



## MINERAL ASSESSMENTS OF ALASKA LANDS

2. As a necessary step in developing a U.S. economic and political global strategy for the 1980s and beyond, there is a need for a minimum assessment of the minerals on all Alaskan lands, with provisions for special development of minerals on withdrawn lands; so as to contribute both to the national interest and to the national security.

### EXPORTING ALASKA OIL

3. The export of Alaskan oil to Pacific Rim countries would generate many sound economic and geopolitical benefits to the nation as well as to the citizens of Alaska, and thus, merits the most serious and favorable consideration by the state and national policymakers; however, recognizing that a number of conditions would first have to be addressed.

### CREATING AN ENTITY FOR ARCTIC RESEARCH AND POLICY

4. Senator Frank Murkowski's bill to create the Arctic Research and Policy Act deserves full support; provided that the resulting institutional framework is designed to serve broad, nationwide interests in Arctic development, including such activities as natural resource exploration and development technology.

## MINERALS

Mining activity in Alaska is at an all-time high, including placer gold mining and exploration by major hard rock mining companies. Mineral exploration activities by major companies during the 1970s produced some exciting discoveries of large base and precious metal deposits. Three discoveries: U.S. Borax's Quartz Hill molybdenum deposit, Noranda's Greens Creek silver-gold deposit and NANA/Cominco's Red Dog lead/zinc deposit are scheduled to be into production before 1990.

The major obstacle to development of mineral deposits is the lack of transportation infrastructure. Another concern is taxation: although state taxes on the mining industry now are reasonable, the industry is wary because of the punitive taxes levied on petroleum production. Land allocations by the federal government have not only withdrawn much of the state's high potential mineral land, but have severely restricted access to many areas of the state.

Several positive factors including near-surface, high-grade deposits, strategic mineral deposits, proximity to the Orient and a development-oriented state administration will help promote mining in Alaska. However, the timing of major mineral

development will depend upon world metal prices, infrastructure development and less restrictive land management policies by both the state and federal governments.

If the economy of Alaska is to diversify and broaden beyond its present dependence upon the oil industry, the state must recognize its pivotal role and adopt an aggressive policy supporting the development of infrastructure that will serve the range of other resource industries.

The U.S. industrial infrastructure, defense capabilities and economic viability rest on adequate supplies of some two dozen or so non-fuel minerals. Of these, the U.S. currently is more than 90 percent import dependent on 13 and more than 50 percent dependent on an additional 13. Combine these elements of foreign supply with those concerning our energy needs, and the cumulative effect of all our mineral import dependencies constitutes possibly the greatest direct threat to our national security since the end of World War II.

This form of dependency makes the nation highly vulnerable to foreign powers. This vulnerability centers around one thing: cutoffs. Whether sudden or gradual, any significant interruptions of vitally needed minerals from foreign sources would lead to equally significant disruptions across the spectrum of American life.

One way of lessening vulnerability is to cut dependence on imports. In the case of oil, conservation and the development of various alternative sources of energy would diminish dependence on the Middle East. As for strategic non-fuel minerals, Congress and the Executive Branch are hammering out a set of strategic non-fuel minerals policies designed to alleviate high dependency on foreign supplies. Other means of protection against foreign supply cutoffs include stockpiling, substitution, conservation and recycling.

There is considerable debate as to whether or not and to what extent our public lands can and should be made available to minerals exploration and development. It is estimated that over 70 percent of federal land is closed or restricted to entry and mineral development under the mining/mineral leasing laws. It is believed that these lands contain significant deposits of a number of critical minerals on which we are now heavily dependent, for example: cobalt, platinum-group metals and chromium.

Considerable discussion took place regarding Soviet exploration and development activities in the Arctic. Last fall the Soviets embarked on an ambitious 15-year "Conquer the Arctic" plan aimed at recovering vast quantities of oil, gas, coal and minerals from the Bering Sea, Eastern Siberia and other Arctic areas. This new "master plan" has been viewed as a major historic policy shift.

The Soviets are now operating an Arctic technology center and are conducting advanced ice studies. They have recently ordered four drilling ships with ice-breaking capabilities from the West and plan to import resource development technology from the West. Their strategy is to put mineral, oil and gas development next to defense in terms of allocating the nation's rate of investment and investment outlays. The Soviet Arctic plan is based on global power projections, with Siberian and Arctic natural resources flowing to world markets as a surplus through an aggressive marketing strategy.

By contrast, the United States has no significant Arctic policy, which is scientific, technical, resource, military and defense oriented. Unless the Americans respond with a strategic Arctic policy, the U.S. will fall far behind in the Arctic.

## PETROLEUM

Petroleum specialists focused on the problems and opportunities the industry faces in the Arctic at a time when the world oil market is growing at a slower rate than the world's economy.

Although Alaska may hold over half of all oil and gas reserves to be discovered in America, activities within the state could be severely curtailed by increased regulations and cumbersome government policies regulating development. Government permitting procedures are now delaying development of reserves. When these regulations and procedures are combined with the high costs of development in the Arctic and lower worldwide oil prices, there is little incentive on behalf of the industry to launch new exploration and development activities. Alaska's only trump card is that it has major deposits.

Experts also warned that the large capital expenditures of successful bidders on the Diapir Field sale should not be taken as an indication of the levels to be seen in areas such as the Bering Sea. High development costs, lack of transportation systems and potential operating restrictions are factors which could lead to the abandonment of Alaska exploration efforts in favor of areas that would lead to higher economic returns.

Turning to petroleum's share of future world energy requirements, the market is bound to continue growing but at a slower rate than the world economy partly because of the increasing efficiency with which energy is being used. Supply factors will prevent oil's share of energy consumption rising or stabilizing. On the contrary, oil's share is likely to fall, but with no clear trend in the level of oil demand over a 20-year period.

Excluded for practical purposes is the possibility that rapid worldwide economic growth throughout the rest of the century would expand the premium transportation markets for oil

so fast as to absorb all the oil that can be produced. So long as this does not happen, oil will continue to compete with gas, and both oil and gas will compete with other fuels in industrial, utility and household markets in most major countries. Oil's share in these markets will fluctuate with relative prices reflecting the supply factors in competing fuels.

The world incremental long-term demand as a whole will tend to be met by increases in the use of other fuels, particularly coal and nuclear, but including gas in some places. The share of gas may remain more or less constant for the world as a whole but will vary locally according to the cost of incremental supply.

In the near term, however, worldwide spare capacity in the oil industry will mean that its share will fluctuate with oil prices. Demand will recover somewhat. We are already in a fluctuating situation on both price and market share.

In projecting the price of petroleum in the future, various factors must be considered. Oil prices increase when the world cushion (excess of capacity over demand) is less than about five million barrels per day. This cushion will likely exist entirely within OPEC, with Saudi Arabia being the main swing supplier. Oil prices will decrease when demand on OPEC drops below about 20 million barrels per day.

Consequently, OPEC's "comfort range," within which prices should remain reasonably stable, is 20 to 25 million barrels per day. This translates to a "comfort range" of about 5 to 10 million barrels per day in Saudi Arabia if it is assumed to absorb the entire swing.

Above the "comfort range" OPEC helps prices increase sooner, faster and further than they would in a totally free market. Below the "comfort range" OPEC inhibits price declines that would be expected in a totally free market. It is in this area that OPEC has to date shown its greatest strength as a cartel.

Long-term price forecasts (in the year 2000) range from \$30 to \$55 per barrel (in 1982 \$). By that time, the OPEC cushion will have decreased to such an extent that "real" annual price increases can be expected on the order of \$1 per year. Because of the many uncertainties involved, a "best guess" case is not very meaningful. Perhaps most pertinent is the conclusion that there is likely to be no "real" price increase before the early 1990s.

Petroleum must be looked upon as a depleting resource. As it becomes scarcer in the world and production declines, its price must increase to encourage conservation and switching to other energy sources. Consequently, oil will increasingly be diverted to higher-valued end uses. And no amount of cartel activities or government price or allocation controls can prevent this result.

## Export of Alaska Oil

If oil exports to Japan and other Pacific Rim countries become reality, Alaska should consider imposing a three percent economic security and development tax on the oil sale price and dedicate the tax revenues to construction of railroads, ports and other facilities to encourage more development of Alaska coal, hard-rock minerals, oil, gas and other resources. This proposal met with general support among those in attendance.

A three percent tax on a barrel of oil selling for \$30 would come to 90 cents, yielding the state \$100 million annually if exports were at a level of 300,000 barrels a day.

An announcement was made regarding the extension of United States sovereignty to 200 miles off the nation's shores by forming an "exclusive economic zone" within the next several weeks. The announcement follows President Reagan's rejection of the International Law of the Sea Treaty.

The "exclusive economic zone" proclamation would give the U.S. exclusive jurisdiction for mining and would establish sovereignty, not merely management authority, over fishing within the 200-mile limit. Passage over those waters would not be affected as international law applies.

The U.S. has been exercising its sovereignty only over those waters above the outer continental shelf and in many areas the shelf stops well short of the 200-mile limit. However, the extent of that shelf has never been established and the proclamation would have the effect of establishing definite limits.

## COAL

Because of huge supply and worldwide distribution, coal should provide a secure backstop for the utilization of oil and gas. Buyers of this fuel, especially in the short term, will have numerous sources from which to draw. By utilizing buying practices pioneered by Japanese trading companies, the price of this commodity should remain exceedingly competitive, with the exception of "windows" of panic buying as in 1974 and 1980/81.

The future of United States steam coal in the world market depends upon a number of interrelated factors:

- \* The long-term role of world economic growth
- \* Effects of structural changes altering the rate of growth in energy consumption as economies expand
- \* the share of energy requirements met by coal
- \* the availability and price of coals from competing sources

Forecasts show that lower growth rates in energy consumption are likely as the amount of energy required per dollar of GNP is

expected to be only 75 percent of that required in 1973. This means that total energy requirements in 1990 and 2000 will be approximately one third less than previous forecasts indicated. By 1990 coal should provide almost 25 percent of total energy requirements and by 2000, coal's market share will be almost 30 percent.

The United States became a factor in the steam coal market in late 1979. The U.S. is now exporting steam coal at an annual rate of about 27 million tons and should maintain this level through the mid-1980s. But, because coal supply capability far exceeds coal demand, America is faced with stiff competition - from Australia, Poland, Canada, China and South Africa. The U.S. is the high-cost coal supplier for many reasons; costs of inland transportation are very high and are not under the control of the coal supplier. Ports have not yet been dredged to take advantage of the economies of scale available to larger vessels. The distance from America to foreign customers is greater. But, the U.S. also has advantages that can outweigh the extra cost, provided that the differentials with other countries are not too great. These advantages include:

- a diversified reserve base sufficient to meet exports as well as domestic coal requirements without materially increasing mine mouth coal prices.
- a diverse and competitive coal industry
- a stable and skilled labor force
- a reliable, though costly, transportation infrastructure
- a politically stable government which encourages exporting

In the short run, these advantages will not help the U.S. increase steam coal exports. Demand is now stagnant while supply is increasing. America's participation in the steam coal market through the mid-1980s will be primarily on a spot or short-term basis. Foreign long-term agreements will be the exception and not the rule.

Most steam coal exports will be from the East and Gulf coasts. Western exports will not increase from the current two million plus tons annually until after 1985. The reason for this split is simple: there are larger markets for U.S. coal in Europe than in the Pacific Rim.

Over the longer term, the picture is brighter with exports reaching 58 million tons in 1990. Major markets will be in Europe through 1990, but soon after, demand for U.S. steam coal should pick up in Korea, Taiwan and Japan and by 1995, at least 28 million tons will be exported to Pacific Rim nations.

As for Alaska, the state may contain up to half of America's coal reserves. Most of the bituminous coal is in Arctic Alaska. Subbituminous coal is dominant in Southern Alaska, but it is much harder to market, despite its proximity to tidewater. There is a need to prove the stability of subbituminous coal if it is to be marketed seriously. Conference delegates were warned that

the state should conduct more detailed analyses of its coal-export potential and markets before embarking on large investments for new ports, rail and other facilities.

Alaska Governor Bill Sheffield announced that the state has scheduled its first competitive coal lease sale in eleven years for May 17, 1983 and that his administration plans to establish a long-term coal leasing schedule. The May sale will offer 1,677 acres in the Beluga River coal field, representing a scaled-down version of the 25,000-acre sale proposed by the Department of Natural Resources. Depressed market conditions were cited as the main reason for the small sale.

From the Korean perspective, demand for coal is expected to increase to 43 million tons in 1986 from the present level of 29 million tons. According to the chief of a 24-member Korean delegation attending the conference, Korea's energy policy for the next decade and beyond promises to provide an important coal market in the Far East, and the United States with its ample reserves of coal, could play an important role as a stable supply source.

#### RESOURCE DEVELOPMENT

Alaska land ownership patterns reflect the unusual history of the state. The communities which now own land were settled early and the land settled was acquired pursuant to the early public land laws. Other large transfers of land from the federal government awaited Alaska Statehood and the settlement of the Alaska Native land claims. These were delayed for countless reasons and only when the Alaska National Interest Lands Conservation Act was passed, was it feasible to expect steady conveyance. Congress' enactment of the lands conservation bill has meant that well over 100 million acres of land is now permanently in restrictive classifications which place even more pressure on private lands, including that owned by native corporations.

These conservation areas will directly affect investment in the state's resources. The areas and the resulting restrictions limit access to land that can be developed where one must cross the conservation areas. They also reduce the pool of land left for general entry for mining and leasing as well set tough rules for air quality and water quality compliance for years to come.

Developers of large resource projects in Alaska reaffirmed their commitment to conduct exploration and future mineral development with great care for the environment. U.S. Borax officials stated that their problems in developing the world-class molybdenum deposit at Quartz Hill have not been with the state and federal regulations, but with special-interest environmental groups who used their legislative influence, the regulatory process and frivolous delaying legal maneuvers to attempt to stop the project.

The Interior Department promised conference delegates to facilitate natural resource development within the state. The Interior is terminating all unnecessary federal land withdrawals, soon will publish regulations to facilitate transportation across federal lands and will continue to give high priority to state and native land conveyances.

Governor Sheffield reiterated his administration's commitment to speed up the processing of state permits, provide leadership in the direction of funding for major construction projects and create a capital investment fund to begin developing ports, rail extensions, highways and lower-cost sources of electricity.

The State must commit to resource development; that is, it must become a partner in the effort - a partner whose only commitment is that Alaska's mineral resources are developed and that they are developed in an economically and environmentally responsible manner. This need must be communicated so that the people of Alaska will allow its representatives to do more than police and regulate. They must be allowed and encouraged to work with the private sector to expedite exploration and development in a manner compatible with the resource development and environmental goals and policies of the state.

file HB 258

SENATE JOURNAL

3336

May 29, 1984

Senators Paul Fischer and Gilman moved and asked unanimous consent that they be shown as present. Without objection, it was so ordered.

