Thank you for this opportunity to comment on Senate Concurrent Resolution No. 41. It is very encouraging to Sohio to read a proposed resolution such as this that actually is aimed at improving the business climate in Alaska. We heartily endorse your efforts.

We agree totally with the whereas clauses in this resolution. After studying the resolve clauses we had the impression that this resolution was only aimed at future businesses and did not seem to apply to the oil and gas exploration, production and transportation industries. Perhaps this was an oversight in your zeal to encourage new industries and that is understandable.

On the assumption that it was in fact an oversight, we have taken the liberty of adding several phrases and deleting a few words that we believe will improve the resolution and make it more all encompassing.

I have asked that a copy of our re-written version of SCR 41 be passed to each of you. You will note that we have simply re-written it as we are recommending, rather than offering several amendments.

With your indulgence I will go over our suggested changes and comment briefly on them.

- (1) We have added to the end of resolve #1 the phrase "by building on its present economic base and encouraging new activities that are economically feasible." This will make it clear that you are encouraging existing businesses as well as new ones and indicates also that you want viable projects.
  
- (2) The second resolve seemed to indicate that any group of local citizens, no matter how small, could stop a project that was of overriding importance to statewide concern. We have struck the words "wanted by" and replaced them with the phrase "undertaken after careful consideration of the views of". This assures that local concerns will be carefully considered in the balanced decision that a state administrator must make.
  
- (3) We have added the phrase "adds to and where possible" at the beginning of this clause. We are all in favor of diversifying the State's revenues but believe that the resolution should allow for encouragement of those developments that may not, in fact, diversify revenues, such as oil and gas development.
  
- (5) We have added after "effect" the phrase "where applicable and economically feasible". As this clause was originally written it seemed to preclude developments that did not enhance power and energy availability and there may be many desirable developments that will be net users of power or energy. Our rewrite is not all that good and perhaps the committee can think of a better way to express the thought.

- (6) We are overwhelmingly in favor of resolve #6.
- (7) At the end of resolve #7 we have added the phrase "where economically feasible and in the state's best interest." We believe there could be many circumstances where a requirement to process all of the state's royalty share of a resource within the state would in fact prevent the development of the resource. No doubt there will be many others where it is possible.

Further resolves:

- (1) The words "both existing and potential" have been added after the word "industries" to make it clear that expansion of existing industries is recognized as responsible economic development.
- (2) After "aid" we have added the words "present and" to again include present industries. At the end after "evaluation" we have added a clarifying phrase "of new projects."
- (3) We suggest that you strike the words "the many" and replace with the word "any" so as to make it all inclusive. After Federal we have added "and the state" to recognize that realistically there are many constraints to development in state laws and regulations and, contrary to the rhetoric, they are being added to on a daily basis.
- (4) The wording has been changed to again include present and future basic industries.

(5) Here, after "areas" we have added "of the country" to indicate that the prime requirement is to compete within the U.S. where, from a practical political standpoint most markets for Alaska's resources will exist. After "tax incentives to" we have added "retain current industries and"; also we have replaced "various" with "future". This resolve is most important and has seldom been recognized here in the past. It would be a very positive signal to investors.

(7) We understand the objective of the "fixed price" language but are very apprehensive that this could result in unnecessary huge losses of revenue to the state. Our experience would indicate that no one has a good enough crystal ball to make long term, fixed price contracts that work fairly for both parties over the years. We suggest the word fixed be replaced by the phrase "competitive or most favored nation." This will signal that the state wants to be fair and will not let their buyer be undercut by a competitor who is getting a better price. It will also show that you want a reasonable price for your resources and will not subsidize uneconomic development.

Sohio applauds your efforts in fashioning this resolution. We believe our suggested changes retain the basic purpose and thrust while making it clear that current industries as well as new ones are to be encouraged.

We urge the passage of SCR 41 with amendments.

Thank you.

TESTIMONY OF  
CHARLES F. BECKER  
ECONOMIC DEVELOPMENT DIRECTOR  
MUNICIPALITY OF ANCHORAGE

BEFORE THE SENATE RESOURCES COMMITTEE

ANCHORAGE, ALASKA

FEBRUARY 15, 1980

Mr. Chairman:

I am Chuck Becker, Economic Development Director for the Municipality of Anchorage. My position was created last year as a demonstration of Anchorage's commitment to planned and sustained economic development strategies and initiatives. Mayor Sullivan extends his personal regards to each of you and regrets he cannot be here personally.

It is a privilege to be here today to present the position of the Municipality of Anchorage on the Senate Concurrent Resolution Number 41, which would adopt a state policy on economic development.

We applaud this articulation of economic development policy by the State Legislature. The importance of conveying a clear and consistent statement of policy to Alaska's business community and to corporate offices throughout the United States cannot be underestimated. Consistent policy, consistent laws and consistent regulations are crucial if the State of Alaska is to retain our existing economic base and to expand that base. Business leaders and industrial leaders go to locations in which they are wanted. Throughout the country those places which are successful in retaining and attracting business and industry demonstrate governmental stability, a positive public attitude, a positive private sector attitude, in addition to having the social and cultural amenities which are contributory to a high standard of the quality of life.

Alaska has great potential for a healthy, vibrant economy. Your efforts to enact SCR 41 will be most beneficial in establishing the fertile soil for the seeds of healthy economic development.

Our specific observations on SCR 41 are as follows:

1. We would encourage you to modify the language slightly to focus more on the existing Alaskan entrepreneurs and industries currently

doing business within the State of Alaska.

2. In any community, vocal opposition will develop over proposed modifications to the status quo. These views must be encouraged, must be heard and must be carefully considered. If, however, public decision-makers conclude that the public good is best served by approving such modifications, those public officials must be free to act in accordance with their conclusions. We suggest that the second resolve clause be modified to reflect this observation.
3. Economic feasibility must be considered in each policy statement.
4. No statement should be contrary to that which is in the best interests of the State of Alaska and its citizens.
5. Although we in Alaska know all too well the impediments to a thriving economy which have been created by the federal government, we must always search for and rectify any similar impediments created by actions of the State or its political subdivisions.
6. Providing in state processors with a "fixed price" guarantee on our resources throughout the amortization period, could prove to be detrimental to the interests of the State. To be certain we should provide assurances of fairness and competitiveness. However a fixed price guarantee could prove detrimental to the State's best interest in the long term.

It may be inappropriate in this forum to offer comments not specifically germane to the provisions of SCR 41, Mr. Chairman, and I will defer to your wishes on this matter, I do however, have some brief observations on the economic development structure of the State government along with similar observations on State government activities which I am prepared to offer at this time.

Addendum

First, the Municipality of Anchorage would encourage a reorganization of the State government's economic development structure. We would specifically wish a separation of the Department of Commerce which has certain regulatory functions potentially incompatible with efforts to establish a positive climate for development from that of the Economic Development operation.

Secondly, we would advocate elevating the Economic Development operation to a Departmental status.

Third, we would urge the consolidation of the various economic development activities presently scattered throughout several Departments, into the newly created Department of Economic Development.

Finally, we advocate the establishment of a formal mechanism for intergovernmental involvement in the economic development planning and implementation process.

Thank you for this opportunity to express the observations of the Municipality of Anchorage regarding economic development in Alaska.

*Harold B. Meyer*  
2/15/80

Alaska's destiny lies in its unique potentials and circumstances, not in attempting to emerge in the patterns applicable elsewhere under very different conditions.

Alaska's primary assets and potentials for support of an economically healthy society are: oil and gas; fishing; hard rock minerals; timber; tourism. Due to climate, related limitations and other adverse conditions, the agricultural industry has a very limited commercial potential.

Individual family farming, with the purpose of full or partial self support, has a substantial potential for social benefits as great or greater than for economic impact.

The successful development of our various potentials will take place as the economics of production make output competitive on the market, that is, when the price is enough to pay costs of production plus taxes and an acceptable profit.

Alaska is so much in the imagination of the beholder that we get diverted from reality by illusions expressed in slogans such as - diversify the economy; in-state processing; produce for our own consumption; develop agriculture; we are reaching "critical mass", meaning enough people for self generating expansion, primarily in production for internal consumption.

The reasons for little progress in these directions are based in competitive disadvantages starting with our being the highest cost area in the United States for living and doing business, and the distance from supplies and to markets.

