

ALASKA LEGISLATURE COMMITTEE FILES 1900-1900 00/2

3777 HTRA HB 133 - HB 143

55

1 self-insure; or

2 (4) other security approved by the department.

3 (c) The department may authorize department personnel [ENFORCE-
4 MENT OFFICERS] to enforce this section and may adopt [procedural] regu-
5 lations necessary to implement this section.

6 * Sec. 2. AS 42.30.200 is amended by adding new subsections to read:

7 (d) A policy of insurance submitted as proof of financial
8 responsibility under AS 42.30.225(a)(1), a surety bond, or other form
9 of security may not be cancelled on less than 30 days' written notice
10 to the department. This requirement must be clearly stated in the
11 policy or endorsement. The 30-day notice period is measured from the
12 date on which the department receives notice.

13 (e) A person who knowingly violates (a) of this section is
14 guilty of a class B misdemeanor and is punishable by a fine of not
15 less than \$500 or more than \$1,000.

16 (f) This section applies only to a person who carries passengers
17 or freight for hire in a motor vehicle weighing 10,000 pounds or more,
18 or a propeller or jet-powered aircraft.

19 * Sec. 3. AS 42.30 is amended by adding new sections to read:

20 Sec. 42.30.225. CERTIFICATION OF COMPLIANCE OF AIR CARRIERS.

21 (a) A person may not engage in air commerce without obtaining a
22 certificate of compliance from the department. The department shall
23 issue a certificate of compliance upon application and presentation of

24 (1) proof of financial responsibility required under
25 AS 42.30.200;

26 (2) proof of compliance with Federal Aviation Administra-
27 tion requirements, and, where applicable, federal certification for
28 scheduled airline service.

29 (b) A person who receives a certificate of compliance under (a)

1 of this section shall renew the certificate annually.

2 (c) Each aircraft owned or leased by a person subject to the
3 provisions of this section must have a certificate of compliance
4 issued by the department before the aircraft is used in air commerce.
5 The certificate is valid for a period of 12 months following the date
6 of certification. The certificate must be displayed on the aircraft
7 so that it is visible to boarding passengers.

8 (d) A federally-certificated interstate air carrier that pro-
9 vides intrastate service between points in the state on an interstate
10 or foreign route, and who uses, for that intrastate service, aircraft
11 based primarily outside the state, must also obtain a certificate of
12 compliance for each aircraft used in intrastate service.

13 (e) Use of an aircraft in air commerce before obtaining a cer-
14 tificate of compliance required under (a) of this section may be cause
15 for suspension or revocation of the certificate.

16 (f) An air carrier, who before the effective date of this Act,
17 obtained a certificate to operate from the Alaska Transportation
18 Commission, is not required to obtain a certificate of compliance
19 under (a) of this section until the date on which the insurance policy
20 on each aircraft must be renewed.

21 (g) The department may authorize department personnel to enforce
22 this section and may adopt procedural regulations necessary to imple-
23 ment this section.

24 ARTICLE 6. MOTOR VEHICLE SAFETY INSPECTIONS.

25 Sec. 42.30.300. MOTOR VEHICLE SAFETY INSPECTIONS. (a) A motor
26 vehicle may not be operated in this state without a certificate of
27 inspection. An owner of a motor vehicle shall renew a certificate of
28 inspection at least once a year at an official inspection station
29 under AS 42.30.320. An owner of a motor vehicle shall display a

1 sticker of inspection visible from outside the vehicle in a location
2 determined by the department.

3 (b) The commissioner of commerce and economic development may
4 adopt procedural regulations necessary to implement this section.

5 Sec. 42.30.310. EXEMPTIONS. A motor vehicle is exempt from the
6 requirements of AS 42.30.300 if it is owned by the government of the
7 United States of America.

8 Sec. 42.30.320. OFFICIAL INSPECTION STATIONS. (a) A person may
9 not operate an inspection station without a permit from the depart-
10 ment. The department shall approve an application for permit to
11 operate an inspection station if

12 (1) the department determines the inspection station has
13 proper equipment and competent personnel; and

14 (2) a certified vehicle inspector under AS 42.30.330 is
15 employed at the inspection station.

16 (b) After the department approves an application for permit to
17 operate an official inspection station under (a) of this section, it
18 shall provide the applicant with a permit, certificates of inspection,
19 and inspection stickers.

20 (c) Upon receipt of a permit from the department under (b) of
21 this section, the operator of an official inspection station shall
22 post the permit in a conspicuous place at the location designated by
23 the department.

24 (d) The department may enter the premises of the operator of an
25 official inspection station at any time to inspect the work of the
26 certified vehicle inspectors under AS 42.30.330 or to determine if the
27 operator continues to meet the requirements of this section.

28 (e) The department shall suspend or revoke a permit of an opera-
29 tor of an official inspection station if the operator fails to meet

1 the requirements of this section.

2 (f) Upon notice of suspension or revocation of a permit under
3 (e) of this section, the operator of an official inspection station
4 shall immediately terminate all inspection activities, and on demand
5 by the department, return the permit and all certificates of inspec-
6 tion. The department shall issue a receipt for all unused certifi-
7 cates of inspection.

8 (g) If a permit is suspended or revoked under (e) of this sec-
9 tion, the department shall give an operator of an official inspection
10 station a hearing, upon written request filed with the department
11 within 10 days after suspension or revocation.

12 (h) A permit to operate an official inspection station may not
13 be assigned, transferred, or used at a location other than the lo-
14 cation designated by the department.

15 Sec. 42.30.330. CERTIFICATION OF VEHICLE INSPECTORS. (a) A
16 person may not conduct a motor vehicle inspection at an official
17 inspection station under AS 42.30.320 unless certified as a vehicle
18 inspector by the department.

19 (b) The department may suspend the certification issued to a
20 vehicle inspector under (a) of this section if the vehicle inspector
21 improperly conducted inspections or failed to comply with a provision
22 of this section or regulations adopted under it.

23 (c) If a certificate is denied or suspended under (b) of this
24 section the department shall give a vehicle inspector a hearing upon
25 written request filed with the commissioner within 10 days after
26 denial or suspension.

27 Sec. 42.30.340. ISSUANCE OF CERTIFICATE OF INSPECTION. (a) A
28 person operating an official inspection station shall issue a certifi-
29 cate of inspection to the owner of a motor vehicle after determining

1 the motor vehicle is in a safe and mechanically sound condition.

2 (b) A person operating an official inspection station shall keep
3 a record of each inspection performed at the station and the depart-
4 ment may audit the records of an official inspection station at any
5 time.

6 Sec. 42.30.350. FALSELY REPRESENTING TO BE AN OFFICIAL STATION.

7 (a) A person may not represent a place as an official inspection
8 station unless the station is operating under a valid permit issued by
9 the department under AS 42.30.320.