The presence of Senators Ferguson and Vic Fischer was noted.

Senator Ray moved that the journal for the one hundred forty-first legislative day, Senate Supplement No. 92 and House and Senate Joint Supplement No. 25 be approved as certified. Without objection, it was so ordered.

Senator Ray moved that the Senate recess to a call of the Chair for a leadership caucus. Senator Rodey announced a minority caucus. Without objection, the Senate recessed at 10:20 a.m.

AFTER RECESS

The Senate reconvened at 10:41 a.m.

MESSAGES FROM THE GOVERNOR

HB 258

Message was received May 28 and read:

May 28, 1984

Re: CONFERENCE CS FOR HOUSE BILL NO. 258

An Act establishing a special investment tax credit; and providing for an effective date

Chapter 60, SLA 1984

Dear President Kerttula:

Today I signed into law CCSHB 258. This bill creates a special industrial incentive investment tax credit for gas processing projects and for the exploration, development, and production of minerals (other than oil and gas) in Alaska. The credit will encourage investment and development of natural resources in the State.

HB 258 cont'd

The State corporate income tax is a graduated tax with a maximum rate of about 9-1/2 percent of income (AS 43.20.011). The federal corporate income tax rate goes up to 46 percent of income (26 U.S.C. § 11). The allowable federal credit is 10 percent of the investment (26 U.S.C. § 38). CCSHB 258 increases the credit available under state law to the same level as federal law on selected types of investment which need encouragement in Alaska. As the federal government believes the 10 percent rate appropriate to encourage investment to build industry throughout the country, it seems to me that Alaska should have the same rate because our investment situation is so much more challenging than that found in many other states.

To obtain the maximum special industrial incentive tax credit under CCSHB 258, an investment of \$250,000,000 in Alaska is required. This is further limited by the requirements that no more than 60% of the tax liability may be offset by this credit, thus assuring a flow of funds to the State to provide essential services. It is important to note this credit is available only to the company making the qualified investment and not to members of an affiliated group of corporations filing a consolidated return.

I believe that the State must make every conceivable effort to promote new resource development. Our efforts may be especially critical now, when the most promising of our mineral development prospects continue to face depressed world markets. With today's lackluster metal prices, and with the exorbitant cost of capital, a marginal improvement in the economic feasibility of a project through the investment tax credit in HB 258 could be decisive. I have in mind the Quartz Hill project near Ketchikan, the Johnson River prospects announced recently by Cook Inlet Region, Inc., and the Red Dog property in Northwest Alaska. Substantial employment and other local benefits will be created by these projects that far exceed in value the tax revenues lost.

The risk of losing the potential major benefits of HB 258 are far more serious to the State than the risk of losing a comparatively small amount of income to the treasury. Therefore, I have signed CCSHB 258.

Sincerely,

/s/ Bill Sheffield

Bill Sheffield  
Governor

HB

267

SENATE RESOURCES COMMITTEE  
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: HB 267

BILL NAME: Herring stripping

SPONSOR(S): Fuller

RELATED BILLS PENDING: SB 180

DATE INTRODUCED: 4-6-83

REFERRALS: Resources

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR  
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR  
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE  
SUBSTITUTES DRAFTED:

✓ Rep. Fuller (call & remind)

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



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## Senate

### Committee on Resources

#### MINUTES

Bettye Fahrenkamp  
Chairman

April 13, 1983  
3:05 p.m.

Beltz Room  
Room 211, Capitol

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#### MEMBERS PRESENT

Senator Fahrenkamp, Chair  
Senator Ziegler, Vice Chair  
Senator Sturgulewski

Senator Eliason  
Senator Mulcahy  
Senator Vic Fischer

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#### CALENDAR

- |        |   |
|--------|---|
| SJR 21 | Relating to the use of Lake Grace, an area within the Misty Fjords National Monument, for the generation of hydroelectric power for the Ketchikan area. |
| SB 2   | Providing for a license exemption for commercial fishing vessels 24 feet or less.   |
| SB 52  | Relating to the licensing of commercial fishing.  |
| HB 187 | Relating to regulation, licensing and fee for fur farming.  |
| HB 267 | Relating to herring stripping.  |

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#### HB 187

Representative Ringstad reviewed the provisions of the bill: (Sec 1) fur farming is redefined; (Sec 2) eliminates fee; (Sec 3) requires Fish and Game to authorize trapping for breedstock without a permit, and; (Sec 4) streamlines importation regulations and permitting.

In response to a question, Rep. Ringstad stated that federal regulations would still be in effect to control importation of diseased animals.

Bob Hinman, of the Department of Fish and Game, said that the department supports CSHB 187 (Res). They approved of Sec. 3, although it reduces fees, because of the small number issued. In response to a question on Sec. 4, Hinman explained that it ended a conflict between Title 16 and Title 3 over control of import permitting.

Commissioner Richard Neve', Department of Environmental Conservation, submitted a statement in support of the bill and announcing a suspension of regulations to study transfer to DNR of this authority.

Senator Sturgulewski moved that CSHB 187 (Res) be reported out of committee with individual recommendations. There was no objection.

#### SJR 21

Senator Ziegler reviewed the history of the proposed hydro site and the purpose of the resolution. In answer to a question about the authority for approval of the development, he said the resolution is addressed to Congress and the President, for approval of the transmission line along with the hydro development.

The US Forest Service submitted a letter stating that administrative authority to accommodate the development was possible. Senator Ziegler moved that SJR 21 be reported out of committee with individual recommendations. There was no objection.

#### HB 267

Senator Mulcahy reported on the testimony heard in the Fisheries Subcommittee hearing on HB 267, which supported the extension of the date from July 1, 1982 to July 1, 1986.

Senator Mulcahy moved that HB 267 be reported out of committee with individual recommendations. There was no objection.

#### SB ?

Senator Mulcahy moved that a committee substitute for SB 2 be adopted. There was no objection.

Senator Mulcahy said the purpose of the bill is to exempt from licensing the small boat fleet because of the short season for salmon and herring fishing from skiffs. Currently all boats are licensed.

Sgt. Buell Russell, Department of Public Safety, Fish and Wildlife Protection Division, testified that the department had no problem with the bill.

Senator Mulcahy moved CSSB 2 from committee with individual recommendations. There was no objections.

SB 52

Senator Mulcahy moved the committee substitute for SB 52. There was no objection. Senator Mulcahy referred to the sectional analysis and said the bill is basically technical changes. In response to concerns on residency requirement, Senator Mulcahy said that the requirement could be made to conform to other legislation or court decisions if necessary.

Senator Fanrenkamp agreed that the bill was housekeeping changes.

Senator Mulcahy moved CSSB 169 (Res) from committee with individual recommendations. There were no objections.

The meeting adjourned at 3:40 p.m.



# Alaska State Legislature

## Senate

RESOURCES SUBCOMMITTEE ON FISHERIES

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

March 24, 1983

TO: Senator Bettye Fahrenkamp, Chairman  
Senate Resources Committee

FROM: Senate Resources Subcommittee on Fisheries

SUBJ: SB 180 (identical to HB 267)

The subcommittee has taken testimony and reports SB 180 back to the committee as a whole with the following recommendations.

Members		Recommendation
Senator Mulcahy	<u>Bob Mulcahy</u>	<u>No Pass</u>
Senator Eliason	<u>Al Eliason</u>	<u>NO REC</u>
Senator Gilman	<u>Don Gilman</u>	<u>No Pass</u>



STATE OF ALASKA  
OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department Fish and Game	Sponsor (Principal) Ferguson	Bill Number SB 180
Department Position Neutral		
Division Director Steven Pennoyer <i>SP</i>	Date 3/16/83	Commissioner's Signature Don W. Collinsworth <i>DK for DW</i> Date 3-17-83

GOVERNOR'S OFFICE USE

Comments:

Position Noted By \_\_\_\_\_ Date \_\_\_\_\_

SUMMARY

1. a) Related Bills (Similar or Conflicting) HB 267	1. b) Other Agencies Affected by Bill Dept. of Environmental Conservation
2. a) Organizational Support for Bill Unknown	2. b) Organizational Opposition to Bill Unknown
3. Program Effects of Bill None	
4. Fiscal Impact: <input checked="" type="checkbox"/> None <input type="checkbox"/> Fiscal Note Attached	
5. Amendments Proposed: None	

6. Comments:

Stripping of herring roe and in-water disposal of herring carcasses has been allowed for the Bering Sea in the past with no apparent damage to the natural resources of the area. The disposal provision lapsed this year, which will now require that herring carcasses not be wasted. The current non-waste disposal method has been to deliver the carcasses to reduction plants in Kodiak and Seward, but the Kodiak plant will be closed or operating at reduced levels during 1983, making non-wasteful disposal of Bering Sea herring very difficult.

The Board of Fisheries does have a regulation (5 AAC 27.093) in place that will govern carcass disposal in the Bering Sea.

The Department estimates that the Bristol Bay herring fishery may open as early as

the first or second week in May this year. Therefore, to be effective this season, this bill would have to be signed into law no later than April 30.

I. REQUEST

Bill/Resolution No.: SB 180  
 Title: Relating to Herring Stripping  
 Sponsor: Ferguson  
 Requestor: \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected: Environmental Conservation  
 Program Category Affected: Water Quality  
 BRU, Program of Subprogram(s) Affected: Environmental Quality Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
<b>OPERATING</b>						
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	0	0	0	0	0	0
<b>CAPITAL</b>	0	0	0	0	0	0
<b>REVENUE</b>	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: [Signature]  
 Division: [Signature]  
 Approved by Commissioner: [Signature]  
 Department: [Signature]

Phone: 465-2153  
 Date: 3/7/83  
 Date: 3/8/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

Sec. 16.10.173. Utilization of commercially taken herring. (a) It is unlawful for a person, as defined in AS 01.10.060 and including a joint venture, to waste or to cause to be wasted any commercially taken herring.

(b) As used in this section, "waste" means the failure to use the flesh of commercially taken herring for reduction to meal, production of fish food, human consumption, food for domestic animals, scientific or educational purposes, or round herring bait. Normal, inadvertent loss of flesh associated with the uses described in this subsection which cannot be prevented by practical means does not constitute waste. The commissioner may authorize other uses of commercially taken herring not inconsistent with the intent of this section and § 172 of this chapter at his discretion upon receipt of a request accompanied by a detailed justification.

(c) For purposes of this section, "flesh" means all muscular body tissue surrounding the bony skeleton of the herring.

(d) The Board of Fisheries may adopt regulations under the Administrative Procedure Act (AS 44.62) it considers necessary for implementation of this section. The board may delegate its authority under this section to the commissioner.

(e) The provisions of this section do not apply to herring taken commercially in the Bering Sea (including appurtenant bays, sounds, estuaries, and water of the state) north of 56° North Latitude, until January 1, 1979. (§ 1 ch 9 SLA 1977)

Effective date. — Section 2, ch. 9. SLA 1977, provides: "This Act takes effect January 1, 1978."

Article 4. Migratory Fish and Shellfish.

Section	Section
180. Legislative findings	220 Penalties for violation of §§ 200 and
190. Regulations	210 of this chapter
200. Unlawful taking prohibited	230. Exemptions
210. Unlawful sale or offer prohibited	

Sec. 16.10.180. Legislative findings. The legislature finds and recognizes these facts:

(1) Migratory fish and migratory shellfish are present in commercial quantities inside and outside the territorial waters of the state.

(2) Migratory fish and migratory shellfish taken from the waters of the state are indistinguishable, in most cases, from those taken from the adjacent high seas.

(3) Substantial quantities of migratory fish and migratory shellfish move inshore and offshore intermittently and at various times during a given year and in so doing often enter and leave territorial waters of the state.

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outweigh the waste involved in the process.

"(b) It is the policy of the legislature that notwithstanding AS 16.10.173 the disposal of herring carcasses is acceptable only if

"(1) the herring is taken from waters in which the herring population is large enough to support a stripping industry

without substantially reducing the availability of the herring for other uses; and

"(2) the stripping process is conducted in an area of the state where local industry either does not exist or, if it does exist, it is insufficient to provide reasonable economic support to the people who live in the area."

**Sec. 16.10.173. Utilization of commercially taken herring.**

Editor's notes. — Section 2, ch. 27, SLA 1980 provides: "HERRING STRIPPING.

(a) Notwithstanding AS 16.10.173 and until July 1, 1982, the stripping of commercially taken herring for the purpose of removing and selling the roe product is authorized if the herring is taken from and the carcass disposal process occurs in the Bering Sea.

"(b) The Board of Fisheries shall adopt

regulations in accordance with the Administrative Procedure Act (AS 44.62) [AS 44.62.010 — 44.62.650] regarding disposal of herring carcasses for each administrative area where disposal occurs.

"(c) The provisions of AS 46.03.100 apply to the disposal of herring carcasses under this section."

**Sec. 16.10.175. Removal of herring from state.** (a) It is unlawful for a person to remove herring from the state before the herring has been frozen or otherwise processed for shipment.

(b) In this section, "processed for shipment" includes, but is not limited to, icing, stripping or salting of the herring; however, it does not include salting of the herring if five percent or more of the body weight of the herring consists of roe. (§ 3 ch 27 SLA 1980)

**Article 4. Migratory Fish and Shellfish.**

**Sec. 16.10.180. Legislative findings.**

**NOTES TO DECISIONS**

A state may reasonably extend its jurisdiction, etc.  
See F/V Am. Eagle, ADF&G No. 39 v.

State, Sup. Ct. Op. No. 2227 (File Nos. 3973, 3974, 4023), 620 P.2d 657 (1980).

**Sec. 16.10.200. Unlawful taking prohibited.**

**NOTES TO DECISIONS**

When three owners of a fishing vessel were active partners in the enterprise of operating the vessel, it was not unduly oppressive to charge two of the owners with knowledge and control of that vessel's illegal activity even though they

were not on board with the third owner at the time of the alleged infractions. F/V Am. Eagle, ADF&G No. 39 v. State, Sup. Ct. Op. No. 2227 (File Nos. 3973, 3974, 4023), 620 P.2d 657 (1980).

5 AAC 27.070. REGISTRATION AND INSPECTION DOCUMENTS. Repealed 4/14/82.

ARTICLE 3.  
PROHIBITIONS

Section

- 90. Unlawful possession of herring or herring gear
- 92. Unlawful acts within an adjacent seaward biological influence zone
- 93. Disposal of herring
- 95. General restrictions
- 96. Violation of reporting requirements
- 97. Violation of landing requirement
- 98. Violation of regulations

5 AAC 27.090. UNLAWFUL POSSESSION OF HERRING OR HERRING GEAR. (a) It is unlawful for any person to possess unprocessed herring aboard a vessel licensed as a commercial fishing vessel within any statistical area unless the season is open or unless the person is acting under the authorization of 5 AAC 27.030(b). This prohibition does not apply to herring possessed for subsistence or personal bait purposes under applicable cable regulations.

