

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982/86/2

1917 SRES SB 702 - SB 710 1917

LEGISLATION SUMMARY

SSSB 702: "An Act transferring parts of certain fiscal year 1982 Agricultural Action Council appropriation allocations to the Nenana-Totchaket agricultural development project; and providing for an effective date."

GENERAL: This bill would transfer \$1,879,170 within the Agricultural Action Council FY 1982 budget from the Delta II project to the Nenana-Totchaket project.

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PRIME SPONSOR: Sackett

CO-SPONSOR(S): Fahrenkamp; Kertulla

1 DEVELOPMENT (CONT.)

2		ALLOCATIONS	APPROPRIATION	APPROPRIATION FUND SOURCES
3			ITEMS	GENERAL FUND OTHER FUNDS
4	DELTA II - CLEARING LOANS (ED 19)	3,000,000		
5	DELTA II - ROADS (ED 19)	4,000,000		
6	DELTA II - CLEARING EQUIPMENT (ED 19)	2,000,000		
7	DELTA II - GRAIN STORAGE FACILITY LOAN (ED 19)	2,622,800		
8	PT. MCKENZIE - CLEARING EQUIPMENT (ED 6)	30,000	238,000	238,000
9	DELTA I (ED 19)		949,000	949,000
10	LIVESTOCK FACILITY LOAN		2,650,000	2,650,000
11	NAMED RECIPIENT GRANTS (AS 37.05.315)			
12	BRISTOL BAY NATIVE ASSOCIATION-DEVELOPMENT PLAN (ED 16)		125,000	125,000
13	<del>FAIRBANKS TOWN &amp; VILLAGE ASSOCIATION ENERGY PLAN (ED 20)</del>		<del>90,000</del>	<del>90,000</del>
14	ARCTIC SEA-SEAFOOD MARKET DEVELOPMENT PROJECT		140,000	140,000
15	MINORITY BUSINESS ENTERPRISE-MANAGEMENT PROGRAM (ED 20)		200,000	200,000
16	DEPARTMENT OF NATURAL RESOURCES			
17	AGRICULTURAL MANAGEMENT		298,500	298,500
18	PLANT MATERIALS CENTER BUILDING (ED 19)	177,000		
19	A PLANT MATERIALS CENTER WILL BE ESTABLISHED IN THE			
20	CIRCLE/STEESE HIGHWAY AREA IN ORDER TO PROVIDE			
21	FOUNDATION SEED AND OTHER PLANT MATERIALS SENSITIVE TO			
22	UNIQUE NORTHERN CLIMATIC CONDITIONS GOVERNING			
23	AGRICULTURE IN THE AREA.			
24	PLANT MATERIALS CENTER GREENHOUSE (ED 6)	25,000		

	ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION GENERAL FUND	FUND SOURCES OTHER FUNDS
1				
2				
3	*****	*****	*****	
4	***** DEVELOPMENT *****	***** DEVELOPMENT *****		
5	*****	*****	*****	
6	OFFICE OF THE GOVERNOR			
7	ALASKA INTERNATIONAL DEVELOPMENT COMMISSION			
8	<del>YUKON FERRY OVERSIGHT (ED 20)</del>	<del>20,000</del>	<del>20,000</del>	
9	DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT			
10	ECONOMIC ENTERPRISE			1
11	FISHERIES ENHANCEMENT GRANTS (ED 17 & 18)	100,000	100,000	1
12	FISHERIES SUPPORT & SERVICE INDUSTRY	150,000	150,000	1
13	SHISHMAREF - FREEZER (ED 22)	386,000	386,000	1
14	TOURISM			1
15	VISITOR CENSUS AND ECONOMIC IMPACT SURVEY	250,000	250,000	1
16	ENERGY & POWER DEVELOPMENT			1
17	LONG-TERM ENERGY PLAN	800,000	800,000	1
18	INSTITUTIONAL BUILDINGS GRANTS	1,385,000	885,000	500,000 1
19	FAIRBANKS - WIND & SOLAR MONITORING EQUIPMENT (ED 20)	50,000	50,000	1
20	<del>HELIUM CONSERVATION PROJECT</del>	<del>30,000</del>	<del>30,000</del>	2
21	ALASKA POWER AUTHORITY			2
22	<del>LA TOUCHE ISLAND HYDRO PROJECT (ED 5)</del>	<del>1,750,000</del>	<del>1,750,000</del>	2
23	<del>STUDY YUKON TRAIL/ WOOD CANYON/ WOODCHOPPER</del>	<del>25,000</del>	<del>25,000</del>	2
24	ALASKA CULTURAL ACTION COUNCIL	442,730	9,001,900	2
25	DELTA II - SURVEY/DISPOSAL (ED 19)	679,100	9,001,900	2



# Alaska State Legislature

## Senate

### RESOURCES COMMITTEE

Pouch V  
State Capitol  
Juneau, Alaska 99811

Official Business

SB 702

MENO TO FILE

2/8/82

Telephone conversation with Lee Stoops of Senator Sacket's staff.

He stated that he had not received anything in writing from Mayor Coghill on the proposed uses of the funds to be transferred to the Nenana-Totchaket development project.

However, Steve Branimer, Engineer for the Project, outlined, verbally, the projected uses as follows:

Bridge materials	900,000
Parcel Survey	300,000
Road Construction	664,170
Administration	<u>15,000</u>
	\$1,879,170



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

MEMORANDUM

To: The Honorable Bettye Fahrenkamp  
Chairman  
Senate Resources Committee

From: W. I. "Bob" Palmer/ by J. Hickey in his absence  
Special Projects Coordinator  
Office of the Governor

Date: January 28, 1982

Re: FY '82 Appropriation for Delta II -  
Shift of Funds via Legislation to Nenana  
Totchaket Development Project

The following figures represent our best estimates of what the Alaska Agricultural Action Council (AAAC) will need to implement Phase I of the Delta II East Project from the FY '82 Delta II appropriation to the AAAC listed on pp. 156 and 157 of Chapter 82, SLA 1981.

Th figures are based on input from Carl Amstrup, Executive Director of the AAAC; Glen Franklin, Contracts Administrator for the Delta I Project, who will be in charge of clearing contracts and general supervision for the Delta II East Project; and myself (via current computations given to me long distance).

1. Delta II Survey/Disposal Allocation: \$699,100

Obligated to date according to the records maintained in this office: \$442,730

Funds needed to complete survey of Delta II West, based on Governor Hammond's charge to the AAAC on January 21, 1982 (see attached press release), to proceed on a work plan to generate information on several aspects of the Delta II West Project; and on other survey/disposal costs which may accrue to Delta II East: \$256,370

Amount available for Nenana: -0-

699,100	442,730
442,730	256,370
<u>256,370</u>	<u>699,100</u>

Memorandum to

The Hon. Bettye Fahrenkamp

-2-

January 28, 1982

2. Delta II Clearing Loans                      Allocation:    \$4,000,000

Obligated to date:    -0-

Funds needed by AAAC for clearing loans for first phase of Delta II East clearing:    \$3,000,000

Explanation:    The amount that is projected as needed for clearing for Delta II East for FY '82 and FY '83 is \$5,000,000 total. This factor was uppermost in computing the clearing fund balance that can be shifted for the Nenana Project.

Amount available for Nenana:    \$1,000,000

3. Delta II Roads                                      Allocation:    \$2,622,800

Obligated to date:    -0-

Funds needed by AAAC for construction of access roads in Delta II East at a cost of \$75,000 a mile for 22.5 miles, plus costs associated with construction, such as right-of-way work, pit stripping, gravel work, survey crew, etc.:  
\$2,000,000

Amount available for Nenana:    \$622,800

4. Delta II Clearing Equipment                      Allocation:    \$30,000

Obligated to date:    -0-

Funds needed by AAAC for clearing equipment for Delta II East:    \$30,000

Explanation:    This equipment can be shifted from one project to another; however, to begin with, it is needed on Delta II East.

Amount available for Nenana:    -0-

5. Delta II Grain Storage  
Facility Loan                                      Allocation:    \$1,650,000

This allocation cannot be shifted to the Nenana Project based on projections at this point.

Amount available for Nenana:    -0-

Memorandum to  
The Hon. Bettye Fahrenkamp

-3-

January 28, 1982

FY '82 Appropriation for Delta II: \$9,001,900

R E C A P

<u>ALLOCATION</u>	<u>AMOUNT NEEDED BY AAAC</u>	<u>AMOUNT AVAILABLE FOR NENANA</u>
Survey Disposal \$699,100	442,730 \$699,100	256,370 -0-
Clearing Loans \$4,000,000	\$3,000,000	\$1,000,000
Roads \$2,622,800	\$2,000,000	\$622,800
Clearing Equipment \$30,000	\$30,000	-0-
Grain Storage Facility Loan \$1,650,000	\$1,650,000	-0-
<hr/> TOTALS: \$9,001,900	\$7,379,100	\$1,622,800

$$\begin{array}{r} 7,379,100 \\ - 256,370 \\ \hline 7,122,730 \\ + 1,879,170 \\ \hline 9,001,900 \end{array}$$

$$\begin{array}{r} 1,622,800 \\ + 256,370 \\ \hline 1,879,170 \end{array}$$

$$\begin{array}{r} 7,122,730 \\ + 39,170 \\ \hline 7,161,900 \end{array}$$

4



Official Business

# Alaska State Legislature

## Senate

### RESOURCES COMMITTEE

Pouch V  
State Capitol  
Juneau, Alaska 99811

SB 702

MEMO TO FILE

2/9/82 3:30 p.m.

Telephone conversation with Mayor Coghill:

He stated that the following is a breakdown on the funds to be transferred to the Nenean-Totchaket development project.

Survey and farm lay out	\$ 366,170
Road construction in-project base. 17.8 miles at \$85,000 per mile, resource access road	<u>1,513,000</u>
	\$1,879,170

IDENTIFICATION:

BILL NAME: transferring parts of certain FY '82 AAAC appropriation allocations to Nenana-Totchaket

SPONSOR(S): Sackett, Fahrenkamp, Kerttula

RELATED BILLS PENDING:

DATE INTRODUCED: 2/2/82

REFERRALS Resources, Finance

INITIAL RESEARCH:

INITIAL BILL SUMMARY COMPLETED (yes,)

SUMMARY BY LEGAL DIVISION:

DEPT. OF LAW SUMMARY:

*AAAC authority query memo 3/3*

SPONSOR CONTACTED FOR BACKUP MATERIALS:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS AND/OR GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE

BACKGROUND MATERIAL DISTRIBUTED

PSA/PRESS RELEASE

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/CS DRAFTED

*Phone 2/1/82*

*Carl Amstrup, AAAC  
Bob Palmer, AAAC*

*Nick Carney, Director Div. of Agriculture, ONR (Anchorage office)*



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
SPECIAL PROJECTS OFFICE  
Delta Agricultural Development Project

Alaska State Legislature

Resources Committees of the Senate and House

Eric Sutcliffe	Bettye Fahrenkamp
Kenneth Fanning	Vic Fischer
Richard Halford	Brad Bradley
Ramona Barnes	Richard Eliason
Anthony Vasca	Don Gilman
Ben Grussendorf	Bob Mulcahy
Patrick Carney	Arliss Sturgulewski

Re: Major agricultural land sales for 1982

Gentlemen/Ladies:

As you conclude the current public hearings reference scheduled state major agricultural lands sales for 1982 (Delta II: 3/82 and Nenana-Totchacket: 9/82) and convene for formal deliberations, please consider carefully the following information:

1) Delta II and Nenana-Totchacket are scheduled as complementary projects, rather than competitive or mutually exclusive development areas. The sale of Delta II acreage will enhance, rather than preclude or retard the release of Nenana agricultural lands.

2) Timing of these two releases is appropriate as scheduled. Clearing work is feasible on Delta II, E and W, during the high-production Spring season of 1982 (i.e., mid-March to approx. 1 June), while physically impossible on Nenana-Totchacket until nearly 12 months later, unless a bridge can be completed during Summer and Fall work-season of 1982. Flow-rates and crossing possibilities are very different for the two rivers in question.

3) Relative economics of these complementary projects will not favor Nenana, as suggested in the teleconference, during the development years. The ag-support infrastructure, now extant in Delta, must be duplicated for the Nenana area. Over the longer run, we would, of course, expect the rail access in Nenana to reduce transportation-related costs there.

4) Preparedness for release on these two projects does, contrary to the (perhaps not disinterested) testimony of Mayor Coghill, distinctly favor Delta II at present. Planning by State agencies, underway since 1974, has now been implemented to provide prospective purchasers

inspection access to every tract to be offered, as well as to areas designated for timber sales or sustained-yield forests, as to recreation areas and other-use regions. Such newly-established accessibility has provided also the opportunity to correct the mis-classified soils (as mapped by U.S.D.A.) on Delta E prior to final platting for the sale.

In summation, Alaskan agriculture needs both Delta II and Nenana this year. Delta II is accessible and ready for clearing work this Spring; Nenana will remain inaccessible for surface movement, except by bridging or ice cover until well into 1983, although it is probable that some means of entrance for the prospective purchaser will be found prior to the planned September sale.

Respectfully submitted,

*Glen D. Franklin*

GLEN D. FRANKLIN  
Contracts Officer  
Office of the Governor  
Special Projects

GDF/pd

*I enclose a copy of the newest L&H advisory Board solicitation to opposition against the sale of Delta East land, a solicitation begun apparently well after the publication of your legislative decision to postpone Delta West. The ad hominem attack on Bob Palmer has been used before by this group of five or six sportsmen.*

*cc Commissioner Katz*

LET YOUR OPINION BE COUNTED

It is essential that we send the message to the state administration that a large portion of the community here believes Delta II has some serious problems with it and must be delayed until the bugs can be worked out. This disposal is being rushed so that it will be done before the current governor and Bob Palmer are out of office. The project supporters know too well that no administration not fueled by Palmer's ego could succeed in foisting such a poorly designed, ill planned, and problem ridden project on the Alaskan public.

The issue is not necessarily a question of whether or not agriculture should be promoted in Alaska. The main concern here is whether the land in Delta II has been researched enough so that the disposal will be in the best interest of the state and its monies.

