

ALASKA LEGISLATIVE COMMITTEE FILES 1981-1982 86/2

1204 ○ ARRC GENERAL INFORMATION, TAPE LOGS <sup>1204</sup>

1981-1982

ADMINISTRATIVE REGULATION REVIEW COMMITTEE

LIST OF FILES (PAGE 1)

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GENERAL INFORMATION, TAPE LOGS

FISHERIES ISSUES

FAIRBANKS HEARING, OCT. 16-17, 1981

AK. HOUSING FINANCE CORP. HEARING, NOV. 19, 1981

GENERAL  
INFORMATION,  
LOG TAPES

ADMINISTRATIVE REGULATION REVIEW COMMITTEE 1981-1982

Membership:

- Rep. John G. Fuller (Chairman) 1/12/81 - 6/22/81
- Rep. Richard L. Randolph (Chairman) 6/23/81 -
- Sen. Robert H. Ziegler, Sr. (Vice-Chairman)
- Sen. Mike J. Colletta
- Sen. George H. Hohman, Jr. - 2/82
- Rep. Mitchell E. Abood, Jr.
- Rep. Joseph Chuckwuk (1/12/81 - 6/22/81)
- Rep. Lt. Pappy Moss 6/23/81 -

FOLDERS - 4 TOTAL

- #1 GENERAL INFORMATION
- #2 FISHERIES ISSUES
- #3 10/16-17/81 FBX HEARING
- #4 AHFC - 11/19/81 - ANC

0684 Start

Ron Lind Deputy Commissioner, D.O.T.

A. Outline of D.O.T.

0760 B. Functions of D.O.T.

0772 Q. Kathy "Auke Bay Port Construction?"

0782 Q. Kathy "Split costs with Army Corps of Engineers?"

0800 Q. Kathy C. Public facilities

0864 Q. Kathy "Where do requests for construction go?"

0880 Q. Kathy "How long after proposal is construction begun?"

0906 Q. Kathy "Competitive bidding?"

0912 Q. Ward "Does D.O.T. pay for operation of airports and old municipalities run their own airports."

0921 Q. Ward "How many buildings do D.O.T. own?"

0928 Q Linda "How does P. O. T. control  
land?"

0937 Q Mary "Do all airlines pay landing  
fees on municipal airports?"

0975 Q Kathy "Maintenance of State Vehicles?"

0995 Q ~~John~~ "John, who do you talk to  
in P.O.T. for general information?"

1008 Q Kathy "Is P.O.T. involved with the  
railroad?"

1034 End

1072 I. DOT, Pu. F.

Jim Eide

Merv Griggs

Doug Burton

## A. Functions of Public Facilities

### The Ferry Line

1110 Merv Griggs - Administration

1125 Q Kathy "Majority of expenses?"

1128 Q John "Savings in costs by slowing down  
questions?"

1148 Q Waid "Fuel increases affecting  
fare costs?"

1157 Q Waid "Meal service, increases & savings?"

1172 Q Waid "Who is responsible for public  
service on the ferries?"

1185 Q Mary "Vehicles on ferry system?"

1193 Doug Burton

1225 Q Hal "Cost effective for another  
vessel?"

1236 Q Waid "Borrow a ferry from South?"

1243 Q Waid "Seattle, Seward, Anchorage  
route?"

1250 Q Waid "Economic feasibility of  
extra routes, vessels?"

<sup>70</sup>  
1260 Q Linda "Alaska Hire, percentage  
of present employees?"

1296 Q Linda "Ferry passes for personnel?"

1300 Q Mary "Status of Taku ferry?"

1306 Q Kathy "Move main dock from Seattle?"

1316 B. Facts on Marine Highway

1368 Q Waid "Any long range programs for  
replacement of vessels?"

1411 End

1412, Charles Matlick - D.O.T.

A Highway Design + Construction  
Construction in General

1475 B. Funding

1503 Q "Mary" "What about Egan Expressway?"

1509 Q Jake "Why no lights on Egan  
expressway?"

1519 Q Sam "Why not with reflectors?"

1537 Q Kathy "Responsibility for reflectors and  
lights?"

1552 Q Kathy "Public say?"

1557 Q Linda "Recent costs survey on lighting  
Egan drive?"

1571 Q Linda "State settlement on claims as  
opposed to costs of more signs, features?"

~~1574~~ Q Kathy "Who makes decisions on new  
projects?"

1601 Q Linda "Can state obtain or condemn  
public ~~retail~~ lands?"

1611 Q Linda "Can state obtain or condemn  
federal lands?"

1615 Q Ward "Land acquisition for  
railroad project?"

1623 Q Sam "How are projects considered?"

1643 Q Kathy "Juneau - Haines connection?"

1652 Q Ward "Fairbanks - Nome connection?"

1664 Q Ward "Roads through Monuments?"

1667 End

Holden-

DICK HOLDEN - CIVIL SERVICE P.O.T.

1672 - Institutions work on the reward system

1678 - Civil Service - merit raise approved by legis. 1 yr. tenure

1695 - Merit sys - raises on performance

1755 - Organization of Gov't division

1800 - Responsibility for work / define problems

1810 - Functional Organization

end side 1 1840  
start side 2 0000



0030 - FRED Fish. Rehab Enhance Development

0150 - Structure, Sm. Mang. Personnel, Mgt. System, Reward to achieve a goal

0190 EPA - 1969 Environmental Protection Act.

414 - They set public hearing before spending money on a project

470 - 1978 - Transportation System - The 1st.

19 workshop in ever town. 55 hearings.

to get public ~~opinion~~ opinions  
it's important, so they can get a  
feed back

~~1417~~ 1417 Gerald Mars - OSHA

l.a. Outline of OSHA

1523 Q Cheryl - Who makes inspections of  
off shore drilling rigs?

1539 Q Paul - Does OSHA give forward notice  
of inspections.

1547

Workman's Comp.

l.a. Outline of Workman's Comp.

b. Claims

1630 Q Edward Beck

1624 Art Zilling - Special Programs

Unemployment insurance

1718 Q Mary - Who pays tax for unemployment?  
Which States?

- 1171 Comm. Ed Orbeck - Labor-Management
- Jim Soubee - Administrative Services
- Da - Wage-Hour division
- Cerald Nors - Occupational Safety+Health
- Paul Tro -
- Judy Du Bua - Workmans Comp.
- Arthur Zillig - Special Programs
- Rod Brown - Research+Analysis

- 1194 Ed Orbeck
- a. History LAM
- b. Outline LAM

1310 Da

1300 a Landa - Are Union employees ~~represented~~ represented by LAM in wage problems?

1404 a Landa - Would it be cheaper for the state for a union employee to go through the union?

0656 ~~0656~~<sup>Q</sup> Sean - What is Coastal Energy Impact program?

0690 S. Local Government Assistance

0984<sup>Q</sup> Mary - Does the state place a lean on the property? (Senior Citizens Special Assessment)

1084 Q - Mary - If capitol doesn't move, do house values go down? (Tuneau Indemnification Program)

1112 Q - Mary - If veterans were transferred to Anchorage, how did assessments change?

1170 End

0393<sup>o</sup> Chris - How much state money goes into CETA?

0406 a Chris - Does the state monitor the CETA Programs?

0419 a Hali - How does CETA interface with other departments?

0444 a India - If underage and parents are out of work, can you apply for CETA or are there special programs?

0457 a Crystal - CETA working with local municipalities (how)? Difficulties with administration?

0530 3. Administrative Services

0545 4. Community Planning

0609 a Chris - How much lands involved in Municipal lands program?

1335 ~~Comm. C-RA Joe McArney~~

1354 Q What is Municipal Bond Bank?

1440 Q Why was community and rural development removed from C-RA?

Sack Chenoweth  
& Bolognys

end of tape to  
Tape 2 of 12

0072

Palmer Mc Carter

1 Commissioners office

0100 2 CETA

0946 Q Sean How are people selected for CETA?

0368 Q India Funding cut lately?

0385 Q India How many states have CETA?

1300 Women (cont.)

1192 Q: do 800 mil Gen. Appo. or from  
the people (B. Huss)

1205 Q: DOT railroad - Alaska to cont. U.S.  
(C. Johnson)

1315 Q: Current status of Susette Power  
(P. Bennett)

1334- END OF LECTURE

Dick Molder - Civil Service DOT

536 - it's getting harder to do Govt. work.  
Govt. is not performing well enough.  
is spending money unwisely.

545 - The maximum Permits.

99 permits      Aver. 23

it takes 5 yrs. before they <sup>get</sup> a  
contract.

595. own all rds. in Arch. and control  
them.

615. Revenue sharing - state money given to  
municipalities for maintenance

700 - Words of advice asked by Eric  
no gossip - be objective as possible to  
what's going on

782 - Q. personal view on transportation (P. Bennett)

↓

987 - put in more freight airports

1012 - 800 mil over next 3 yrs. for trans. in  
state

1025 Q: ds planning & research Doing anything  
in Telecommunication? (P. Block)

174 Ed Orbeck

1751 Q Linda - What is the maximum an employer pays toward unemployment?

1764 Q Linda - Do you claim unemployment on your Income tax forms?

1791 Jim Souber - Administrative Services

1808 Rod Brown - Research + Analysis

1854 End of Tape

~~1854~~ 12/3/79  
Labor + Management

Tape 9 of 10

0001 Rod Brown - Research + Analysis

0183 Judy De Buac

0201 End of presentation

Ken Showalter Intro

688 Steve Kettlekamp

702 Tax Policy

Q John. Set up overview of tax policies?

Q Berrie - Oil companies views of losses?

Q Ralph - Compare taxes to other states?

725 What is a tax

A. a transfer for public good

B. Economic theory

739 quote from Adam Smith re: taxation

740 quote from Govt. of Quebec re: criteria for taxation

785 Tax policy must consider burden, equity & taxes

A Impact; negatives (trade offs)

1 less capital for private sector

2 tax competition, horizontal & vertical

3 tax exportation or reciprocation

a constitutional mandates

4 the burden taken by consumers

5 "Gotcha" tax

860

a some discount rates

876 Equality - no answers

A Legislative determinations

1 quote from textbook on tax law

B Measure of allocation of taxation

903

1 consumption

2 wealth

3 income

921

Alaska specifics

1 yield

A what are the taxes

1 corporate income tax (not Oil & Gas)

2 Petroleum corporate income tax

3 individual income tax

5 Oil & Gas severance tax  
Lama Q. % for Oil & Gas 9.4 %?

↳ Oil & Gas property tax

? Consumption Taxes (liquor, fuel & cigarettes)

Q. Benis, why raise taxes w/ Oil & Gas revenues? - figures?

1014

Policy considerations in future

net profit revenues

Q. John - Do you expect state budget revenues to raise at same rate

8

1055

How taxes work

A Property (?)

B Severance

C Property

Compare to other states

1091

Oil Company's views

A what does it ~~say~~ do to future investment

1118

Q Benis - what will happen later?

Q John: sliding scale severance tax?

1147

newspapers

Proponents of net profits system

1167

Investor's concerns

1190

Bob Swetnam

~~Article~~ Bidding Proposals in McKinnois article  
in Anchorage Daily News

Q John: Discount rate?

1260

(still going through article paragraph by #)

Q Chris: Proportion of companies?

? Hali: why don't co's talk pricing?

1330

Q John - what problem if discount?

Q Paddy - what difference is there w/ Oil & Gas ...