There are obvious inherent economic advantages in the great diversified industrial and consumer products producing areas among the other states that bear on our potentials for competitive diversified production, both for export and local consumption. Items: mild climate; lower living costs; lower labor costs; inexpensive

transportation from supply sources and to consumer markets; the economy of size and the huge production volumes which in turn permit application of the most advanced technologies.

Some significant disadvantages relative to Outside, and which can be changed only very little or not at all, result in our importing almost all of what we consume and use, - autos, tires, hardware, appliances, furniture, pampers, soap, guns, ammunition, clothing, plastic products and all the thousands of other things people buy.

The effect is, of course, the handicap of fewer jobs available relative to total population than if we were in a more normal setting of diversified production and extensive trade among various areas specializing in activities in which they hold particular advantages. As a consequence unemployment tends chronically to be somewhat higher than it otherwise would be.

It is because of economics that almost a half century after President Roosevelt established the Matanuska Valley <sup>colony</sup> to give new hope to the impoverished of the Mid-west that we have only about 400,000 people - and that number after statehood and the biggest boom in our history.

And the small number of people, 23 years after the discovery of oil, is testimony to the fact that our destiny is primarily in producing and exploiting our resources, but not in attempting to force labor intensive activities that must make a profit primarily from the labor of workers rather than from invested capital.

In general terms this means, for example, producing logs, not furniture; fish but probably not consumer-ready fish sticks; copper ingots but not copper utensils; bulk products from crude oil but not sewing machine oil. The potentials for petro-

chemicals production are being pursued vigorously. The hope is that it will be economically competitive to operate the successive stages of processing to include various finished products. The successive stages become progressively more labor intensive, with perhaps some adverse economic features in packaging and transportation also. The more complete the processing the more employment at our non-competitive wages. It may be no more likely that hundreds of plastic and other consumer products from a petro-chemical plant can be produced here profitably than that a refinery here will produce all the products that can be made out of a barrel of oil. "Process it here" and "diversify" are heard so often in connection with oil and gas, and as to other resources to some extent, that many people believe extensive processing - manufacturing enterprises employing perhaps tens of thousands of people are in prospect. Such a conclusion is overly optimistic. What is done here depends on the difference between the cost of producing and shipping from here the consumer products made from a resource and producing Outside from the base ingredients shipped from here - oil, copper ingot, log, for example.

Economic development to make jobs for full employment for Alaskans - others stay out - seems such a worthy goal that serious problems are often overlooked.

A U.S. Supreme Court decision prohibits discrimination in employment on the basis of length of residence. For this reason and practical considerations, too, all levels of government and private enterprise employ without regard to how long here - with very few deviations.

There is continuous stiff competition from "non-residents" among the spouses and others in the families on rotation here, military and civilian, for available jobs. From those on military duty there is a continuing trickle of persons taking discharge or retirement here and going into employment, usually already lined up, because "I just like Alaska", or - "I can make more here".

Families on term duty here, military or civilian, are the stimulus for relatives and friends from Outside to come and visit. From among these there are a few who like what they see and want to live here.

From among employers and supervisors there is a little "recruiting" continuously to fill up-coming job openings from among relatives and close friends Outside who would like to spend a while here-or longer.

A considerable number of university students come here for summer work, often for more than one season, and seem to fare well. A few of these are taking into account, in the courses they are studying, qualifying for positions with the state or corporations here, on graduating.

Independently of all the foregoing, the lure of Alaska brings a constant, rotating stream of Outsiders who are looking for a different life or a greener pasture, or just the hoped-for higher earnings for a while, than the pay available Outside. Some look and leave after a few weeks, others get short-term jobs and may be shaky as to staying, still others work their way in to stay indefinitely. Many are vigorous, competitive seekers and will also "take anything" to get a toe-hold.

The somewhat unusual circumstances that bring Outsiders into competition for jobs here, plus the prohibition against discrimination on the basis of residence, are partly responsible for the chronically high unemployment count. An often overlooked fact, demonstrated by experience, is that no matter how many people are employed by some new enterprise and accompanying general increase in level of economic activity, the unemployment count goes down temporarily, if at all, but soon resumes the characteristically high level. Even during the oil pipeline boom there was a high unemployment count. No matter what we said the Outsiders came - looking for the bonanza.

Economic development'to make jobs for full employment for Alaskans - others stay out - is an unattainable goal. A program with the aim of carrying out this purpose is, instead, an endless process: an enterprise employs unemployed; this stimulates as many or more job seekers; more enterprise to employ the unemployed, then more people replenishing the pool of job seekers - and so on.

Whatever the intent, the effect is population growth, not a plateau of full employment.

This isn't a growth - no-growth issue. It concerns the erroneous proposition that subsidizing an enterprise that isn't viable on its own is nevertheless good business as it will employ unemployed "Alaskans" and reduce the pool of job seekers.

The unproductive outcome is compounded by the deficiency between normal state tax revenue and state expenditure - about \$2,000 per person per year. Thus for every 1000 who may be added to the population by artificial stimulation of economic activity will cost the state \$2,500,000 more out of oil income, in addition to whatever subsidies are paid out to "buy" the otherwise submarginal economic activity which triggers the additional 1000 people.

MY NAME IS PAM SMITH. I AM PERSONNEL MANAGER FOR PARKER DRILLING COMPANY AND AN OFFICER OF THE ALASKA SUPPORT INDUSTRY ALLIANCE. IN MY POSITION AS A PERSONNEL MANAGER I HAVE LEARNED TO APPRECIATE THE NECESSITY OF AN ESTABLISHED DEVELOPMENT POLICY FOR THE STATE. I HAVE WITNESSED THE BENEFITS INDIVIDUAL ALASKANS REALIZE FROM DEVELOPMENT AND THE FRUSTRATION THEY ENDURE DUE TO THE UNCERTAINTY MANY DEVELOPMENT PROJECTS FACE. I COMMEND THE SPONSORS OF SCR 41 AND AGREE THAT A WELL-PLANNED DEVELOPMENT POLICY WILL BENEFIT ALL ALASKANS.

THIS RESOLUTION URGES THAT WE USE OUR HUMAN AND NATURAL RESOURCES IN AN EFFECTIVE MANNER; THAT WE TAKE ADVANTAGE OF THE OPPORTUNITIES AFFORDED BY OUR ABUNDANT RESOURCES, AND USE ITS POWERS AS A CATALYST FOR RESPONSIBLE ECONOMIC DEVELOPMENT. TO ACCOMPLISH THESE GOALS THE RESOLUTION OUTLINES TWO KEY OBJECTIVES:

- 1) TO IDENTIFY AND RESOLVE CONSTRAINTS TO ECONOMIC DEVELOPMENT;
- 2) ADOPT VARIOUS ECONOMIC DEVELOPMENT INCENTIVES INCLUDING TAX INCENTIVES.

WHEN WE TALK OF CONSTRAINTS AND INCENTIVES AS THEY RELATE TO ECONOMIC DEVELOPMENT THE QUESTION OF TAXATION IS FOR MANY OF US THE FIRST THING THAT COMES TO MIND. WE ASK OURSELVES, "WHAT IS THE PURPOSE OF TAXATION" AND "IS THAT PURPOSE BEING SERVED IN ALASKA TODAY?"

I WOULD LIKE TO SHARE WITH YOU THE COMMENTS OF TWO INDIVIDUALS AND TWO ORGANIZATIONS WHICH CAN BE CONSIDERED COMPETENT ON MATTERS OF TAXATION.

FIRST: LET US CONSIDER THE FINDINGS OF THE ANCHORAGE ECONOMIC DEVELOPMENT COMMISSION.

"THE HIGH COST OF DOING BUSINESS IN ALASKA RANKS MANY TYPES OF INVESTMENTS MARGINAL. IN THIS CASE, INVESTMENT DECISIONS MAY HINGE ON THE POLITICAL ENVIRONMENT. TAXATION AND ENVIRONMENTAL POLICIES AT ALL LEVELS MILITATE AGAINST AN INVESTMENT DECISION. WHILE ALASKA MUST PROTECT ITSELF AGAINST PREDATORY OR UNSOUND INVESTMENTS, IT MUST STRIKE A BALANCE WHICH WILL ENCOURAGE INVESTMENT IN A LOCALITY THAT HAS GREATER ECONOMIC RISKS."