WRITE. Write to Commissioner Katz. Tell him why you are opposed to Delta II. You have heard the problems: soil, wind, access, wildlife, fisheries, a bridge, water quality, bison, timber, flooding, fires, and excessive costs. Pick the problems that concern you most and put into your own words why you think the project should be delayed or altogether eliminated. If you need information for writing your letter contact Dean Cummings (895-4619), Floyd Weaver (895-4809) or Jim Mellott (895-4295) in Delta. In Fairbanks, contact Tim Jennings (474-7929 between 8 A.M. and 5 P.M., S.R. Box 20270, Fairbanks, Ak. 99701), "Babe" Vanderbilt (452-2313) or William Stroecker (452-2146).

Address your letter to: Commissioner John Katz  
Alaska Department of Natural Resources  
Pouch M  
Juneau, Ak. 998 1

Tell him you want your letter entered as written testimony on the matter of the Delta II disposal. The issue at hand is whether land classifications which do not permit agriculture will be changed to allow this. (Current classifications include wildlife habitat and forest land.)

ALSO: Contact the House Resources Committee: Representatives Ken Fanning and Eric Sutcliffe. Tell them what you told Commissioner Katz.

ACT NOW. You must mail your comments to arrive in Juneau before January 29th.

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Legislative Affairs Agency  
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Juneau, Alaska 99811

alaska

# EXECUTIVE BUDGET

BOOK 2 - CAPITAL BUDGET &  
SIX YEAR CAPITAL PROGRAM

FISCAL 1982

JAY S. HAMMOND,  
GOVERNOR

DEVELOPMENT CATEGORY

Grain Export Terminal

This project includes professional design, engineering and construction of a port terminal capable of handling projected grain export needs up to 200,000 tons. Funds for this project will be loaned at 9.5% interest.

PRIORITY: 82-5  
REQUEST: 4,425.0  
FUNDING: GF  
  
BEGIN: FY82  
COMPLETE: FY82  
DISTRICT: Statewide  
OP. COST/YR:

AGRICULTURAL ACTION COUNCIL

Bison Control at Delta Agricultural Project

This project will provide six-strand, high-tensile strength fencing to serve as a containment for about 350 bison for 30-60 days until the fall harvest at the Delta Project is completed

PRIORITY: 82-6  
REQUEST: \$120.0  
FUNDING: GF  
  
BEGIN: Summer 1981  
COMPLETE: 19-N  
DISTRICT:  
OP. COST/YR:

PRIORITY:  
REQUEST:  
FUNDING:  
  
BEGIN:  
COMPLETE:  
DISTRICT:  
OP. COST/YR:

PRIORITY:  
REQUEST:  
FUNDING:  
  
BEGIN:  
COMPLETE:  
DISTRICT:  
OP. COST/YR:

ECONOMIC DEVELOPMENT

DEVELOPMENT CATEGORY

Delta Agricultural Project: Continuation

This project will provide loan funds necessary to complete the clearing phase of the Delta project, funds to purchase specialized agricultural equipment and administrative funds.

PRIORITY: 82-1  
REQUEST: \$949.0  
FUNDING: GF  


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BEGIN: FY 82  
COMPLETE: FY 83  
DISTRICT: 19-N  
OP. COST/YR:

AGRICULTURAL ACTION COUNCIL

Pt. McKenzie Agricultural Project Continuation

This project will provide funds to purchase specialized clearing equipment, a dairy specialist to provide technical assistance to farmers and administrative funds.

PRIORITY: 82-2  
REQUEST: \$328.0  
FUNDING: GF  


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BEGIN: FY 82  
COMPLETE: FY 83  
DISTRICT: 6-D  
OP. COST/YR:

Delta II Agricultural Project Expansion

This project will provide an additional 55,000 acres of agricultural production over the next 4 years. Funds are provided for land preparation, construction of access roads, loans for infrastructural facilities and administrative expenses.

Survey/Disposal -	699.1
Clearing Loans -	4,000.0
Roads -	2,622.8
Clearing Equipment -	30.0
Grain Storage Loan -	1,650.0
Total	9,001.9 GF

PRIORITY: 82-3  
REQUEST: \$9,001.9  
FUNDING: GF  


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BEGIN: FY 82  
COMPLETE: FY 85  
DISTRICT: 19-N  
OP. COST/YR:

Livestock Slaughter and Processing Facility

This project will provide a modern and efficient livestock slaughtering, processing and marketing facility. Funds will purchase investigation, design, engineering and construction of complete facility.

Funds for this project will be loaned at 9.5% interest.

PRIORITY: 82-4  
REQUEST: \$2,650.0  
FUNDING: GF  


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BEGIN: FY 82  
COMPLETE: FY 83  
DISTRICT:  
OP. COST/YR:

CATEGORY: DEVELOPMENT  
 AGENCY: DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

PROGRAM: AGRICULTURAL ACTION COUNCIL  
 SUB-PROGRAM:

FISCAL YEAR 1982

EXPENDITURES & FUNDING	(01) FY80 ACT	(02) FY81 ATH	(03) FY81 RP	(04) FY81 SUP	(05) CONT	(06) REQUEST	(07) GOV AMD	(08) GOVERNOR	(09) HOUSE	(10) SENATE	(11) F.C.C.	(12) BILLS	(13) LEG.REC.
01 PERS SERV.						142.2		142.2		192.2	192.2		
02 TRAVEL		25.7			27.6	40.8		40.8		42.8	42.8		
03 CONTRACTUAL		129.1			133.0	183.0		175.4		148.4	148.4	200.0	
04 COMMODITIES		2.2			2.3	2.3		2.3		2.3	2.3		
05 EQUIPMENT													
06 LANDS/BLDGS													
07 GRANTS, CLMS													
08 MISC.													
** TOTAL EXPEND		157.0			162.9	368.3		360.7		385.7	385.7	200.0	
09 I-A TRANSFER													
10 FED. RECEIPT													
11 G. F. MATCH													
12 GENERAL FUND		157.0			162.9	368.3		360.7		385.7	385.7	200.0	
13 PGM RECEIPTS													
14 OTHER FUNDS													
15 FULL-TIME						3.0		3.0		4.0	4.0		
16 PART TIME													
17 TEMPORARY													
18 STAFF-MONTHS						36.0		36.0		48.0	48.0		

NEW POSITIONS

TITLE	LOCATION	TYPE	REQ	S&B COST	OTH.COST	TOT.COST	FED.FUND	GEN.FUND	OTH.FUND	GV	HS	SN	FC	FN
1 SECRETARY I	FAIRBANKS	FULL	1	27.2		27.2		27.2		1		1	1	1
2 PLANNING COORDINATOR	FAIRBANKS	FULL	1	47.8		47.8		47.8		1		1	1	1
3 EXECUTIVE DIRECTOR	FAIRBANKS	FULL	1	67.1		67.1		67.1		1		1	1	1
4 DAIRY SPECIALIST	PALMER	FULL	1	50.0	25.0	75.0		75.0				1	1	1
** NEW POSITION TOTALS			4	192.1	25.0	217.1		217.1		3		4	4	

FOOTNOTES

1 EXISTING POSITIONS FUNDED BY CAPITAL PROJECTS.

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alaska

# EXECUTIVE BUDGET

BOOK I - OPERATING BUDGET

FISCAL 1982

JAY S. HAMMOND,  
GOVERNOR

## STATE OF ALASKA -- BUDGET UNIT SUMMARY

11:17

1/05/81

CATEGORY: DEVELOPMENT  
 AGENCY: DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

BRU(S): AGRICULTURAL ACTION COUNCIL

COMPONENT DESCRIPTION	80 AUTH	80 FINAL	80 ACT	81 AUTH	81 SUPL	81 RP	GOVERNOR
AAC OPERATIONS				157.0			360.7
** TOTAL				157.0			360.7
** CHANGE VERSUS 81 AUTH							129.7%
OBJECT DESCRIPTION							
PERS. SERV.							142.2
TRAVEL				25.7			40.8
CONTRACTUAL				129.1			175.4
COMMODITIES				2.2			2.3
FUNDING SOURCE							
GENERAL FUND				157.0			360.7
** GENERAL FUND CHANGE VS. 81 AUTH							129.7%
POSITIONS							
FULL-TIME							3.0
STAFF MONTHS							36.0

**CATEGORY:**

DEVELOPMENT

**AGENCY:**

COMMERCE AND ECONOMIC DEVELOPMENT

**PROGRAM:**

ECONOMIC DEVELOPMENT

**BRU (S):**

ALASKA AGRICULTURAL ACTION COUNCIL

The goal of the Alaska Agricultural Action Council BRU is to fulfill the duties mandated by Chapter 75/SLA 1979, under which the Council is required to recommend to the Governor and the Legislature each year at least one agricultural development project and to implement those projects approved by the Legislature.

The U.S. Soil Conservation Service of the U.S. Department of Agriculture has identified approximately 20 million acres of good crop land in Alaska. This is approximately the acreage in crops in 1960 in the states of Washington, Montana, Wyoming, South Dakota, and half of Nebraska combined. This crop land can serve as the base for a major renewable resource industry within Alaska providing jobs and a very satisfying life style for thousands of Alaskan families, including many Alaskan Natives on Native-owned lands; many thousands of additional farm-related jobs; more stable supplies of, and higher quality, foods for Alaskan consumers; and additional benefits to the economy and the Nation's balance of payments through export sales of surplus production.

-428-

Phone Contact for more information:

W.I. "Bob" Palmer 465-3568

SERVICE MEASURES	FY 80		FY 81	FY 82	
	Plan	Actual	Plan	Continuation	Total
<u>Delta I</u> - acres cleared and prepared for planting	18,000	27,000	36,000	54,000	54,000
<u>Point MacKenzie</u> - miles of road constructed			9.5		
- number of public hearings conducted			4		
- number of applications processed			89		
- progress toward 3/6/81 disposal date			On Schedule		
<u>Nenana</u> - Feasibility studies completed or underway			7		
<u>Delta II</u> - projected acres disposed				45,000-60,000	45,000-60,000

# 7C Analysis of Governor's Decisions

ITEM	AMOUNT	FUNDING SOURCE	EXPLANATION
<p><u>DELTA II</u></p> <p>Agency Request</p> <p>Governor's Recommendation</p>	<p>9,001.9</p> <p>9,001.9</p>	<p>RRIF</p> <p>GF</p>	<p>It is Governor's intent that the interest rate on clearing loans be <u>8%</u> in order to yield a true 6% with 4 years deferment of principal and interest payments and the interest rate on the Grain Storage Facility Loan be <u>9.5%</u> to match the rate on State Business Loans.</p>

CATEGORY Development AGENCY AAC PROGRAM Economic Development

**7C** ANALYSIS OF GOVERNOR'S DECISIONS

00293

Project Title Delta Ag. Dev. Project Expansion			Location(s) Statewide		Election District Serial Statewide		Start Date FY '82		Completion Date FY '85		
AGENCY REQUEST			Operational Cost & No. Personnel Increase -- (Decrease)		First Operating Year _____	Ultimate Annual Year _____	GOVERNOR'S REQUEST				
							Approved <input checked="" type="checkbox"/>		Deferred <input type="checkbox"/>		Disapproved <input type="checkbox"/>
1002	Federal Receipts		Funding Source	Federal Receipts			1002	Federal Receipts			
1003	G/F Match			General Fund			1003	G/F Match			
1004	General Fund						1004	General Fund			9001.9
1005	I/A Receipts						1005	I/A Receipts			
	G.O. Bonds							G.O. Bonds			
	RRIF	9,001.9	Total Annual Operational Cost		--no change--						
			Position (FTE)								
			Previous Year Priority		81-3	Agency Priority	82-3	Governor's Priority			
Total									Total	9001.9	

**PROJECT DESCRIPTION**

This project will provide an additional land base of approximately 55,000 acres towards the eventual goal of 500,000 acres in agricultural production. It will involve three phases of land preparation through low-interest loans, construction of access roads, administrative expenses and loans for infra-structural facilities. It is expected the total project will evolve over a four-year period.

35a

**PROJECT DESCRIPTION -  
PROPOSED CAPITAL**

CATEGORY Development

AGENCY Office of Governor/AAAC

PROGRAM Economic Development

Page _____ of _____
Revised Date _____

**FY 82**

**00294**

Capital Project Expenditures (Cash Flow)	Total	Budget Year	Budget Year Plus 1	Budget Year Plus 2	Budget Year Plus 3	Budget Year Plus 4	Remaining Cost
Planning and Engineering	699.1	699.1					
Land Clearing Loan	13,000.0	4,000.0	4,000.0	5,000.0			
Construction Road Access	2,622.8	2,622.8					
Equipment (Clearing Equipment)	30.0	30.0					
Administration and Other (Facility Loan)	2,000.0	1,650.0	150.0	75.0	75.0	50.0	
Total Annual Expenditure (Capital Cost)	18,351.9	9,001.9	4,150.0	5,075.0	75.0	50.0	

**Project Justification**

Project Need: The agronomic and economic feasibility of large-scale commercial agriculture has been adequately demonstrated by the Delta Agricultural Development Project. In order to bring about the economies of size necessary to be competitive with other agricultural areas, additional land must be brought into production.

Documentation of Estimated Costs: Planning and engineering costs were estimated by Department of Natural Resources personnel. Loan funds necessary for land clearing were calculated based on present clearing costs plus inflation. Road construction costs were estimated by Department of Transportation, Northcentral Division (estimate included). All other costs were estimated by personal correspondence.

Analysis of Estimated Impact on Operating Expenses: No operational costs are expected to be incurred by the State of Alaska, other than the initial expenses incurred in the administration of the project.

Identification of Alternatives Considered: There are no feasible alternatives.

**Project Type**

- Building Construction (C)
- Other Improvement (I)
- Equipment (E)
- Land (L)
- Professional Services (P)
- Other (O)

**Project Characteristics**

- Totally New Facility
- Addition to Existing Facility
- Renovation of Existing Facility
- Major Maintenance or Repair
- Supplement Previously Authorized
- Funds to Enable Completion
- One of Several Phases
- Major External Funding Source
- Other

**Site Features**

NO YES

- Site Currently Owned?
- All Utilities Available?
- Access Already Available?