1365 Q. Paddy - you will still make money!?

1375 Economics in bid factor  
Q. Bernie - one hole covers all others

1385 Opposition for net profits  
1400 Speculative bidding  
1416 Conclusion of talk about article  
1453 Split hearing  
1472 Checkboard hearing (Withholding trusts)  
1495 Speaker re: Legislation in the office

1505 GENE WILDE - oil spills

ECONOMY VS ENVIRONMENT

1536 Trans Alaska Pipeline Act } Oil spill clean ups  
Fed. Contingency Plan }  
Cooperatives }  
Private agreement }  
Conventions }  
Various laws }

1568 Fed  
State  
Burden on Industries & Consumers  
Duplication of existing laws

1668 Q Chris Should Oil cos pay for spills?  
Does the industry know implications of spills?

Q John Sant the idea prevention

Q Hal's Industries' spills vs. Military spills liability?

1690 new speaker Ken Shoykhet  
Incentives against Oil Spills

Ed Hilliard w/ Chevron  
State & Local Solutions  
D. Q. L. P.

1700

Local this

Q John - What is a non-attainment area?

Marine Sanctuaries

Local Ordinances & Policies

Conflicts w/ State & Local Policies

1730

Office of Coastal Mgmt. regulations & guidelines

# N.S. Borough

Deffered Development Areas

Q John - Depth of Deffered Development?

Geophysical

1815

Problems w/ development before leasing

1845

Western Alaska Energy Crisis

Proposals for leasing

Mobile emissions w/ air quality

1865

end of tape

000

cont. Ed Hillyard (tape #2

25

Valdey ordinance re. hunting

Ken Showalter - conclusion.

10-24-79

Guest Tom Williams Commissioner of Revenue Oil & Gas Revenues

0020 Tax System + Oil Revenues

0035 I Current Tax Structure + Sources of Revenues

A. Sovereign Power of Taxation  
1. Corporate Tax  
2. Property Tax  
3. Severance Tax

0080 B. State ownership of land + Power to Lease  
↳ wellhead value goes to state (4) Royalty  
Deposited in permanent fund + general fund  
↳ Native Claims Settlement fund (7.5) → \$20 million

0160 II Types of Statewide tax in Oil & Gas Industry

A. Ad valorem tax (Appraisal, Inflation, Depreciation) (Extraction Equip, Production Equip, Pipeline)  
70 mill total of

B. Property tax (Taxed its combined taxes)

↳ Issuing of tax-exempt bonds (General obligation bonds)

↳ Valuing of property on basis of income it will produce.

Discounting of net income stream yields cash stream value.

0370 C. Johns - Pipeline revenues

A. Tom: Formula for determining discount value of pipeline production

0384 C. John: ...

A. Tom: ...

0402 C. Tom: ...

A. Tom: ...

0418 C. John: ...

A. Tom: ...

0434 C. John: ...

A. Tom: ...

... value of ...

0450 A. Tom: ... 1.5 million

... market value per year

0500 Operation under ...

0504 ...

0516 ...

0517 ...

10:24-79

0531

C. Production Tax

1. Rates determined in field 12% of value or by barrel rate <sup>now fixed</sup> whichever is higher
2. Federal price controls
3. "Old Oil" In production before 1973 when OPEC pricing was developed.

0570

Q Puffy: Nature of tax + raising oil to new market price.

0575

A Tom: Only way for them to make a profit

0580

Q Frida: Have they earned the profits?

0581

A Tom: I'm not sure! Cost exceeds price, supply <sup>necessary</sup> demand - Even with equal resources

0602

Q Frida: If one can create a unique commodity, have you earned right to charge more?

0608

A Tom: To reach equilibrium everyone will sell oil at "monopolist" OPEC prices - Buyer no longer holds monopolist position. Now seller holds this power OPEC when demand exceed supply, only alternative sources will be explored.

0660

Q Frida: Federal restrictions on price less + supply - ~~equilibrium~~

0667

A Tom: Incline used in production to increase use of imported oil. - A failure of the federal system

0680

Q Frida: We've used resources more quickly than we can - loss of existing production more its economic margin

0700

Q Bernie: Were used more gas been inefficient  
A Tom: Absolutely!

Unit: for reaction met - become lost in met

Gas prices on basis of BTU rather than met they being the measure.

10 24 79

# Do Income Tax

0791

Special oil & gas income tax takes out loopholes.

This is in litigation right now - as a form of discrimination

0808

Q Chris - Can you discuss this at all? How do you determine

A Tom - [Indexes for determining value] <sup>value of production</sup>

Multi-state tax compact

0848

Q John - Judge want look at different methods?

A Tom - No

In light of surplus shall we shift ~~policy~~  
on production?

0877

Q Bernie - what stage is lawsuit in?

A Tom: Inve<sup>stigation</sup> litigation of <sup>disputes</sup> respects, however it is mostly a legal question

0900

Q Bernie: will changes in legislation this session be retroactive?

A Tom: No

0915

Q Dan: ... as a new tax ... in 4

A Tom: ... bill ...

A Tom: ... 3 ...

0936

Q Bernie - Tax rates compared other states?

A Tom - Relative to state rank some are the highest

0958

Q John - heard that Governor ... ' like

decides on ... system

A Tom - Comm. DNR

0971

Q Chris - what about legislative recommendation

0980

A Tom - Comm the cannot compel decision, however their recommendations must be discussed.

0990

Q Eric - what issues this session

A Tom - Corporate income tax, income tax, ...

... factors ...

10-24-79

D. cont.

- 1019 Q Paddy: Is this also to corporations.
- A Tom: Individuals not corporations. It would go to men + wealthy men + people outside.
- Q Paddy: But you have to distribute the money to them as well.
- A Tom: Only residents.
- Q Paddy: What do personal income taxes yield?
- A Tom: 135 million! The oil reserves, however, will run out.
- 1042 Q Paddy: The money is worth more to the people now.
- A Tom: This is the government's plan.
- 1019 U Ernie: It tax is eliminated people will feel less responsible for the state's government.
- Q Paddy: In a sense they have earned it.
- U Ernie
- 1061 U Paddy: What does this mean with respect to Alaska?
- A Tom: ~~It~~ Only in terms of the attractiveness of something like "strike zone" psychological rather than an economic impact.

1090  
108

Key Brown - Leasing  
I. Leasing Policy AS 35.

Assistant to  
Bob Lelesche

Amended 1/28/79

Change in emphasis from taxation to leasing

§ 475 attention turned to leasing policy

Goals of state & MICHIGAN ECONOMIC REVENUE AUTHORITY

AMERICAN

USE OF ITUPA 11/1/79

Key Business - cont.

AS 35-180 f

10-24-79

1175

Statute requires - 5 year leasing term with few exceptions. Statute lists 5 methods for leasing, 2 more added in 1979.

- 1) Cash bonus bid (<sup>fixed</sup> 12% royalty)
- 2) " " " " (not less than net profit share) 30%
- 3) Fixed cash bonus (royalty > 12% as bid variable)
- 4) Fixed " " (Net profit share as bid variable)

[C] Chris - Classification

- 5) Fixed cash bonus (fixed royalty > 12% + net profit bidding)
- 6) Cash bonus w/ fixed sliding royalty > 12%
- 7) Fixed cash bonus w/ sliding royalty as bid variable + net profit bidding

1190

Q Berni - Classification

Q Paul - Which were amendments?

A Kay [AS 35-180]

1200

Added provisions - work under lease. Added 5 term of lease, & exploration incentive credits were developed.

CIL 31-AS LEASE, term not covered. 5 M.C. units with 10 lease 10 years. General for 10 years in condition may be changed. Sec'y of Interior has requested more terms. Unit agreements may extend the lease. One subtraction <sup>min</sup> of AS 35-180.

Rental fees must be paid.

1250

Unitization as an operating session issue, 1980: no distinction now between production & exploration units.

1270

Q Paul - ... unit ... limit ...

A Kay - ... only ...

Key cont.

10 24 79

1311

II Discussion of the Lease Form

"10 years or as long as you produce oil from the lease."

Provisions for extension, "Shut-in production"

1336

Q  
A

Chris - How long is an extension?

Key - It varies - some are automatic.

1355

Definitions of "in-kind" & "royalty"

1370

Q  
A

Frank - Who defines "reasonable contract"?

Key - Frank doesn't want to set w/ judge

III Alternative Leasing Systems to establish including

1. Net profit share leasing XXXX <sup>more</sup> <sub>conventional</sub>

2. Royalty enhancement

1414

1442

Q

Kathryn - Where are the economists leaning? The bid

The oil company economists tend to

strongly prefer net profit share (not profit share leasing)

1452

A

Key - They want to find out if oil still exists

looking for a way to manage the

several factors having to do with timing & the

states

discovery rate has impact on the long term value of net profit share leasing.

1510

Seasonal limit on drilling dispute

maximum rate of production

1530

Q Kathryn - who prepared seasonal limit?

NOAA decisions & recommendations

Endangered Species Act

1553

Q Kathryn - has suit been brought w: this limit?

Q John - Can they propose their own plan?

1575

Locals Coastal zone plan

Q John - Would the bids be discounted?

Q Chris - What do you mean, sink it in to bonuses

1600

Dual Bonuses

1615

Q Bernie - The industry said they wouldn't go for it  
 Q Chuo - Under dual learning, if after the govt. decides that  
 production is not good, who pays for the exploration?

1642

### The State's Role in Scheduling

State schedule  
 Federal schedule

1679

3 State acts in 1950.  
 Q Bernie - Do that Open from Cook's Act?

Q Kothman - Who decides that schedule?  
 Q Ralph - What is the schedule called?  
 Q Mary J. - Who gets copies of the schedule?  
 Q Koffman - Who sits on the committee?

Do you mean the representative  
 Q Ralph - When will you be looking  
 Q Chuo - Are you office regarding legislation

1705

and

1711

Rob Johnson - Director of Petroleum Revenue

1716

1744

Under the Dept of Revenue, based in Anchorage  
Division consists of 3 sections: Audit, <sup>Assessors + Appraisers</sup> Oil & Gas Prop Tax, Economic  
+ administers The four taxes (Property, production, conserva-  
tion tax, ) + <sup>Audit of</sup> Administers + Royalties.

892 million dollars worth of taxes from oil & gas, 72% of all  
department's receipts

1790

OPEC's effect on State economy + state assessment of  
value of oil (tariffs + transportation costs must figure in).  
Federal regulations of wellhead ceiling price prevents  
Alaska from getting the best going price for its oil -  
as OPEC prices increase Alaska prices will too, eventually.

1844

- Tape side changed - loss of about 2 minutes  
tape time regarding income taxes due to SNAFU

0000

- Tape 79-04/52 -

0055

Income taxes levied on oil & gas companies  
+ the implementation of the Severance Tax Act  
The concepts of prevailing value in production tax  
regulation.

0128

Q Kathryn is it insured [the oil] in transit?

A. They are "self-insured"

Q Kathryn - They ask to see information about financial things  
of the corporation?

0180

A. It's usually a request met with compliance, but they  
may be "spooned."

Discussion of dispute resolution.

Types of

Audits 1. Desk audit 2. Field audit 3. <sup>Property tax</sup> 4.

0280

Q Linda How do the oil companies work their bookkeeping?

A. Frequently the records are in several places  
by sector or subsidiary, however the taxpayer has some  
responsibility to assemble the appropriate paperwork.