(b) It is unlawful for any person to possess aboard a vessel licensed as a commercial fishing vessel within any statistical area any herring or any gear used in the taking of herring if the herring or herring gear are prohibited by other regulations in 5 AAC 27 governing the area, unless the vessel is acting under the authorization of 5 AAC 27.030(b).

(c) It is unlawful for any person to possess, purchase, sell, barter, or transport herring within the state or within waters subject to the jurisdiction of the state if that person knows or has reason to know that that herring was taken or possessed in contravention of the regulations of this chapter. (In effect before 1982; am 4/14/82, Reg. 82)

Authority: AS 16.05.251(a)(4),(7) and (10)  
AS 16.05.720  
AS 16.05.900  
AS 16.05.920

5 AAC 27.092. UNLAWFUL ACTS WITHIN AN ADJACENT SEAWARD BIOLOGICAL INFLUENCE ZONE. It is unlawful for any person to take, attempt to take, cause to be

taken, or possess herring, or to operate, attempt to operate, or cause to be operated any vessel or gear or to possess any gear or to take, attempt to take, cause to be taken, or fail to take any action in violation of 5 AAC 27.010(b).

Authority: AS 16.05.251(a)(4),(7) and (10)  
AS 16.05.720  
AS 16.05.900  
AS 16.05.920

5 AAC 27.093. DISPOSAL OF HERRING. In statistical areas N, T, W and Q, herring carcasses may be disposed of only as follows:

(1) any vessel with less than 5 metric tons of herring on board may only dump herring carcasses in waters more than five fathoms in depth;

(2) any vessel with five metric tons or more of herring on board may only dump herring carcasses in waters more than three miles from the mainland;

(3) or as specified by a permit issued by the Department of Environmental Conservation.

Authority: AS 16.05.251(a)(7)  
AS 16.10.172-16.10.173

5 AAC 27.095. GENERAL RESTRICTIONS. A person shall obtain a permit from the department before taking herring during the period June 15 through February 28 in statistical areas K, L, M and N. (In effect before 1982; am 4/14/82, Reg. 82)

Authority: AS 16.05.251(a)(2) and (7)

5 AAC 27.096. VIOLATION OF REPORTING REQUIREMENTS. (a) It is unlawful for any person to file a fish ticket representing the catch governed by the fish ticket as having been taken in a particular statistical area when in fact the catch or part of the catch were taken in another statistical area.

(b) It is unlawful to file any fish ticket containing information which has been purposely falsified.

Authority: AS 16.05.251(a) AS 16.05.900  
AS 16.05.690 AS 16.05.920  
AS 16.05.720

5 AAC 27.097. VIOLATION OF LANDING REQUIREMENT. It is unlawful for any vessel

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
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## Senate

### Committee on Resources

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: Hearing, 4/13/83

DATE: April 12, 1983

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The following 3 bills have been heard by the Resources Subcommittee on Fisheries and will be addressed by Senator Mulcahy at the Wednesday hearing:

SB 2 PROVIDING FOR A LICENSE EXEMPTION FOR COMMERCIAL FISHING VESSELS 24 FEET OR LESS.

The Subcommittee recommends adoption of a Committee Substitute that would exempt all vessels used for the commercial harvesting of salmon in the administrative area know as Arctic-Yukon-Kuskokwim from the licensing requirement.

SB 52 RELATING TO THE LICENSING OF COMMERCIAL FISHING.

The Subcommittee recommends adoption of a Committee Substitute that would require that every person engaged in commercial fishing hold a commercial fisheries license which could be purchased either as a crewmember license or as an entry permit. A portion of the fees from this commercial fisheries license would go to the Fisherman's Fund.

HB 267 RELATING TO HERRING STRIPPING.

HB 267 would extend the time that herring stripping (the process by which herring roe is extracted from the carcass) is allowed to take place in the Bering Sea until 1986. The Board of Fisheries does have a regulation in place that will govern carcass disposal in the Bering Sea.

Also scheduled for the Wednesday hearing are:

SJR 21 RELATING TO THE USE OF LAKE GRACE, AN AREA WITHIN THE MISTY FJORDS NATIONAL MONUMENT, FOR THE GENERATION OF HYDROELECTRIC POWER FOR THE KETCHIKAN AREA.

SJR 21 would urge Congress to adopt legislation either eliminating the Lake Grace area from the Misty Fjords National Monument or permitting the development of the Lake Grace area for its hydro potential.

Lake Grace was determined to be of substantial potential value for a damsite before its designation as part of Misty Fjords National Monument. The nearby community of Ketchikan wishes to pursue its development to meet future power needs.

HB 187 RELATING TO REGULATION, LICENSING AND FEE FOR FUR FARMING.

HB 187 relieves the current permitting burden on fur farmers by eliminating the \$100 fee for a fur farming license, reducing the fee from \$100 to \$3 for collecting animals for fur farming purposes, and eliminating the requirement for a permit for importing and exporting mink and fox for fur farming. In addition, Commissioner Neve of DEC has committed to administrative changes in the current permitting procedures to more accurately reflect the needs of fur farmers and the types of activities they engage in.

The meeting is scheduled for Wednesday, April 13 at 3:00 pm in the Beltz Room. It is hoped that final committee action could be taken on these bills at this time.

HB 267  
RELATING TO HERRING STRIPPING.  
SPONSOR: FULLER

(Identical to SB 180.)

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Extends the time that herring stripping is allowed to take place in the Bering Sea until 1986. Stripping is the process by which herring roe is extracted from the carcass.

Stripping of herring roe and in-water disposal of herring carcasses has been allowed for the Bering Sea in the past with no apparent damage to the natural resources of the area. The disposal provision lapsed this year, which will now require that herring carcasses not be wasted. The current non-waste disposal method has been to deliver the carcasses to reduction plants in Kodiak and Seward, but the Kodiak plant will be closed or operating at reduced levels during 1983.

The Board of Fisheries does have a regulation in place that will govern carcass disposal in the Bering Sea.

The Department estimates that the Bristol Bay herring fishery may open as early as the first or second week in May this year. Therefore, to be effective this season, this bill would have to be signed into law no later than April 30.

SB 180 did pass out of the Resources Subcommittee on Fisheries with a Do Pass recommendation.



# Bering Sea Fishermen's Association

805 West 3rd Avenue  
Anchorage, Alaska 99501  
(907) 279-6519

March 17, 1983

Representative Fuller  
Juneau

Representative Fuller:

The Bering Sea Fishermen's Association supports House Bill No. 267 which will significantly benefit all Western Alaska herring fishermen who are trying to increase their economic returns from the roe herring fishery. The dumping of herring carcasses after the stripping operations represents the most economical use of that by-product for Western Alaska, given the present level of infrastructure development. Furthermore, the carcasses can be disposed of in an ecological and safe manner following current ocean dumping guidelines.

There are several specific reasons why we support this Bill:

1) The ability to dispose of the herring carcasses allows fishermen and Western Alaska processors to strip the roe from the herring and therefore realize a greater profit. By stripping the roe themselves, the local economies benefit by the extra labor payments, extended use of the local fish plants, tendering of the carcasses out to sea, the processing profits, and the gain in expertise and consequent gain in local control of their fisheries. Kotzebue and southern Norton Sound have locally controlled processing facilities which could be used for a roe stripping operation, and the Kkechik Bay, Goodnews Bay, Security Cove, and Togiak fishermen could also strip herring roe with some planning.

Unalakleet stripped herring roe at their plant in 1981 at a labor cost of about \$70/ton. Using this labor cost as an assumption, the ability to strip 300 - 500 tons of herring would mean an influx of between \$21,000 and \$35,000 in wages to the local economies.

The utilization of the local processing plants (Kotzebue and Unalakleet) would help spread the overhead costs of those facilities over more time, and therefore make them more efficient. The herring stripping operation is relatively simple; the round herring can either be frozen in the round (an option for Unalakleet) and then thawed and stripped, or it can be brined and then stripped (an option for both plants).

The brining/stripping process offers an excellent market alternative to Togiak gillnet fishermen who sometimes find that their usual buyers (floating freezer

ships) are plugged and therefore refuse to buy the gillnet herring. Because it is a relatively low capital investment operation, an enterprising processor could set up a brining/stripping operation which could act as a safety valve and relieve some of the pressure on the buyers who freeze herring in the round. Some of the herring tenders in Togiak - who stay on the grounds for the opening of the salmon season - would be logical processing platforms for the stripping operation.

In the extreme case, the fishermen of Goodnews Bay and Security Cove might have herring roe stripping as their only option if, because of exclusive registration, freezer/processors decide not operate in those two areas.

2) By taking the herring roe from a raw state to a semi-processed, preserved state, the fishermen and local processors would also have improved their marketing position. They can now hold on to their product until they can come to an agreement with a buyer of their choice, rather than having to sell it immediately and in a lower-value state. The quality of the roe is also better after stripping (the unacceptable eggs are culled in the stripping process) and this also brings a better price.

3) In the case of Unalakleet, Stebbins, St. Michael, and Shaktoolik, where some if not all of the stripping will be done by the freeze-thaw-strip method, the ability to dump most of the carcasses makes it possible to use some of the carcasses for human or dog food. The better quality carcasses could be air dried in the same way that tom cod carcasses are currently used.

4) Most fishermen and local processors won't have the facilities available to freeze the herring prior to stripping. For these people, the brining method is the only option. After brining, the carcasses are too salty to be good for anything except meal. There are currently no meal/reduction plants in Western Alaska, and the closest one is in Seward. One estimate of the freight costs of getting the salted carcasses to Seward from Togiak is \$300/ton, and even then the meal plant would pay nothing for the carcasses. The market price for herring carcasses in Japan is \$0.10 - 0.15/lb., but the freight costs to Japan would be around \$0.20/lb. It therefore appears that there is no viable market at the present time for the herring carcasses from Western Alaska.

Regards,

*Henry V. Mitchell*

Henry Mitchell

MAR 23 1988

3NC FISHERIES  
P.O. BOX 100  
UNALAKLEET, ALASKA 99684

Representative Jack Fuller  
Alaska State Legislature  
Pouch V (MS-Space 3100)  
Juneau, Alaska 99811

Dear Representative Fuller:

The three village Corporations of Unalakleet, Shaktoolik and Stebbins along with the Norton Sound Fishermen's Cooperative have formed a new joint venture for commercial fishing in the southern Norton Sound. The interim board is made up of myself as Chairman, member Chuck Degnan from Unalakleet Native Corporation; Eugene Asicksik as vice-chairman and Alex Sookiayak from Shaktoolik Native Corporation; Cornelius Dan as Secretary/Treasurer and member Morris Coffey from Stebbins; and R. Weaver Ivanoff from the Norton Sound Fishermen's Cooperative.

In our second organizational meeting a motion was passed unanimously to send you a letter of support toward requiring a 2-year residency in the State of Alaska to qualify for fisheries loans and also increasing the minimum loan amount of \$35,000 on the Fisheries Mortgage and Note Sale Program. We feel that the 1-year requirement opens to the program to too many fishermen which puts even more constraints on our local fishermen qualifying for the loans. The least that should be required is that the one year be 12 consecutive months. The current \$15,000 limits ourselves to getting a small somewhat substandard boat and outboard motor. The minimum a work outboard motor costs is approximately \$5,000. If we allocate \$2,000 for freight, that leaves us only \$8,000 to buy a boat. The base price for a 24-foot Monson Boat open model, costs \$10,000. We have had fishermen interested in this boat, but because of the \$15,000 limit, it cannot be bought with that loan program. The 26-foot boat that most would like costs \$12,500 and it would be impossible to buy this boat with the loan program.

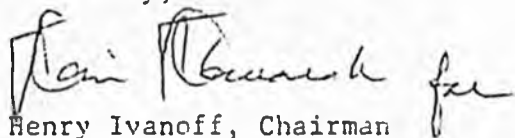
We have been informed that House Bill 267 has been introduced by yourself regarding dumping of herring carcass in western Alaska. Through a telephone poll our Board of Directors would like to go on record as fully supporting such a bill.

As you well know and as classified by the Board of Fish, herring fishing in the Norton Sound is a developing fisheries. We have been fishing herring since 1976 but the real effort by local fishermen did not start until 1979. In 1980 the Norton Sound Fishermen's Cooperative entered into it's first contract for herring and in that year approximately 800 tons of herring flown out of Unalakleet. It was flown out because of lack of experience of handling the fish product any other way, much less processing of the herring. In 1981 the Norton Sound Fishermen's Cooperative processed herring and experienced a modest success of approximately 400 tons. It proved more of a success in creating an opportunity for employment by our local labor force rather than a profitable one for the Cooperative. Approximately \$60,000 in wages were paid with all local labor and a few women flown in from St. Michael. Attempts were made to bring in more laborers, but because of the fast pace of the herring season, it did not materialize. In 1982 partially because of the need to review all facets of herring operations, Norton Sound Fishermen's Cooperative did not process herring but had the fishermen deliver directly to floating processors who brought the fish elsewhere in Alaska for processing. Needless to say, Norton Sound Fishermen's Cooperative did not benefit as much from the herring season that year.

The 3NC Board supports House Bill 267 because of the past experience learned by Norton Sound Fishermen's Cooperative. As a group of village corporations with a joint venture, we feel responsible in utilizing our investment to have the broadest positive impact to our area and our stockholders. Unless we are able to dump the herring carcass into the Norton Sound we would not be able to process herring locally. Financial analysis show that a stripped herring carcass in the Norton Sound is worth in the neighborhood of \$200 per ton but at the same time it would cost approximately \$400 per ton to ship that product out. Clearly more money is spent shipping the product out than what the product is worth and the economics of that alone would prevent us from processing herring.

In an area where employment is one of the lowest in the State, any means of assistance that the State could allow would be a boost for our standard of living. Were we to dump the herring carcass in the Norton Sound we would be able to create jobs for our people, especially women. The men have an opportunity to derive income from fishing and with processing herring we would be able to hire as processors, women, college students and those not able to participate in herring fishing. For discussion purposes if 3NC processed 500 tons of herring in Unalakleet, Stebbins or Shaktoolik and the processors were paid .50 cents per pound for eggs extracted and we averaged 8% roe recovery, that means that there would be roughly 80,000 pounds of eggs processed. This would provide \$40,000 paid to processors. Additionally there would be helpers, generally high school aged males to do lifting and other sundry workers that would probably earn half again the amount paid to processors so that 3NC would have approximately \$60,000 in wages paid to local employees. At this time of the year, after a long winter of not working, this income would be a valuable source of new income to the communities. This would pay for approximately 30,000 gallons of heating fuel, or other much needed basic necessities otherwise not possible should there not be any processing.