PROJECT TITLE Delta Ag Dev. Proj.  
Expansion

CATEGORY Development

PROJECT JUSTIFICATION  
**35b** PROPOSED CAPITAL  
PROJECT

AGENCY Office of Governor/AAAC

PROGRAM Economic Development

Page	of
Revised Date	

**FY 82**

00295

Project Title  
Delta Ag. Dev. Project Expansion

Location(s)  
Delta Junction

Area Served  
Statewide

Election District(s)  
N-19

Obj. Nos.	Appropriation Request		Option 1	Option 2
3	1002	Federal Receipts		
	1003	G/F March		
	1004	General Fund		
	1005	I/A Receipts		
		G.O. Bonds		
		RRIF	9,001.9	8,101.9
		<b>Total</b>	9,001.9	8,101.9

Operational Cost & No. Personnel Increase - (Decrease)		Option 1 Ultimate Annual Year	Option 2 Ultimate Annual Year	Previous Yr. Priority
Funding Source	Federal Receipts			Agency Priority
	General Fund			
Total Annual Operating Cost				Governor's Priority
Position (FTE)				

Project Description

This project will add another 55,000 acres to the agricultural base of the State. The only alternatives considered are in the area of road access.

Option 1 - 22 miles of road, including bridge span over the Gerstle River. This bridge would provide a faster and more efficient transportation corridor and link to the existing project.

Option 2 - 22 miles of road access only. This option would provide access to all tracts of the project, but would require greater distances of travel.

Project Justification

This project is essential to provide an additional land base to achieve the economies of scale necessary for commercial agriculture.

Ultimately, option 1 will be needed to provide the modern transportation network critical for agricultural success.

The second option would provide access to the entire project area, although the additional time and expense incurred by project farmers may cause an economic hardship.

CATEGORY Development

AGENCY Office of Governor/AAAC

PROGRAM Economic Development

Page	of
Revised Date	

FY 82

00296

**POTENTIAL  
CAPITAL  
PROJECT**

37

Implement the Delta Agricultural Project Expansion

Year Achieved: 1982

Project Layout, Planning and Disposal	\$ 99,100
Administrative Expenses	150,000
Survey	600,000
Construction of Access Roads: <u>Option 1:</u>	2,472,750
<u>Option 2:</u>	1,572,750
Maintenance of Roads	150,000
Initial Phase of Clearing Loan Money (Purchase of Root Rake)	4,030,000
Loan for Infrastructure Expansion	<u>1,500,000</u>
	\$9,001,850

Continuation of Delta Agricultural Project Expansion

Year Achieved: 1983

Second Phase of Clearing	\$4,000,000
Administrative Expenses	<u>150,000</u>
	\$4,150,000

Continuation of Delta Agricultural Project Expansion

Year Achieved: 1984

Final Phase of Clearing	\$5,000,000
Administration	<u>75,000</u>
	\$5,075,000

00297



# Alaska State Legislature

Official Business

## Resources Committee

Pouch V  
State Capitol  
Juneau, Alaska 99811

TO: Senate Resources Committee  
FROM: Senate Resources Committee Staff  
RE: Joint Teleconference on Delta II, January 13, 1982  
DATE: January 26, 1982

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Please find attached minutes of the Joint Teleconference on Delta II held January 13, 1982. These were prepared by the House Resources Committee, and delivered to us today.

Joint Teleconference on Delta II - January 13, 1982

Meeting opened at 3:00 p.m.

In Attendance: Rep. Halford, Sen. Eliason, Rep. Grussendorf, Sen. Gilman, Sen. Mulcahy, Rep. Vaska, Rep. Carney, Rep. Barnes, Sen. Sturgulewski, Sen. Bradley, Rep. Barnes, and Co-Chaired by Reps. Fanning, Sutcliffe and Sen. Fahrenkamp

Representative Fanning noted that a quorum of House and Senate was present.

Rep. Fanning: Opening Statement - Re: Delta II, Since publication of its latest description of the Delta II expansion in its 1981 report, the Alaska Ag Council has found it necessary to alter its original plan in the following areas. The size of the original expansion was 55,000 acres, (45,000 in E and 10,000 in W.) Generally size range is the same but, due to poor soils and commercial forrest lands, the amount of disposable land in Delta II E has been reduced to 24,758 acres. In order to make up for this loss, Delta II W has been expanded by the AAC from 10,000 acres to, in excess of 32,000 acres. In total, 57,000 acres will be included in the disposal.

Rep. Fanning: Delta II concerns, 1) ADF&G is concerned about habitat; and they had not been in on planning as they felt they should have been. Commissioner Skoog has stated ADF&G is not opposed to the project. 2) Citizens for Sensible Ag. Dvlp., feel the AAC is moving too rapidly without time for input from those interested. They also feel some problems from Delta I have not been addressed. Specific concerns on Delta II:....suitability of area....stream flow....flooding....soils....accessibility. Several legislators have also felt concern for the rapid timetable re: Delta II.

Rep. Fanning: Maps and inforamtion packets were prepared for distribution to all concerned areas. Due to weather problems, they are still in Juncan.

Bob Palmer, Special Projects Coordinator, Office of the Governor: Disposal of ag lands in Delta II E and W, and the production from those lands, must be evaluated in terms of the overall goals of a viable Alaska ag industry. Those goals call for at least 500,000 acres in production by 1990; with the red meat industry using a portion as feed grains; and the surplus being sold to export markets.

Bob Palmer: Export markets are necessary and, they are available. An export elevator is necessary.

Bob Palmer: In March of 1980, there was a public hearing to allow all interested parties an opportunity to present their opinions. Those in favor of Delta II numbered over 2 to 1. Written opinions, out of 68, 66 were in favor of Delta II. Lt. Governor Terry Miller held a public hearing. A pole following

that meeting was taken and 74% of respondents were in favor of Delta II. (Information on the delineation of Delta II W was not included in that pole.)

Bob Palmer: The Ag Council recommended the disposal of Delta II E and W in their annual report to the legislature.

Carl Amstrup, Executive Director, Agricultural Council, Fairbanks: Objective is to get a balanced agriculture; not only commercial grain farms, but the livestock industry the grain can support.

Commissioner Katz, DNR (Introduced Sharon Barton, Special Assistant: Stated respective roles of Ag Action Council in DNR. Ag Action Council is vested with planning authority for major ag projects. DNR is the implementor of that policy, making sure all applicable statutes and regulations have been complied with. Memo of understanding respecting Delta II with the Ag Action Council. Listed the six most important facts of that memo: 1) Two auctions sales (March 13, 1982); 23,000 acres in east, 32,000 acres in west; 2) DNR is responsible for disseminating information respecting the sale; 3) Agreed on two possible appraisal techniques to ascertain the base value of the land; 4) Delta II E (in particular), worked out the timber sale to insure the state will control the sale and be able to find timber market; 5) Disposal does not demand residency requirements or pre-qualification. Both of these have posed legal problems in the past; 6) Buffer zone - for later small disposals. All relevant statutes and regulations have been complied with.

Rep. Fanning: Will you proceed with the March 13 sale?

Comm. Katz: Yes

Dick Bishop, ADF&G: Opening Statement - 1) ADF&G has not made formal objection to the Delta II project. They have expressed concern about the proceedings, the process by which the plans were pursued; and habitat concerns.

Rep. Sutcliffe: Wants number of moose that move into Delta II for calving and year-round population.

Dick Bishop: 40-60 for disposal. Calving population not monitored, but knows from general information there is spring movement for calving purposes.

Sen. Fahrenkamp: What about caribou?

Dick Bishop: The Delta caribou herd is about 5,000 animals. They range between principally the Nenana and Delta Rivers. Their use of this area is very limited. Some may use Delta II W as winter habitat, but, it not their prime wintering area nor, calving area.

Rep. Vaska: Will competition with humans put the caribou and moose populations in jeopardy?

Dick Bishop: Conversion of Delta area will not jeopardize either moose or caribou stocks. Unless, significant fencing occurs. Then, movement may be impaired.

Rep. Beirne: Against Delta program. Wants one-half of Delta land put into homesteads. This way, a comparison of success of the two programs can be made.

Rep. Randolph: Agrees with Rep. Beirne's suggestions. He feels large chunks of land controlled by the State should be available for homesteading. Let people take these areas that have been identified as agriculturally viable take their chances. They would have to comply with pre-determined development criteria and earn title to the land as a homestead. Be it 40 acres or 640 acres. Ag can develop. Against Delta II.

Rep. Barnes: Agrees with Rep. Randolph and Rep. Beirne.

Rep. Moss: Agrees with homesteads but thinks they can be combined. In favor of Delta II E and W.

Rep. Bettisworth: Development depends on funds, more funds will be needed. What is needed is a statewide ag development program which will give the legislature something to look at and decide where, and to what percent, they want to go. 100% for ag development. Does not disagree with homesteading. Opposes Delta II W, in favor of Nenana-Tochacket.

Rep. Barnes: How much more money is needed in funding other than that already allocated for Delta II?

Rep. Bettisworth: It will cost approximately \$400. per acre to get into production. So, another \$27 million. Budget should be from \$30-\$40 million/year.

Rep. Carney: The \$30-\$40 million per year is not money the State loses is it? Isn't that partly loans?

Rep. Bettisworth: Yes, the majority of it is loans.

Rep. Grussendorf: Asked what other investments would State have to make.

Frank Geiger, President of the Board - Delta C. of C.: Opposed to land giveaway. Opposed to outcry sale. In favor of Delta II.

Sen. Eliason: Objected to the comparison of support for farmers versus that of support of fisheries.

Al Jones, Vice President Alaska Sportsman, Fairbanks: Against Delta II, unless certain conditions are met. Read Sports Council resol.

Rep. Sutcliffe: Asked Mr. Jones if he expected the Alaska Sportsman's Council to pass recommendations on all similar land sales?

CH - QUERY  
01 '37.25.020'.CITATION.

37.25.020 DOCUMENT= 1 OF 1  
HEADINGS TITLE 37.

PUBLIC FINANCE.  
CHAPTER 25.  
MISCELLANEOUS PROVISIONS.

CITATION SEC. 37.25.020.

CATCH LINE

UNEXPENDED BALANCES OF APPROPRIATION FOR CAPITAL PROJECTS.

TEXT

AN APPROPRIATION MADE FOR A CAPITAL PROJECT IS VALID FOR THE LIFE OF THE PROJECT AND THE UNEXPENDED BALANCE SHALL BE CARRIED FORWARD TO SUBSEQUENT FISCAL YEARS. BETWEEN JULY 1 AND AUGUST 31 OF EACH FISCAL YEAR, A STATEMENT SUPPORTING THE AMOUNT OF THE UNEXPENDED BALANCE REQUIRED TO COMPLETE THE PROJECTS FOR WHICH THE INITIAL APPROPRIATION WAS MADE AND THE AMOUNT THAT MAY BE LAPSED SHALL BE RECORDED WITH THE DEPARTMENT OF ADMINISTRATION.

HISTORY

(SEC. 2 CH 113 SLA 1962)

R0601 \* END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

" RESOURCE ROAD DEVELOPMENT " for the .

TOTCHAKET AREA

(1982 Dollars)

I. 23 Miles of resource road  
(minimal development ~ roadside  
borrow)

- A.) 0 to 5 mile @ \$160,000/mile → \$800,000
- B.) 18 miles (crossing  
CLASS II ≠ soils) @ \$85,000/mile → \$1,530,000

SUBTOTAL - ROADS → (\$2,330,000)

II. RIGHT-OF-WAY ACQUISITION → (\$30,300)

III. NENANA RIVER BRIDGE ~  
(ACQUISITION OF STEEL)

380,000 lbs @ \$1.10/lb. (F.O.B. Nenana) → (\$968,000)

IV. THREE CULVERTED CROSSINGS  
for the Little Nenana River,  
East Middle River,  
West Middle River

→ (\$800,000)

TOTAL ; (I, II, III, IV) → \$4,128,300

TOTCHAKET AGRICULTURE DEVELOPMENT

HOUSE

[1981]

HB 333 (Transportation & Finance)  
# 27,355,255

[1982]

CSHB 333 (Transp. & Finance)  
(MOSS, ROGERS, BROWN)  
# 17,689,300  
(roads & bridges)

SSHB 126 (Resources & Finance)  
(MOSS)  
# 10,050,000  
(clearing, land disposal, water quality)

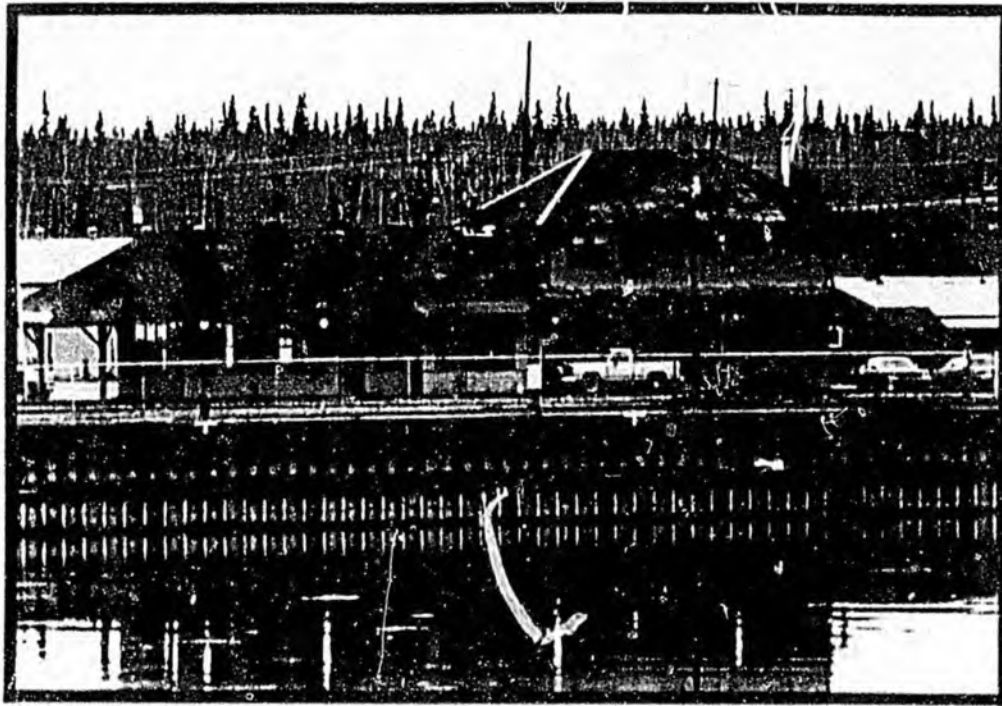
SENATE

(Resources & Transportation Finance)  
SB 294  
(SACKETT & FAHRENKAMP)  
# 27,355,255

SSSB 702 (Resources & Finance)  
(SACKETT, FAHRENKAMP, KEATTULA)  
# 250,370  
# 1,000,000  
# 622,800  
Total to → # 1,879,170  
Nanna Totchaket

*differential from original allocations* ↓  
a) survey, disposal  
b) clearing loans  
c) ROADS

[Now in Finance]



**PORT OF NENANA  
ALASKA**

**BULKHEAD EXPANSION  
STUDY**

**1981**



Peratrovich & Nottingham, Inc.  
Engineering Consultants



**Peratrovich & Nottingham, Inc.**

**Engineering Consultants**

1506 W. 36th Ave. • Suite 101 • Anchorage, Alaska 99503 • 907-272-8491

January 6, 1982

P&N 81080

Mr. Steve Bainbridge, City Engineer  
City of Nenana  
P.O. Box 177  
Nenana, Alaska 99760

Re: Port of Nenana Bulkhead Expansion

Dear Mr. Bainbridge:

In accordance with your authorization, we have completed a preliminary study for the above-referenced project. Included in this report are our initial findings and a projected budget that contains certain cost assumptions, as will be discussed.