0310

Q Kathy "Are you required by law to give notice  
of an audit."

Rob. cont.

Expiration + production equipment is assessed + inventoried every 3 years. Assessment, appraisal + research.

Administration + Audit + Review

0375

Review function - Resolution of disputes + the handling of litigation.

0392

Documents - "Statement of Licenses + Taxes Collected" quarterly - "Revenue Sources, quarterly update" " " " Petroleum Production Revenue Forecast"

Q Chris - Describe conservation tax + its purpose

A Quoted amount - purpose - is anys of a cent additional tax.

0450

Q Yvonne - Could oil be subject to property tax?

A - No. That's subject to production tax.

Q Kathy - Do the forecasts come from economists -

A - Yes, + systems analysts.

0515

Q Kathy - Is there a research division here?

A YES: Wide range of research conducted by ~~some~~ Juneau staff. Forecasting is a guideline.

Q Christal - Who is in charge of Juneau office

A Vincent Wright

0530

Q Frida - In assessing taxes of multinational corporations how does their out-of-state activity affect taxes levied by Alaska.

0541 A. Currently being litigated, done on multi-state compact basis however this apportionment method is not adequate. Oil companies now have to separately account for Alaska operation: production + pipeline transport, formula developed to account for other operations in Alaska as part of numerator, world wide operation as denominator.

0573

Prior to enactment of oil + gas income tax act there was no provision for multinational interests + separate accounting

## 0586 Property Tax + Problems

1. How does one assess value of rigs which may have been transported?
2. What about the "life" of a pipeline (60 or 70 years is engineering life, however use may extend for only 25 years or life of reservoir).

## Income Tax

1. It has been said by oil companies that it is unconstitutional

Q Frida - Are the oil & gas w.s. the only ones that must account separately?

A - Under the corporate income tax law, yes.

2. Report operating income consistent with report to FERC, + deductions must also be made consistent with FERC allowances

0641

## 0662 Production Tax

1. length of contracts + changing values
- 2.

0680

Q Kathryn - Different sorts of bidding - what about net profits bidding?

0699

A - A matter of more money now or more money later.  
 QK: Do you (your Dept) have anything to do with leasing?

0711

A - Only with regard to returns signed under a joint system. (Proposals + suggestions rendered)

0717

Q Chris - Net profits system as more costly to state as seen by oil men. What about this?

A - Accounting responsibility is currently w/ OWR + only legislative action will determine if this responsibility is turned over to Revenue. It will be more difficult to administer

0755

Q Frida - May we see copy of contract for sale on North slope?

A - No! Sensitive information.

- 0768 Q - John - Re: property tax is hard on smaller companies & "driving them out of the state."
- 0775 A - Essentially true that the tax is the same; the guy w/ the lower income is hit harder. Also - smaller companies have less equipment.
- 0785 Q - John - Do you see evidence of oil companies being driven out of state?
- 0795 A - More, that companies are prevented from coming in by lack of leases, etc. Legislature seems to think it in the best interests of the state.

0800 Greg Erickson - former Head of Legislative Research  
 Background & Areas of expertise.  
 Anchorage born & raised, attended college in East, worked from '63-'66 on pipeline, attended U of A & worked for research institutes. Joined Leg. staff in 1971 & in 1972 Directed Joint Pipeline Impact Committee - worked on leasing legislation for 1972, went to D.C. & was staff associate for Resources of the Future Foundation & then worked from '73-'75 for Sen. Scoop Jackson. 1975 - Directed Legis. Research. Now a policy consultant (Prudhoe Bay/State Policy, Susitna Hydroelectric Project vs. Natural Gas, Fish & Game Issues etc.)

- 0856 Q - Kathryn - Your opinion on net profits leasing.  
 A: I think it's a good deal for many of the parcels but there is an advantage to the state in diversity of leasing systems. Risks are not eliminated by bonus bid system so let's balance the risks by a balance of bidding systems.

From 0800  
 Prior to  
 0902  
 was lost  
 due to

0914 Q: Chris - What about discount rate?  
A: A dollar today is worth more than a dollar tomorrow - how much more is the discount rate. How much will it cost us to forego revenues

Q John: What about a diversity of leasing techniques?  
A. [Clarification sought and achieved]

Q Bernie: Re Joe McKinnon's opinion that sticking with the best ~~the~~ system will produce the best returns in the long run - do you disagree?

A Yes

1000 Hedging - "putting bets on both sides" Model: Currency & rates of exchange & risk situations. "Forward" contracts for buying currency at a stable rate are a form of hedging. ~~Off~~ ~~one~~ ~~is~~ ~~on~~ ~~both~~ ~~sides~~ of an exchange or a probability that reduces risk of loss and constitutes hedging.

1056 Risk aversion (people would rather come up with a surplus than to overestimate & run short) & probability distribution.

1097 Q Ralph - What about financing of the gas line?  
1109 A - If Alaska wants that gas line built it will have to participate in some way. Option for postponement (revenue straging)

Q Bernie - Can the gas be retrieved after oil is gone  
Q Ralph - " " "

1140 A - All but about 5% - if one takes the gas out first one ~~loses~~ loses oil (possibly 200 million barrels).

1175 Q Frida - Ought the government to become involved in the business?

1178 A - I don't have any philosophical hangups about the government getting into [non monopoly] business, or becoming an investor (not a manager).

1193 Q Paddy Re. transportation costs for oil + what about

1197 A: Federally imposed ceilings + restrictions prevent shipping oil to Japan from Alaska.

1213 Q. Ralph - when these federal regulations were imposed what rationale prevented changes in strategy to keep pace with changing face of situation

A: The "little old ladies in tennis shoes" who are constituents will not comprehend or appreciate such swaps. This is one argument. Also the Midwest has an interest in accessing the product

1235 Q. John - What about gas line financing proposals surfacing here next session?

A - Don't know much about it. (Reference to J. McMillen's proposal.) Do we have 2 1/2 billion dollars to invest in the pipeline? I doubt it. Perhaps we could assume some of the risks + some of the benefits.

1263 Q. Chrystal - Advice for staff members of A Committees B. Legis

1280 A: "Keep another job in the wings." Integrity Don't be afraid to quit - the worst that can happen is that the staff member becomes fearful + impotent.

1300 Q. Erick: Recommendations for surplus funds

A Options 1. Reduce income tax or eliminate it. 2. Low interest loans 3. The outsiders benefit/60% only by would benefit Alaska's state Fed. taxes.

Q. Frida - Problem w/ eliminating tax now + reinstating it later?

1350 A - Much easier to take a tax off than to reimpose it, but it would not be a major problem.

Must serious issue confronting state now: To what extent will we continue to subsidize urban life styles in rural Alaska?

- The responsibility for providing equal educational opportunity.
- The cost of schooling is 30,000 per pupil per year.
- Health - to what extent is society as a whole obligated

1374 - Water supplies, electricity, TV, sanitation, etc.

Handwritten scribbles and signatures at the bottom right of the page.

- 1387 The withdrawal of services is more critical than a situation without the services. Capital investments in durables become worthless or impossibly costly. Dislocations result when surplus runs out, & a social crisis ensues.
- 1419 The solution: Determining the needs & ideal allocations of the rural/residents.
- 1430 Q Ralph (statement) Rural areas have undergone tremendous social change as a result of things like T.V.  
A Not a good argument for <sup>not</sup> giving them T.V. but let them allocate funds.
- 1449 S Eric - culture broke down as a result of outside role models prior to advent of TV which at least allowed students to remain in villages.  
A Social disruptions reduced by variety of options.
- 1461 S Eric - rural areas a microcosm of Alaska as a whole - when the surplus runs out the whole state will be facing a problem.
- 1469 Closing statement: This issue is not being addressed in a holistic way.  
A feeling of urgency on part of legislators to accomplish goals before reapportionment & elections.  
The life-cycle cost of improvements must be explored & addressed.

1495 - Stop

000-

## CHIP TOWA: TIMBER IN ALASKA

## HISTORICAL OVERVIEW

## I. PATTERNS OF DEVELOPMENT

A. EARLY USE OF TIMBER

B. ROLE OF LOCAL &amp; SAWMILLS

085-

C. NATIVE USE OF TIMBER

107-

~~Q:~~ Q: JAPANESE USE OF DRIFTWOOD ON WESTERN COAST

Q: WHY DO BOROUGHs REQUIRE KILN DRIED LUMBER

140

Q: WHY NO KILNS? ARE THEY EXPENSIVE?

165

## II. FOREST SERVICE PULP CONTRACTS

A. KETCHIKAN / SITKA SELECTION

1. JAPANESE PARTICIPATION

Q: SIZE OF CONTRACTS? TERM OF CONTRACTS?

B. FEDERAL TIMBER REGIONS / DIVISIONS.

## III

## STATE SALES OF TIMBER CONCESSIONS

A. HAINES

247

B. OTHER SALES

Q: OIL CO. RESPONSIBILITY IN BEETLE PESTICIDE (TYONEX)

270

## IV. NATIVE LAND CLAIMS IMPACT

A. DISTRIBUTION OF CORPUS

B. KENAIACE DISPUTE

C. SOUTHWEST ALASKA ADJUSTMENTS

300 V. INTERIOR ALASKA TIMBER POTENTIAL

## A. RIVER VALLEY CONCENTRATION

Q: WHAT KIND OF TIMBER?

## B. TANANA DISTRICT POTENTIAL / FBES MILL

Q: HOW MUCH PROCESSED IN FAI

Q: HOW DOES LUMBER COMPARE, COST-WISE, WITH <sup>PRODUCT</sup> ON-SIDE

Q: DOES IT COUNT AS KILN DRIED LUMBER?

360 VI HISTORICAL USES -

A. RUSSIANS - SHIP BUILDING

B. GOLD FIELD USE

C. RAILROAD TIES

D. HOUSING

E. CORDROY ROADS

VII QUALITY OF TIMBER

## A. USES OF SPRUCE

Q: AIRCRAFT USE?

B. HEMLOCK

C. CEDAR

Q: WHAT % FOREST IS CEDAR?

## 445- REED STOOPS - ONR

## I- HAINES LAND USE PLAN

A. REVIEW OF LAND CLASSIFICATION SYSTEMS.

485- B. HISTORY OF STATE SELECTION NEAR HAINES.

C. HAINES MILL CLOSURE

- 531 D. OPPOSITION TO MAINE'S TIMBER SALE  
 E. APPROVAL BY LEGIS. FOR NEGOTIATED SALE / CRITERIA  
 555 F. 2<sup>nd</sup> AREA LAND USE PLAN. CONTROVERSY AROSE.  
 580 G. DESCRIPTION OF FINAL LAND USE PLAN.

1. TIMBER / FOREST LAND
2. EAGLE HABITAT
3. PUBLIC RECREATION AREAS
4. FISH & WILDLIFE ZONES
5. RESOURCE ASSESSMENT AREAS.
6. WATERSHED

Q: WHAT WERE OBJECTIONS TO PLAN?

1. EAGLES HABITAT
2. IMPACT ON FISHERIES
3. FEAR STATE WOULD SELL TOO MUCH.

H. SUMMARY OF REACTION TO PLAN

## 650 II. MAINE'S TIMBER SALE

- A. PUBLIC INTEREST / SUSPICION RE: PROCESS
- B. DESCRIPTION OF CONTRACT
  1. 10 million pounds ft.
  2. 15 year span
  3. appraisal methods
  4. ENVIRONMENTAL CONSIDERATIONS
- C. UNIQUE PROVISIONS
  1. REFORESTATION CLAUSE

Q: WHERE DOES STATE GET SEEDLINGS?