10 (b) A person may not issue a certificate of inspection unless
11 holding a valid permit under AS 42.30.320.

12 Sec. 42.30.360. COUNTERFEIT CERTIFICATES OF INSPECTION. (a) A
13 person may not make, issue, or knowingly use an imitation or counter-
14 feit of an official certificate of inspection.

15 (b) A person may not knowingly display or issue a certificate
16 of inspection on a motor vehicle unless the motor vehicle has met the
17 requirements of AS 42.30.340.

18 Sec. 42.30.370. VIOLATION A MISDEMEANOR. A person who knowingly
19 violates a provision of AS 42.30.300 - 42.30.360 is guilty of a class
20 B misdemeanor.

21 Sec. 42.30.380. DEFINITIONS. In AS 42.30.200 - 42.30.380,

22 (1) "air carrier" means a person undertaking to engage in
23 air commerce, whether directly or indirectly, or by lease, contract,
24 or any other arrangement, and whether over regular or irregular
25 routes;

26 (2) "air commerce" means carriage by aircraft of persons or
27 freight, for compensation or hire, in intrastate commerce, including
28 the carriage by aircraft of persons or freight that move partly by
29 aircraft and partly by other forms of transportation;

1 (3) "aircraft" means a device used or designed for flight
2 in the air;

3 (4) "department" means the Department of Commerce and
4 Economic Development;

5 (5) "freight" means all commodities, articles, and cargo,
6 of whatever nature or value, excluding garbage and trash;

7 (6) "motor vehicle" means a truck of more than 10,000
8 pounds unladen gross vehicle weight used upon a public highway.

9 * Sec. 4. Notwithstanding the amendment to AS 42.30.200(a)(3) made by
10 sec. 1 of this Act, until July 1, 1985, a person to whom AS 42.30.200
11 applies need only maintain security in the amount of \$100,000 per seat for
12 bodily injury or death in a single occurrence if a person operates an
13 aircraft.

14 * Sec. 5. AS 44.33.020 is amended by adding a new paragraph to read:

15 (27) implement the financial responsibility requirements for
16 motor vehicles and air carriers under AS 42.30.200 and 43.30.225.

17 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
18 10.070(c).

*file
from R. Stoops*

The bill does the following:

1. Sets commercial aircraft liability insurance at the same rates previously required by A.T.C. and allows the Dep't of Commerce to increase the insurance levels by regulation if deemed necessary.

2. Sets up simple certification procedure in Dep't of Commerce to assure that commercial air carriers have insurance and have met federal safety requirements.

Benefits

1. Gives certainty to air carriers in aftermath of ATC initiative. Now governed by emergency regs. adopted without public involvement and which will expire in 120 days.

2. Simplifies the bureaucracy for air carriers by allowing them to do business with one department rather than two. Other Dep't of Commerce functions include business loans and regulation of corporations. Public Safety has no functions relating to air carriers at the present. Aircraft inspection is a federal responsibility.

Letter of Intent

1. Interim study which can be done by legislative staff and House Research Agency, will provide useful information back to the next sessions regarding reliability of air service to rural Alaska and air safety. The abolishment of A.T.C. eliminated safety requirements as well as economic regulation for air charter operations. If air travel becomes less safe in the future, perhaps we need stricter safety requirements.

Moen
3/7/85 ✓

Original sponsor: Rules/Governor

file

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 133 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to transportation safety and finan-
7 cial responsibility; and providing for an effective
8 date."

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

10 * Section 1. AS 42.30.200(a) is amended to read:

11 (a) Except as provided in AS 42.30.300 - 42.30.310, a [A] person
12 who carries passengers or freight for hire intrastate shall procure
13 and maintain security in an amount determined by the Department of
14 Public Safety as necessary for the reasonable protection of the public
15 against damages or injury caused by the person.

16 * Sec. 2. AS 42.30 is amended by adding new sections to read:

17 Sec. 42.30.300. AIR CARRIER FINANCIAL RESPONSIBILITY. (a) A
18 person who uses an aircraft in air commerce shall procure and maintain
19 security in an amount determined by the department as necessary for
20 the reasonable protection of the public against damages or injury
21 caused by the person, except that the amount determined by the
22 department may not be less than

23 (1) \$100,000 per seat for bodily injury or death in a
24 single occurrence; and

25 (2) \$25,000 for property damage in a single occurrence.

26 (b) Evidence of security required under (a) of this section must
27 be

28 (1) a policy or certificate of insurance issued by an
29 insurer acceptable to the department;

1 (2) a bond of a surety company licensed to write surety
2 bonds in the state;

3 (3) evidence accepted by the department, showing ability to
4 self-insure; or

5 (4) other security approved by the department.

6 (c) The department may authorize department personnel to enforce
7 this section and may adopt regulations necessary to implement this
8 section.

9 (d) A policy of insurance, a surety bond, or other form of
10 security submitted as proof of financial responsibility under AS 42.-
11 30.310(a)(1) may not be cancelled on less than 30 days' written notice
12 to the department. This requirement must be clearly stated in the
13 policy, endorsement, or bond agreement. The 30-day notice period is
14 measured from the date on which the department receives notice.

15 (e) A person who violates (a) of this section is guilty of a
16 class A misdemeanor and is punishable by a fine of not less than
17 \$1,000 or more than \$5,000.

18 (f) The department shall charge and collect fees necessary to
19 implement this section.

20 Sec. 42.30.310. CERTIFICATION OF COMPLIANCE. (a) A person may
21 not use an aircraft in air commerce before obtaining a certificate of
22 compliance for that aircraft. The department shall issue a certifi-
23 cate of compliance upon application and presentation of

24 (1) proof of financial responsibility required under
25 AS 42.30.300;

26 (2) proof of compliance with Federal Aviation Administra-
27 tion requirements, and, where applicable, federal certification for
28 scheduled airline service.

29 (b) A person who receives a certificate of compliance under (a)

1 of this section shall renew the certificate annually.

2 (c) Each aircraft owned or leased by a person subject to the
3 provisions of this section must have a certificate of compliance
4 issued by the department before the aircraft is used in air commerce.
5 The certificate is valid for a period of 12 months following the date
6 of certification.

7 (d) The department may authorize department personnel to enforce
8 this section and may adopt regulations necessary to implement this
9 section.

10 Sec. 42.30.390. DEFINITIONS. In AS 42.30.200 - 42.30.390,

11 (1) "air commerce" means carriage by aircraft of persons or
12 freight, for compensation or hire, in intrastate commerce, including
13 the carriage by aircraft of persons or freight that move partly by
14 aircraft and partly by other forms of transportation;

15 (2) "aircraft" means a propeller or jet-powered device used
16 or designed for flight in the air;

17 (3) "department" means the Department of Commerce and
18 Economic Development;

19 (4) "freight" means all commodities, articles, and cargo of
20 whatever nature or value, excluding garbage and trash.

