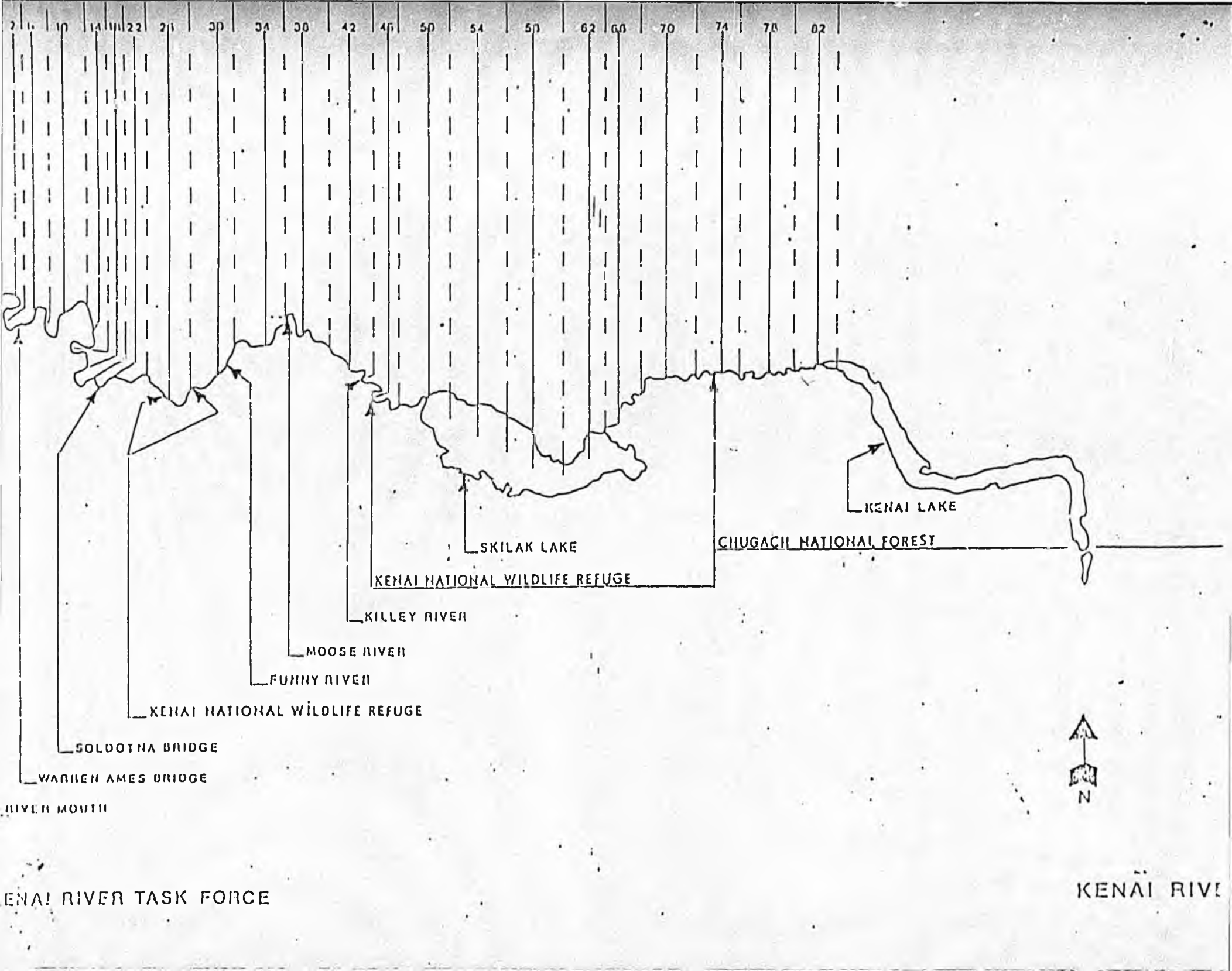


ALASKA LEGISLATURE COMMITTEE FILES 1983-1984 86/2

2906 SRES HCR 31 - HCR 45



STATE OF ALASKA  
FISCAL NOTE

Revision Date \_\_\_\_\_, 1983

I. REQUEST  
Bill/Resolution No.: HCR No. 31  
Title: Relating to Protection/Preservation  
Sponsor: Resource Committee Kenai River  
Requestor: Office of the Governor

II. FISCAL DETAIL  
Agency Affected: Fish & Game  
Program Category Affected: NAMEC  
BRU, Program of Subprogram(s) Affected: Habitat Protection

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		38.0				
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		38.0				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		38.0				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		.75				
PART-TIME						
TEMPORARY						

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

NONE

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Carl Yanagawa Phone: 465-4105  
Division: Habitat Division Date: April 28, 1983  
Approved by Commissioner: *Donna D. Kleinfelder* Date: 5/11/83  
Department: Fish and Game

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)

3/8/83

Fiscal Impact - House Concurrent Resolution No. 31

This resolution, if enacted would have minimal fiscal impact on the Department or other state and local governmental bodies.

Approximately \$38,000 for 9 months of staff time would be necessary (6 months Habitat Biologist and 3 months Fishery Biologist) to provide additional review and monitoring of of Kenai River activities that relate to the Department.

I. REQUEST

Bill/Resolution No.: HCR 31  
 Title: River Commission  
 Sponsor: House Resources  
 Requestor: House Resources

II. FISCAL DETAIL

Agency Affected: Public Safety  
 Program Category Affected: Justice/NRMEC  
 BRU, Program of Subprogram(s) Affected: AST and FWP

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		33.1	35.1	37.2	39.4	41.8
200 TRAVEL						
300 CONTRACTUAL		.6	.6	.7	.7	.8
400 COMMODITIES		1.0	1.1	1.1	1.2	1.3
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		34.7	36.8	39.0	41.3	43.9
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		34.7	36.8	39.0	41.3	43.9
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						
STAFF MONTHS		5.6	5.6	5.6	5.6	5.6

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

Not identified.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Francis C. Allan / Capt. James Nutgrass <sup>F.C.A.</sup> <sup>JN</sup> Phone: 269-5691/269-5581  
 Division: Alaska State Troopers / Fish & Wildlife Prot. Date: 4-22-83  
 Approved by Commissioner: R. J. Sundberg <sup>RJS</sup> Date: 4/27/83  
 Department: Public Safety

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)

HCR31  
ANALYSIS

The Division of Alaska State Troopers and Fish and Wildlife Protection have examined the "Final Statement Of Findings" of the Kenai River Task Force dated March 1983. This report recommends the following for the Department of Public Safety on page 31 of the report:

"Increase public safety patrols. Specifically, three new patrol officer positions should be created and funded; and they should be assigned to the (Kenai) River full time during June and July. Increased enforcement patrols could substantially reduce the conflicts."

While we would like to meet the recommendation of the Task Force, it is impractical to employ two full time officers all year and only work them on the Kenai River for two months. We believe that we can more economically provide a similar amount of coverage by receiving funding for additional overtime for our current staff plus some operating costs for the boats already available. These costs are summarized as follows:

	<u>FWP</u>	<u>AST</u>	<u>DPS TOTAL</u>
<u>Personal Services</u> - 500 hrs. overtime for FWP & 400 for AST @ - 76D	14,500	11,540	26,040
Benefits @ .2721	3,945	3,140	7,085
Subtotal	<u>18,445</u>	<u>14,680</u>	<u>33,125</u>
 <u>Contractual</u> - Additional repair on boats/motors due to increased use	 600		 600
 <u>Commodities</u> - Fuel, oil etc to operate current equipment	 <u>1,000</u>	 <u>          </u>	 <u>1,000</u>
TOTAL	<u><u>20,045</u></u>	<u><u>14,680</u></u>	<u><u>34,725</u></u>

It should be noted that this fiscal note is submitted with the assumption that the River Commission will be issuing a minimum number of orders or regulations that would require direct law enforcement personnel involvement to assure that these requirements are followed. Should this not prove to be a correct assumption a substantially more sizeable fiscal impact would be required.

NOTE: 6% inflation factor has been calculated on all costs after FY'84.

STATEMENT ON KENAI RIVER KING SALMON  
BY  
JOINT COMMITTEE OF ALL COMMERCIAL FISHERMEN OF COOK INLET

INTRODUCTION

The effort to sustain the populations of Cook Inlet king salmon has been a long one, and commercial fishermen in the Inlet have played a continuing role in that effort. We believe that the health of that resource is very important, and the dedication and sacrifices necessary to achieve that end should be borne willingly by all salmon users.

HISTORY

King salmon were caught commercially on the east side of Cook Inlet by fish traps, set nets and drift nets from early May through late Fall until 1960. With statehood came the outlawing of fish traps which were 100 percent efficient in the catching of king salmon, an unwanted species at the time. Then in 1962 commercial fishing was started on June 7 allowing more king salmon to escape to the streams.

In 1964 commercial fishing was not allowed to start until late June, which in effect prevented any harvesting of the early king salmon run in Cook Inlet.

Subsequently commercial fishermen and the Department of Fish and Game introduced and backed a method to increase the king salmon stocks in Cook Inlet. King salmon gear (mesh size of 8 inches) was eliminated, and a maximum mesh size of 6 inches was imposed. The Alaska Board of Fish and Game agreed with this policy and stated that when the stocks did improve the commercial industry would once again share in harvesting.

Because of these conservation measures the king salmon stocks did increase in all areas of Cook Inlet. The most recent years' king salmon fishing has been better than was ever thought possible in the early 1960's, and the Alaska Department of Fish and Game records agree the king salmon run is healthier now than it has ever been. Sport fishing for kings has increased tremendously in the entire Inlet due to commercial fishing and Fish and Game conservation measures.

In the early 1960's the commercial fishing industry and the Department of Fish and Game brought forth and backed a proposal to stop all commercial fishing below the Ninilchik River and make the streams in this area exclusive for sport fishing. These four streams (the Ninilchik River, Deep Creek, Stariski Creek and the Anchor River) were considered at the time the best king salmon streams in the Cook Inlet area.

The commercial fishermen on the east side of Cook Inlet, and

Sport and Commercial Fish Divisions have been unable to document the source of salmon stocks caught in any given area. Because of this the Commercial Fish Division can only guess that part of the king salmon run caught by fishermen is destined for the Kenai River. Our records document that the king salmon average to be from 33 to 36 pounds year after year.

We cannot improve on enhancing Kenai River king salmon stocks any further without knowing how many kings go into the River, how many fish the River will rear and what portion of the commercially caught king salmon are destined for the Kenai River.

The Kenai River started with very few sport fishermen fishing for king salmon compared to the thousands using the River today. With this increase came fishing for profit on the River in the form of river guides. This stream cannot stand the present trend and a long hard look towards managing this stream the same as the four streams mentioned earlier should be an alternative. If the Ninilchik River, Deep Creek, Stariski Creek, and Anchor River can only be opened for a few days a year for sport fishing; possibly the Kenai River should be in the same category.

The fisheries that have developed are targeting on specific spawning areas. The knowledge of how to harvest and the size of the harvest are experiencing a chain-letter explosion effect. A guided fisherman today is a guide tomorrow. It is unreasonable to expect the specific stocks to continue to support such increasing harvest demand.

#### SUGGESTIONS

Take the information gathered by the Kenai River Task Force and see what can be done to eliminate the erosion of the riverbanks, over crowding of the River and possibility of making the River a drift stream only. Also, a possibility would be to move the guides to the saltwater where they have an exclusive sport fishery already (south of the Ninilchik River).

The closing of the Kenai River this year is not unusual (3 out of the last 5 years); and possibly the answer is to have an earlier closing date and extend by emergency order, if warranted.

If the Kenai River's July king salmon fishery is to remain viable, the existing methods and means of harvest must be changed, giving full significance to the existing biological and management capabilities of the Alaska Department of Fish and Game. In total number of kings, it would appear that the stocks are in excellent condition. But the particular in-river spawning stocks are supporting the total fishing effort. The majority of the sport harvest is taking place on the spawning areas. The methods and means have to direct the harvest to the migrational portions of the River. The desirability of these stocks will allow adjustments without substantive loss of fishing interest. Even with lack of adequate biological data on the remaining brood-

stocks, it would seem reasonable to adopt methods and means to reduce the threat to the broodstock.

Trail Lakes Hatchery is now in operation and to some extent can enhance the Kenai River king salmon run. This would have to be done by taking of king salmon eggs from the River, hatching them at Trail Lakes, and then returning them to the Kenai River to be reared in the wild. This method must be done because Kenai River sport fishermen feel the Kenai kings are much larger in size than other river stocks or hatchery stocks.

The river fishery has developed a bank fishery, an anchored boat fishery, a boat float fishery and a boat troll fishery; these boat fisheries should be made uniform.

The maximum sustained yield concept has to be reinforced.

Suggestion of bank fishing only areas and drift boat fishing areas only should be adopted. There should also be a limit on the number of poles in one boat.

Since the sport fishing only policy was put in effect in the Ninilchik River and below, sport fishermen have had complete control of those streams. The Alaska Board of Fisheries should look at how the Sport Fish Division regulates and manages these streams and use this as a guideline for other streams in Cook Inlet.

#### SUMMARY

It is time to insure that the Kenai River king salmon fishery continues into the future. It can continue, if methods and means are adopted that compliment broodstock and reinforce the maximum sustained yield; rather than trying to satisfy harvest demands beyond the biological capabilities of the fish, the existing biological knowledge of the Department and the overall management responsibilities of the State of Alaska.

As commercial fishermen we feel proud to have helped in rebuilding this king salmon run. We have utilized every means possible to conserve this run, and we do not feel there is any justification for taking away anymore of our livelihood from other species of salmon for a River which cannot stand the people pressure being put on it. If we had not helped to rebuild these king salmon runs, the good fishing enjoyed today would not be there.

7/14/83

- adopted by Board this spring '83  
- in AG's office for approval

Register 86, July 1983

FISH AND GAME

5 AAC 56.0~~80~~<sup>5</sup>  
5 AAC 75.002

5 AAC 56.050(b)(10)(C) is added to read:

5 AAC 56.050. WATERS CLOSED TO SPORT FISHING.

(b) Closed waters are as follows:

(10) Kenai River and its tributaries

(C) that portion of the Kenai River downstream from the outlet of Skilak Lake is closed to fishing from boats each Monday in July after July 5,  
(In effect before 1983, am / /83, Register )

Authority: AS 16.05.251

CHAPTER 75.  
STATEWIDE PROVISIONS.

Article 1. GENERAL.

5 AAC 75.002 is added to read:

5 AAC 75.002. LIABILITY FOR VIOLATIONS. Unless otherwise provided in 5 AAC 42 - 5 AAC 77, or in AS 16, a person who violates a provision of 5 AAC 42 - 5 AAC 77 is strictly liable for the offense, regardless of that person's intent. (Eff. / /83, Register )

Authority: AS 16.06.251

Register 86, July 1983

FISH AND GAME

5 AAC 56.015  
5 AAC 56.036

PART 2.  
SPORT FISHING AND PERSONAL USE FISHERY

CHAPTER 56.  
KENAI PENINSULA AREA

5 AAC 56.015 is amended to read:

5 AAC 56.015. HARVEST RECORD REQUIRED. (a) A nontransferable harvest record is required annually, and must be in the possession of each person sport fishing for

(1) king salmon 20 inches or more in length, in the streams listed in 5 AAC 56.010(c);

(2) rainbow/steelhead trout 20 inches or more in length in the waters of the Kenai Peninsula area which flow into Cook Inlet north of the latitude of Point Adam.

(b) Immediately upon landing a king salmon or rainbow/steelhead trout from the waters referred to in (a) of this section, the angler must enter the information requested on the harvest record.

(c) Nothing in this section affects or modifies any bag or possession limits provided by regulation in this chapter. The yearly limit for the combined harvest record areas referred to in (a) of this section and in 5 AAC 58.015 and 5 AAC 61.015 is

(1) five king salmon, 20 inches or more in length, of which not more than two may be taken from that portion of the Kenai River drainage open to king salmon fishing;

(2) five rainbow/steelhead trout 20 inches or more in length when taken from the Kenai Peninsula drainages flowing into Cook Inlet.

(d) Licensed anglers must have the harvest record permanently attached to the back of their license. (In effect before 1983; am / 83, Register )

Authority: AS 16.05.251

5 AAC 56.036(j) is added to read:

5 AAC 56.036. KENAI RIVER GUIDING REQUIREMENTS.

(j) Downstream from the outlet of Skilak Lake, no registered guide vessel may be used for sport fishing on any Sunday in July. Downstream from the outlet of Skilak Lake, no person may fish from a registered guide vessel on any Sunday in July. (In effect before 1983, am 4/3/83, Register 85; am / /83, Register )

Authority: AS 16.05.251

Register , 1983 FISH AND GAME 5 AAC 21.310

CHAPTER 21.  
COOK INLET AREA.  
ARTICLE 2.  
SALMON FISHERY

5 AAC 21.310(2)(B)(iii), (iv), and (v) are added to read:

5 AAC 21.310. FISHING SEASONS. Salmon may be taken only as follows:

(2)

(B)

(iii) by set gill nets in that portion of the Upper subdistrict south of the Kasilof River, from July 5, unless 75,000 sockeye salmon pass the sonar counter located in the Kasilof River before that date;

(iv) by set gill nets in that portion of the Upper subdistrict north of the Kasilof River, from July 10, unless 150,000 sockeye salmon pass the sonar counter located in the Kenai River before that date;

(v) drift gill nets may not be used to take salmon within two miles of the mean high tide mark of the beaches on the eastern side of the Upper subdistrict until those locations are opened under ~~(2)(B)~~ (iii) and (iv) of this ~~subchapter~~ <sup>subchapter</sup> (in effect before 1983, am / /83, Register )

Authority: AS 16.05.060  
AS 16.05.251

# alaska department of fish & game

P.O. Box 3-2000, Juneau, Alaska 99802

Phone 465-4113



Bill Sheffield  
Governor

Don W. Collinsworth  
Commissioner

## NEWS

MCR 31

FOR IMMEDIATE RELEASE

April 22, 1983

### BOARD ACTION TARGETS KENAI KINGS

JUNEAU--The Alaska Board of Fisheries addressed the Kenai River king salmon controversy at its spring meeting with a combination of changes in opening dates, harvest trade-offs between sockeye and king salmon, and restrictions on fishing guides.

The Board took action to delay the opening of the eastside beach commercial set net fishery, restricted the drift gill net fleet beyond two miles during late June and early July, reduced from five to two the annual sport fish possession limit for king salmon in the Kenai River, prohibited fishing from registered guide boats on the river downstream of Skilak Lake on all Sundays in July, and prohibited sport fishing from all boats downstream of Skilak Lake on Mondays after July 5.

On beaches south of the Kasilof River, the set net fishery will not open until July 5 or when sonar counters indicate 75,000 salmon have passed the Kasilof River counter, whichever is earlier. Central District beaches north of the Kasilof River will not open until July 10, or when 150,000 salmon pass the Kenai River counter, whichever is earlier. The drift gill net fleet will not be permitted to fish within two miles of those beaches prior to their opening.

RECEIVED  
MILTON... M.D.  
MAR 27 5 51 PM '83

(F)

April 22, 1983

Although it is expected the commercial fishery will not harvest an estimated 56,000 sockeye during this early time period, these fish will be counted toward the escapement goals for the Kenai and Kasilof Rivers.

The later opening for set net fishing on the eastside beaches is expected to pass, on the average, 1,700 king salmon into the Kenai River. It is difficult to predict the effect of the new in-river sport fishing restrictions, however, the department estimates the combined commercial and sport restrictions will result in about 2,000 additional king salmon spawning in the Kenai River.

####

Alaska Environmental Lobby, Inc.

419 6th Street, Suite 328 Juneau, Alaska 99901

907-586-2345

HCR 31

(F)  
River Commission  
11 April 1983

Representative Milo Fritz  
Pouch V, State Capitol  
Juneau, Alaska 99811

Dear Representative Fritz:

Enclosed for your information is a letter from the President of the Kenai Conservation Society to ADF&G concerning the problems on the Kenai River. You will notice that Mr. Schrier makes reference to a possible Kenai River Commission.

I would like to commend you for proposing a solution to the overuse problems of the Kenai River. It is clear that unless some direct actions are taken to protect the river, we will literally love it to death.

Furthermore, I wanted to make you aware of the past and continuing interest of the environmental community in finding a solution to this problem.

Again, thank you for your efforts to protect the Kenai River.

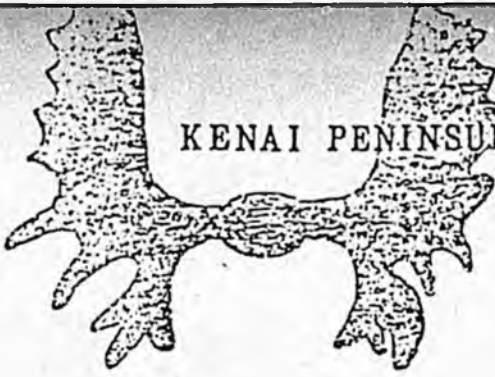
Sincerely,

*Jay Nelson*

Jay Nelson  
Executive Director

RECEIVED  
MILO H. FRITZ, M.D.  
MAR 12 10 01 AM '83

cc: John Ringstad  
Bill Schrier



KENAI PENINSULA CONSERVATION SOCIETY

P.O. BOX 563  
SOLDOTNA  
ALASKA 99669

October 31, 1982

Mr. R. Russell Redick  
Regional Supervisor  
Div. of Sport Fish  
333 Raspberry Rd.  
Anchorage, Alaska 99502

Dear Mr. Redick;

The members of our Board of Directors discussed the following recommendations, and wish you to forward them to the appropriate committee(s). Our organization has long been active in Kenai River affairs, concentrating mostly on the erosion problem we believe exacerbated by legal and illegal excavation, excessive boat traffic and over-powered boats. It seems to us that the King Salmon harvest can be easily limited by a variety of means now available to the Board of Fisheries.

