

ALASKA LEGISLATURE COMMITTEE REPORTS 1901-1902

1930 SRES SB 804 - SB 834

1930

Senate Resources Committee
March 26, 1982
Page 3

Dean Olson, Chairman of the Board, Alaska Renewable Resources Corporation, endorsed Committee Substitute #3.

Senator Sturgulewski emphasized the drastic changes Committee Substitute #3 makes to the Corporation, and expressed concern over what impact these changes would have on the current investments made through ARRC.

Wayne Littleton, President, ARRC, stated that funding is adequate to continue the Corporation.

Senator Rodev explained that the sunset provision for ARRC, which is much longer than most other sunset provisions, is a traditional banking concept, as a longer period is required to adequately judge the competency of such a corporation. He also explained that there is a confusing section at the top of page 5, and that correct language will be prepared by the time the bill goes to Finance Committee.

Don Hostak, Director, Division of Business Loans, Department of Commerce, stated that a fiscal note is needed, because the Department of Commerce will need operating funds for ARRC.

Senator Fischer moved the acceptance of Committee Substitute #3.

Senator Sturgulewski moved CSSB 697 with individual recommendations.

The meeting was adjourned at 3:05 p.m.

LEGISLATION SUMMARY

SB 804: "An Act making a continuing appropriation of repayments of the principal and interest on loans made by the Alaska Agricultural Action Council for land clearing to the land clearing account in the agricultural revolving loan fund (AS 03.10.040); and providing for an effective date."

Sec. 1: Appropriates repayments of principal and interest on loans made for land clearing in the Delta I, Delta II, and Point MacKenzie agricultural development projects to the land clearing account in the agricultural revolving loan fund as they are received.

Sec. 2: Effective date the same as an Act establishing the land clearing account (SB 803).

PRIME SPONSOR: Resources

CO-SPONSOR(S): None

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 804
 Title Clearing Loan Fund Appropriation
 Requested by Resources Committee Date 2/19/82

II. FISCAL DETAIL

Agency Affected DNR/Division of Agriculture
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Financing/Marketing
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	NONE					
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND	NONE					
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	NONE					
PART TIME						
TEMPORARY						

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

While bill will result in no additional expenditures (See Fiscal Note for SB 803), it will cause a reduction in funds returned to the general fund, since repayments of "project" clearing loan will come to ARLF Special Clearing Fund for lending statewide. This could in turn result in a corresponding decrease in requested additional appropriation for the ARLF.

IV. DATE 2/19/82 PREPARED BY Nick Carney

AGENCY DNR - Wasilla

Original: Legislative Finance PHONE 376-3276

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



UNIVERSITY OF ALASKA, FAIRBANKS
Fairbanks, Alaska 99701

Senator Jalmar Kerttula
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Senator Kerttula:

I am sorry that I am unable to come to Juneau to testify personally before your committee concerned with a plant quarantine facility associated with the Plant Materials Center. I support your efforts to establish a quarantine center in Alaska and would like to relate some experiences and offer some observations that may be useful in developing legislation for this purpose.

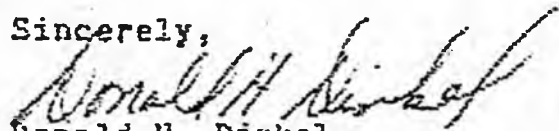
There are many potentially hardy and adapted varieties of food, fibre and ornamental crops available from foreign sources that ought to be tested in Alaska. The other states have had the opportunity of utilizing the genetic resources of the world in developing a more dependable food supply and esthetically satisfying environment. This opportunity existed because of their efforts to import plants prior to the advent of more stringent import regulations and because the federal plant quarantine facilities are more appropriately located from a climate standpoint. The federal plant quarantine facilities are less useful to us in Alaska because of the great difference in photoperiod and climate. Plants from northern sources tend to go into dormancy at longer daylengths which confuses the officials into thinking that they are diseased and therefore they are destroyed before they can be tested in Alaska. This ability to develop hardiness at the longer daylengths is essential for winter survival in the northern latitudes. Since plant material from the northern sources will have the most potential for adaptation to our climate we need a method of importing these for test and possible distribution to users.

Certain plants are more restricted in the import regulations that pertain to them. Members of the rose family are in the most restricted categories. This family contains most of the temperate zone tree fruits and the raspberries and strawberries as well as many ornamental trees and shrubs. The residents of the state are very interested in obtaining the material available in Canada and other northern countries but have been unsuccessful during the last 10 to 15 years. The interest has been so great that I understand that there have been efforts to illegally import these restricted plants. Illegal importation is certainly a much less desirable option for Alaska than is a well run and responsive plant quarantine facility in the state.

The federal officials have been quick to inform us that there are ways to get these materials imported, however we have been largely unsuccessful. The system does seem to work for the people in the rest of the U.S.

I have even been unsuccessful in obtaining plant materials that I know is available at the National Arboretum that I have offered to pay propagation costs on. We need better systems for importing plant material to Alaska.

Sincerely,



Donald H. Dinkel
Professor of Plant Physiology

520 Resources Bldg.

474-7187

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SEARCH - QUERY
0002B '16.05.160'.CITATION.

SB 806

AS16.05.160 DOCUMENT= 1 OF 1

HEADINGS TITLE 16.
FISH AND GAME.
CHAPTER 05.
FISH AND GAME CODE.
ARTICLE 1.
THE DEPARTMENT OF FISH AND GAME.

CITATION SEC. 16.05.160.

CATCH LINE

DUTY TO ARREST.

TEXT EACH PERSON DESIGNATED IN SEC. 150 OF THIS CHAPTER SHALL ARREST A PERSON VIOLATING THIS CHAPTER, OR ANY RULE OR REGULATION MADE UNDER THIS CHAPTER, IN HIS PRESENCE OR VIEW, AND SHALL TAKE THE PERSON IMMEDIATELY FOR EXAMINATION OR TRIAL BEFORE AN OFFICER OR COURT OF COMPETENT JURISDICTION.

HISTORY (SEC. 21 ART I CH 94 SLA 1959)

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

LEGISLATION SUMMARY

CSSB 806 (Res): "An Act relating to the issuance of citations for fish and game violations.

GENERAL: This bill adds a new provision to the Fish and Game Code, allowing enforcement officers to issue citations, rather than arrest suspected offenders, at the officer's discretion, and establishes a procedure similar to that for traffic violations, which allow payment and forfeiture of bail in lieu of a court appearance.

Sec. 1: Authorizes peace officers to issue a citation, rather than make an arrest, for suspected violations of the Fish and Game Code, at the discretion of the officer.

Requires the supreme court to specify those misdemeanors which may be disposed without a court appearance, and to establish a schedule of bail amounts, not to exceed the maximum specified fine for the offense. If the misdemeanor for which the citation is issued is one which does not require a court appearance, the citing officer shall specify the applicable bail on the citation.

Allows persons cited for misdemeanors for which a bail has been established to deliver by mail or in person the specified bail and a signed copy of the citation indicating that person's waiver of appearance, plea of no contest, and forfeiture of bail, within 15 days of the citation date.

Forfeiture of bail results in a judgement of conviction. Forfeiture of bail and all seized items is a complete satisfaction of the misdemeanor, and the clerk of the court accepting the bail is required to provide the offender with a receipt to that effect.

Failure to pay bail or appear in court, if required, results in the citation being considered a summons for the charge.

Notwithstanding other existing law, if the cited person appears in court and is convicted, the penalty shall not exceed the bail amount for the offense established under this Act.

SPONSOR: Resources

ORIGINAL SPONSOR: Rules (Governor's request)

SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

BILL NUMBER SB 806

IDENTIFICATION:

BILL NAME: "An Act relating to the issuance of citations for fish and game violations."

SPONSOR(S): Rules (Governor's request)

RELATED BILLS PENDING:

DATE INTRODUCED: 2/16/82

REFERRALS Resources
Judiciary

INITIAL RESEARCH:

INITIAL BILL SUMMARY COMPLETED *yes*

SUMMARY BY LEGAL DIVISION:
DEPT. OF LAW SUMMARY:

SPONSOR CONTACTED FOR BACKUP
MATERIALS: *Gov's transmittal letter*

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 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:

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SB 806
 Title Ac Act Relating to the Issuance of Citations for Fish and Game violations
 Requested by Requested by the Governor Date 2/16/82

II. FISCAL DETAIL
 Agency Affected Dept. of Public Safety
 Program Category Affected NPMEC
 BRU, Program, Or Subprogram(s) Affected Fish & Wildlife Protection
 (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	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
	0	0	0	0	0	0

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME						
TEMPORARY	0	0	0	0	0	0

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

IV. DATE 2/24/82 PREPARED BY Colonel Robert J. Stickle
 AGENCY Dept. of Public Safety
 PHONE 269-5532
 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. SB 806
Title "An Act relating to Issuance of Citations for Fish & Game Violations..."
Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Public Safety
Program Category Affected Fish & Wildlife Protection
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		-0-				

FUNDING (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME		0				
PART TIME						
TEMPORARY						

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

No fiscal impact is anticipated.

IV. DATE February 16, 1982 PREPARED BY Michael Orelove
AGENCY Department of Public Safety
Original: Legislative Finance PHONE 465-4349
cc: Budget and Management
Prime Sponsor (First Legislator Name?)
33-001 (Rev. 12/81)

be enacted to benefit the state. It is desired that the department participate in the federal aid programs on the same basis as other states. (§ 20 art I ch 94 SLA 1959)

Sec. 16.05.150. Enforcement authority. The following persons are peace officers of the state and they shall enforce this chapter:

- (1) an employee of the department authorized by the commissioner;
- (2) a police officer in the state
- (3) any other person authorized by the commissioner. (§ 21 art I ch 94 SLA 1959)

Enforcement of fish and game laws on military reservations. — Where the military does not assign sufficient personnel to enforce fish and game laws on military reservations, state game officials as well might enforce them, possibly by deputizing state game officials as federal marshals, since 10 U.S.C. 2671(c) makes violation of state fish and game laws a federal offense. 1964 Op. Att'y Gen., No. 2.

Since state fish and game laws operate

on a federal military reservation, not only as federal law but also as state law, both the federal and state officers may enforce these laws. 1964 Op. Att'y Gen., No. 2.

State officers should have full access to military reservations in Alaska, subject to safety and military security requirements, to enforce laws and manage and harvest fish and game resources. 1964 Op. Att'y Gen., No. 2.

Sec. 16.05.160. Duty to arrest. Each person designated in § 150 of this chapter shall arrest a person violating this chapter, or any rule or regulation made under this chapter, in his presence or view, and shall take the person immediately for examination or trial before an officer or court of competent jurisdiction. (§ 21 art I ch 94 SLA 1959)

Cited in *Schuster v. State*, Sup. Ct. Op. No. 1305 (File No. 2911), 553 P.2d 925 (1976).