21 * Sec. 3. AS 44.33.020 is amended by adding a new paragraph to read:

22 (27) implement the financial responsibility requirements for
23 air carriers under AS 42.30.200 - 42.30.390.

24 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
25 10.070(c).



HCR 14

The State Affairs Committee considered HOUSE CONCURRENT RESOLUTION NO. 14 (seventeenth annual Girls' State at the Fairbanks University of Alaska campus) and recommended do pass. The report was signed by Senator Abood, Chairman and concurred in by Senators DeVries, Ray, Kelly and Vic Fischer.

HOUSE CONCURRENT RESOLUTION NO. 14 was referred to the Rules Committee.

HB 133

The Transportation Committee considered CS FOR HOUSE BILL NO. 133 (FIN) am (transportation safety and financial responsibility; efd) and recommended it be replaced with

SENATE CS FOR CS FOR HOUSE BILL NO. 133 (TRSP)

with a majority do pass. The report was signed by Senator Coghill, Chairman and concurred in by Senators Paul Fischer and Josephson. Senator Abood signed "do pass if air and truck bills are separated". Senator Faiks signed "no recommendation".

Fiscal note from Department of Commerce and Economic Development appears in Supplement No. 29.

CS FOR HOUSE BILL NO. 133 (FIN) am was referred to the Finance Committee.

SB 169

The Rules Committee considered SENATE BILL NO. 169 (limiting the exemption of permanent fund dividends from orders for the collection of debt) and a majority of the committee recommended calendar April 9. The report was signed by Senator Kelly, Chairman and concurred in by Senators Bennett, Coghill and Faiks.

SENATE BILL NO. 169 appears on the calendar.

The report was signed by Senator Sturgulewski, Chairman and concurred in by Senators Fahrenkamp, Coghill, Eliason, Vic Fischer, Halford and Zharoff.

SB 69

The Community and Regional Affairs Committee considered SENATE BILL NO. 69 (licensing and regulation of the sale and distribution of alcoholic beverages; efd) and recommended it be replaced with

CS FOR SENATE BILL NO. 69 (CSRA)

with a majority do pass. The report was signed by Senator DeVries, Chairman and concurred in by Senators Coghill, Vic Fischer and Sturgulewski.

SENATE BILL NO. 69 was referred to the Judiciary Committee.

SB 208

The Health, Education and Social Services Committee considered SENATE BILL NO. 208 (formation of federal transfer regional educational attendance areas in certain villages; efd) and recommended it be replaced with

CS FOR SENATE BILL NO. 208 (HESS), entitled:

"An Act relating to the formation of regional educational attendance areas in certain villages; and providing for an effective date."

Senator Fahrenkamp, Chairman, signed "do pass". Senators DeVries, Paul Fischer and Josephson signed "do not pass". Senator Sturgulewski signed "do not pass unless amended".

SENATE BILL NO. 208 was referred to the Finance Committee.

HCR 13

The State Affairs Committee considered HOUSE CONCURRENT RESOLUTION NO. 13 (nineteenth annual Boys' State at Camp Carroll) and recommended do pass. The report was signed by Senator Abood, Chairman and concurred in by Senators DeVries, Ray, Kelly and Vic Fischer.

HOUSE CONCURRENT RESOLUTION NO. 13 was referred to the Rules Committee.

STANDING COMMITTEE REPORTS

March 5, 1985

Dear Mr. President:

Pursuant to your instructions, and in accordance with AS 39.-05.080, the Senate State Affairs Committee had under consideration the Governor's appointments of Doris Volzke and Sandra Hennicks to the State Commission on Human Rights; and Burke Riley to the Alaska Public Offices Commission.

The committee has considered the nomination and now returns the names to the Senate for consideration of the full body in joint session. This does not necessarily indicate an intention to vote for or against the individuals named at the time of joint session on confirmation.

The report was signed by Senator Abood, Chairman and concurred in by Senators DeVries, Kelly and Ray.

March 4, 1985

Dear Mr. President:

The Senate Committee on Health, Education and Social Services has considered the following Governor's appointees to the State Board of Education and has no stated objection to their appointment. This does not, however, indicate an individual committee member's intent to vote for or against any appointment at the time of confirmation.

Board of Education

Barney Gottstein, Anchorage, 1/31/90

Don Gray, Fairbanks, 1/31/90

Janie P. Leask, Anchorage, 1/31/89"

The report was signed by Senator Fahrenkamp, Chairman and concurred in by Senators Sturgulewski, DeVries and Josephson.

SB 39

The Transportation Committee considered SENATE BILL NO. 39 (special appropriation to the Department of Transportation and Public Facilities for various construction projects in the Totchaket resource area; efd) with a majority do pass. The report was signed by Senator Coghill, Chairman and concurred in by Senators Abood and Paul Fischer. Senators Josephson and Faiks signed "no recommendation".

SENATE BILL NO. 39 was referred to the Finance Committee.

The Secretary announced receipt of the following notice dated February 22 from Commissioner Robison, Department of Labor, and posted March 4:

**"NOTICE OF PROPOSED CHANGES IN THE
REGULATION OF THE ALASKA DEPARTMENT OF LABOR**

Notice is given that the Alaska Department of Labor, under authority vested by AS 18.60.020, proposes to amend regulations in Title 8 of the Alaska Administrative Code dealing with occupational safety and health standards which are adopted by reference. The Department of Labor also proposes to adopt, amend, and repeal safety and health standards in Subchapter 01, General Safety Code, dealing with powered platforms, manlifts, and vehicle-mounted work platforms, hydrogen, materials handling and storage, machinery and machine guarding, welding cutting and brazing, walking and working surfaces, and guarding of portable powered tools; Subchapter 03, Electrical Code, dealing with definitions for electrolytic cells; and Subchapter 04, Occupational Health and Environmental Control Code, dealing with permissible exposure levels for ethylene oxide, transfer of records, computation of employee noise exposure, and instructions for measuring the sound levels and tolerances connected with the acoustic calibration of audiometers, to implement AS 18.60.010..."

The Secretary announced receipt of the following memorandum on March 4:

"TO: Bill Sheffield, Governor **DATE:** February 28, 1985
Ben Grussendorf, Speaker
Don Bennett, President

FROM: Robert C. Rucker, Chairman
Keith H. Miller, Commissioner
H.D. Scougal, Commissioner
Alaska Transportation Commission

Please be advised that pursuant to the passage of Initiative No. 83.02 November 6, 1984, the Alaska Air Commerce Act, AS 02.05, the Alaska Transportation Commission Act, AS 42.07, and the Alaska Motor Freight Carriers Act, AS 42.10, and all regulations promulgated thereunder, are abolished and of no further force or effect.