Our first recommendation is the establishment of a local legal entity which we shall call here the Kenai River Commission. This Commission would consist of representatives from all Agencies, the guide organization, and sport fish interests. Although we are loathe to suggest another layer of government, it seems readily apparent that no one agency wishes to, or can, enforce existing or new regulations of the Kenai River. The statistics on river use indicate that we can, and must afford a substantial financial commitment to protect the river and its fishery. This Commission would be responsible for boat traffic, A.D. F. and G. regulations, and enforcement of all other regulations. We believe that some limitation must be placed on the number of guides, but object to limited entry, an elite guide corps. A fee of \$2500 per guide, per year would serve to limit guides to full-time professionals. A regulation stating that licensed guides must be present in boats might serve to limit traffic and fish harvest.

The time is now right for excluding motorized craft from the Kenai River from Kenai Lake to Skilak Lake. This area is now heavily used by rafts and canoes, and a precedent has been set.

Our schedule has thus far limited our testimony, but this makes us no less interested.

Cordially,

Bill Schrier  
For The Board,  
Kenai Peninsula Conservation Society

HCR 31

Mr. Chappell neglected several points in his article in last Sunday's Daily News "Battle rages over Kenai River salmon." In a telephone interview, March 19, he asked me several times what our group's primary goal was and I told him each time that it was for "preservation of the resource" — that is the king salmon run itself. This point wasn't ever mentioned in his article. The resource preservation has been our prime goal since our association was formed last summer.

We strongly protest the action by the fisheries board last July that allowed the commercial overharvesting of the second king salmon run in the Kenai. That 13-day continuous "emergency opening" of 24-hour commercial fishing blocked this second run of large king salmon from even getting to the river — it may have wiped out the run.

When I was quoted as saying, "Why does the commercial fisherman have more right to those fish than my kids do?" it was stated in regard to the "emergency opening" last July that allowed some 85 or so commercial fishermen to harvest over 700,000 red salmon. Those fish that were netted would have allowed a daily bag limit for instance to over 200,000 sport fishermen. Why wasn't the sportsman limit for reds raised from three to six or more salmon for that same period of time? It's incredible that the sportsman received an "emergency closure" so the commercial fisherman could have an "emergency opening."

We do not blame any commercial fisherman or set netter for harvesting any fish that he's allowed to by the fisheries board. We do, however, strongly object to that board's policy when its action allows the possible destruction of a salmon run — as it did last July. We have never advocated nor did I tell Mr. Chappell that we were against the present July 1 to Aug. 15 commercial fishing period. We do, however, feel the period shouldn't start before July 1 as it has several times in the past.

Once again, our bottom line from day one has been for the protection of the resource. There are fish for all of us, commercial and sportsmen, however, nobody wants to see the last king salmon caught as was almost done in Cook Inlet during the 1950s and '60s. Those records of overharvesting speak for themselves — let's not have history repeat itself again. Let's protect the resource above all. Let's all work together toward that end.

— Robert C. Penney  
Kenai River Sportfishing Association



# KENAI RIVER SPORTFISHING ASSOCIATION

3301 "C" Street Suite 202  
Anchorage, Alaska 99503  
Phone (907) 276-1451

rec 6/2/83



May 25, 1983

Colonel Robert Henderson  
Fish & Wildlife Protection  
P.O. Box 6188 Annex  
Anchorage, Alaska 99502

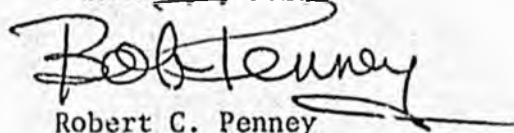
Dear Colonel Henderson:

The purpose of this letter is to encourage you and your department in your efforts to bring some sort of rational control to the sport fishery on the Kenai River. While most sport fishermen are gentlemen, there tend to be a few that do not follow the rules of the road. This selfish few seriously hurt the outdoor experience that is the basic reason that most of us sport fish on the Kenai River.

Our group would like to work with you and help you bring some control to the river in any way we can. Your 'presence' on the river, particularly from the Soldotna bridge down, will bring a lot of stabilities and return some courtesies to fishing that hasn't existed in the last few years. The attached article in today's Anchorage Daily News was certainly very welcome news to all of us. I've got a hunch the \$11,310. would be some of the best money the state government will spend this year.

Our meetings in Anchorage are usually on a Tuesday, noon, at the Golden Lion Hotel. We would be very honored if you or your representative could attend one of our steering committee luncheons in the very near future and tell us more about your exact plans, etc. I'm sure that members of our organization will be glad to help the department in places for launching boats, possibly use of onshore telephones, or other ways that will help you carry out this important effort. Congratulations, we look forward to your presence on the river--it will be appreciated by all.

Sincerely yours,



Robert C. Penney  
Chairman

cc: Rep. M. Abood  
KRSF Members  
R. Chappell  
C. Medred

# State to bolster Kenai River patrol

By RONNIE CHAPPELL  
Daily News correspondent

KENAI — The days of reckless hotrodding on the Kenai River are over.

The Department of Public Safety this summer is assigning three full-time law enforcement officers to the most popular fishing destination in the state.

Two will be fish and wildlife protection officers. The third will be an officer from the main branch of the Alaska State Troopers.

"We plan to be very visible on the river," said Col. Robert Henderson of Fish and Wildlife Protection. "We're going to put a lot of effort into the Kenai River patrol."

More than 40 percent of all the sports fishing done in Alaska is done on the Kenai

On a busy weekend when the king salmon are running strong, there can be as many as 1,000 boats on the river.

Conflicts occur when fishermen pilot their boats recklessly or operate them at high speeds, which cause big wakes that threaten other boats and erode the bank. They also occur when a boat drops anchor in the middle of a prime fishing hole, denying others a shot at the fish it might contain.

According to Henderson, a majority of the people who use the river want increased law enforcement. "Citizens have come to me and told me this," he said.

New personnel will not be hired to patrol the river. Instead, assignments are being rearranged in the Soldotna

detachment of the department.

Trooper Sgt. Fred Angleton will have to take a trooper off heavily traveled Kenai Peninsula highways in order to free a man to patrol the river.

"We're just going to try it," Angleton said. If the situation on the roads deteriorate, the troopers "would have to pull" the Kenai River patrol, he said.

The state plans to keep two boats on the river. One will contain undercover fish and wildlife protection officers on the lock-out for violations of state fish and game laws. The other, containing a uniformed trooper and a uniformed fish and wildlife protection officer, will enforce boating regulations.

Under a management plan

recently adopted by the state Board of Fisheries, guides are prohibited from operating on the river during Sundays in July. On Mondays, fishing from boats is also prohibited.

According to Angleton, the state intends to take a low-key approach to enforcing the river's boating regulations, issuing warnings first and writing tickets when all else fails.

People who fail or refuse to wear life jackets or who operate boats dangerously could be arrested. A fisherman who operates his boat while intoxicated runs the risk of spending three days in jail and forfeiting his driver's license.

The increased enforcement effort will cost the state \$11,310, Henderson said.

# Alaska State Legislature

E FAHRENKAMP, Chairman  
AT H. ZIEGLER, SR., Vice Chairman  
ELIASON  
FISCHER  
FISCHER  
MULCAHY  
MISS STURGULEWSKI



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

## Senate

### Committee on Resources

TO: Senator Faarenkamp

FROM: Sandra

DATE: June 13, 1988

HCR 31 KENAI RIVER

At Friday's hearing on this resolution, there was much confusion over what fiscal impact - if any - this bill would have, and concern over the possible proliferation of regulations.'

Senator Gilman and Representative Fritz will propose in Committee to delete the last Resolve Clause, which deals with adoption of regulations and emergency regulations. Jay Hogan will testify that this will result in a zero fiscal note.



# Alaska State Legislature

HOUSE OF REPRESENTATIVES  
COMMITTEE ON RESOURCES

JOHN RINGSTAD, CO-CHAIRMAN  
RICHARD SHULTZ, CO-CHAIRMAN  
POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-3715

MAY 24 1983

## MEMORANDUM

TO: Don Collinsworth, Acting Commissioner  
Alaska Department of Fish and Game

FROM: Rep. John Ringstad, Co-Chair  
House Resources Committee

DATE: May 23, 1983

RE: Cook Inlet Fisheries

As I am sure you are aware, there are numerous conflicts involving Cook Inlet fisheries stocks that are escalating in their intensity. Recent actions taken by the Board of Fisheries have not only upset the sport fishermen, but the commercial fishermen as well. Without elaborating on the specifics of the situation, there is one aspect that deserves special attention and that is the monitoring of fish stocks by the Department in the coming season.

Since much of the controversy surrounds east side set netters and the king salmon they take as incidental when fishing for sockeye salmon, and the 6,000 coho salmon that have been allocated for a personal use fishery, I am formally requesting that these forementioned stocks be closely monitored as they are caught. It is absolutely essential, in light of the ongoing allocation problems, that reliable, hard data be kept and made available at the soonest possible date to help determine 1984 policy.

I anticipate future involvement of the House Resources Committee on this issue, and would appreciate a response outlining your present plans for monitoring and collection of data on the eastside set net fishery. I would also appreciate being informed of the date you feel that at least some preliminary information will be available, and would further request that copies of field data be made available, as soon as practically possible, to the committee via my office.

Commissioner Don Collinsworth  
May 23, 1983  
Page 2

If you have additional suggestions pertaining to a resolution of this problem area in our state fisheries, I would be glad to discuss them with you.

cc: Rep. Dick Shultz, Co-Chair  
House Resources Committee

Rep. Joe Hayes, Speaker  
House of Representatives

Sen. Bettye Fahrenkamp, Chair  
Senate Resources Committee

# 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

June 13, 1983  
3:04 p.m.

Beltz Room  
Room 211, Capitol

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#### MEMBERS PRESENT

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

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#### CALENDAR

- HCR 31 Relating to protection and preservation of the Kenai River.
- HCR 27 Requesting the state to collect and use information on trapping for land use planning and land disposal.
- HB 130 An Act relating to homesteads; and providing for an effective date.
- SB 219 An Act relating to the processing of permits by state agencies; and providing for an effective date.

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#### HCR 31

Representative Fritz, sponsor of the resolution, encouraged support of the resolution, and proposed deleting the last resolve clause in the measure in order to remove the fiscal impact.

Jay Nelson, Alaska Environmental Lobby, said that the Kenai Peninsula Conservation Society and the Katchemak Bay Conservation Society both favored the resolution, and he encouraged passage of the measure.

Senator Mulcahy moved that lines 18-22, page 2, be deleted, and asked unanimous consent. The motion passed without objection.

Senator Mulcahy moved that the Resources Committee Substitute be adopted and reported out with individual recommendations. The motion passed without objection.

#### HCR 27

Sandra Schubert, Resources Committee staff, explained the differences between the proposed committee substitute and the original resolution.

Kay Wallace, staff to Representative Hurlbert, said the Representative supported the committee substitute and encouraged the Committee's support.

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

#### HB 130

Pat Pourchot, Resources Committee aide, explained the proposed committee substitute. He outlined requirements for homesteads and obtaining patent. He said the committee substitute tried to simplify and combine a homestead program and the existing remote parcel program. He explained an amendment proposed by the Department of Natural Resources which would allow the Department to limit the number of stakers in a lottery, when necessary.

Representative Rick Uehling, sponsor of the bill, said, in reference to DNR's proposed amendment, that the House would prefer a land-rush approach rather than restricting lotteries.

Senator Vic Fischer moved adoption of DNR's proposed amendment. The motion passed without objection.

Senator Mulcahy moved the amended Resources Committee Substitute be reported out of committee with individual recommendations. The motion passed without objection.

#### SB 219

Jim Palmer, Resources Committee aide, explained the proposed committee substitute. The committee discussed the provisions of the measure.

Phil Holdsworth, Alaska Miners Association, hoped that the intent of the language allowing flexibility of time limits (page 2, line

6, draft committee substitute) would mean that processing time could be shortened as well as lengthened. Senator Fahrenkamp said that was the intent.

Senator Mulcahy moved that the proposed committee substitute be adopted and reported out as a Resources Committee Substitute with individual recommendations. The motion passed without objection.

The meeting was adjourned at 3:37 p.m.

# 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

June 10, 1983  
3:10 p.m.

Beltz Room  
Room 211, Capitol

### MEMBERS PRESENT

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

### CALENDAR

- HCR 31. Relating to protection and preservation of the Kenai River.
- SB 43 An Act granting homesteads to Alaska citizens; and providing for an effective date.
- SB 102 An Act relating to homesteads; and providing for an effective date.
- HB 130 An Act relating to homesteads; and providing for an effective date.
- HCR 37 Relating to an economic development policy.
- HCR 27 Requesting the state to collect and use information on trapping for land use planning and land disposal.

### HCR 31

Representative Fritz, sponsor of HCR 31, explained why the resolution is needed and urged its passage.

Senator Gilman supported the bill, and pointed out that the resolution will not solve the problems of the Kenai River, but will more succinctly identify them.

There was discussion of fiscal notes, the need for a Senate letter of intent, and regulatory power.

Jay Hogan, director of the Office of Management and Budget Governmental Coordination, said the Administration supports the resolution and stated that necessary work could be done between departments with existing funds.

Randy Bayliss, Department of Environmental Conservation, supported the intent of the resolution.

Senator Fahrenkamp said the bill would be held until Monday, 6/13.

#### HB 130, SB 43, and SB 130

Sharon Barton, Department of Natural Resources, explained how a homestead program would fit in with current land disposal programs offered by the State. She addressed the provisions of the proposed committee substitute for HB 130, and recommended a lottery be used to limit the number of stakers in some areas.

Doug Woodby, Alaska Environmental Lobby, encouraged study of whether a homestead program is necessary and urged a restriction on conveyance to limit speculation.

#### HCR 37

Dave Gray, Resource Development Council, supported the resolution.

Senator Sturgulewski moved to report HCR 37 out of committee with individual recommendations. The motion passed without objection.

#### HCR 27

Senator Fahrenkamp said HCR 27 would be held over until Monday.

The meeting was adjourned at 4:00 p.m.

HCR

37

SENATE RESOURCES COMMITTEE  
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: HCR 37 am

BILL NAME: *Relating to an economic development policy.*

SPONSOR(S): *Hayes, et al*

RELATED BILLS PENDING:

DATE INTRODUCED: *5-27-83*

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:

✓ *Hayes, sponsor*

✓ *Dave Gray, Resource Development Council*



*Response*

# Resource Development Council

for Alaska, Inc.

444 West 7th Avenue, Anchorage, Alaska 99501  
Box 100516, Anchorage, Alaska 99510 — 907/278-9615

Personal

Dear Senator Fahrenkamp:

One of the major goals of the Resource Development Council's 1983 Action Plan is to improve Alaska's reputation as a good place to invest and do business.

As you know, Alaska is at or near the bottom of every national compilation of state statistics dealing with business climates, and we need to change that.

Only the legislature can help remedy the two areas that desperately require attention: (1) The need for a stated economic development policy, and (2) the need for regulatory reform.

The attached resolution, HCR 37, has undergone extremely broad review in the private sector. A similar version of the measure was subject to many hearings in prior sessions but somehow languished without action. Adoption of the measure would give Alaska needed points in the annual survey conducted by Inc. Magazine. Please let's get it passed this year!

The whole issue of regulatory reform has been deliberated for this and three past sessions. Obviously there will never be agreement between those who want efficient permit processing and those who feel that environmental concerns can only be addressed if the process remains in its present unwieldy state.

Our letter to Governor Sheffield of April 3 clearly spells out our concerns and recommendations as does the enclosed policy statement. You have done an immense amount of work to see that these concerns are addressed. We urge you now to take the courageous step of enacting a sound regulatory reform bill.

I must emphasize the tremendous impact enactment of this legislation will have on people now operating or planning to begin or expand business ventures in our state. To make valid business decisions, they simply must be able to change "unknowns" into "knowns" in forecasting operating costs. Only you can give them this certainty. You may feel the bill is not perfect, but we believe the best approach is to get legislation this session and address any problems that ensue at a later time.

Your hard work and support of issues important to our state are always appreciated.

Sincerely,

*Paula P. Easley*  
Paula P. Easley

**EXECUTIVE DIRECTOR**

Paula P. Easley

**EXECUTIVE COMMITTEE**

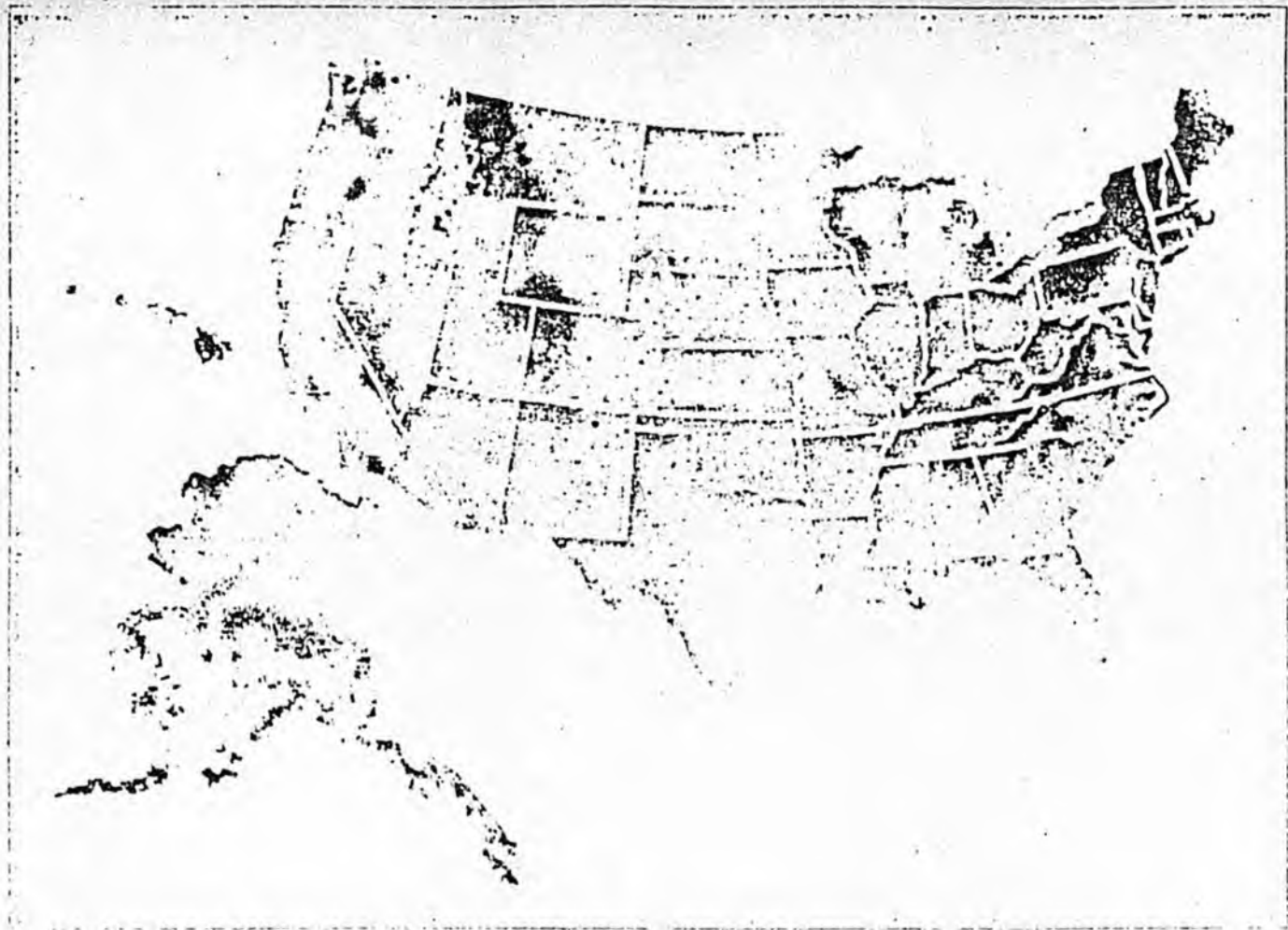
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# A REPORT ON THE STATES

INC's second annual study rates 50 small business climates.

By Bruce G. Posner

**I**f your company's history is anything like that of most small companies, where it is located—be it Palo Alto, Calif., or Portland, Maine—has nothing to do with any carefully drawn corporate plan. Instead, you put the business where you were raised, attended school, or simply wanted to live. Presumably, the area had much of what you wanted of the myriad things that influence "quality of life." Perhaps there was good skiing, music, or a major university within easy reach. Or you may have wanted to be near people in similar vocations, which may be why so many high technology companies grew or are expanding in California's Silicon Valley and along Boston's Route 128.

Although state officials everywhere wish they could do more to spawn and keep growth-oriented companies, all too often they find that it is hard enough to define the amenities that attract small businesspeople without trying to influ-

ence a decision to set up business. But apart from the intangibles in appraising a business climate, there are factors that are both more concrete and, to some extent, within a state's control.