Sec. 16.05.170. Power to execute warrant. Each person designated in § 150 of this chapter may execute a warrant or other process issued by an officer or court of competent jurisdiction for the enforcement of this chapter, and may, with a search warrant, search any place at any time. The judge of a court having jurisdiction may, upon proper oath or affirmation showing probable cause, issue a warrant in all cases. (§ 21 art I ch 94 SLA 1959)

Sec. 16.05.180. Power to search without warrant. Each person designated in § 150 of this chapter may without a warrant search any thing or place if the search is reasonable or is not protected from searches and seizures without warrant within the meaning of § 14, art. I of the state constitution, which specifically enumerates "persons, houses and other property, papers and effects." However, before a search without warrant is made a signed written statement by the person making the search shall be submitted to the person in control of the property or object to be searched, stating the reason the search is being conducted. A written receipt shall be given by the person



Alaska State Legislature

SENATE Resources Committee

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

TO: Bob Mulcahy, Chairman
Fisheries Subcommittee

FROM: Bettye Fahrenkamp, *B.F.* Chairman
Senate Resources Committee

DATE: February 25, 1982

The following legislation has been referred to the Senate Resources Committee for consideration:

- SSSB 51: "An Act relating to penalties for violations of fishing laws and regulations."
- SB 755: "An Act relating to the licensing of commercial fishing; and providing for an effective date."
- SB 787: "An Act relating to damage to fishermen's gear caused by contact with certain man-made objects; and providing for an effective date."
- SB 788: "An Act making special appropriations to the Department of Revenue for administration of the fishermen's gear damage compensation fund and to the Department of Natural Resources for a survey of man-made obstructions hazardous to gear of commercial fishermen fishing in state waters; and providing for an effective date."
- SB 806: "An Act relating to the issuance of citations for fish and game violations."
- SJR 70: Relating to commercial fishing North Pacific chinook salmon.

I am assigning the above listed legislation to the Fisheries Subcommittee for your Subcommittee's consideration.

Klawock A.N.B. Camp 9

P.O. Box 143

Klawock, Alaska 99925

Elwood Thomas
Secretary

James Martinez
President

Donald Thomas
Vice President

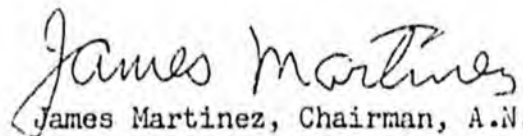
March 16, 1982

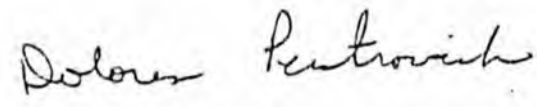
Chairman, Resources and Judiciary Committee
In the Senate
Alaska State Legislature
Juneau, Ak. 99801

Gentlemen,

We, the Alaska Native Brotherhood and the Alaska Native Sisterhood, in a joint meeting of March 10, 1982, read and discussed SENATE BILL WC. 206, * Section. 1. AS 16.05, as it is to be amended.

We do not feel that this bill as amended is in the best interest of the people and will strive to oppose it to the fullest extent of our ability.


James Martinez, Chairman, A.N.B.


Dolores Peratrovich, Chairwoman, A.N.S.

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 16, 1982

The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

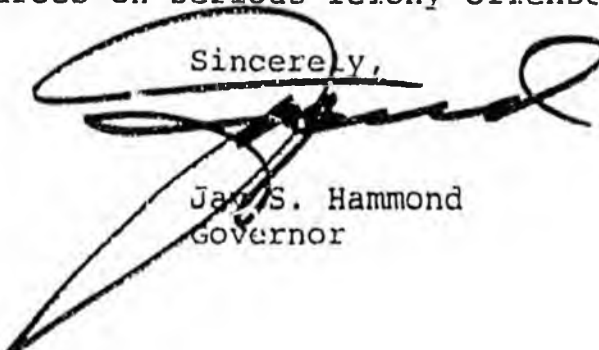
Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that will establish an expeditious procedure to dispose of minor uncontested misdemeanor fish and game violations.

Under existing law, peace officers have the authority to issue citations for misdemeanors instead of arrest under AS 12.25.180. However, once a citation is issued, the offender must ordinarily appear in court, even if he does not wish to contest the charge. The attached bill adopts a procedure similar to that found in the motor vehicle code (AS 28.05.151) which allows the offender to post and forfeit bail if he does not wish to contest the charge. The bill also authorizes the supreme court to establish a bail schedule for specified misdemeanor offenses.

Passage of this bill will benefit both law enforcement and the person cited for relatively minor offenses. The person will avoid the time and expense associated with a court appearance, while law enforcement will be able to concentrate its resources on serious felony offenses.

Sincerely,



Jay S. Hammond
Governor

LEGISLATION SUMMARY

SB 806: "An Act relating to the issuance of citations for fish and game violations."

GENERAL: This bill adds a new section to the Fish and Game Code, allowing enforcement officers to issue citations, rather than arrest suspected offenders, at the officers' discretion, and establishes a procedure similar to that for traffic violations, which allow payment and forfeiture of bail in lieu of a court appearance.

Sec. 1: Authorizes peace officers to issue a citation, rather than make an arrest, for suspected violations of the Fish and Game code, at the discretion of the officer.

Requires the supreme court to specify those misdemeanors appropriate for disposition without a court appearance, and to establish a schedule of bail amounts, not to exceed the maximum specified fine for the offense. If the misdemeanor for which the citation is issued is one which does not require a court appearance, the citing officer shall specify the applicable bail on the citation.

Allows persons cited for misdemeanors for which a bail amount has been established to deliver by mail or in person the specified bail and a signed copy of the citation indicating that persons waiver of appearance, plea of no contest, and forfeiture of bail.

Forfeiture of bail results in a judgement of conviction. Forfeiture of bail and any seized items is a complete satisfaction of the misdemeanor, and the offender must be given a receipt stating that fact.

Failure to pay bail or appear in court, if required, results in the citation being considered a summons for the charge, and the cited person must be proceeded against according to law.

PRIME SPONSOR: Rules (Governor's request)

CO-SPONSOR(S): None



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

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

TO: Senate Resources Committee
FROM: Senate Resources Committee Staff
RE: Monday Committee Hearing, 4/12/82
DATE: April 8, 1982

Please find attached background information for Monday's hearing on the following bills:

SB 710 Relating to state trust funds and their administration.

SB 806 Relating to the issuance of citations for fish and game violations.

The meeting will be held from 1:00 to 2:00 p.m. in the Beltz Room.



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

Hearing:

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

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.

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LEGISLATIVE SUMMARY

- SB 325 "An Act transferring among various appropriations to the Alaska Power Authority for power projects and making special appropriations to the Alaska Power Authority for power projects; and providing for an effective date."
- Sec. 1 Transfers \$10,000,000 of the \$60,000,000 appropriated to the power development fund for the Green Lake project to the Tyee Lake project.
- Sec. 2 Transfers \$50,000,000 of the \$60,000,000 appropriated to the power development fund for the Green Lake project to the power project fund for the Green Lake project.
- Sec. 3 Amends the 1981 appropriation of \$4,500,000 by deleting the design and engineering for the Lake Elva project and replaces it with a comprehensive analysis of Bristol Bay power needs and supply options.
- Sec. 4 Appropriates to the power development fund \$38,000,000 for the Railbelt Intertie and \$10,000,000 for the Swan Lake project.
- Sec. 5 Appropriates \$5,000,000 to the power project emergency maintenance fund for the purposes described in AS 44.83.399. (NOTE: AS 44.82.399 does not exist in present statutes. It is embodied in SB 646 "An Act relating to the energy program for Alaska" - the Governor's energy Bill)
- Sec. 6 Effective dates:
- Sec. 5 takes effect on the date of a version of an Act entitled "An Act relating to the energy program for Alaska" (NOTE: SB 646)
- Sec. 1 - 4 take effect immediately.

SPONSOR: Rules Committee by Request of the Governor

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AN ACT

Making appropriations to various state agencies for energy-related programs and projects, and repealing 1980 appropriations for a power project; and providing for an effective date.

* Section 1. The sum of \$323,900,000 and the interest earned on the investment of that sum are appropriated from the general fund to the power development fund of the Alaska Power Authority (AS 44.83.400 - 44.83.510) for the following projects in the amounts specified after each:

(1) Bradley Lake	\$15,000,000	
(2) Green Lake	50,000,000	←
(3) Port Lions	1,400,000	
(4) Solomon Gulch	68,000,000	
(5) Swan Lake	53,000,000	
(6) Terror Lake	81,500,000	
(7) Tye Lake	45,000,000	←

* Sec. 2. The sum of \$76,000,000 and the interest earned on the investment of that sum are appropriated from the general fund to the power development fund of the Alaska Power Authority (AS 44.83.400 - 44.83.510) for acquisition of a right-of-way for and design and construction of a 345 KV electrical transmission system connecting Anchorage and Fairbanks.

* Sec. 3. The sum of \$750,000 and the interest earned on the investment of that sum are appropriated from the general fund to the power development fund of the Alaska Power Authority (AS 44.83.400 - 44.83.510) for acquisition

Chapter 90

1 Grayling, Gustavus, Ivanoff Bay, Kaltag,
2 Karluk, Kiana, King Cove, Larsen Bay,
3 Nikolski, Old Harbor, Perryville, Scammon
4 Bay, Shungnak, Tenakee Springs, Togiak,
5 Unalaska 5,600,000

6 * Sec. 7. The sum of \$560,000 is appropriated from the general fund to
7 the Alaska Power Authority for reconnaissance studies for proposed energy
8 project sites for the following rural communities: Alatna, Aniak, Atkasook,
9 Brevic Mission, Cheforak, Craig, Diomedea, Galena, Golovin, Hooper Bay,
10 Kalskag, Kotlik, Koyuk, Lower Kalsing, Mekoryuk, New Chenega, Nowtok,
11 Nightmute, Ouzinkie, Ruby, Saint George, Saint Mary's, Saint Michael, Saint
12 Paul, Shageluk, Shishmaref, Stebbins, Teller, Toksook Bay, Tununak,
13 Unalakleet, and Yakutat.

14 * Sec. 8. The sum of \$50,000 is appropriated from the general fund to
15 the Alaska Power Authority for a reconnaissance study of Takatz Creek.

16 ~~Sec. 9. The sum of \$996,000 is appropriated from the general fund to
17 the Alaska Power Authority for a feasibility study examining design and
18 construction of an electrical transmission system between Hoonah and Junction.~~

19 * Sec. 10. The sum of \$42,000 is appropriated from the general fund to
20 the Alaska Power Authority for a feasibility study regarding improvements to
21 hydroelectric facilities for Pelican.

22 * Sec. 11. The sum of \$4,500,000 is appropriated from the general fund
23 to the Alaska Power Authority for design and engineering for the Lake Elva
24 hydroelectric project.

25 ~~Sec. 12. The sum of \$50,000 is appropriated from the general fund to
26 the Alaska Power Authority for a feasibility study relating to reactivation
27 of an abandoned hydroelectric site at Chitina.~~

28 * Sec. 13. The sum of \$440,000 is appropriated from the general fund to
29 the Alaska Power Authority for a feasibility study of the Fairbanks district

SEARCH - QUERY
00003 '44.83.382'.CITATION.