Therefore, effective at midnight, February 28, 1985, all existing State motor freight vehicle regulations, weight fee requirements, commercial vehicle, and aircraft insurance requirements, aircraft registration fees, vehicle identification and hazardous material placarding, truck driver qualifications, and safe operation requirements and restrictions, and similar public interest regulations and enforcement functions of the Alaska Transportation Commission will cease to exist."

RED DOG STUDY DELAYED: Work on a \$267,000 state contract to study options for Red Dog Mine financing will be delayed due to a conflict of interest within the company awarded the contract, SRI International of Menlo Park, CA. Recently it was realized that A Olaf Wolff, proposed project director, receives monthly payments as a retiree of Cominco, the Red Dog development company. SRI has replaced Wolff; this delay will cost at least a month in production of a draft financing plan.

FERRY STRIKE TENTATIVELY AVOIDED: Tentative agreement on a new three-year contract has been reached between the Alaska Marine Highway System and members of the Inland Boatmen's Union of the Pacific. An April 1st strike deadline had been set by the union which had been working without contract since August 17th.

CHINA AIR DIRECT TO ANCHORAGE: The US Dept. of Transportation granted an exemption to China Air Lines for passenger service between Anchorage and Taipei, Taiwan. Senator Murkowski, who helped secure the ruling, believes that this first non-stop flight between Anchorage, and Taipei "will prove valuable as Alaska expands its business and tourism ties with Taiwan." The new, twice-weekly flights are scheduled to begin April 28.

PILOTS DROP SUIT AGAINST WIEN: The Air Line Pilots Association has tentatively agreed to drop a \$40 million breach-of-contract suit against Wien Airlines. In the settlement, Wien owner James Flood will donate \$1 million in cash and provide some very cheap lease and rental rates to help start the airline running again. This is the only plan of five, competing for court approval in a 5-month old federal bankruptcy proceeding, which would resolve the \$40 million pilot's suit.

AK AIRLINES ATTENDANTS APPROVE NEW CONTRACT: A new three-year contract was narrowly approved by Alaska Airline's 500 flight attendants. The contract calls for a 40% pay reduction for new employees. Airline representatives are now meeting with members of the striking International Association of Machinists and Aerospace workers. Generally involved in the wage negotiations are pay reductions for 'new employees,' which would permit Alaska Airlines, although presently profitable, to keep long-term wage parity with competing carriers (in financial trouble) which have been able to obtain labor wage/benefit concessions.

^{HB 133}
CARRIER INSURANCE RATES: The House recently passed a bill restoring mandatory insurance for carriers. State liability statutes were abolished with the dissolution of the Alaska Transportation Commission (ATC) last November by the Libertarian sponsored initiative. The new measure requires that air carriers must carry insurance worth at least \$100,000 per passenger.

The Alaska Economic Report

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Far East Gas Market (from page one)

Japanese utilities are reportedly uncomfortable with the Sakhalin option because it depends on the Soviet Union, although the government likes the Sakhalin precisely because it forges Japan/Soviet trade ties. Thailand is pushing its project aggressively, but Japan already gets most of its LNG from Southeast Asia and energy planners are concerned over dependence on this regional source.

Encouragement For Coal

There were some encouraging words for coal prospects. Japan will continue its build-up of coal-fired electrical generation as an oil alternative, Dr. Toichi said. Continental U.S. coal imports will be unlikely due to their lengthy rail hauls to western coastal ports, putting these sources at about a \$10 disadvantage with Australian and South African coals. However, Alaska's geographic position and tidewater coals may hold some market possibilities.

Continue Diversification

In general, Japan will continue seeking diversified sources for long-range energy imports despite the current glut of oil and the unlikelihood of any kind of cut-off in the near future. Dr. Toichi said that although price-sensitivity is important once again in Japanese energy planning, the experience of the 1970s oil price shocks is remembered and both the security and diversity of source remain a consideration.

Crude Demand 'Flat'

Dr. Toichi predicted Japan's crude oil imports will remain essentially 'flat' (at 1983 levels) over the next decade. The sources of oil supply, however, will probably shift. Japan now gets 66% of its oil from the Middle East, compared to 29% for Europe and 4% for the U.S. The remainder of Japanese oil comes largely from Indonesia. Planners hope to further diversify these sources will oil from China and Mexico. Japan has reportedly decreased its overall energy dependency from 78% (1973) to 60% (1983) and hopes to achieve 50% by 1995.

The cost of energy adjustment has been a wrenching experience for Japan's energy intensive industries. It is interesting to note that Japan's aluminum industry dropped by 1.1 million tons last year.

The overall energy demand in Japan is expected to increase with much of the gap being filled by coal and nuclear energy. Nuclear at this point is viewed as the most cost-effective, with coal generation being second. Nuclear power is pegged at 13 yen/kilowatt hour, coal at 14 yen/kwh, and oil/LNG at 17 yen/kwh. However, a sharp drop in oil prices would lower oil and LNG costs, Dr. Toichi said. Japan's nuclear plants also presently have about 30% spare capacity.

The Big Picture

Dr. Toichi shares western views that OPEC will face increasing difficulties in maintaining crude prices through the next decade. OPEC refineries directly servicing the spot markets will also complicate the climate. Despite policies of diversification Japan is under pressure to simply import cheap products.

However, with the government policy diversification remains a goal for Japan. Dr. Toichi said Japanese planners are concerned about being 'too dependent' on one region --in the LNG case that region is Southeast Asia, which could in the future become a 'Middle East.' Planners see a growing 'politization' of the LNG issue in this region.

Fitting in Alaska

Viewing Dr. Toichi's statements, trying to fit Alaska LNG into Japanese markets has some positive and negative aspects. First, the Japanese market window that may be available in the 1990s is likely 'too small' to support the cost/volume of an Alaskan North Slope/tidewater LNG gas system. This then would mean a complex project based on Japanese, Korean, and Taiwanese 1990s market increments. Alaska gas may also have price problems, but be bolstered by political/diversification values of Far East consideration.

House OKs bill on liability rates for air carriers

3/25-
HB 133
Daily NEWS

By BRUCE SCANDLING
The Associated Press

JUNEAU — House lawmakers passed a bill Friday that would set up liability insurance rates for in-state air carriers, re-establishing regulations scrapped when voters abolished the Alaska Transportation Commission in November.

But most of a vigorous debate sparked by the measure centered on what the bill doesn't include.

Several Republicans — who comprise the House minority — complained that the bill doesn't contain any insurance or inspection regulations for Alaska's trucking industry.

Those regulations also were dumped when the ATC was abolished, but the House Transportation Committee worked for weeks this session to re-establish inspection and insurance guidelines for truckers.

House leaders scrapped that part of the bill at a House Finance Committee meeting earlier in the week, an action that drew an angry response Friday from Rep. Walt Furnace, R-Anchorage.

"It has simply taken all that language out," Furnace said. "In two days we have wiped out all that hard work."