As companies grow—for example, they may need long-term debt and equity, in addition to working capital. They may also need to hire employees who have specialized skills. A company's inability to find such fundamental resources when they are needed can greatly influence its success, and it can also dampen the growth of the economy within the state.

The purpose of INC's second report on the states is to compare some of the major, quantifiable aspects of the climate for small business, to help businesspeople and state officials understand better how to make improvements. In selecting the criteria for measuring the 50 states as homes for smaller companies, INC interviewed economists, state development officials,

venture capitalists, and small business executives. INC also talked with special liaison people appointed by governors to gather information on small business support programs in every state.

The analysis focused on areas of broad concern to all small companies, rather than such factors as transportation and energy, important as these may be to some businesses. Since all small business operators have capital and labor needs and are affected by taxes, we looked at the impact of those three factors on small companies. Growth opportunities in a particular environment are also influenced—sometimes heavily—by external economic and business factors. These factors, therefore, are reflected through a number of criteria under the heading of business activity.

Finally, we examined each state for small business support programs initiated at the executive or legislative level. The mere existence of official support does not

# RATING THE STATES BASED ON FIVE MAJOR FACTORS

Rank/state	CAPITAL RESOURCES				LABOR			TAXES	
	Bank loans % assets	Comm./ind loans per capita	SBIC finan. per 1,000 pop.	State programs <sup>1</sup>	Avg. wky. wage	% union	% H.S. grads.	Value added per worker (thou./yr.)	Per \$1,000 personal income
Median	53.5%	\$ 927	\$0.8	-	\$317	23%	78%	\$43.6	\$112
1. Texas	54.8%	\$2,527	3.9	DL	\$328	11%	65%	\$55.1	\$ 98
2. California	54.7	1,468	3.2	DL, LG, BG	323	27	74	48.0	122
3. Colorado	57.9	1,262	3.1	-	326	18	78	45.7	113
4. Florida	49.5	599	1.2	-	265	12	65	37.0	97
5. New Hampshire	63.2	588	1.8	LG	256	16	70	31.2	92
6. Kansas	48.4	1,082	1.4	-	325	15	73	44.0	100
7. Arizona	62.6	888	0.6	-	317	16	73	47.7	133
8. Oregon	58.8	1,112	1.8	DL	352	26	76	39.0	114
9. Oklahoma	52.8	1,321	1.2	DL	329	15	66	42.2	102
10. Washington	58.9	1,382	0.9	-	405	34	76	49.5	109
11. New Mexico	52.7	1,043	2.3	-	259	19	66	36.0	122
12. New York	54.4	4,164	2.2	DL, LG, BG	309	39	66	47.2	163
13. Kentucky	49.2	773	1.0	DL, BG	309	24	53	45.6	104
14. North Dakota	50.1	1,245	-	BG	271	17	68	52.6	102
15. Connecticut	59.7	857	5.1	DL, LG, VC	319	23	70	42.8	105
16. Virginia	60.0	718	0.9	-	270	15	64	36.0	102
17. Nevada	59.5	738	0.3	LG	325	24	76	51.0	105
18. Massachusetts	50.0	1,213	2.1	DL, BG, VC	280	25	72	40.0	139
19. Minnesota	54.5	1,430	2.7	DL	331	25	73	45.5	127
20. New Jersey	53.1	765	0.9	DL, LG, BG	322	26	66	47.4	117
21. Utah	56.5	838	0.1	-	308	18	80	40.4	125
22. Arkansas	52.1	946	0.2	BG	247	16	56	30.4	99
23. Georgia	52.8	683	1.0	-	255	15	59	33.3	108
24. Tennessee	51.9	308	0.5	-	268	19	55	33.7	94
25. Wyoming	53.4	1,541	2.6	-	314	19	76	61.4	148
26. Mississippi	50.6	639	0.8	LG	235	16	52	31.6	109
27. Montana	55.1	1,176	1.2	-	370	29	73	47.9	130
28. Maryland	57.1	555	0.3	DL, LG, BG	335	23*	69	43.7	120
29. Missouri	47.4	1,112	0.1	BG	318	28	64	43.6	93
30. Ohio	50.4	757	0.6	DL, LG	390	31	68	46.6	94
31. Rhode Island	55.0	1,426	0.4	DL, LG, BG	240	28	62	28.4	119
32. Idaho	55.8	944	3.5	-	311	18	72	36.0	104
33. Illinois	58.7	2,841	0.7	DL	356	30	66	47.0	112
34. North Carolina	51.4	804	0.5	-	232	10	55	30.6	106
35. Wisconsin	55.8	853	0.6	DL	353	29	70	43.6	125
36. Michigan	54.3	909	0.7	DL	426	37	69	47.6	115
37. Pennsylvania	53.5	1,365	0.5	DL	325	35	65	38.5	116
38. Vermont	66.3	712	1.3	DL, LG	272	18	70	36.6	127
39. Hawaii	60.6	992	0.1	DL	290	28	73	45.1	148
40. Iowa	48.6	854	0.1	DL	379	22	72	51.0	111
41. South Dakota	67.5	1,039	1.5	-	296	15	69	36.6	106
42. Indiana	51.4	726	0.5	DL, LG, VC	376	30	67	43.5	38
43. Nebraska	50.6	965	0.2	-	324	18	74	46.7	111
44. Louisiana	52.2	1,231	1.6	DL, LG	362	16	58	64.9	116
45. Alaska	45.0	978	0.2	DL, BG, VC	457	34	80	54.2	368
46. Alabama	48.7	664	0.7	-	280	22	56	30.8	96
47. South Carolina	48.2	361	0.6	-	250	8	57	27.3	107
48. Maine	54.1	502	0.5	DL, LG	296	24	68	27.8	125
49. Delaware	46.3	551	-	-	333	25	70	49.4	116
50. West Virginia	49.8	499	0.1	DL, LG	347	34	53	43.5	112

1 DL-direct loans, LG-loan guarantees, BG-bond guarantees, VC-venture capital  
 2 AO-advisory council, OM-ombudsman, AC-advisory council, LC-legislative committee,  
 SC-statewide conference, PS-procurement set-asides  
 \* Includes union membership in District of Columbia

A REPORT ON THE STATES

STATE SUPPORT	BUSINESS ACTIVITY				
	Small bus. assistance (1971-80)	Pop. % change (1971-80)	Employment % gain (1971-80)	Per. inc. % change (1971-80)	Business units per 1,000 pop.
-	11.5%	27.7%	45.4%	46	2
AO,OM,AC,LC,SC	27.1	67.8	77.4	47	27
AO,OM,AC,LC,SC	18.5	41.6	48.7	46	49
AO,OM,AC,SC	30.7	61.0	74.2	50	13
AO,OM,LC,SC,PS	43.4	65.9	77.1	55	10
AO,LC,SC,PS	24.6	47.9	56.7	46	2
AO,AC,LC,SC,PS	5.3	63.2	43.5	46	1
AO,OM,AC,SC,PS	53.3	79.7	88.7	49	3
AO,OM,AC,SC	26.5	46.5	64.3	51	4
AO,SC,PS	17.2	46.6	65.6	49	6
AO,LC,SC,PS	21.0	25.1	60.4	47	4
AO,OM,SC,PS	24.7	58.0	67.6	50	2
AO,OM,AC,LC,SC,PS	-3.3	0.6	9.1	46	31
AO,OM,AC,LC,SC,PS	13.7	41.8	44.4	40	1
AO,AC,LC,SC	5.6	50.5	45.5	54	-
AO,OM,PS	2.5	17.0	26.7	43	6
AO,OM,SC	11.8	39.6	50.3	39	5
AO,LC,SC	63.8	96.8	92.0	50	1
AO,OM,LC,SC	0.8	17.1	21.3	40	12
AO,OM,LC,SC	6.9	34.6	37.9	41	18
AO,OM,AC,LC,SC	2.7	17.2	22.2	44	16
AO,OM,AC,SC	37.9	32.6	70.3	48	1
AO,AC,SC,PS	18.5	38.9	60.3	45	0
AO,OM,AC,LC	17.8	37.8	49.7	45	6
AO,OM,AC,SC,PS	13.0	13.3	50.0	42	4
-	41.1	88.6	123.1	57	4
AO,OM,AC,LC,SC	12.9	34.4	50.0	44	1
AO,AC,SC,PS	13.3	42.4	42.3	56	-
AO,AC,LC,SC,PS	7.5	25.6	34.2	35	5
AO,OM,LC,SC,PS	5.1	18.5	31.9	44	1
AO,OM,AC,LC,SC	1.0	13.3	24.9	40	3
AO,AC,LC,SC,PS	-0.4	15.8	25.0	47	-
-	32.3	58.7	61.5	50	-
AO,OM,AC,LC,SC,PS	1.2	14.5	23.9	41	-
AO,AC,LC,SC	15.5	33.8	45.2	41	1
AO,OM,AC,LC,SC	6.5	27.1	36.5	40	3
AO,OM,AC,SC,PS	4.2	15.0	32.6	37	2
AO,OM,AC,SC,PS	0.2	8.6	24.9	42	6
AO,SC	15.0	35.1	29.4	54	-
AC,LC,SC	25.3	37.5	41.0	52	2
OM,AC,LC,PS	3.1	24.7	31.9	47	1
AC	3.8	36.0	30.4	50	-
OM,SC,PS	5.7	17.4	31.0	33	6
AO,OM,SC	5.3	30.7	34.4	49	-
AO	15.3	51.8	65.8	45	1
OM,SC	32.5	84.3	93.3	49	1
OM,SC,PS	12.9	34.4	50.9	41	2
AO,SC,PS	10.8	41.0	53.0	42	3
AO,OM,AC	13.2	26.3	38.9	49	-
AO,OM,AC,LC,PS	8.6	21.3	29.6	44	-
AO,OM,LC,SC,PS	11.8	25.1	49.1	43	-

Sources: (by column, left to right) Federal Deposit Insurance Corp. (1,2); U.S. Small Business Administration (3); State development agencies (4); U.S. Department of Labor, Bureau of Labor Statistics (5,6); U.S. Department of Education (7); Bureau of Census, Census of Manufactures (8); Tax Foundation (9); INC. Survey of 50 States (10); Bureau of the Census (11); Bureau of Labor Statistics (12); U.S. Department of Commerce, Bureau of Economic Analysis (13); Bureau of the Census, County Business Patterns (14); INC. (15)

guarantee that significant numbers of small companies are being helped. However, support for innovative programs and a strong commitment to small business at high levels can be enormously useful. Through special programs, a state can leverage its existing capital and labor resources to the benefit of small businesses. State support can also soften the effects of a declining economy.

INC. ranked the 50 states in five categories. Each category—capital, labor, taxes, business activity, and state support—was weighted to reflect its relative importance to small companies. The scoring system was based on a scale of 100 points. Because most of the experts we spoke with considered capital resources and state support the two most critical factors, each was given 25 points. Taxes, while always an area of real concern, received only 10 points, the lowest weighting, since taxes rarely play more than a minor role in the investment decisions of small companies. Labor and business activity were each weighted at 20 points to reflect their broad significance to smaller companies. Calculated by this method, the overall scores range from 82 for Texas to 33 for West Virginia.

Texas achieved the top overall ranking with an unbeatable combination of strong capital resources, an effective labor force, and a low tax burden. But it was further aided by a high level of business activity within the state and official support for small business. California and Colorado, with higher tax rates than Texas, placed second and third, respectively, largely because of their strength in capital and labor. Each also received a very helpful boost from a robust economy.

Fourth-ranking Florida scored very favorably in labor, taxes, business activity, and small business support, but appeared in the bottom 10 for capital resources. For the other states scoring low in capital, such as West Virginia and Delaware, the impact on the overall ranking was often devastating. They did not compensate as well as Florida did with strengths in other areas.

West Virginia, for example, ranked 50th overall and scored weakly on labor and business activity and only average in taxes and small business support. Its ranking of 49th in capital resources—low lending activity compared with bank assets—compounds its weakness in other areas. Delaware, although somewhat stronger than West Virginia in labor and business activity, also suffers from its poor showing in capital. It ranks last in the capital category and 49th overall. In fact, four of the five lowest ranking states on the summary table (West Virginia, Delaware, South Carolina, and Alabama) are the weakest four states for capital resources. The fifth state, Maine, ranks 48th overall and also suffers in terms of capital.

## A REPORT ON THE STATES

The influence of other categories, while important, proved less decisive in a state's ranking. Although 7 of the top 10 states had very favorable climates for labor—only Oregon, Oklahoma, and Washington did not—poor performers in labor (reflecting such factors as high levels of wages, low level of education, and the strong presence of organized labor) did not automatically suffer in the overall rankings. In fact, only three states scoring low in labor—Indiana, West Virginia, and Alabama—appeared in the bottom 10 overall. Other high wage and highly unionized states, such as Ohio, Illinois, Michigan, and Pennsylvania, ranked higher because of stronger showings in other areas.

At first glance, Indiana's rank of 42 seems surprisingly weak in relation to

such midwestern neighbors as Illinois and Michigan. While none of these states ranks very favorably in terms of labor or business activity—measures by which Illinois ranks at the very bottom—Indiana distinguishes itself by having the lowest taxes (per \$1,000 of personal income) in the nation, while Illinois and Michigan fall in the middle.

Nevertheless, Indiana parts company from Illinois and Michigan in small business support activities. Unlike Michigan, for example, Indiana has neither a small business assistance office nor a governor's advisory council on small business. It also lacks a legislative committee devoted to small business matters, as Illinois and 11 other states have had and as 9 states have now added. To Indiana's credit, though, its officials have recently shown an interest in bolstering small business capital re-

sources through the state's new Corpora-

tion for Innovation Development. (See page 100.)

A careful examination of the accompanying table shows that even states that appear quite similar can differ dramatically. But the most useful discovery may be that each of the 50 states has its own set of strengths. The Midwest and the New England states, for instance, are clearly not seeing the same heady growth as Texas and California. But both regions can become vibrant areas for small companies.

Increasingly, states concerned about the future are examining their support programs as the most obvious way of upgrading their climate for small business. Delaware, for example, made notable strides in the past year when it created four support vehicles: an advisory council, a legislative committee, an assistance office, and a program requiring the state to purchase goods and services from small companies.

## THE BEST OF SHOW

### Capital Activity at the money centers

- 1 California
- 2 Connecticut
- 3 New York
- 4 Texas
- 5 Massachusetts
- 6 Minnesota
- 7 Colorado
- 8 Illinois
- 9 Oklahoma
- 10 Wyoming



High interest rates, as the past couple of years have painfully shown, can be catastrophic for small companies, wherever they are. Generally, states can do very little to mitigate borrowing costs for small companies. Apart from the cost of funds, though, capital resources vary widely from state to state. What is more, the types of resources in place in the state and how they are being used can be critical if, like most companies, yours cannot meet all its capital needs. Therefore, capital resources, along with state support programs, receive our heaviest overall consideration in ranking the states' climate for small business.

To see how the states stack up

in terms of capital resources for small business, INC. looked first at two sets of banking industry figures—total state commercial bank loans as a percentage of total assets, and commercial and industrial bank loans on a per capita basis. While these measures don't tell what types of businesses are getting the loans—or even whether all the funds are being lent within the state—they usually reflect the degree to which banks are using their asset bases for aggressive lending to meet the working capital needs of business.

INC. also analyzed the states for special capital programs, such as direct loans, loan guarantees, bond guarantees, and state-sponsored venture capital investing, in the belief that these can help bring capital other than working capital to small companies. Because most experts believe that even small issue industrial revenue bonds tend to benefit large companies and their subsidiaries with solid credit histories, we didn't consider IRBs. Finally, INC. looked at small business investment company (SBIC) investments in the states on a per capita basis, as an indicator of the relative availability of venture capital.

California, with its aggressive banks and active SBICs, emerges as the state with the most extensive capital resources for small business, a distinction it certainly would have earned more easily had all sources of private venture capital been included. Next come Connecticut and New York, whose ranks reflect their active banks, SBICs, and the targeted capital pro-

grams in place. Oklahoma and Wyoming aren't usually thought of as states with substantial capital resources, but both benefit from high levels of SBIC investments and per capita commercial and industrial bank loans.

South Carolina, West Virginia, and Delaware emerge as the states where a lack of capital resources—or an unwillingness on the part of commercial banks to lend—poses hurdles for growing small businesses. For instance, commercial and industrial lending in these three states is anemic compared to that in the rest of the states. Low levels of banking activity within a state can, of course, stem from depressed loan demand in a slow economy, but conservative bankers seem to be at least as great a factor.



### Labor: The Plains states set the pace

- 1 Wyoming
- 2 North Dakota
- 3 Nevada
- 4 Kansas
- 5 Nebraska
- 6 Arizona
- 7 Colorado
- 8 New Hampshire
- 9 Utah
- 10 South Dakota

When it comes to labor, the needs of different types of small businesses vary substantially. Most companies, of course, are interested in keeping labor costs down as much as possible. But few can afford to ignore requirements involving skill and concerns over productivity.

In examining labor markets within each state, INC. looked at comparative wage levels for manufacturing and at comparative levels of unionization, which can be a factor in high wages. But in addition to factors affecting the price of labor, INC. also compared the states by levels of productivity and by levels of education among workers.

For productivity, the question was how much each worker added to the value of manufactured goods. In education, the percentage of state residents over the age of 18 who have completed high school was considered, although companies needing highly skilled employees might consider the number of engineering graduates.

At the top of the chart for labor are Wyoming, North Dakota, Nevada, Kansas, and Nebraska. Among these high scorers, however, Kansas is the only state with low union activity. None of the 5 states ranks among the top 10 in terms of low wages. In all but North Dakota, however, 73% or more of their residents over the age of 18 hold high school degrees.

Finest performers in the labor category are West Virginia, Illinois, Indiana, and Pennsylvania. They have work forces in which only 53% to 67% of the workers hold high school de-

Such programs can be extremely valuable for bringing awareness and help to small companies. But for states facing difficult economic times and declining industries, the future may require more specialized programs in the areas of capital resources, job training, and technical assistance—all aimed at broadening opportunities for small businesses.

In the past, several states targeted most of their initiatives at existing companies, through efforts such as technical assistance programs in conjunction with universities. But increasingly, some states—Pennsylvania, Georgia, and New York, for example—appear to be highlighting new companies as the important thrust in their economic development efforts. Each of these states is directing money into supporting technology-based start-ups, with technical universities playing key roles (see page 100). Notes Roger Vaughan, a

consultant at the Council of State Planning Agencies in Washington, D.C., and former deputy planning director of New York: "States interested in distinguishing themselves will have to do a lot more in helping new businesses come about."

Just as important to the small business climates of many states, though, may be how well the capital and labor needs of growing companies can be met. A growing number of states are considering such measures as the revamping of investment guidelines on public employee pension funds and increasing the outlays for technical education. Through its new Technology Park Corp., for instance, Massachusetts is putting up \$20 million for a center co-funded by industry in order to train engineers and other technical specialists in microelectronics.

Some experts are convinced that every state will need to help reshape its work

force to accommodate businesses. During the next decade companies are going to need a great many technically competent workers for seemingly nontechnical jobs, according to a number of authorities on small business.

It may not be easy for public officials to think about helping small business in such ways, especially in the Midwest and the South, where the emphasis has long been on big companies and large manufacturing plants. "Politicians don't have to learn how to wave 1,000 jobs around," says Alexander Dungee, president of Venture Founders Corp., a Waltham, Mass., company specializing in assistance to start-up companies. "But it's a lot harder for them to make election-year claims about how they've helped small companies."

*Bruce G. Posner is an associate editor at INC.*

greens, and all are heavily unionized in their major industries. In addition, wages for Illinois and Indiana workers average among the highest for manufacturing in the nation.

#### State support! Kentucky leads the bandwagon

- 1 Kentucky
- 2 New York
- 3 Illinois
- 4 California
- 5 Wisconsin
- 6 Ohio
- 7 Delaware
- 8 New Jersey
- 9 Mississippi
- 10 Kansas

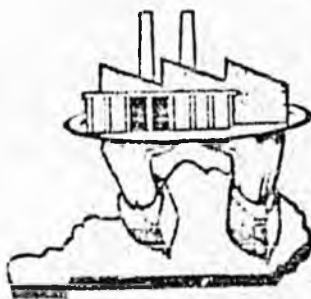
Official state recognition for small business won't make or break small companies very often, but it can give them a boost from time to time and help create a positive business climate. Programs that provide reliable information or technical assistance, for example, can save business operators both time and money.

INC. surveyed the 50 states to identify those that address the concerns of small companies through small business assistance offices, ombudsmen, state-wide small business conferences, standing legislative committees, and governors' advisory councils. Nine states have created new legislative committees in the past year, bringing the number of legislatures with small business committees to 21. What is more, 13 governors have recently formed new advisory councils, bringing to 29 the number of states with that form of small business support.

The number of states committed to purchasing a specified portion of their goods and services from small businesses—usually 5% to 15%—has also increased substantially. Twenty-five states currently have procurement set-aside programs, 10 of which were established in the past year.

Kentucky, New York, and Illinois emerge at the top of the charts for official state support for small business. They are the only three states in the nation with a full array of the programs measured in INC.'s survey. But even more noteworthy is that, in the past year, 25 states have upgraded their small business support activities.

The most improved state is



Delaware, which installed four new components to its small business support: an assistance office, an advisory council, a legislative committee, and a procurement program. Almost as impressive is New Hampshire, which added three programs but still lacks an advisory council.

Among the other states demonstrating increased support are Mississippi, Kansas, Rhode Island, Maryland, and Missouri.