Q: WHAT KIND ARE PLANTED? 50/50?

Q: ALWAYS RE PLANT SAME KIND?

Q: ANY PLAN FOR REFOREST PINE OR FIR?

2. ENVIRONMENTAL PROVISION - GIVES STATE MORE VOICE  
IN OPERATION OF CONTRACTOR.

750

3. ARBITRATION SYSTEM -

301N SCHNABL - LUMBER CO. (HAINES)

770. I. BACKGROUND - LUMBER / EARLY ALASKA

II. ENVIRONMENTALISTS IMPACT ON TIMBER IN TONGASS

A. CRIMPED STYLE OF LOGGERS

B. LACK OF LOGS FOR MILL CAUSED ~~BY~~ CLOSURE

C. SEVERE IMPACT ON COMMUNITY.

1. ECONOMIC

2. SOCIAL

D. LEGISLATURE MOVED, DIRECTED SALE BY DNR

E. LAND USE PLAN PREREQUISITE FOR SALE

F. ENVIRONMENTAL ACTION DELAYED SALE

AND IMPLEMENTATION - STILL NOT CUTTING LOGS.

826

III. Description of HAINES ECONOMY

A. 1,600,000 ACRES

B. 440K STATE LAND.

C. SALE IS 94K ACRES.

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pg. 5 of —

D. SALE REPRESENTS ONLY SMALL AREA OF  
TIMBER IN AREA.

E. HUMAN IMPACT, CURRENTLY, IN HAINES  
AREA NOT ~~HUMAN~~ ENDANGERING EAGLES

#### IV. ~~NO~~ HUMAN CONFLICT IN PROGRESS

A. ENVIRONMENTALISTS VS. DEVELOPERS

B. NEED FOR PROGRESS IN ECONOMY

#### V. FACTORS IN SALE.

A. DURATION OF SALE IMPORTANT

1. STABLE ECONOMY FOR MILL DEVELOPMENT

2. FUTURE CONFIDENCE OF COMMUNITY

B. PROVISIONS

1. 50% SALES MUST BE DOMESTIC

2. MUST EMPLOY 400 PEOPLE ANNUALLY  
(EXPECT 120).

3. REQUIREMENT TO BUILD POWER SYSTEM  
FOR COMMUNITY AND MILL

a. Company ~~now~~ doesn't have \$ money  
to complete

b. have done preliminary work.

c. asking \$ 3 million from <sup>planned</sup> Forest Fund.

991- Q: WHAT ARE YOU DOING WITH BY-PRODUCTS?

1010 Q: WHAT SUCCESS IN RESEEDING

1024 Q: WHY NO DRY XLIMS?

1053

Q: HOW MUCH WILL A KILN COST?

Q: HOW LONG TILL A KILN COMES ON?

Q: WHAT HAPPENS IF INSURANCE HOLDS TILL  
LOGS RUN OUT AGAIN?

Q: WHAT WILL YOUR COMPANY DO?

1080

Q: DURING PIPELINE PERIOD DID YOU SELL A  
LOT OF TIMBER? WILL GASLINE GIVE YOU  
A BOOST?

Q: WHAT KINDS OF TRANSPORTATION PROBLEMS DO YOU  
HAVE?

1106

Q: WHEN WILL BE IN COAL MARKET?

1127 PAUL MAKI - STATE FOREST LANDS MGT.  
DIST FORESTER DNR

INTRODUCTIONS -

1147-

I. OVERVIEW / FOREST PRACTICES LEGISLATION

A. ONLY 17 STATES HAVE FOREST PRACTICES ACT.

B SILVICK (SILVEX) (SILVIC) ?? ~~DEFINED~~

- BIOLOGICAL SIDE OF PRACTICES OTHER IS  
ECONOMICS.

1175

C. LEGISLATION HISTORY.

\*

II. FOREST PRACTICE ACT FOR ALASKA

A. COMPOSITION OF BOARD OF FORESTRY

B. NOTIFICATION VS. PERMIT / PRIOR APPROVAL SYSTEMS

C. REQUIRED DNR / DEC INTERFACE

1. DEC RESPONSIBILITY FOR WATER QUALITY
2. DNR REGULATIONS HAVE TO BE CONSISTENT

D. "BEST PRACTICES", WHICH WILL BE DEVELOPED, ARE GUIDELINES, NOT PRESCRIPTIONS. GIVES OPERATORS MORE FLEXIBILITY.

Q: WHY IS A MINER ON FORESTRY BOARD?

Q: HOW MUCH LEGWAY DOES OPERATOR HAVE IN COMPLYING WITH THE LAW?

E FORESTRY PERSONNEL ADDED E TO ~~DEPT~~ IMPLEMENT ACT. MUST BE SPREAD THROUGHOUT STATE, NOT CONCENTRATED -

DESCRIPTION OF ORGANIZATION

F REFORESTATION PROVISIONS.

1354

G. EXCLUSION OF PERSONAL USE / PRIVATELY OWNED AREAS

H EXCLUSION OF SMALL OPERATORS

I DNR WILL COORDINATE / ASSIST IN PERMIT PROCESS.

1370

J. EMPHASIS ON EDUCATION / ASSISTANCE RATHER THAN REGULATION.

Q. ANY REGULATIONS ON FIRE PREVENTION?

1401 Q. WHAT IS OPEN BURNING?

1410 Q. IS THIS 3<sup>rd</sup> STEP OVER LOCAL GOVT & BLM PERMITS?

1416- ROSS, I SOBOLEFF SEALASKA

I. SEALASKA LAND PICTURE

A. LAND SELECTION CRITERIA

B. PRIMARY EMPHASIS ON ~~THE~~ <sup>TIMBER</sup> IN LAND PROCESS  
D. "INVENTORY" UNDERWAY AT PRESENT

1. Value of Land (Tax, Investors etc).
2. PLAN TIMBER HARVEST STRATEGY
3. FINANCIAL INFORMATION,
4. Calculate Needs for "sustained yield" development

Q: WHAT IS ADVANTAGE OF SATELLITE PHOTOS OVER AIRCRAFT PHOTOS?

II. PRESENT ACTIVITY

- A. EXTENSIVE PHOTO MAPPING & ANALYSIS
- B. DETERMINING ROLE of CORPORATION.

1965 Q: ??  
C. LIST OF VILAGE HOLDINGS



1608 D. ADMIRALTY ISLAND SELECTIONS (CONTROVERSY)

III. CHANGING ROLE OF NATIVE CORPORATIONS  
DEMANDS w/ LEAD TO BANK IN BUSINESS.

IV. SECTION 7I OF NATIVE LAND CLAIMS ACT  
70% of RESOURCES INFORMED MAPS BY SEALASKA  
LEADS TO ALL REGIONAL CORPORATIONS

1609 Q: WHAT ARE REASONS FOR SELECTIONS?

Q: SEE 14-111, SEALASKA TAKE ITS OWN INVENTORY OF HISTORIC SITES.

Q: IF SEALASKA MARKETS TIMBER, WILL IT  
BE NAT'L OR INTERNATIONAL?

79-03/51

2 of 3

10/23/79

AOGA Workshop Day #2

George Day Manager of Kenai Refinery (Chevron)

00 Details Cook inlet production

20 3 kinds of Crude:  
Light, heavy, S&H

35 Sulphur content - important.  
Sweet - not much Sulphur  
Sour - lots

Every barrel of U.S. crude  
has 1 lb of Sulphur

0125 1% gas NS  
2% gas Cook inlet

0136 Asphalt - Suson River Crude

0162 Boiling Pt.  
methane -260°F  
Components -250°F to 1000°F

194 - 400°F - Light gas boiled off  
(25% of crude)  
then increase temp. then  
kerosene boils

224 - Fractionating Column is  
how it's done today.  
explains diagram

79-03/51

2 of 3

300 - explains photo

403 crude/floatng root tanks explanation

498 other types of tank

520 combination unit distilling

569 integrated refinery

579 pictures of kinetic facilities

696 a. production rates, aromatic.

change of metabolizer

790 phenol content - carb

796 add oil, phenol, acid to central Bk -

W halast water - in ships compartment - needs treating - opt oil out -

810 NPPS permits working - EPA permit - st. added  
aromatics

BREAK TIME - THEN MOVIE

832 Linda Dwyer

872 Ed Hillard (slide presentation)

Consumption of oil products

Q Kathryn Estimated ~~what~~ consumption?

925 in Ak, percentage of consumption by product

955 Division of self-service stations in Ak

wholesale sale of pet. products

970 bush consumption

1012 oil industry consumption

1012 storage terminals

1025 pipelines

1030 transportation via RR, tankers

Q Colin H. compare w/ ferry size

K Kathryn How big is tanker?

200,000 - 250,000 dwt ton

79-03/51

3 of 3

- 1050 operation of bulk plants
- 1066 sales to new customers need fed. authorization
- 1070 use of charge cards for oil purchases
- 1100 Q Kath <sup>consumption</sup> comparisons w/ other states
- 1118 Distribution methods throughout AK
- 1130 barges, tankers
- 1147 rail
- 1152 interior barging
- 1157 truck
- ~~1160~~
- 1165 Western AK transportation
- 1170 Q Kathryn how many trips in W. AK?
- 1178 Q Freda costs of barging near Fbx?
- 1202 price differences between AK locations
- 1210 Q Bernie what is wholesale price in Kenai?
- 1223 Storage & transportation costs account for location price differentials
- Q Kathryn what is lightering, why necessary
- 1245 gasoline price v. consumer price index
- Q John CPI includes gasoline price? (yes)
- 1261 breakdown of Juneau gasoline costs
- 1280 Mr Ralph (ordiment) AK in better shape than lower 48
- 1318 Commodity price comparisons
- 1357 1919 v 1979 Cordova prices on gasoline & fuel
- Q John H.
- 1390 Q Kathryn price controls during depression? (NO)
- 1413 Crude prices
- 1445 Q Kathryn your price are diff from ARCO?
- 1453 end

AOGA WORKSHOP, DAY #2

000- Joe McKinnon

P. Background on Beaufort Sea.

032- A. Round-Bay" Bonus  
B. STATE FAIR SHARE  
C. TAX METHODS  
D. LEASE LANDS

II: COMMITTEES oil & Gas Leasing

077- A. OILMAN'S TO OILSEER BEAUFORT LEASE  
B. ENVIRONMENT QUESTION  
C. OWNERSHIP of AREA

102- III- FED/STATS & JOINT SALE.

A. 3 mile BASE LINE THEORY  
B. " " AEL THEORY  
C. COURT DECISION  
D. DINKUM SANDS/ISLAND

160- IV SALE PROCEDURES  
A. STATE LAND/ STATE LAND  
B. FED LAND/FED REGS.  
C. DISPUTED AOGA, NEW JOINT SYSTEM  
E. SUNDING SCARS ROYALTY  
F. COMMITTEE WORK ON STATE PROCEDURES

203- V. ECONOMIC ANALYSIS  
B. COMMITTEE SUGGESTION  
C. DRY HOLE PROBLEM

224- VI. BILLING SYSTEMS ANALYSIS  
A. TRACKING SYSTEM  
1. Bonus Bid, Fixed Royalty  
2. oil cost. EVANSTE + CASH BONUS. GIVEAWAY.  
3. ADVANTAGES - SIMPLE, NO RISK.  
4. DISADVANTAGES.  
A. Lessen competition  
b. Cash cash in on oil price increases

280

304

## B. NET PROFIT SYSTEM

1. ~~the~~ Auction system
2. low cash bonus (TOKEN)
3. high ROYALTY SHARE
4. disadvantage

360-

- a. ~~encourage~~ encourage speculation
- b. idle leases
- c. "gold plating" wasting money on leases.