Sincerely,

A handwritten signature in cursive script, appearing to read "Henry Ivanoff".

Henry Ivanoff, Chairman  
3NC Fisheries

H B

271

IDENTIFICATION:

BILL NUMBER: HB 271

BILL NAME: Special appropriation to, & for the operation of  
the Alaska grain reserve loan fund

SPONSOR(S): Shultz, Lacher

RELATED BILLS PENDING:

DATE INTRODUCED: 5-5-83

REFERRALS: Resources  
Finance

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR  
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR  
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE  
SUBSTITUTES DRAFTED:

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



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JUNEAU, ALASKA 99811  
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## Senate Committee on Resources

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: HB 271

DATE: June 9, 1983

SB 169 and SB 170 which passed out of Resources Committee 4/11/83, provide for establishment of an Alaska grain reserve program and loan fund (SB 169) and appropriation of funds to the loan fund (SB 170).

HB 156, (establishment) and HB 271 (appropriation) are the House versions of these two bills. When Resources reported HB 156 out of Committee on 5/25/83, we neglected to also report out HB 271. The Committee Report on this bill is attached for your signature.

HB 271 differs from the Senate version as follows:

SB 170 Appropriation of \$1.65 million to the grain reserve loan fund.

HB 271 Appropriation of \$1.65 million -- \$1,592,400 to the grain reserve loan fund; \$67,600 for operational expenses. (This eliminates the need for a fiscal note on HB 156 -- the bill which establishes the program.)

HB 271

REPEALING AN APPROPRIATION MADE TO THE AGRICULTURAL ACTION COUNCIL; MAKING SPECIAL APPROPRIATIONS TO, AND FOR THE OPERATION OF, THE ALASKA GRAIN RESERVE LOAN FUND.

SPONSOR: SHULTZ, LACHER. FINANCE COMMITTEE SUBSTITUTE.

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Like SB 170, but the \$1.65 million reappropriation is split to provide \$1,582,400 for the loan fund and \$67,600 for operational expenses. This makes the companion bill (HB 156) have zero fiscal impact.

H B

284

IDENTIFICATION:

BILL NUMBER: CS HB 254 (St. Aff)

BILL NAME: Designating the bowhead whale as the State marine mammal.

SPONSOR(S): Fuller, M M Miller

RELATED BILLS PENDING:

DATE INTRODUCED: 4-19-83

REFERRALS: Resources  
State Affairs

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR  
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR  
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE  
SUBSTITUTES DRAFTED:

✓ Rep. Fuller  
✓ Environ. Lobby  
✓ Rep. Miller

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
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## Senate

### Committee on Resources

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: CSHB 284 (St. Aff), Designating the bowhead whale as the state marine mammal.

DATE: April 28, 1983

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CSHB 284 would amend the statute on state emblems by adding a section recognizing the bowhead whale as the state marine mammal. This designation would be commemorative only and in no way effect management of the species.

Other marine mammals that inhabit Alaskan land and water include polar bear, walrus, stellar sea lions, ring seals, bearded seals, beluga whales and humpback whales. The bowhead whale was selected by the bill's sponsor because its range is limited to Alaskan waters and because of its role in the culture and subsistence activities of Alaskan Natives.

(d) All adjustments in valuation approved by the board of equalization are subject to review and final approval by the commissioner. A property owner may appeal the final determination in accordance with AS 29.53.140. (§ 12 ch 59 SLA 1975; am § 3 ch 65 SLA 1977)

**Effect of amendment.** — The 1977 amendment added the third and fourth sentences of subsection (a).

**Sec. 44.08.070. Regulations.** The commissioner shall adopt regulations in accordance with the Administrative Procedure Act (AS 44.62) to carry out the purposes of AS 44.08. (§ 13 ch 59 SLA 1975)

**Sec. 44.08.075. Annual report.** The commissioner shall submit an annual report of his activities under AS 44.08 to the governor and the legislature at the beginning of each regular legislative session. (§ 14 ch 59 SLA 1975)

**Sec. 44.08.080. Definitions.** In AS 44.08 "commissioner" means the commissioner of community and regional affairs. (§ 15 ch 59 SLA 1975)

### Chapter 09. State Seal, Flag, and Emblems.

Section	Section
10. State seal	60. State bird
15. Improper use of state seal	70. State tree
20. State flag	80. State fish
30. Display of flags	85. State sport
40. State song	90. State medal for heroism
45. State motto	100. State gem
50. State flower	110. State mineral

**Sec. 44.09.010. State seal.** The official seal of the State of Alaska is comprised of two concentric circles between which appear the words "The Seal of the State of Alaska" and within the inner circle is the design of the seal corresponding to the representation in this section.



(§ 2 ch 141 SLA 1960)

Am. Jur.  
Jur. 2d, Seal

Sec. 44.  
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Am. Jur. 2d reference. — 68 An.  
Jur. 2d, Seals, § 10.

**Sec. 44.09.015. Improper use of state seal.** (a) It is unlawful to use or make a die or impression of the state seal for any advertising or commercial purpose, unless written permission has first been obtained from the lieutenant governor.

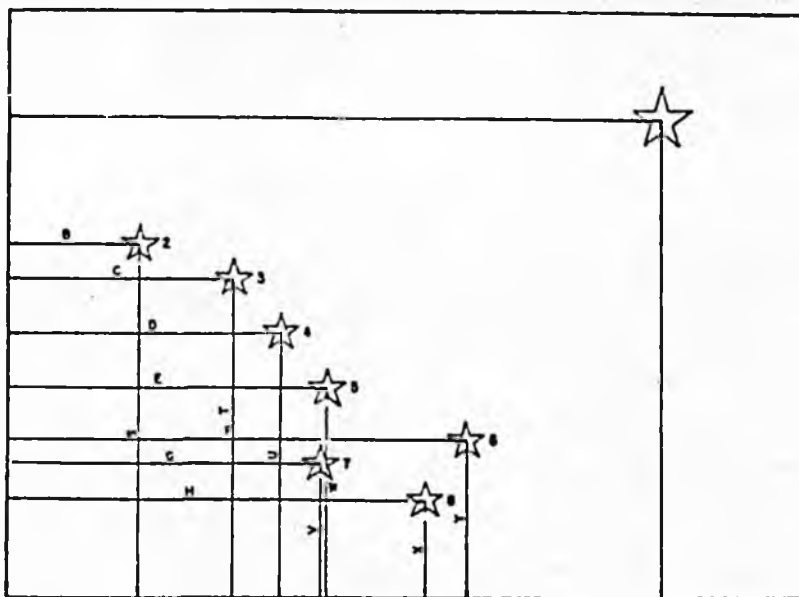
(b) Violation of this section constitutes a misdemeanor, and upon conviction is punishable by a fine of not more than \$500, or by imprisonment for not more than six months, or by both. (§ 1 ch 90 SLA 1968; am § 22 ch 166 SLA 1978)

**Editor's note.** — This section derives from AS 11.60.225 and was renumbered by the revisor of statutes pursuant to § 22, ch. 166, SLA 1978 (revision of the criminal code).

**Sec. 44.09.020. State flag.** The design of the official flag is eight gold stars in a field of blue, so selected for its simplicity, its originality and its symbolism. The blue, one of our national colors, typifies the evening sky, the blue of the sea and of mountain lakes, and of wild flowers that grow in Alaskan soil, the gold being significant of the wealth that lies hidden in Alaska's hills and streams.

The stars, seven of which form the constellation Ursa Major, the Great Bear, the most conspicuous constellation in the northern sky, contains the stars which form the "Dipper," including the "Pointers" which point toward the eighth star in the flag, Polaris, the North Star, the ever constant star for the mariner, the explorer, hunter, trapper, prospector, woodsman, and the surveyor. For Alaska the northernmost star in the galaxy of stars and which at some future time will take its place as the forty-ninth star in our national emblem.

The flag of the Territory of Alaska is the official flag of the state. The standard proportions and size graphically delineated herein shall be used in the manufacture of the official flag of Alaska. The stars shall be the color of natural yellow gold and the field of blue shall be of the same shade of blue used in the official manufacture of the national emblem of the United States. The design, standard proportions and size are as follows:



STANDARD PROPORTIONS AND SIZE

HOIST (WIDTH VERT.) 1.000  
 FLY (LENGTH HORIZ.) 1.418  
 DIAM. LARGE STAR .104  
 DIAM. SMALL STARS .062

1	2	3	4	5	6	7	8
A	B	C	D	E	F	G	H
1.158	.818	.229	.604	.396	.342	.478	.452
				.563	.360	.813	.271
						.552	.228
							.740
							.187

(§ 1-1-4 ACLA 1949; am § 1 ch 29 SLA 1959)

Revisor's note. — The official flag described in this section was the winning design of the flag contest held in 1927 by the American Legion, Department of Alaska, in the public, private, and Native schools of the territory.

**Sec. 44.09.030. Display of flags.** (a) The official flag of the state shall be displayed with the flag of the United States only from sunrise to sunset, or between the hours designated by proper authority. However, the flag may be displayed after sunset upon special occasions when it is desired to produce a patriotic effect.

(b) The flag of the United States and the flag of the State of Alaska shall be displayed daily, weather permitting, in the following places:

(1) on or near the main administration building of every institution under the authority or control of the state government;

(2) in or near every schoolhouse during school days. (§ 1-1-3 ACLA 1949; am § 1 ch 26 SLA 1955)

**Sec. 44.09.040. State song.** The song "Alaska's Flag," with music composed by Elinor Dusenbury and words by Marie Drake, is the official song of the state. The words of the official song are as follows:

Alaska's Flag

Eight stars of gold on a field of blue —

(§ 1 ch 6

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Sec. 44.0  
 SLA 1968)

Sec. 44.0  
 (§ 1 ch 50 :

Alaska's flag. May it mean to you  
 The blue of the sea, the evening sky,  
 The mountain lakes, and the flow'rs nearby;  
 The gold of the early sourdough's dreams,  
 The precious gold of the hills and streams;  
 The brilliant stars in the northern sky,  
 The "Bear" — the "Dipper" — and, shining high,  
 The great North Star with its steady light,  
 Over land and sea a beacon bright.  
 Alaska's flag — to Alaskans dear,  
 The simple flag of a last frontier.

(§ 1 ch 6 SLA 1955)

**Sec. 44.09.045. State motto.** The official motto of the State of Alaska is: North to the Future. (§ 1 ch 36 SLA 1967)

**Sec. 44.09.050. State flower.** The wild native forget-me-not is the state flower and floral emblem. (§ 1-1-5 ACLA 1949)

**Sec. 44.09.060. State bird.** The Alaska Willow Ptarmigan (*Lagopus lagopus alascensis* Swarth) is the official bird of the state. (§ 1 ch 1 SLA 1955)

**Sec. 44.09.070. State tree.** The Sitka spruce (*picea sitchensensis*), which is recognized as the most valuable tree species in Alaska and which is found in both national forests of the state, is the official tree of the state. (§ 1 ch 12 SLA 1962)

**Sec. 44.09.080. State fish.** The king salmon (*Oncorhynchus tshawytscha*) is the official fish of the state. (§ 1 ch 20 SLA 1963)

**Sec. 44.09.085. State sport.** Dog mushing is the official sport of Alaska. (§ 1 ch 38 SLA 1972)

**Sec. 44.09.090. State medal for heroism.** (a) The governor is authorized to award a state medal for heroism directly or posthumously to any citizen of the state in recognition of a valorous and heroic deed performed by him in the saving of a life or for injury or death or threat of injury or death incurred by him in the service of the state or his community or on behalf of the health, welfare or safety of other persons. The medal shall be awarded by the governor with an appropriate ceremony.

(b) The governor shall make arrangements for the designing of the medal for heroism through a statewide design competition participated in by the school children of the state. (§ 1 ch 12 SLA 1965)

**Sec. 44.09.100. State gem.** Jade is the official state gem. (§ 1 ch 51 SLA 1968)

**Sec. 44.09.110. State mineral.** Gold is the official state mineral. (§ 1 ch 50 SLA 1968)

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



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

## Senate Committee on Resources

### MINUTES

April 29, 1983  
3:12 p.m.

Beltz Room  
Room 211, Capitol

---

### MEMBERS PRESENT

Senator Fahrenkamp, Chair  
Senator Ziegler, Vice Chair  
Senator P. Fischer

Senator V. Fischer  
Senator Mulcahy  
Senator Sturgulewski

---

### CALENDAR

- HB 284 An Act designating the bowhead whale as the state marine mammal.
- SCR 19 Relating to a statewide system of trails.
- HB 258 An Act establishing a special investment tax credit; and providing for an effective date.

---

### HB 284

Representative Fuller urged that the Committee support the bill. He stated that the bowhead whale represents Alaska's history, culture and spirit.

Senator Mulcahy moved the bill be reported out with individual recommendations. The motion passed without objection.

### SCR 19

Senator V. Fischer said that the State has the authority to coordinate a statewide trails system, but has established no policy. The resolution asks the Governor to develop a plan for a trails system. There would be no fiscal impact, because most agencies involved are already working on various aspects of the system; it would be a matter of coordinating efforts. Fischer

moved that CS SCR 19 be reported out of committee with individual recommendations. The motion passed without objection.

CSHB 258

Deborah Vogt, Assistant Attorney General, said the bill is constitutionally unclear, and explained this point of view.

Joe Donohue, Deputy Commissioner, Department of Revenue, explained language suggested for a committee substitute. He explained how the tax credit might work, and compared it to the federal investment tax credit.

Rov Huhndorf, President, Cook Inlet Region, Inc., explained the bill's potential to stimulate and broaden the Alaskan economy, and urged adoption of the bill.

Dave Heatwole, Alaska Miners Association, said the Association had passed a resolution endorsing the bill, and explained how it would benefit the mining industry. He opposed exempting sand and gravel, and noted that the mining license tax would still generate revenue to the State.

Wayne Allred, Northwest Alaskan Pipeline Company, provided written testimony. He supported the tax credit without limitation of the location of facilities. He felt the bill, as written, is discriminatory and unconstitutional, and requested all geographical references be removed from the bill.

Jeff Day, assistant to Rep. Joe Hayes, agreed to relay questions and concerns to Rep. Hayes.

The Committee adjourned at 4:40 p.m.

Offered: 4/13/83  
Referred: Resources

Original sponsors: Fuller and M.M. Miller

*Get info!  
- check statute  
- why  
Bowhead*

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2

CS FOR HOUSE BILL NO. 284 (State Affairs)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA -

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act designating the bowhead whale as the state marine mammal."