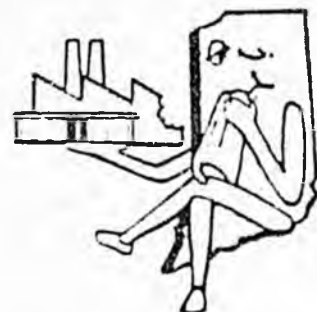
#### Taxes! Indiana takes the smallest bite

- 1 Indiana
- 2 New Hampshire
- 3 Missouri
- 4 Ohio
- 5 Tennessee
- 6 Alabama
- 7 Florida
- 8 Texas
- 9 Arkansas
- 10 Kansas

As unpleasant as taxes are to many small companies, their importance to a state's overall business climate is seldom on a par with such factors as capital and local resources. Nevertheless, the level of state and local taxes that businesses and individuals must pay tells something about whether it is possible to operate and grow in that state.

Since states tax businesses so differently—by income, payroll, or inventory, for example—and vary greatly in terms of tax credits allowed, state officials and tax experts agree that any direct comparisons are nearly impossible. Instead, INC. focused on the overall level of state and local taxes as related to each \$1,000 of personal income—a measure that can be examined on a state-by-state basis. By this measure, Indiana's tax rate of \$88 per \$1,000 was the nation's lowest, followed by New Hampshire (\$92), Missouri (\$93), and Ohio and Tennessee (both with rates of \$94).

The state with the highest tax was Alaska at \$368, although in reality nearly all of the state's revenue is drawn from big energy companies. (In fact, most



Alaskans pay no state or local taxes.) New York, where individuals pay \$163 per \$1,000, was No. 2, although it has just enacted new rules for start-ups (see page 101). Following New York are Hawaii and Wyoming (both \$148) and Massachusetts (\$139).

Such tax burdens are comparatively stiff. But tax specialists and economists point out that high state taxes rarely influence a business decision about whether to start up or expand in a particular location—except in the unlikely event that other variables are equal. For one thing, higher taxes can mean better services and schools. "If you can sell 10 times as many widgets in New York as you can in Mississippi or Alabama, you don't mind paying those high taxes," says a national tax partner for a Big Eight accounting firm. "Taxes are usually just the tail," he says, "not the dog."

*Bradford W. Kelchum Jr., a senior editor at INC., assisted in the preparation of this section. Anita Harris, a freelance writer, and Carol Holliday Hew, a business analyst, both based in Boston, assisted in research and data analysis.*

## BOOSTING SMALL BUSINESS

### Overcoming an antibusiness bias

The idea of states cutting red tape for development permits and business licenses is nothing new, but Oregon has added some creative wrinkles to overcome a nagging antibusiness reputation.

Antigrowth sentiment was so strong in Oregon during the 1970s that then-governor Thomas McCall once quipped, "Come visit us, but for God's sake, don't stay!" That line was apparently



delivered in jest, but Oregon, reeling from the construction industry slump, which has shut down most of its lumber mills, is still working overtime to convince business that the state wants diversified growth and jobs.

Companies interested in doing business in Oregon were concerned about the need to obtain environmental and other permits, so the state decided to copy neighboring Washington and institute a "one-stop" center, where information on all requirements for permits could be obtained. "Oregon became the second state in the country to apply the one-stop concept," says Paul Haugland, manager of Oregon's Office of State Regulation Assistance. Haugland headed Washington's pioneer program and was hired away by Oregon, where he has carried the idea much further.

Last year, legislation was passed that, in effect, gives businesses a regulatory guarantee. "We'll look at your project and tell you every permit and license you're going to need," explains Haugland. "If it turns out that we slipped up and forgot one, it's on us—you don't have to get it."

So far, the office hasn't missed a permit, so the legal question of what would happen if someone sued to block a project because of a forgiven license has never been resolved. But no one questions the merits of allowing a business to find out about all its permits at once.

Any company planning to set up shop in Oregon now fills out

just one 4½-page application. In 30 days, according to Haugland, his office will provide the quarantined list of permits needed for the project. The office then acts as an advocate for the company in resolving any difficulties with state agencies.

### Pension fund steps in

Late last year, Graydon Webb, president of G. D. Fitzzy's Inc., wanted to expand his fledgling fast-food restaurant business, headquartered in Columbus, Ohio. Webb, a former vice-president for franchise sales at Wendy's International Inc., the highly successful hamburger chain, was eager to grow beyond his two outlets in the Columbus area, but doing it with a lot of debt would not be easy. Fortunately for Webb, he didn't have to. His company received a \$2 million equity investment—and from a very unlikely source: the Public Employees Retirement System of Ohio (PERS).

In exchange for 40% of its stock, G. D. Fitzzy's became the \$6.5 billion PERS's first small company investment since the Ohio legislature liberalized investment guidelines earlier in 1981. PERS, like most of the nation's public employee funds, had previously been governed by statutes limiting investments to larger, publicly traded companies. Thus, most of its investments were in highly rated debt of big companies, some of which were based outside the state.

Under the new guidelines, the Ohio fund is now authorized to put 5% of its assets—or up to \$325 million—into any partnership, proprietorship, or corpora-

tion that is either based in the state or has half of its assets or employees there. "Pension funds," says Robert McLaughlin, a PERS investment officer, "can step in to fill the financing gap to the benefit of the local economy and the performance of the fund." While it may take a while for PERS to find appropriate investments, in time it could put money into dozens of Ohio businesses and generate jobs there.

Other states seem to be following Ohio's lead in an effort to spread new capital into emerging companies. Neighboring Michigan, for example, badly scarred from the prolonged slump in the auto industry, recently adopted legislation permitting state pension funds to put up to 5% of its \$6.7 billion State Employees' Fund in Michigan small companies and venture capital firms.

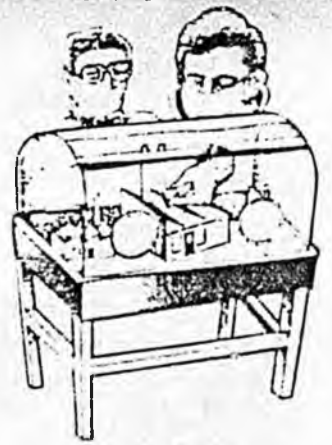
### From ivory tower to marketplace

Pennsylvania was a pioneer in acknowledging the importance of technology transfer when it created the Pennsylvania Technical Assistance Program (PennTAP) in 1965. The program linked the state's small business community to existing academic resources. Now the state has begun to carry its role as business problem-solver one step further.

Later this year, a new state-supported program called the Ben Franklin Partnership will get under way with \$1 million of state funds, to be matched by an equal amount of private money. Pennsylvania's idea is to further leverage university resources, which are already bringing technical assistance to small businesses, to assist entrepreneurs in product commercialization and applied research.

PennTAP, based at Pennsylvania State University, at University Park, has already earned its spurs with many smaller companies, in which lack of research facilities and personnel can make even a small technical problem loom very large. T. N. Rondali Harper Jr., president of American Micrographics Co. in Pittsburgh, for example, knew he was wasting lots of silver from the film plates he uses in his business but didn't know if it would be economical to recover it. PennTAP introduced him to Penn State researchers, who showed him how to reclaim the silver while complying with federal environmental rules.

Pennsylvania is not the only state with this type of incubator program. Georgia and Tennessee are among the others that



have built small business programs around their universities. The result, says Heuben Harris, director of the Center for Industrial Services at the University of Tennessee, is that "businessmen can get the help they need, and ivory tower professors get real-world experience."

Pennsylvania's Ben Franklin Partnership will operate from regional centers around the state. But instead of dealing only with technical problems, as PennTAP does, it will develop ways to move new ideas from the laboratory to the marketplace. The state hopes the new program will help create growth in advanced technologies, such as robotics, biotechnology, and magnetics, as a means of offsetting declines in Pennsylvania's older industrial base.

### A fresh approach to capital

No matter where an enterprise is based, finding equity capital for growth is often one of the toughest problems an entrepreneur faces. Private venture capitalists put money in low deals, and low states are willing to expose public funds to high risks. But even in the fiscally conservative Midwest, Indiana seems to have found a way to bring a new source of venture capital to the state's small companies.

Indiana's new Corporation for Innovation Development (CID), authorized last year by the legislature, will be capitalized by private investors, who get a credit—30% of their investment—against their state taxes. While granting tax credits means that Indiana will give up some revenue initially, Lieutenant Gov. John Mutz points out that the approach allows the state to leverage additional private investment while leaving venture capital investment decisions to the private sector. "If the enterprises are successful, they will pay taxes."

Indiana expects CID to draw at least \$8 million of private funds, primarily from the state's com-



mercial banks, insurance companies, utilities, and manufacturers. The corporation, which will eventually pay investors Indiana state tax exempt dividends, could make its first investments by the end of the year. And while it is too soon to say where the money will actually go, Marion C. Dietrich, CID's president and chief executive officer of Columbus Engine Co. in Columbus, Ind., says CID is particularly interested in finding enterprises that are devising productivity improvement technologies to assist manufacturing industries, such as auto and steel.

**How.** CID must put its money into Indiana start-ups and new federally licensed small business investment companies. Dietrich reports that the corporation also plans to participate in leveraged buy outs.

In creating CID, Indiana joins Connecticut and Massachusetts, among a few other states, in developing programs to make more venture capital available. Since its establishment in 1972, the Connecticut Product Development Corp. (CPDC) has committed about \$5.3 million to finance product development by 32 companies within the state. When these businesses bring products to market, CPDC claims a royalty, which in 1981 amounted to \$219,000. Since 1979, meanwhile, the Massachusetts Technology Development Corp. (MTDC) has invested about \$3.7 million in 16 businesses, helping it says, to make available an additional \$14 million in capital for the companies from private sources.

"Private venture capitalists aren't geared to high-risk investments," says Fred Schmid, president of Crystal Systems Inc., a Salem, Mass., company that recently struck out in its efforts to attract private equity investors. Crystal Systems produces industrial synthetic sapphire crystals, but it needed new capital to develop a silicon product for commercial photovoltaic applications. Although private venture capitalists kept saying no, MTDC agreed to lend Crystal Systems \$250,000 for seven years, in the belief that a market will eventually develop for the product.

What is more, MTDC's loan enabled Crystal Systems to get a larger credit line from its bank and another \$500,000 in long-term credit from another lender. "MTDC's investment showed confidence in the business at a critical time," Schmid says.



**The enterprising states**

While the Reagan Administration's controversial proposal to create urban enterprise zones in depressed areas is still being considered by Congress, a few states are taking matters into their own hands. Regardless of what finally happens in Washington, Connecticut has passed enabling legislation for its own brand of enterprise zones. This fall it will decide which of the state's economically depressed communities will be the new enterprise zones.

Other states, including Virginia and Kentucky, have their own enabling legislation, and still more are looking at enterprise zones to stimulate business and employment. Connecticut's programs, for example, will offer companies state and local property tax relief, as well as \$1,000 grants for each job created. What seems to distinguish Connecticut's plan from those being developed elsewhere is its focus on small businesses.

Such an orientation wasn't accidental. "We're interested in overall development of the zones," says John J. Carson, Connecticut's commissioner of economic development, "so we're targeting small and medium-sized businesses."

Many have criticized the federal enterprise zone plan because it would primarily benefit large corporations that can use tax write-offs. Instead of stimulating new business, this might merely lead to shifts of corporate assets from one side of town to another. Such concern has led small business advocates to suggest that any tax credits be made refundable, to ensure that they are useful to new and small businesses needing cash flow more than tax benefits.

While Connecticut didn't opt for refundable credits, it did establish a new \$1 million loan fund for small companies operating within the zones. The fund will lend a company up to 25% of its fixed or working capital, up to a maximum of \$100,000 for manufacturing concerns and \$50,000 for retailers. It will lend the mon-

ey for seven years at one percentage point higher than the rate of the state's most recent general obligation bond offering.

Connecticut's enterprise zone legislation will also assist small companies with a unique job-voucher system designed to reduce the cost of finding qualified workers. The state labor department will determine which workers qualify for job credits either as zone residents or under the guidelines of the federal Comprehensive Employment Training Act (CETA). Those who do qualify turn vouchers over to the zone employer who hires them, says Carson, thus saving small companies the sometimes hefty cost of screening employees.

**Going for growth in job training**

Job training programs may be coming of age with a new program in Arizona that targets funds for employment in such high-growth industries as electronics and aerospace. Arizona is taking an approach that is different from such states as North and South Carolina, Georgia, and Alabama, where job-training programs have been offered to almost any company willing to set up shop in the state—even when the jobs are in such declining domestic industries as textiles and furniture making. To minimize unemployment problems down the road, Arizona's Office of Economic Planning and Development tries to help only those employers that are apt to generate growth.

The state conducted a major study titled "Opportunities in Arizona for Suppliers of High Technology Manufacturers," which amounted to a series of market studies for a number of industries. Now Arizona can offer job-training subsidies of up to 50% of wages for six months to industries in the state showing the greatest growth potential.

"We're trying to avoid training people for dead-end jobs," says Alton Washington, the state's manpower program manager. He reports that in the program's first year of operation, 8,000 people have been or are being trained by new programs.

Early indications point to satisfaction on the part of the employers. Comtec Economaton Inc., for instance, a maker of electronic quartz crystals, is using the program to train 200 employees in Flagstaff. "It took the state only eight weeks to accept our application for training assistance," says Dave Convery, general manager.

**A shift in tax incentives**

While most state legislatures seek ways to stimulate business through an array of tax incentives, New York has a sharper focus. Eager to spur development of new—particularly high-technology—companies, New York this year began exempting investors in new businesses from capital gains tax payments as long as their money is held in a company for at least six years.

The state has also granted its 6% investment tax credit and its new 10% research and development investment tax credit to new concerns. These measures are meant to provide willing investors and greater cash flow in the early years of a business.

Whether the policy will have its intended impact won't be apparent for some time. The first investment tax credit refunds won't come until next year, and the capital gains exemption won't come into play for four years, when a portion of it becomes available. But an intense lobbying effort by the National Federation of Independent Business to have both measures apply to all small companies suggests that at least some people believe these measures could be significant spurs to investment.

In September 1981, California dropped the capital gains tax on long-term investments in all small independent businesses—except those dealing in tangible assets, such as gems and collectibles. No concrete results are yet evident, but Michael Krieschnick,



director of California's Office of Economic Policy, says, "I've gotten hundreds of calls from lawyers and accountants." Krieschnick plans to conduct a survey this fall to see how the California exemption of capital gains for new small businesses has affected investment decisions.

*David Lin Torff, a New York City-based freelance writer, assisted in the preparation of this section. Counsel for Community Development Inc., a Cambridge, Mass., consulting firm, contributed material.*

HCR 37am  
RELATING TO AN ECONOMIC DEVELOPMENT POLICY.  
SPONSOR: HAYES, ET AL

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Resolves that the Legislature encourage investments and developments in Alaska by:

assisting investors in evaluating project feasibility

identifying constraints to economic development and working to solve problems created by those constraints

provide a stable tax and regulatory climate

encourage "value-added" processing

offer economic development incentives

continue and expand marketing and promotional programs

evaluating long term costs and benefits of projects to the state

Requests an annual report by the Governor indicating progress being made in implementing these policies and suggesting legislation that might accomplish the goals of this resolution.

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

## Senate

### Committee on Resources

#### MINUTES

June 10, 1983  
3:10 p.m.

Beltz Room  
Room 211, Capitol

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#### MEMBERS PRESENT

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

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#### CALENDAR

- HCR 31. Relating to protection and preservation of the Kenai River.
- SB 43 An Act granting homesteads to Alaska citizens; and providing for an effective date.
- SB 102 An Act relating to homesteads; and providing for an effective date.
- HB 130 An Act relating to homesteads; and providing for an effective date.
- HCR 37 Relating to an economic development policy.
- HCR 27 Requesting the state to collect and use information on trapping for land use planning and land disposal.

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#### HCR 31

Representative Fritz, sponsor of HCR 31, explained why the resolution is needed and urged its passage.

Senator Gilman supported the bill, and pointed out that the resolution will not solve the problems of the Kenai River, but will more succinctly identify them.

There was discussion of fiscal notes, the need for a Senate letter of intent, and regulatory power.

Jay Hogan, director of the Office of Management and Budget Governmental Coordination, said the Administration supports the resolution and stated that necessary work could be done between departments with existing funds.

Randy Bayliss, Department of Environmental Conservation, supported the intent of the resolution.

Senator Fahrenkamp said the bill would be held until Monday, 6/13.

#### HB 130, SB 43, and SB 130

Sharon Barton, Department of Natural Resources, explained how a homestead program would fit in with current land disposal programs offered by the State. She addressed the provisions of the proposed committee substitute for HB 130, and recommended a lottery be used to limit the number of stakers in some areas.

Doug Woodby, Alaska Environmental Lobby, encouraged study of whether a homestead program is necessary and urged a restriction on conveyance to limit speculation.

#### HCR 37

Dave Gray, Resource Development Council, supported the resolution.

Senator Sturgulewski moved to report HCR 37 out of committee with individual recommendations. The motion passed without objection.

#### HCR 27

Senator Fahrenkamp said HCR 27 would be held over until Monday.

The meeting was adjourned at 4:00 p.m.

HCR

45

SENATE RESOURCES COMMITTEE  
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: HCR 45

BILL NAME: all terrain vehicles

SPONSOR(S): Gussendorf

RELATED BILLS PENDING:

DATE INTRODUCED: 2/10/84

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:

~~Earl Hanson, Public Safety 4322 - testify~~  
Rep. Gussendorf 3824 - testify  
~~Jim Caplan USFS 586-7447 - answer questions~~  
Nat'l Park Service  
B.L.H.  
Bill Holman, Regional Director of Recreation - testify  
USFS 586-7529  
Public Safety - St. Shrover - answer questions - testify  
John

C I T Y   A N D   B O R O U G H   O F   S I T K A

RESOLUTION NO. 84-246

A RESOLUTION OF THE ASSEMBLY OF THE  
CITY AND BOROUGH OF SITKA, ALASKA  
RECOMMENDING THAT THE STATE OF ALASKA  
REGISTER 3-WHEEL ALL-TERRAIN VEHICLES  
FOR ROAD USE AS IT HAS IN THE PAST

WHEREAS, in the past the Division of Motor Vehicles has treated 3-wheel ATV's as motorcycles and registered them for road use; and

WHEREAS, A.S. 28.035.269(8) defines motorcycles as vehicles having up to 3 wheels and most ATV's fit well within the motorcycle statute; and

WHEREAS, though neither the statutes nor the administrative code have been changed, the Division of Motor Vehicles has unilaterally changed its policy and now treats ATV's as snowmobiles and declares them unfit for road use; and

WHEREAS, not only does this action prohibit ATV's from being used on the highway, but also prohibits their use on many logging roads and Forest Service roads; and

WHEREAS, there is a need for identification of ATV's,

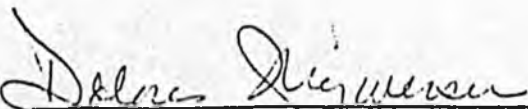
NOW, THEREFORE, BE IT RESOLVED by the Assembly of the City and Borough of Sitka, Alaska as follows:

The State of Alaska is hereby encouraged to again follow its former policy of registering and licensing for road use 3-wheel all-terrain vehicles.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 24th day of JANUARY, 1984.

  
John E. Dapcevich, Mayor

A T T E S T:

  
Dolores Ingwersen, Clerk



United States  
Department of  
Agriculture

Forest  
Service

Region 10

P.O. Box 1628  
Juneau, AK 99802

Reply to: 2350

Date: FEB 27 1984

Honorable Bettye Fahrenkamp  
Alaska Senate  
Pouch V  
Juneau, AK 99811

Dear Ms. Fahrenkamp:

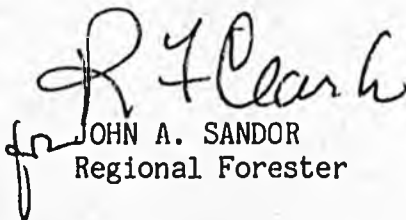
Please refer to House Concurrent Resolution No. 45 which was introduced January 20.

The Resolution states in part that the Forest Service has taken the initial position that All-Terrain Vehicles (ATV) may not use logging roads on Federal land and this prohibition substantially limits the hunting and recreational use of the ATV's.

That is not an accurate statement of Forest Service policy regarding the use of ATV's. Our policy is that ATV's are a legitimate use of the National Forests. Opportunities for ATV use on logging roads; trails, or areas are identified based on public demand, resource consideration, user conflicts, or visitor safety. Please be assured we will maintain opportunities for ATV use within the National Forests of Alaska.

We would be pleased to discuss this matter with you at your convenience.

Sincerely,

  
JOHN A. SANDOR  
Regional Forester



Alaska State Legislature



WHILE IN JUNEAU  
FOUCH V  
JUNEAU, ALASKA  
99811  
907/465-3824  
907/465-4965

REPRESENTATIVE  
BEN GRUSSENDORF  
P.O. BOX 928  
SITKA, ALASKA 99835  
907/747-8458

HOUSE FINANCE COMMITTEE  
SPECIAL COMMITTEE ON FISHERIES

DISTRICT 3  
ELFIN COVE  
PELICAN  
PORT ALEXANDER  
SITKA  
HOONAH  
TENAKEE

House of Representatives

M E M O R A N D U M

TO: Senator Bettye Fahrenkamp, Chair  
Senate Resources Committee

FROM: Rep. ~~Ben~~ Grussendorf

DATE: February 13, 1984

RE: HCR 45

*Catherine  
3824*

Please consider this request for scheduling of HCR 45  
in your committee at your earliest convenience.