428-

## C. ROYALTY BIDDING

1. Bid is on ROYALTY %
2. disadvantage
  - a. company pays too much off top.
  - b. wells may shut down early
3. Sliding scale royalty.
  - a. gives old wells a break.
  - b. tied to value of production

460

VII - MIX OF SYSTEM MOST LIKELY.

Q: WHAT WILL FEOS USE?

478

Q: WILL THAT GIVE FEOS ADVANTAGE?

★ Q: WHAT IF <sup>STATE LAND</sup> ~~THE~~ HAD BEEN INVOLVED IN GULF OF ALASKA?

520-

★ Q: WHAT IF THERE HAD BEEN NO OIL? PRODUCTION.

Q: WHAT IF THERE IS NO COMMERCIAL ~~BIDDING~~ <sup>PRODUCTION.</sup>

564

★ Q: WHY WOULDN'T STATE DO SAME THING?

★ Q: IF STATE GOES NOT PART - AREN'T THEY GETTING INTO RISKS

★ Q: YOUR SAMPLE ISN'T BIG ENOUGH - STATE SHOULDN'T BE IN RISK BUSINESS.

★ Q: OIL COMPANY BULLSHIT

658 - MCKINNON (END) -

000 — CHIP TOMA — MINING IN ALASKA

## I. INTRO —

### A. ALASKA OPERATIONS

1. NOME

2. FAIRBANKS (USIBELLI)

Q: DROGE MOVEMENTS IN INTERIOR?

3. SMALL SEASONAL OPERATIONS

### B. COAL POLICY TASK FORCE

## II. HISTORY OF MINING

### A. WINDHAM BAY Gold discovery

1. John Muir

2. JUNEAU/HARRIS

### B. AJ mine & Treadwell

### C. INTERIOR Gold RUSH (1898)

1. IMPACT ON ECOLOGY

2. " " Population distribution

### D. \* PERSONAL feelings on 'Undiscovered'

MINERAL Resources'

## III. ORGANIZATION OF MINING

### A. LAISE FAIR

1. 1872 MINING LAW

B. oil no 1

C. GRAVEL # 2

D. BELUKA-CAPPIS GLACIER COAL FIELD.

077-

1:4-

200 IV - Beluga/CAPPs - IN depth description of development plans.

291 Q: what's a BTU?

Q: ANY ~~AMOUNT~~ AMOUNT OF OIL TO JAPANESE?

350 V. DNR MEMO ON MINERAL EXPLORATION

A. COAL - TAX STRUCTURE

B. ADMIN INITIATIVE VS. LEGIS INITIATIVE

VI. DAVE ROGERS REPORT

A. NW ALASKA OIL / COPPER

B. CONICAL BROOKS Rng. - SILVER, ZINC, LEAD, OIL

C. EASTERN BROOKS -

D. SEWARD PENN. - GOLD (Dredge), OIL, TIN,

E. UPPER RIV. - COPPER, OIL, ZINC, GOLD

F. SWIST - ~~20~~ NO OPERATIONS

G. SE - MOLYBDENUM(?)

VII. DETAIL ON BORAX & IMPACT OF D-Z ON MINING.

A. GOU'S REQUIREMENTS

B. LOBBYING EFFORT

C. TAILINGS PROBLEM

1. Channel dumping

2. ROAD (15 THOUSAND MILES)

3. FOREST SERVICE LOBBY. 4.

D. CONGRESSIONAL REACTION.

Q: ANY ALTERNATE PLAN FOR TAILINGS?

Q: WHAT DO TAILINGS DO IN WATER?

Q

Q: DO YOU HEAR ABOUT COMET MINE?

561 Q: ACTIVITY IN INTERIOR

VIII, INTRO OF TED SMITH'S TALK.

Q: FISH RESOURCE VALUE, WHY JUMP IN 73/74?

J.P. TAIKENT - AK. MINERS ASSOC.

626 Map - mine &amp; min. deposits locations -

636 Let's have Q &amp; A -

641 - hypothetical economics - a lot's of details of, showing  
has some samples -658 - hardrock mining - definition - 2 kinds - diff from energy  
mining also not placer mining - gold, silver, tin, copper, etc  
found in separate materials - eg stream beds - gold comes in  
diff sizes -691 - hardrock find data for AK - map - trends - Let's follow  
conts - coastal, etc - no operating mines - virtually  
none in state - those that did were abandoned due to  
D-2, pd clean demand, etc. -map also shows econ min deposits - SR. Chumley, Glover  
Bay, etc -

732 - all world class deposits - top 2 or 3 in world.

736 - economic situation - look at table in book - Table 6 -  
rows 2 & 3 - copper, lead, zinc & silver - lots of books -

- 760 gross profit margin for, at base <sup>class</sup> - 39 1/2 mil profit on annual operation
- 270 mil investment return 39 1/2 mil profit -
- rate of return when inflation is at now - 20, no margin in case 2
- no case 3 margin in Ok 11.6 rate of ret. not profitable
- 763 Case 5 - this is a piece of rock w/ gold in it - ~~the~~ 31% rate of return - makes it attractive - gold price ~~is~~ changing thing -
- 802 Case 4 - no profit at all in underground copper ops. Coal - low, high, other ops - not adequate fuel ret.
- 811 no development work - only exploration by co's tied to large oil co's. - generally - 1500 to 1 odds it won't become a mine -
- 831 high - rock 54 - Ok seen - it had fairly good - but stability is a ? - exploration & leaching Ok -
- 846 1990 - would Mar. be not applying cause of unstable oil demand - increase in OPEC oil output around -
- Q from Chap -
- 876 potential - Prob. invested but no profit back there yet - plus reason, only one that's profitable now - small ops in creek - few people - no ~~me~~ measure of cause things provide people - security of motivation -
- 901 Montebello, Better, Interior better operation, quality - spending oil represents premium

Q - rate of return?

915 - lots of factors - some required - like taxes - ENDS requirements - technology etc - some operations in progress eg. Inglehart river gap - salmon spawning stream - fish just keep spawning - has ops not bothering fish - costs can significantly cut into profits -

913 profits up this yr cover gold price up -

967 Q - ~~hand rods covering~~ how what price? to make profit -

973 - Target - in 67 more of EPA acts - over ANCSA - Occidental minerals working w/ President in Douglas - target to put that together now - 11/5/02 still profitable

996 private land owners have advantage - State also landowner - also Feds -

1016 records - St owned lands - St thinks its a landlord - w/ St. makes bad deal, it just changes the deal -

1021 - John D. - Q -

1029 - Target - no, not just open access, mine - cases 2 & 3 -

Abundant etc - taxes on coal - st revenue tax - plus workers income tax - Total 32% is just in tax - not the greatest return -

add in royalty cost - no longer economical - w/ cut off at 14.6 mil the plus tax burden - they'd shut out to operate - steps between discovery & production

1158 - T - world market museum -

TED SMITH - Dir. Lands -

- 1208 - explanation of role of land + water management, Timber responsibilities of fire + water + land disposal evolution of land disposal programs Municipal Selection Act / Land Disposal
- 1228 - Statehood to present land disposal sales + leases
  - Mental Health lands
  - Agricultural lands - preference rights
 } First state legislature
- 1258 - Open to entry lands - 1968  
residency requirements - suspended in 1973
- 1272 - 1977 - new programs added - 'amendment to lease'  
lease adjusted rates of increase / 2% a year  
Court case w. university on leases + sale of school lands
- 1288 - Homesite program - live on and build habitable structure  
for 21 of 36 month ( 5/36 if 20 yr. residence)
- 1305 - 78 programs / problems of 'side-by-side' parcels  
amended to 3 yr. residency req. / 5 yr. to construct
- 1325 - Lottery program, 1 yr. resident, land discount, 5%  
have to be registered voter  
agricultural lands / not to subdivide for industrial  
Farm conservation Plan / Farm development
- 1349 - Open to entry repealed in 1979  
must build habitable structure  
40 acre maximum

1) INDEX - INTERVIEW TAPES

Audio/Video

2) Develops Production Policy DRAFT

there, Resource

3) "How to ACCESS WIS. PROCESS" Plan  
proposal by JAN. 14

4) Future Frontiers

5)



PM

Dick MADDOX ed. Future Frontiers

POW WHITEPAPER

CYNTHIA PERLINS & Audio

SIOMK - VIDEO T/C Budget? Interview

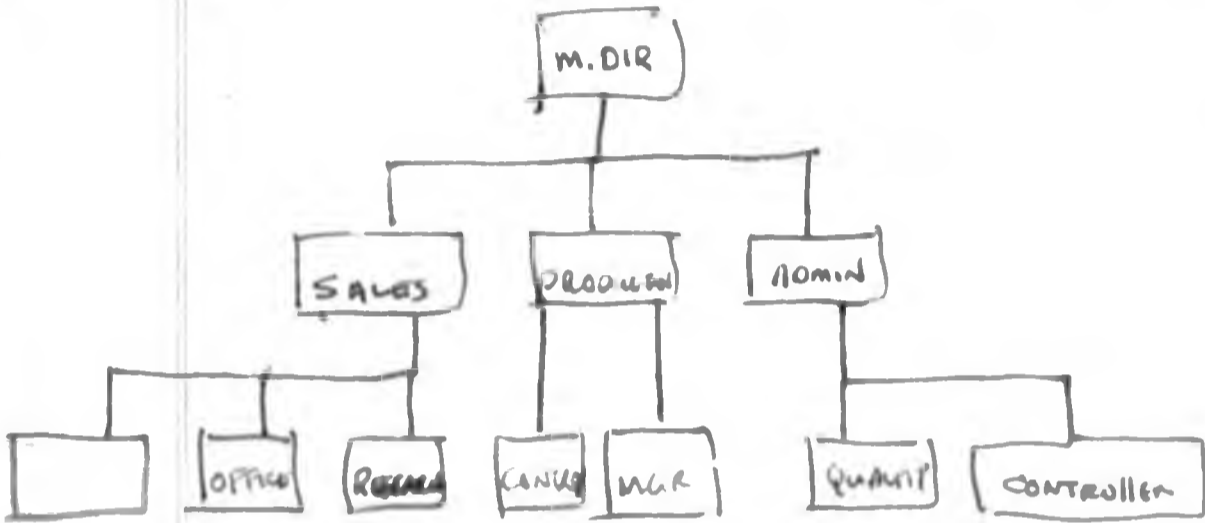
2-3

# MATRIX ORGANIZATION

1. Objectives ⇐

2.

3. level



SEAL

DATA A Hammock  
Title: ...