7

8

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

*1978 bill passed House - Jack Pickett*

9

\* Section 1. LEGISLATIVE INTENT. By recognizing the bowhead whale as

10

the state marine mammal, the legislature intends to give recognition to the grace, strength, and beauty of this inhabitant of the arctic.

11

12

\* Sec. 2. AS 44.09 is amended by adding a new section to read:

13

Sec. 44.09.075. STATE MARINE MAMMAL. The bowhead whale is the

14

state marine mammal.

*MM 4841  
Fuller 3789, 3765*

*Bob Speed - Miller's  
Linda - Fuller's*

*state seal  
- song  
motto north to the future  
flower forget me not  
bird ptarmigan  
tree Sitka spruce  
flag  
fish king salmon  
sport dog mushing  
mineral gold  
gem jade*

*only whale  
strictly in  
alaskan waters.  
+ significance -  
Native whaling*

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STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF REVENUE

TREASURY DIVISION

ELEVENTH FLOOR  
STATE OFFICE BUILDING  
POUCH SB  
JUNEAU, ALASKA 99811  
PHONE:

May 23, 1984

The Honorable Arliss Sturgulewski  
Senator  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Sturgulewski:

At your request, I would like to offer the following explanation of the Department of Revenue's understanding of SCS CS HB 298 (Finance).

Section 1 (1) of the bill states that "the state shall receive 50 percent of the receipts derived from competitive leasing in the National Petroleum Reserve in Alaska."

In section 2 (c) the bill states that it is the intent of the legislature to appropriate to municipalities 50 percent of "the amount received from the federal government under 43 U.S.C. 1337." It is thus the Department's understanding that the legislature intends to appropriate 50% of the amount received, not 50% of the amount in the special revenue fund, whatever that amount may be, to municipalities.

In any event, the amount paid to municipalities is neither constrained nor mandated by this legislation but will be determined by future appropriations.

Sincerely yours,



Milt Barker  
Deputy Commissioner

MB/gb

cc: Robert D. Heath

DISTRIBUTED by SENATOR Sturgulewski

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



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

## Senate

### Committee on Resources

#### MEMORANDUM

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: Committee Meeting, Monday, May 7th

DATE: May 7, 1984

---

On Monday, May 7th at 3:00 pm in the Beltz Room, the Senate Resources Committee will hear the following bill:

HB 298 (Jud), Establishing a National Petroleum Reserve-Alaska (NPR-A) Special Revenue Fund.

HB 298 (Jud), establishes a National Petroleum Reserve, Alaska, Special Revenue Fund. This fund is established to comply with the federal act which provides that Alaska shall receive 50 percent of all the receipts derived from competitive federal oil and gas leases in the state. The bill requires the Commissioner of Revenue to pay 50 percent of the amount received from the federal government to the subdivision of the state that is most directly or severely impacted by development of oil and gas leased under 43 USC 1337. The legislature will review this percentage annually.

Back-up information is attached.

Bureau of Land Management

# Energy Quarterly



RECEIVED  
ALASKA DEPARTMENT OF REVENUE

JUN 23 1983

OF THE COMMISSIONER

JUNE 1983

U.S. DEPARTMENT OF THE INTERIOR 701 C STREET ANCHORAGE ALASKA 99513

## THIRD NPR-A OIL AND GAS LEASE SALE SCHEDULED FOR ANCHORAGE

The BLM will offer approximately 2 million acres in 84 tracts at the third NPR-A oil and gas lease sale July 20. Sale 831 will be held in the Howard Rock Ballroom at the Sheraton Anchorage Hotel, with bid opening at 10:00 a.m. Bids will be accepted from 8:00 a.m. to 9:00 a.m. at the Sheraton the morning of the sale, and in the Public Room in the Federal Building up to the day of the sale.

Tracts 3, 4 and 5 (see map) containing approximately 76,373 acres will be deleted from this sale. Under proposed legislation the North Slope Borough would receive the subsurface rights to all minerals within the Barrow gas field which encompass these tracts. Those interested in bidding on tracts 6 through 16 should be aware that the pending legislation would transfer control of the hydrocarbons on the lands immediately north and west of these tracts to the North Slope Borough.

The offering is part of a five-year leasing plan to make certain lands within NPR-A available for competitive leasing. A fourth offering of NPR-A lands is scheduled for July, 1984. To date 37 leases totaling approximately 900,000 acres have been issued by BLM within the reserve.

## GRAVEL SOURCES FROM NPR-A CANNOT BE USED OUTSIDE THE RESERVE

The Department of the Interior's Solicitors Office has reaffirmed that gravel mined within the bounds of the National Petroleum Reserve cannot be used for offshore development or for projects outside the reserve's boundary. Inquiries as to the availability of the gravel lead to the opinion. According to the Naval Petroleum Reserve Production Act of 1976 gravel within NPR-A can only be used for local Native municipal purposes or for development of federal leases on the reserve.

CONTACT: GEORGE GERARD (907) 271-5555

System-Southwest	4,000	4,000	4,000	4,500
	5,500	6,000	6,000	6,000
<u>Office Related Charges</u>				
Court System	4,200	4,500	4,500	4,500
Other	5,900	6,000	6,500	7,000
<b>Total State Resources Revenues</b>	<u>1,552,400</u>	<u>1,376,400</u>	<u>1,327,900</u>	<u>1,378,000</u>
<u>Miscellaneous Revenues</u>	<u>10,900</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
<b>Total Unrestricted Revenues</b>	<u>3,631,000</u>	<u>3,418,400</u> (14)	<u>3,418,200</u>	<u>3,565,700</u>

(1) AS 43.21 was repealed pursuant to Ch. 116 SLA 1981 effective January 1982, and thereby all multistate corporations were subject to various apportionment methods specified in AS 43.20. Due to the number of inquiries requesting information, collections are separated between those oil/gas corporations filing under AS 43.20.072 and those corporations filing otherwise.

(2) The upward adjustment in FY 84 is due to recent finalized litigation in favor of the state on past years' gross receipts (i.e. prior to 1979). Other cases are pending and as such this number is subject to change.

(3) The downward revisions in FY 85 and FY 86 reflect recent court decisions disallowing states' taxing of banks' interest income on U.S. securities. These projections also reflect current law under AS 43.70.

(4) The January forecast for FY 84 assumed the 30 percent case; however, the FY 84 March estimates have been changed to reflect the mean or average case. If the 30 percent case had been utilized for FY 84, the aforementioned numbers would change to \$1,334.2 million for production taxes and to \$978.4 million for royalties. The forecasted numbers for FY 85 and FY 86 continue to assume the 30 percent case; however, if the mean case had been utilized for FY 85 and FY 86, the production taxes would change to \$1,448.5 million and \$1,509.4 million, respectively. The royalty figures would change to \$1,092.4 million and \$1,158.6 million, respectively.

(5) The figures reflect only the net amount to the state's General Fund.

(6) Estimates reflect the following increased liquor taxes per Ch. 46 SLA 1983 effective July 9, 1983: malt beverages (from \$0.25 to \$0.35 per gallon); wines (from \$0.60 to \$0.85 per gallon); and hard liquor (from \$4.00 to \$5.60 per gallon).

(7) In FY 83, large fuel purchases were made from a consortium, and application for refund of airline jet fuel tax was applied for when the fuel was used for foreign flights. These refunds were taken from the highway fuel tax account as prescribed in AS 43.40.010(h), thereby reducing net highway fuel taxes. Recent changes in statute allow for exemption from the tax at purchase (AS 43.40.010(k)(1)); therefore reducing taxable jet fuel purchases and increasing projected net highway fuel taxes over previous estimates.

(8) Net Permanent Fund contribution by Ch. 18 SLA 1980.

(9) The FY 83 figure reflects NPR-A lease sales of \$57.1 million held January 27, 1982, and \$9.7 million held May 26, 1982, with the total amount of the lease sale split equally between the state and federal government. The state's share (\$33.4 million) is further equally divided between the General Fund and the Permanent Fund. The FY 84 estimate does not include any revenues shared (50/50 basis) with the federal government from the NPR-A lease sale held July 20, 1983. Although high bids totaled \$16.7 million, leases have not been awarded until challenges of the sale by the State of Alaska and the City of Barrow/Alaska Legal Services are resolved.

(10) Reflects state lease sales of \$32.5 million held May 26, 1982 (Sale 36--Beaufort Sea), \$0.7 million held August 25, 1982 (Sale 37--Tanana and Copper River Basins and Sale 37A--Chakok River), \$26.7 million held September 28, 1982 (Sale 34--Prudhoe Bay Uplands), \$21.0 million held May 17, 1983 (Sale 39--Beaufort Sea), and \$3.2 million held September 28, 1983 (Sale 40--Upper Cook Inlet). Due to the timing of collections, some receipts from the May 1982 and May 1983 lease sales are shown as FY 83 revenue and FY 84 revenue, respectively. FY 83 and FY 84 figures represent the General Fund's 50 percent share with the remaining 50 percent deposited in the Permanent Fund.

(11) The Department of Natural Resources projects the following state lease sales to be held in 1984, 1985, and 1986; FY 84 (Sale 43--Beaufort Sea); FY 85 (Sale 41--Bristol Bay Uplands, Sale 46--Holitna Basin, Sale 47--Kuparuk Uplands); and FY 86 (Sale 45--Hope Basin, Sale 48--Kuparuk Uplands, Sale 49--Cook Inlet). However, bonus bids are impossible to anticipate prior to sales and, therefore, no estimates are included.

(12) FY 83 includes that transition portion transferred (\$109,535,000) from the Permanent Fund to the General Fund per Ch. 81 SLA 1982. FY 84, FY 85, and FY 86 reflect only General Fund investment earnings since Permanent Fund earnings will be not only transferred to provide Permanent Fund dividends, but will be distributed between the Permanent Fund principal and the undistributed income account per Ch. 81 and Ch. 102 SLA 1982.

(13) Estimates reflect increased construction of roads and drilling pads as projected by the Department of Natural Resources.

(14) The state, per AS 38.05.180, will be granting incentive credits against royalties, severance taxes, and rentals to the oil companies for drilling exploratory wells. The anticipated deduction for FY 84 is approximately \$12 million which has not been subtracted from the aforementioned FY 84 figure of \$3,418.4 million.

SECTIONAL ANALYSIS OF CS HB 298 (JUDICIARY)

Title: Establishing a National Petroleum Reserve-Alaska (NPR-A) Special Revenue Fund and providing for an effective date.

Section 1: FINDINGS.

- (1) Congress provided by law (PL 96-514) that Alaska shall receive 50% of royalties from oil and gas lease sales in the NPR-A.
- (2) Virtually all of the NPR-A is within the boundaries of the North Slope Borough.
- (3) Because of the continuing nature of the congressional appropriation, the bill establishes a special fund to comply with the federal directive.

Section 2: NPR-A SPECIAL REVENUE FUND.

- (a) Establishes the NPR-A special revenue fund consisting of money received from the federal government under PL 96-514.
- (b) Provides that Commissioner of Revenue will manage the fund.
- (c) Provides that the commissioner will pay to the subdivision most directly or severely impacted by NPR-A development any amount appropriated by the legislature from the fund for that purpose. The legislature's intent is that 50% of what is received from the federal government will go to the subdivision, however, this percentage will be reviewed annually.
- (d) and (e) Provide that money received must be used by both the state and the subdivision for planning; construction, maintenance and operation of essential public facilities; and other necessary public services.

Section 3: IMMEDIATE EFFECTIVE DATE.

# Alaska State Legislature

## House of Representatives

Al Adams

Chairman

Committee on Finance

WHILE IN SESSION  
Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3706

OUT OF SESSION  
P.O. Box 333  
Kotzebue, Alaska 99752  
(907) 442-3320

1024 W. 6th  
Anchorage, Alaska 99501  
(907) 274-0615

Official Business

### M E M O R A N D U M

TO: Senate Resources Committee Members

FROM: Representative Al Adams *AA*

DATE: May 5, 1984

SUBJECT: House Bill 298

In 1980, Congress passed legislation requiring that fifty percent of revenues received from oil and gas leasing in the National Petroleum Reserve-Alaska (NPR-A) be passed on to the State of Alaska. The bill further specified that the priority use for these funds would be for the state's political subdivisions that are most directly impacted by the development of oil and gas in the NPR-A. HB 298 assures that the state complies with the federal law. The bill has since been further refined in the House Resources and Judiciary Committees.

CS HB 298 (JUD) establishes the NPR-A special reserve fund in the Department of Revenue for receipt of this money from the federal government. The commissioner is directed to pay the eligible subdivision the amount appropriated by the legislature from the fund. This subdivision is the North Slope Borough since it is the subdivision most directly and severely impacted by NPR-A lease sales since the NPR-A is entirely within the boundaries of the Borough. The bill states that it is the legislature's intent that 50% of the amount received by the state from the federal government go to the subdivision. This percentage would be reviewed annually. Money received must be used for planning, construction, maintenance and operation of essential public facilities and any other necessary public services.

Please inform me if I can assist you in any way as you analyze this bill.

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date 3/23/84

REQUEST

Bill/Resolution No: CS HB 298(Jud)  
 Title: National Petroleum Reserve  
Special Revenue Fund  
 Sponsor: House Resources  
 Requestor: House Judiciary  
 Date of Request: 3-21-84

FISCAL DETAIL

Agency Affected: Revenue  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program or Subprogram(s) Affected:  
Treasury

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
<u>OPERATING</u>						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>CAPITAL</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>REVENUE</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<u>TOTAL</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB  
 Division: Treasury

Phone: 465-2350  
 Date: 3-21-84

Approved by Commissioner: [Signature]  
 Agency: Revenue

Date: 3/23/84

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor \_\_\_\_\_
- Office of Management and Budget
- Impacted Agency(ies)

EXPLORATION OF NATIONAL PETROLEUM RESERVE IN ALASKA

42 USC 6508.  
42 USC 6504.

43 USC 1712,  
1752.

42 USC 6502.

43 USC 1327.



For necessary expenses of carrying out the provisions of section 104 of Public Law 94-258, and for conducting hereafter and with funds appropriated by this Act and by subsequent appropriation Acts, notwithstanding any other provision of law and pursuant to such rules and regulations as the Secretary may prescribe, an expeditious program of competitive leasing of oil and gas in the National Petroleum Reserve in Alaska, \$107,001,000, to remain available until expended: *Provided*, That (1) activities undertaken pursuant to this Act shall include or provide for such conditions, restrictions, and prohibitions as the Secretary deems necessary or appropriate to mitigate reasonably foreseeable and significantly adverse effects on the surface resources of the National Petroleum Reserve in Alaska (the Reserve); (2) the provisions of section 202 and section 603 of the Federal Lands Policy and Management Act of 1976 (90 Stat. 2743) shall not be applicable to the Reserve; (3) the first lease sale shall be conducted within twenty months of the date of enactment of this Act: *Provided*, That the first lease sale shall be conducted only after publication of a final environmental impact statement if such is deemed necessary under the provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4332); (4) the withdrawals established by section 102 of Public Law 94-258 are rescinded for the purposes of the oil and gas leasing program authorized herein; (5) bidding systems used in lease sales shall be based on bidding systems included in section 205(a)(1)(A) through (H) of the Outer Continental Shelf Lands Act Amendments of 1978 (92 Stat. 629); (6) lease tracts may encompass identified geological structures; (7) the size of lease tracts may be up to sixty thousand acres, as determined by the Secretary; (8) each lease shall be issued for an initial period of up to ten years, and shall be extended for so long thereafter as oil or gas is produced from the lease in paying quantities, or as drilling or reworking operations, as approved by the Secretary, are conducted thereon; and (9) all receipts from sales, rentals, bonuses, and royalties on leases issued pursuant to this Act shall be paid into the Treasury of the United States: *Provided*, That 50 per centum thereof shall be paid by the Secretary of the Treasury semiannually, as soon as practicable after March 30 and September 30 each year, to the State of Alaska for (a) planning, (b) construction, maintenance, and operation of essential public facilities, and (c) other necessary provisions of public service: *Provided further*, That in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this Act.