AS44.83.382 DOCUMENT= 1 OF 1

HEADINGS TITLE 44.
STATE GOVERNMENT.
CHAPTER 83.
ALASKA POWER AUTHORITY.
ARTICLE 9.
ENERGY PROGRAM FOR ALASKA.

CITATION SEC. 44.83.382.

CATCH LINE

POWER DEVELOPMENT FUND ESTABLISHED.

(A) A POWER DEVELOPMENT FUND IS ESTABLISHED IN THE ALASKA
TO CARRY OUT THE PURPOSES OF THE ENERGY PROGRAM
FOR ALASKA (AS 44.83.380-44.83.425).

(B) THE FUND INCLUDES

(1) MONEY APPROPRIATED TO IT BY THE LEGISLATURE; AND

(2) REVENUES COLLECTED FROM THE SALE OF POWER THAT ARE

NOT REQUIRED BY LAW TO BE DEPOSITED INTO THE GENERAL FUND.

HISTORY (AS 44.83.416; SEC. 1 CH 118 SLA 1981)

00001 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

AS44.83.170 DOCUMENT= 1 OF 1

HEADINGS TITLE 44
STATE GOVERNMENT.
CHAPTER 93.
ALASKA POWER AUTHORITY.
ARTICLE 5.
POWER PROJECT FUND.

CITATION SEC. 44.83.1 0.

CATCH LINE

POWER PROJECT FUND.

TEXT

(A) THERE IS ESTABLISHED AS A SEPARATE FUND THE POWER PROJECT FUND WHICH SHALL BE DISTINCT FROM ANY OTHER MONEY OR FUNDS OF THE AUTHORITY, AND WHICH INCLUDES ONLY MONEY APPROPRIATED BY THE LEGISLATURE.

(B) THE AUTHORITY MAY MAKE LOANS FROM THE POWER PROJECT FUND

(1) TO ELECTRIC UTILITIES, REGIONAL ELECTRIC AUTHORITIES, MUNICIPALITIES, CITIES, BOROUGH, REGIONAL AND VILLAGE CORPORATIONS, VILLAGE COUNCILS, AND NONPROFIT MARKETING COOPERATIVES TO PAY THE COSTS OF

(A) RECONNAISSANCE STUDIES, FEASIBILITY STUDIES, LICENSE AND PERMIT APPLICATIONS, PRECONSTRUCTION ENGINEERING, AND DESIGN OF POWER PROJECTS;

(B) CONSTRUCTING, EQUIPPING, MODIFYING, IMPROVING, AND EXPANDING SMALL-SCALE POWER PRODUCTION FACILITIES, CONSERVATION FACILITIES, BULK FUEL STORAGE FACILITIES, AND TRANSMISSION AND DISTRIBUTION FACILITIES, INCLUDING CONSTRUCTION, TRANSMISSION AND DISTRIBUTION, AND MAINTENANCE OF TRANSMISSION FACILITIES WHICH DEPEND ON FOSSIL FUEL, WIND POWER, TIDAL, GEOTHERMAL, BIOMASS, HYDROELECTRIC, SOLAR OR OTHER NON-NUCLEAR ENERGY SOURCES, AND

(C) RECONNAISSANCE STUDIES, PRECONSTRUCTION ENGINEERING, DESIGN, CONSTRUCTION, EQUIPPING, MODIFICATION, AND EXPANSION OF POTABLE WATER SUPPLY INCLUDING SURFACE STORAGE AND GROUNDWATER SOURCES AND TRANSMISSION OF WATER FROM SURFACE STORAGE TO EXISTING DISTRIBUTION SYSTEMS;

(2) TO A BORROWER FOR A POWER PROJECT IF

(A) THE LOAN IS ENTERED INTO UNDER A LEVERAGED LEASE FINANCING ARRANGEMENT,

(B) THE PARTY WHICH WILL BE RESPONSIBLE FOR THE POWER PROJECT IS AN ELECTRIC UTILITY, REGIONAL ELECTRIC AUTHORITY, MUNICIPALITY, CITY, BOROUGH, REGIONAL OR VILLAGE CORPORATION, VILLAGE COUNCIL, OR NONPROFIT MARKETING COOPERATIVE; AND

(C) THE BORROWER SEEKING THE LOAN DEMONSTRATES TO THE AUTHORITY THAT THE FINANCING ARRANGEMENT FOR THE POWER PROJECT WILL REDUCE PROJECT FINANCING COSTS BELOW COSTS OF COMPARABLE PUBLIC POWER PROJECTS.

(C) BEFORE MAKING A LOAN FROM THE POWER PROJECT FUND, THE AUTHORITY SHALL, BY REGULATION, SPECIFY

(1) STANDARDS FOR THE ELIGIBILITY OF BORROWERS AND THE

TYPES OF PROJECTS TO BE FINANCED WITH LOANS;

- (2) STANDARDS REGARDING THE TECHNICAL AND ECONOMIC VIABILITY AND REVENUE SELF-SUFFICIENCY OF ELIGIBLE PROJECTS;
- (3) COLLATERAL OR OTHER SECURITY REQUIRED FOR LOANS;
- (4) THE TERMS AND CONDITIONS OF LOANS;
- (5) CRITERIA TO ESTABLISH FINANCIAL FEASIBILITY AND TO MEASURE THE AMOUNT OF STATE ASSISTANCE NECESSARY FOR PARTICULAR PROJECTS TO MEET THE FINANCIAL FEASIBILITY CRITERIA; AND

(6) OTHER RELEVANT CRITERIA, STANDARDS OR PROCEDURES.

(D) ANY LOAN MADE BY THE AUTHORITY MUST BE MADE ACCORDING TO THE STANDARDS, CRITERIA, AND PROCEDURES ESTABLISHED BY REGULATION UNDER THIS SECTION.

(E) REPAYMENT OF THE LOANS SHALL BE SECURED IN ANY MANNER WHICH THE AUTHORITY DETERMINES IS FEASIBLE TO ASSURE PROMPT REPAYMENT UNDER A LOAN AGREEMENT ENTERED INTO WITH THE BORROWER. THE AUTHORITY MAY MAKE AN UNSECURED LOAN FROM THE POWER PROJECT FUND TO A BORROWER REGULATED BY THE ALASKA PUBLIC UTILITIES COMMISSION UNDER AS 42.05 IF THE BORROWER HAS A SUBSTANTIAL HISTORY OF REPAYING LONG-TERM LOANS AND THE CAPACITY TO REPAY THE LOAN. UNDER A LOAN AGREEMENT, REPAYMENT MAY BE DEFERRED FOR 10 YEARS OR UNTIL THE PROJECT FOR WHICH THE LOAN IS MADE HAS ACHIEVED EARNINGS FROM ITS OPERATIONS SUFFICIENT TO PAY THE LOAN, WHICHEVER IS EARLIER.

(F) POWER PROJECTS ARE SUBJECT TO THE FOLLOWING LIMITATIONS ON INTEREST AND SPECIFIC RESTRICTIONS:

(1) POWER PROJECTS FOR WHICH LOANS ARE OUTSTANDING FROM THE WATER RESOURCES REVOLVING LOAN FUND (AS 45.86) ON JULY 13, 1978, MAY RECEIVE ADDITIONAL FINANCING FROM THE POWER PROJECT FUND; THE ADDITIONAL FINANCING, IF GRANTED,

(A) SHALL BE GRANTED FOR A TERM NOT EXCEEDING 50 YEARS;

(B) SHALL BE GRANTED AT AN INTEREST RATE OF NOT LESS THAN THREE OR MORE THAN FIVE PERCENT A YEAR ON THE UNPAID BALANCE;

(C) SHALL BE CONDITIONED ON THE REPAYMENT OF LOAN PRINCIPAL AND INTEREST TO BEGIN ON THE EARLIER OF

(I) THE DATE OF THE START OF COMMERCIAL OPERATION OF THE PROJECT; OR

(II) 10 YEARS FROM THE DATE THE LOAN IS GRANTED.

(2) LOANS FOR POWER PROJECTS

(A) SHALL BE GRANTED FOR A TERM NOT TO EXCEED 50 YEARS; AND

(B) SHALL BE GRANTED AT AN INTEREST RATE WHICH IS NOT LESS THAN FIVE PERCENT AND WHICH IS THE LESSER OF

(I) A RATE EQUAL TO THE PERCENTAGE WHICH IS THE AVERAGE WEEKLY YIELD OF MUNICIPAL BONDS FOR THE 12 MONTHS PRECEDING THE DATE OF THE LOAN, AS DETERMINED BY THE AUTHORITY FROM MUNICIPAL BOND YIELD RATES REPORTED IN THE 30-YEAR REVENUE INDEX OF THE WEEKLY BOND BUYER; OR

(II) A RATE DETERMINED BY THE AUTHORITY WHICH ALLOWS THE PROJECT TO MEET CRITERIA OF FINANCIAL FEASIBILITY ESTABLISHED UNDER AS 42.03(19)(C).

(G) LOAN REPAYMENTS AND INTEREST EARNED BY LOANS FROM THE

POWER PROJECT FUND SHALL BE DEPOSITED IN THE STATE GENERAL FUND.

(H) THE LEGISLATURE MAY FORGIVE THE REPAYMENT OF A LOAN MADE FROM THE POWER PROJECT FUND FOR A RECONNAISSANCE STUDY OR A FEASIBILITY STUDY WHEN THE AUTHORITY FINDS THAT THE POWER PROJECT FOR WHICH THE LOAN WAS MADE IS NOT FEASIBLE.

HISTORY (SEC. 1 CH 278 SLA 1976; AM SEC. 16 CH 156 SLA 1978; AM SECS. 19 - 23 CH 83 SLA 1980)

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

LEGISLATIVE SUMMARY

CS SB 825 "An Act transferring among various appropriations to the Alaska Power Authority for power projects and making special appropriations to the Alaska Power Authority for power projects; and providing for an effective date."

Sec. 1 The following appropriations are transferred to the ones listed in Section 2:

Angoon tidal power project - \$250,000
Akutan project - \$974,000
Bethel Utilities Corporation \$2,000,000
Green Lake project - \$8,000,000
Solomon Gulch - \$5,000,000
Lake Elva - \$4,450,000
Petersburg transmission and distribution - \$1,500,000
Wrangell transmission and distribution - \$1,500,000
Akutan - \$127,000
Ouzinki waste heat - \$450,000

Sec. 2.

Terror Lake - \$20,000,000
Black Bear Lake - \$3,000,000
Kotzebue heating project \$2,500,000
Rural small Hydro - \$5,000,000
West Creek - \$2,000,000
Grant Lake - \$1,751,000

Sec. 3 General Fund appropriation for Grant Lake \$249,000

Sec. 4 General fund appropriation Bristol Bay \$4,000,000

Sec 5 General fund appropriation for emergency maintenance fund \$500,000

Sec. 6 General fund appropriation for renewal and replacement fund \$750,000

Sec. 7 These are capital projects.

Sec. 8 Effective date: immediately

Alaska State Legislature

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



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

Senate

Committee on Resources

March 10, 1982
1:40 p.m.