Parts of this study included a site visit to Nenana, contact with the USGS in Fairbanks regarding river parameters, inspection of Alaska Railroad-owned salvaged sheetpile material in Anchorage, and research of Alaska Railroad files and documents.

From this effort, we have concluded the following:

1. A 1,000-foot bulkhead extension, as shown on the attached drawing appears possible.
2. This extension, properly placed, would create a longer usable dock and avoid riverbed deposition.
3. Sufficient suitable salvaged sheetpile material exists in Alaska to accomplish the project.
4. About 2.5 acres of additional improved marine use uplands would be created, and at least 800 linear feet of usable dock frontage would result.
5. Flood elevations are not expected to be significantly impacted, although this needs to be accurately established through more engineering work.
6. Suitable fill and riprap is available near Nenana.
7. Riverbed materials are suitable for the type of construction envisioned.

January 6, 1982  
P&N 81080  
Mr. Steve Bainbridge  
Page -2-

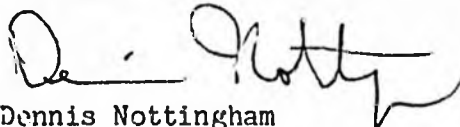
Immediate additional work required, which may impact fall 1982 completion, is permit preparation. Due to an apparent constriction and the potential to raise flood levels, the Corps of Engineers will probably require an accurate analysis to show that flood levels will not increase significantly, usually less than one foot.

The attached cost estimate has been prepared by using some cost assumptions connected with used sheetpiles. However, we feel that it will be an accurate starting point upon which future decisions can be made.

We hope this report addresses your needs; and should you have any questions, please contact us at any time.

Sincerely,

PERATROVICH & NOTTINGHAM, INC.



Dennis Nottingham  
President

DN/gh/L2-h



PORT OF NENANA  
PROPOSED BULKHEAD EXPANSION  
Estimate and Recommended Budget

Sheetpiles Supply

2,275,000# @ C.10 = \$ 227,500  
(mainly shipping and handling)

Sheetpile Fabrication

45 "Y" connections @ 2,100# = 143,850# @ 0.60 = 86,310  
47 "T" connections @ 1,050#

Sheetpile Erection

2,635 LF @ \$230 = 606,050

Bull Rail Supply

1,100 ft. @ 85# = 94,000# @ \$0.10 = 9,400

Bull Rail Erection

94,000# @ \$0.50 = 47,000

Fill

60,000 CY @ \$6 = 360,000

Riprap

500 CY @ \$30 = 15,000

Mobilization and Demobilization =

100,000

\$1,451,260

10% Contingency 145,126

Surveys, soils and permit preparation 20,000

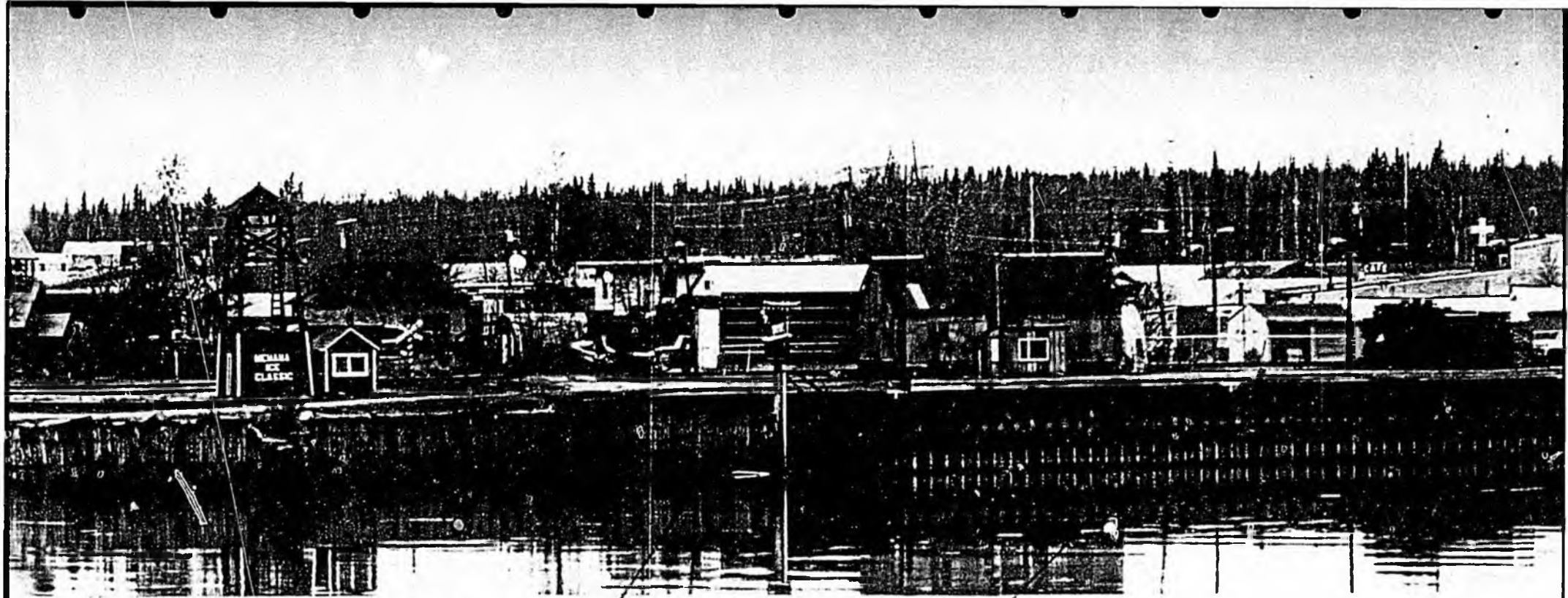
5% Administration and construction engineering 72,563

6% Design engineering 87,076

Total Estimated 1982 Project Cost \$1,776,025

Recommended Project Budget = \$1.8 Million

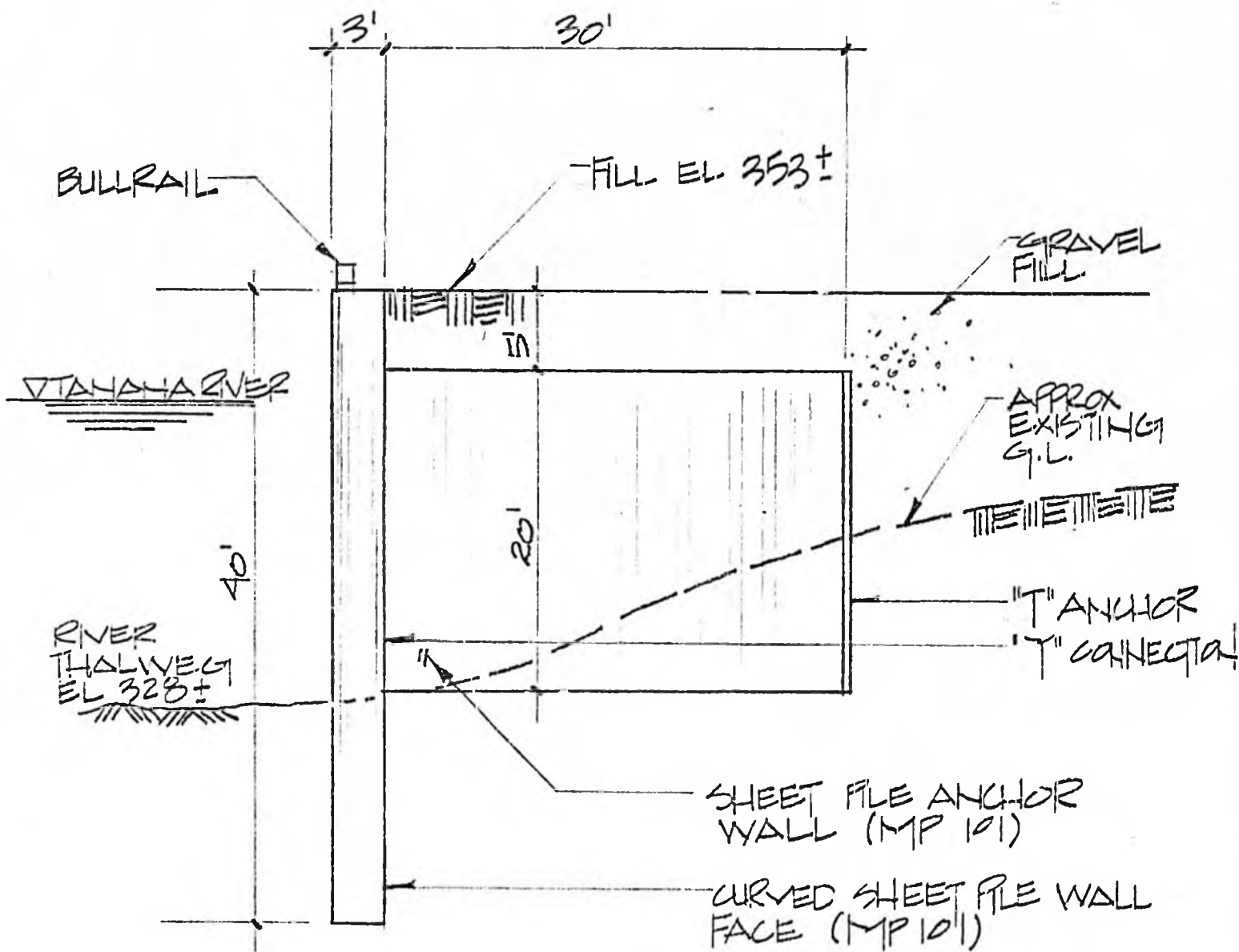




**OLD TIMBER BULKHEAD** —

**STEEL SHEETPILE BULKHEAD** —

**TYPICAL EXISTING BULKHEAD  
PORT OF NENANA**



**TYPICAL BULKHEAD SECTION**

**PORT OF NENANA,  
ALASKA**

**PROPOSED BULKHEAD  
EXPANSION**

CITY OF NENANA

ALASKA RAILROAD

OLD WOOD BULKHEAD

TOP OF FILL  
EL. 353'

EXISTING SHEETPILE BULKHEAD

1000' PROPOSED SHEETPILE BULKHEAD

THALWEG  
EL. 328'

TANANA RIVER

PARKS HIGHWAY

PORT OF NENANA, ALASKA  
PROPOSED BULKHEAD

<u>BRU</u>	<u>FUNDING</u>	<u>COMPONENT</u>	<u>PROJECT</u>	<u>DIVISION</u>
MANAGEMENT & ADMINISTRATION	812.2	Commissioner's Office	Commissioner's Office	Commissioner
	1619.7	Admin. Services	Admin. Services	DAM
	47.1	Info/Records Mgmt.	Records Maintenance	DFLWM
	27.1	" "	" "	DMEM
	1466.3	" "	" "	DTS
	511.3	" "	Title Plant	DTS
	1301.4	" "	ALARS	DRD
	197.3	" "	"	DTS
	269.8	" "	Tech. Services Admin.	DTS
	244.5	" "	Public Information	DRD
	1499.7	Recorder's Office	Recorder's Office	DTS
	382.6	Research & Special Projects	CZM	DGGS
	238.5	" " " "	"	DRD
	166.2	" " " "	"	DFLWM
	90.0	" " " "	"	Parks
	87.0	" " " "	"	DMEM
	26.6	" " " "	Regs. Implementation	DRD
	10.3	" " " "	" "	DFLWM
	3.0	" " " "	" "	DMEM
	5.9	" " " "	" "	DTS
	162.4	" " " "	Gen'l Policy Research	DRD
	54.0	" " " "	Regional Resource Plans	DGGS
	859.7	" " " "	" " "	DRD
	4.1	" " " "	" " "	DFLWM
	33.4	" " " "	" " "	Agriculture
	22.1	" " " "	" " "	Parks
	0.9	" " " "	" " "	DMEM
	73.5	" " " "	Interagency Coord.	DRD
	6.2	" " " "	" "	Agriculture
	9.5	" " " "	" "	Parks
	4.9	" " " "	Haines I.D.T.	DRD
	4.2	" " " "	" "	DFLWM
	5.1	" " " "	" "	Parks
	130.0	" " " "	Legal Assistance	DAM
	336.2	" " " "	R & D Admin.	DRD
	37.7	" " " "	T.A.P.S. Surveillance	DFLWM