He called the action a "miscarriage of justice."

House leaders, however, said they pulled language regarding the trucking industry because it will be tackled later this session in a Senate bill working its way toward the House.

"One of the things we're trying to do is separate these (air and truck) carriers," said Rep. Al Adams, D-Kotzebue and chairman of the House Finance Committee. "The

See Page B-3, INSURANCE

Insurance

Continued from Page B-1

truckers will be dealt with later (in the Senate bill)."

Friday's vote sets minimum liability insurance rates for air taxi services and small airlines conducting business only within Alaska.

The bill does not address safety inspections, since those are required of all air carriers by the Federal Aviation Administration.

In-state air carriers must supply liability insurance worth at least \$100,000 for every passenger on board, according to the measure. That's the same rate set by the ATC before it was abolished.

Rep. John Sund, D-Ketchikan, tried — and failed — to amend the bill by raising minimum liability rates to \$300,000 per seat. He said increased coverage would better protect accident victims, and their families.

"Most of the time, you're talking about death, not just injury," said Sund, who acknowledged he owns a small percentage of a Ketchikan air taxi service.

"If you can't afford the difference (between \$100,000 and \$300,000 rates), you shouldn't be flying," Sund said.

Several lawmakers said the higher insurance requirement would protect consumers from "fly-by-night" air-charter owners.

Adams, however, said higher rates would simply be passed along to consumers, especially in rural Alaska where residents fly frequently with small airlines and charter companies.

Friday's floor debate was underscored by a series of amendments unsuccessfully promoted by Rep. Andre Marrou, a Homer Libertarian who was one of the co-sponsors of the ballot initiative that abolished the ATC.

Air taxis eye safety, insurance concerns

2/26

HB133

By KIRK McALLISTER
The Juneau Empire

Alaska has the highest number of airplane accidents and deaths of any state in the country, and with the deregulation of the transportation industry set to take effect Friday, steps must be taken to ensure passenger safety, a house committee was told Monday.

Bob Jacobsen, vice president of the Alaska Air Carriers Association, which represents about 90 percent of the full-time carriers in the state, told the House Finance Committee that the state needs to establish a minimum insurance level for air carriers.

Deregulation goes into effect

March 1," Jacobsen said. "We need insurance standards to protect both the public and the industry."

The Alaska Transportation Commission, which formerly regulated air and surface transportation in the state, was abolished in November by Alaska voters.

The House panel was hearing testimony on a bill (HB-133) that transfers some of the insurance, safety and inspection functions of the ATC to the Department of Commerce and Economic Development and Department of Public Safety.

Jacobsen recommended that \$300,000 be adopted as a minimum

coverage for the state's 240 air carriers.

Jacobsen, who is also president of Wings of Alaska, called for a study on the effects of deregulation on the air carrier industry in the state to determine what safety requirements should be addressed by the Legislature next session.

Through the Alaska Aviation Safety Foundation, the industry is teaching pilots about the special difficulties of flying in the 49th state, he said.

Air carriers aren't the only ones concerned about the March 1 termination of the ATC.

T.J. Thrasher, executive director of

the Alaska Truckers Association, supported the air carriers' position, saying her industry also needs to know what its insurance minimums will be.

Thrasher said she also supported a mandatory vehicle safety inspection program but said the insurance and safety issues should be separated so a decision on the insurance amounts could be made by Friday.

Rep. Andre Marrou, L-Homer, a prime sponsor of the deregulation petition, told the committee that deregulation of transportation is working in Arizona and Florida and that the bill would add unnecessary bureaucracy and cost to the state.

STAFF
BILL
FILE

Sheffield lists bills he wants approved

By JOHN LINDBACK
Daily News reporter

JUNEAU — Gov. Bill Sheffield told legislative leaders this week which bills he wants them to pass before their May 13 mandatory adjournment.

They included bills dealing with subsistence hunting and fishing, the permanent fund, child abuse, employment and the longevity bonus program.

Reaction of House and Senate leaders to those and a list of 43 other bills the governor has identified as his priorities for legislation this session has so far been low key.

"Some of them need more study," said Sen. Jan Faiks, R-Anchorage. The most obvious example, she said, is a bill introduced by the governor that would re-establish subsistence priority hunting and fishing laws in Alaska.

Senate President Don Bennett has said his majority organization will not deal

with the politically sensitive subsistence issue this session. It is too complicated to be handled before adjournment, according to Bennett, R-Fairbanks.

But Sheffield and some of his allies in the House contend that a recent court rejection of state rules for allotment of fish and game will seriously curtail sportfishing in Southcentral Alaska this year. House advocates of a bill that would establish new rules and restrict subsistence hunting and fishing rights to rural Alaskans are trying to find 21 votes in the 40-member House to pass the bill this session.

"We're in the process right now of checking a vote count" on subsistence, said House Speaker Ben Grussendorf, D-Sitka.

The Senate has also been the prime opponent of another of Sheffield's priority bills this session, the authorization

of \$500 million more in deposits to the \$6 billion permanent fund. The governor wants authorization to order new deposits to the state savings account as funds become available.

Grussendorf suggested that the bill is likely to pass the House. It will definitely be moved to the House floor for a vote, he said, a signal that proponents are confident they have secured the necessary 21 votes.

Another permanent fund bill in the House that Sheffield put on his priority list would deposit \$400 million in interest earnings from the permanent fund back into the principle of the fund. The earnings are now in the fund's so-called undistributed income account.

Sheffield identified several bills as critical for passage this session. One would extend the life of the Council on Domestic Violence and Sex-

ual Assault for four more years. Another authorizes the sale of \$86 million in revenues bonds for renovation of international airports and provides bond authorization for financing a road and port for the Red Dog zinc mine near Kotzebue.

Other bills included on the governor's priority list sent to legislators this week would:

- Strengthen laws to prosecute suspected child abusers.
- Strengthen laws that would force employers to hire Alaskans before non-residents on state-financed projects.
- Give the Department of Public Safety authority to refuse to register a motor vehicle if it does not meet standards of state or local emission control programs.
- Establish an Anchorage Coastal Wildlife Refuge in an area extending from Potter Marsh north to Point Woronzof.

State lawmakers warned to write new

By **BRUCE SCANDLING**
The Associated Press

JUNEAU — State lawmakers were told Tuesday that federal authorities could be required to take over management of fish and wildlife in Alaska if new subsistence laws aren't written soon.

Some legislators, however, said the warning carries no teeth and shouldn't be seriously considered as debate of Gov. Bill Sheffield's subsistence bill continues.

A recent Alaska Supreme Court decision that struck

legislature

down state rules regulating fish and game allotments may cause violations of federal law, said Bill Horn, deputy undersecretary of the Interior Department.

The so-called Madison case — handed down Feb. 22 — appears to violate federal management laws set forth in the Alaska National Interest Lands Conservation Act of 1980, Horn said.