Any agency of the United States and any person authorized by the Secretary may conduct geological and geophysical explorations in the National Petroleum Reserve in Alaska which do not interfere with operations under any contract maintained or granted previously. Any information acquired in such explorations shall be subject to the conditions of 43 U.S.C. 1352(a)(1)(A).

Any action seeking judicial review of the adequacy of any program or site-specific environmental impact statement under section 102 of the National Environmental Policy Act of 1969 (42 U.S.C. 4332) concerning oil and gas leasing in the National Petroleum Reserve Alaska shall be barred unless brought in the appropriate District Court within 60 days after notice of the availability of such statement is published in the Federal Register. Any proceeding on such action

Judicial review.  
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shall be assigned for hearing at the earliest possible date and shall be expedited by such Court.

The detailed environmental studies and assessments that have been conducted on the exploration program and the comprehensive land-use studies carried out in response to sections 105 (b) and (c) of Public Law 94-253 shall be deemed to have fulfilled the requirements of section 102(2)(c) of the National Environmental Policy Act (Public Law 91-190), with regard to the first two oil and gas lease sales in the National Petroleum Reserve-Alaska: *Provided*, That not more than a total of 2,000,000 acres may be leased in these two sales: *Provided further*, That any exploration or production undertaken pursuant to this section shall be in accordance with section 104(b) of the Naval Petroleum Reserves Production Act of 1976 (90 Stat. 304; 42 U.S.C. 6504).

42 USC 6505.

42 USC 4332.

ADMINISTRATIVE PROVISIONS

The amount appropriated for the Geological Survey shall be available for purchase of not to exceed 22 passenger motor vehicles, of which 19 shall be for replacement only; reimbursement to the General Services Administration for security guard services; contracting for the furnishing of topographic maps and for the making of geophysical or other specialized surveys when it is administratively determined that such procedures are in the public interest; construction and maintenance of necessary buildings and appurtenant facilities; acquisition of lands for observation wells; expenses of the U.S. National Committee on Geology; and payment of compensation and expenses of persons on the rolls of the Geological Survey appointed, as authorized by law, to represent the United States in the negotiation and administration of interstate compacts.

BUREAU OF MINES

MINES AND MINERALS

For expenses necessary for conducting inquiries, technological investigations and research concerning the extraction, processing, use and disposal of mineral substances without objectionable social and environmental costs; to foster and encourage private enterprise in the development of mineral resources and the prevention of waste in the mining, minerals, metal and mineral reclamation industries; to inquire into the economic conditions affecting those industries; to promote health and safety in mines and the mineral industry through research; and for other related purposes as authorized by law, \$139,428,000, of which \$107,726,000 shall remain available until expended.

ADMINISTRATIVE PROVISION

The Secretary is authorized to accept lands, buildings, equipment, and other contributions from public and private sources and to execute projects in cooperation with other agencies, Federal, State, or private: *Provided*, That the Bureau of Mines is authorized during the current fiscal year, to sell directly or through any Government agency, including corporations, any metal or mineral product that may be manufactured in pilot plants operated by the Bureau of Mines, and the proceeds of such sales shall be covered into the Treasury as miscellaneous receipts.



# Alaska State Legislature

## Senate

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

### M E M O R A N D U M

TO: Senator Bettye Fahrenkamp

FROM: Senator Frank Ferguson *FF*

SUBJ: House Bill 298

DATE: May 7, 1984

I urge favorable consideration of House Bill 298 by the Senate Resources Committee. A similar bill, SB 835, which was sponsored by the Senate Finance Committee, passed the Senate in 1982 by a 14-02-04 vote.

Although SB 835 passed both Houses, it was vetoed by the Governor. The Governor was concerned that the language of SB 835 violated the dedicated funds prohibition of the state constitution. HB 298 has been carefully drafted to avoid any problems with the dedicated funds prohibition.

Let me provide you with a brief overview of HB 298. In 1980, Congress passed legislation requiring that fifty percent of revenues received from oil and gas leasing in the National Petroleum Reserve - Alaska (NPR-A) be passed on to the State of Alaska. The bill further specified that the priority use for these funds would be for the state's political subdivisions that are most directly impacted by the development of oil and gas in the NPR-A. HB 298 assures that the state complies with the federal law. The bill has since been further refined in the House Resources and Judiciary Committees.

CS HB 298 (Jud) establishes the NPR-A special reserve fund in the Department of Revenue for receipt of this money from the federal government. The commissioner is directed to pay the eligible subdivision most directly and severely impacted by NPR-A lease sales since the NPR-A is entirely within the boundaries of the Borough. The bill states that it is the legislature's intent that 50% of the amount received by the state from the federal government go to the subdivision. This percentage would be reviewed annually. Money received must be used for planning, construction, maintenance and operation of essential public facilities and any other necessary public services.

Please inform me if I can assist you in any way as you analyze this bill.

cc: Member, Senate Resources Committee

Original sponsor: Adams

*# currently goes to general fund (have received @ \$30 million to date). Have to account to fed gov. for how \$ spent must be for these purposes.*

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE  
2 OR FOR HOUSE BILL NO. 298 (Judiciary)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL

6 For an Act entitled: "An Act establishing a National Petroleum Reserve,  
7 Alaska, special revenue fund; and providing for an  
8 effective date."

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

10 Section 1. FINDINGS. The legislature finds that

*50% of what state receives goes to Permanent Fund  
25% of this required by Constitution  
Other 25% done by leg.*

(1) the United States Congress, by 43 U.S.C. 1337 (P.L. 96-514),  
12 provided that the state shall receive 50 percent of receipts derived from  
13 competitive leasing of oil and gas in the National Petroleum Reserve in  
14 Alaska;

(2) virtually all of the National Petroleum Reserve in Alaska  
16 lies within the corporate limits of the North Slope Borough, a home rule  
17 political subdivision of the state; and

(3) because of the continuing nature of the congressional appro-  
19 priation a special revenue fund should be established to comply with the  
20 directive of the federal Act.

\* Sec. 2. NATIONAL PETROLEUM RESERVE, ALASKA, SPECIAL REVENUE FUND.

(a) The National Petroleum Reserve, Alaska, special revenue fund is estab-  
23 lished. The fund shall consist of money received by the state from the  
24 federal government under 43 U.S.C. 1337 (P.L. 96-514).

(b) The commissioner of revenue shall manage the special revenue fund  
26 in accordance with AS 37.10.070.

(c) The commissioner of revenue shall pay to the subdivision of the  
28 state that is most directly or severely impacted by development of oil and  
29 gas leased under 43 U.S.C. 1337 the amount appropriated by the legislature

*by implication, requires DOR to set up methodology*

1 from the fund for that purpose. It is the intent of the legislature that  
2 the amount appropriated for payment to the subdivision equals 50 percent of  
3 the amount received from the federal government under 43 U.S.C. 1337 and  
4 that this percentage be reviewed annually, by the legislature.

5 (d) Amounts received by the state under (a) of this section shall be  
6 used by the state for the following activities and services:

7 (1) planning;

8 (2) construction, maintenance, and operation of essential public  
9 facilities; and

10 (3) other necessary public services.

11 (e) Amounts paid to the subdivision of the state under (c) of this  
12 section shall be used by the subdivision only for the following activities  
13 and services in conjunction with development of the National Petroleum  
14 Reserve in Alaska and a program of competitive leasing of oil and gas from  
15 that reserve:

*Stugulewski:  
current  
or future  
impact.*

16 (1) planning;

17 (2) construction, maintenance, and operation of essential public  
18 facilities by the subdivision; and

19 (3) other necessary public services provided by the subdivision.

20 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
21 10.070(c).

22

*leg. could decide who impacted by  
appropriation  
OR leg. could appropriate lump sum  
to Dept Revenue + DOR could decide*

# Alaska State Legislature

## House of Representatives

Al Adams

Chairman

Committee on Finance



Official Business

WHILE IN SESSION  
Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3706

CUT OF SESSION  
P.O. Box 333  
Kotzebue, Alaska 99752  
(907) 442-3320  
1024 W. 6th  
Anchorage, Alaska 99501  
(907) 274-0615

### MEMORANDUM

TO: Senate Resources Committee Members

FROM: Representative Al Adams *AA*

DATE: May 5, 1984

SUBJECT: House Bill 298

In 1980, Congress passed legislation requiring that fifty percent of revenues received from oil and gas leasing in the National Petroleum Reserve-Alaska (NPR-A) be passed on to the State of Alaska. The bill further specified that the priority use for these funds would be for the state's political subdivisions that are most directly impacted by the development of oil and gas in the NPR-A. HB 298 assures that the state complies with the federal law. The bill has since been further refined in the House Resources and Judiciary Committees.

CS HB 298 (JUD) establishes the NPR-A special reserve fund in the Department of Revenue for receipt of this money from the federal government. The commissioner is directed to pay the eligible subdivision the amount appropriated by the legislature from the fund. This subdivision is the North Slope Borough since it is the subdivision most directly and severely impacted by NPR-A lease sales since the NPR-A is entirely within the boundaries of the Borough. The bill states that it is the legislature's intent that 50% of the amount received by the state from the federal government go to the subdivision. This percentage would be reviewed annually. Money received must be used for planning, construction, maintenance and operation of essential public facilities and any other necessary public services.

Please inform me if I can assist you in any way as you analyze this bill.

*Adams*

REMARKS FOR HB 298

IN 1980, CONGRESS PASSED LEGISLATION REQUIRING THAT FIFTY PERCENT OF REVENUES RECEIVED FROM OIL AND GAS LEASING IN THE NATIONAL PETROLEUM RESERVE-ALASKA BE PASSED ON TO THE STATE OF ALASKA. THE BILL FURTHER SPECIFIED THAT THE PRIORITY USE FOR THESE FUNDS WOULD BE FOR THE STATE'S POLITICAL SUBDIVISIONS THAT ARE MOST DIRECTLY IMPACTED BY THE DEVELOPMENT OF OIL AND GAS IN THE NPR-A.

IN ORDER TO ASSURE THAT THE STATE COMPLIES WITH THE FEDERAL LAW, I INTRODUCED HB 298. THE BILL HAS SINCE BEEN FURTHER REFINED IN THE HOUSE RESOURCES AND JUDICIARY COMMITTEES.

CS HB 298 (Judiciary) ESTABLISHES THE NPR-A SPECIAL RESERVE FUND IN THE DEPARTMENT OF REVENUE FOR RECEIPT OF THIS MONEY FROM THE FEDERAL GOVERNMENT. THE COMMISSIONER IS DIRECTED TO PAY THE ELIGIBLE SUBDIVISION THE AMOUNT APPROPRIATED BY THE LEGISLATURE FROM THE FUND. THIS SUBDIVISION IS THE NORTH SLOPE BOROUGH SINCE IT IS THE SUBDIVISION MOST DIRECTLY AND SEVERELY IMPACTED BY NPR-A LEASE SALES SINCE THE NPR-A IS ENTIRELY WITHIN THE BOUNDARIES OF THE BOROUGH.

THE BILL STATES THAT THE LEGISLATURE'S INTENT IS TO HAVE 50% OF THE AMOUNT RECEIVED BY THE STATE FROM THE FEDS GO TO THE SUBDIVISION. THIS PERCENTAGE WOULD BE REVIEWED ANNUALLY.

AMOUNTS RECEIVED BY THE STATE AND THE POLITICAL SUBDIVISION MUST BE USED FOR PLANNING, CONSTRUCTION, MAINTENANCE AND OPERATION OF

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

May 4, 1984

BILL SHEFFIELD, GOVERNOR

REPLY TO:

1031 W 4th AVENUE  
SUITE 200  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 276-3550

1st NATIONAL CENTER  
100 CUSHMAN ST.  
SUITE 400  
FAIRBANKS, ALASKA 99701  
PHONE: (907) 452-1568

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

The Honorable Bettye Fahrenkamp  
Chairwoman  
Senate Resources Committee  
Alaska State Senate  
Pouch V  
Juneau, AK 99811

Re: CSHB 298(Jud) establishing an  
NPR-A special revenue fund

Dear Senator Fahrenkamp:

We understand that Committee Substitute for House Bill 298(Jud) has been read for the first time in the Senate and has been referred to the Senate Natural Resources Committee. In reviewing the bill, we have discovered some minor legal problems which we believe should be brought to the committee's attention.

CSHB 298(Jud) would establish a special National Petroleum Reserve-Alaska (NPR-A) revenue fund. It is in many respects similar to CSSB 835(Fin) am H passed by the Twelfth Alaska Legislature and ultimately vetoed by then-Governor Hammond. For your information, we are attaching two letters addressing SB 835 in the Twelfth Alaska Legislature which commented on various legal aspects of that bill.

For the most part, CSHB 298(Jud) avoids the problems which we pointed out with respect to the original SB 835 in the Twelfth Alaska Legislature. However, there are a few relatively minor items which present legal problems.

In subsection 2(c), p. 1, l. 27, the bill provides that the commissioner of revenue shall pay funds appropriated by the legislature to "the subdivision" of the state most directly impacted by leasing and NPR-A. The problem with authorizing payment to only one subdivision is that the federal legislation under which the state would receive revenues from leasing in NPR-A provides specifically "that in the allocation of such funds, the State shall give priority to use by subdivisions of the state most directly or severely impacted by development of oil and gas"

in NPR-A. (Emphasis added.) In other words, the United States Congress, in authorizing the state to receive a proportion of the revenues derived from leasing in NPR-A, specifically provided that consideration is to be given to more than one political subdivision.