<u>BRU</u>	<u>FUNDING</u>	<u>COMPONENT</u>	<u>PROJECT</u>	<u>DIVISION</u>
LAND MANAGEMENT	26.2	Land Selection/Title Defense	Gen'l. Grant Selections	DGGS
	71.1	" " " "	" " "	DRD
	56.0	" " " "	Land Exchange	DRD
	12.0	" " " "	" " "	Parks
	48.3	" " " "	" " "	DFLWM
	28.6	" " " "	Navigability	DGGS
	165.4	" " " "	" " "	DRD
	8.0	" " " "	Fed. Mining Claims	DFLWM
	5.1	" " " "	" " "	DMEM
	31.4	" " " "	Beaufort Title Challenge	DMEM
	57.8	" " " "	" " "	DTS
	51.9	" " " "	ANSCA Lands Easements	DRD
	4.7	" " " "	" " "	DTS
	11.4	Land Disposal/Fee Title	FY82 Land Disposal	DGGS
	17.4	" " " "	" " "	DRD
	1141.3	" " " "	" " "	DFLWM
	11.6	" " " "	" " "	Parks
	89.8	" " " "	" " "	DTS
	11.4	" " " "	FY83 Land Disposal	DGGS
	51.2	" " " "	" " "	DRD
	510.1	" " " "	" " "	DFLWM
	13.7	" " " "	" " "	Parks
	11.9	" " " "	FY84 Land Dispos	DGGS
	63.6	" " " "	" " "	DRD
	64.4	" " " "	" " "	DFLWM
	59.4	" " " "	Municipal Entitlements	DFLWM
	12.0	" " " "	" " "	Parks
	359.5	" " " "	Preference Rights	DFLWM
	615.2	" " " "	Contract Admin.	DFLWM
	602.1	Limited Land Disposals	Leases	DFLWM
	595.3	" " " "	Mgmt. Plans/Agreements	DFLWM
	9.1	" " " "	" " "	Parks
	460.2	" " " "	Permits/Partial Interests	DFLWM
	436.9	" " " "	Contract Admin.	DFLWM
	99.7	" " " "	North Slope Development	DFLWM
	183.5	" " " "	Materials Sale/Inventory	DFLWM
	101.1	" " " "	Public Access	DFLWM

<u>BRU</u>	<u>FUNDING</u>	<u>COMPONENT</u>	<u>PROJECT</u>	<u>DIVISION</u>
WATER MANAGEMENT	18.6	Water Inventory -	Water Log Collection	DGGS
	33.9	" "	" " "	DFLWM
	74.7	" "	Groundwater Mon.	DGGS
	174.7	" "	Surface Water Mon.	DGGS
	69.2	" "	Groundwater/Mat-Su	DGGS
	1135.7	Water Use Management	Water Rights Admin.	DFLWM
	54.7	" " "	Water Rights Admin. (Fed.)	DFLWM
	48.9	" " "	Fed. Reserve Water	DFLWM
	28.1	" " "	Water Resources Bd.	DFLWM
	165.9	" " "	Water Mgmt. Plans	DFLWM
	49.6	" " "	Water Mgmt. Plans (Fed.)	DFLWM
	52.4	" " "	Interagency Review	DFLWM
	27.5	" " "	Western States Water Council	DFLWM
FOREST MANAGEMENT	103.9	Timber Inventory/Sales	Icy Bay #1	DFLWM
	54.7	" " "	Icy Bay #2	DFLWM
	103.8	" " "	Forest Inventory	DFLWM
	82.9	" " "	Beach Log Salvage	DFLWM
	5.3	" " "	Log Brands	DFLWM
	275.9	" " "	Haines Timber Sale	DFLWM
	573.1	" " "	Small Timber Sales	DFLWM
	301.4	" " "	Forest Practices	DFLWM
	79.6	" " "	Forest Practices (Fed.)	DFLWM
	12.9	" " "	Board of Forestry	DFLWM
	8.9	" " "	Tyonek Timber Sale	DFLWM
	25.7	Forest Research	Backlog Reforestation	DFLWM
	116.6	" "	State Nursery	DFLWM
	2710.2	Fire Protection/Suppression	Presuppression/State	DFLWM
	477.9	Fire Protection/Suppression	Presuppression/State (Fed.)	DFLWM
	1000.0	" " "	Presuppression/BLM	DFLWM
DFLWM ADMINISTRATION	1540.6	DFLWM Admin.	DFLWM Admin.	DFLWM

<u>BRU</u>	<u>FUNDING</u>	<u>COMPONENT</u>	<u>PROJECT</u>	<u>DIVISION</u>
OIL & GAS MANAGEMENT	549.9	Lease Sales	FY82 Lease Sales	DGGS
	42.5	" "	" " "	DRD
	313.3	" "	" " "	DMEM
	164.2	" "	FY83 Lease Sales	DGGS
	23.0	" "	" " "	DMEM
	113.6	" "	FY84 Lease Sales	DGGS
	12.5	" "	" " "	DMEM
	70.6	" "	FY85 Lease Sales	DGGS
	10.7	" "	" " "	DMEM
	85.0	" "	Lease Stipulations Study	DMEM
	33.5	" "	USGS Evaluation/OCS	DGGS
	24.0	" "	USGS " "	DMEM
	231.4	" "	MLUP Administration	DMEM
	6.0	" "	Annual Leasing Schedule	DGGS
	28.9	" "	" " "	DMEM
	30.0	Lease Sale Admin.	Lease Enforcement	DFLWM
	176.1	" " "	" " "	DMEM
	30.0	" " "	Plans of Operations	DFLWM
	172.8	" " "	" " "	DMEM
	218.4	" " "	Unit Agreements	DMEM
	319.4	" " "	Royalty Contract Mgmt.	DMEM
	158.0	" " "	Net Profit Leasing	DMEM
	25.0	" " "	Prudhoe Analysis	DMEM
RESOURCE INVENTORY	150.1	Geologic Investigations	Brooks Range	DGGS
	151.9	" "	McGrath/Lime Hills	DGGS
	77.9	" "	Remote Sensing	DGGS
	42.5	Geologic Hazards	Earthquakes	DGGS
	47.1	" "	Earthquakes (Fed.)	DGGS
	75.9	" "	Avalanche	DGGS
	252.7	" "	General Hazards	DGGS

<u>BRU</u>	<u>FUNDING</u>	<u>COMPONENT</u>	<u>PROJECT</u>	<u>DIVISION</u>	
MINERAL & ENERGY DEVELOPMENT	15.3	Mineral Development	Mineral Claims Adjudication	DFLWM	
	264.1	" "	" " "	DMEM	
	14.0	" "	Mining Plans	DMEM	
	267.8	" "	Mining Offices	DGGS	
	157.4	" "	Public Assays	DGGS	
	175.6	" "	Placer Mining	DMEM	
	56.9	" "	Mining Loans	DMEM	
	42.4	Coal Development	Coal Lease Admin.	DMEM	
	48.0	" "	Coal Prospecting Permits	DMEM	
	168.5	" "	Coal Field Investment	DGGS	
	210.0	Geothermal Development	Geothermal Lease Development	DGGS	
	MINERALS RESOURCE ADMINISTRATION	296.6	Mineral Resource Admin.	Mineral Resource Admin.	DGGS
		532.8	" " "	" " "	DMEM
115.0		" " "	Mineral Records Management	DMEM	
HISTORIC RESOURCE MANAGEMENT	106.5	Historic Resource Management	Program Mgmt. & Planning	Parks	
	46.3	" " "	Public Education	Parks	
	179.7	" " "	Survey Records	Parks	
	40.8	" " "	Registration	Parks	
	90.0	" " "	Development Assistance	Parks	
	77.2	" " "	Preservation Assistance	Parks	
	39.4	" " "	Hist. Sites Advisory Committee	Parks	
PARK OPERATIONS	50.4	Park Design/Development	SCORP	Parks	
	588.4	" " "	Land Mgmt./Realty	Parks	
	143.7	" " "	Park Development	Parks	
	41.1	" " "	Park Supply	Parks	
	27.5	" " "	Alaska Trail System	Parks	
	25.5	" " "	Park Master Plans	Parks	
	1460.8	Maintenance/Operations	Visitor Protection	Parks	
	1110.6	" "	Park Maintenance	Parks	
	594.9	" "	Engineering Support	Parks	
	483.3	Parks Administration	Administration & Support	Parks	

<u>BRU</u>	<u>FUNDING</u>	<u>COMPONENT</u>	<u>PROJECT</u>	<u>DIVISION</u>
AGRICULTURAL MANAGEMENT	128.5	Agriculture Development	Farm Conservation/Cont. Admin.	Agriculture
	-0-	" "	Nenana	Agriculture
	97.9	" "	Delta Junction	Agriculture
	169.7	" "	Plant Industry	Agriculture
	35.0	" "	Kenai Grazing	Agriculture
	15.0	" "	" "	DGGS
	307.0	Agriculture Financing	ARLF	Agriculture
	52.9	" "	Marketing/Promotion	Agriculture
	169.6	Extension Services	Soil & Water Conservation	Agriculture
	52.9	" "	Official Seed Testing	Agriculture
	258.9	" "	Foundation Seed Production	Agriculture
	147.1	" "	Horticulture Development	Agriculture
	9.6	" "	Facility Improvement	Agriculture
	318.1	State Fairs	State Fairs	Agriculture
	207.4	Ag. Administration	Ag. Administration	Agriculture

8852.15C

STATE OF ALASKA -- CAPITAL PROJECT REQUEST  
AGENCY SUMMARY

13:08

11/22/80

\* \* \* \* \* DEPARTMENT OF NATURAL RESOURCES \* \* \* \* \*

BUDGET COMPONENT

(01) (02) (03) (04)  
82 AGNCY 82 GOV 83 AGNCY 83 GOV

NATURAL RESOURCE MANAGEMENT

LAND AND WATER MANAGEMENT

PURCHASE FIREFIGHTING AIRCRAFT	8298.0	2000.0 <sup>2</sup>		
STATEWIDE FIRE WAREHOUSING	5251.7			5251.7
ANCHORAGE LAND DEFICIENCY PAYM	4000.0	4000.0		
ANCHORAGE LAND DEFICIENCY PAYM			3000.0	3000.0
*** PROGRAM TOTAL ***	17549.7	6000.0	3000.0	8251.7

MANAGEMENT OF MINERAL RESOURCE

GEO/GEOPHY. INTERPRETATION	2549.0	2549.0 <sup>4</sup>		
RESOURCE INVENTORY PROGRAM	9483.4	9483.4 <sup>5</sup>		
GEO/GEOPHY. INTERPRETATION			2717.0	2717.0
RESOURCE INVENTORY PROGRAM			12683.2	12683.2
*** PROGRAM TOTAL ***	12032.4	12032.4	15400.2	15400.2

*can only be \$1 million  
because of statutory ceilings*

PARKS DEVELOPMENT

FED. RECEIPTS - LWCF	2800.0	2800.0		
FED. RECEIPTS - HIST. PRESERV.	500.0	500.0		
RADIO COMMUNICATION SYSTEM	75.0	25.0		
KENAI ACQUIS. AND DEVEL.	846.0			846.0
NANCY LAKE ACQ AND DEVEL.	3893.0			3893.0
KODIAK ISL. DEVEL.	298.0			298.0
BIG LAKE PARK WAYSIDE	441.0			441.0
STATE PARK INFO. SERVICE	348.0			
PARK TRAILS SYSTEM	85.0	85.0		
HOMER SPIT ACQ. AND DEVEL.	4784.2			4784.2
NAT-SU STREAM WAYSIDE	1890.0			1890.0
RIKA	420.0			420.0
TOKOSITNA/WORK PLAN	1500.0			1500.0
INDEPENDENCE MINE RESTORATION	971.0	500.0	824.0	1295.0
PARK BOUNDARY SURVEYS	250.0	150.0		100.0
*** PROGRAM TOTAL ***	19101.2	4060.0	824.0	15467.2

MANAGEMENT AND ADMINISTRATION

CADASTRAL LAND SURVEYING	10484.8	10484.8 <sup>1</sup>		
OFFSHORE/MARINE BOUND. SURV	3624.5	3624.5 <sup>2</sup>		
ALARS	3342.9	2500.0 <sup>3</sup>		
MICROFILM/AUTO DRAFTING SYS	1265.0	1265.0		
PHOTO/MAP. CENTR. INDEX SYS	75.0			
PREFERENCE RIGHTS SURVEYS	300.0			
FY82 CADASTRAL LAND SURVEY	600.0	600.0		
OFFSHORE/MARINE BOUND. SURVEY			778.0	778.0
*** PROGRAM TOTAL ***	19692.2	18474.3	778.0	778.0
*** CATEGORY TOTAL ***	68375.5	40566.7	20002.2	39897.1

*Tentative 6*

DEVELOPMENT

ECONOMIC DEVELOPMENT

NEMANA AG. PROJECT	98.4			
DELTA AG. EXPANSION	680.0	} Pending		
KENAI GRAZING	280.0			80.3
VILLAGE AG/SMALL PROJECTS	1053.3			56.6
AC. REVOLVING LOAN FUND	30085.0			1053.3
INTERIOR PMC BUILDING	177.0		20024.0	
PMC HEAD HOUSE CONSTRUCTION	25.0		177.0	472.5
			25.0	472.5
			5.0	5.0

STATE OF ALASKA -- CAPITAL PROJECT REQUEST  
AGENCY SUMMARY

13:08

11/22/80

\*\*\* DEPARTMENT OF NATURAL RESOURCES \*\*\*

BUDGET COMPONENT	(01) 82 AGENCY	(02) 82 GOV	(03) 83 AGENCY	(04) 83 GOV
PMC CAPITAL EQUIPMENT	85.0	85.0	33.6	33.6
PMC - ALARM SYSTEM	11.5	11.5		
PMC RESIDENCE	130.0			
KODIAK RODEO	96.5			
TANANA VALLEY FAIR ASSOCIATION	279.5			
ALASKA STATE FAIR	3000.0			
SOUTHEAST ALASKA STATE FAIR	240.5			
ANCHORAGE FUR RENDEZVOUS	50.0			
NINILCHIK FAIR	205.0			
*** PROGRAM TOTAL ***	36496.7	298.5	21725.3	511.1
ENERGY DEVELOPMENT				
NORTHWEST COAL STUDY	500.0	500.0		
*** CATEGORY TOTAL ***	36996.7	798.5	21725.3	511.1
***** TOTAL EXPENDITURES	105372.2	41365.2	41727.5	40408.2
FUNDING SOURCES	(01) 82 AGENCY	(02) 82 GOV	(03) 83 AGENCY	(04) 83 GOV
1002 FEDERAL RECEIPTS	5130.8	5130.8	1457.3	1457.3
1004 GENERAL FUND	100156.4	27176.0	40246.2	27725.0
1021 AGRICULTURAL LOAN FUND	85.0		24.0	
1044 RENEWABLE RESOURCE FUND		18116.8		11225.9
TOTAL FUNDING	105372.2	50423.6	41727.5	40408.2

Pending

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COMMITTEE REPORT  
SENATE

3/5/82

FURTHER: Finance

Date: 3/12/82

Mr. President:

The Committee on RESOURCES has had SB 710  
state trust funds and their administration

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for SB 710  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Notes
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

CHAIRMAN



# Alaska State Legislature

## SENATE Resources Committee

### Official Business

BETTYE FAHRENKAMP, Chairman  
VIC FISCHER, Vice-Chairman  
BRAD BRADLEY  
DICK ELIASON  
DON GILMAN  
BOB MULCAHY  
ARLISS STURGULEWSKI

### MEMBERS PRESENT

Senator Fahrenkamp  
Senator Fischer  
Senator Gilman  
Senator Mulcahy  
Senator Sturgulewski

POUCH V  
STATE CAPITOL  
JUNEAU, ALASKA 99811  
(907) 465-3834  
(907) 465-3835

April 12, 1982  
1:05 p.m.