His comments came in an

April 18 letter to Rep. Peter Goll, D-Haines.

A copy of the letter was provided to The Associated Press Tuesday.

Goll, chairman of the House Special Committee on Fisheries, wrote the Interior Department April 1, asking if the Madison ruling puts Alaska in violation of ANILCA.

"Our preliminary review of the Madison decision indicates that it put the state in a position of non-compliance," Horn wrote. "The decision appears to require that, under

Alaska law, the subsistence preference be extended to urban residents — an extension barred by (federal law)."

Basically, the Madison ruling said state fish and game managers had too strictly interpreted a subsistence law crafted by the Alaska Legislature in 1981.

All residents of Alaska — urban and rural alike — should be granted subsistence hunting and fishing rights, the court ruled.

Provisions of ANILCA, however, say the state can

new bills

The Associated Press

JUNEAU — Here is a list of bills and resolutions introduced Tuesday, the 100th day of the First session of the 14th Alaska Legislature.

HOUSE:

- HCR31; Proposes an amendment to the Uniform Rules of the Alaska Legislature that would include the pledge of allegiance as a

Panel to study legislative pay

By **DEAN FOSDICK**
The Associated Press

JUNEAU — A measure that would set up a legislative committee to look at pay and benefits for lawmakers was sent to the House on Tuesday, putting to rest — at least in the Senate — any

ate and three from the House to examine during the interim legislative salaries, per diem and allowances.

The committee would be "directed to take the approach taken by the state regarding salaries with the approach taken by other

**JOH
H
BI**

Bill sets carrier insurance rates

by Bruce Scandling
Associated Press

3/25
TIMES

Juneau — House lawmakers passed a bill Friday that would set up liability insurance rates for in-state air carriers, re-establishing regulations scrapped when voters abolished the Alaska Transportation Commission in November.

But most of a vigorous debate sparked by the measure centered on what the bill doesn't include.

Several Republicans — who comprise the House minority — complained that the bill doesn't contain any insurance or inspection regulations for Alaska's trucking industry.

Those regulations were also dumped when the ATC was abolished, but the House Transportation Committee worked for weeks this session to re-establish inspection and insurance guidelines for truckers.

House leaders scrapped that part of the bill at a House Finance Committee meeting earlier in the week, an action that drew an angry response Friday from Rep. Walt Furnace, R-Anchorage.

"It has simply taken all that language out," Furnace said. "In two days we have wiped out all that hard work."

He called the action a "miscarriage of justice."

House leaders, however, said they pulled language regarding the trucking industry because it will be tackled later this session in a Senate bill working its way toward the house.

"One of the things we're trying to do is separate these (air and truck) carriers," said Rep. Al Adams, D-Kotzebue and chairman of the House Fi-

nance Committee. "The truckers will be dealt with later (the Senate bill)."

Friday's vote sets minimum liability insurance rates for a taxi services and small airlines conducting business on within Alaska.

The bill does not address safety inspections, since those are required of all air carriers by the Federal Aviation Administration.

In-state air carriers must supply liability insurance worth at least \$100,000 for every passenger on board, according to the measure. That's the same rate set by the ATC before it was abolished.

Rep. John Sund, D-Ketchikan, tried — and failed — to amend the bill by raising minimum liability rates to \$300,000 per seat. He said increased coverage would better protect accident victims, and their families.

"Most of the time, you're talking about death, not just injury," said Sund, who acknowledged he owns a small percentage of a Ketchikan air taxi service.

"If you can't afford the difference (between \$100,000 and \$300,000 rates), you shouldn't be flying," Sund said.

Several lawmakers said the higher insurance requirement would protect consumers from "fly-by-night" air-charter owners.

Adams, however, said higher rates would simply be passed along to consumers, especially in rural Alaska where residents fly frequently with small airlines and charter companies.

And that must involve some regulation and inspection, they said.

3/26 FEX HB 133

Bill doubles minimum air insurance

JUNEAU (AP)—Small airlines and air-taxi services flying in Alaska would have to provide liability insurance of at least \$200,000 per passenger, under a measure passed by House lawmakers Monday.

The bill, if it becomes law, would double the current insurance requirement of \$100,000.

Monday's action amends a bill that passed the House last week, but was brought up for reconsideration by Rep. Max Gruenberg, D-Anchorage.

He said lawmakers—by doubling

the insurance requirement—would families of air-crash victims a chance to recover more money from the air carrier's insurance company.

"Usually, the insurance is the only source of money to compensate the victim's family," Gruenberg said.

The measure applies only to small air carriers who do not fly regular schedules monitored by the Federal Aviation Administration.

The scheduled air carriers are required by federal law to provide a

minimum of \$300,000 in liability insurance for each passenger.

Small air-taxi services in rural Alaska are expected to be most affected by the bill, and some bush lawmakers said the measure will force those businesses to raise fares in order to provide more substantial coverage.

Rep. John Sund, a Ketchikan Democrat who owns a small percentage of an air-taxi service, said his firm provides insurance coverage much higher than the \$100,000 minimum.

Airline...

Continued from Page 1

Friday's tabulation of strike votes, even through the airline reportedly has asked the union to resume talks.

Beside the machinists the airline's 546 flight attendants also have reached an impasse in contract talks with the airline. The flight attendants, however, are at least a month away from a possible strike.

John Gallant, master executive council chairman for the Association of Flight Attendants, said this morning from Seattle that contract talks be-

tween the airline and his bargaining unit started last August and broke down last October, the date when the old contract was open to change. Since the sides have been in talks with a federal mediator.

Gallant said he would expect that if wage and working condition differences can't be ironed out in one or two more sessions, that the union would declare the 30-day "cooling-off" period — the next to last step before a strike would be possible.

"We're always hopeful a strike won't be necessary. There is nothing in our demands that should prompt the company to take us out. Still it's not clear what's going to happen," Gallant said.

One Juneau airline employee, who asked not be identified, this morning said workers are currently pretty optimistic a strike will be avoided and that some settlement will be worked out over the weekend.

The last Alaska Airline strike was a 26-day strike by flight attendants in October 1976.

Officials of the airline in Seattle, Anchorage and Juneau this morning were unavailable for comment.

Alaska Airlines currently has four southbound and three northbound flights a day from Juneau. Western Airlines, currently unaffected by contract talks, has just one northbound flight to Fairbanks and one southbound flight to Seattle daily at present.



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

10/31/89
Date

H B

1 4 3

Offered: 2/18/85
Referred: Transportation

Original sponsor: House Special Committee
on Oil and Gas

1 IN THE HOUSE BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 143 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas activities along a
7 highway right-of-way; and providing for an effective
8 date."