~~3/14/84  
Same date as  
water board briefing.  
Belts - 3pm  
Bill may be 3:45 - check back.  
Provide backlogs.~~

FEB 13 1984



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

Pouch Y, State Capitol  
Juneau, Alaska 99811  
(907) 465-3991

December 7, 1983

MEMORANDUM

TO: Representative Ben Grussendorf  
FROM: Nancy Pease *Nancy Pease*  
Legislative Analyst  
RE: Regulation of All-Terrain Vehicles  
Research Request 83-252

Kate Tesar of your office requested information on the regulation of all-terrain vehicles (ATVs) in other western states. She asked if other western states license ATVs, particularly three-wheelers, and where other states allow ATVs to drive.

Registration Requirements

Regulations for registering ATVs in the western states distinguish between on-road and off-road driving. While few western states require registration of ATVs for off-road use, all but one have strict criteria for licensing ATVs for operation on public roads.

On-road licensing. Of the twelve western states I contacted<sup>1</sup>, eleven states require that all-terrain vehicles be equipped to meet the safety requirements for standard motor vehicles in order to qualify for a street license. The exception is California, which prohibits any operation of off-road vehicles on its highways and improved roadways.

In most of the western states, the registration of ATVs for on-road use is handled in a similar manner: the vehicle must pass an inspection; the owner must submit an application and title; and the owner must pay a registration fee. Idaho's street-licensing policy is more restrictive than the norm, Idaho will only license the larger dune buggy-type ATVs, and only if they pass the inspection for operational and safety equipment required for highway travel. Most western states, including Oregon, Montana, Nevada, Arizona, New Mexico and Texas, will license properly equipped three-wheelers and dirt bikes under the classification of motor-driven cycles.

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<sup>1</sup>Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington, Wyoming.

Off-road licensing. Of the twelve western states I surveyed, seven states do not require ATVs to be licensed for off-road use. Three states--Washington, California and Utah--require registration of all ATVs for off-road use. Two other states--New Mexico and Texas--require registration of two- and three-wheeled vehicles for off-road use. In none of these states does registration of an ATV for off-road use qualify the ATV to be driven on public roads. In the three states that register all ATVs, the registration fees are channeled to the state parks and recreation departments to help fund off-road motor recreation programs.

California refers to its registration of off-road vehicles as an identification program. All ATVs, motorcycles, dune buggies, jeeps, snow-machines and similar recreational vehicles are required to apply for and display identification plates issued by the Department of Motor Vehicles. Requirements include: completion of an application; evidence of ownership, or a bond to protect future owners or claimants against false title; a service fee, a special fee, and an in-lieu-of-tax fee. In Utah, the requirements for registration are a bill of sale or a notarized affidavit of ownership, and a \$5.00 fee. Colorado recently dropped its registration requirement when the number of vehicles registering began to decline and the \$5 fee no longer covered the costs of the program.

In both New Mexico and Texas, two- or three-wheeled motor vehicles with a saddle for the rider are classified as motorcycles, and are registered whether they are intended for on-road or off-road use. Again, registration does not necessarily qualify a two- or three-wheeler for use on public roads.

Alaska's registration policy. In Alaska, registration of ATVs is not required for off-road use.<sup>2</sup> Large ATVs may operate on public roads if they meet the equipment standards for highway travel and are licensed in a street vehicle classification. However, Alaska statutes permit the State Division of Motor Vehicles (DMV) to refuse to register a vehicle that it determines to be mechanically unsafe to be driven on a highway or other public property<sup>3</sup>, and that includes some ATVs.

Ken Simpson, registrar for the DMV, explained that three-wheelers are not engineered for street use, a limitation that the manufacturers

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<sup>2</sup>Ken Simpson, Registrar with the State of Alaska Division of Motor Vehicles; telephone conversation on December 1, 1983.

<sup>3</sup>AS 28.10.031.

prominently mention on the manufacturer's certificate-of-origin. According to Mr. Simpson, even if owners outfit their three-wheelers with the basic safety equipment, the vehicles still do not meet DMV's standards for highway travel. The Alaska DMV will register three-wheelers only as snow vehicles.<sup>4</sup> However, there is little freedom of operation to be gained by registering a three-wheeler as a snow vehicle since snow vehicles are restricted by the same state regulations as other off-highway vehicles.<sup>5</sup> Registration will allow a three-wheeler to operate in areas specially designated for snowmachine recreation.

ATVs other than three-wheelers, depending upon their design and construction, may qualify for street licenses as motor-driven cycles. Motor-driven cycles must meet certain specifications for headlights, tail lights, stop and turn lights, reflectors, brakes, handgrips, foot-rests, handlebars, rider protection gear, and other equipment.<sup>6</sup>

#### Restrictions on ATV Use

Unless ATVs are licensed as street vehicles, they are banned from operating on most highways and public roadways throughout the western states. Some of the states designate by statute which roads or right-of-ways are open to ATVs, and delegate to local governments the authority to further regulate ATV operation in areas within their respective jurisdictions.

California and Oregon provide two examples of restrictions on ATV use in other states. California prohibits by statute off-highway motor vehicles from traveling under their own power on California highways or in highway corridors except to cross quickly at a 90° angle at a designated or safe crossing.<sup>7</sup> The state regulates ATV operation on fire trails, logging roads, service roads, or other roughly graded trails and roads upon which vehicular travel by the public is permitted.

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<sup>4</sup>AS 05.30.120. Definition: "snow vehicle" means a vehicle propelled by mechanical power, supported in part by skis, belts, cleats, or low pressure tires, and primarily designed to travel over ice or snow. (§ 1 ch 182 SLA 1968).

<sup>5</sup>13 Alaska Administrative Code 02.430- 02.455. Article 10: Special Rules for Snowmobiles and Other Off-Highway Vehicles.

<sup>6</sup>13 Alaska Administrative Code 04.330- 04.355. Equipment on Motorcycles, Motor-driven Cycles and Bicycles.

<sup>7</sup>CA § 38025: Off-highway vehicles; operation on highway.

The state requires that off-road vehicles operating in these public corridors comply with state statutes for registration, identification, and movement near and across highways. In addition, off-road vehicle drivers in these areas must obey state rules for safety equipment and safe handling of their vehicles as listed in the California Administrative Code and State Vehicle Code.<sup>8</sup> The State of California does not exercise control over ATVs operated on private lands where the owner has granted permission for motor vehicles to operate, or in privately owned and maintained parking facilities that are generally open to the public.<sup>9</sup>

In contrast, Oregon does not statutorily restrict the areas in which ATVs may operate. In fact, Oregon statutes specify that certain beaches, dunes, and other public lands in its coastal counties are open to ATVs as long as the vehicles are fitted with safety equipment. Otherwise, individual state agencies have the authority to regulate the operation of ATVs on most state lands<sup>10</sup>. For example, the state's Parks and Recreation Branch has closed all of Oregon's state parks to off-road vehicles, while the State Forestry Division has opened all of the state forests (totaling 786,000 acres) except when the danger of forest fires is high. Management of ATVs is further decentralized in Oregon by the state's authorization of local governments to regulate ATV operation on hard-surfaced roads under their respective jurisdictions.

As you may know, Alaska regulations prohibit ATVs from operating on all highways and roadway, and within some road right-of-ways unless these corridors are designated for ATV use (see attachment A). The statutes allow the state agency or local government with authority over a particular highway or roadway to further authorize or restrict ATV driving on that highway. Snow vehicles may be regulated locally by any city or organized borough.

#### Providing Opportunities for ATV Use

The degree to which the western states have become involved in providing for ATV recreation varies considerably from state to state. Some states have chosen not to develop state sites or programs for off-road vehicle use; some states have responded in limited ways to the public's ATV

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<sup>8</sup>Jack Stowe, Off-highway Motor Vehicle Division of the California Parks and Recreation Department; telephone conversation.

<sup>9</sup>CA § 38007: Off-highway vehicles; applicability of provisions.

<sup>10</sup>ORS 483.833-483.847: Off-road vehicles.

interests; and finally, some states have developed comprehensive programs to control and enhance off-road vehicle recreation.

Limited State Involvement. Arizona, Montana, New Mexico, and Nevada rely on the federal and local governments to provide and supervise public areas for off-road vehicle (ORV) recreation. Recreation specialists in all of these states cited the Bureau of Land Management and the U.S. Forest Service as the agencies chiefly responsible for opening public lands to ATVs. None of these states has designated more than two or three sites on state land for off-road vehicle recreation.

These states have chosen not to actively manage off-road vehicle recreation for a number of reasons. In Montana and Arizona, damage to terrain, trails, and wildlife caused by ATVs has dissuaded authorities from opening state lands to ATVs. Other states desire to foster responsible ATV use by designating state recreation sites but lack the resources to do so. In Nevada, public interest in ATV recreation is high and climbing, but the state does not own the land to begin an off-road program. According to a survey by the Nevada Division of Parks and Recreation, 70 percent of all families in Nevada own a recreation vehicle. However, according to Connie Sparbell of the Division of Parks and Recreation, the state legislature has regarded the management of off-road recreation as a federal problem, as the federal government owns 86 percent of the land in Nevada and because most state and private land is near urban centers where ATVs may prove disruptive.

Moderate State Involvement. Some states have responded to high public use of ATVs by designating special areas for ATV recreation, usually in cooperation with federal land management agencies. One example is the opening to ATVs of some of Oregon's state-managed beaches that adjoin federally owned coastal land where ATV driving had become popular. A spokesman for the Oregon Recreation Department, Mr. Johansen, reported that there is little need for extensive state involvement in ATV recreation in Oregon. According to Mr. Johansen, free rein for ATVs on most of the federally owned open lands in his state has obviated public interest in development of state ATV parks or recreation programs.

Another instance of partial state involvement in ATV recreation is Wyoming's cooperation with the Bureau of Land Management to operate snowmachine areas on BLM land. The State of Wyoming registers snowmachines and during the winter uses the fees to groom and patrol trails on BLM land.

Active State Involvement. Some western states have developed comprehensive programs to manage off-road recreation vehicles. The most successful programs (in terms of scope and public participation) involve establishment of an off-highway vehicle fund through registration fees and/or

state fuel taxes, and dispersal of this fund to federal, state, county, and local agencies for the development, maintenance, and supervision of off-road recreation sites and programs.

Greg Lovelady, Outdoor Recreation Advisor for the Interagency Committee for Outdoor Recreation in Washington, explained his state's program. Since 1972, Washington has operated a fund for off-road recreation. The fund receives 1 percent of the state fuel tax<sup>11</sup> and the registration fees for off-road vehicles. Approximately \$1 million per year is distributed from the fund to public agencies interested in supporting ORV recreation. (Other money is dispersed for maintenance of logging roads and other services related to off-highway, but not necessarily ATV/ORV, recreation.) Some state agencies, such as the Department of Natural Resources, receive a direct appropriation.

Other public agencies submit grant applications to the Interagency Committee. Grants are awarded for six types of projects considered supportive of ORV/ATV recreation: education, enforcement, maintenance, operation, and development and acquisition of sites. Most grants are for 100 percent of the requested amount, and the Interagency Committee monitors the spending of each grant to assure that the approved spending plan is followed. Mr. Lovelady added that the current system, in effect since 1977, is more efficient than a previous block grant system.

Mr. Lovelady mentioned the existence of similar grant and aid programs in California, Idaho, Colorado, and Utah, as well as in several eastern states. California's is probably the largest of these programs. Funds for their program are derived from off-highway vehicle (OHV) registration and identification, from fees collected at state OHV areas, and from fines and forfeitures from OHV infractions. These funds are deposited in the Off-Highway Vehicle Fund, from which the California Department of Parks and Recreation disperses approximately \$10 million annually.

The California fund has helped to establish and maintain 92 major, public off-highway vehicle recreation areas in California; seven state-managed areas; fifteen areas managed by counties, cities, or recreation districts; 43 areas managed by the U.S. Forest Service; and 27 areas managed by the Bureau of Land Management. At least 59 of these areas are open to ATVs.

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<sup>11</sup>According to Mr. Lovelady, a 1974 study showed that 4-1/2 percent of the fuel burned annually in Washington is burned for off-road travel. The legislature has appropriated 1 percent of the fuel tax for off-highway vehicle recreation.

Representative Grussendorf  
December 7, 1983  
Page 7

I have attached to this memo a copy of California's Off-Highway Motor Vehicle Recreation Act of 1982 (see Attachment B) which provides the details of California's current program.

\* \* \*

I hope this has given you a broad view of how western states manage the use of all-terrain and other off-road vehicles. If you would like more information about the grant and aid programs, we would be happy to make available to you the materials we have collected. Please let us know if you have further questions.

NP

Attachments

California  
Assembly Bill No. 2397

## CHAPTER 994

An act to amend Sections 5001.8, 5006.4, 5006.41, 5006.45, 5006.47, 5006.48, 5019.56, 5070.5, 5071, and 5071.7 of, to add Chapter 1.25 (commencing with Section 5090.01) to Division 5 of, and to repeal Division 7.8 (commencing with Section 8700) of, the Public Resources Code, and to amend Sections 38001 and 42204 of, and to amend, repeal, and add Section 38225 of, the Vehicle Code, relating to off-highway vehicles, and making an appropriation therefor.

[Approved by Governor September 13, 1982. Filed with Secretary of State September 14, 1982.]

## LEGISLATIVE COUNSEL'S DIGEST

AB 2397, Young. Off-highway vehicles.

(1) Under the Off-Highway Vehicle Recreation Act of 1980, there is created in the Department of Parks and Recreation the Office of Off-Highway Motor Vehicle Recreation which has jurisdiction over, and provides funding of, off-highway motor vehicle areas.

This bill would repeal that act and would enact the Off-Highway Motor Vehicle Recreation Act of 1982. The bill would create the Off-Highway Motor Vehicle Recreation Commission and the Division of Off-Highway Motor Vehicle Recreation in the Department of Parks and Recreation and prescribe their powers and duties with respect to the State Vehicular Recreation Area and Trail System. The bill would authorize the department to contract with private concessionaires or with other public or private entities, to plan, develop, and manage units of the system. The bill would transfer to the system existing state park system properties acquired by the department with money from the Off-Highway Vehicle Fund. Provisions prescribing the sources of moneys in and the allocation of moneys from the Off-Highway Vehicle Fund would be operative July 1, 1983. The bill would require the Auditor General to prepare and submit a program performance audit report to the Legislature on the implementation and operation of the Off-Highway Vehicle Recreation Act of 1982 by October 1, 1984.

Those provisions of the bill would be repealed on January 1, 1988.

(2) Under existing law, state recreation units of the state park system are classified into various categories, including state vehicular recreation areas, by the State Park and Recreation Commission.

This bill would delete the classification of state vehicular recreation areas.

(3) The bill would also make technical and conforming changes.

(4) The bill would make an appropriation by authorizing new use of money in the Off-Highway Vehicle Fund, which is a continuously appropriated fund. Unencumbered money in that fund would be

transferred to the General Fund on January 1, 1988.

Appropriation: yes.

*The people of the State of California do enact as follows:*

SECTION 1. Section 5001.8 of the Public Resources Code is amended to read:

5001.8. (a) The use of motor vehicles in units of the state park system is subject to the following limitations:

(1) In state wildernesses, natural preserves, and cultural preserves, use is prohibited.

(2) In state parks, state reserves, state beaches, wayside campgrounds, and historical units, use is confined to paved areas and other areas specifically designated and maintained for normal ingress, egress, and parking.

(3) In state recreation areas, use is confined to specifically designated and maintained roads and trails.

(b) The use of motor vehicles on lands in the state vehicular recreation area and trail system is confined to areas and routes designated for that purpose.

SEC. 2. Section 5006.4 of the Public Resources Code is amended to read:

5006.4. (a) The department may acquire, on behalf of the state, a fee or lesser interest in real and personal property located near Hollister in San Benito County for the state park system. If the property is leased, the lease shall be for such term and for such consideration as is mutually agreed upon by and between the director and the lessor, and with the rental to be paid by the department. Any interest acquired pursuant to this section shall be subject to the provisions of the Property Acquisition Law (Part 11 (commencing with Section 15850) of Division 3 of Title 2 of the Government Code). With respect to lands subject to the grantor's reservation of oil and gas and mineral rights, the proviso contained in Section 5019 shall not apply.

(b) The department shall carry out a program in that unit of development, maintenance, administration, and conservation of trails and areas for the recreational use of off-highway vehicles and for other related state park system purposes. Areas for the recreational use of off-highway vehicles shall be administered pursuant to Chapter 1.25 (commencing with Section 5090.01).

Any fees, rentals, or other returns collected by the department in its administration of the unit shall be paid into the State Treasury to the credit of the Off-Highway Vehicle Fund.

SEC. 3. Section 5006.41 of the Public Resources Code is amended to read:

5006.41. The department may enter into agreements with the Department of Water Resources and the Department of Fish and Game to plan, develop, and administer real and personal property

located in the vicinity of Oroville. The department shall carry out a program in that unit of development, maintenance, administration, and conservation of trails and areas for the recreational use of off-highway vehicles. Areas for the recreational use of off-highway vehicles shall be administered pursuant to Chapter 1.25 (commencing with Section 5090.01).

Any fees, rentals, or other returns collected by the department in its administration of the unit shall be paid into the State Treasury to the credit of the Off-Highway Vehicle Fund.

SEC. 4. Section 5006.45 of the Public Resources Code is amended to read:

5006.45. (a) Notwithstanding any other provision of law, the Director of General Services may acquire, on behalf of the state, a fee or lesser interest in such real and personal property located in the vicinity of Ocotillo Wells in San Diego County as is designated in writing to the Director of General Services by the Director of Parks and Recreation. If the property is leased, the lease shall be for such term and for such consideration as is mutually agreed upon by and between the Director of General Services and the lessor, and with the rental to be paid by the Department of Parks and Recreation.

(b) Prior to making any acquisition:

(1) The Director of Parks and Recreation shall recommend to the State Park and Recreation Commission his designation of lands presently owned by the department to be included in the vehicular recreation area provided in subdivision (d), and no acquisition may be made unless and until the commission has concurred in that designation.

(2) The director shall conduct at least one public hearing in San Diego County regarding the designation of lands presently owned by the department to be included in the vehicular recreation area. The director shall consider and be guided by testimony presented at the hearing.

(c) Any interest acquired pursuant to this section shall be subject to the provisions of the Property Acquisition Law (Part 11 (commencing with Section 15850) of Division 3 of Title 2 of the Government Code). The proviso in Section 5019 shall not apply to any property acquired pursuant to this section that is subject to a reservation of oil and mineral rights if the Director of Parks and Recreation finds that the proposed prospecting or extraction of oil and minerals will not unreasonably interfere with the use of the property or adjoining property for recreation and if the grantor or lessor of the surface of the property, if other than the state or the holder of such a reservation, consents to the proposed prospecting or extraction.

(d) Upon acquisition of the interest, the Director of General Services shall forthwith transfer the interest to the jurisdiction of the department, which shall administer the property as a unit of the state park system. The department shall carry out a program in that unit

of development, maintenance, administration, and conservation of trails and areas for the recreational use of off-highway vehicles and for other related state park system purposes. Areas for the recreational use of off-highway vehicles shall be administered pursuant to Chapter 1.25 (commencing with Section 5090.01).

(e) Any fees, rentals, or other returns collected by the department in its administration of the unit shall be paid into the State Treasury to the credit of the Off-Highway Vehicle Fund.

(f) The Director of Parks and Recreation shall review, and report annually to the State Park and Recreation Commission regarding, the development, maintenance, administration, and public usage of the vehicular recreation area and its success, effects on the environment, and appropriateness as a unit of the state park system.

SEC. 5. Section 5006.47 of the Public Resources Code is amended to read:

5006.47. (a) Notwithstanding any other provision of law, the Director of General Services may acquire, on behalf of the state, a fee or lesser right or interest in such real and personal property in the Counties of Los Angeles and Ventura located in the vicinity of Gorman and commonly known as Hungry Valley as is designated in writing by the Director of Parks and Recreation to the Director of General Services. If the property is leased, the lease shall be for such term and for such consideration as is mutually agreed upon by and between the Director of General Services and the lessor, and consented to by the Director of Parks and Recreation, and with rent to be paid by the Department of Parks and Recreation.

(b) Any interest in property acquired pursuant to this section shall be subject to the provisions of the Property Acquisition Law (Part 11 (commencing with Section 15850) of Division 3 of Title 2 of the Government Code). The proviso in Section 5019 shall not apply to any property acquired pursuant to this section that is subject to a reservation of oil and mineral rights if the Director of Parks and Recreation finds that the proposed prospecting or extraction of oil and minerals will not unreasonably interfere with the use of the property or adjoining property for recreation and if the grantor or lessor of the surface of the property, if other than the state or the holder of such a reservation, consents to the proposed prospecting or extraction.

(c) Upon acquisition of the property, the Director of General Services shall transfer jurisdiction over the property to the Department of Parks and Recreation, which shall administer the property as a unit of the state park system. The 51st District Agricultural Association may propose a name for the unit. The department shall carry out a program in that unit of planning, development, construction, maintenance, administration, and conservation of trails and areas for the recreational use of off-highway vehicles and for other related purposes of the state park system. Areas for the recreational use of off-highway vehicles shall be

administered pursuant to Chapter 1.25 (commencing with Section 5090.01). The 51st District Agricultural Association may use the land and facilities within the unit for a fair oriented to off-highway vehicles for not more than 10 days each year if the Director of Parks and Recreation approves that use. The director may impose such terms and conditions upon such use as the director deems necessary and proper. The dates of that use shall be selected each year prior to January 1 and shall be subject to the approval of the Director of Parks and Recreation.