AND NOW A COMMENT MADE BY JUANITA KREPS, WHILE SERVING AS SECRETARY OF COMMERCE:

"AMERICA MUST BEGIN CUTTING BUSINESS TAXES TO ENCOURAGE THE MODERNIZATION OF INDUSTRIAL CAPACITY. INDUSTRIAL INNOVATION IS A MAJOR POLICY FRONTIER OF THE 1980'S. BUSINESS AND GOVERNMENT MUST WORK TOGETHER TO EXPAND THE FRONTIER IF AMERICAN INDUSTRY IS TO COMPETE WORLDWIDE IN THE DECADE AHEAD."

TOM WILLIAMS, ALASKA'S COMMISSIONER OF REVENUE HAS STATED:

"WHAT THE OIL INDUSTRY REGARDS AS ORDINARY RESTRAINTS ON THE

LEVEL OF TAXATION--SUCH AS ONE'S TAX BURDEN IN COMPARISON TO THAT OF THE OTHER STATES, OR A STATE'S CURRENT REVENUE REQUIREMENTS-- MAY SEEM TO HAVE BEEN IGNORED OR EVEN DELIBERATELY REJECTED IN RECENT YEARS. TO OFFSET THIS IMPRESSION AND TO ENSURE A FUTURE BASED ON REASONED DEVELOPMENT, A REASSURING PERIOD OF TAX STABILITY APPEARS TO BE IN ORDER."

FINALLY, I INVITE YOU TO HEAR THE OBSERVATIONS OF MERRILL LYNCH WHITE WELD IN A REPORT DONE FOR THE STATE LEGISLATURE:

"WHILE MANY OF THE CONDITIONS NATIVE TO OPERATION IN ALASKA ARE DISADVANTAGEOUS, CURRENTLY PERHAPS THE MOST OPPRESSIVE IS THE TAX CLIMATE. EFFECTIVE TAX RATES PRIOR TO THE PRUDHOE BAY DISCOVERY WERE THE LOWEST OF THE MAJOR OIL PRODUCING STATES, AND IN LITTLE MORE THAN A DECADE THEY HAVE RISEN TO BE THE HIGHEST. OIL TAXES ARE ESTIMATED TO HAVE INCREASED SOME 900% OVERALL DURING THIS PERIOD. THE RAPIDITY AND CONSTANCY OF CHANGES IN THE TAX LAW HAVE HELPED TO CREATE AN ATMOSPHERE OF INSTABILITY AND TRIGGERED A GUN-SHY ATTITUDE AMONG PRESENT AND POTENTIAL INVESTORS ALIKE."

THANK YOU FOR LISTENING TO THESE COMMENTS. I THINK THEY HELP TO DEVELOP SOME PERSPECTIVE. NOW I WOULD LIKE TO RECONSIDER THE GOALS OF THE RESOLUTION THAT WE OUTLINED A FEW MOMENTS AGO:

- 1) USE OUR HUMAN AND NATURAL RESOURCES EFFECTIVELY;
- 2) TAKE ADVANTAGE OF OUR RESOURCES AND USE THE POWER OF THOSE RESOURCES AS A CATALYST FOR DEVELOPMENT.

TO ACCOMPLISH THESE GOALS, THE RESOLUTION RECOMMENDS THAT WE:

- 1) IDENTIFY AND RESOLVE CONSTRAINTS; AND
- 2) DEVELOP INCENTIVES.

IN EXAMINING THE MATTER OF TAXATION, I THINK WE IDENTIFY A MAJOR CONSTRAINT. A CHANGE IN STATE TAX POLICY WOULD RESOLVE THAT CONSTRAINT AND SERVE AS A GREAT INCENTIVE.

IF WE ARE TO CONSIDER MAJOR CHANGES IN STATE TAX POLICY WE ARRIVE BACK TO OUR EARLIER QUESTIONS, "WHAT IS THE PURPOSE OF TAXATION/" AND "IS THAT PURPOSE BEING SERVED IN ALASKA TODAY?"

I BELIEVE THAT THE PURPOSE OF TAXATION IS TO PROVIDE FOR THE NECESSARY SERVICES OF GOVERNMENT. THE FACT THAT OUR ABUNDANT RESOURCES PROVIDE FOR THESE SERVICES OF GOVERNMENT BEFORE THE IMPOSITION OF INCOME TAXES, LEADS ME TO BELIEVE THAT THE PURPOSE OF TAXATION IS NOT BEING SERVED.

WHO BENEFITS FROM THE BURDEN OF TAXATION? WE FRIGHTEN OFF INVESTORS, DEPRIVE BUSINESSES OF REVENUES THEY NEED TO OPERATE AND EXPAND, AND THE JOBS THAT COULD HAVE BEEN NEVER HAPPEN.

IF THE INDIVIDUAL ALASKAN BENEFITS FROM THESE ADDITIONAL TAXES, HE HIS NOT CONVINCED. OVER TWENTY THOUSAND ALASKANS HAVE SIGNED A PETITION INDICATING THAT THEY, TOO, QUESTION THE LEGITIMACY OF OUR CURRENT TAX POLICIES.

THE FACT THAT YOU HAVE TAKEN THE TIME TO CONVENE THIS HEARING IS COMFORTING EVIDENCE OF YOUR AWARENESS AND YOUR CONCERN OVER OUR FUTURE. I HOPE YOU WILL AGREE THAT WE CAN IDENTIFY TAXATION AS ONE OF THE CONSTRAINTS TO ECONOMIC DEVELOPMENT. I URGE YOU TO CONSIDER MAJOR TAX CHANGES AS ONE METHOD FOR RESOLVING THAT CONSTRAINT AND PROVIDING INCENTIVES FOR DEVELOPMENT. THE ABUNDANCE OF OUR RESOURCES OFFERS US THE OPPORTUNITY FOR SUCH ACTION AND I AM HAPPY TO REPORT THAT SOME OF OUR LEGISLATORS HAVE ALREADY RECOGNIZED THIS FACT. THEY HAVE TAKEN EFFECTIVE ACTION BY INTRODUCING HOUSE BILL 554 WHICH WOULD REPEAL PERSONAL, CORPORATE, AND OIL AND GAS CORPORATE INCOME TAXES. HOUSE BILL 554 WILL GO A LONG WAY IN ACHIEVING THE GOALS AND OBJECTIVES SET FORTH IN SCR 41. I URGE YOU TO SUPPORT THE HOUSE BILL 554.

THANK YOU.

#####



*Howatt's Suggested  
Changes*

1 IN THE SENATE

2 SENATE CONCURRENT RESOLUTION NO. 41

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 Adopting a state policy for economic  
6 development.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS the State of Alaska firmly supports and encourages responsible  
9 economic development that will develop, strengthen and diversity its economic  
10 base by utilizing its human and natural resources in an effective manner; and

11 WHEREAS the use of the manifold natural resources of Alaska which most  
12 benefits Alaskans is for development of jobs in the state with expansion and  
13 diversification of the state's economic base through processing the resources  
14 in the state to the maximum about feasible; and

15 WHEREAS adoption of an economic development policy that clearly ex-  
16 presses the state goals of achieving a sound, healthy and growing economy for  
17 Alaska would clearly communicate to the business community the basis on which  
18 the state encourages responsible investors; and

19 WHEREAS a clearly communicated economic development policy would aid in  
20 establishing a sound working relationship with industry so that investors  
21 will be encouraged to develop further economic opportunities within the state  
22 that can proceed in the common interest of the state and the investors;

23 BE IT RESOLVED that the Alaska State Legislature adopts the following  
24 policy which is intended to clearly communicate to the business community the  
25 basis on which the state encourages responsible investors to come to Alaska  
26 and determine if various industrial projects are in our common interest; the

1 state should encourage economic development that

2 (1) offers long-term benefits and increased employment to Alaskans  
3 through strengthening and diversification of the state's economy<sup>①</sup> [addition] by building on  
4 its present economic base and encouraging new activities that are economically  
5 feasible;

6 (2) is environmentally sound and is [undertaken after careful consider-  
7 ation of the views of] local citizens most impacted by the development;

8 (3) [adds to and where possible] diversifies the state's revenue,  
9 increases average personal income and reduces the cost of living by creating  
10 economic activity in economic sectors that do not presently exist or are not  
11 presently fully developed:

12 (4) has a positive effect on the revenue needs and fiscal conditions  
13 of the state and local communities and does not impose additional governmental  
14 costs in excess of this positive effect;

15 (4) (5) has a positive effect [where applicable and economically feasible]  
16 on power and energy availability for present and future needs;

17 (6) promotes tax and revenue stability within the state;