Beltz Room
Room 211 - Capitol

MEMBERS PRESENT

Senator Fahrenkamp
Senator Fischer
Senator Bradley
Senator Eliason
Senator Gilman
Senator Mulcahy
Senator Sturgulewski

Hearing:

- SB 608 Making a special appropriation to the power development fund of the Alaska Power Authority for the Susitna River hydroelectric project and other hydroelectric projects.
- SB 825 Transferring among various appropriations to the Alaska Power Authority for power projects and making special appropriations to the Alaska Power Authority for power projects.
- SB 826 Relating to preliminary work on the Susitna River hydroelectric project.
- SB 828 Relating to the responsibilities of the Alaska Power Authority.

SB 608

Senator Fahrenkamp stated her intent to move SB 608 out of Committee, with a letter to the Finance Committee acknowledging that \$1 billion is not available, and that the actual amount appropriated would be left up to the Finance Committee.

Senator Fischer asked that the bill be held in Committee until he had time to prepare amendments.

Senator Fahrenkamp stated that SB 608 would be held until Friday's calendar.

SB 825

Senator Fahrenkamp asked for a motion to consider the work draft for CSSB 825.

Senator Eliason objected and asked that the original bill and the work draft be considered simultaneously.

Dave Hutchins, Alaska Rural Electrical Cooperative Association, spoke in support of SB 825, stressing the importance of proceeding with the projects currently under development, and urging that the legislature take action soon on funding for the Alaska Power Authority.

Eric Yould, Executive Director, Alaska Power Authority, explained that the APA Board generally endorses the governor's recommendations. He further stated that, at Senator Dankworth's request, he had identified funds allocated to APA that were in excess of what was needed, and had arrived at a figure of about \$33 million. The figures used in CSSB 825 were drawn from that figures.

Senator Eliason moved that Section 2 of SB 825 be included as Section 7 of CSSB 825, with appropriate renumbering of the other sections. The amendment was adopted.

Senator Mulcahy moved the adoption of CSSB 825 with individual recommendations.

SB 826

Dave Hutchins spoke in support of SB 826, stating that it authorizes preliminary work, not construction, on Susitna.

Eric Yould spoke in support of the bill, and urged that any wording change in SB 608 be compatible with the language of SB 826.

David Allison, Alaska Environmental Lobby, urged that the State not incrementalize itself too far into a project that it may not be able to finance. He also urged a provision in SB 826 that would allow for withdrawal of funds if it was at some time decided not to go ahead with Susitna.

Senator Mulcahy moved SB 826 with individual recommendations.

SB 828

Senator Sturgulewski discussed changes to SB 828 dealing with economic feasibility requirements, financial analysis, and bid contracts.

Eric Yould testified that he had recommended Sections 2, 3, 4, and 5 of SB 828. In regard to the proposed changes, he stated that financing decisions should be based on the long term rather than on a surrogate test demanding that projects show a profit in their early years.

David Allison spoke in opposition to SB 828 as an incomplete approach at reforming SB 825. He urged a provision for a required rate of return on projects.

Senator Mulcahy moved SB 828 with individual recommendations.

The meeting was adjourned at 3:05 p.m.

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LEGISLATIVE SUMMARY

SB 826 "An Act relating to preliminary work on the Susitna River hydroelectric project."

Sec. 1 The Alaska Power Authority may enter into contracts for preliminary work without the approval required by AS 44.83.325.

"preliminary work" is defined as preparation of plans, studies, and license applications, and other types of work which must be completed before actual construction described in AS 44.83.300 may begin.

Does not authorize the Alaska Power authority to contract for actual construction or for the preparation of the site without the approval required by AS 44.83.325.

NOTE: AS 44.83.300 describes the Susitna River hydroelectric project.

AS 44.83.325 - Restrictions on contracting. The authority may not enter into contracts under .300 - .360 other than feasibility studies, preliminary reports or construction of the Anchorage-Fairbanks intertie, until the legislature approves by law the preliminary report required by AS 44.83.320(b).

AS 44.83.320(b) The authority shall by April 30, 1982 prepare and submit a preliminary report recommending whether work should be continued on the project and other viable alternatives. If the recommendation is to continue on Susitna the report shall explain in detail.

SPONSOR: Rules Committee by Request of the Governor

Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN
VIC FISCHER, VICE-CHAIRMAN
BRAD BRADLEY
DICK ELIASON
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Senate

Committee on Resources

March 10, 1982
1:40 p.m.

Beltz Room
Room 211 - Capitol

MEMBERS PRESENT

Senator Fahrenkamp
Senator Fischer
Senator Bradley
Senator Eliason
Senator Gilman
Senator Mulcahy
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The meeting was adjourned at 3:05 p.m.

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COMMITTEE REPORT
SENATE

3/2/82

FURTHER: Finance

Date: 3/10/82

Mr. President:

The Committee on RESOURCES has had SB 828
responsibilities of the Alaska Power Authority

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 _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

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[Signature]

[Signature]

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CHAIRMAN

Introduced: 3/2/82
Referred: Resources and
Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 SENATE BILL NO. 828

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the responsibilities of the Alaska
7 Power Authority; and providing for an effective date."

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

9 * Section 1. AS 44.83.394 is amended to read:

10 Sec. 44.83.394. REVENUE REQUIREMENTS. The authority may not use
11 money in the fund for a power project except in compliance with AS 44.-
12 83.177 - 44.83.187, and unless the authority determines that the power
13 project is economically feasible [AND THAT, AFTER CONSTRUCTION, OPERA-
14 TION OF THE POWER PROJECT WILL BE ABLE TO PROVIDE REVENUE SUFFICIENT TO
15 RETURN ANNUALLY TO THE STATE FIVE PERCENT OF THE AMOUNT THAT THE AUTHOR-
16 ITY HAS SPENT FROM THE FUND FOR THE POWER PROJECT].

17 * Sec. 2. AS 44.83.398(c) is amended to read:

18 (c) The authority shall transmit all the money that it receives
19 under (a) [(b)] of this section to the commissioner of revenue for
20 deposit in the state general fund except for [THE] money it has pledged
21 to secure bonds in accordance with contracts with bondholders [RECEIVES
22 UNDER (b)(1)(A) AND (B) AND (b)(2)(B)(i) AND (ii), OR THE MONEY IT WOULD
23 HAVE RECEIVED UNDER (b)(1)(A) AND (B) AND (b)(2)(B)(i) AND (ii) OF THIS
24 SECTION IF THOSE ITEMS HAD BEEN USED IN PART TO ESTABLISH THE WHOLESALE
25 POWER RATE IN EFFECT AT THE TIME THE MONEY IS RECEIVED BY THE AUTHORITY].

26 * Sec. 3. AS 44.83.398(e) is amended to read:

27 (e) The legislature may, by law, annul or change the wholesale
28 power rate for sales of power that the authority adopts under (b) of
29 this section except to the extent the authority makes an agreement with

*Revised to
submit*

1 bondholders to maintain or increase the wholesale power rate.

2 * Sec. ⁽⁴⁾ Section 14, ch. 118, SLA 1981 is amended to read:

3 Sec. 14. LOCATION OF TRANSMISSION SYSTEM IN DENALI STATE PARK.

4 The Alaska Power Authority may design, acquire a right-of-way for, and
5 construct a 345 KV high voltage electrical transmission system connect-
6 ing Anchorage and Fairbanks. The transmission line authorized by this
7 section shall be considered a use that is compatible with the purposes
8 of the Denali State Park within the boundaries of the Denali State Park.
9 The route of the transmission system authorized by this section may
10 [SHALL] be located within the Denali State Park in consultation with the
11 division of parks, Department of Natural Resources.

12 * Sec. 5. AS 44.83.388(b) is repealed. — 2/1/81

13 * Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-
14 070(c).

*From
Stuzinski
3/10/82*

SB 828

AMENDMENT

Section 1. , line 13, after "economically feasible" ADD

and that the project will be able to meet the requirements of 44.83.398

(b) (2) (A).

AMENDMENT: INCORPORATION OF SB 784

Rationale: Current statutes permit the APA to establish capital reserve funds (moral obligation of the state pledge). Generally, these reserve funds have been merely additional security for bondholders. Recently, the APA has considered establishment of capital reserve funds for revenue bond issues when there is great doubt that revenues are sufficient to pay the bondholders, thus probably requiring annual drawdowns on the capital reserve fund.

Bonding or partial bonding of hydro projects will become more commonplace as revenues decline.

This amendment would require the APA to notify the State Bond Committee and the legislature of the intention to establish a capital reserve fund and to estimate the annual drawdown on the fund, so that the executive and the legislature will have prior notification of an annual expenditure.

AMENDMENT: FINANCIAL ANALYSIS REQUIREMENT

Rationale: As a part of the duties of the Division of Budget and Management, this amendment would add the preparation of a financial analysis which would look at the ability of the project to meet its financial obligations and the indirect and direct effect of financing plans, including bonding proposals, on the indebtedness of the state. If a high volume of bond sales are contemplated, it will be important to

assess the incremental and total effect of bonding and other financing plans on state revenues and on the ability of the state and its political subdivisions to market bonds.

AMENDMENT: BID CONTRACT AND RESUBMISSION

Rationale: At the present time, the legislature does not authorize a project at a specific sum. Projects receive annual appropriations, the total of which need not be known in advance. This amendment would require that the legislature authorize a project at a particular funding level. If the project comes in substantially over that price, reauthorization would be required prior to the start of project construction. This would mean that the legislature could change its mind about a project: now, once a project is begun, even if the total cost is many times greater than originally envisioned, appropriations continue to be made, because the project has already begun.

Additionally this amendment would require that the APA not use for project management construction any contractor involved in the feasibility study for a project. This amendment would counter the institutional basis favoring low project estimates so that contractors can see the project started and receive additional benefits from involvement in management or construction of the project.

Mr. Yould, at a meeting of the APA Board, expressed agreement with this concept.

AMENDMENT: FEASIBILITY REQUIREMENTS

Rationale: This amendment would require that the costs of transmission systems and reserve or stand-by power requirements for projects be included in feasibility analysis.

AMENDMENT

AS 44.83.181 (b) (1) is amended to read

(1) information about the proposed project, including but not ~~limited~~ to estimates of total project construction costs, total project operating costs, the costs of transmission systems and reserve power requirements, the timing and amount of anticipated returns from the completed project, a benefit to cost ratio, the potential effect of the project on the environment of the area which will be served by the project when completed, and the availability of alternative government financing

AS 44.83 is amended by adding a new section to read:

Sec. 44.83.184. FINANCIAL ANALYSIS. (a) The division of budget and management in the Office of the Governor shall prepare a financial analysis of a project of the authority. The analysis shall evaluate proposed bond resolutions or other financial arrangements or financial plans, security plans and arrangements, cost and demand uncertainties, and ^{equity} debt volume, as they relate to

(1) the ability of the project to meet the required level of return on the investment in the project; and

(2) the total direct and indirect indebtedness of the state.

(b) In preparing the analysis required by this section the division of budget and management may use the services of outside agencies or institutions that are not otherwise involved in the project.