Beltz Room  
Capitol - Room 211

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### Hearing:

SB 710 Relating to state trust funds and their administration.  
SB 806 Relating to the issuance of citations for fish and game violations.

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### SB 710

Senator Parr expressed support for SB 710, explaining that the State has a moral and a legal obligation to resolve the issue of the mental health lands. Although a bill was passed in 1978 providing for funds to be appropriated to the Mental Health Trust Fund, no money was ever appropriated. He stated that the Mental Health Association is prepared to sue the State if the issue is not resolved this session. Although Parr has no objection to CSSB 710 (Res), he does not see the need for a \$50,000 appropriation to the Department of Revenue, Mental Health Advisory Board, for the needs assessment.

Senator Gilman reminded the Committee that the 1978 law was put into effect because the mental health lands were the only ones available for municipal land selections. This law changed the status so the lands were available for general selection.

Senator Fahrenkamp stated that she spoke to Natalie Gottstein, Executive Director, Alaska Mental Health Association, just prior to today's meeting. Natalie urged the passage of CSSB 710 (Res).

Senator Mulcahy moved the Resources Committee Substitute and asked unanimous consent. He then moved CSSB 710 (Res) with individual recommendations.

Senator Sturgulewski asked that the three fiscal notes be sent forward with the bill.

### SB 806

Senator Mulcahy stated that testimony on SB 806 had been taken in the Fisheries Subcommittee. He explained that this bill allows citations

Senate Resources Committee

April 12, 1982

Page 2

to be written for minor fish and game violations, with fines ranging from \$25 to \$100. The Committee Substitute allows a 15-day period for payment of a fine (rather than the 5 days in the original bill), and adds a statement to the effect that a person who contests a citation cannot be charged a larger fine than a person who doesn't contest it.

Senator Gilman expressed support for SB 806, explaining that it allows people to send in fines rather than having to appear in court.

Senator Gilman moved the Committee Substitute and asked unanimous consent. He then moved CSSB 806 with individual recommendations.

The meeting was adjourned at 1:40 p.m.

CSSB 710(Res)

The federal Alaska Mental Health Enabling Act of 1956 authorized the Territory of Alaska to select one million acres of land "as a public trust," the proceeds and income of which were "first be applied to meet the necessary expenses of the mental health program of Alaska." Amounts not needed for mental health program purposes were to be used for other public purposes determined by the legislature.

The 1958 Alaska Statehood Act confirmed and transferred the land grant to the new State of Alaska.

The "mental health trust lands" were received by the state and managed by the Department of Natural Resources.

In 1978 the legislature redesignated the mental health lands as general grant lands and established a mental health trust fund which was to receive one and one-half percent of the total receipts derived from the management of state land. This percentage was to be appropriated by the legislature on an annual basis. To date, no appropriation has been made to the Mental Health Trust Fund.

An Attorney General's opinion indicates, among other items, that a public trust exists and that funds may be transferred into the trust fund without appropriation.

SENATE RESOURCES COMMITTEE  
LEGISLATION CHECKLIST

BILL NUMBER SB 710

IDENTIFICATION:

BILL NAME: "An Act relating to state trust funds and their administration; and providing for an effective date."

SPONSOR(S): HESS

RELATED BILLS PENDING: SB 711  
HB 151

DATE INTRODUCED: 2/3/82

REFERRALS: HESS  
Resources  
Finance

INITIAL RESEARCH:

INITIAL BILL SUMMARY COMPLETED ✓

SUMMARY BY LEGAL DIVISION: *Letter R. Smith*  
DEPT. OF LAW SUMMARY:

SPONSOR CONTACTED FOR BACKUP

FISCAL NOTE: *Dept. HSS*

MATERIALS: *✓ yes - formulated file - proposed CS (HESS)  
proposed amend - Tom Branton*

*PR - CS SB 710 (HESS)*

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR REPS. NOTIFIED:

*Dept. HSS position paper / ~~Final~~ note in support - amended*

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS AND/OR GROUPS:

*1/2 resolution in support - J. Claudopolis - 1.8 towards health co. out. Council*  
OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPRATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE

BACKGROUND MATERIAL DISTRIBUTED

PSA/PRESS RELEASE

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/CS DRAFTED:

*called Thomas Branton - proposed amend. ~3370  
called Tom Branton Colletta 3752  
" Parr  
called Rep. Malone  
Marino*

*CS SB 710 (HESS)  
Do HSS amend - Tom Branton, ser ~3370*

LEGISLATION SUMMARY

- CSSB 710 (Res): "An Act relating to the mental health trust fund and its administration; and providing for an effective date."
- Sec. 1: Amends existing law regarding the powers and duties of the Mental Health Fund Advisory Board, adding new language requiring the Board to annually report to the legislature by the 15th day of each session, providing an assessment of the state's mental health services needs, the degree to which those needs are being met, and providing recommendations for use of income from the Fund.
- Sec. 2: Amends existing law regarding utilization of the Mental Health Fund to allow income from the fund not used for the support of the state mental health program to be appropriated to any other public purpose.
- Sec. 3: Amends existing law regarding state contributions to the Mental Health Fund, requiring that the commissioner of revenue annually transfer an amount equal to 1½% of certain state receipts to the Fund. The relevant receipts are those received from state land management and the sale or annual rent of surface rights, mineral lease rentals, royalties, royalty sales proceeds, and federal mineral revenue-sharing payments or bonuses. The amendment eliminates receipts from state land management and the sale or annual rent of surface rights from the total from which the 1½% annual transfer is derived.
- Sec. 4: Amends the Public Finance Code Trust Funds Chapter, adding new language requiring the Legislative Budget and Audit Committee to annually review the performance of the commissioner of revenue regarding the custody, management and investment of the Fund, and to report its findings to the legislature and Governor.
- Sec. 5: July 1, 1982 effective date.

LEGISLATION SUMMARY

- CSSB 710 (HESS): "An Act relating to state trust funds and their administration; and providing for an effective date."
- Sec. 1: Amends existing law regarding utilization of the Mental Health Fund to allow income from the Fund not used for the support of the state mental health program to be appropriated to any other public purpose.
- Sec. 2: Amends existing law regarding state contributions to the Mental Health Fund and the Public School Fund requiring that
- Sec. 3: the commissioner of revenue annually transfer an amount equal to 1½% of certain state receipts to each Fund. The relevant receipts are those derived from state land management and the sale or annual rent of surface rights, mineral lease rentals, royalties, royalty sale proceeds, and federal mineral revenue-sharing payments or bonuses. The amendment eliminates receipts from state land management and the sale or annual rent of surface rights from the total from which the 1½% annual transfer is derived.
- Sec. 4: Amends existing law regarding state trust funds, adding new language requiring annual review of the commissioner of revenue's performance regarding the custody, management and investment of the Mental Health, University and Public School Funds by the Legislative Budget and Audit Committee. Requires the Committee to annually report its findings to the legislature and governor.
- Sec. 5: Repeals existing law establishing the Advisory Boards for the Mental Health and Public School Funds, and existing law regarding the Board's powers and duties.
- Sec. 6: July 1, 1982 (effective date).

FISCAL NOTE

I. REQUEST

Bill/Resolution Number: CSSB 710 (D.C.)  
 Title: Relating to state trust funds and their administration  
 Requested by: \_\_\_\_\_ Date: 4/12/82

II. FISCAL DETAIL

Agency Affected: General Fund Unrestricted Revenue  
 Program Category Affected: \_\_\_\_\_  
 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

FUNDING

IN MILLIONS OF DOLLARS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-	(16.2)	(17.7)	(21.1)	(24.6)	(28.8)
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-	-	-	-	-	-
PART TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

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

Above is in terms of reduction of General Fund unrestricted revenue now to be contributed to Mental Health Fund at one and one-half percent contribution rate of mineral lease rentals, royalties, royalty sale proceeds. Based on latest revenue estimates as of date of preparation of fiscal note.

*A. Staack*

IV. DATE: April 12, 1982 PREPARED BY: Anselm C. Staack, Treasury Comptroller  
 AGENCY: Dept. of Revenue, Treasury Division  
 PHONE: 65-2350  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS SB 710 (Resources)  
 Title Relating to the mental health trust fund  
 Requested by Senate Resources Committee Date 4/12/82

II. FISCAL DETAIL

Agency Affected Menatl Health Fund Advisory Board - Dept. of Revenue  
 Program Category Affected Revenue Collection and Management  
 BRU, Program, Or Subprogram(s) Affected Treasury Division  
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		50,000	-0-	50,000	-0-	50,000
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		50,000	-0-	50,000	-0-	50,000

FUNDING (Thousands of Dollars)

GENERAL FUND		50,000	-0-	50,000	-0-	50,000
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

This analysis assumes that each needs assessment will be prepared on contract and that each will cost no more than \$50,000.

IV. DATE 4/12/82 PREPARED BY Senator Fahrenkamp, Chairman  
 AGENCY Senate Resources Committee  
 Original: Legislative Finance PHONE 465-3762  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)

I. REQUEST

Bill/Resolution Number: CSSB 710 (HESS) (3/5/82)  
 Title: Relating to state trust funds and their administration  
 Requested by: Senate Resources Committee Date: 4/12/82

II. FISCAL DETAIL

Agency Affected: Department of Revenue  
 Program Category Affected: Revenue Collection and Management  
 BRU, Program, or Subprogram(s) Affected: Treasury Management  
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	-	15.7	17.3	19.0	41.7	45.3
200 TRAVEL	-	2.0	2.2	2.4	2.7	2.9
300 CONTRACTUAL	-	21.0	24.2	27.9	32.1	37.0
400 COMMODITIES	-	.5	.6	.7	.8	.8
500 EQUIPMENT	-	1.5	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<b>TOTAL</b>	-	40.7	44.3	50.0	77.3	86.3

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-	40.7	44.3	50.0	77.3	86.3
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-	-	-	-	1/12MM	1/12MM
PART TIME	-	1/6MM	1/6MM	1/6MM	-	-
TEMPORARY	-	-	-	-	-	-

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)  
 Allows the Commissioner of Revenue to invest the Mental Health Fund

THIS ANALYSIS IS BASED ON ASSUMPTION COMPANION BILL SB 711, APPROPRIATION TO MENTAL HEALTH FUND, DOES NOT PASS.

Personal Services is one-half time Accounting Tech. II (R14,G) for associated trust accounting, proper allocation, monthly/quarter/annual reporting. Contractual Services: Comm. \$3.0; Print & Adv. \$3.0; Safekeeping and relating reporting/accounting \$10.0; Audit \$5.0. Equipment for new position.

Trust funds should pay for related expenses out of income for true rate of return and proper cost allocation.

*A. Staack*

IV. DATE: April 12, 1982 PREPARED BY: Anselm C. Staack, Treasury Controller

Original: Legislative Finance AGENCY: Dept. of Revenue, Treasury Division  
 cc: Budget and Management PHONE: 465-2350  
 Prime Sponsor (First Legislator Named)

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

MAR 1 1982  
JAY S. HAMMOND, GOVERNOR

POUCH S  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2300

March 15, 1982

The Honorable Bettye Fahrenkamp  
Chairwoman  
Senate Resources Committee  
Room 113 - Capitol Building  
Juneau, Alaska

Dear Senator Fahrenkamp:

Re: CS for Senate Bill No. 710 (HESS)

CS for Senate Bill No. 710 (HESS), an Act relating to the state trust funds and their administration, was referred on March 5, 1982 by the Senate Health, Education and Social Services Committee to the Senate Resources and Finance Committees.

For the consideration of the Senate Resources Committee, I am enclosing copies of Fiscal Notes prepared by Mr. Anselm Staack, Treasury Comptroller and Mr. Robert W. Elliott, Research Analyst, Research Section of the Department of Revenue concerning the Committee Substitute.

Sincerely,



R. D. Stevenson  
Special Assistant

### Enclosures

cc: The Honorable Don Bennett  
The Honorable M. E. Dankworth  
Co-Chairmen  
Senate Finance Committee

Joseph K. Donohue  
Deputy Commissioner  
Department of Revenue

Anselm Staack  
Treasury Comptroller  
Department of Revenue

Robert W. Elliott, Research Analyst  
Research Section  
Department of Revenue

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 710 (HESS) (3/5/82)  
 Title Relating to state trust funds and their administration  
 Requested by Senate Resources Committee Date 3/12/82

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected Revenue Collection and Management  
 BRU, Program, Or Subprogram(s) Affected Treasury Management  
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		84.2	92.6	101.9	112.1	123.3
200 TRAVEL		5.0	5.5	6.1	6.7	7.3
300 CONTRACTUAL		95.0	104.5	115.0	126.4	139.1
400 COMMODITIES		3.0	3.3	3.6	4.0	4.4
500 EQUIPMENT		6.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		193.2	205.9	226.6	249.2	274.1

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		193.2	205.9	226.6	249.2	274.1
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		2	2	2	2	2
PART TIME						
TEMPORARY						

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

Allows the Commissioner of Revenue to invest three trust funds; the Mental Health Fund, University Fund and Public School Fund.