18 (7) processes in the state a maximum feasible amount of any natural  
19 resource derived in the state with, as a minimum, processing in the state of  
20 that amount of any resource derived in the state equal to the state's royalty  
21 share of that resource [where economically feasible and in the state's best  
22 interest;] and be it

23 FURTHER RESOLVED that the state should actively undertake activities to  
24 attract investment within these criteria to take advantage of the investment  
25 opportunities afforded by Alaska's abundant resources, and use its powers and  
26 resources as a catalyst for responsible economic development of the state in

1 the interests of its citizens; the state should

2 (1) be aware of the many advantages and disadvantages to the state  
3 that will result from the development of various industries <sup>(6)</sup> [both existing and  
4 potential] and, through its various agencies, identify and evaluate these  
5 factors and make information available to investors and to governmental officials  
6 to aid in their evaluation of potential industrial projects;

7 (2) provide necessary leadership to <sup>(7)</sup> aid [present and] potential  
8 investors to acquire or develop necessary information which is unique to the  
9 state and required for their evaluation [of new projects];

10 <sup>(8)</sup> (3) with cooperation from investors, seek to identify any con-  
11 straints to economic development of the state imposed by the federal [and the  
12 state] government and to work with the federal government through the state  
13 congressional delegation [and with the appropriate state departments] to resolve  
14 the problems created by these constraints;

15 <sup>(9)</sup> (4) identify how the economy will change as a result of normal  
16 growth and evolution of [present and] possible [future] basic industries and  
17 evaluate proposals based on the criteria adopted;

18 <sup>(10)</sup> (5) establish a competitive position with other areas [of the  
19 country] seeking to attract economic development and adopt various economic  
20 development incentives including tax incentives to [retain current industries  
21 and attract future industries];

22 (6) provide necessary assistance to responsible investors to aid  
23 in the determination of whether proposed development is in the interest of  
24 the investor and the state;

25 <sup>(11)</sup> (7) provide a stable economic environment by sale of natural  
26 resources owned by the state to processors of the resource at a (competitive

1 or "most favored nation" price for a period necessary for amortization of  
2 capital investment by the processor.  
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# Resource Development Council for Alaska, Inc.

## RESOURCE REVIEW

BOX 516

ANCHORAGE, ALASKA 99510

MARCH/APRIL 1980

**DATES  
FIRM  
FOR  
ANNUAL  
MEETING &  
TALKEETNA  
TRAIN TRIP  
April 25  
and  
May 17**

Ronald A. Zumbun, President of the Pacific Legal Foundation, Sacramento, California, will be guest speaker at the Resource Development Council's Annual Meeting Luncheon on Friday, April 25.

The Luncheon will be held at the Sheraton Anchorage Hotel at 12 noon following a meeting of the state board of directors. The board will study and adopt policy guidelines for the coming fiscal year and hold elections.

The Alaska Liaison Office of the Pacific Legal Foundation is now open in RDC's building at 444 West 7th, Anchorage, telephone 907-278-1731. Among other subjects, Zumbun will explain how Alaskans can take advantage of PLF's services through the liaison office.

May 17 is the final, absolute, unchangeable, definite date for the Council's annual fundraising

charter train trip.

Talkeetna is the destination, where Alaska Miners Day will be celebrated, and guests are invited to come in Gold Rush costumes.

Folks from the Talkeetna Chamber are rolling out the gold carpet as part of their tourism promotion effort. An exciting array of activities is planned from a camp cookout and squaredancing to a championship softball game. Participants may even have a chance to view the antics of the Talkeetna Royal Air Force.

This year the charter is being limited to 400 paid passengers rather than the previous 600. A word of warning: Get your reservations in before publicity is released. Reservations are being guaranteed only with payment.

**ALASKA  
DELEGATION  
VISITS  
PORT ANGELES**

At the request of the Port Angeles Chamber of Commerce, a group of Alaskans met in Port Angeles, Washington in late February to discuss oil development impact in Alaska.

The request was stimulated by President Carter's selection of the Northern Tier pipeline project which would require a marine oil terminal in Port Angeles.

Anchorage Mayor George Sullivan, Kenai Mayor Vince O'Reilly, Valdez Mayor Pro-tem Chuck LaPage and RDC President Bud Dye led the delegation. Others participating were John Spencer of the Anchorage Municipality, Robert Childers, President of the Valdez Chamber of Commerce, Paula Easley, RDC executive director, Mano Frey of Laborers Local 341 and RDC past-president Robert Fleming.

The group was asked to provide Port Angeles citizens answers to a number of specific questions such as:

--change in character of the three cities represented after construction of oil facilities;

--economic changes in the communities;  
--were local businesses able to take advantage of the development, and what could be done to maximize such participation;

--what has been the experience with regard to air and water quality degradation;

--specific data concerning tanker and harbor regulations, air emissions control and oil spill measurement and cleanup procedures.

Members of the delegation spent considerable time preparing material for the community and were well-prepared for the barrage of questions presented in a series of public and private meetings.

Timber is a substantial element of the Port Angeles economy; the community has had no experience with oil development and, among its concerns, was alarmed with fears of air and water quality degradation.

Those fears were somewhat allayed by statistics given by the group. In one public meeting, visible relief was noted at the comment that the Valdez

Continued next page

Coast Guard had given up measuring air emissions after two years of getting zero readings. Emissions are still measured by two other agencies.

Valdez Chamber President Childers gave the manager of ITT Rayonier heartburn when he observed that Valdez had never seen anything like the emissions coming from the Port Angeles pulp mills. Pulp mill operators are justifiably worried that any increase in overall emissions will result in expensive plant modifications imposed by the Environmental

Protection Agency.

RDC President Dye told citizens the Council had long sought alternatives to shipping Alaskan oil through the Panama Canal and that construction of the line would hopefully encourage greater interest in Alaskan oil and gas exploration.

Outcome of the meetings and lively discussions was that local citizens and Northern Tier Pipeline Co. have begun "talking to each other."

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**FOLEY  
RARE II  
RELEASE BILL  
GAINING  
MOMENTUM**

HR 6070 could be one of the most important pieces of land legislation of the 96th Congress. It reaffirms the President's decisions on the Forest Service Roadless Area Review and Evaluation Study of lands administered by the Department of Agriculture by requiring that the 36 million acres recommended by him for non-wilderness continue to be managed for non-wilderness multiple use in accordance with the Forest and Rangeland Renewable Resources Planning Act of 1974(RPA) as amended.

It sets a deadline of January 1, 1984 for Congress to act on the 15.4 million acres the President recommended for wilderness. If Congress does not designate the land as wilderness by that date it will be managed for non-wilderness multiple use in accordance with RPA.

Congress would have until January 1, 1987 to act on "further study" land which the Administration recommends for Wilderness between now and January 1, 1985. If at any time the Secretary of

Agriculture determines that any of the land is not to be recommended for wilderness designation, that land immediately will be managed for non-wilderness multiple use.

Some current primitive areas were included in the RARE II study. The President recommended that some of these be returned to non-wilderness multiple use. HR 6070 directs release of this land for non-wilderness multiple use upon its enactment.

Just a few of the organizations backing HR 6070 are the National Cattlemen's Association, the American Petroleum Institute, the National Association of Manufacturers, the National Forest Products Association, the Brotherhood of Carpenters and Joiners and the National Grange.

RDC will assist Alaskan organizations wishing to research the legislation, take action and convey it to Congress.

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**RDC  
CELEBRATES  
FIFTH  
ANNIVERSARY**

April 10 is the fifth anniversary of the Resource Development Council. Three of those years the Council operated under the name Organization for the Management of Alaska's Resources, or OMAR, as it was usually called.

The fifth anniversary kicks off a drive to raise the Council's membership to 10,000 this year. To accomplish this, a \$5 membership raffle will be held during the period April 10 through May 16.

Persons buying the \$5 memberships also get a chance on valuable gold and silver bars. Drawing for the ingots will take place on May 17 in Talkeet-

na, destination of the charter train trip. Ticket holders need not be present to win.

Orders for membership/raffle tickets are being taken by phone at 278-9615 and are available in books of ten on April 10.

The \$5 memberships will be supporting in nature, and membership cards will be kept on file by city of residence. There may be occasions when these members will be contacted for Red Alerts otherwise their names will not appear on the Resource Review or other mailing lists. Postage and printing costs prohibit such communication.