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

10 * Section 1. AS 19.40.200 is amended by adding new subsections to read:

11 (b) The prohibition on disposal of state land under (a) of this
12 section does not apply to a

13 (1) disposal necessary for an oil and gas lease under
14 AS 38.05.180;

15 (2) a state lease or materials sale necessary for explora-
16 tion, development, production, or transportation of oil and gas or
17 reconstruction or maintenance of the highway.

18 (c) Before the sale of materials under (b)(2) of this section to
19 a private entity or person or to a state agency the state shall give
20 due consideration to the availability of materials from private
21 sources in the area where the materials are needed.

22 * Sec. 2. AS 19.40.210 is amended to read:

23 Sec. 19.40.210. PROHIBITION OF OFF-ROAD VEHICLES. Off-road
24 vehicles are prohibited on land within five miles of the right-of-way
25 of the highway. However, this prohibition does not apply to off-road
26 vehicles necessary for oil and gas exploration, development, produc-
27 tion, or transportation or to a person who holds a mining claim in the
28 vicinity of the highway and who must use land within five miles of the
29 right-of-way of the highway to gain access to the [HIS] mining claim.

- 1 * Sec. 3. This Act is retroactive to October 5, 1980.
- 2 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
- 3 10.070(c).

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HT 2-18-85 8:30am

CSSB 115 RES

AN ACT RELATING TO LAND USE AND DISPOSAL NEAR A HIGHWAY RIGHT-OF-WAY;
AND PROVIDING FOR AN EFFECTIVE DATE.

PRIME SPONSOR: RESOURCES COMMITTEE

CO-SPONSORS:

CURRENT STATUS: (H) TRSP

DATE		PAGE	ACTION
01/31/85	(S)	185	READ THE FIRST TIME
02/11/85	(S)	264	RES RPT CS 7 DP NEW TITLE
02/11/85	(S)	264	LETTER OF INTENT WITH COMMITTEE REPORT
02/19/85	(S)	328	TRSP RPT 4 DP RESOURCES CS
02/21/85	(S)	346	RLS RPT CALENDAR TODAY
02/21/85	(S)	352	READ THE SECOND TIME
02/21/85	(S)	352	RES CS ADOPTED UNAN CONSENT NEW TITLE
02/21/85	(S)	352	ADVANCED TO THIRD READING UNAN CONSENT
02/21/85	(S)	353	READ THE THIRD TIME CSSB 115 RES
02/21/85	(S)	353	PASSED Y20 N- X- A-

SB 115

MEASURE HISTORY

PAGE 02 OF 02

DATE		PAGE	ACTION
02/21/85	(S)	353	EFFECTIVE DATE SAME AS PASSAGE
02/21/85	(S)	353	SENATE LETTER OF INTENT ADOPTED
02/21/85	(S)	357	TRANSMITTED TO (H)
02/22/85	(H)	408	READ THE FIRST TIME
03/01/85	(H)	493	O&G WAIVED TO RESOURCES
03/04/85	(H)	509	RES WAIVED TO TRSP TRANSPORTATION RULES

Original sponsor: House Special Committee
on Oil and Gas

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON OIL AND GAS

2 CS FOR HOUSE BILL NO. 143 (Oil and Gas)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relat' to oil and gas activities along
7 highway rights-of-way."

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

9 * Section 1. AS 19.40.200 is amended to read:

10 Sec. 19.40.200. PROHIBITION ON DISPOSAL OF LAND WITHIN FIVE
11 MILES OF THE HIGHWAY. The state may not dispose of state land under
12 AS 38 which is within five miles of the right-of-way of the highway.
13 This section does not apply to an oil and gas lease under
14 AS 38.05.180.

15 * Sec. 2. AS 19.40.210 is amended to read:

16 Sec. 19.40.210. PROHIBITION OF OFF-ROAD VEHICLES. Off-road
17 vehicles are prohibited on land within five miles of the right-of-way
18 of the highway. However, this prohibition does not apply to off-road
19 vehicles necessary for oil and gas exploration conducted under an oil
20 and gas lease issued under AS 38.05.180 or to a person who holds a
21 mining claim in the vicinity of the highway and who must use land
22 within five miles of th) right-of-way of the highway to gain access to
23 the [HIS] mining claim.

DEPARTMENT OF NATURAL RESOURCES

PROPOSED AMENDMENT TO HB 143

1. Delete Section 1 and insert: *except for purposes of reconstruction or maintenance of this highway*

*Section 1. AS 19.40.200 is amended to read:

Section 19.40.200. PROHIBITION OF DISPOSAL WITHIN FIVE MILES OF THE HIGHWAY. The state may not dispose of state land under AS 38 which is within five miles of the right-of-way of the highway. This section does not apply to an oil and gas lease under AS 38.05.180, or to a disposal necessary for exploration, development, production, or transportation of oil and gas, or for reconstruction and maintenance of existing highways. *the north of 68° North latitude.*

2. Add a new section to read:

*Sec. 3. This Act takes effect immediately in accordance with AS 01.10.070(c).

3. Change title to read: "An Act relating to oil and gas activities along highway rights-of-way; and providing for an effective date."

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-465-2400

January 31, 1985

The Honorable Mike Davis, Chairman
House Special Committee on Oil and Gas
Pouch V
Juneau, AK 99811

Dear Representative Davis:

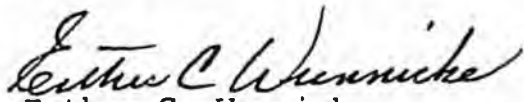
The Department of Natural Resources is requesting amendment of AS 19.40.200 and AS 19.40.210 to allow oil and gas exploration and development within five miles of the right-of-way of the Dalton Highway (North Slope Haul Road).

The statute presently prohibits the disposal of state land under AS 38 and use of off-road vehicles within five miles of the highway. "State land" under AS 38 includes oil and gas leases for exploration and production rights.

Although the department does not believe it was the intent of the 1980 Legislature to prohibit oil and gas activities along the highway, the statute as presently written may be interpreted to have that effect. Oil and Gas Lease Sale 47 (Kuparuk Uplands) is tentatively scheduled for May 21, 1985 and contains approximately 611,840 acres. Of that total, some 230,000 acres (52 of the 113 tracts) are within the five-mile corridor and will have to be deleted from the sale without clarification of the statutes cited above. Final notice of Sale 47 is scheduled to be given March 22, 1985.

I appreciate the willingness of your Committee to introduce HB 143, which would rectify the apparent oversight. Thank you in advance for your consideration and timely action on the bills.

Sincerely,


Esther C. Wunnicke
Commissioner

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 143
 Title: Exploration and Development
in Highway Rights-of-Way
 Sponsor: _____
 Requestor: Rep. Davis
 Date of Request: 1/31/85

FISCAL DETAIL

Agency Affected: Natural Resources
 Program Category Affected: NRMEC
 BRU, Program or Subprogram(s) Affected: _____
Minerals and Energy Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
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-

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

No fiscal impact.