TEAR

**CORRECTION**

**CORRECTION**

1188 - T - world market measure -

TED SMITH - Dir. Lands -

1208 - explanation of role of land + water management, Timber responsibilities of fire + water + land disposal

evolution of land disposal programs

Municipal Selection Act / Land Disposal

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Mental Health lands

Agricultural lands - preference rights

} First state legislature

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for 21 of 36 month ( 5/36 if 20 yr. residence)

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amended to 3 yr. residency req. / 5 yr. to construct

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have to be registered voter

agricultural lands / not to subdivide for industrial

Farm conservation Plan / Farm development

1349 - Open to entry repealed in 1979

must build habitable structure

40 acre maximum

B60 - Requirements of '79 land laws  
2-5 acres residential / 35-48ac. for non-residential  
cultivation, airstrips

1384 - no credits for ~~the~~ improvement of agricultural lands  
discounts for veterans, \$37,000 maximum  
assignable clauses

1402 - hot springs rights  
180° subsurface reversion

1420 - Land policy act, Chap 4, title 38  
evaluation program for uses, incl. residential  
3-year program to do the survey + sale  
legislative mandates for disposal, 50,000 ac.  
last year, 100,000 this year

1440 Q After the fact eval evaluation?

A. Difficult to assess impacts  
Necessity for field presence

1454 - Q agricultural land classifications

Questions



# Alaska State Legislature

## House of Representatives

Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business MEMORANDUM

TO: Rep. Jack Fuller  
FROM: Cheryl Frasca *CF*  
DATE: February 5, 1981

ADMINISTRATIVE REGULATION REVIEW COMMITTEE (According to  
the Statutes)

The Administrative Regulation Review Committee is established by statute as opposed to most other committees which are established in the Uniform Rules. Other committees similarly established are Legislative Budget and Audit and Legislative Council. Regulation Review is a permanent interim committee established "to provide prompt legislative review of administrative regulations and to determine if annulment is appropriate".

From its six members, the committee elects a chair. It has the power to:

- 1) organize and adopt rules for conducting business;
- 2) hold public hearings;
- 3) require state officials, agencies to cooperate;
- 4) examine regulations to determine if they comply with legislative intent; and

5) . recommend legislative annulment of administrative regulation.

In addition, the committee has the power during the interim to suspend, by a two-thirds vote, the effectiveness of any regulation adopted or amended after adjournment of the regular session. Suspension is effective until 30 days after the legislature reconvenes. Before the committee can take such action, a hearing must be held within 15 days notice.

This power does not apply to emergency regulations.

Chapter 7 of Title 44 provides that the legislature can annul a regulation by concurrent resolution. This is the provision which was struck down by the Supreme Court in State of Alaska vs. A.L.I.V.E. Voluntary. As a result, regulations can only be annuled through a bill.



# Alaska State Legislature

## House of Representatives

Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business

### MEMORANDUM

TC: Rep. Jack Fuller  
FROM: Cheryl Frasca *CF*  
DATE: February 5, 1981

#### HOW REGULATIONS ARE ADOPTED (According to the Statutes)

The Administrative Procedures Act (Chapter 62) establishes the procedures for adopting regulations. The process is basically as follows with a few exceptions spelled out in the statutes.

An agency submits its proposed regulations to the Lt. Governor. At that time, he sends a copy to the Regulation Review Committee. The regulations will become effective within 30 days after filing with the Lt. Governor unless another time is specified. Thirty days public notice of intended action must be given. The agency shall provide for a public hearing on the proposed regulations.

If the adoption, amendment or repeal of the proposed regulations will result in an increased appropriation, the department shall prepare a fiscal note for that fiscal year as well as for at least the next two fiscal years. This information shall also be sent to the committee. (It's interesting to note that if the regulations will result in a decreased appropriation, the department does not have to establish that fact).

If an individual, as opposed to an agency, wants to adopt, amend or repeal a regulation, he or she has the right to petition the agency (except in specified instances). Upon receipt of a petition, the agency shall, within 30 days, either deny the petition or schedule a hearing.

Emergency regulations are adopted when the agency submits in writing that the action "is necessary for the immediate preservation of the public peace, health, safety or general welfare". Emergency regulations cannot remain in effect more than 120 days unless the agency meets the same minimum procedural requirements as other regulations either before submission to the Lt. Governor or during the 120 days.

Section 44.62.030 requires that no regulation is valid unless it is consistent with the statute.

# ADMINISTRATIVE REGULATION REVIEW COMMITTEE

COMMITTEE MEMBERS  
REP. DICK RANDOLPH, CHAIRMAN  
SEN. ROBERT H. ZIGLER, SR., VICE-CHAIRMAN  
REP. MITCHELL ABOOD, JR.  
REP. H. PAPPY MOSS  
SEN. GEORGE H. HOHMAN, JR.  
SEN. MIKE COLLETTA



ALASKA STATE LEGISLATURE  
POLICH V. STATE CAPITOL  
JUNEAU, AK 99811  
(907) 485-3073

State Representative Randy Phillips  
Box 142  
Eagle River, Alaska 99577

Dear Randy:

Enclosed is a copy of a packet of information which the house leadership asked me to prepare for new members of the committee. I replaced Gail Thibedeau as secretary/aide for the committee in September of 1982.

Since the committee was only minimally funded during the interim, and since this was an election year, there has been minimum activity by the committee since adjournment of the legislature. The function of my present position has been to review mail and regulations proposed during the interim and report appropriate matters to the chairman of the committee. Funding was only allowed the committee during the interim to allow at least some presence of the committee function.

The only expenses of the committee during the interim has been for the range 15A salary and minimum telephone expenses.

Incidentally, your inquiry regarding the division of motor vehicles prompted a request to the division which has not been answered to this point in time.

Please let me know if you wish any further information.

Yours truly,

A handwritten signature in cursive script that reads "Robert Reed Shelley".

ROBERT REED SHELLEY  
Secretary/Aide

on (6) gives audit division  
 state agency records. —  
 AS 23.30.110 (6) and 43.20.110  
 confidentiality of records in the  
 Department of Labor and Revenue.  
 (6) of this section enables the  
 of Audit to have access to the  
 of every state agency whether  
 or not 1979 Op. Atty Gen.  
 confidential tax and wage records  
 collected by Alaska Const., art I.  
 A legislative auditor may not  
 confidential records on file for  
 come tax returns and wage  
 ion submitted by employees and  
 to the Department of Labor in  
 on with the administration of the  
 Employ. t Security Act to  
 e if persons receiving assistance  
 Department of Health and Social  
 under their Adult Public  
 ice and Aid to families with  
 nt children were eligible. Such taxa  
 n the ambit of protection intended  
 rded the right of privacy. Alaska  
 Const., art. I § 22, 1972 Op. Atty

er of the legislature may, in  
 request that the budget and  
 y state agency or department  
 and received by any political  
 funds. Should a majority of  
 the legislative audit division

The legislative auditor, the  
 analyst and members of the  
 divisions may not serve in  
 cept as authorized in § 24.20.311  
 Administrative agency of  
 ncial interest in transactions  
 nt. (§ 2 ch 95 SLA 1974)

lative audit division shall keep  
 her reports or releases issued  
 audit work papers and other  
 shall also keep a complete and  
 s involving the division.  
 shall keep a complete file of all  
 ases issued by the division and  
 lcal transactions involving the

Sec 24.20.311. Reports. The committee shall file copies of its approved audit reports including any committee recommendations with the governor, the agency concerned and the legislature. An annual report summarizing the audit reports and committee recommendations made during the year shall be filed with the governor and with the legislature within the first five days of each regular session of the legislature. Reports shall be approved by a majority of the committee before their release and shall be open to public inspection after their release to the legislature. (S 2 ch 95 SLA 1971)

**Article 3. Administrative Regulation Review Committee.**

ALASKA  
 Statute

Section	Section
01 Administrative Regulation Review Committee established	440. Meetings
02 Membership	445. Power of suspension
03 Term of membership	450. Staff
04 Vacancies	460. Powers

Sec. 24.20.400. Administrative Regulation Review Committee established. The Administrative Regulation Review Committee is established as a permanent interim committee of the legislature. The establishment of the committee recognizes the need for prompt legislative review of administrative regulations filed by the lieutenant governor to determine whether annulment under AS 44.62.920 is appropriate. (§ 1 ch 27 SLA 1975)

Editor's note. — Section 6, ch 84, SLA 1976 provides: "The Administrative Regulation Review Committee established by AS 24.20.400 — 24.20.460 shall review administrative regulations adopted by executive departments of the state government which affect the resources and use of the resources of the state's coastal area. The committee shall, not later than January 30, 1979, make formal recommendations with respect to annulment of regulations adopted which, in the opinion of the committee, fail to implement, interpret

or carry out the policies, objectives and standards of the Alaska coastal management program. The recommendations of the committee shall be transmitted to the first regular session of the Eleventh Alaska Legislature." As to the Alaska coastal management program, see AS 46.40.010 et seq. As to the Alaska Coastal Policy Council, see AS 44.19.891 et seq. As to planning assistance for development and maintenance of district coastal management programs, see AS 44.47.095.

Sec. 24.20.410. Membership. The Administrative Regulation Review Committee is composed of three members of the house appointed by the speaker of the house, and three members of the senate appointed by the president of the senate. The membership from each house shall include at least one member from each of the two major political parties. The committee elects a chairman from among its members. (§ 1 ch 27 SLA 1975)

Sec. 24.20.420. Term of membership. The committee shall be organized within 15 days after the organization of each legislature.

Title 25  
 Marital and Domestic  
 Relations

Members serve for the duration of the legislature during which they are appointed. If they are reelected or their term of office extends into the next succeeding legislature, they continue to serve until reappointed or the appointment of their successor. (§ 1 ch 27 SLA 1975)

Sec. 24.20.430. Vacancies. When a vacancy occurs in the membership of the committee, the presiding officer of the house incurring the vacancy shall choose a successor. If the office of the president of the senate or speaker of the house of representatives becomes vacant and a vacancy from the affected house occurs among the membership of the committee, the remaining committee members from the house incurring the vacancy shall appoint a new member. (§ 1 ch 27 SLA 1975)

Sec. 24.20.440. Meetings. The Administrative Regulation Review Committee may meet during sessions of the legislature and during the interim between sessions at such times and places in the state as the chairman may determine. Members may receive, for the minimum time required to get to and from meetings and for the period while attending meetings, the same travel and per diem allowances provided by law for members of the legislature when attending sessions, except that members of the committee receive no per diem during legislative sessions other than the per diem allowance paid to other members of the legislature. (§ 1 ch 27 SLA 1975)

Sec. 24.20.445. Power of suspension. (a) When the legislature is not in session, the Administrative Regulation Review Committee may by an affirmative vote of not less than two-thirds of the members of the committee suspend the effectiveness of the adoption of or amendment to a regulation adopted after adjournment of the previous regular session of the legislature, until 30 days after the legislature reconvenes. (b) The effectiveness of an adoption or amendment of a regulation is suspended on the date a committee report passing in favor of suspension is filed with the lieutenant governor. If an adoption of or amendment to a regulation is not effective on the date a report is filed with the lieutenant governor, the effectiveness of the adoption or amendment which is the subject of the committee's report is suspended from the date the adoption or amendment would otherwise become effective under AS 44.62.180.

Replaced by Sec 24.20.445

(c) No action under (a) of this section may be undertaken unless all interested parties are afforded an opportunity to be heard at a hearing held upon 15 days' notice to those parties.

(d) The provisions of this section do not apply to emergency regulations. (§§ 1, 2 ch 3 SLA 1978)

Revisor's note (1978). — The language ch. 3, SLA 1978 and codified as part of AS 24.20.445(d) was drawn from sec. 2, 24.20.445.