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**PROPAGANDA  
MILL  
ON  
24-HOUR  
SHIFT**

The Spokane Spokesman-Review reprinted an editorial from The Oregonian this February which shows how much the author knows about Alaskan agriculture.

The editorial focused on the loss of cropland to "urban sprawlers and other farm predators," and stated that when grazing, pastures and forested lands were subtracted, the nation's bank of crop lands contained only 196,397,000 acres. (Only?) Last year the President's Council on Environmental Quality reported that the nation lost 3 million acres of farmland, including a million acres of prime crop lands, to development.

Alaska's Matanuska Valley was cited as a

"tragic example of the misuse of land," with the valley being "gobbled up by sprawl spreading out from Anchorage like a giant oil slick."

"Protected by high mountains from the extremes of the climate, Matanuska Valley is virtually the only land in Alaska where it is possible to do much farming during the state's short growing season. Food that could have been raised in this fertile river valley must now be imported at great cost and expenditure of energy from the lower 48 states," the editorial added.

Members of RDC's Forestry and Agriculture Division are responding to the editorial, pointing out the real reasons food is imported and that the

Matanuska Valley consists of only 500,000 acres of tillable land of a total 20 million acres suitable for farming in the state.

Perhaps the author might go to bat for Alaskans

to get more land out of government control and into private ownership to reduce the strain on nearby agricultural lands.

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**NOTABLE  
QUOTES**

**— ON TAX REPEAL —**

"It boggles the mind that our elected officials are not jumping on the income tax repeal bandwagon right and left."

—Former state representative Lisa Rudd

(The income tax) repeal should be "retroactive to Jan. 1, 1979, so the taxpayers will at least receive parity with his or her representative. Remember, their pay raise is retroactive to Jan. 1, 1979."

— Larry A. Barnes, Anchorage

"It may be, as Mr. Hayes says, that most of the legislators are not on the road to tax repeal. It may well be that they are not on the road to re-election, either."

— Anchorage Times editorial

The government doesn't want to lose control of the gold, says a state legislator. State government's concept of the Golden Rule is "He who controls the gold makes the rules."

— State Representative Dick Randolph

Referring to the 47% pay increases voted to legislators: "We are looking for 47% more effort down here."

— member of Citizen Delegation to Juneau lobbying for economic relief for Mat-Su Borough

"Alaska is where the environmental action is, where it is likely to be for a number of years. Alaska certainly is high on the Club's list of priorities, and there are great battles to be waged and victories to be won there. I think the Legal Defense Fund can rightfully claim that many of the victories won in Alaska are due to our efforts."

"... We're devoting our resources to legal efforts in Alaska."

— Interview with Rick Sutherland, Director of the Sierra Club Legal Defense Fund

In explaining why Alaska must also develop support systems such as transportation and marketing as agriculture develops, the governor stated: "We must both lay the egg and hatch it simultaneously."

— Governor Jay S. Hammond at the Second Annual Agricultural Symposium, Fairbanks

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**HEARTWARMING  
WORDS  
FROM  
MEMBERS**

Tana Burrows of U.S. Borax's Public Affairs Department in Los Angeles called the Council recently and commended it for the quality of this publication, the *Resource Review*. Ms. Burrows said she had read many such news/information bulletins and found ours at the top of the list. We'd like to hear YOUR comments -- good or bad.

An executive director of another statewide group in Alaska passed on these good words: "The difference between your organization and a lot of others is that you spend considerable time informing your members of issues. I can always tell an RDC member by his knowledge of resource subjects, and this is important when you need action."

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**WORLD  
TRADE  
WEEK  
PROCLAIMED**

The week of May 18 has been proclaimed by the President of the United States and the Mayor of Anchorage as World Trade Week, certainly an event of major significance to Alaskans.

The Mayor's proclamation asks business, agriculture, labor, education, government and individuals to promote the week's activities and "to increase awareness of the importance of world trade to our economy and relationships with other nations."

Over the past five years, participants in RDC's Thursday breakfast meetings have learned that for Alaska to realize its economic potential, it must more aggressively pursue expansion of international trade opportunities.

Last year's White House Conference on Export was attended by the Council's executive director and a host of members who said their eyes were opened to the problems and potentials for export development. Other members have studied RDC's reference files and now can discuss specific projects with a man well qualified on the subject: Jack Wilburn, Director of the International Trade Administration, U.S. Department of Commerce, Anchorage. Mr. Wilburn has been attending Council meetings since his arrival in Anchorage and will help anyone interested in developing resources for export.

Keep an eye open for World Trade Week events, and get involved!

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**SNAIL  
DARTER  
IS ALIVE  
AND  
WELL**

Preservationists have opposed the Tennessee Valley Authority's (TVA) Tellico Dam on the grounds that a small fish, the snail darter, would be wiped out. According to the Wildlife Management Institute, "TVA transplanted more than 700

of the small minnows from the Little Tennessee River project area to the Hiwassee River in 1975 and 1976." TVA reports that "those darters have multiplied and number around 2,500 now."

(Continued next page)

The Institute goes on to say that there is "no consensus among fisheries scientists that the snail darter is a distinct species. One of those scientists recently stated that the fish was 'used' in a

desperate effort to stop a public works project that should have been stopped for far more serious reasons." The Institute says the \$130,000,000 million dollar dam is a waste of taxpayers' money.

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**ENVIRONMENTAL  
IMPACT  
STATEMENTS  
NEED  
ECONOMIC  
LOOK**

The Interior Department intends to prepare environmental impact statements for proposals relating to the Alaska Peninsula, the Iliamna area and certain named rivers in Alaska.

John Katz, Special Counsel to Governor Hammond, commented on the Department's intentions in a recent letter to Bill Reffalt, Chief of the Alaska Native Claims section of the Fish and Wildlife Service in Washington, D.C.

Katz pointed out that the effects of particular land-use designations on the economy must be considered in any environmental impact statement. He wrote that the Department's notice of intent refers

to "elements of the local economy." He maintained that "scrutiny should be expanded to include regional, statewide and national impacts." Restricting or prohibiting the use of resources "may have impacts which transcend local situations and we believe that a good environmental impact statement must assess these consequences."

Katz wrote that environmental impact statements "should consider the impact of any future federal land designation on state" and native and other private lands "which are located within or adjacent to" the federal land to be designated.

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**MINING  
ADVISORY  
COMMITTEE  
PROPOSED**

Alaska Miners Association president J. P. Tangen has proposed a mining advisory committee and Lt. Governor Terry Miller has endorsed it and is working on funding. The committee would be made up of executives from departments of state govern-

ment with an interest in mining. The committee would hear miners' problems and questions. Hopefully the committee members would gain more knowledge of mining in Alaska and communicate that knowledge to their departments.

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**IMPORTED  
LUMBER**

The National Association of Home Builders (NAHB) reports that the United States imports almost one third of its lumber supply. The NAHB Builder newspaper blames the importation on gov-

ernment timber policies which restrict the amount of timber harvested in the national forest system to "far less than we are capable of harvesting."

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**And  
now...  
POND  
POWER!**

Israeli scientists have developed a solar salt-water pond which can provide electricity year round, day and night, and even on cloudy days. A single pond, 70,000 square feet in area and eight feet deep can produce about 150 kilowatts. In Alaskan terms, this would be enough to supply eleven all-electric homes running at full capacity forever.

The pond's operating principle is basic. Sunlight warms the pond and creates convection currents. Warmer water rises and colder water falls. Salt is added near the bottom of the pond which creates a

layer of denser water which resists rising to the top. A heat-exchanger system and turbogenerator harness the energy and turn it into electricity.

Although such ponds may never be a reality in Alaska, some Southern California companies are taking the research seriously. Southern California Edison is planning a five megawatt facility at the Salton Sea. Other areas under consideration are Utah's Great Salt Lake and sections of San Francisco Bay.

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**INFLATION**

Sylvia Porter, columnist for the Anchorage Daily News, laments that "The marketbasket for which your parents or you paid \$100 in '48 cost nearly \$319 in December 1979."

She writes that there are no "real" federal anti-inflation policies. "Look back -- and you can see that we have failed to admit the challenge, much less to tackle it. Look forward -- and you are warned that unless we act and act soon, our dollar is

doomed to repeat the pattern of all paper currencies during more than 6,000 years of recorded history. This pattern is relentless erosion until the currency is extinct." "Why can't we, why don't we, concentrate on moves to raise our productivity, modernize our plants and equipment, restore faith in the fundamental stability of our economic system?"