(c) The analysis required by this section shall be prepared and submitted at the same time as the report required by AS 44.83.183. A copy of the analysis shall be given to [the Legislative Budget and Audit Committee.]

AS 44.83.185(a) is amended to read:

(a) The authority shall submit a feasibility study and plan of finance for a proposed new project to the legislature. When the report of the division of budget and management examining the feasibility study and plan of finance, and the financial analysis of the project are [IS] completed as required by AS 44.83.183 and 44.83.184, they [IT] shall be submitted to the legislature.

AS 44.83.185(c) is amended to read:

(c) The legislature shall consider and must approve all proposed new projects except proposed new projects that are exempt under AS 44.83.187. The legislature may approve a proposed new project only by enacting law that authorizes the project and approves a maximum construction cost for [AUTHORIZING] that project.

AS 44.83 is amended by adding a new section to read:

Sec. 44.83.186. BID CONTRACT AND RESUBMISSION. (a) Unless otherwise authorized by the legislature, a project approved under AS 44.83.185 shall be constructed by bid contract and bids for all portions of the project shall be taken at the same time.

(b) If the lowest acceptable bids for a project ^{significantly} exceed the construction cost authorized by the legislature under AS 44.83.185(c), the authority may

(1) cancel the project; or

(2) resubmit the project to the legislature for authorization for a different project construction cost.

(c) If a project is resubmitted to the legislature under this section, the authority shall revise the feasibility study and plan of finance for the project to reflect new information and the division of budget and management; in the Office of the Governor shall revise the report on the feasibility study and plan of finance and the financial analysis of the project to reflect new information. The revised project information shall be submitted to the legislature before it reconsiders the project.

CHANGE AS 44.83.187(a) and (b) and (d) for consistency with above.

AS 44.83.189 is amended by adding a new subsection to read:

(b) A contractor who has participated in the preparation of the feasibility study and plan of finance for the project under AS 44.83.181, the report on the feasibility study and plan of finance under AS 44.83.183, or the financial analysis under AS 44.83.184 may not participate in the construction of a project by the authority.

SPONSOR: Finance Committee

LEGISLATION SUMMARY

- SB 828: "An Act relating to the responsibilities of the Alaska Power Authority; and providing for an effective date."
- Sec. 1: Amends existing law regarding the funding of power projects by the Alaska Power Authority through the power development fund to delete the requirement that, to be funded, the project must be able to provide revenue sufficient to return annually to the state 5% of the amount expended from the fund for the project.
- Sec. 2: Amends existing law regarding the transmittal of revenue from the sale of power from power projects financed under the power development fund, deleting the existing provisions exempting certain revenues from the requirement that they be transmitted to the general fund, and adding the provision that the Alaska Power Authority shall transmit all revenues from the sale of power to the general fund, with the exception of those funds the Authority has pledged to secure bonds in accordance with contracts with bondholders.
- Sec. 3: Amends existing law regarding the authority of the legislature to change or annul the wholesale power rate adopted by the authority, limiting that authority to the extent that the Authority makes an agreement with bondholders to maintain or increase the wholesale power rate.
- Sec. 4: Amends existing law authorizing the Alaska Power Authority to construct a Fairbanks-Anchorage intertie, and stating that the intertie is a compatible use within the Denali State Park, removing the requirement that the intertie be located within the Denali State Park, while allowing it to be so located.
- Sec. 5: Repeals existing law requiring the Authority to maintain records of power project allocations from the power project development fund for each individual project approved by the legislature and funded by allocation from an appropriation which does not specify individual project appropriations, and requiring that income from investments of money appropriated to the fund be returned to the general fund.
- Sec. 6: Immediate effective date.

Alaska State Legislature

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VIC FISCHER, VICE-CHAIRMAN
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Senate

Committee on Resources

March 10, 1982
1:40 p.m.

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- SB 828 Relating to the responsibilities of the Alaska Power Authority.

SB 608

Senator Fahrenkamp stated her intent to move SB 608 out of Committee, with a letter to the Finance Committee acknowledging that \$1 billion is not available, and that the actual amount appropriated would be left up to the Finance Committee.

Senator Fischer asked that the bill be held in Committee until he had time to prepare amendments.

Senator Fahrenkamp stated that SB 608 would be held until Friday's calendar.

SB 825

Senator Fahrenkamp asked for a motion to consider the work draft for CSSB 825.

Senator Eliason objected and asked that the original bill and the work draft be considered simultaneously.

Dave Hutchins, Alaska Rural Electrical Cooperative Association, spoke in support of SB 825, stressing the importance of proceeding with the projects currently under development, and urging that the legislature take action soon on funding for the Alaska Power Authority.

Eric Yould, Executive Director, Alaska Power Authority, explained that the APA Board generally endorses the governor's recommendations. He further stated that, at Senator Dankworth's request, he had identified funds allocated to APA that were in excess of what was needed, and had arrived at a figure of about \$33 million. The figures used in CSSB 825 were drawn from that figures.

Senator Eliason moved that Section 2 of SB 825 be included as Section 7 of CSSB 825, with appropriate renumbering of the other sections. The amendment was adopted.

Senator Mulcahy moved the adoption of CSSB 825 with individual recommendations.

SB 826

Dave Hutchins spoke in support of SB 826, stating that it authorizes preliminary work, not construction, on Susitna.

Eric Yould spoke in support of the bill, and urged that any wording change in SB 608 be compatible with the language of SB 826.

David Allison, Alaska Environmental Lobby, urged that the State not incrementalize itself too far into a project that it may not be able to finance. He also urged a provision in SB 826 that would allow for withdrawal of funds if it was at some time decided not to go ahead with Susitna.

Senator Mulcahy moved SB 826 with individual recommendations.

SB 828

Senator Sturgulewski discussed changes to SB 828 dealing with economic feasibility requirements, financial analysis, and bid contracts.

Eric Yould testified that he had recommended Sections 2, 3, 4, and 5 of SB 828. In regard to the proposed changes, he stated that financing decisions should be based on the long term rather than on a surrogate test demanding that projects show a profit in their early years.

David Allison spoke in opposition to SB 828 as an incomplete approach at reforming SB 825. He urged a provision for a required rate of return on projects.

Senator Mulcahy moved SB 828 with individual recommendations.

The meeting was adjourned at 3:05 p.m.

Sec. 44.83.398. Sale of power from power project. (a) The authority shall sell power produced from power projects acquired or constructed under the energy program for Alaska. A utility that purchases power produced by a power project of the authority shall agree with the authority

(1) to give preference in the sale of power at retail to all classes of consumers of power except industrial consumers;

(2) to charge industrial consumers of power a rate determined by the authority in accordance with (d) of this section.

(b) The authority shall establish a wholesale power rate structure applicable to sales of power to its customers at the busbar of the power project as follows:

(1) The authority shall establish and maintain a single wholesale power rate applicable to all power projects that it has acquired or constructed under the energy program for Alaska. The wholesale power rate shall be computed by the authority annually, and shall equal the rate that the authority estimates is necessary to produce revenue that is sufficient to pay

(A) operation, maintenance, and equipment replacement costs of the power projects;

(B) debt service of the power projects;

(C) safety inspections and investigations of the power projects by the authority.

(2) If, by July 1, 1986, the legislature has not appropriated at least \$5,000,000,000 to the fund, in addition to appropriations to the fund of interest earned on money in the fund, the authority shall, beginning on that date, establish and maintain a single wholesale power rate applicable to all power projects that it has acquired or constructed under the energy program for Alaska. The wholesale power rate shall be computed by the authority annually, and shall be the greater of

(A) 10 percent of the amount the authority has invested in the power projects, including loans and grants made by the state; or

(B) the rate that the authority estimates is necessary to produce revenue sufficient to pay

(i) operation, maintenance, and equipment replacement costs of the power project;

(ii) debt service of power projects by the authority; and

(iii) safety inspections and investigations of the power projects by the authority.

(c) The authority shall transmit all the money that it receives under (b) of this section to the commissioner of revenue for deposit in the state general fund except for the money it receives under (b)(1)(A) and (B) and (b)(2)(B)(i) and (ii), or the money it would have received under (b)(1)(A) and (B) and (b)(2)(B)(i) and (ii) of this section if those items had been used in part to establish the wholesale power rate in effect at the time the money is received by the authority.

(d) A rate for an industrial consumer under (a)(2) of this section

(1) may exceed the wholesale power rate determined under (b) of this section;

(2) may not be less than the rate charged residential consumers.

(e) The legislature may, by law, annul or change the wholesale power rate for sales of power that the authority adopts under (b) of this section. (AS 44.83.490; § 1 ch 118 SLA 1981)

Editor's notes. — As enacted this section was designated AS 44.83.490 and was renumbered by the revisor of statutes under AS 01.95.031.

SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

BILL NUMBER FB828

IDENTIFICATION:

BILL NAME: *Responsibilities of the Alaska Power Authority*

SPONSOR(S): *Finance*

RELATED BILLS PENDING:

DATE INTRODUCED: *3/2*

REFERRALS *Re Finance*

INITIAL RESEARCH:

INITIAL BILL SUMMARY COMPLETED

3/8/82

SUMMARY BY LEGAL DIVISION:
DEPT. OF LAW SUMMARY:

SPONSOR CONTACTED FOR BACKUP
MATERIALS:

*3/8 - Finance Dave Rogers
3/9 3753*

FISCAL NOTE:

AGENCY RESPONSE:

19/11

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 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:

*✓ HPA
✓ AREA*

S

B

8

3

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COMMITTEE REPORT
SENATE

3/4/82

FURTHER: None

Date: 3/5/82

Mr. President:

The Committee on RESOURCES has had SB 632

extending the lapse date of the appropriation for the Citizen's
Advisory Commission on Federal Management Areas

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 _____ same title
- and recommends _____ new title
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Alaska State Legislature

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



POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 485-3834
(907) 485-3835

Senate

Committee on Resources

March 3, 1982
1:35 p.m.

Beltz Room
Room 211 - Capitol

MEMBERS PRESENT

Senator Fahrenkamp
Senator Fischer
Senator Eliason
Senator Gilman
Senator Mulcahy
Senator Sturgulewski

Hearing:

SB 730 An Act establishing the Aleksandr Baranof State Game Refuge.
SB 745 An Act extending the lapse date for the FY 82 appropriation for land disposal surveys.
SB 759 An Act relating to the size of trapping cabins.
SB 832 An Act extending the lapse date for the FY 82 appropriation for the Citizen Advisory Commission.

SB 745

Jeff Haynes, Deputy Commissioner, Department of Natural Resources, explained that this capital appropriation is necessary to continue survey work (\$11 million) and municipal grants (\$2 million).

Senator Fischer asked that SB 832 be heard before any action was taken on SB 745.

SB 832

Senator Fischer stated he would like SB 745 and SB 832 combined since they both amend the same line of the same statute.

Senator Fahrenkamp expressed opposition in consideration of the sponsors.

Senator Mulcahy moved SB 745 and SB 832 with individual recommendations.