To avoid any conflict with the federal law, we suggest that subsection 2(c) (p. 1, l. 27) be amended to provide that the commissioner of revenue is to pay funds appropriated for that purpose to "those subdivisions" most directly impacted, not just one subdivision. Conforming changes would be required on p. 2, lines 2, 11, 12, 18 and 19 (changing "subdivision" to "subdivisions"), on p. 1, l. 28 (changing "is" to "are"), and on p. 2, l. 2 (changing "amount" to "amounts" and "equals" to "equal").

These changes would ensure that the bill does not conflict with the federal law under which the state receives the funds. On the other hand, nothing would prohibit the legislature from concluding on an annual basis that the North slope Borough was the only political subdivision impacted by leasing activities in NPR-A, and limiting appropriations to that one subdivision. However, there are other political subdivisions within the exterior boundaries of NPR-A (Barrow and Wainwright) which could be impacted, and major development in NPR-A could impact other political subdivisions outside its boundaries (e.g., Fairbanks, Nome, etc.) as a result of new transportation corridors, etc. These changes would remove any limitation on the legislature's power to determine annually which political subdivisions are impacted by NPR-A leasing activities, as well as conforming it to the federal law.

Subsection 2(d) provides that amounts received by the state shall be used "by the state" for certain purposes. However, funds appropriated to political subdivisions under subsection 2(c) cannot be used "by the state;" under subsection 2(d), they must be used by the political subdivision(s) for certain purposes. This ambiguity could be cured by inserting the phrase "and not paid under (c) of this section" on p. 2, l. 5 between the words "section" and "shall."

With those amendments, we believe the bill would present no other legal problems.

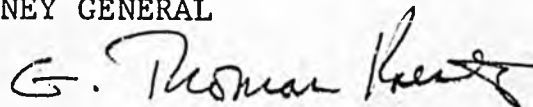
The Honorable Bettye Fahrenkamp

May 4, 1984  
Page 3

If we can be of further assistance, please call on us  
at your convenience.

Sincerely,

NORMAN C. GORSUCH  
ATTORNEY GENERAL

By:   
G. Thomas Koester  
Assistant Attorney General

GTK:dlm

Attachments

cc: Honorable Albert P. Adams  
Honorable Barbara Lacher

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K-STATE CAPITOL  
JUNEAU, ALASKA 99811

April 26, 1982

Honorable Bettye Fahrenkamp  
Chairwoman, Senate Resources Committee  
Alaska State Senate  
Twelfth Legislature  
Pouch V  
Juneau, Alaska 99811

Re: SB 835 (National Petroleum Reserve-Alaska  
Trust Fund). Our File No. 366-619-82

Dear Senator Fahrenkamp:

SB 835, which would establish a trust fund account for revenues the state receives from the federal government from federal oil and gas leasing in the National Petroleum Reserve-Alaska, presents a number of serious legal questions in its current form.

The first question is raised under Article IX, Section 7 of the Alaska Constitution, which provides in pertinent part: "The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in Section 15 of this article or when required by the federal government for state participation in federal programs." The Department of Law and the Legislative Counsel have disagreed over the reach of this prohibition. Our department has construed the prohibition broadly to apply to all "public revenues" (e.g., taxes, license fees, revenues from the sale or disposition of natural resources, etc.); the Legislative Counsel has interpreted it narrowly as reaching only tax and license revenues. On April 23, 1982, the Alaska Supreme Court adopted the Department of Law's broader interpretation in State v. Alex, \_\_\_ P.2d \_\_\_, Op. No. 2488 (Alaska, April 23, 1982). See Slip Op. at p. 20. As a result, we believe the revenues which the bill addresses -- i.e., those that the state would receive from the federal government as the result of federal oil and gas leasing in NPR-A -- are subject to the prohibition.

However, there is an exception to the dedicated fund prohibition "when required by the federal government for state participation in federal programs." The pertinent portion of

Honorable Bettye Fahrenkamp  
Re: SB 835

April 26, 1982  
Page 2

P.L. 96-514, 94 Stat. 2964, which directs payment of the money to the state, attaches certain conditions to the state's receipt of that money: The state may use it "for (a) planning, (b) construction, maintenance, and operation of essential public facilities, and (c) other necessary provisions of public service: Provided further, That in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this Act." In other words, the funds received from the federal government must be dedicated to planning, construction, maintenance, and operation of essential public facilities, and other necessary provisions of public service. In addition, impacted political subdivisions must be given priority in the allocation of the funds.

We believe the establishment of a trust fund into which all the federal revenues are placed immediately upon receipt from the federal government is both permissible under Article IX, Section 7 of the Alaska Constitution and desirable in that it will ease the administrative task of demonstrating to the federal government that the funds received have been expended for the purposes and in the manner required by the federal Act. However, it also is our opinion that the explicit provisions of the law establishing the trust fund cannot impose conditions on the use of the money which exceed those "required by the federal government for state participation" in the federal program -- i.e., those in the federal Act. Since it is only the federal conditions which except the funds from the general dedicated fund prohibition, we believe the only conditions which may be attached to the funds are those required by the federal Act.

As a result, we believe the directive in Section 2(c) of SB 835 to pay a minimum of 50 percent of amounts in the fund to the North Slope Borough violates the dedicated fund prohibition because the federal Act does not require it for state participation. In addition, the directive in Section 2(d) that remaining amounts in the fund may be spent only "in conjunction with the exploration of the National Petroleum Reserve in Alaska and a program of competitive leasing of oil and gas from that reserve" also violates the prohibition, again because the federal Act does not require it. The federal Act simply does not impose these restrictions on the use of the funds received by the state.

Another question raised by SB 835 stems from Article II, Section 19 of the Alaska Constitution, which provides in pertinent part: "The legislature shall pass no local or special act if a general act can be made applicable." The problem here is that SB 835 specifically names the North Slope Borough as a recipient of amounts from the fund established. However, nothing in the federal Act requires that the North Slope be named, and it is obvious that a general act can be made applicable and satisfy the terms of the federal Act simply by "giv[ing] priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this Act." That is the language of the federal Act, so using that language would satisfy that condition of the federal Act. It is language of general applicability to all subdivisions which might be impacted by NPR-A development, and therefore would be a general (not local or special) act within the meaning of the Alaska Constitution. (We also would point out that the North Slope Borough may not be the only political subdivision impacted by oil and gas leasing in NPR-A. In the reserve, Barrow is a first class city and Wainwright and Nuiqsuit are second class cities. Moreover, development in NPR-A may have an impact on other political subdivisions along the pipeline corridor or, it is conceivable, any other route chosen to transport the oil and gas produced -- i.e., Nome, etc. This potential impact on other political subdivisions demonstrates the advisability of couching the bill in terms of a general act, not a local or special act directed only to the North Slope Borough.)

Another problem stems from Article II, Section 13 of the Alaska Constitution, which provides in pertinent part: "Bills for appropriations shall be confined to appropriations." The problem in SB 835 is the Section 2(c) directive to pay money to the affected subdivisions (in the bill's current form, only the North Slope Borough). Specifically, Section 2(d) describes that directive as an appropriation. If it is an appropriation, it is an appropriation in a general act and not in a bill confined to appropriations as required by the Constitution. This conclusion is reinforced by the provision in Section 2(d) that amounts remaining in the fund after the payment to the subdivisions cannot be expended without appropriation by the legislature. To avoid this problem, the bill could be amended simply to require appropriation by the legislature prior to any expenditure of funds in the trust account, giving the legislature discretion to appropriate funds to impacted subdivisions or for other purposes permitted under the federal Act.

Honorable Bettye Fahrenkamp  
Re: SB 835

April 26, 1982  
Page 4

Following my testimony on SB 835 at the Senate Resources Committee meeting on April 23, 1982, I met with Tom Smythe and Robert DuPere, representing the North Slope Borough, and Resa King of the Committee staff. We seemed to reach general agreement that some minor modifications to the bill would satisfy the constitutional concerns while remaining true to the basic thrust of the proposed bill. My notes indicate that the following changes were contemplated:

1. Page 1, lines 12-15 should be amended to read (material to be deleted is capitalized and in brackets; new material is underlined): "(1) The United States Congress, by P.L. 96-514 (94 Stat. 2964, December 12, 1980), [APPROPRIATED \$107,001,000 FOR A PROGRAM OF] provided that the state shall receive 50 percent of receipts derived from competitive leasing of oil and gas in the National Petroleum Reserve in Alaska;" This change would eliminate any confusion regarding the \$107,001,000 federal appropriation which is for administration of the leasing program, not an appropriation to the state. The state will only receive money under the federal Act after the program begins generating lease revenues.

2. Page 1, lines 24-26 should be amended to read: "The fund shall consist of funds [APPROPRIATED TO IT BY THE LEGISLATURE EQUAL TO THE AMOUNT OF FUNDS] received by the state from the federal government under P.L. 96-514." This would establish the constitutionally-permissible dedicated fund.

3. Subsection (c) of Section 2, which begins on page 1, line 29, and continues to page 2, line 4, should be deleted in its entirety and replaced with the following:

(c) The commissioner of revenue shall pay to the subdivisions of the state most directly or severely impacted by development of oil and gas leased under the federal Act the amount appropriated by the legislature from the fund for that purpose. It is the intent of the legislature that the amount appropriated for payment to the subdivisions equal 50 percent of the amount received from the federal government under the federal Act, and that this percentage be reviewed every five years following passage of this Act.

This would indicate the legislative intent of sharing the revenues with impacted political subdivisions without violating the dedicated fund prohibition by imposing conditions beyond those required by the federal Act. It also avoids the local and special legislation problem, as well as the problem regarding an appropriation in a bill not confined to appropriations.

4. Page 2, lines 5-10 should be amended to read: "(d) Amounts received by the state under (a) of this section [WHICH ARE NOT APPROPRIATED IN ACCORDANCE WITH (c) OF THIS SECTION] shall be used by the state, subject to appropriation by law, for the following activities and services [IN CONJUNCTION WITH THE EXPLORATION OF THE NATIONAL PETROLEUM RESERVE IN ALASKA AND A PROGRAM OF COMPETITIVE LEASING OF OIL AND GAS FROM THAT RESERVE]:" This avoids any dedicated fund problem by eliminating those conditions which exceed those required by the federal Act.

5. Subsection (e) of Section 2, appearing on page 2, lines 15-20, should be deleted in its entirety.

6. Subsection (f), beginning on page 2, line 21, and ending on page 3, line 1, should be amended to read:

"(f) amounts paid to [THE NORTH SLOPE BOROUGH] subdivisions under (c) of this section shall be used by the [NORTH SLOPE BOROUGH] subdivisions only for the following activities and services in conjunction with [THE EXPLORATION] development on the National Petroleum Reserve in Alaska and a program of competitive leasing of oil and gas from that reserve:

"(1) planning;

"(2) construction, maintenance, and operation of essential public facilities by the [NORTH SLOPE BOROUGH] subdivisions; and

"(3) other necessary public services provided by the [NORTH SLOPE BOROUGH] subdivisions."

This change is necessary to avoid the local and special legislation problem.

(1)  
Honorable Bettye Fahrenkamp  
Re: SB 835

April 26, 1982  
Page 6

In addition, it was suggested that a committee letter of intent be drafted to the effect that, at the present time, the North Slope Borough is the only political subdivision of the state which will be most directly or severely impacted by oil and gas leasing in NPR-A.

I believe these comments accurately reflect the consensus of our work group. However, the other individuals present may have some further suggestions for change.

Finally, I must indicate that these comments are not intended to represent the Administration's policy position on this bill. Rather, they are provided in the nature of a drafting service to overcome the constitutional and other legal problems which we believe are presented by the bill in its current form. If we can be of further assistance in this regard, please contact us at your earliest convenience.

Sincerely,

WILSON L. CONDON  
ATTORNEY GENERAL

By: 

G. Thomas Koester  
Assistant Attorney General

GTK:dln

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

Tom Smythe  
Robert DuPere  
Keith Specking

(

June 22, 1982

The Honorable Jay S. Hammond  
Governor  
State of Alaska  
Pouch A  
Juneau, Alaska 99811

Re: CSSB.835(Fin) am H  
(National Petroleum Reserve, Alaska, special revenue fund)  
Our File: 388-140-82

Dear Governor Hammond:

At your request, we have reviewed CSSB 835(Fin) am H which establishes a National Petroleum Reserve, Alaska, special revenue fund.

The United States Congress, in P.L. 96-514 (94 Stat. 2964, December 12, 1980), provided that the state is to receive 50 percent of all receipts from competitive oil and gas leasing in the National Petroleum Reserve, Alaska. The federal legislation provides that the state may use these revenues "for (a) planning, (b) construction, maintenance, and operation of essential public facilities, and (c) other necessary provisions of public service: Provided further, that in the allocation of such funds, the State shall give priority to use by subdivisions of the State most directly or severely impacted by development of oil and gas leased under this Act."

This bill would establish a fund into which all receipts from the federal government under this program would be deposited, and provides for management of the money deposited. It also provides that the commissioner of revenue is to pay to those subdivisions of the state most directly or severely "impacted" by development of oil and gas in the reserve the amounts appropriated from the fund by the legislature for that purpose. Remaining amounts in the fund may be used by the state, subject to appropriation by the

The Honorable  
Jay S. Hammond

June 22, 1982

- 2 -

legislature, for the activities and services specified in the federal legislation. Amounts paid to subdivisions of the state must also be used only for those purposes. The bill provides that the legislature intends that the amount paid to subdivisions be equal to 50 percent of the amount received from the federal government; however, that percentage would be subject to annual review by the legislature.

An obvious first question presented by the bill is whether it creates an impermissible dedicated fund under art. IX, sec. 7 of the Alaska Constitution, which provides in pertinent part: "The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in Section 15 of this article or when required by the federal government for state participation in federal programs." Following the Alaska Supreme Court's decision in State v. Alex, \_\_\_ P.2d \_\_\_, Op. No. 2488 (Alaska, April 23, 1982), there is no question that the constitutional provision applies to these revenues.

However, under that provision, it is permissible for the state to establish a dedicated fund "when required by the federal government for state participation in federal programs." The federal legislation directing payment of the money to the state attaches conditions to the state's receipt of that money: the funds received from the federal government must be dedicated to (1) planning, (2) construction, maintenance, and operation of essential public facilities, and (3) other necessary provisions of public service. In addition, impacted political subdivisions of the state must be given priority in the allocation of funds. Although the federal Act does not specifically require creation of a fund, it does specify the uses of the money, and our constitutional provision refers to "dedicating" for "any special purpose." Thus, the federal Act does impose a requirement which is exempt from the dedicated fund prohibition.