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**COMMENTS  
ON  
FOREST  
PRACTICE  
REGS**

Terry Brady, the president of Forests North, Ltd., and a consultant to RDC, testified on proposed timber and land use regulations at a recent Division of Forest, Land and Water Management hearing in Anchorage. Among the regulations on which he testified was one concerning negotiated sales. It "limits sales to 500 m.b.m. and one year duration. This section completely overlooks legis-

lative action of two years ago that directed the Department of Natural Resources to make long term (up to 25 year) timber sales" under the conditions that there was underutilized sawmill capacity, underutilized resources and a high unemployment rate. Brady said that the regulation does not include initial volume guarantees. "This is unfortunate, for a logger today, to acquire the sophisticated har-

vesting equipment called for under environmental constraints needs to go to financial institutions with a known stumpage volume."

One proposed regulation would require logging firms to supply quarters for certain state personnel. Another regulation would indemnify logging firms who followed forest practice guidelines. Brady pointed out that these regulations would work hardship on the smaller logging firms. Small firms cannot afford to build and maintain quarters for state personnel.

One of the proposed regulations which received RDC's endorsement would require in-state primary manufacture if that primary manufacture were necessary to protect existing industry or to establish a new industry. Round logs should be ex-

ported only if such timber is surplus to current or officially projected statewide needs.

Commenting on the hearing itself, Brady made it clear that the time period between the announcement of the hearing and the hearing date was far too short. There was not enough time to do proper research to testify at the hearing. Notice of the hearing was received less than a week before it was held.

He pointed out that the Board of Forestry should have been asked to comment on the regulations before there was ever a hearing. The board was set up by the state to review proposed regulations and is composed of selected Alaskans who have interests in forest management. The Board, however, was not consulted.

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#### U.S. SENATE WOULD LOCK UP IDAHO'S COBALT

The February Bulletin of the Northwest Mining Association (NWMA) reports that the Central Idaho Wilderness Act passed by the U.S. Senate in November included the richest known cobalt area in the United States. The area which the bill would place in wilderness is 2.3 million acres.

"We currently depend on foreign sources for cobalt, a strategic mineral used as an alloy in the manufacture of jet engines. There is no substitute. Forty-two percent of our cobalt comes from the unstable country of Zaire," NWMA said.

The bill, formerly known as the River of No Return Wilderness bill, was sponsored by Sen. Frank Church, D-Idaho. In early December, Sen. Church took the bill to the House Subcommittee on Public Lands chaired by Congressman John Seiberling, D-Ohio. Miners are looking to Congressman Steve

Symms, R-Idaho, for positive leadership in the subcommittee which has completed hearings and is ready to mark up the bill. According to Joe McAleer, chairman of the Central Idaho Wilderness ad hoc committee, if the bill passes the House in its present form, it will become the largest single area in the lower 48 ever to become wilderness.

The senate passed the bill in spite of testimony by NWMA and many others who pointed to the existence of old mineral districts and mining camps. The bill was passed in spite of known cobalt and other critical minerals. NWMA said the definition of wilderness as an area "untrammelled by man" was totally disregarded - most of this area has been thoroughly "trammelled." The bill even includes RARE II acreage recommended for nonwilderness by the administration.

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#### FEDERAL OWNERSHIP OF THE OIL INDUSTRY

Nationalization of the oil industry, creation of a Federal Oil and Gas Company (FOGCO) and giving oil import authority to the federal government are current proposals for solving America's petroleum supply and price problems. However when these proposals are examined it becomes clear that the solutions are far worse than the problems they are meant to solve.

Nationalization would require compensation to stockholders of the oil companies. That compensation would be equal to one-quarter of the national debt, according to the American Petroleum Institute. A government operation would be subject to continual political interference. A government operation would operate much less efficiently than private companies. A Federal Energy Administration study of six U.S. private and six foreign government-operated oil companies found that the six private companies averaged 44.2 barrels of daily production per employee, compared to 6.6 barrels for the government companies. Finally, the federal government did not give the oil industry its assets and so has no right to take them away.

Those who propose a FOGCO maintain that it would permit greater public participation in energy

production and provide a yardstick to measure the performance of private firms. Actually, taxpayers would have no more influence on FOGCO than they do on the U.S. Postal Service or on Amtrak. As for the "yardstick" argument, FOGCO would be given exemptions, preferences and privileges which would give a false measure of its performance and of the performance of private oil companies compared to it. As with a nationalized oil industry, FOGCO would be subject to continual political interference. Decisions would be made for reasons of political expediency and bureaucratic empire-building rather than to increase efficiency.

The proposal to vest importing authority in the federal government assumes that the federal government would be more effective in bargaining than private oil companies. A Federal Energy Administration study concluded that government-to-government purchase or barter agreements generally have not resulted in attractive prices for consuming country governments.

The cumulative expertise of oil-buying firms is greater than that available to a government purchasing agency. The effectiveness of oil-buying firms is enhanced by a multiplicity of decisions and decis-

ion-makers in various firms working in competition. Multiplicity of decisions and competition would be lacking in a centralized government agency.

The true causes of our petroleum supply and price problems are our dependence on foreign oil-producing countries with their arbitrary price increases

and production decreases and U.S. government policies which have held down domestic production, encouraged wasteful consumption and, in times of tight markets, made shortages more severe, thus creating economic hardship.

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## WETLANDS

Kenai Borough Mayor Don Gilman has taken on the U.S. Fish and Wildlife Service, a principle agency in determining who may build in a wetlands area. It seems that the USFW may be in violation of its own regulations. Chester Cone, who was previously denied a permit for building on wetlands, has also filed complaints with the U. S. Army Corps of Engineers, the lead agency in granting any permit on wetlands.

Originally USFW wanted to construct a float plane facility complete with a docking ramp and a repair facility for several official float planes. These planes would be used to monitor the nearby refuge. However, the construction of the facility on Headquarters Lake would necessitate the filling in of some

wetlands.

In a letter to the Corps of Engineers Gilman said "The principal federal agency responsible for stopping proposed development in 'wetlands' has not been able to identify that its own development actions were contrary to wetlands regulations."

Gilman questioned USFW's integrity and asked why its development was different from any other development.

Chester Cone, who had been stopped by the Corps from making similar modifications on wetlands on his private property said USFW's action was "the most blatant violation possible."

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## PROGRESS ON DEVELOPMENT POLICY

Although RDC's members never hesitate to disagree with each other, one issue has commanded support that can only be described as "unanimous."

That is the need for a clearcut economic development policy for Alaska. In past months this need has been a major focus of Council activities. Meetings with the Governor, state administrators and legislators have generated optimism and support but to date no concrete results.

Two senators, Mike Colletta and Glenn Hackney, introduced SCR 41 in January asking for adoption of a state policy for economic development and setting forth what that policy should be. The bill was referred to Senate Resources.

Prior to its introduction, 45 members of RDC

worked on the draft, made available by Senator Colletta. Recommendations for revisions reflected their broad knowledge of Alaska's economic structure.

The Council's president, executive director and several members subsequently presented testimony on the resolution at a recent Senate Resources committee hearing. As a result of that testimony and some excellent revisions proposed by Ken Showalter of Sohio and others, we expect the Resources Committee to agree on a sound policy for economic development.

RDC will keep you informed of progress on the resolution and any action needed by members.

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# TRANS-ALASKA OIL PIPELINE COLLECTORS' ITEMS

Commemorative plaques and desk weights certified to contain oil from the FIRST BARREL OF OIL received at Valdez, Alaska, from Prudhoe Bay, July 28, 1977:

**WALNUT PLAQUES** Distinctive and elegantly designed, each plaque is numbered for one of 799 pipeline miles. The map of Alaska is carved in bas relief, set off by inset brass corners and inscribed plate, raised lettering and miniature pipeline containing Prudhoe Bay oil. Size: 12" x 14" Cost: \$200

**DESK WEIGHTS** Clear lucite desk weight measures 4½ x 3¾ x 1½ inches with red base. Tube of oil, pipeline mile and inscription in center. Cost: \$30

True collectors' items, only 799 of each were manufactured. Register of owners maintained at Resource Development Council. Send check or money order to (Resource Development Council), Box 516, Anchorage, Alaska 99510.