Senate Resources Committee
March 8, 1982
Page 2

SB 759

Jeff Haynes stated that the existing statute limits the size of trapping cabins to 192 square feet. DNR feels the increase to 768 square feet that SB 759 would provide is too great. A smaller size would discourage the establishment of a permanent residence on a \$10/year trapping permit.

Senator Fahrenkamp said a Committee Substitute had been prepared that limits the size to 400 square feet.

Senator Eliason disagreed with the size limit, stating that criteria for obtaining a permit limit the cabin's use to trapping.

Senator Gilman moved the adoption of the Committee Substitute for SB 759. He then moved CSSB 759 with individual recommendations.

SB 730

Senator Sturgulewski moved to rescind the Committee's action on SB 730.

Senator Fahrenkamp explained that after action was taken last Friday, the land manager in Kodiak called about a technical error in the bill.

Senator Mulcahy stated that on page 1 line 29, and page 2 line 1, "21" should read "23". He moved the adoption of the Committee Substitute for SB 730. He then moved CSSB 730 with individual recommendations.

The meeting was adjourned at 2:00 p.m.



Official Business

Alaska State Legislature

Senate Resources Committee

Pouch V
State Capitol
Juneau, Alaska 99811

TO: Senate Resources Committee
FROM: Senate Resources Committee Staff
RE: Committee Meeting, March 8, 1982
DATE: March 5, 1982

Please find attached background information for
the Monday, March 8 hearing on the following bills:

- SB 745 Extending the lapse date for the FY 82
appropriation for land disposal surveys.
- SB 759 Relating to the size of trapping cabins.
- SB 832 Extending the lapse date for the FY 82
appropriation for the Citizen Advisory
Commission.

The meeting will be held at 1:30 p.m. in the Beltz Room.

LEGISLATIVE SUMMARY

SB 832 "An Act extending the lapse date of the appropriation for the Citizen's Advisory Commission on Federal Management Areas; and providing for an effective date."

Sec..1. Extends the lapse date for the appropriation to the Citizen's Advisory Commission on Federal Management Areas until June 30, 1983.

Sec. 2 Effective date is immediately.

SPONSOR: THE RESOURCES COMMITTEE

IDENTIFICATION: Extending the lapse date of the appropriation for the Citizen's
Advisory Commission on Federal Management Areas.

BILL NAME:

SPONSOR(S): RESOURCES

RELATED BILLS PENDING:

DATE INTRODUCED: 3/4/82

REFERRALS

INITIAL RESEARCH:

INITIAL BILL SUMMARY COMPLETED *3/4*

SUMMARY BY LEGAL DIVISION
DEPT. OF LAW SUMMARY:

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: *3/8*

STAFF MEMO TO COMMITTEE:

TELECONFERENCE

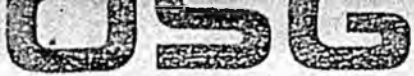
BACKGROUND MATERIAL DISTRIBUTED

PSA/PRESS RELEASE

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/CS DRAFTED:

Mark Witham. DNR



HON. WILLIAM M. BRODHEAD (Michigan) — Chairman

RICHARD P. CONLON — Executive Director

86 832

FACT SHEET

No. 97-17

April 30, 1982

RECLAMATION ACT AMENDMENTS

This DSG Fact Sheet deals with H.R. 5539, Federal Reclamation Act Amendments, which is expected to be considered on Thursday. The reclamation program has been the focus of controversy since a 1976 court ruling ordered the Interior Department to limit the availability of federally subsidized water to 160 acres of land under a single ownership.

The bill revises the rules under which farmers in western states receive irrigation water from Interior Department reclamation projects. The bill increases the amount of land legally eligible for federally subsidized water to 960 acres, establishes a new pricing system, repeals the residency requirement, and makes other changes in the Interior Department's irrigation program.

The bill is supported by the Administration, American Farm Bureau Federation, Farm-Water Alliance, National Water Resources Association, National Association of State Department's of Agriculture, National Association of Realtors, National Association of Manufacturers, Mortgage Bankers Association of America, American Textile Manufacturers Institute, National Cotton Council, and the American Potato Growers. The bill is opposed by the AFL-CIO, United Steelworkers, National Farmers Union, National Grange, National Land for the People, Interreligious Task Force on U.S. Food Policy, National Wildlife Federation, National Audubon Society, Environmental Policy Center, and the Sierra Club.

This Fact Sheet contains the following sections:

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II. Basic Provisions	5
III. Points of Controversy	9
IV. Anticipated Amendments	13

BACKGROUND AND SUMMARY

Since 1902, the Federal Government has been building dams and irrigation systems to provide inexpensive water to irrigate arid farmland in the West. Currently, reclamation projects deliver water to about 12 million acres in 17 western states. Although this comprises less than 1% of all farmland in the country, the land produces crops valued at more than \$7.4 BILLION, about 10% of the total value of all major crops produced in the United States.

The reclamation program, administered by the Interior Department's Bureau of Reclamation, has been the focus of intense controversy and debate for the past several years. Critics charge that the program delivers cheap, federally subsidized water to large corporate farmers despite the intent of the Reclamation Act of 1902.

The 1902 act specified that recipients of the inexpensive irrigation water had to reside on or near their land (interpreted by the Interior Department to mean within 50 miles) and that no single owner could receive water for more than 160 acres. These two criteria were designed to widely distribute the benefits of publicly financed reclamation projects, promote the small family farm as a socially desirable goal, and prevent speculative gains by a few large landholders.

As the program has evolved, Interior Department interpretations have allowed larger farms to receive project water. First, the Bureau of Reclamation allowed each member of a farm family to receive water on 160 acres. A farm couple with two children could thereby receive water on 640 acres. The Interior Department also stopped enforcing the residency requirement when, in 1926, Congress failed to include the requirement when it revised the 1902 act. Finally, the Department allowed farmers to receive water on unlimited amounts of leased lands. These administrative interpretations have allowed large corporations to receive subsidized irrigation water, in violation, critics charge, of the intent of the Reclamation Act.

Past Administrations also found a way to facilitate the construction of reclamation projects on private lands where large farms were already in existence. These large farms could receive project water on all of their lands if they promised to eventually sell land in excess of the acreage limitations. The farmers had to enter into a contract with the Department promising to sell excess lands, usually within 10 years, at a price which did not reflect the added value of the reclamation project.

The Interior Department administers the reclamation program through local water districts, which are set up to deliver water to local farmers and collect payments on a contract basis. Before the district can start receiving water, it must sign a contract with the Interior Department promising to repay costs for the operation and maintenance of the irrigation system and the construction costs of that portion of the project devoted to irrigation. Repayment is made in installments over a fixed period of time, usually 40 years, without interest. Operation and maintenance costs are usually frozen for the life of the contract. An individual farmer's payment is often discounted by an assessment of his "ability to pay" -- usually computed on the profitability of a 320-acre farm, even if the farm is actually much larger. The Interior Department can reduce the payment obligation if a farm's profits slip, but it does not increase water charges if the farm's profits improve.

The water district's interest-free repayment of construction costs, the freezing of operation and maintenance costs, and the "ability to pay" discount amount to a federal subsidy of irrigation costs. The subsidy reflects the difference between what the Federal Government pays to build and operate the project and what the farmers pay for the water. According to an Interior Department environmental impact statement made last year, the value of the subsidy ranged from \$50 to \$1,750 per acre in 18 representative districts surveyed. The Department found that two-thirds of the districts studied paid 18% or less of the full irrigation costs.

In addition to the federal subsidy of irrigation costs, the Interior Department has implemented a program to allow farms with less productive lands to receive more water than farms with highly productive lands. This program, known as the equivalency program, classifies lands according to their potential productivity, based on soil type, growing season, and other factors. The equivalency program is currently operating in 18 water districts.

A U.S. district court ruled in 1976 that the Interior Department must enforce the 1902 Reclamation Act's 160-acre limitation on land eligible for subsidized irrigation water. The Interior Department planned to issue final rules and regulations implementing the court's decision by March, 1981, but Interior Secretary Watt indefinitely suspended the rulemaking process in order to reconsider the issue. Unless Congress approves new legislation, however, the Interior Department must issue new regulations implementing the acreage limitation of the 1902 law.

COMMITTEE ACTION & SUMMARY

The Interior & Insular Affairs Committee reported the bill with additional and supplemental views by voice vote (H.Rept. 97-458).

This bill increases the acreage limitation from 160 to 960 acres, establishes a new pricing policy requiring farmers to pay a higher price for water delivered to lands in excess of the acreage limitation, allows unlimited leasing to farmers pay a higher price to irrigate leased lands, repeals residency requirements, and exempts most Corps of Engineers water projects from any acreage limitation.

Section II

BASIC PROVISIONS

This section summarizes the basic provisions of H.R. 5539, Federal Reclamation Act Amendments. The bill increases acreage limitations, authorizes unlimited leasing, and establishes a new pricing policy.

WATER COSTS

The bill establishes a new, two-tiered pricing policy -- full-cost and subsidized -- designed to recover more of the cost of building and delivering project water.

The full-cost price reflects the construction costs for that part of the project devoted to irrigation that the water district has yet to pay. It includes interest which is calculated on the government's cost of borrowing at the time of construction. This interest rate is subsidized. In addition to the full cost, users would be required to pay annually adjusted costs for operation and maintenance of the irrigation system.

Landowners would be required to pay full cost for water delivered to lands in excess of 960 acres. Additionally, water delivered to leased land or land owned by large corporations which start receiving water after October 1, 1981, must be paid for at this higher price.

The subsidized rate excludes interest. In addition, it is not based on how much water a farm uses, but on the farmer's ability to pay, thus further reducing the cost to the farmer. Farms under 960 acres would continue to receive water at the lower subsidized rate, except that operation and maintenance costs may be increased annually.

ACREAGE LIMITATIONS

The bill increases from 160 acres to 960 acres the amount of land under a farmer's ownership which would be eligible for irrigation water at the lower, subsidized cost. The expanded acreage limitations would apply to farms operated by individuals, partnerships, or corporations with 18 or fewer shareholders, or to any corporation receiving reclamation water as of October 1, 1981. Larger corporations which start getting water after this date would be required to pay full cost -- as defined by the bill -- for any water they receive.

Water districts would have the option to remain under the old acreage limitations or operate under the new system. However, when a district entered into a new contract or amends its existing contract to receive new benefits, it would automatically come under the jurisdiction of the new law. Also, individual farmers may choose the new acreage limitations even if their water district does not.

LEASING

The measure allows farmers to irrigate unlimited amounts of leased land with reclamation water, but they must pay the higher full-cost rate for the water.

RESIDENCY REQUIREMENTS

The bill repeals the requirement that landowners must reside on or near their land.

EXCESS LANDS

Farms which have land in excess of the 960-acre limitation could continue to receive subsidized water if the owner enters into a contract promising to sell the excess land within 10 years. The contract must allow the Interior Department to sell the land if the owner fails to do so in the specified time period. The selling price of the land cannot include the increased value brought by the reclamation project.