Sec. 24.20.450. Staff. The Legislative Committee with professional and clerical assistance shall be under the auspices of the Legislative Council. (§ 1 ch 27 SLA 1975)

Sec. 24.20.460. Powers. The Administrative Regulation Review Committee has the following powers: (1) to organize and adopt rules for the committee; (2) to hold public hearings; (3) to require all state officials and agencies to give full cooperation to the committee in furnishing requested information; (4) to examine all administrative regulations to determine whether they properly implement legislative intent; (5) to make recommendations for the promulgation of administrative regulations under AS 44.62.180; (6) to prepare and distribute reports. (§ 1 ch 27 SLA 1975)

Article 4. Legislative Board of Retirement

Section	Section
1. Legislative Board of Retirement	530
2. Benefits established	540
3. Membership	560
4. Selection of membership	570

Sec. 24.20.500. Legislative Board of Retirement. The Legislative Board of Retirement is a permanent advisory board of the legislature. The board is established in recognition of the need to study and analyze the retirement systems of the state and to recommend changes to the legislature. (§ 1 ch 400 SLA 1977)

Sec. 24.20.510. Membership. The Board of Retirement Benefits is composed of: (1) the commissioner of administration; (2) the director of the division of retirement; (3) an employee of the state employed under the state retirement system (AS 39.85); (4) an employee of the state or employed under the teachers' retirement system; (5) a public member not employed by the state with a background in economics or public finance; (6) a retired member from the public retirement system; (7) a retired member from the teachers' retirement system. (§ 1 ch 401 SLA 1977; am § 1 ch 741 SLA 1978)

Sec. 24.20.450. Staff. The Legislative Affairs Agency shall provide the committee with professional and clerical assistance under the auspices of the Legislative Council. (§ 1 ch 27 SLA 1975)

Sec. 24.20.460. Powers. The Administrative Regulation Review Committee has the following powers:

- 1) to organize and adopt rules for the conduct of its business;
- 2) to hold public hearings;
- 3) to require all state officials and agencies of state government to give full cooperation to the committee or its staff in assembling and furnishing requested information;
- 4) to examine all administrative regulations to determine if they properly implement legislative intent;
- 5) to make recommendations for legislative annulment of administrative regulations under AS 44.62.320;
- 6) to prepare and distribute reports, memoranda, or other materials.

(§ 1 ch 27 SLA 1975)

(7) and (8) added as per ch 1 SLA 82 Sec 3.

Article 4. Legislative Board of Retirement Benefits.

	Section
1) Legislative Board of Retirement Benefits established	530. Compensation
2) Membership	540. Duties of the board
3) Functions of membership	560. Staff for the board
	570. Definitions

Sec. 24.20.500. Legislative Board of Retirement Benefits established. The Legislative Board of Retirement Benefits is established as a permanent advisory board of the legislature. The legislature establishes the board in recognition of its need for detailed expert fiscal analysis of the retirement systems of the state and recommendations to change them. (§ 1 ch 130 SLA 1977)

Sec. 24.20.510. Membership. The membership of the Legislative Board of Retirement Benefits is composed of seven members:

- (1) the commissioner of administration or his designee;
- (2) the director of the division of retirement;
- (3) an employee of the state employed under the public employees' retirement system (AS 39.95);
- (4) an employee of the state or of a school district who is employed under the teachers' retirement system (AS 14.25);
- (5) a public member not employed by the state who possesses a background in economics or public finance;
- (6) a retired member from the public employees' retirement system;

(7) a retired member from the teachers' retirement system. (§ 1 ch 121 SLA 1977; am § 1 ch 121 SLA 1978)

Supplemental Title 25 Marital and Domestic Relations

1982 amendments to  
By Bureau committee Chapter 1  
statutes

AN ACT

Relating to administrative regulations; and providing  
for an effective date.

• Section 1. STATEMENT OF INTENT CONCERNING AS 24.20.443(b). It is the intent of the Twelfth Alaska Legislature that the power to suspend the effectiveness of a regulation granted to the Administrative Regulation Review Committee by AS 24.20.443(b) as amended in sec. 2 of this Act is to prevent the public suffering harm before the full legislature has the opportunity to annul the regulation by law.

• Sec. 2. AS 24.20.443(b) is amended to read:

(b) The effectiveness of an adoption or amendment of a regulation is suspended on the date a resolution of the Administrative Regulation Review Committee resolving that the regulation be suspended (COMMITTEE REPORT PASSING IN FAVOR OF SUSPENSION) is filed with the lieutenant governor. If an adoption or amendment to a regulation is not effective on the date a resolution (REPORT) is filed with the lieutenant governor, the effectiveness of the adoption or amendment which is the subject of the committee's resolution (REPORT) is suspended from the date the adoption or amendment would otherwise become effective under AS 44.62.100.

• Sec. 3. AS 24.20.440 is amended by adding new paragraphs to read:

(7) to promote needed revision or repeal of regulations that have been adopted by state departments and agencies and, when the committee determines a regulation should be repealed or amended,

Chapter 1

to introduce a bill that would enact a statute that would supersede or nullify the regulation;

(8) to investigate findings that are transmitted to the committee by a standing committee in accordance with AS 24.99.001 and, as appropriate, to either introduce a bill annulling the regulation or exercise the committee's power to suspend the effectiveness of the regulation in accordance with AS 24.20.445.

• Sec. 4. A. 24 is amended by adding a new chapter to read:

CHAPTER 99. MISCELLANEOUS PROVISIONS.

Sec. 24.99.001. REVIEW OF REGULATIONS BY STANDING COMMITTEES.

(a) A standing committee of the legislature furnished notice of a proposed action under AS 44.62.190 shall review the proposed regulation, amendment of a regulation, or repeal of a regulation before the date the regulation is scheduled by the department or agency to be adopted, amended, or repealed.

(b) A standing committee conducting a review of a regulation under (a) of this section shall determine whether the regulation properly implements legislative intent.

(c) A standing committee shall conduct preliminary reviews under this section while the legislature is in session and during the intervals between legislative sessions.

(d) If a standing committee determines that a regulation, amendment to a regulation, or repeal of a regulation does not properly implement legislative intent, the standing committee's findings shall be transmitted to the Administrative Regulation Review Committee.

• Sec. 5. AS 44.62.19' (a) is amended by adding new paragraphs to read:

(7) furnished to the standing committee of each house of the legislature having legislative jurisdiction over the subject matter treated by the regulation under the Uniform Rules of the Alaska State

Chapter 1

Legislature, together with a copy of the proposed regulation, amendment, or order of repeal for the committee's use in conducting the review authorized by AS 24.99.001;

(8) furnished to the staff of the Administrative Regulation Review Committee.

• Sec. 6. This Act takes effect July 1, 1981.

The "unconstitutionality" of this statute

implies reduced authority of AARC.

Sec. 44.62.320. Legislative annulment of regulations and review. (a) The legislature, by a concurrent resolution adopted by a vote of both houses, may annul a regulation of an agency or department.

(b) At the same time a regulation is filed by the lieutenant governor the lieutenant governor shall submit the regulation to the chairman and all members of the Administrative Regulation Review Commission for review under AS 24.20.400 — 24.20.460 together with the financial information required to be prepared under AS 44.62.195. (c) 1 art. 11 (c); 1 ch 143 SLA 1959; am § 3 ch 149 SLA 1962; am § 2 ch 72 SLA 1963; am § 2 ch 27 SLA 1975; am § 5 ch 64 SLA 1978; am § 3 ch 14 SLA 1980)

Effect of amendments. — The 1978 amendment substituted "At the same time" for "Within 45 days after" at the beginning of subsection (b). The 1980 amendment inserted "and all members" following "chairman" near the middle of subsection (b), and added "together with the financial information required to be prepared under AS 44.62.195" at the end of subsection (b).  
 Constitutionality of legislative veto. — The legislative veto contained in subsection (a), which provides that the legislature, by a concurrent resolution adopted by a vote of both houses, may

annul a regulation of an agency or department," violates art. 11 of the Alaska constitution. State v. A.L.I.V.E. Voluntary, Sup. Ct. Op. No. 2022 (File No. 3670), 608 P.2d 769 (1980). But see Alaska Const., art. 11, § 22, which was proposed in the 11th legislature's Legislative Journal No. 5 and will be voted on at the next general election in November, 1980.  
 No implied general power to regulate by informal legislation exists. State v. A.L.I.V.E. Voluntary, Sup. Ct. Op. No. 2022 (File No. 3670), 608 P.2d 769 (1980).

Article 8. Administrative Adjudication.

Section	Section
330. Application of AS 44.62.330 — 44.62.630	490. Amendment of accusatory submission
340. Delegation of power by agencies	500. Decision in a contested case
350. Appointment of hearing officers	510. Term and effect of decision
360. Accusation	520. Effective date of decision
370. Statement of issues	530. Default
380. Service of accusation	540. Reconsideration
390. Notice of defense	550. Petition for reinstatement or reduction of penalty
400. Attended or supplemental accusation	560. Judicial review
410. Time and place of hearing	570. Scope of review
420. Form of notice of hearing	580. Continuances
430. Subpoena	590. Contempt
440. Depositions	600. Mail vote
450. Hearings	610. Charge
460. Evidence rules	620. Power to administer oaths
470. Evidence by affidavit	630. Impartiality
480. Official notice	

Sec. 44.62.330/ Application of AS 44.62.330 — 44.62.630. The procedure of the state boards, commissions, and officers listed in this subsection or of their successors by reorganization under the constitution shall be conducted under AS 44.62.330 — 44.62.630.

procedure, including, but not limited to, accusations and service, notice and time and place of hearing, depositions, matters concerning evidence and decision, judicial review and scope of judicial review, reconsideration, reinstatement or reduction of penalty, oaths, impartiality, and similar matters shall be governed, notwithstanding similar provisions in the statutes of the state boards, commissions, and officers listed, the procedure that shall be conducted under AS 44.62.330 is limited to named functions of the agency.

- (1) Repealed by § 5 ch 159 SLA 1980.
- (2) Board of Chiropractic Examiners
- (3) Board of Dental Examiners
- (4) State Board of Registration for Architects, Engineers and Surveyors
  - (1) Repealed by § 13 ch 218 SLA 1976.
  - (2) Board of Examiners in Optometry
  - (3) Repealed by § 5 ch 159 SLA 1980.
  - (4) State Medical Board
  - (5) Division of Lands under Alaska Land Act where
  - (6) Board of Nursing
  - (7) Board of Pharmacy
  - (8) Board of Public Accountancy
  - (9) Department of Labor as to functions relating to security only as provided in (c) of this section
  - (10) Real Estate Commission
  - (11) Alaska Workers' Compensation Board, where not otherwise expressly provided by the Alaska Compensation Act
  - (12) Department of Transportation and Public Facilities as to functions relating to aeronautics and communications
    - (1) Repealed by § 12 ch 131 SLA 1980.
    - (2) Repealed by § 48 ch 94 SLA 1980.
    - (3) Repealed by § 54 ch 169 SLA 1978.
  - (13) Department of Revenue, under Cigarette Tax Act
  - (14) Repealed by § 54 ch 169 SLA 1978.
  - (15) Repealed by § 11 ch 181 SLA 1976.
  - (16) Department of Public Safety, as to suspension of security guard's license under AS 18.35.400 — 18.35.450
  - (17) Department of Health and Social Services, under AS 18.35.050 relating to boarding and foster homes for children
  - (18) Deleted by § 60 ch 98 SLA 1966
  - (19) Repealed by § 4 ch 120 SLA 1971.
  - (20) Department of Health and Social Services under the Hair Dressing and Cosmetic Act (AS 17.20), and in connection with licensing of embalmers under AS 08.44.010

STATE OF ALASKA  
THE LEGISLATURE  
LEGISLATIVE AFFAIRS AGENCY

Legal Services opinion of effect  
of ALIVE decision on  
the committee  
function.