# Membership Categories

## Corporate/Business

Two categories of membership are available to businesses which include all publications and services,

- (1) **Sustaining:** \$100 to \$2,000 (maximum) per month payable monthly, quarterly or annually
- (2) **Supporting:** \$100 to \$1,200 per year, payable annually

## Individual

Three categories of membership are available to individuals. Members in first two categories receive all membership privileges, are placed on priority mailing list and encouraged to participate in Red Alert campaigns.

- (1) **Sustaining:** \$25 (or more) per month includes monthly **Resource Review**
- (2) **Subscribing:** \$50 (or more) per year includes monthly **Resource Review**
- (3) **Supporting:** \$ 5 to \$40 per year

Business/Individual name \_\_\_\_\_ Phone \_\_\_\_\_

Person to contact \_\_\_\_\_ Home Phone \_\_\_\_\_

Mailing address \_\_\_\_\_ Zip \_\_\_\_\_

Type of membership desired: \_\_\_\_\_ Sustaining \_\_\_\_\_ Supporting \_\_\_\_\_ Subscribing \_\_\_\_\_

Full payment enclosed in the amount of \$ \_\_\_\_\_

Please send monthly \_\_\_\_\_ quarterly \_\_\_\_\_ statement in the amount of \$ \_\_\_\_\_

Dated \_\_\_\_\_ Signature \_\_\_\_\_

(The Resource Development Council is a non-profit trade association which operates under Internal Revenue Code Section 501 (c)(6). Business membership fees are tax deductible.)

## Red Alert Authorization

The Resource Development Council is authorized to place my name on its Red Alert System. (All membership information, including your name, is confidential and may be released only with your permission.)

I will communicate - at my own expense -- with legislators, administrative leaders, and/or members of Congress, etc. when Red Alerts are called. I understand "Red Alert" may come to me by telegram, letter or telephone. I will notify you of address or telephone changes to keep your records current.

Signature \_\_\_\_\_

**TAX AND  
REGULATORY  
REFORM -  
IT'S  
TIME  
FOR  
BOTH**

When Malcolm Forbes Jr. addressed the Alaska Pacific Bank Economic Briefing on March 14, he said the cure for inflation was tax and regulatory reform. The Council seconds his analysis of the problems facing Alaska and America. Members have been pushing for a repeal of the personal income tax since last summer as well as a revision of business and corporate taxes.

Gearing up for more activity in the arena of regulatory reform, the Council heard from William McConkey, Executive Director of the Regulatory Reform Program. McConkey stated that Alaskans were currently paying over \$52 million in salaries alone for state regulators. (This does not include office rent, utilities or travel.) This, however, is nothing compared to the losses absorbed by consumers because of delays, absurd regulations or over-zealous bureaucrats.

McConkey had been working with regulatory reform for a year and had plenty of horror stories. One example concerned two different divisions within the same department, both examining the same facilities every 90 days without ever running into each other. Another example was a proposed pipeline bridge on the North Slope that had an approved middle span but the two approach spans were tied up in permit hearings. In this latter example, Alaskans stand to lose the royalties from 80,000 barrels per day if the bridge is not built, not to mention the financial advantage to the builders of doing the project early and saved the inflationary costs of

delay.

But the real horror story is that not much is being done to stop the proliferation of permits - much less turn the tide. Departments within state government are reluctant to correct the problem because it means a loss of prestige as well as staff. As a result, any attempts at streamlining from within the bureaucracy are generally considered doomed to failure.

McConkey pointed out three paths to resolving the dilemma. First, it would be necessary to consolidate as many of the permits as possible under as few authorities as possible. All matters relating to water, for instance, should be handled by a single division. Second, it is necessary to let bureaucrats know that it is their function to streamline the current system, not create new stumbling blocks. Third, Alaskans need to stand up and complain very loudly.

Tom Fink, who reviewed the meeting in his Anchorage Times column on March 16, noted that as a result of over-regulation "a lot of money is wasted and we are the ones who pay for it. The cost of every service and commodity is substantially increased to every one of us."

Fink urged that the public become aware of the problem and demand that the legislature and the governor do something about it.

RDC's commitment to regulatory reform can only succeed if its thousands of members begin documenting regulatory abuse. Staff and volunteers will help.



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SCR 41

047-85 Kelly Waller TCC

1st page <sup>lines also</sup> 7-10 measure protection of env + lifestyles of rural AK

pg 2 ln 24 concern with investors } re-elaborate from tape

pg 2 ln 2 define local citizens

Dr Bill Wood mayor <sup>city of</sup> FbKS ; Frp Ind Devel Corp

089-306

developmental tasks not addressed by state;

<sup>suggest</sup> 130-165 whereas clause need for econ dev wise utilizing res base as outlet for human talent we have (creativity)

urge development of sound export policy

res pg 3 lines 14-17 } must have primary processing for local + regional needs

Pomeroy (cont.)

pg 2 lin 7-9

? what intended by stmt

pg 2 (7)

<sup>economically</sup>  
not practical

pg 3 (5)

can't justify subsidy to establish  
a competitive position

diversification not possible when  
dealing with small quantities

practical econ. evaluation procedure  
to determine what's cost effective.

People Against State Income Taxes

996-1248

Lee Fisher

PASIT Inc



abolition of indw + corporate taxes  
will be the best incentive to  
econ dev



Dave Harbour

12/51

ARCO

1257-  
1491

pg 3 (5)

now AK compares to other states  
investment climate

\* severance tax + royalty tax =  
25% of value

\* property tax (20 mill) only to  
oil industry

\* corporate

11 tax changes in 11 years  
65% higher than natl avg in  
similar industries

Harbour (cont.) (scr 27 - intro last yr)  
 problem in resol as does <sup>saup is good</sup> ~~sp~~ enumerate  
 constraints to econ dev

→ suggest HS, Sen, Res Comm mbr,  
 CED, industry to develop  
 consensus

1493 - James

1670 Bud Dye RDC, pres

going to need to do more than a  
 resol. suggests:

\* implement ED program Dick  
 Eakins put together last yr.

\* determine why adversary tax  
 relationship between st and  
 oil industry.

\* statement needs to be made that  
 there will be "no more" taxes on  
 oil's prohibitive affect of.

\* regulatory commissions (RDC  
 are developing instances) hope  
 reg reform ↓ cost of govt

end result will be predictable,  
 investment climate.

suggests a tax credit for \$ made  
 from specified projects is the \$ made  
 is re-invested into other specified  
 projects

recommend  
 leg to  
 implement

6723 Linden Dr

Paul Young

Tlingit + Haida  
by anc

02

243-0276

energy in bush

\* gas above NSB - why can't  
be used to fuel villages

\* SE hot springs thermal  
energy; also FBKS " "  
use for villages. Home  
also & surrounding  
outlying communities

Susitna

not like to see what hap  
on pipeline with 90%  
labor outside

\* training prog } urge  
\* local hire }

reconvened 2 pm

44797  
1685 -  
1869

Ken Showalter

Sohio ak Pet Co

concerned resolves only pertain to future businesses and not present businesses such as oil in

submitted written changes

new

↳ pg 2 line 3 - emphasizes

- ① encouragement of existing business
- ② assures local concerns considered but could not halt a project
- ③ <sup>shld</sup> encourage activity even though may not diversify revenues
- ? ④ orig<sup>inal lang</sup> precludes projects that
- ⑤ could be circumstances where require this could prohibit development of a resource. Want flexibility - not requirement

pg 3

- ⑥ clarifies resp of existing
- ⑦ " " " " "
- ⑧ recog ~~some~~ <sup>many</sup> restraints are at state level and not just fed

Showalter (cont.)