Personal Services is for Investment Officer II (R22,X) to invest and manage assets; Account Tech. II (R14,G) for associated trust accounting and proper allocation among three separate trust funds and all related reporting. Contractual Services: Comm. \$10.0; Print & Adv. \$10.0; Safekeeping and related reporting/accounting \$50.0; Audit \$20.0; Misc. \$5.0. Equipment for new positions. Costs cover all three funds. Travel to report to various boards involved.

The trust funds should pay for related expenses out of income to obtain true rate of return.

*Anselm C. Staack*

IV. DATE March 12, 1982 PREPARED BY Anselm C. Staack, Treasury Comptroller  
 AGENCY Dept. of Revenue, Treasury Division  
 Original: Legislative Finance PHONE 465-2350  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 710 (HESS)  
 Title An Act relating to State trust funds.  
 Requested by Senate Resources Committee Date 03/10/82

II. FISCAL DETAIL

Agency Affected Department of Revenue  
 Program Category Affected \_\_\_\_\_  
 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
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						
FEDERAL FUNDS						
OTHER (Specify Source)						
Mental Health Fund		20,730	32,405			
Public School Fund		3,912	10,503			

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The above figures reflect the projected revenues (based on the Department of Revenue's January 1982 estimates) transferred from the General Fund to the Mental Health Fund (AS 37.14.010) and the Public School Fund (AS 37.14.110). Royalty sale proceeds are not included in the projections since bids are impossible to anticipate prior to sales.

IV. DATE 03/10/82

PREPARED BY Robert W. Elliott

AGENCY Revenue

PHONE 465-2172

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

HOUSE FINANCE COMMITTEE

May 24, 1978

9:00 a.m.

All members of the Committee were present except Representatives Cowper and Schaeffer. (Representatives Swanson and Gruening arrived later in the meeting). Also present were Representative Bradley and Pat Conheady, Division of Lands.

PRESENT

Vice-Chairman called the meeting to order and brought HB 720 up for consideration.

HB 720

"An Act relating to state land; and providing for an effective date."

Representative Duncan referred to the finance committee substitute for HB 720 and moved on page 1, line 29 to delete AS 38.08.080 and AS 40.15.200. Vice-Chairman Freeman objected.

(Representative Swanson arrived.)

Representative Duncan stated that if AS 38.08.080 were left in the bill, they would be by-passing the municipal zoning rights. Vice-Chairman Freeman stated this applies only to the "first go-around".

(Representative Gruening arrived.)

Vice-Chairman Freeman stated what they are trying to do here is offer a viable alternative to the Bierne initiative. He stated he didn't think they would be acting responsibly if they were to leave the Bierne initiative as the only choice. Vice-Chairman Freeman stated this section applies only to the "emergency" period and doesn't apply after 1980.

Representative Duncan stated section AS 40.15.200 deals with regulation of subdivisions and the ability of the municipality to regulate. Vice-Chairman Freeman stated this is also only exempted during the "emergency" period until November.

Representative Gruening commented that he did not think anything could be done between now and November within the provisions of the bill that would satisfy people. He stated he would be more comfortable with an effective date contingent on the failure of the Bierne Initiative.

Representative Buchholdt asked what the long term plan for land use was. Mr. Rogers (Administrative Assistant to Representative Bradley) stated there are two policies within the bill; one is to get the land out to the people immediately as proof that the land is available, and after that there is a long range plan (page 2 and 3 of the bill).

5/24/78

Representative Gruening asked how much land is located within municipalities. Mr. Conheady, Division of Lands, stated most of the land is located in the Mat-Su Borough. He stated there was very little in Southeast when they didn't include Mental Health lands. Representative Gruening commented the bill does include Mental Health lands. Representative Meekins stated he thought the purpose of the bill was to give land in areas relatively removed from urban areas. Vice-Chairman Freeman commented he didn't think you would find much mental health land in the middle of cities.

Representative Duncan asked if they could be getting into a legal problem if they over-ride home rule of municipalities. Vice-Chairman Freeman stated this might be a problem, but he didn't think they should lose sight of the fact that municipal governments are the "child" of state government, and the state gives them their powers.

Representative Gruening stated the problem with leaving these sections in is that he doesn't think it will accomplish anything, and it will not encourage good planning and zoning. He stated he thinks this is creating a bad precedent.

The Question on the motion was called for: 5 in favor, 3 opposed. AS 38.08.080 and AS 40.15.200 were deleted from Section 2 (d).

Representative Duncan referred to page 16, section 15 and stated his understanding is that this section gets into the local municipalities right to regulate land. He stated it takes away any approval rights of the local planning authority. There was discussion. Vice-Chairman Freeman stated this, again, is a policy decision. Representative Duncan moved to delete section 15, page 16. Vice-Chairman Freeman objected. After brief discussion, Representative Duncan withdrew his motion.

Representative Duncan asked if there was a difference between "designated" and "classified". Mr. Conheady stated there was. He stated that "classified" is required, where "designated" is just that. Representative Duncan recommended changing "designated" to "classified" in Section 15, and adding "and approved" back in. There was discussion. Mr. Rogers commented that if classified is used here, it must be used throughout the bill. He stated the question of adding "and approved" should be considered separately. There was brief discussion.

Vice-Chairman Freeman stated discussion would continue at this afternoon's meeting.

The meeting adjourned at 10:05 p.m.

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Tape HFC 78-118 #663 - 1659

ADJ

5/2

HOUSE FINANCE COMMITTEE

May 24, 1978

3:05 p.m.

All members of the Committee were in attendance except Representative Buchholdt. (Representative Gruening arrived later in the meeting.) Also in attendance were: Jim Rolle, Alaska Municipal League; Representative Snider; Dick Holden, Department of Transportation and Public Facilities; and Rick Barrier, Alaska Court System.

PRESENT

Chairman Cowper called the meeting to order and brought HB 720 up for consideration.

HB 720

"An Act relating to homesites; and providing for an effective date."

Chairman Cowper requested that Representative Freeman, as Chairman of the Subcommittee on HB 720, Chair this portion of the meeting. Chairman Freeman recapped what had been discussed to date in Committee meetings.

Representative Duncan moved to delete Section 15 of the bill (page 16, lines 8-18) and insert in its place:

\* Sec. 15. As 38 08.070 is repealed and re-enacted to read:

Sec. 38.080.070. LAND LOCATED WITHIN MUNICIPALITIES. The director, in consultation with the local planning authority of an organized borough or city, may designate or classify state land located within the city or borough for homesite entry consistent with established land use policies of the borough or city.

Chairman Freeman stated he had no objection to this. There was brief discussion. There being no objection, it was so ordered.

Chairman Freeman moved to add the following language to Section 15, to be inserted after the language accepted in the previous motion:

"Nothing in this section or other provisions of law which entitle an organized borough or city to select state land located within its boundaries prevents the director from selecting, designating, or classifying for homesite entry land which would otherwise be available for borough or city selection. If designated or classified for homesite entry, the land is not available for city or borough selection."

5/24/78

Representative Duncan objected. The Question was called for: 6 in favor, 3 opposed. The motion carried.

Representative Cowper suggested the Committee discuss the possibility of setting this up as an alternative proposition to the Bierne Initiative on the ballot. He stated he thinks they will have to play "hard ball" with the Initiative.

(Representative Gruening arrived at this time.)

Representative Cowper stated that if the Committee concurred that it was a good idea to put this on the ballot, he would suggest they ask for drafting assistance to amend the bill to reflect that decision. Representative Gruening stated he thought mental health lands should be separated from the initiative and be made effective immediately. There was brief discussion on the mental health lands. Chairman Freeman stated he was sold on the idea of having the section on mental health lands involved in this bill. He stated he believes the bill will have more appeal with those sections included. Representative Gruening stated the problem with mental health lands goes beyond this bill. He suggested if the passage of the homesite bill it going to be made provisional upon the approval of the voters, then the mental health lands problem should be addressed separately. There was further discussion on putting the bill on the ballot. Representative Cowper suggested passing the bill out and going to caucus with the idea of putting this on the ballot. He stated if the caucus decided to do this the bill could be revised in rules or free conference.

Chairman Freeman returned the gavel to Representative Cowper.

Representative Swanson moved and asked unanimous consent that a finance committee substitute be drafted, incorporating the latest finance work draft of CSHB 720 and the changes approved at this meeting. There being no objection, it was so ordered. CSHB 720 (finance) was reported out with a "do pass" recommendation.

CSHB 72  
REPORTE  
OUT

Chairman Cowper stated they have received a new fiscal note for CSHB 763 (An Act relating to Commercial Fishing and Agriculture) dated 5/22/78 in the amount of \$100.0. The Committee had no objection to the fiscal note. Chairman Cowper advised CSHB 763 had been reported out of Committee on April 25, 1978.

FISCAL  
CSHB 76

Chairman Cowper brought HB 925 and HB 926 up for consideration.

HB 925  
HB 926

5/24/78

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

Recd. 4/2/82

MEMORANDUM

February 17, 1982

SUBJECT: Mental health trust land liabilities  
TO: Representative Hugh Malone  
FROM: Richard A. Bradley  
Legislative Counsel *B*

You have asked that I comment on the general question of the Mental Health Trust Lands granted to the Territory and the State of Alaska as well as the bill presently pending before the legislature relating to the trust lands, SB 710.

In preparing these comments, I have reviewed the memorandum of February 8, 1982 to you from the Department of Law. While I did not draft SB 710, I have been advised that SB 710 is the same as HB 151, the bill reviewed in the Department of Law memorandum. Accordingly, it seems that the comments in that memorandum are useful generally also to your question.

Because of the brief time allowed for the preparation of this memorandum, it was necessary to cast my views in general conclusory statements:

(1) I agree that it is unlikely that a court would conclude that the mental health trust responsibility imposed on the state to use the lands received for mental health purposes was terminated at statehood by the Statehood Act or by the Omnibus Act.

(2) I agree that it is likely that a court would conclude that the Alaska Mental Health Enabling Act imposed an affirmative trust on the state.

(3) It may be that the prohibition against the dedication of funds under the Alaska Constitution will, at some time in the future, have practical implications for the provisions of AS 37.14. I do not believe that it does at this point.

February 17, 1982

Several aspects of this problem may be noted. This office disagrees with the Department of Law views on the nature of the constitutional requirement; in our view, the income from the disposal of lands does not constitute the income from a "tax or license". We believe those words have meaning, whether or not our constitutional fathers correctly anticipated the actual sources of state income in the 1980's.

Until litigation resolves the question, it will be open to the legislature to interpret the constitution and dedicate the income from the disposal of lands if it wishes.

But I suspect that we also disagree with the suggestions that if the legislature dedicates the proceeds of a tax or license but the funds remain subject to legislative appropriation, that an unconstitutional dedication occurred.

Put in other words, if the dedication of the proceeds of a tax or license are subject to affirmative legislative appropriation, then no violation of the constitution occurs; in effect, the dedication constitutes nothing more than an allocation to an account within the treasury for accounting purposes.

I think it is premature, therefore, to pay too much attention to those concerns, particularly as long as there remains an obligation to the legislature to appropriate all the funds granted under the one and one-half percent formula. A dedication that remains subject to the discretion of the legislature to appropriate is not in fact a dedicated fund.

(4) I agree that so long as AS 37.14 remains the method by which the legislature seeks to execute its trust land responsibilities, the legislature should honor its own commitment to fund AS 37.14. I suggest that a legislative determination that the state is meeting or has met its mental health responsibilities, if based on reasonably well founded facts, will go some distance towards blunting the possibility of litigation on a theory that the state has failed in that liability. Whether that conclusion can be justified (and be well founded), is a more difficult question on which I have no answers.

February 17, 1982

(5) If the legislature remains with a reasonable commitment to AS 37.14 and supports funding under that concept, the needs for an appraisal of the mental health lands may be avoided.

(6) I agree that the allocation of money to the mental health funds may be achieved without appropriation and that it is reasonable to do so.

As suggested, the money should be used for mental health purposes but if the legislature makes an implicit determination that mental health needs are adequately funded, the mental health funds may be appropriated by the legislature to a different purpose.

The provisions of SB 710 seem consistent with these conclusions and I offer no proposals for amendments to deal with the assumed liability or otherwise.

RAB:ljb

That the Surgeon General may cause the project to be inspected at any time, and if such inspection indicates that the project is not being constructed in accordance with approved plans and specifications, he may, after notice and affording opportunity for hearing, withhold further payment until he finds that adequate corrective measures have been taken.

"(d) The term 'cost of construction' means the amount found necessary by the Surgeon General for the construction of a project and includes the construction and initial equipment of buildings (including medical transportation facilities), architects' and engineering fees, the cost of land acquired specifically for the purpose of the project, and on-site improvements.

"(e) If, within twenty years from the date of completion of construction, any hospital or other medical facility constructed with the aid of grants under this section shall cease to be a publicly owned facility operated for the care or treatment of patients under the Territory's mental health program, the United States shall be entitled to recover from the Territory the then value of the hospital or other medical facility, reduced, however, proportionately to the extent to which the Territory may have contributed to the cost of construction thereof."

Recovery of value of facility.

LAND GRANT

Sec. 202. (a) The Territory of Alaska is hereby granted and shall be entitled to select, within ten years from the effective date of this Act, not to exceed one million acres from the public lands of the United States in Alaska which are vacant, unappropriated, and unreserved at the time of their selection: *Provided*, That nothing herein contained shall affect any valid existing rights. All lands duly selected by the Territory of Alaska pursuant to this section shall be patented to the Territory by the Secretary of the Interior.

(b) The lands authorized to be selected by the Territory of Alaska by subsection (a) of this section shall be selected in such manner as the laws of the Territory may provide, and in conformity with such regulations as the Secretary of the Interior may prescribe. The authority to make selections shall never be alienated or bargained away, in whole or in part, by the Territory. All selections shall be made in reasonably compact tracts, taking into account the situation and potential uses of the lands involved. Upon the revocation of any order of withdrawal in Alaska, the order of revocation shall provide for a period of not less than ninety days before the date on which it otherwise becomes effective during which period the Territory of Alaska shall have a preferred right of selection, subject to the requirements of this Act, except as against prior existing valid rights or as against equitable claims subject to allowance and confirmation. Such preferred right of selection shall have precedence over the preferred right of application created by section 4 of the Act of September 27, 1944 (58 Stat. 748; 43 U. S. C., sec. 282), as now or hereafter amended, but not over other preference rights now conferred by law. As used in this subsection, the words "equitable claims subject to allowance and confirmation" include, without limitation, claims of holders of permits issued by the Department of Agriculture on lands eliminated from national forests, whose permits have been terminated only because of such elimination and who own valuable improvements on such lands.