(d) If the Director of General Services determines that it is necessary, in order to purchase the property, to offer to the person from whom it is being purchased an option to lease back all or part of the property, the director may make such an offer if the Director of Parks and Recreation determines at the time of the purchase that the property is not then needed for the purposes of the state park system and will not be needed for the term of the lease thus offered. At any time after the option expires, the Director of General Services may offer, under competitive bidding procedures, all or part of the property for lease if the Director of Parks and Recreation determines at that time it is not then needed for the purposes of the state park system and will not be needed for the term of the lease to be offered. Any lease entered into pursuant to this section shall be subject to Section 15862 of the Government Code. Notwithstanding the provisions of Section 15863 of the Government Code, all rent accruing from any such lease after jurisdiction over the property is transferred to the Department of Parks and Recreation pursuant to subdivision (c) shall be paid into the State Treasury to the credit of the Off-Highway Vehicle Fund and shall be available for expenditure only for the purposes specified in subdivision (b) of Section 5090.61.

(e) Any fees or other returns collected by the department in its administration of the unit shall be paid into the State Treasury to the credit of the Off-Highway Vehicle Fund and shall be available for expenditure only for the purposes specified in subdivision (b) of Section 5090.61.

SEC. 6. Section 5006.48 of the Public Resources Code is amended to read:

5006.48. (a) Notwithstanding any other provision of law, the Director of General Services may acquire, on behalf of the state, a fee or lesser right or interest in real and personal property in the Counties of Alameda and San Joaquin located approximately 10 miles east of the City of Livermore and commonly known as the Carnegie Cycle Park. If the property is leased, the lease shall be for such term and for such consideration as is mutually agreed upon by and between the Director of General Services and the lessor, and consented to by the Director of Parks and Recreation, and with rent to be paid by the Department of Parks and Recreation.

(b) Any interest in property acquired pursuant to this section shall be subject to the provisions of the Property Acquisition Law

(Part 11 (commencing with Section 15850) of Division 3 of Title 2 of the Government Code).

(c) Upon acquisition of the property, the Director of General Services shall transfer jurisdiction over the property to the Department of Parks and Recreation, which shall administer the property as a unit of the state park system. The Department of Parks and Recreation shall carry out a program in that unit of planning, development, construction, maintenance, administration, and conservation of trails and areas for the recreational use of off-highway vehicles and for other related purposes of the state park system. Areas for the recreational use of off-highway vehicles shall be administered pursuant to Chapter 1.25 (commencing with Section 5090.01).

(d) The Director of General Services may offer, under competitive bidding procedures, all or part of the property for lease if the Director of Parks and Recreation determines at that time it is not then needed for the purposes of the state park system and will not be needed for the term of the lease to be offered. Any lease entered into pursuant to this section shall be subject to Section 15862 of the Government Code. Notwithstanding the provisions of Section 15863 of the Government Code, all rent accruing from any such lease after jurisdiction over the property is transferred to the Department of Parks and Recreation pursuant to subdivision (c) shall be paid into the State Treasury to the credit of the Off-Highway Vehicle Fund and shall be available for expenditure only for the purposes specified in subdivision (b) of Section 5090.61.

(e) Any fees or other returns collected by the Department of Parks and Recreation in its administration of such unit shall be paid into the State Treasury to the credit of the Off-Highway Vehicle Fund and shall be available for expenditure only for the purposes specified in subdivision (b) of Section 5090.61.

SEC. 7. Section 5019.56 of the Public Resources Code is amended to read:

5019.56. State recreation units consist of areas selected, developed, and operated to provide outdoor recreational opportunities. The units shall be designated by the commission by naming, in accordance with the provisions of Article 1 (commencing with Section 5001) and this article relating to classification.

In the planning of improvements to be undertaken within state recreation units, consideration shall be given to compatibility of design with the surrounding scenic and environmental characteristics.

State recreation units may be established in the terrestrial or underwater environments of the state and shall be further classified as one of the following types:

(a) State recreation areas, consisting of areas selected and developed to provide multiple recreational opportunities to meet other than purely local needs. The areas shall be selected for their

having terrain capable of withstanding extensive human impact and for their proximity to large population centers, major routes of travel, or proven recreational resources such as manmade or natural bodies of water. Areas containing ecological, geological, scenic, or cultural resources of significant value shall be preserved within state wildernesses, state reserves, state parks, or natural or cultural preserves.

Improvements may be undertaken to provide for recreational activities, including, but not limited to, camping, picnicking, swimming, hiking, bicycling, horseback riding, boating, waterskiing, diving, winter sports, fishing, and hunting.

Improvements to provide for urban or indoor formalized recreational activities shall not be undertaken within state recreation areas.

(b) Underwater recreation areas, consisting of areas in the underwater environment selected and developed to provide surface and subsurface water-oriented recreational opportunities, while preserving basic resource values for present and future generations.

(c) State beaches, consisting of areas with frontage on the ocean, or bays designed to provide swimming, boating, fishing, and other beach-oriented recreational activities. Coastal areas containing ecological, geological, scenic, or cultural resources of significant value shall be preserved within state wildernesses, state reserves, state parks, or natural or cultural preserves.

(d) Wayside campgrounds, consisting of relatively small areas suitable for overnight camping and offering convenient access to major highways.

SEC. 8. Section 5070.5 of the Public Resources Code is amended to read:

5070.5. The Legislature hereby declares that it is the policy of the state to:

(a) Increase accessibility and enhance the use, enjoyment, and understanding of California's scenic, natural, historic, and cultural resources.

(b) Encourage hiking, horseback riding, and bicycling as important contributions to the health and welfare of the state's population

(c) Provide for the use of recreational trails by physically disabled persons, the elderly, and others in need of graduated trails with special safety features, particularly in conjunction with heritage corridors.

(d) Increase opportunities for recreational boating on designated waterways.

(e) Increase opportunities for use of recreational vehicles in designated areas and trail corridors pursuant to Chapter 1.25 (commencing with Section 5090.01).

(f) Provide for the development and maintenance of a statewide system of recreational and interpretive trails, including heritage

corridors.

(g) Increase the recreational and educational use of public roads by developing guides, maps, and other interpretive materials concerning significant historical, agricultural, scenic, and other resource areas.

(h) Encourage the development by cities, counties, districts, and private groups of recreational and interpretive trails, including heritage corridors.

SEC. 9. Section 5071 of the Public Resources Code is amended to read:

5071. The plan shall contain, but shall not be limited to, the following elements:

- (a) Pedestrian trails.
- (b) Bikeways.
- (c) Equestrian trails.
- (d) Boating trails.
- (e) Trails and areas suitable for use by physically disabled persons, the elderly, and others in need of graduated trails, especially along designated heritage corridors.
- (f) Cross-country skiing trails.
- (g) Heritage corridors.

SECTION 1. Section 5071.7 of the Public Resources Code is amended to read:

5071.7. (a) In planning the system, the director shall consult with and seek the assistance of the Department of Transportation. The Department of Transportation shall plan and design those trail routes that are in need of construction contiguous to state highways and serve both a transportation and a recreational need.

The Department of Transportation shall install or supervise the installation of signs along heritage corridors consistent with the plan element developed pursuant to this section and Section 5073.1; provided, however, that it shall neither install nor supervise the installation of these signs until it determines that it has available to it adequate volunteers, funds, or a combination thereof, to install or supervise the installation of the signs, or until the Legislature appropriates sufficient funds for the installation or supervision of installation, whichever occurs first.

(b) The element of the plan relating to boating trails and other elements of the system which are oriented to waterways shall be prepared and maintained by the Department of Boating and Waterways pursuant to Article 2.6 (commencing with Section 68) of Chapter 2 of Division 1 of the Harbors and Navigation Code. Those elements shall be integrated with the California Protected Waterways Plan developed pursuant to Chapter 1273 of the Statutes of 1968, and shall be planned so as to be consistent with the reservation of rivers of the California Wild and Scenic Rivers system, as provided in Chapter 1.4 (commencing with Section 093.50) of this division.

(c) On and after January 1, 1983, any element of the plan relating to trails and areas for the use of off-highway motor vehicles shall be prepared and maintained by the Division of Off-Highway Motor Vehicle Recreation pursuant to Chapter 1.25 (commencing with Section 5090.01).

(d) In planning the system, the director shall consult with and seek the assistance of the Department of Rehabilitation to assure that adequate provision is made for the use of recreational trails, including heritage corridors by physically disabled persons.

SEC. 11. Chapter 1.25 (commencing with Section 5090.01) is added to Division 5 of the Public Resources Code, to read:

#### CHAPTER 1.25. OFF-HIGHWAY MOTOR VEHICLE RECREATION

##### Article 1. General Provisions

5090.01. This chapter shall be known and may be cited as the Off-Highway Motor Vehicle Recreation Act of 1982.

5090.02. (a) The Legislature finds that off-highway motor vehicles are enjoying an ever-increasing popularity in California and that the indiscriminate and uncontrolled use of those vehicles may have a deleterious impact on the environment, wildlife habitats, native wildlife, and native flora.

(b) The Legislature hereby declares that adequate facilities for the use of off-highway vehicles are essential to the maintenance of a desirable ecological balance.

(c) Accordingly, it is the intent of the Legislature that:

(1) Existing off-highway motor vehicle recreational facilities be expanded in a manner consistent with this chapter.

(2) New off-highway motor vehicle recreational facilities be provided pursuant to this chapter.

(3) Implementation of the Off-Highway Motor Vehicle Recreation Program have high priority within the Department of Parks and Recreation and prompt and effective implementation of the program be the principal objective of the Division of Off-Highway Motor Vehicle Recreation.

(4) Off-highway motor vehicle recreation be furthered through financial assistance to local government and joint undertakings with agencies of the United States.

(5) Maintenance of state vehicular recreation areas and trails be improved, development and construction be accelerated, and operations be expanded.

5090.03. Unless the context otherwise requires the definitions in this article govern the construction of this chapter.

5090.04. "Commission" means the Off-Highway Motor Vehicle Recreation Commission.

5090.05. "Division" means the Division of Off-Highway Motor Vehicle Recreation of the Department of Parks and Recreation.

5090.06. "Fund" means the Off-Highway Vehicle Fund created by subdivision (b) of Section 38225 of the Vehicle Code.

5090.07. "Off-highway motor vehicle" means an off-highway motor vehicle as defined in Section 38006 of the Vehicle Code.

5090.08. "Program" means the Off-Highway Motor Vehicle Recreation Program.

5090.09. "System" means the State Vehicular Recreation Area and Trail System.

5090.10. The Auditor General shall prepare and submit a program performance audit report to the Legislature on or before October 1, 1984, on the implementation of this chapter. The report shall include recommendations for legislation deemed necessary by the Auditor General.

## Article 2. Off-Highway Motor Vehicle Recreation Commission

5090.15. There is in the department the Off-Highway Motor Vehicle Recreation Commission, consisting of seven members, three of whom shall be appointed by the Governor, two of whom shall be appointed by the Senate Rules Committee, and two of whom shall be appointed by the Speaker of the Assembly.

Whenever any reference is made to the State Park and Recreation Commission pertaining to a duty, power, purpose, responsibility, or jurisdiction of the State Park and Recreation Commission with respect to the State Vehicular Recreation Area and Trail System, as established by this chapter, it shall be deemed to be a reference to, and to mean, the Off-Highway Motor Vehicle Recreation Commission.

5090.16. The members of the commission shall have experience and background consistent with the functions, duties, and responsibilities of the commission. In making appointments to the commission, the Governor, Senate Rules Committee, and Speaker of the Assembly shall consider the places of residence of the members of the commission in order to assure statewide representation.

5090.17. The terms of the members of the commission shall be four years, except that the members first appointed to the commission shall classify themselves by lot so that the term of three members expire January 15, 1984, the term of two members shall expire January 15, 1985, and the term of two members shall expire January 15, 1986.

5090.18. In case of any vacancy in the membership of the commission, the appointing authority of the vacating member shall appoint a successor member for the unexpired portion of the term.

5090.19. The members of the commission shall elect a chairman from their number who shall serve as chairman for one year and until his or her successor is elected.

5090.20. The director is the secretary of the commission.

5090.21. Members of the commission shall serve without

compensation, but shall be reimbursed for actual and necessary expenses, including travel expenses, incurred in the performance of their duties.

5090.22. The chairman of the commission may appoint committees composed of members of the commission and prescribe the jurisdiction of each.

5090.23. The commission shall establish policies for the guidance of the director and the division regarding all aspects of the system and the program.

5090.24. The commission shall have the following particular duties and responsibilities:

(a) Be fully informed regarding all governmental activities affecting the program.

(b) Meet from time to time at various locations throughout the state to receive comments on the implementation of the program.

(c) Consider, upon the request of any owner or tenant, whose property is in the vicinity of any land in the system, any alleged adverse impacts occurring on that person's property from the operation of off-highway motor vehicles and recommend to the division suitable measures for the prevention of any adverse impact determined by the commission to be occurring.

(d) Review and comment annually to the director on the proposed budget of expenditures from the fund.

(e) Review and approve all capital outlay expenditures from the fund proposed for inclusion in the budget.

(f) Report annually to the Legislature, the Governor, appropriate agencies of government, off-highway motor vehicle users and user groups, and the general public regarding the status of the program and the status of off-highway motor vehicle recreation generally.

## Article 3. Division of Off-Highway Motor Vehicle Recreation

5090.30. There is in the department the Division of Off-Highway Motor Vehicle Recreation. Whenever any reference is made to the Office of Off-Highway Motor Vehicle Recreation, it shall be deemed to be a reference to, and to mean, the division. Section 5070.1 does not apply to the division.

5090.31. The division shall be under the direction of a deputy director appointed by the director. The deputy director shall have no responsibilities other than directing and managing the division and the program.

5090.32. All of the following functions, duties, and responsibilities of the department shall be performed exclusively by the division:

(a) The planning, acquisition, development, construction, and conservation of lands in and for the system.

(b) The direct management, maintenance, administration, and operation of lands in the system.

(c) Management of the fund.

(d) The implementation of all aspects of the program.

5090.33. The division shall have the following particular duties and responsibilities:

(a) The implementation of the policies established by the commission.

(b) Provision of staff assistance to the commission.

(c) Preparation of plans for lands in, or proposed to be included in, the system; provided, however, that no plan shall be prepared in any instance specified in subdivision (c) of Section 5002.2.

(d) The conduct of surveys and the preparation of studies that are necessary or desirable for furthering the program.

(e) The recruitment and utilization of volunteers to further the program.

5090.34. Under the direction of the commission, the division shall publish a guidebook, including the text of this chapter, other laws and regulations relating to the program, and maps of areas and trails for the system. The guidebook may include other public areas, trails, and facilities for the use of off-highway motor vehicles. The guidebook shall include information regarding the responsibility of users of the system and shall set forth pertinent laws, rules, and regulations, including particular provisions and other information intended to prevent trespass and damage to public and private property. The guidebook shall be prepared at minimal cost to facilitate the broadest possible distribution and shall be offered for sale at a price sufficient to meet all costs of preparation, printing, and distribution.

5090.35. The protection of public safety, the appropriate utilization of lands in the system, and the conservation of land resources in the system are of the highest priority in the management of the system; and, accordingly, the division shall promptly repair and continuously maintain areas and trails, anticipate and prevent accelerated and unnatural erosion to the extent possible, and restore lands damaged by erosion.

5090.36. The division may enter into contracts with concessionaires and cooperative agreements with other public agencies, pursuant to procedures specified in this division, for the care, maintenance, and control of lands in the system.

#### Article 4. State Vehicular Recreation Area and Trail System

5090.40. The system consists of the following lands:

(a) Carnegie, Clay Pit, Hollister Hills, Hungry Valley, Pismo Dunes, and Ocotillo Wells State Vehicular Recreation Areas, exclusive of the lands designated in Section 5090.41.

(b) Any lands added to the state vehicular recreation areas listed in subdivision (a).

(c) New state vehicular recreation areas.

(d) State vehicular recreational trails, including vehicular

recreational trails that are under the jurisdiction of another governmental agency that has authorized their designation as components of the system.

5090.41. The following lands within the boundaries of the state vehicular recreation areas listed in subdivision (a) of Section 5090.40 are part of the state park system:

(a) Sixty acres classified as natural preserve and 830 acres classified as cultural preserve at Hungry Valley State Vehicular Recreation Area. The division shall continue the management of 4,160 acres of grassland as a part of the State Vehicular Recreation Area and Trail System, but shall provide for the operation of off-highway motor vehicles in a manner compatible with the continued healthy growth of natural grasses and associated flora.

(b) One acre classified as a cultural preserve at Ocotillo Wells State Vehicular Recreation Area.

(c) Two hundred eighty acres at Hollister Hills State Vehicular Recreation Area set aside for nature study and closed to the operation of off-highway motor vehicles; however, any portion of that 280 acres that, as of January 1, 1985, has not been classified by the State Park and Recreation Commission pursuant to subdivision (c) of Section 5090.43 shall become a part of the State Vehicular Recreation Area and Trail System on that date.

5090.42. Lands in the system shall be selected, developed, and managed to provide outdoor recreational opportunities consistent with the findings in Section 5090.02 and pursuant to the other provisions of this chapter. Upon acquisition for the system, the area or trail shall be designated and named by the commission.

5090.43. (a) State vehicular recreation areas shall be established on lands where topographic features and associated recreational opportunities for off-highway motor vehicles are the primary values. Areas shall be developed, managed, and operated for the purpose of making the fullest public use of the outdoor recreational opportunities present, and the natural and cultural elements of the environment may be managed or modified to enhance the recreational experience.

(b) Lands shall be selected for acquisition for state vehicular recreation areas so as to minimize the need for establishing natural or cultural preserves or state wildernesses. The establishment of a natural or cultural preserve or state wilderness within the Carnegie, Clay Pit, or Pismo Dunes State Vehicular Recreation Area is prohibited.

(c) Whenever it would be impracticable to acquire lands for an area without establishing a natural or cultural preserve or a state wilderness within the boundaries of the area, the director shall recommend to the State Park and Recreation Commission proposed boundaries and a resource management policy for the preserve or wilderness for its review and approval and for classification as a preserve or wilderness. No general plan shall be prepared for the

reserve or wilderness unless the resource management policy contemplates that the preserve or wilderness will itself be a public attraction necessitating management as if it were a unit of the state park system.

(d) All lands within a state vehicular recreation area that are not classified by the State Park and Recreation Commission pursuant to subdivision (c) are under the jurisdiction of the Off-Highway Motor Vehicle Recreation Commission and the division and are part of the system.

5090.44. State vehicular recreation trails shall consist of corridors which are designated and maintained for recreational travel by off-highway motor vehicles, which are not suitable for normal travel by conventional two-wheel drive vehicles, and which are designated for off-highway motor vehicle travel by the owner of, or other person or public entity having control over, the property traversed by the trail. State vehicular recreation trails may include lands designated and maintained as trailheads.

5090.45. Eminent domain shall not be exercised to acquire any interest in property for a state vehicular recreation trail by the department or any public agency that has entered into a cooperative agreement with the division.

5090.46. No owner or other person having legal control of property in the vicinity of any lands in the system is liable for any actions of any type resulting from, or caused by, the user of an off-highway motor vehicle who is trespassing on property outside the system; and no owner or other person having legal control of property in the vicinity of any lands in the system is liable for any one's actions of any type commenced on, or taking place within, the boundaries of lands in the system.

#### Article 5. Local Assistance Grants and Cooperative Agreements with Federal Agencies

5090.50. Grants may be made to cities, counties, and appropriate districts for the planning, acquisition, development, construction, maintenance, administration, operation, and conservation of trails, trailheads, areas, and other facilities for the use of off-highway motor vehicles that are in accordance with local plans and any plans for off-highway motor vehicle recreation areas and trails prepared by the division.

5090.51. (a) Except as provided in subdivision (b), to be eligible for a grant, the applicant shall agree to provide, and provide, matching funds, or the equivalent value of services, material, or property used, in an amount of not less than 25 percent of the total expense of the off-highway motor vehicle facility.

(b) Notwithstanding subdivision (a), there shall be no matching fund requirement imposed with respect to any grant, or portion of any grant, that consists of funding for the planning, acquisition,

development, or construction of a regional off-highway motor vehicle facility. The commission shall adopt criteria for the determination of which facilities are regional and which are less than regional. The criteria shall take into account, at a minimum, all of the following:

(a) That the facility for which a grant is requested is or will be primarily for casual usage.

(b) The size of each facility.

(c) The diversity of vehicle-related recreational activities to be provided by the facility.

(d) The size of the population of potential users of the facility and the extent of the geographic area to be served by the facility.

(e) The potential for each facility for which a grant is requested to become financially self-sustaining.

5090.52. No grant may be made pursuant to Section 5090.50 unless the governing body of the applicant has, by resolution, approved the facility.

5090.55. Any moneys in the fund allocated pursuant to subdivision (a) of Section 5090.61 and not appropriated for local assistance grants pursuant to Section 5090.50, shall be available for appropriation to the division for expenditure pursuant to cooperative agreements with agencies of the United States for any joint undertaking of any function that the division is authorized by this chapter to perform, except the enforcement of laws controlling the operation of off-highway motor vehicles.