- ⑨ present businesses
- ⑩ current industry clarification
- ⑪ insure investor NOT undercut by competitor allowed to get product at reduced price + at same time assure state gets what can as opposed to long term fixed price contract

87% of state's unrestricted revenues comes from oil, of the 87%, about 93% comes from Prudhoe

1873- Paula Easley RDC  
1970

current econ dev policy & plan is desperately needed. w/o it, private sector unable to grow.

maintain parents

streamline dev

↑ resp & authority on C&ED to fulfill these need

Dept of C & ED

add → under the direc; the state should...  
pg 2 line 20 ~~to~~ add

pg 2 <sup>top</sup>

(2) unan opposed to present wording  
(Showalter's v. Saisif)  
language

(4) problem of defining "excess" -  
something excessive now but may be  
good on long term basis

(5) energy intensive ind may be  
discourage

(7) eliminate minimum requirement  
as ~~in project~~ <sup>feasible</sup>. Colletta  
clarified to show intent is for the state to  
get the maximum out of the state's minimum

pg 3

(3) same as Showalter  
<sup>could be</sup>  
(7) <sup>does this</sup> mean royalty sold less than  
mkt v. shown <sup>beneficial to Alaskans</sup>  
price

1978-  
2077

~~Don~~ Don Lyon      Mat - Su  
Econ Dev Program

\* investment incentives needed)

\* need to look beyond initial invest  
incentives <sup>which often are viewed as</sup> (subsidies) and instead  
at long run benefits

\* Reg reform that result it  
catalyst to for development.  
Shld be key part of econ developmnt

\* One resol adopted, hopes money  
follows to carry it out

(2070 a suggestion made that I missed)

2078-  
2113

Bob Dempsey, Fbks CoC

(Fbks written testimony to be submitted)

govt funding assistance for projects undertaken by private sector

also urged

\$ be there to implement

2114 -  
2165

Myron Iglantoc Anch Native Council  
Tungit + Haucla of Anchorage

high energy costs in SE, even with Sredistham there won't extend lines to villages because not economically feasible. Also look at natural gas in northern areas.

(2134)  
pg

2 (5) energy-efficient projects <sup>res.</sup> should be priority. Implement <sup>renewable</sup> projects with long term benefits taken into consideration

314- 444 Pam Smith , Parker Drilling.  
AK <sup>Industry</sup> Support Alliance

suggest  
examine purposes of taxation and its possible <sup>constraint</sup> ~~deterrent~~ to economic development

447-875

Harold Pomeroy

inexcusable <sup>the</sup> drag regs, requirements have (~~between state, corpo eng, etc~~) on inhibiting + discouraging development

~~use local resources~~  
don't use people, info we have here instead bring in others from outside



have to better understand ~~inter-related~~ anatomy of inter-relationships of businesses + communities

cautions against giving tax exemptions to business that w/o it wouldn't survive — that's bad business.

MOENING-GREY & ASSOCIATES, INC.  
GEOLOGISTS AND ENGINEERS  
715 L STREET, SUITE 8 ANCHORAGE, ALASKA 98501  
TELEPHONE (907) 274-3314

February 11, 1980

Senator Bill Sumner  
Chairman, Senate Committee on Resources  
Pouch V  
Juneau, Alaska 99811

Subject: Hearings on SCR-41, SB-294

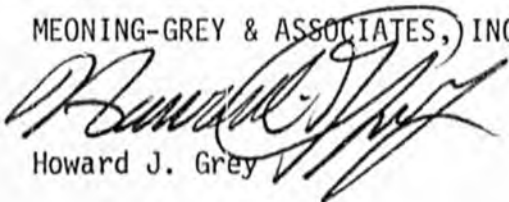
Dear Senator:

Thank you for notice on the February 15th hearings.

I do plan to attend. If for any reason I am unable to do so, I will appoint a representative to appear on my behalf.

Sincerely,

MOENING-GREY & ASSOCIATES, INC.



Howard J. Grey

HJG/lg

# Helping The Goose Produce.

Profitable business is the goose that lays the golden egg. In South Carolina, we're committed to helping the goose produce. We always have been.

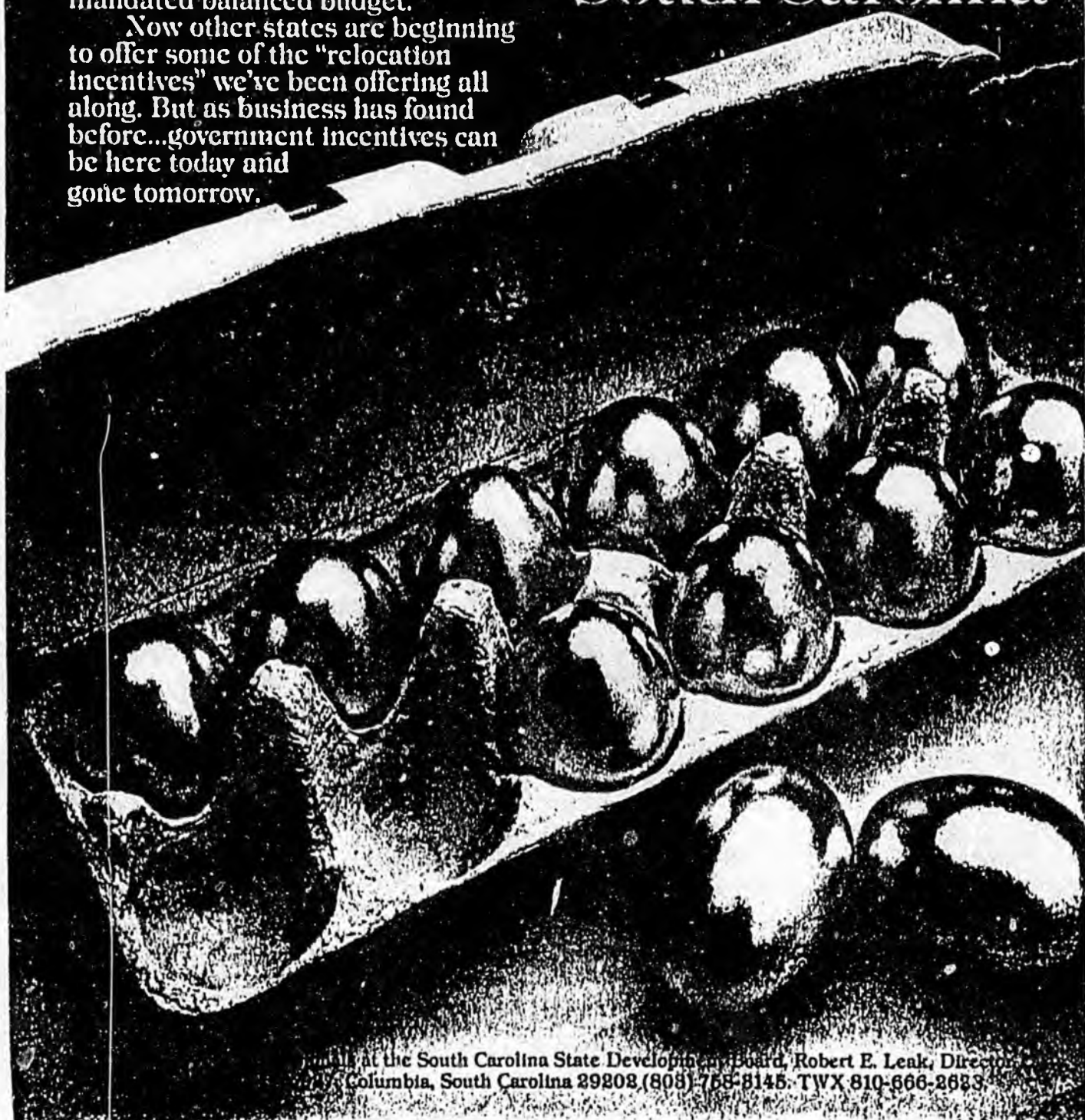
Back when dollars were hard to find, we scrimped and scraped to build America's most advanced employee training program. When times were tough, we went the extra mile to establish tax incentives to help industry grow. When other states were accumulating debt, we stuck to our constitutionally mandated balanced budget.

Now other states are beginning to offer some of the "relocation incentives" we've been offering all along. But as business has found before...government incentives can be here today and gone tomorrow.

What counts is attitude, stability, commitment...the things which have always made South Carolina different. The intangibles which no government can change.

In the fable, impatience and greed killed the goose that laid the golden egg. And in many places, they still do. But not in South Carolina. Being good for business is in our blood. It always has been. It always will be.

## South Carolina



For more information, contact the South Carolina State Development Board, Robert E. Leak, Director,  
Columbia, South Carolina 29202 (803) 758-8145. TWX 810-666-2683



**Nature is supportive.**

**So are we.**

**Taxes** are equitable and stable in Georgia. Neither individual nor corporate income taxes bear an unreasonable proportion of governmental cost. And industry is given attractive location incentives. Georgia's new freeport law, for example, allows local governments broad options of exempting property taxes on various types of inventory. Our supportive tax system encourages industrial growth, creating jobs and naturally expanding the state's economy. It could provide just the environment your company needs to yield higher profits. For more information, including confidential site selection assistance, call or write: W. Milton Folds, Commissioner, Georgia Department of Industry & Trade, 404/656-3556, P.O. Box 1776, Atlanta, Georgia 30301, Dept. BW-03. **Georgia**