We believe that the establishment of a trust fund into which these federal revenues are placed immediately upon receipt from the federal government is both permissible under art. IX, sec. 7 of the Alaska Constitution and desirable in that it will ease the administrative task of demonstrating to the federal government that the funds received have been spent for the purposes and in the manner required by the federal Act. In other words, this would be

The Honorable  
Jay S. Hammond

June 22, 1982

- 3 -

a constitutionally permissible dedicated fund.

Another question is whether federal receipts received by the state under the federal legislation are subject to art. IX, sec. 15 of the Alaska Constitution, which provides in pertinent part: "At least twenty-five percent of all . . . federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund. . . ." Since these payments are "federal mineral revenue sharing payments," an argument can be made that twenty-five percent of them must be placed in the permanent fund under the plain language of art. IX, sec. 15.

However, we believe that that provision must be read in conjunction with art. IX, sec. 7. The latter section authorizes the creation of separate dedicated funds "when required by the federal government for state participation in federal programs." Because the federal legislation specifies the purposes for which these federal revenue sharing payments may be spent, and because deposit in the permanent fund is not among those purposes, we believe that the better view is that federal mineral revenue sharing payments from federal oil and gas leasing in the National Petroleum Reserve, Alaska, under P.L. 96-514 are not subject to the requirement in art. IX, sec. 15 that at least twenty-five percent be deposited in the permanent fund. While resolution of the issue is not entirely clear, we believe that this result makes better sense in that it avoids the anomalous situation in which compulsory deposit in the permanent fund under art. IX, sec. 15 could entirely defeat state participation in the federal program because that deposit would be an expenditure of the funds in a manner contrary to the federal legislation authorizing their transmittal to the state in the first place. This result would seem to flow directly from the authorization in art. IX, sec. 7 for separate dedicated funds "when required by the federal government for state participation in federal programs" which, presumably, are funds separate from the permanent fund established in art. IX, sec 15.

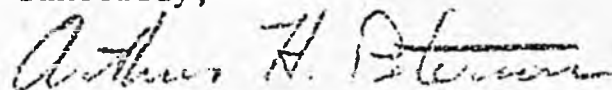
As initially introduced, this bill presented several other legal questions. See our letter of April 26, 1982, to the Honorable Bettye Fahrenkamp, Chairwoman, Senate Resources Committee, on this subject (Department of Law file no. 366-619-82). However, those problems appear to have been corrected during the legislative committee work on the

The Honorable  
Jay S. Hammond

June 22, 1982  
- 4 -

bill. In its current form, it presents no legal problems.

Sincerely,



for Wilson L. Condon  
Attorney General

WLC:GTK:11b

# Alaska State Legislature

RETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
BOB MULCAHY  
ARLISS STURGULEWSKI



POUCH V  
STATE CAPITAL  
JUNEAU, ALASKA 99811  
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## Senate

### Committee on Resources

#### MEMORANDUM

TO: SENATOR JOHN SACKETT  
SENATOR DON BENNETT  
CO-CHAIRMAN  
SENATE FINANCE COMMITTEE

FROM: SENATOR BETTYE FAHRENKAMP  
CHAIRMAN,  
SENATE RESOURCES COMMITTEE

RE: CSHB 298, "AN ACT ESTABLISHING A NATIONAL PETROLEUM RESERVE, ALASKA,  
SPECIAL REVENUE FUND."

DATE: MAY 10, 1984

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During the Senate Resources Committee's consideration of HB 298, an amendment was adopted which was unfortunately not included in the Resources Committee substitute.

To correct this drafting omission by our legal services division, I am requesting that you include this technical amendment during the Finance Committee's deliberation on HB 298. A copy of the omitted amendment is attached for your information. Thank you for your assistance.



Official Business

# Alaska State Legislature

Senate

*adopted*

Pouch V  
State Capitol  
Juneau, Alaska 9981

## AMENDMENT #2

On page 2, line 5 add the following language:

"(d) Amounts received by the state under (a) of this section and not paid under (c) of this section shall be"



Official Business

# Alaska State Legislature

## Senate

*adopted*

Pouch V  
State Capitol  
Juneau, Alaska 99811

### AMENDMENT #1

On page 1, line 27 and 28 make the following changes:

"The commissioner of revenue shall pay to the subdivisions of the state that (IS) are most directly or severely impacted by development of oil and"

On page 2, lines 2, 11, 12, 18 and 19 make conforming language with change made above.

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
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## Senate

### Committee on Resources

#### MINUTES

May 7, 1984  
3:06 pm

Beltz Room  
Room 211, Capitol

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#### MEMBERS PRESENT

Senator Fahrenkamp, Chairman  
Senator Ziegler, Vice-chairman  
Senator Eliason  
Senator Paul Fischer  
Senator Vic Fischer  
Senator Mulcahy  
Senator Sturgulewski

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#### CALENDAR

HB 298, Establishing a National Petroleum Reserve-Alaska (NPR-A) Special Revenue Fund.

---

Senator Fahrenkamp moved to report from committee a letter to Senator Kerttula stating there were no objections to the Governor's appointees to the Fisheries Board. There was no objection.

#### HB 298

Robert Heath, Commissioner, Department of Revenue, explained that the bill implements federal law by establishing a fund to receive money from NPR-A lease sales. The Department of Revenue or the Legislature would then determine which area was severely impacted and appropriate funds to that subdivision.

Tom Koester, Assistant Attorney General, testified that the Constitutional problems of SB 835, a similar bill vetoed in the Twelfth Alaska Legislature, had been solved in HB 298, and proposed two amendments to the bill that would change the word subdivision to subdivisions to conform with federal law, and further clarify the intent of the legislation.

Senator Mulcahy moved to adopt amendments #1 and #2. There was no objection. He then moved to adopt SCS CSHB 298 and report it from committee with individual recommendations. There was no objection.

The meeting adjourned at 3:33 pm.

H B

3 1 4

March 29, 1983

MEMORANDUM

TO: Al  
FROM: Louann *Louann*  
SUBJ: Appropriation for the Joint Oil and Gas  
Committee

You asked me to discuss the appropriation with Representative Cowdery. You also asked me to develop an appropriation bill for under \$50,000. Rep. Cowdery stated that he had discussed the matter with the Speaker and that they have agreed to hold off on dealing with it for a few weeks. He also asked that we share with him the funding recommendations that we have developed.

I have prepared two funding estimates, as shown below. The only difference is that the first one provides funding for the committee's professional assistant for all of FY 84, and the second one provides funding for the professional assistant only from the beginning of FY 84 until the start of the second session. The funding estimates only cover the costs of the House members of the committee, since Rep. Cowdery's staff indicated that the Senate wishes to fund their portion of the committee's expenses separately.

Funding Estimate #1

Personal Services (one range 21C P.A. x 12 months--includes salary and benefits)	\$ 56.4
Travel	10.0
Contractual	5.0
Commodities	1.2
Equipment	1.0
TOTAL	<u>\$ 73.6</u>

Funding Estimate #2

Personal Services (one range 21C P.A. x 6 months--includes salary and benefits)	\$ 28.2
Travel	10.0
Contractual	5.0
Commodities	1.2
Equipment	1.0
TOTAL	<u>\$ 45.4</u>

cc: Representative Cowdery

FUNDING INFORMATION FOR HB 314

Breakdown on the \$73,600:

Personal Services (one range 21C PA x 12 months--includes salary and benefits)	\$ 56.4
Travel	\$ 10.0
Contractual	\$ 5.0
Commodities	\$ 1.2
Equipment	\$ 1.0
	<hr/>
TOTAL	\$ 73.6

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
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## Senate

### Committee on Resources

#### MEMORANDUM

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: HB 314, An Act making a special appropriation to the  
Legislative Affairs Agency for operation of the Joint  
Oil and Gas Committee

DATE: April 26, 1983

-----  
HB 314 makes a special appropriation for the operation of  
the Joint Oil and Gas Committee. The past funding for the  
operation of this committee (Joint Gas Pipeline Committee)  
has been: 1980--\$466,195; 1981--\$1,088,322; 1982--\$213,150.

The legislation as passed by the House contains funding only  
for the operation of the House portion of the committee.  
The committee substitute for HB 314 contains funding for  
the Senate portion of the committee.

#### House funding:

Personal services (one range 21C PA for 12 months)	56.4
Travel	10.0
Contractual	5.0
Commodities	1.2
Equipment	1.0
subtotal	<u>73.6</u>

#### Senate funding

Personal Services	PA	56.4
	Prof. Secretary	35.3
Travel		15.0
Contractual		25.0
Commodities		1.2
Equipment		1.0
subtotal		<u>133.9</u>

TOTAL \$207.5

# Alaska State Legislature

BETTYE FAHRENKAMP, Chairman  
ROBERT H. ZIEGLER, SR., Vice Chairman  
DICK ELIASON  
PAUL FISCHER  
VIC FISCHER  
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## Senate Committee on Resources

### MINUTES

April 27, 1983  
3:07 p.m.

Beltz Room  
Room 211, Capitol

### MEMBERS PRESENT

Senator Fahrenkamp, Chair	Senator V. Fischer
Senator Ziegler, Vice Chair	Senator Mulcahy
Senator Eliason	Senator Sturgulewski

### CALENDAR

- SJR 25 Requesting that Birch Creek and Beaver Creek be removed from designation as wild rivers.
- SJR 5 Relating to revenue sharing from Outer Continental Shelf oil and gas development.
- HB 314 An Act making a special appropriation to the Legislative Affairs Agency for operation of the Joint Oil and Gas Committee; and providing for an effective date.

### SJR 25

Bill Zyback, Fairbanks North Star Borough, supported the resolution, saying it is important to the overall economic development program for Interior Alaska.

Phil Holdsworth, Alaska Miners Association, supported the resolution. He said that Department of Environmental Conservation and the Environmental Protection Agency are currently looking at reclassifying streams, so the resolution is timely.

Brian Allen, Alaska Environmental Lobby, opposed the resolution, saying the streams are close to Fairbanks and provide a great deal of recreational activity. He was concerned about water quality in the streams.

Senator Ziegler moved to report the resolution out of committee with individual recommendations. The motion passed without objection.

SJR 5

Senator Ferguson recommended acceptance of the proposed committee substitute. He felt the resolution would help our Congressional delegation in their work to provide revenue sharing for communities involved in coastal zone management.

Senator Fahrenkamp explained Congressional action and how funding amounts are determined. There was discussion of the bill and the program. Senator Sturgulewski proposed an amendment to clarify the intent of the bill.

Senator Eliason moved to adopt the committee substitute, to include the amendment proposed by Senator Sturgulewski. The motion passed without objection.

Kurt Fredriksson, Office of Coastal Management, supported the bill. He clarified funding formulas and the status of the Congressional bills. He said the US Departments of Interior and Commerce are recommending passage of the program, and offered to provide additional information to the committee.

Senator Eliason moved to report Resources Committee Substitute for SJR 5 out of committee with individual recommendations. The motion passed without objection.

HB 314

Jim Palmer, Joint Oil & Gas Committee Aide, explained what the bill would fund.

Senator Mulcahy moved that Resources Committee Substitute for HB 314 be reported out of committee with individual recommendations. The motion passed without objection.

The meeting adjourned at 3:40 p.m.

STATEMENT OF SENATOR BETTYE FAHRENKAMP BEFORE THE SENATE FINANCE COMMITTEE ON HOUSE BILL 314, AN ACT MAKING A SPECIAL APPROPRIATION TO THE LEGISLATIVE AFFAIRS AGENCY FOR THE OPERATION OF THE JOINT OIL AND GAS COMMITTEE.

HOUSE BILL 314 MAKES A SPECIAL APPROPRIATION TO THE LEGISLATIVE AFFAIRS AGENCY FOR THE OPERATION OF THE JOINT OIL AND GAS COMMITTEE.

THE PAST FUNDING FOR THIS COMMITTEE WHICH WAS UNDER THE NAME OF THE JOINT GAS PIPELINE COMMITTEE HAS BEEN \$466,195 IN 1980; \$1,088,322 IN 1981, AND; \$213,150 IN 1982. THE PROPOSED FUNDING FOR 1983 IS \$207,500.

AS PASSED BY THE HOUSE, FUNDING WAS ONLY INCLUDED FOR THE HOUSE PORTION OF THE COMMITTEE BUDGET. THE SENATE RESOURCES COMMITTEE AMENDED THE HOUSE MEASURE TO INCLUDE FUNDING FOR THE SENATE PORTION OF THE BUDGET. THE RESOURCES COMMITTEE MATCHED THE HOUSE FUNDING LEVELS EXCEPT FOR TWO ITEMS. IT ADDED A COMMITTEE SECRETARY AND INCREASED THE FUNDS AVAILABLE FOR CONTRACTUAL SERVICES TO \$25,000. THIS INCREASE WAS INTENDED TO COVER THE ANTICIPATED NEED OF THE COMMITTEE FOR HELP IN REVIEWING AND POSSIBLY REWRITING THE ROYALTY OIL STATUTES.

I URGE YOUR APPROVAL OF HOUSE BILL 314.

Joint Oil & Gas  
Appropriation

FY 1983

\$ 25,000

House / Council & Sub

25,000

Senate / Council & Sub

40,000

House Leadership

FY 1982

\$ 213,150

FY 1981

\$ 1,088,322

FY 1980

\$ 466,195

*Reading file*

# Alaska State Legislature

Sen. Bettye Fahrenkamp,  
Co-Chairman  
Sen. Vic Fischer  
Sen. Don Bennett



Rep. John J. Cowdery,  
Co-Chairman  
Rep. Mike Davis  
Rep. Joe Hayes  
Rep. John Ringstad  
Rep. Mike Szymanski  
Rep. Rick Uehling  
Rep. Anthony N. Vaska

## Joint Committee on Oil and Gas

June 23, 1983

Mr. M.R. Charney  
Executive Director  
Legislative Affairs Agency  
Pouch Y  
Juneau, Alaska 99811

Dear Myrt:

On Monday, June 20, the House of Representatives concurred in the Senate Resources Committee substitute for House Bill 314. This measure makes a special appropriation to the Legislative Affairs Agency for the operation of the Joint Oil and Gas Committee. The total appropriation amounted to \$207,500.

I have attached a memorandum which was prepared for the Senate Resources Committee. This memorandum establishes that two distinct accounts are to be established for this committee. The House of Representatives appropriated \$73,600 for the operation of the House portion of this committee. This amount will be controlled by Representative Cowdery, co-chairman. The Senate appropriated \$133,900 for the Senate activities for this committee. This will be controlled by me, Senate co-chairman of the committee.

There is to be no co-mingling of these funds. The Senate and House accounts are separate and distinct.

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Bettye".

Bettye Fahrenkamp  
Co-Chairman

BF:jp  
enclosure

cc: Senate President Jay Kerttula

bcc: Bill Ray, Chairman  
Legislative Council

aska 99811