EQUIVALENCY

The bill retains the equivalency formula which allows farmers to receive subsidized reclamation water for land in excess of the acreage limitation if their land is less productive. If land is less productive due to poor soil or a short growing season, the farmer may receive subsidized water on more than 960 acres of owned land. Equivalency is granted on a case-by-case basis and is currently operating in 18 water districts. The bill extends equivalency only to those districts which choose to come under the new system.

EXEMPTIONS

The bill provides a number of exemptions to the acreage limitations. The bill exempts Corps of Engineers projects from the acreage limitation, except for those Corps projects which Congress has designated as part of a federal reclamation project or which have irrigation water distributed through systems built by the Interior Department. The bill also exempts those lands that are:

- * Located in water districts which have already repaid the Federal Government for their share of construction costs and have assumed full responsibility for the operation and maintenance of the irrigation system (the bill prohibits districts from speeding up their payments or paying the remainder of their obligation in a lump sum);

- * Held in trust by a bank or other trustee, as long as each individual trust account does not exceed the acreage limitations;
- * Receiving water for a year or less if the water received is a result of short-term surpluses;
- * Isolated to such an extent that the lands cannot be farmed profitably unless they are included with other lands in a larger farming operation; and
- * Acquired by involuntary foreclosure, if the land was eligible for subsidized reclamation water before foreclosure. This land may receive subsidized water for up to five years.

OTHER PROVISIONS

The bill also:

- * Requires farmers to certify they are in compliance with the provisions of this act;
- * Permits religious organizations to receive subsidized water as long as they do the farming and donate the proceeds to charity;
- * Permits surplus water to be used for water quality, municipal, or industrial purposes, if a proper contract requiring repayment is signed;
- * Permits water districts to sue the U.S.;
- * Prohibits farmers from growing crops with subsidized water if those crops are in excess supply in other parts of the country, but limits the prohibition to within 10 years of a water project's authorization;
- * Sets civil penalties for persons who knowingly accept water to which they are not entitled;
- * Validates existing contracts concerning "co-mingled" water (water from reclamation and non-reclamation sources);
- * Requires water districts to develop water conservation plans; and
- * Repeals the \$35,000 cap on Indian irrigation projects.

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Section III

POINTS OF CONTROVERSY

This section summarizes the major points of controversy surrounding H.R. 5539, Reclamation Act Amendments. Debate centers on the full-cost formula, the expansion of acreage limitations, leasing, residency requirements, and exempting Army Corps of Engineers projects. (See note at end of section.)

FULL-COST FORMULA

Arguments for the Full-Cost Formula -- Supporters of the full-cost formula argue that it ends the unrealistic and unjustified pricing policies which are responsible for the worst abuses of the current program. It would eliminate the federal subsidies to large-scale farmers, continue subsidies for family farmers, and encourage efficient use of water resources. Farmers wishing to irrigate more than 960 acres will have to pay full cost for the water they receive. In some cases, this will double farmers' irrigation costs. Small-scale farmers, however, could continue to receive lower-priced subsidized water, thus doing more to assure the continuation of the family farm than acreage limitations or residency requirements.

Realistic water pricing will stimulate improved management and more efficient use of water resources. Current wasteful practices will be replaced with more efficient technologies, such as drip irrigation, which uses 1% as much water as some of the current irrigation practices used in the West. Just as increased energy costs led to conservation and reduced consumption, realistic water pricing will spur efficient use of scarce water resources.

It would eliminate the unjustified federal subsidies to large-scale farmers, continue subsidies for family farmers, and encourage efficient use of water resources.

Arguments Against the Full-Cost Formula -- Opponents of the full-cost formula argue that it continues to provide a massive subsidy to farmers and will cost taxpayers hundreds of millions of dollars. Currently, reclamation water users pay only between 2% and 18% of the real cost of the service. The so-called "full-cost price" will, in most cases, only increase this cost to 20% to 25% of cost of delivering the water.

The expansion of the acreage limitation to 960 acres assures that 97% of all reclamation farmers will continue to receive water at a highly subsidized rate. Large corporations, which can afford to pay for more for their water, could continue to receive cheap water on 960 acres, and on excess land because of loose requirements to sell such land.

Even on those lands where the higher prices apply, the subsidy will still be large. The full-cost formula greatly understates the cost to the government of building and operating these projects. The interest charged in the formula is based on long-term government securities issued at the time of construction, and could be as low as 2% or 3%. The full-cost formula's interest charge does not account for the cost of rolling over the government's debt at higher interest rates. Interior Secretary Watt stated that the formula reflects "an interest subsidy which we cannot recommend."

At a time when the Federal Government is trying to reduce record deficits and cutting programs for the poor, it is unconscionable to continue a welfare program for large corporate farmers.

ACREAGE LIMITATIONS

Arguments in Support of Increasing Acreage Limitations -- Supporters of increasing the acreage limitation from 160 to 960 acres argue that it eliminates an antiquated policy and modernizes federal irrigation rules. Modern farm technology has made the 160-acre limitation both impractical and uneconomical. Today's large farms use economies of scale to maximize agriculture production, which is vitally important to consumers, who expect reasonable prices for farm products, and to our economy, which greatly benefits from agricultural exports.

The original 160-acre limitation was established to help promote settlement in the West. The Interior Department has recognized the need to improve agricultural production, however, and has allowed water to be delivered to larger amounts of land. The 960-acre limit simply conforms to current practice.

Attempting to encourage small farms through strict acreage limitations will only hamper agricultural production. The bill already ensures the viability of small farms by delivering water at fully subsidized rates. This will do more to protect small farms than arbitrary acreage limitations which reflect outdated policies without contributing to the efficient production of farm commodities.

Arguments Against Increasing the Acreage Limitations -- Opponents of increasing the acreage limitation to 960 acres argue that such a large increase in the acreage limitation is totally unwarranted. A 320- or 640-acre limit would include the vast majority of farms, but would assure that federal benefits are widely dispersed among family farms. Studies have found that such limitations would allow farm income to exceed the national average, still achieve economies of scale, and fully utilize farm labor. Indeed, studies have shown that farms in the 640-acre range are the most efficient.

Delivering cheap water to farms of up to 960 acres will generate huge incomes for these large farms. In California, for example, a 960-acre farm generates a gross income of almost \$800,000. In comparison, 76% of all U.S. farms had gross incomes of less than \$40,000.

Finally, limiting the amount of water a farmer receives does not limit farm size. The acreage limitation is not a restriction on the amount of land a farmer can own, but only on how much land the government will deliver cheap water to. The farmers can decide not to irrigate excess land or find other sources of water. If taxpayers are going to heavily subsidize the water these large farmers receive, the government should have some control over its distribution. The public will accept federal subsidies which promote legitimate social values, such as family farms, but will not tolerate subsidies to large, wealthy farmers who can well afford to pay the full price of the water the Federal Government makes available.

LEASING

Arguments in Favor of Leasing -- Supporters of leasing argue that it has always been allowed under the reclamation program. Reclamation is silent on the question of leasing, and the Interior Department has never imposed prohibitions or limitations on the amount of leased land for which a farmer could receive project water. Many farmers entered into long-term contracts with the Federal Government under the assumption that they would get water for leased land. To change the rules now would create hardship for many of these farmers and would be a breach of faith. Leasing is often a necessity in today's farm economy. Many farmers, especially those just starting out in farming, lease because they cannot afford to buy land at today's prices. Many farmers improve the efficiency of their operations by leasing land in addition to the land they own. It would be as much of an intrusion into a farmer's property rights to restrict leased land as it is to restrict owned land. Finally, this bill eliminates unjustified subsidies requiring farmers working leased land to pay full cost for the price of water delivered to that land.

Arguments Against Leasing -- Opponents of leasing argue that it is among the worst abuses of the reclamation program. It has allowed large farm operations to receive fully subsidized water on huge tracts of land and is the primary loophole by which program benefits accumulated in the hands of a few large landowners. A majority of the leased land is in huge farms, averaging almost 2,000 acres apiece. For these few farm operations to continue to unjustly reap the benefits of the program makes a mockery of the Reclamation Act. The so-called full-price cost that farmers will now have to pay on leased land greatly understates the actual value of the service. Thus, even with the new higher price, allowing unlimited leasing will still result in large corporate farmers reaping windfall benefits.

RESIDENCY REQUIREMENTS

Arguments in favor of Repealing the Residency Requirement -- Supporters of the elimination of the residency requirement argue that such an action would merely preserve the status quo. The requirement has not been enforced since 1926, when Congress failed to include the provision in its revision of the 1902 Reclamation Act.

Like the acreage limitation, residency requirements are anachronisms in today's modern farm economy. It is not uncommon today for a farmer to live many miles from the farm. Farmers with children often must live near urban centers so their children can get to school.

When the Interior Department developed rules to implement the original residency requirements in 1909, they defined residency as living within 50 miles of the property. Modern transportation and communication systems allow farmers to be closely involved with their farming operations and live much farther from their farms. The reclamation law should recognize this simple fact.

Arguments Against Repealing the Residency Requirement -- Opponents of repealing residency requirement argue that such an action would lead to even more corporate abuse of the reclamation program and will erode the quality of rural life. It would attract more absentee landowners and tenant farmers. The failure of the Interior Department to enforce the requirement has already allowed non-farm and foreign corporations to own land and receive federally subsidized water. Often, these firms are more interested in speculation and tax shelters than farming. Instead of reversing this misguided policy, this bill would enshrine it in statute. Studies have shown that absentee land ownership has a detrimental impact on rural life. A University of California study found "a consistent pattern of community deterioration associated with absentee ownership."

EXEMPTING CORPS PROJECTS

Arguments in Favor of Exempting Corps Projects -- Supporters of this exemption argue that Corps projects are not usually built for irrigation purposes. Farmers receiving irrigation water from Corps projects have usually built the water delivery systems themselves and should not, therefore, be subject to the same irrigation restrictions that apply to farmers receiving water from reclamation projects which are devoted to irrigation.

Arguments Against Exempting Corps Projects -- Opponents of the exemption argue that there should be no difference between subsidized water delivered by Interior Department projects or Corps projects. In both cases, federal money has been used to make water available for irrigation, whether or not that was the primary purpose of the project, and farmers should be subject to the same limitations on the use of the water. Indeed, the Supreme Court has ruled that irrigators using water from Corps projects are subject to the same restrictions applicable to reclamation projects.

* * *

Section IV

ANTICIPATED AMENDMENTS

This section summarizes the anticipated amendments to H.R. 5539, Reclamation Act Amendments.

Rep. Patterson will offer an amendment to require that corporations with more than 18 shareholders must pay full cost, as defined by the bill, for all water received from reclamation projects.

Rep. Kildee will offer an amendment to delete the Interior Department's authority to waive civil penalties imposed by the courts.

Rep. Lujan may offer an amendment to make the equivalency formula applicable to all water districts, not just those opting for the new pricing and acreage limitations outlined by this bill.

* * *

TO: Representative Sutcliffe
Representative Panning
Co-Chairmen, House Resources Committee

FROM: Senator Fahrenkamp
Chairman, Senate Resources Committee

RE: Citizens' Advisory Commission

DATE: April 5, 1982

Please find attached 15 copies of the background information you requested on the following bills:

SB 832 Extending the lapse date for the FY 82 appropriation for the Citizen Advisory Commission.