(c) All grants made or confirmed under this section shall include mineral deposits: *Provided, however*, That mineral deposits in lands which on January 1, 1956, were subject to public land order numbered 82 of January 22, 1943, shall not be included in said grants, but shall continue to be reserved to the United States.

Mineral deposits.

Leases: sales.

(d) Following the selection of lands by the Territory pursuant to subsection (b), but prior to the issuance of final patent, the Territory shall be authorized to lease and to make conditional sales of such selected lands.

(e) All lands granted to the Territory of Alaska under this section, together with the income therefrom and the proceeds from any dispositions thereof, shall be administered by the Territory of Alaska as a public trust and such proceeds and income shall first be applied to meet the necessary expenses of the mental health program of Alaska. Such lands, income, and proceeds shall be managed and utilized in such manner as the Legislature of Alaska may provide. Such lands, together with any property acquired in exchange therefor or acquired out of the income or proceeds therefrom, may be sold, leased, mortgaged, exchanged, or otherwise disposed of in such manner as the Legislature of Alaska may provide, in order to obtain funds or other property to be invested, expended, or used by the Territory of Alaska. The authority of the Legislature of Alaska under this subsection shall be exercised in a manner compatible with the conditions and requirements imposed by other provisions of this Act.

## EFFECTIVE DATE

SEC. 203. This title shall become effective on the date of enactment of this Act.

## TITLE III—TRANSITIONAL AND GENERAL PROVISIONS

## AMENDMENTS AND REPEALS

SEC. 301. (a) Such of the following Acts or parts thereof as the Governor by proclamation shall declare to be superseded by a law or laws hereafter enacted by the Territorial legislature are repealed as of the effective date (specified in such proclamation) of such superseding law or laws, or as of the two hundred and tenth day after the date of enactment of this Act, whichever is later:

(1) Section 8 of the Act of January 27, 1905 (33 Stat. 616, 619; 48 U. S. C. 47);

(2) The first sentence of section 7 of the Act of February 6, 1909 (35 Stat. 600, 601), as amended by section 2 of the Act of October 14, 1942 (56 Stat. 782; 48 U. S. C. 46);

(3) The Act of June 25, 1910 (36 Stat. 852; see 48 U. S. C. 46b);

(4) The Act of April 24, 1926 (44 Stat. 322), as amended by sections 4 and 5 of the Act of October 14, 1942 (56 Stat. 782, 783; 48 U. S. C. 50, 50a); and

(5) Sections 1, 3, 6, 7, 8, and 9 of the Act of October 14, 1942 (56 Stat. 782, 783-785; 48 U. S. C. 46c, 47a, 47b, 47c, 48, 48a).

(b) (1) The Acts and parts of Acts listed in subsection (a), except the Act of June 25, 1910, are, pending their repeal as provided in subsection (a), amended (A) by striking out the words "Secretary", "United States", "Congress", and "Department of the Interior" wherever these words appear, and inserting in lieu thereof the words "Governor of Alaska or his designee", "Territory of Alaska", "the Legislature of Alaska", and "Territory of Alaska", respectively; (B) by inserting immediately before the word "Treasury", wherever it appears, the word "Territorial"; (C) by striking out the word "Federal"; and (D) by amending section 1 (a) of the Act of October 14, 1942, to read as follows: "'Governor' means the Governor of Alaska or his designee:": *Provided*, That the words "United States" where

48 USC 46c, 47a,  
47b, 47c, 48, 48a.

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

*rd. 4/2/82*  
JAY S. HAMMOND, GOVERNOR

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

February 8, 1982

RECEIVED

Hon. Hugh Malone  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Re: Mental health trust fund  
Our file: J66-534-81A

Dear Representative Malone:

You have asked us to review HB 151 and HB 152 to determine whether they, if enacted, would satisfy the state's obligation to the mental health trust fund. In our opinion, the bills as drafted would not entirely satisfy the state's obligation to the mental health trust fund. In addition, the existing legislation which HB 151 would amend presents a problem under our constitutional prohibition against dedicated funds. We have also reviewed SB 710 and SB 711 which affect the mental health trust fund. We will discuss the development of the mental health trust fund, and make specific suggestions for legislative action.

The Alaska Mental Health Enabling Act, P.L. 84-830, § 202, 70 Stat. 709 (July 28, 1956) (copy attached), authorized the Territory of Alaska to select one million acres from the public lands of the United States in Alaska which were vacant, unappropriated, unreserved at that time. The statute required that these lands be administered by the Territory "as a public trust" and that proceeds and income of these lands "first be applied to meet the necessary expenses of the mental health program of Alaska." The statute authorized the territory to sell, lease, mortgage, exchange or otherwise dispose of the land in order to obtain funds or other property to be invested, expended, or used by the territory. The committee report which accompanied that legislation stated that "amounts not needed for the mental health program can be used for other public purposes as the legislature may determine." Senate Report No. 2053, 84th Cong., 2nd Sess., reprinted in (1956) U.S. Code Congressional and Administrative News at 3639.

In 1958, Congress passed the Alaska Statehood Act, P.L. 85-508, 72 Stat. 339 (July 7, 1958). Section 6k of the

Statehood Act provided that "grants previously made to the Territory of Alaska are hereby confirmed and transferred to the State of Alaska upon its admission." That section also specifically repealed two earlier federal acts under which land had been reserved, and granted the reserved lands to the state "for the purposes for which they were reserved." This proviso applied to lands reserved for the benefit of the public schools and university under the Act of March 4, 1915, P.L. 63-330, 38 Stat. 1214; it also applied to lands within the naval petroleum reserves under the Act of February 15, 1920, P.L. 66-146, 41 Stat. 450. However, this provision did not apply to the lands reserved under the Mental Health Enabling Act.

A section of the Mental Health Enabling Act which authorized federal grants for mental health treatment in Alaska was repealed in 1959 by the Alaska Omnibus Act, P.L. 86-70, 73 Stat. 148 (June 25, 1959), § 31(b)(1). That Act did not effect the land grant or trust provisions of the Mental Health Enabling Act. The attorney general opined in 1964 that lands received pursuant to the Alaska Mental Health Enabling Act were reserved and thus could not be selected by municipalities under state land disposal laws. 1964 Opin. Alaska Atty. Gen. #7. Subsequently, the attorney general advised that mental health lands could be exchanged for land of equivalent fair market value. Inf. Opin. Alaska Atty. Gen., Feb. 10, 1967.

In 1978, the Alaska Legislature redesignated mental health lands as general grant lands and established a mental health trust fund which was to receive one and one-half percent of the total receipts derived from the management of state land. 1978 Alaska Sess. L., ch. 181, §§ 3 and 4; AS 37.14.070. We understand that this percentage of state revenues was intended to approximate the value of the trust lands. However, since no appraisal was made of the fair market value of these lands, it is impossible to determine whether the substituted revenue source meets or exceeds the fair market value of the trust lands. Since the dedication of a percentage of state revenues has no termination date, it will presumably exceed the value of the trust lands at some time.

In addition, the 1978 legislation conditioned the placement of this percentage of state revenues in the mental health trust fund upon appropriation by the legislature. We understand that to date no appropriation has been made to the mental health trust fund. We also understand that the legislature has made regular appropriations for the purpose of mental health treatment in Alaska and that the Department of Health and Social Services contains a division which is responsible

for mental health treatment in the state.

Our review of the statutes and relevant cases leads us to conclude that the Alaska Mental Health Enabling Act did impose affirmative responsibilities on the Territory of Alaska to review the needs for mental health treatment in the territory and to meet those needs with revenues from the mental health trust lands before using any proceeds from those lands for other purposes. The Alaska Supreme Court has ruled that the public trust established by the federal government for the benefit of the university in territorial days still requires that the state compensate the university for the fair market value of any land reserved for the university under that trust. State v. University of Alaska, 624 P.2d 807 (Alaska 1981). The mental health trust differs greatly from the federal trusts for the public schools and university in that the use of the latter was restricted absolutely for the benefit of the public schools and university respectively. Income and proceeds of the mental health trust lands could be spent for purposes other than mental health at the discretion of the legislature, if the mental health needs in the state had been met. Nevertheless, we think it unlikely that a court would find that the Alaska Mental Health Enabling Act did not impose some affirmative trust obligation on the territory.

We also think it unlikely that a court would find that the mental health trust obligation was terminated by the Statehood Act. Section 6k of that act specifically repealed certain portions of the public school and university trust legislation and transferred to the state lands reserved under those acts "for purposes for which they were reserved." Since the Alaska Mental Health Enabling Act was not repealed, we presume that it remains effective.

The general language in section 6k of the Statehood Act confirming previous grants made to the territory could be construed to impliedly repeal any restrictions on those grants, as were contained in the Alaska Mental Health Enabling Act. However, the act could as easily be read to reaffirm and transfer the existing trust obligations to the new state. Since the latter view reconciles the Acts, it would probably be preferred by the courts. Sands, SUTHERLAND STATUTORY CONSTRUCTION (1973) §§ 51.01, 51.02.

If the Statehood Act did not terminate the mental health trust, then the trust obligation as to those lands selected under the Alaska Mental Health Enabling Act remains in effect. If the substitution of revenue for the trust imposed

by the 1978 state legislation was not equal to the fair market value of the trust lands, then the trust has been breached. Lassen v. Arizona, 385 U.S. 458 (1967). Even if the substituted revenue source were equal to the fair market value of the trust lands, the state's failure to appropriate that money to the trust may be a breach of the trust.

In addition, the dedication of one and one-half percent of total receipts from state lands will probably at some time exceed the fair market value of the trust lands. To that extent, the dedication is prohibited by article IX, § 7, of the Alaska Constitution. \*/ The dedication of revenues to the mental health trust fund is permitted under the Alaska Constitution only to the extent that it is required by federal law.

Thus, our review of the history of the mental health trust fund indicates that (1) a trust obligation probably exists under federal law, and (2) the state has probably breached that trust obligation by redesignating the mental health trust lands as general grant lands, and failing to compensate the trust for the fair market value of those lands. We have identified three alternative courses of legislative action and will discuss them briefly.

First, the legislature may follow its past course and do nothing to fund the mental health trust fund. There is a risk of litigation over the state's obligations in a suit brought by either the federal government or some beneficiary of mental health programs in the state. We note that the Alaska Mental Health Enabling Act does not provide any mechanism for enforcement of the trust. Therefore, the state may be immune from any action to enforce the terms of the trust under the

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\*/ Alaska Constitution, article IX, section 7 provides:

DEDICATED FUNDS. The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in section 15 of this article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

Eleventh Amendment of the United States Constitution. Scott, Law of Trusts § 95 (1967). \*/ This is an issue which should be explored more thoroughly if litigation appears likely. In addition, there is the possibility that the legislative appropriations for mental health programs over the years have been adequate to meet the need for mental health treatment in the state. If past appropriations have been rationally based on reasonable assessments of mental health needs in Alaska, then the state may have fulfilled its basic trust responsibilities despite the failure to establish a separate fund with the trust lands. In that case, there may be no effective remedy for any possible breach of trust.

Second, the state may attempt to comply with the terms of the Alaska Mental Health Enabling Act. We believe that this would require:

(1) an assessment of the fair market value of the lands which were selected by the state under the Alaska Mental Health Enabling Act, as of the date of their redesignation by statute as general grant lands;

(2) some regular review (perhaps by the senate and house HESS committees) of the need for mental health treatment in the state; a report to the legislature with recommendations for appropriations for mental health treatment and facilities in the state; a legislative finding that these needs are met before money in the mental health trust fund is appropriated for any other purpose; \*\*/

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\*/ The state has partially waived its immunity from suit in state courts for contract, quasi-contract and certain tort claims. AS 09.50.2.0. It is doubtful that a suit to enforce a federal trust obligation could be brought under this statute.

\*\*/ The attorney general opined in 1961 that money received from the mental health trust lands in excess of the needs of the mental health program could be transferred to the general fund without specific legislative authorization. 1961 Opin. Alaska Atty. Gen. No. 11. We agree that the transfer of money into the general fund does not require an appropriation. However, we believe that the mental health trust obligation requires a rationally based legislative determination that the current needs of the state mental health program are met before trust money is expended for another purpose. We do not know whether past appropriations for the mental health program would be found to have satisfied this requirement.

(3) transfer of money to the mental health trust fund until the fund has received money equaling the fair market value of the trust lands.

We believe that these measures would satisfy the state's obligation under the Alaska Mental Health Enabling Act, while retaining flexibility as to the use of money in the mental health trust fund. At present, AS 37.14.040 provides that the principal of the fund shall be reinvested, and the income of the fund may be appropriated only for the support of a state mental health program. This section is much more restrictive than the federal trust obligation would require. Any restriction on the use of money beyond that required by federal law may violate the Alaska constitutional prohibition on dedicated funds.

We also note that the current statute requires that money be appropriated into the mental health trust fund. AS 37.14.050. Once in the fund, it must again be appropriated before it can be spent. The dual appropriation requirement is unnecessary to satisfy the federal trust obligation. In fact, it makes compliance with the federal trust obligation more difficult, by interposing the appropriation requirement before money can be placed in the fund. Money may be placed in the fund without an appropriation to the extent required by federal law, without violating our dedicated fund provision. We recommend direct transfer of money to the mental health trust fund until the fund reaches an amount indicated by an appraisal of the mental health trust lands. Under the terms of the federal law, the legislature may use money in the fund for any public purpose, once it has determined that the needs of the mental health program in the state have been met. This determination must be made by the legislature and must have a rational basis.

HB 151 and SB 710 each contain provisions consistent with some of our recommendations. HB 152 and SB 711 each contain appropriations to the mental health fund. We hope that our comments are helpful in the legislative consideration of these bills. Please let us know if we may be of further assistance in this matter.

The third alternative which may be pursued along with either one of the first two is to seek repeal of the Alaska Mental Health Enabling Act by Congress. If the restrictions of the trust unreasonably interfere with the prudent management of state resources and are unnecessary to ensure adequate funding of mental health treatment programs in the state, then Congressional repeal of the Alaska Mental Health Enabling Act may be