#### Article 6. Fiscal Management

5090.60. The fund consists of deposits from the following sources:

(a) Revenues transferred from the Motor Vehicle Fuel Account in the Transportation Tax Fund.

(b) Fees paid pursuant to subdivision (b) of Section 38225 of the Vehicle Code.

(c) Unexpended service fees.

(d) Fees and other proceeds collected at state vehicular recreation areas, as provided in subdivision (c) of Section 5010.

(e) Fines and forfeitures, as provided in Section 42204 of the Vehicle Code.

(f) Reimbursements.

(g) Revenues and income from any other source required by law to be deposited in the fund.

5090.61. Moneys in the fund shall be available for appropriation in accordance with the following allocation:

(a) An amount, not to exceed 50 percent of the revenues from the special fee required by subdivision (b) of Section 38225 of the Vehicle Code and the revenues transferred from the Motor Vehicle Fuel Account, shall be available for local assistance grants pursuant to Article 5 (commencing with Section 5090.50). Any portion of this

ount not granted to local public agencies shall be available to the division for cooperative agreements with agencies of the United States pursuant to Section 5090.55.

b) The remainder of the revenues from the special fee required by subdivision (b) of Section 38225 of the Vehicle Code and the remainder of the revenues transferred from the Motor Vehicle Fuel Account, together with all other moneys in the fund, shall be available for the support of the division in implementing the program and for the planning, acquisition, development, instruction, maintenance, administration, operation, and reservation of lands in the system. As used in this subdivision, "support of the division" includes functions performed outside the division by others on behalf of the division, including costs incurred on behalf of the division for personnel management and training, auditing and fiscal analysis, records, purchasing, public information activities, and legal services. "Support of the division" does not include any costs incurred by, or attributable to, the director or the director's immediate staff or their salaries.

5090.62. No money in the fund may be encumbered for the planning, development, maintenance, operation, administration, or reservation of any natural or cultural preserve or any state wilderness classified pursuant to subdivision (c) of Section 5090.43, except that the cost of erecting fences or barriers and posting and otherwise designating a preserve or wilderness may be met from money appropriated from the fund if that cost is incurred prior to, contemporaneously with, the opening of the state vehicular recreation area to public use.

5090.63. This article shall become operative on July 1, 1983.

#### Article 7. Termination

5090.70. This chapter shall remain in effect only until January 1, 1983, and as of that date is repealed, unless a later enacted statute, which is chaptered before January 1, 1988, deletes or extends that date.

SEC. 12. Division 7.8 (commencing with Section 8700) of the Public Resources Code is repealed.

SEC. 13. Section 38001 of the Vehicle Code is amended to read:

38001. (a) Except as otherwise provided, the provisions of this section shall apply to off-highway motor vehicles, as defined in Section 38006, on lands, other than a highway, which are open and accessible to the public, except private lands under the immediate control of the owner or his agent where permission is required and been granted to operate a motor vehicle. For the purposes of this section, the term "highway" does not include fire trails, logging roads, service roads regardless of surface composition, or other roughly graded trails and roads upon which vehicular travel by the public is permitted.

(b) Privately owned and maintained parking facilities that are generally open to the public are exempt from the provisions of this division, unless the facilities are specifically declared subject to the provisions of this division by the procedure specified in Section 21107.8.

SEC. 14. Section 38225 of the Vehicle Code is amended to read:

38225. (a) A service fee of five dollars (\$5) shall be paid to the department for the issuance or renewal of identification of off-highway motor vehicles subject to identification, except as expressly exempted under this division.

(b) In addition to the service fee specified in subdivision (a), a special fee of six dollars (\$6) shall be paid at the time of payment of the service fee for the issuance or renewal of an identification plate or device. All fees received by the department pursuant to this subdivision, and all day use, overnight use, or annual or biennial use fees for state vehicular recreation areas received by the Department of Parks and Recreation, shall be deposited in the Off-Highway Vehicle Fund, which is hereby created. There shall be a separate reporting of special fee revenues by vehicle type, including four-wheeled vehicles, three-wheelers, motorcycles, and snowmobiles. All money in the fund is continuously appropriated for expenditure by the Department of Parks and Recreation for the purposes specified in Article 6 (commencing with Section 5090.60) of Chapter 1.25 of Division 5 of the Public Resources Code.

This section shall remain in effect only until January 1, 1988, and as of that date is repealed, unless a later enacted statute, which is chaptered before January 1, 1988, deletes or extends that date. Any unencumbered funds remaining in the Off-Highway Vehicle Fund on January 1, 1988, shall be transferred to the General Fund.

SEC. 15. Section 38225 is added to the Vehicle Code, to read:

38225. A service fee of five dollars (\$5) shall be paid to the department for the issuance or renewal of identification of off-highway motor vehicles subject to identification, except as expressly exempted under this division.

This section shall become operative January 1, 1988.

SEC. 16. Section 42204 of the Vehicle Code is amended to read:

42204. Notwithstanding any other provisions of law, 50 percent of all fines and forfeitures collected for violations of Division 16.5 (commencing with Section 38000) shall be deposited in the Off-Highway Vehicle Fund for expenditure pursuant to Article 6 (commencing with Section 5090.60) of Chapter 1.25 of Division 5 of the Public Resources Code, and 50 percent of such fines and forfeitures shall be deposited and distributed in the same manner as specified in Section 42201.5.

SEC. 17. For the 1982-83 fiscal year only, no funds shall be encumbered for the Off-Highway Motor Vehicle Recreation Commission in excess of the amount budgeted for the support of the Off-Highway Motor Vehicle Recreation Advisory Committee, and no

funds may be encumbered for the Division of Off-Highway Motor Vehicle Recreation in excess of the amount budgeted for the support of activities of the Department of Parks and Recreation and the Office of Off-Highway Motor Vehicle Recreation relating to the recreational use of off-highway motor vehicles.

MSG 84-00001394 PRTY 1 01/06/84 14:37:27 ORIG: SIT\$ IN= 0005 OUT= 0001  
FROM: ELAINE, SITKA TO: REP. GRUSSENDORF  
TARGET: LJ51 SUBJ: 3-WHEELERS PAGE 0001

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---FOR INFORMATION---

I MENTIONED THAT I'D HEARD OF SOME CONCERNS IN UNALASKA. I GOT A RESPONSE BACK TODAY FROM THE TELECONFERENCE MODERATOR THERE. SHE TELLS ME THAT THE CITIZENS ARE M O S T UPSET ABOUT LIMITATIONS ON 3-WHEELERS, VIEWING THEM AS IMPORTANT AND BASIC TRANSPORTATION OUT THERE. SHE SAYS THE CITY COUNCIL IS NOW WORKING ON A RESOLUTION THAT WOULD PROHIBIT 3-WHEELERS ON THE ROADS "EVEN ON THE SHOULDER AT 10 MPH." AS A RESULT, THERE HAS BEEN "MASS PUBLIC OUTCRY," WITH FOLKS CHECKING FOR C.E.C. REGULATIONS TO TRY TO FIND A SOLUTION. THEY HOPE TO FIND SOME WAY TO PREVENT LIABILITY TO THE CITY AND STILL ALLOW FOR THE USE OF 3-WHEELERS AS NEEDED TRANSPORTATION. SHE CONCLUDES: "BECAUSE OF OUR REMOTENESS AND WEATHER CONDITIONS, IT HAS CAUSED US A SERIOUS CONCERN. PLEASE DO SEND US ANY INFORMATION YOU MIGHT HAVE ON THIS ISSUE."

I RESPONDED TO HER THAT YOU & DICK HAVE MET EXTENSIVELY WITH THE GROUP HERE AND DONE CONSIDERABLE RESEARCH; SUGGESTED THAT SHE REFER ANY CONCERNED PERSON TO YOU FOR ADDITIONAL INFO.

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NXT MSG U/R/S \_ PREV MSG U/R/S \_ RESEND \_ CANCEL \_

HCR 45 REQUESTING A REVIEW OF ALL TERRAIN VEHICLES.

SPONSOR: GRUSSENDORF

ONLY COMMITTEE REFERRAL ON THE SENATE SIDE WAS RESOURCES.  
THERE IS NOT A COMMITTEE SUBSTITUTE.

URGES THE DEPT. OF PUBLIC SAFETY TO REVIEW ITS REGULATIONS  
AND "CONF"ER" WITH MUNICIPALITIES AND FEDERAL AGENCIES  
(U.S. FOREST SERVICE, BUREAU OF LAND MANAGEMENT, NATIONAL  
PARK SERVICE) FOR THE PURPOSE OF ESTABLISHING FEDERAL AND  
STATE REGULATIONS WHICH WOULD ALLOW FOR INCREASED USE OF  
ALL-TERRAIN VEHICLES (ATVs) ON STATE AND FEDERAL LAND.

DEPT. OF PUBLIC SAFETY CLASSES ATVs WITH SNOWMOBILES AND  
LIMITS THEM TO OFF-ROAD USE. (MANUFACTURERS OPENLY STATE  
THAT ATVs ARE NEITHER SAFE NOR RECOMMENDED FOR STREET USE.)  
INTENT OF HCR 45 IS TO IDENTIFY STATE AND FEDERAL LAND  
(POSSIBLY TRAILS OR LOGGING ROADS) ON WHICH ATVs COULD BE  
USED.

DEPT. OF PUBLIC SAFETY SUPPORTS.

# 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

#### MEMORANDUM

TO: Senate Resources Committee Members

FROM: Senate Resources Committee Staff

RE: Committee Meeting, Wednesday, February 29, 1984

DATE: February 29, 1984

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On Wednesday, February 29, 1984, at 3:00 pm in the Beltz Room the Senate Resources Committee will be hearing HCR 45, Requesting a review of all terrain vehicles, and SJR 42, Requesting the Administrator of the Environmental Protection Agency to establish an EPA regional office in Alaska.

HCR 45 urges the Department of Public Safety to review its regulations and "confer" with municipalities and federal agencies (USFS, BLM, NPS) for the purpose of establishing federal and state regulations which would allow for increased use of all-terrain vehicles (ATVs) on State and Federal land.

Prior to November 8, 1982, the Division of Motor Vehicles, Department of Public Safety, registered three-wheeled ATVs as motorcycles usable on streets and highways in the state. Having determined that registration of ATVs for street use was in conflict with the Federal Standards Act, the Department changed its policy so that three-wheelers are now classed with snowmobiles and limited to off-road use. Manufacturers openly state that ATVs are neither safe nor recommended for street use.

The U.S. Forest Service has a national policy, implemented on a regional level, to support the use of ATVs in National Forests. The use of federal logging roads is determined on a case by case basis with four-wheeled vehicles having preference. The USFS Division of Recreation in Alaska annually re-evaluates its off-road vehicle plan, through means which include soliciting public input.

DEPARTMENT OF PUBLIC SAFETY

POSITION PAPER - HCR 45

Support

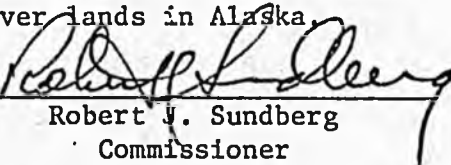
January 30, 1984

HCR - 45, Requesting a review of all terrain vehicle registrations.

The Department of Public Safety supports the intent of this resolution. The unique recreational and transportation opportunities in various areas of the state are well suited to the use of the three-wheeled ATVs and have contributed to their increased popularity. Many local governments and the state have recognized this popularity and have either established special use areas or established guidelines so that all recreational groups are served without infringing on the rights of others.

While these vehicles are popular and safe for recreational use, there are serious safety concerns regarding licensing them for general highway use. The manufacturer openly states that they are neither safe nor recommended for street use, and unfortunately this concern is validated by the growing number of injuries and fatalities caused by misuse of the ATVs. This has been the main factor in the Department's position not to register these ATVs for street use. However, this position should not exclude their recreational use on state or federal land where they would not conflict with other traffic.

The Department is in the process of reviewing other states' policies on ATVs and we will broaden this review to include the federal agencies having jurisdiction over lands in Alaska.

  
\_\_\_\_\_  
Robert J. Sundberg  
Commissioner

STATE OF ALASKA 1984 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

REQUEST

Bill/Resolution No.: HCR 45  
 Title: Requesting review of all terrain vehicle regulations.  
 Sponsor: Grussendorf  
 Requestor: House State Affairs  
 Date of Request: 1-30-84

FISCAL DETAIL

Agency Affected: Public Safety  
 Program Category Affected: Life and Property Protection  
 BRU, Program or Subprogram(s) Affected: Motor Vehicles

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

No fiscal impact.

ANALYSIS: Attach a separate page for analysis

Prepared By: Charles R. Hosack <sup>CPH</sup> Phone: 269-5561  
 Division: Motor Vehicles Date: 1-30-84  
 Approved by Commissioner: Robert J. Sundberg Date: 1-31-84  
 Agency: Public Safety

Distribution (by Agency preparing fiscal note):

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

12/1/83

ARTICLE 10.  
SPECIAL RULES FOR SNOWMOBILES  
AND OTHER OFF-HIGHWAY VEHICLES

Section

- 430. Applicability of regulations; parental responsibility
- 435. (Repealed)
- 440. (Repealed)
- 445. Riding on snowmobiles and other off-highway vehicles
- 450. (Repealed)
- 455. Operation on highways and other locations
- 460. (Repealed)
- 465. (Repealed)

13 AAC 02.430. APPLICABILITY OF REGULATIONS; PARENTAL RESPONSIBILITY. (a) No parent or guardian may authorize or knowingly permit a child to violate a provision of secs. 430-455 of this chapter.

(b) Every person operating a snowmobile or other off-highway vehicle upon a highway has the rights and is subject to the duties applicable to the driver of any other vehicle under this chapter, except as otherwise provided in secs. 430-455 of this chapter, and except as to those provisions of this chapter which by their nature have no application. (Eff. 12/31/69; Reg. 31; am 6/28/79, Reg. 70)

Authority: AS 28.05.011

13 AAC 02.435. APPLICATION OF SNOW VEHICLE PROVISIONS. Repealed 6/28/79.

13 AAC 02.440. TRAFFIC LAWS AND REGULATIONS APPLY TO OPERATION OF SNOW VEHICLE. Repealed 6/28/79.

13 AAC 02.445. RIDING ON SNOWMOBILES AND OTHER OFF-HIGHWAY VEHICLES. A person driving a snowmobile or other off-highway vehicle may ride only on a permanent seat attached to the vehicle; no snowmobile or other off-highway vehicle, when driven on a highway, may be used to carry persons other than the driver, unless the vehicle is designed and equipped with a seat for a passenger.

(b) Repealed 6/28/79  
(Eff. 12/31/69, Reg. 31; am 6/28/79, Reg. 70)  
Authority: AS 28.05.011

13 AAC 02.450. TOWING OTHER PERSON.  
Repealed 6/28/79.

13 AAC 02.455. OPERATION ON HIGHWAYS AND OTHER LOCATIONS. (a) A snowmobile or an off-highway vehicle may be driven on a roadway or shoulder of a highway only under the following circumstances:

(1) when crossing a highway as provided in (f) of this section, or when traversing a bridge or culvert on a highway, but then only by driving at the extreme right-hand edge of the bridge or culvert and only when the traverse can be completed with safety and without interfering with other traffic on the highway;

(2) when use of the highway by other motor vehicles is impossible because of snow or ice accumulation or other natural conditions or when the highway is posted or otherwise designated as being open to travel by off-highway vehicles;

(3) when highway driving is authorized by an authority having jurisdiction over the highway, but only in accordance with restrictions which may be imposed by that authority with regard to highway use; or

(4) when driven on the right-of-way of a highway which is not a controlled-access highway, outside the roadway or shoulder, and no closer than three feet from the nearest edge of the roadway; night driving may be only on the right-hand side of the highway and in the same direction as the highway motor vehicle traffic in the nearest lane of the roadway; no person may drive an off-highway vehicle within the area dividing the roadways of a divided highway, except to cross the highway as provided in (f) of this section.

(b) Repealed 6/28/79.

(c) Repealed 6/28/79.

(d) Repealed 6/28/79.

(e) Repealed 6/28/79.

(f) A snowmobile or an off-highway vehicle may make a direct crossing of a highway if

(1) the crossing is made approximately at a right angle to the highway and at a location where visibility along the highway in both directions is clear for a sufficient distance to assure safety, and the crossing can be completed safely and without interfering with other traffic on the highway; and

(2) the vehicle is brought to a complete stop before crossing the shoulder or roadway, and the driver yields the right-of-way to all traffic on the highway.

(g) No snowmobile or other off-highway vehicle may cross or travel on a sidewalk, a location intended for pedestrian or other nonmotorized traffic, an alley, or a vehicular way or area which is not open to snowmobile or off-highway vehicle operation, except as provided in (f) of this section. (Eff. 12/31/69, Reg. 31; am 7/23/70, Reg. 35; am 6/28/79, Reg. 70)

Authority: AS 28.05.011

13 AAC 02.460. LAMPS AND OTHER EQUIPMENT ON SNOW VEHICLE. Repealed 6/28/79.

13 AAC 02.465. SPEED RESTRICTIONS. Repealed 6/28/79.

#### ARTICLE 11. MISCELLANEOUS PROVISIONS

##### Section

- 480. Unattended motor vehicle
- 482. Limited use of vehicular ways and areas
- 485. Limitations on backing
- 487. Driving on sidewalk
- 490. (Repealed)
- 495. Riding in and on vehicles and towed objects; boarding and alighting; obstructing of driver's view or driving mechanism
- 497. Funerals and other processions; permits
- 500. (Repealed)
- 505. Animals on highways and other areas
- 510. (Repealed)
- 515. Coasting prohibited

517. Authorized and other emergency vehicles

520. Following authorized emergency vehicle; interference at scene of accident; crossing fire hose

525. (Repealed)

530. Littering, depositing materials, and dragging objects prohibited

532. Railroad trains not to block roadways

535. (Repealed)

540. (Repealed)

545. Drivers to exercise care

550. (Repealed)

13 AAC 02.480. UNATTENDED MOTOR VEHICLE. No person driving or in charge of a motor vehicle may permit it to stand unattended by an adult person without first stopping the engine, placing the transmission in gear or in park position, locking the ignition, removing the key from the ignition and, if there is not a reasonable possibility of freezing, setting the brake. When standing upon a grade, a driver shall turn the front wheels toward the curb or near edge of the highway in such a manner that if the unattended vehicle should roll from its standing position, the movement will be in the direction toward the curb or near edge of the highway and away from the roadway. (In effect before 7/28/59; am 12/15/61, Reg. 3, am 8/10/66, Reg. 22; am 12/31/69, Reg. 31; am 6/28/79, Reg. 70)

Authority: AS 28.05.011

13 AAC 02.482. LIMITED USE OF VEHICULAR WAYS AND AREAS. (a) No pedestrian, rider of a bicycle, or driver of a vehicle may travel on a vehicular way or area as defined in 13 AAC 40.010 when it is designated for use by a different mode of travel than that used by the pedestrian, rider of a bicycle, or driver of a vehicle.

(b) A driver of a nonmotorized vehicle traveling upon a vehicular way or area shall, regardless of whether an official traffic-control device is present, yield the right-of-way in the manner specified in sec 130(c) of this chapter to any traffic using a roadway, driveway, or vehicular way or area on which motor vehicle traffic is authorized. (Eff. 6/28/79, Reg. 70)

Authority: AS 28.05.011

September 14, 1983

Rep. Ben Gruessendorf  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Rep. Gruessendorf:

Some time back, I wrote letters to eight states in the western part of the United States inquiring as to whether or not they licensed the three-wheel motorcycles. I received 6 replies and those 6 states did, with certain restrictions in some states, allow licensing.

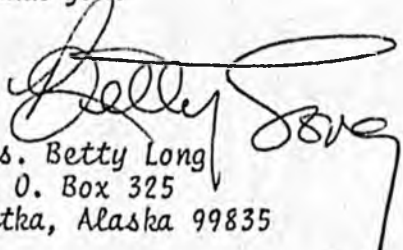
I am enclosing copies of the replies I received from them. I wrote the same letter to Washington, Oregon, Montana, Nevada, Idaho, Utah, Arizona and New Mexico. I received one self-addressed, stamped envelope which was post-marked "Reno, Nevada" but which only had a memo sheet which stated "No we do not license three-wheelers" which no signature or letterhead or anything. I cannot find it, but it probably would not mean anything anyhow since it had no signature or was on no letterhead, but probably means that Nevada does not license ATV's.

At any rate, 6 of the 8 states said yes and I cannot understand why if that large a percentage of only 8 states licenses the 3 wheelers, then why not Alaska, too? Also if they are unsafe, why are people still being allowed to ride them until November.

I still feel that the laws and regulations concerning these vehicles are very unfair and inconsistent. I wish there was some consistency with other states as well.

I felt like you should have a copy of these letters.

Thank you.

  
Mrs. Betty Long  
P. O. Box 325  
Sitka, Alaska 99835

June 27, 1983

State of Utah  
Department of Motor Vehicles  
Salt Lake City, Utah 84119

Dear Department:

I would appreciate it if you would send me information concerning three-wheel motorcycles, also known as ATV's.

I would like to know if the State of Utah licenses these vehicles and if so, what modifications are required to get them licensed. Also, if you license them, what restrictions if any, are there on these licenses.

I am enclosing a stamped, self-addressed envelope for your convenience in sending me this information.

Thank you.