SB 877 Relating to the staff of the Citizens' Advisory Commission on Federal Areas in Alaska.

Please let me know if I can be of further assistance.

Senate

465-3834

TO: Billy Berrier
Director
Legal Service

DATE: 3/2/82

FROM Bettya Fahrenkamp
Chairman

RE: Extending Citizen's Advisory
Commission funding to 1983.

Attached is a draft extending the lapse date for the FY 82 appropriation for the Citizen's Advisory Commission.

I would appreciate you having this draft put into a final bill. If you have any questions please contact Resa King at 46538884. Please return the final bill to Senate Resources Committee, Room 211, Capitol Building.

Attachment

APRIL 8, 1982

THURSDAY 3:00 P.M.

HOUSE

HOUSE RESOURCES COMMITTEE

SB 832 EXTENDING THE LAPSE DATE FOR THE FY 82 APPROPRIATION
FOR THE CITIZEN ADVISORY COMMISSION.

SB 36 PASSED LAST SESSION AND WAS SIGNED INTO LAW ALONG WITH
THE BILL WAS AN APPROPRIATION ITEM OF \$365,000 FOR THE
COMMISSION. DUE TO THE MEMBERS NOT BEING APPOINTED IMMEDIATELY,
NONE OF THE FUNDS HAVE BEEN EXPENDED -- IN FACT THE FIRST
ORGANIZATIONAL MEETING WAS HELD JUST THIS MARCH 25TH. SO
YOU CAN SEE THERE IS NO WAY THEY CAN SPEND ALL OF THE MONIES
BY THE END OF THIS FISCAL YEAR -- SO THE COMMISSION IS
ASKING THAT THE FUNDS THEY DID NOT SPEND LAST FISCAL YEAR BE
CARRIED OVER TO FUND THE COMMISSION THROUGH FY 83.

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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 Bradley
Senator Mulcahy
Senator Sturgulewski

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

March 29, 1982
1:35 p.m.

Beltz Room
211 - Capitol

Hearing:

SB 877 Relating to the staff of the Citizens' Advisory Commission on Federal areas in Alaska and providing for an effective date.
SB 834 Continuing the existence of the Guide Licensing and Control Board.
SB 840 Making a special appropriation for payment as a grant to the City of Cordova for a feasibility study of the Bering River coal field port and transportation system.

SB 877

Senator Fahrenkamp stated that SB 877 was necessary to assure that staff employees of the Citizens' Advisory Commission are exempt from the State service.

Senator Mulcahy moved SB 877 with individual recommendations.

SB 834

Mark Jensen, Chairman, State Guide Board, stated that the Board, consisting of three guides and four public members, was established in 1973. Jensen endorses SB 834, and although he endorses the idea of a review of Board action every few years, he feels that the sunset provision is not in the best interest of the State or the Board, as it creates "unnecessary upheaval."

Senator Sturgulewski referred to the audit report, and its recommendation that several changes be made in the Board's operation.

Jensen feels the Board has covered the major recommendations made in the audit.

Harry Traeger, Director, Division of Occupational Licensing, Department of Commerce and Economic Development, stated that the Code Revision Commission has Title 8 under consideration, and that the Administration will insist changes be made to satisfy the shortcomings outlined in the audit.

Senator Mulcahy moved SB 834 with individual recommendations.

SB 840

Edgar Blatchford, Chairman of the Board, Chugach Natives, Inc., spoke in support of SB 840, stating that the coal in the Bering River area is of high quality, and that the amount of money already invested by Chugach Natives is proof of their commitment to the project. They are requesting a one-time appropriation to study alternative sites for the port, the transportation system, and the financial and economic aspects of the project.

Carl Propes, Director of Lands and Natural Resources, Chugach Natives, Inc., stated that this appropriation is a proper role for the State, as a transportation system would cross State lands, and the port may be sited on State lands. Lack of State funding will probably delay the project at least a year. Carl emphasized that any State appropriation would not be interpreted as a commitment for further funding. He also stated that any funds appropriated will go to the City of Cordova, and the studies will be put out for competitive bid.

Senator Fischer expressed concern over how the State could recoup its investment, and brought up the issue of a severance tax.

Phil Holdsworth, COAL, expressed support for SB 840, stating that the Bering River coal field has real potential. He emphasized that coal is a marginal industry in Alaska, and that imposing a severance tax on the gross product may be enough to kill the industry. Coal operators would instead favor a tax based on net income. Holdsworth explained that Bering River had not been developed sooner, because it is a geologically complex area, unlike other coal deposits in Alaska which have thick beds and are strippable. The Bering River coal is of a much higher quality, and has a market in Korea.

Senator Mulcahy moved SB 840 with individual recommendations.

The meeting was adjourned at 2:40 p.m.

SB834

A FOLLOW-UP REVIEW OF THE
GUIDE LICENSING AND CONTROL BOARD
(Originally Released July 17, 1979)

December 21, 1981

Audit Control Number
08-012-0023-R

Commissioner, Department of
Commerce and Economic Development

Charles R. Webber

Commissioner, Department of
Public Safety

William R. Nix

Commissioner, Department of
Revenue

Thomas K. Williams

Members of the
Guide Licensing and Control Board

Chairman
Member
Member
Member
Member
Member
Member

Marcus F. Jensen
Clark Engle
H. Glen Glenzer
Norman G. Sutcliff
Donald Harris
William G. Stroecker
Herbert C. Wiese

STATE OF ALASKA

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

JUNEAU, ALASKA 99811


December 30, 1981

Members of the
Legislative Budget and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska
Statutes, the attached report is submitted for your review.

A FOLLOW-UP REVIEW OF THE
GUIDE LICENSING AND CONTROL BOARD
(Originally Released July 17, 1979)

December 21, 1981



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

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PURPOSE OF THE REVIEW

In accordance with the provisions of Alaska Statutes 24.20.271(1) and 44.66.050 (sunset legislation), a follow-up review of the Guide Licensing and Control Board was conducted to determine whether the recommendations presented in our report entitled, A Performance Review of the Guide Licensing and Control Board, July 17, 1979, have been implemented, and, if not, whether those recommendations are still pertinent.

ORGANIZATION AND FUNCTION

The Guide Licensing and Control Board was established by the 1973 Session Laws of Alaska and succeeds the Board of Fish and Game, Department of Fish and Game, which previously regulated the guiding industry. The seven member Board is appointed by the Governor with confirmation by the Legislature and is restricted to having no more than three members as licensed guides. Board members serve staggered terms of three years or until their successors are appointed.

The Board is organized under the Department of Commerce and Economic Development, Division of Occupational Licensing. Two budgeted positions, a Guide Investigator and Administrative Assistant, in the Department of Public Safety, Division of Fish and Wildlife Protection, have been provided to assist in the licensure and investigations of guides.

The function of the Board is primarily regulatory, mandated by AS 08.54.040. Accordingly, the Board has the capacity to administer examinations; determine qualifications of guides; establish performance standards and regulate activities; maintain guide registers; prohibit harmful guiding activities; conduct hearings regarding licensure; and establish quotas of guides for specified geographical areas (exclusive guiding areas). The Board, through the assignment of exclusive guiding areas, limits hunting pressure by guides within a specific geographical area.

In addition, the Board licenses "transporters". A licensed "transporter" is a person who transports hunters for hire.

REPORT CONCLUSION

Policy Issues

This review contains policy issues raised as a result of our evaluation of various Board practices. The final policy decisions affecting these practices are not within the scope of this review but require legislative consideration. In debating these issues, the legislative oversight committees should consider the findings and alternatives presented in this report in reaching their decision.

Report Conclusion

In our opinion, the Guide Licensing and Control Board should be continued. For the following reasons, we believe the regulation and licensing of guides is needed to protect the public's health, safety and welfare:

- A. This profession involves contracting for hunting game that could result in severe physical harm if practiced by incompetent persons. Potential harmful results include injury or death to the hunter due to neglect or carelessness on the part of the guide.
- B. Other users of game resources, such as the general public and subsistence hunter, can be directly or indirectly affected by guiding activities. For example, overhunting by guides in an area not only depletes the game resources available to the general public but also adversely affects the subsistence hunters in that area.
- C. In order to protect the public without unduly restricting individual rights, AS 16.05.407(a) exempts Alaskan residents from requiring the services of a guide.

While the reasons above indicate that the Board should continue to license and regulate guides, certain changes need to be implemented in order for the Board to more effectively serve the public.

The Board agrees that the transfer of the guides licensing function to the Department of Public Safety would enhance public convenience and be cost efficient. The Board believes legislation should be submitted seeking such a transfer (see Prior Audit Recommendation No. 1).

The Board has proposed changes to the statutes in response to two of our prior audit recommendations. However, the statute changes have not passed and a continued effort will be necessary to provide clear, relevant and workable statutes (see Prior Audit Recommendations No. 2 and No. 3).

The Department of Revenue has developed forms and procedures to collect and account for revenues from guides as required by statute. However, a continued effort will be required to improve the efficiency and accuracy of the reporting system (see Prior Audit Recommendation No. 4).

The Board is in the process of establishing a formal set of specific objectives and related measurement criteria so that its performance can be evaluated (see Prior Audit Recommendation No. 5).

PRIOR AUDIT RECOMMENDATIONS

Prior Audit Recommendation No. 1

The Guide Licensing and Control Board should seek legislation to have the guide licensing function transferred to the Department of Public Safety.

Staff support for the Guide Licensing and Control Board is currently being provided by two departments: the Department of Commerce and Economic Development (DCED), Division of Occupational Licensing (OL) and the Department of Public Safety (DPS), Division of Fish and Wildlife Protection (F&WP).

Applications for guide licenses are required to be sent to DCED by Alaska Statute 08.01.060. A licensing examiner in the Division of Occupational Licensing (OL) in Juneau receives the application and fees and, upon authorization from the Board, issues the license. The licensing examiner also provides other administrative and clerical support to the Board. In addition, the licensing examiner maintains files on each individual licensee, and copies of the material in the files are sent to the Division of Fish and Wildlife Protection in Anchorage.

The Division of Fish and Wildlife Protection, Investigation Section in Anchorage has two budgeted positions, a Guide Investigator and an Administrative Assistant, assigned to provide assistance in the licensure and investigation of guides. F&WP is also responsible for the enforcement of guide related statutes and regulations. In addition, F&WP maintains current and complete history files on all licensed guides as well as maintaining files on all the exclusive/joint use guiding areas.

Personnel in both OL and F&WP have stated that the licensing and investigative services provided to the Guide Licensing and Control Board should be consolidated within one agency. OL personnel have stated that public convenience and staff availability would be enhanced by the consolidated effort. F&WP personnel believe that the licensing function as well as enforcement would be enhanced by consolidation of the two functions. A reduction in operating costs should result to OL, based on the reduced workload of the licensing examiner, who estimates that she spends approximately 2/3 of her time on Guide Board related matters.