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3850

MEMORANDUM

February 28, 1980

SUBJECT: State of Alaska v. A.L.I.V.E. Voluntary  
TO: Representative Nels A. Anderson, Jr.  
House Majority Leader  
FROM: Billy C. Berrier  
Director  
Division of Legal Services

You have asked my comments on the decision of the Supreme Court in the case of State of Alaska v. A.L.I.V.E. Voluntary, (File No. 3670). A copy of the decision is attached.

The case concerns a regulation relating to games of skill and chance annulled by the legislature. The authority for annulment was AS 44.62.320(a) which provides:

The legislature, by a concurrent resolution adopted by a vote of both houses, may annul a regulation of an agency or department.

The Administrative Procedure Act was adopted by the First State Legislature in 1959. This Act provided, among other things, for the procedure by which regulations of agencies or departments are promulgated and the section was enacted as part of that procedure.

The Court held, with a majority opinion of three justices and a strong dissent by two justices, that regulations could not constitutionally be annulled by concurrent resolution since a resolution is not enacted in accordance with the requirements in Article II of the Constitution for adoption of law. The result, of course, is a non sequitor since the majority opinion avoided addressing the difference between regulation and law and finding that despite the difference, the enactment procedure is applied. They, therefore, assumed the middle term of the syllogism and rambled widely to provide a substitute for the missing logic. Various cases were cited, only one of which was relevant and that one is no longer good law in its own jurisdiction.

For this reason, it is very difficult to determine the effect of the decision.

The holding is explicit that regulations may not be annulled by concurrent resolution. Although it is not explicitly stated, there is a clear implication that annulment by bill is constitutional.

Beyond that, the Court made several statements which do not appear necessary to the holding in this case. Much of this dicta is in sweeping terms. It casts doubt over substantial areas and, since the reasoning is essentially stream of consciousness rather than coherent, gives only minimal clues concerning the legal status of these areas.

Essentially the areas affected fall into two classes

- (1) regulations and legislative oversight of regulations; and
- (2) other areas of law where concurrent resolutions are used to provide legislative oversight.

On regulations the majority opinion states broadly:

"The express provision in the Alaska Constitution of two specific legislative veto mechanisms supports our view that no implied general power to veto agency regulations by informal legislative action exists.

\* \* \*

"In our view, the specificity with which the constitution deals with the legislative veto powers it does grant leads logically to the conclusion that no other veto power is implied."

The case law on regulations which the majority opinion cited is not helpful. One of the cases is on point but is no longer good law in its own jurisdiction, the second is a trial court decision and the last is a federal case where the question of a one-house veto was present but not reached. The discussion of this last case illustrates the difficulty in following the reasoning in the majority opinion. The Court referring to the United States Circuit Court decision in Atkins v. United States, 556 F2d 1028 (1977) said:

The court implied that for one House to have the authority to make such a change would be unconstitutional: "Nor could one House do anything more than preserve existing law. . ." Id. at 1064. In contrast, the annulment provisions of AS 44.62.320(a) permit the legislature to void administrative regulations which are in effect. Such regulations are laws in every meaningful sense, and annulling any one of them effects a change in the law.

The connection and logic totally escape me.

In its discussion of delegation of power to annul regulations, an issue injected into the opinion since no delegation is involved in the case before the Court, the opinion is even less helpful. The majority opinion observes:

"While the power to void agency regulations could be exercised by either the legislature, or by an agency, when the legislature exercises such power it must do so while acting as a legislature. It may not grant itself the power to act as an agency.

"It might be supposed that if the legislature could condition the validity of a regulation upon the subsequent disapproval by both of its houses by concurrent resolution, it could condition the same upon disapproval by a committee, or a single legislator. Using the theory, propounded by the Amici, that a veto is merely a condition there is no principled distinction between these cases. It is therefore worth observing that most authorities have rejected the validity of laws conferring either affirmative or negatory legislative powers on individual legislators or legislative committees."

Perhaps the second point made by the majority opinion in discussing the desirability of legislative oversight of administrative regulations gives the best clue. The opinion stated:

- Second, at least according to a recent case study, the legis'ative veto has been unimpressive in practice. See Bruff & Cellhorn, Congressional Control of Administrative Regulation: A Study of Legislative Vetoes, 90 Harv. L. Rev., 1369 (1977). That study concludes, essentially, that the legislative veto encourages secretive, poorly

informed, and politically unaccountable legislative action. Id. at 1409-20. It is consequences such as these that the enactment provisions of our constitution are designed to guard against.

It should be pointed out that the facts concerning the annulment which was the subject matter of the case do not support a conclusion that the annulment resulted from "secretive, poorly informed and politically unaccountable legislative action" but that, of course, is not material.

It is my conclusion that any annulment of regulation other than by law would be unconstitutional under this case. Although the question is not discussed since it is not relevant to the case, it is very clear that regulations which have the effect of law require statutory authorization and the legislature can withdraw the authorization or establish standards in whatever degree of specificity the legislature desired. Since in case of conflict between statute and regulation the statute controls, it is also clearly permissible to make the substantive statutes detailed thereby leaving less or no areas which must be dealt with by regulations. This latter course, however, involves a loss of flexibility and administrative expertise.

It appears that any form of legislative oversight of administrative regulations would be regarded with suspicion by the court. However, devices such as providing that no regulation can become effective until it has been before the legislature in session for a set time or even a provision that no regulation may become effective unless approved by law are not clearly precluded.

In Plumley v. Hale, 594 P.2d 497 (Alaska 1979), our Court discussed the question of non-retroactive treatment in civil cases. The Court in that case stated:

In accord with United States Supreme Court precedent, we have previously identified four conditions indicating the propriety of non-retroactive treatment in civil cases: 1) the holding is one of first impression, or overrules prior law, and was not foreshadowed in earlier decisions; 2) there has been justifiable reliance on an alternative interpretation of the law; 3) undue hardship would result from retroactive application; and 4) the

purpose and intended effect of the holding is best accomplished by prospective application.

The case concerned approval of free conference committee reports without a recorded roll call vote. The Court held the criteria to be satisfied and the decision to be prospective only. In my opinion the facts here, while not as compelling as the facts in Plumley, would lead to a conclusion that annulment of regulations which occurred prior to this case are not affected by the case.

The second major problem area is legislative oversight exercised by concurrent resolution in other areas than regulation oversight. The majority opinion made a very broad statement saying:

The question presented by this case is whether the legislature can exercise its legislative power without following these enactment provisions. In our view the answer must be in the negative, for otherwise they would serve no purpose.

(The dissenting opinion quite correctly pointed out this is not the question at all. Justice Boochever said

In my opinion, the majority misstates the question presented as being whether the legislature can exercise its legislative power without the usual constitutional safeguards. The real question is whether, having exercised its legislative power, subject to all those safeguards, it may condition the delegation of regulatory power to an executive agency upon a provision for legislative oversight. I agree with our statement in Boehl that the legislature has that power.

This view will be significant in subsequent cases which concern the use of concurrent resolutions in context other than annulment of regulations placing as it does the issue before the Court in focus.)

The majority opinion went on to say:

Of course, when the legislature wishes to act in an advisory capacity it may act by resolution. However, when it means to take action having a binding effect on

those outside the legislature it may do so only by following the enactment procedures.

While the dissent noted that numerous other statutes provide some specific legislative review function by concurrent resolution, the majority opinion does not specifically address this. The sweeping generality of the majority opinion clouds, and on its face forbids, these other functions.

These include:

1. AS 18.45.025 -- Approval of facilities siting permit for nuclear facilities.
2. AS 18.65.060 -- Disapproval of regulations relating to compilation of criminal justice information and release of this information.
3. AS 23.05.021 -- Approval of compacts with other states relating to motor vehicle registration and driving licenses.
4. AS 28.15.141 -- Approval of regulations relating to classification of drivers licenses.
5. AS 28.15.081 -- Approval of regulations relating to drivers license examination.
6. AS 35.10.080 -- Approval of physical facility procurement and planning policy.
7. AS 37.05.280 -- Approval of leases by the state with a rental in excess of \$12,000. (While this has general application, it was adopted a part of and specifically relates to construction of public buildings by ASHA for lease to the state and is necessary for the validity of the revenue bonds issued by ASHA.)
8. AS 37.12.080 -- Approval of investments in a single project or to a single applicant by Alaska Renewable Resources Corporation if the investment exceeds \$1,500,000 or five percent of the resources of the corporation.
9. AS 38.05.037 -- Disapproval of zoning by the division of lands in the unorganized borough.

February 28, 1980

10. AS 38.05.182 -- Disapproval of a determination by the Commissioner of the Department of Natural Resources that the taking of royalty on natural resources in money rather than in kind is in the best interests of the state.
11. AS 38.05.065 -- Approval of disposition of oil and gas and contracts for sale of state owned royalty gas or oil.
12. AS 39.23.080 -- Approval of salary commission recommendations. (This is now repealed but until the pay bill this year went into effect, it was the basis on which higher government officials, including the governor, legislators and judges, were paid.)
13. AS 44.55.110 -- Approval of Alaska Power Authority plans. This approval is a specific condition on bonding.
14. AS 44.57.210 -- Approval of projects of the Alaska Toll Bridge Authority. This approval is required before bonds may be issued.
15. AS 46.03.758 -- Disapproval of regulations establishing civil penalties for discharge of oil.
16. AS 46.40.080 -- Approval of Alaska coastal management programs.

While all of these are clouded by the language in the majority opinion, that language is clearly dicta except on the point of annulment of regulations. In my opinion, an attempt to determine whether in later cases the court would follow the broad sweep in the instant case, narrow that sweep depending on the issue before it, or even confine the case to its facts would be pure speculation. Courts have frequently done all three. The majority opinion with its conclusionary approach unsupported by a coherent rationale is of little assistance in determining the scope of the opinion.

Earlier in the opinion, I discussed retro-activity as it applied to regulations annulled by concurrent resolution before the opinion. There is an even stronger case for holding that retroactive application cannot be given to a decision in the areas where annulment of regulations is not in question.

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I am, however, very disturbed by the possibility that a future decision in this area could be retroactive to the date of this decision based on a finding by the Court that this decision "clearly foreshadowed" a subsequent decision that resolutions could not be used as prescribed in these statutes. I do not think this would be the decision since certainly at the time of enactment of the laws referred to there was no foreshadowing and bringing all legislative action to a halt in areas of major concern to the state while the legislature re-wrote the law in these areas is certainly not reasonable.

Since the alternative would be to halt, among other things, power development, coastal zone management, and oil and gas sales based on a possibility that the Court will look on legislative oversight in these areas as unfavorably as it does on legislative oversight of regulations, I recommend continuing to operate within the statutory framework now established until the Court, by a subsequent decision, clarifies its position.

I would also recommend that the legislature consider the question of what options are open to it to meet the serious problems created by the case.

BGB:jdn