*Betty Long*  
Mrs. Betty Long  
P. O. Box 325  
Sitka, Alaska 99835

Here is  
a copy of  
the letter I  
sent to 8 States

# STATE OF IDAHO

JOHN V. EVANS  
GOVERNOR  
IDAHO TRANSPORTATION BOARD

CARL C. MOORE - CHAIRMAN  
LLOYD F. BARRON - VICE CHAIRMAN  
ROY L. STROSCHEIN - MEMBER

DARRELL V. MANNING  
DIRECTOR



## TRANSPORTATION DEPARTMENT

P.O. BOX 34 / BOISE, IDAHO 83731-0034

October 12, 1983

Mrs. Betty Long  
P O Box 325  
Sitka Ak 99835

Dear Mrs. Long:

Perhaps this response to your letter of June 27, is too late to be of value. Please excuse the tardiness of this reply.

Idaho does not title ATV's. ~~Idaho does title 3-wheel motorcycles~~ ATV's may be registered for off-road use through any of the 44 county assessor offices in Idaho.

The state does not register vehicles such as ATV's. All registrations of passenger or recreational vehicles is done at the county level.

If you are anticipating a move to Idaho, contact the county assessor office in the county to which you plan to move for further information.

Sincerely,

MOTOR VEHICLE BUREAU

A handwritten signature in cursive script, appearing to read "K. M. Graham".

K. M. Graham, Cl. Sp.  
Title/Registration Unit

**SAFE TRANSPORTATION MEANS PROGRESS**

EQUAL OPPORTUNITY EMPLOYER



July 13, 1983

Enclosed are the procedures to title and license a vehicle in the State of Oregon for both new and used vehicles. These procedures include the three-wheel motorcycle.

If you have any further questions, please let us know.

JH/cb

*Here is a copy of all data from Oregon, however, Ira's father checked with the DMV in Portland, and they told him that there are restrictions on ATV's, such as they cannot be driven on the freeways and must have headlights, etc.*

Motor Vehicles Division  
Validation Unit  
Salem, Oregon 97314  
Telephone: (503) 378-6921  
735-6149 (3-83)





## TITLE AND LICENSE PROCEDURES

**THE TITLE FOR YOUR VEHICLE MUST BE SURRENDERED BEFORE YOU CAN TITLE AND LICENSE IT IN THE STATE OF OREGON. HERE'S WHAT WE MUST RECEIVE FROM YOU:**

- 1. A COMPLETED AND SIGNED APPLICATION FOR TITLE, FORM 226.**
  - 2. THE OUT-OF-STATE CERTIFICATE OF TITLE.**
  - 3. EVIDENCE OF AN INSPECTION OF THE VEHICLE IDENTIFICATION NUMBER.**
  - 4. TITLE, LICENSE AND INSPECTION FEES, MADE PAYABLE TO THE OREGON MOTOR VEHICLES DIVISION.**
  - 5. DEQ INSPECTION CERTIFICATE, IF APPLICABLE.**
1. Complete the APPLICATION FOR TITLE (form 226). Fill in the complete vehicle description. The registered owner's name(s) should appear on lines 5 (6 and 7). If you owe money on the vehicle or are leasing it, the security interest holder and/or lessor name and address should appear on lines 16 through 20. (This includes banks, finance companies, leasing companies, etc.)
    - A. Registered owners must sign on lines 13 (14 and 15) of the application. If a power of attorney is used for the owners, it must be completed with the vehicle description, the named attorney, and signatures of the owners. The named attorney must properly sign the registered owner's name(s) on the application (form 226). Example: John J. Doe by Samuel R. Smith, POA.
    - B. If you want the vehicle to be registered to two or more owners and you want the Right of Survivorship on the new title, be sure the "or the survivor" box has been checked, line 11. This means there is an agreement between the owners that if one dies the surviving owner only needs to show proof of death in order to release the interest of the deceased person.
    - C. The registered owner's Oregon residence address (street name and number) must be shown on the application. The documents may be mailed to a temporary address, but only after Oregon address has been verified to be a valid residence for the applicant. If the registered owners are not residents of Oregon, they should license the vehicle in the state in which they live or their home state of military record.
  2. Send the OUT-OF-STATE TITLE with releases by the former owners along with the Oregon application. Or, if the vehicle was previously registered in a non-title state, the out-of-state registration card must be sent with the Oregon application.
  3. The Motor Vehicles Division is required by law to make an inspection of the VEHICLE IDENTIFICATION NUMBER. This is checked with the National Crime Information Center on all vehicles being titled and registered in the State of Oregon which have previously been registered in some other state or country.

The vehicle may be taken to a Motor Vehicles Division Field Office for inspection. A fee of \$5 will be collected for the inspection. If the vehicle is out of state, the identification number may be inspected by any law enforcement agency or a provost marshal. If the vehicle is in a state which does vehicle identification number inspections, an inspection slip from that state's Motor Vehicles Division will be acceptable. The fee, in these cases, is not needed. Any differences in numbers on the vehicle and those on the documents must be resolved in the state where the vehicle is titled before submitting the documents to Oregon.

#### 4. FEES

Add fee A + B + C = Total Fee (see below). A typical passenger car or pickup fee would include \$7 title fee, \$22 registration fee, and \$5 VIN fee, for a total of \$34. If the \$5 VIN fee has been paid in advance, a fee of \$29 would accompany your documents.

##### A. Vehicle Type

##### Registration Fee

Passenger cars/pickups	\$22.00
2-wheel motorcycles/mopeds	7.00
3-wheel motorcycles/mopeds	11.00
Light trailers (under 8,000 pounds)	21.00
Vans/Pickups/Trucks (over 8,000 pounds)	Based on fee schedule
Heavy trailers (over 8,000 pounds)	Based on fee schedule
Recreational trailers	Based on fee schedule
Campers	Based on fee schedule
Motor Homes	Based on fee schedule
Snowmobiles	10.00

B. TITLE FEE (all vehicles)

\$ 7.00

C. VIN FEE

\$ 5.00

You do not need to pay the \$5 VIN fee if: (a) the VIN inspection has been done prior to this application. There will be an indication on your application (form 226) that the inspection has been done and the fee collected. (b) The inspection is being done out of state. Simply attach the Vehicle Identification Inspection Form that has been completed by the out-of-state inspector.

License plates and stickers are mailed by first class mail from Salem.

5. If you live within the Portland Metropolitan Service District a DEQ inspection of the vehicle's emission system must be done before you license your vehicle. A DEQ inspection certificate must be attached to the Application for Title. A separate pamphlet is available.

Toll free telephone numbers in Oregon: Portland 229-5700, all others 1-800-452-7813. Out of state: (503) 371-2200.

## TITLE AND LICENSE PROCEDURES—NEW VEHICLES

1. Fill out the Application for Title and Registration (Form 226) as follows:

- A. Lines 1-4: Provide a complete vehicle description.
- B. Lines 5-7: Name(s) of the registered owners(s) or lessee(s).
- C. Lines 8-10: The registered owner's residence (street name and number) must be shown on the application. The mailing address should also be provided if it is different from the residence address. The documents may be mailed to a temporary address upon request. If the registered owner(s) is not a resident(s) of Oregon, the vehicle should be licensed in the state in which the owner(s) lives or the home state of military record.
- D. Line 11: If the vehicle is to be registered in joint ownership (two or more registered owners) and the Right of Survivorship is desired on the new title, be sure the "or the Survivor" box has been checked.
- E. Lines 13-15: Individual signature(s) of the registered owner(s) or lessee(s). If a power of attorney is used for the owner(s), a power of attorney form must be completed with the vehicle description, signed by the owner(s), properly signed on the application, Form 226, and attached to the documents. For example, John L. Doe has signed a power of attorney allowing Sam Smith Cars to sign for him. When exercising the power of attorney on the application it should appear as follows: JOHN L. DOE by BOA Sam Smith Cars by Melvin Swartz
- F. Lines 16-20: Name and address of the security interest holder (bank, finance company, etc.) and/or lessor, if any.

2. Manufacturer's Certificate of Origin or Dealer's Bill of Sale.

- A. The manufacturer's certificate of origin must be submitted with the application for all passenger vehicles, mopeds, motorcycles and mobile homes, and all motor homes (1981 or newer). If the manufacturer's certificate of origin has been completed to show a firm or individual other than the registered owner(s) to be listed on the Oregon title, their release of interest must accompany the application.
- B. A pencil tracing of the identification number (frame number) must be submitted for a motorcycle or moped if the manufacturer's certificate of origin is not available. The identification number should be written in pen above the pencil tracing.
- C. Most motor homes have two manufacturers—the manufacturer of the frame and the manufacturer of the body. If two manufacturers are involved the manufacturer's certificate of origin is required from both.
- D. All other vehicles require the dealer's bill of sale portion on the reverse of the Application for Title and Registration (form 226) to be completed by the motor vehicle dealer where the vehicle was purchased, or a separate bill of sale from the dealer must be attached.

3. The title fee for all vehicles is \$7. The registration fees are as follows:

Passenger vehicles.....	\$22	(includes \$2 plate fee)
Light trailers..... (GVW less than 8,000 lbs.)	\$21	(includes \$1 plate fee)
Mopeds and Motorcycles, 2-wheels.....	\$ 7	(includes \$1 plate fee)
Motorcycles, 3-wheels. AND. SIDE CARS....	\$11	(includes \$1 plate fee)
Mobile Homes.....	\$11	(includes \$1 plate fee)

Registration fees for campers, travel trailers, motor homes, trucks, and heavy trailers vary by size or weight. Schedules are attached. ADD \$1 for each plate required: campers/travel trailers, heavy trailers: \$1; motor homes and trucks, \$2.

4. Passenger vehicle plates may be transferred to another vehicle with the payment of a \$7 fee. The expiration date of the license remains the same.

Truck, heavy trailer, farm and bus plates can be transferred to a like vehicle, to be similarly used, only when the vehicle they are being transferred from has been destroyed or permanently withdrawn from service in this state. The fee is \$7.

Plates cannot be transferred on campers, travel trailers, and mobile construction trailers because these vehicles are required to be continuously licensed.

5. Plates are mailed by first class mail.

BE SURE YOU HAVE ENCLOSED:

Completed Application for Title and Registration (Form 226)  
Manufacturer's Certificate of Origin or the Dealer's Bill of Sale  
\$7 title fee  
The appropriate registration and plate fee

Toll free telephone number for Oregon calls: Portland 229-5700, All others  
1-800-452-7813  
Out of State calls: (503) 371-2200

# VEHICLE IDENTIFICATION NUMBER INSPECTION CERTIFICATE

(See Instructions on Reverse)

OREGON MOTOR VEHICLES DIVISION REGULATIONS AUTHORIZE ONLY THE FOLLOWING  
TO INSPECT AND CERTIFY VEHICLE IDENTIFICATION NUMBERS:

- ANY LAW ENFORCEMENT OFFICER
- COMMANDING OFFICER OR PROVOST MARSHAL (MILITARY PERSONNEL)
- AUTHORIZED OREGON VEHICLE DEALERS AND AUTHORIZED AGENTS FOR DMV
- SPECIFICALLY DESIGNATED DMV EMPLOYEES

## VEHICLE DESCRIPTION

MAKE/MODEL	BODY STYLE
STATE PLATE NUMBER	STATE OF REGISTRATION

I CERTIFY THAT I HAVE PHYSICALLY INSPECTED THE ABOVE-DESCRIBED VEHICLE TO  
VERIFY THE IDENTIFICATION NUMBER. I OBSERVED THE NUMBER OF THE VEHICLE TO BE:

OR

- I COULD NOT FIND AN IDENTIFICATION NUMBER
- THE NUMBER WAS UNREADABLE (EXPLAIN DETAILS ON BACK)
- OTHER (EXPLAIN DETAILS ON BACK)

SIGNATURE OF INSPECTOR	DATE OF INSPECTION
TITLE OR RANK	AGENCY

### AREA BELOW FOR DMV USE ONLY

I HAVE COMPARED THE NUMBER FROM THE ABOVE-INSPECTION REPORT WITH THE  
IDENTIFICATION NUMBER ON THE TITLE OR OTHER OWNERSHIP DOCUMENTS AND FOUND  
THEM TO BE:

- THE SAME  DIFFERENT (EXPLAIN ON BACK)

SIGNATURE OF OREGON DMV PERSONNEL	COUNTER NUMBER/DATE
-----------------------------------	---------------------

THE VEHICLE IDENTIFICATION NUMBER INSPECTION IS AN IMPORTANT PART OF TITLING A VEHICLE IN OREGON. IT HELPS TO INSURE THE ACCURACY OF THE TITLE DOCUMENT WHEN IT IS ISSUED.

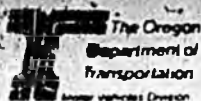
**INSTRUCTIONS:**

1. Only people or agencies listed on the reverse side of this form may complete the vehicle inspection for title and registration purposes.
2. The inspector must physically inspect the vehicle before completing this form.
3. The inspector must complete the form in full. **INCOMPLETE FORMS WILL NOT BE ACCEPTED.** The completed form must include:
  - a. Vehicle description.
  - b. The vehicle identification number actually seen on the vehicle or if there was a problem with the number, the problem must be explained in detail in the "Inspection Summary" section of this form.If any identification number has been removed, defaced, covered, altered or destroyed, an inspection and this form must be completed by law enforcement personnel.
4. This form must be signed and dated by the inspector. Show rank or title, and the agency represented by the inspector.
5. The shaded area of this form is to be completed by Oregon Motor Vehicles Division employees only.

**MAKING A FALSE STATEMENT ON THIS INSPECTION FORM IS A CLASS C FELONY  
(ORS 481.990).**

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**INSPECTION SUMMARY**



# APPLICATION FOR TITLE

- Instructions: 1. All supporting documents to show proof of ownership must accompany this application (Title, Manufactures Statement of Origin, Bill of Sale, etc.)  
 2. Mail this form, completed and signed, to Motor Vehicles Division, Salem, Oregon 97314 or take to any Motor Vehicles Division Office.

New License Plate Number		Sticker Number		Permit Number		<b>SHADED AREA FOR OFFICE USE</b>
Present Plate Number		Present Expiration Date		Out of State Plates Surrendered <input type="checkbox"/> Yes <input type="checkbox"/> No		Expiration Date
1	Year		Make		Body Style	Title Fee
2	Vehicle Identification Number			Oregon Title Number		Registration Fee
3	Weight*	Length**	Equipment Number	County of Use	<input type="checkbox"/> Gas <input type="checkbox"/> Diesel <input type="checkbox"/> Other _____	Replacement Fee
4	I/We make application for title subject to the interest of any security interest holder or lessor shown below.					VIN Fee
Name of Owner (last, first, middle)				Date of Birth		Total Fee
5	Name of Joint Owner (last, first, middle)				Date of Birth	Vehicle Type
6	Name of Joint Owner or Lessee (last, first, middle)				Date of Birth	County
7	Street Address			Mailing Address (if different)		Legal Clear.
8	City, State, Zip					Trans.
9	Mobile Home Location (actual location of mobile home, including county)					Origin
10	Do you want the title to show joint ownership with the right of survivorship? <input type="checkbox"/> Yes <input type="checkbox"/> No					Survivor
11	Insurance information is required for vehicle license renewals only. I certify that all statements made are true and complete and that I have Motor Vehicle Liability Insurance on this motor powered vehicle.					Motor Power
Insurance Company Name (not agent or agency)			Policy Number			Processing
12	Signature of Owner as shown above				Date	Exempt
13	Signature of Joint Owner shown above				Date	Miscellaneous
14	Signature of Joint Owner or Lessee shown above				Date	<input type="checkbox"/> VIN Inspection
15	Security Interest Holder (bank, finance company, etc.)				Date	Date of VIN
16	Address (street, city, state and zip)					<input type="checkbox"/> Change of Class
17	Secondary Interest Holder (bank, finance company, etc.)				Date	<input type="checkbox"/> Plate Transfer
18	Lessor's Name and Signature				Date	<input type="checkbox"/> Plate Cancelled
19	Address (street, city, state and zip)					
20						

- If you need any of the following IN ADDITION to your title, please check appropriate boxes. -

<input type="checkbox"/> Registration	<input type="checkbox"/> Replacement Plates	<input type="checkbox"/> Replacement Stickers
Reason for Replacement (Check One)	<input type="checkbox"/> Lost <input type="checkbox"/> Stolen	<input type="checkbox"/> Mutilated <input type="checkbox"/> Other
REMARKS		

**BUS REGISTRATION**

Passenger Weight	Unladen Weight	Baggage Compartment? <input type="checkbox"/> Yes <input type="checkbox"/> No	Number of Seats
Vehicle is used for transporting students as provided in ORS 485.060 <input type="checkbox"/>			

**FARM REGISTRATION**

Location of Farm Owned or Rented by Applicant		
TYPE:	AMOUNT (Acres, Tons, Pounds, Head, Etc.)	Number of Trucks Used on Farm
<input type="checkbox"/> Field Crops		
<input type="checkbox"/> Orchard		
<input type="checkbox"/> Fruit and Vegetable		
<input checked="" type="checkbox"/> Cattle		
<input type="checkbox"/> Horses		
<input type="checkbox"/> Other		

I declare that I own or rent and am engaged in a farm operation of a size requiring the use of the motor vehicle or vehicles claimed on this application, but not a cooperative corporation or corporation with more than 100 shareholders. The vehicle described in this application will be used only for one or more of the following purposes. Check appropriate box below.

**FARM LICENSE**

1. Transporting agricultural commodities, products or livestock originally grown or raised on my farm (including the products of such commodities, products or livestock packed, processed or manufactured on my farm).
2. Transportation incidental to the regular operation of my farm or transporting supplies, equipment or material to my farm that are consumed or used there.
3. Transporting forest products to my farm or such products originating on my farm.
4. Transporting agricultural commodities, supplies, equipment or material for another farmer on the exchange of labor basis, if uses are directly related to the operation of the farm.
5. Operated for the personal use of the farmer, any member of his immediate family or any person in his employ.

**APPORTIONED FARM LICENSE**

1. Partly used for one or more of the purposes described for a farm license, and,
2. Partly used for transporting agricultural commodities, products, livestock, supplies, equipment, or materials for hire for another farmer.

A vehicle licensed as a farm or apportioned farm vehicle may not be used to transport finished agricultural products from the farm or for any other commercial purposes.

IF APPLICABLE My signature certifies that this vehicle still qualifies for a farm license because there has been no substantial change in the use of the vehicle since it was most recently licensed.

I AFFIRM THAT THE INFORMATION GIVEN IS TRUE AND CORRECT. THIS DECLARATION IS MADE UNDER PENALTY FOR SWEARING FALSE INFORMATION IN APPLYING FOR REGISTRATION

Signature of Applicant X	Authorized Signature if Company or Corporation X
-----------------------------	---

**STATEMENT OF SALE AND PRIOR OWNERSHIP/BILL OF SALE**

Name of Dealer or Former Owner	Dealer Number (if applicable)
Address	
Name of Purchaser	Date of Sale
Address	
Vehicle acquired from	<input type="checkbox"/> New <input type="checkbox"/> Used
Address	
The vehicle is free of all liens except as shown on the reverse side of this form.	
Signature of Dealer or Former Owner X	Title

STATE  
OF  
MONTANA  
DEPARTMENT OF JUSTICE  
**MOTOR VEHICLE DIVISION**

301 Roberts Helena, Montana 59620 (406) 449-1000

July 6, 1983

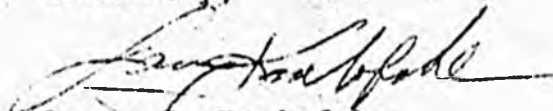
Mrs. Betty Long  
P.O. Box 325  
Sitka, Alaska 99835

Dear Mrs. Long:

I am sorry this Division does not administer the vehicle equipment codes. I have, however, inquired with the Montana Highway Patrol and they inform me that there is not a publication concerning vehicle equipment at this time.

The three-wheel motorcycles may be licensed; however, they must be inspected to verify that the vehicle is equipped for highway use. I would suggest you contact the Highway Patrol concerning the proper equipment. This includes the lights, brakes, turn signals, fenders, horn, or other equipment required for street use.

Sincerely,



Larry G. Komlofske  
Administrative Officer  
Motor Vehicle Division

LGK:cco

STATE OF NEW MEXICO

# Transportation Department

Motor Vehicle Division, Manuel Lujan, Sr. Bldg., Santa Fe, New Mexico 87503

DRIVER SERVICES.....827-7522  
VEHICLE SERVICES.....827-7568  
RE-REGISTRATION.....827-7578  
FIELD OPERATIONS.....827-7505  
DATA PROCESSING.....827-7541



PENALTY ASSESSMENT.....827-7542  
REVENUE AND AUDIT.....827-7515  
TRAFFIC SAFETY.....827-4776  
ACCIDENT RECORDS.....827-7570

July 11, 1983

Mrs. Betty Long  
P. O. Box 325  
Sitka, Alaska 99835

Dear Mrs. Long:

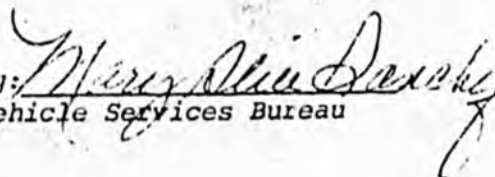
This state register and title three wheel vehicles as motorcycles, and issues a motorcycle plate, if the unit meet all the motorcycle requirements for street and road use.

Most ATV's do not meet those requirements and are registered as Off-Highway vehicles and not allowed on streets or highways.

If we may be of further service, please feel free to write.

Sincerely,

Cosme H. Garcia, Chief

By:   
Vehicle Services Bureau