Prepared By: Ned Farquhar
 Division: Commissioner's Office

Phone: 465-2400
 Date: January 31, 1985

Approved by Commissioner: Robert D. ...
 Agency: Natural Resources

Date: January 31, 1985

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

7/1/84

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 115
 Title: Exploration and Development
in Highway Rights-of-Way
 Sponsor: _____
 Requestor: Sen. Sturgulewski
 Date of Request: 1/31/85

FISCAL DETAIL

Agency Affected: Natural Resources
 Program Category Affected: NRMEC
 BRU, Program or Subprogram(s) Affected: Minerals and Energy Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
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-

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

No fiscal impact.

Prepared By: Ned Farquhar
 Division: Commissioner's Office

Phone: 465-2400
 Date: January 31, 1985

Approved by Commissioner: Wm D Smyly
 Agency: Natural Resources

Date: January 31, 1985

Distribution (by Agency preparing fiscal note):

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

Guest Editorial

Stevens Village Opposes State Selections Around Yukon Crossing

By Village Council
Stevens Village

Fairbanks, Alaska — Stevens Village wishes to express its extreme concern and fear over the State of Alaska selecting lands within the haul road corridor around the Yukon Crossing near Stevens Village and to alert the general public to this happening in order to rally more public support to prevent this from happening.

These are lands that the people of Stevens Village have traditionally used, occupied, and governed. The lands are subsistence lands and as such are needed to remain in that use to maintain the subsistence economy and the traditional lifestyle of the people of Stevens Village.

The people of Stevens Village are struggling to survive and to protect their culture and traditional lifestyle. In order to do this, they have to have a say in what goes on in their traditional lands that they use. They oppose the State selecting these lands because of the State's insensitivity in dealing with Stevens Village in the past.

For example, during pipeline days, the State rushed to build the Hickel Highway through Stevens Village's lands without the village's permission and without the construction permit being granted yet for the pipeline from the Federal government.

If the State selects these lands and then encourages settlement and/or development there, it will have a devastating effect on the people of Stevens Village. Why

start a new settlement only to wipe out another one? The haul road is for transportation purposes and for reasons of safety and efficiency it needs to remain free of settlement and/or development. This will save the State money in the long run.

We are asking the people of Alaska to support us in this by contacting the State Department of Natural Resources and our representatives in the State Legislature.

By keeping these lands in a natural state it will help to insure the survival of the Stevens Village people and their culture, for without that Alaska can never be a great land.

Letters to the Editor

Dear Editor:

As 1991 looms on the horizon, with the as-yet indistinct but potentially disruptive impacts on all Alaskans, it is reasonable to note a trend among many Native Alaskans that flies in the face of long-held stereotypes held by many non-natives. This trend makes the task of preparing for the upcoming battle over corporate and land ownership between the Native corporations and potential outside owners that much more hopeful.

A good number of Native

ed people choose not to drink there may be social, economic and political consequences which we had not anticipated.

An example of this trend can be seen in the recently enacted policies of the Alaska Federation of Natives and the Association of Village Council Presidents (AVCP), both of which have in recent years adopted policies of no drinking during their annual meeting. AVCP even contacts local villages when any of their representatives

BACKGROUND ON HB 143
DEPARTMENT OF NATURAL RESOURCES
February 6, 1985
House Oil and Gas and Resources Committees

DISPOSALS UNDER AS 38 NECESSARY FOR OIL AND GAS DEVELOPMENT:

- Oil and gas leases under AS 38.05.180 convey exploratory drilling rights and production rights for any oil and gas discovered.
- Material (sand and gravel) sales under AS 38.05.110-.120 are needed for roads, drill pads, offshore artificial drilling islands, causeways, and other facilities. "Sales" are also made to the Department of Transportation and Public Facilities for highway reconstruction and maintenance.
- Oil and gas pipeline right-of-way leases under AS 38.35 are the required authorization to construct an oil or gas pipeline on or across state land.
- Leases under AS 38.05.070 are held by private service companies and contractors in the Prudhoe Bay Industrial Tract Subdivision. These companies and contractors sell, rent, and repair equipment and provide services to oil and gas lessees. Alyeska Pipeline Service Co. also holds leases (for example, construction camp site).

ACTIVITIES IMMEDIATELY AFFECTED BY THE PROPOSED LEGISLATION:

- Oil and Gas Lease Sale 47 (Kuparuk Uplands) is tentatively scheduled for May 21, 1985, and contains approximately 611,840 acres. Of that total, about 230,00 acres (52 of the 113 tracts) are within five miles of the highway and would have to be deleted from the sale without the proposed clarification of existing statute. Final notice of Sale 47 is scheduled to be given March 22, 1985.
- Seismic exploration using off-road vehicles is currently prohibited within the 10-mile corridor.

DEPARTMENT OF NATURAL RESOURCES

PROPOSED AMENDMENT TO HB 143

1. Delete Section 1 and insert:

*Section 1. AS 19.40.200 is amended to read:

Section 19.40.200. PROHIBITION ON DISPOSAL WITHIN FIVE MILES OF THE HIGHWAY. The state may not dispose of state land under AS 38 which is within five miles of the right-of-way of the highway. This section does not apply to an oil and gas lease under AS 38.05.180, or to a disposal necessary for exploration, development, production, or transportation of oil and gas or for reconstruction and maintenance of existing highways.

2. Add a new section to read:

*Sec. 3. This Act takes effect immediately in accordance with AS 01.10.070(c).

3. Change title to read: "An Act relating to oil and gas activities along highway rights-of-way; and providing for an effective date."

INTRODUCTION OF BILLS (House)(cont'd)

HB 141 (cont'd)

Finally, the bill sets out in detail the factors that should be considered when granting discretionary parole; the procedures for granting, revoking, or rescinding parole; and the considerations that must be addressed when deciding whether an alleged parole violator is to be released pending revocation proceedings.

Drafts of the bill have been extensively discussed by members of criminal justice agencies, and this final version addresses the concerns they have regarding our current system of parole. I urge your prompt action on this measure.

Kroto-Deshka
Pub. Use Area
(creating)

HCUSE BILL NO. 142, by Reps. Martin and Marrou. Would create the Kroto-Deshka Public Use Area. The area consists of approximately 25,000 acres along a tributary to the Susitna River, one of the most popular king salmon fishing spots in the Susitna River drainage system. Creation of the public use area would protect and maintain habitats and populations of fish and wildlife, and "... perpetuate public uses ... including fishing, hunting, trapping, viewing, photography and general public recreation in a high quality environment."

Under the bill the Department of Natural Resources (DNR) would manage the surface and subsurface estate of the area. DNR would hold public hearings and develop and adopt a management plan, based on those hearings, with the concurrence of the Dept. of Fish & Game (DFG). DFG would be responsible for the management of fish and game resources and public use of fish and wildlife.

The area would be open to mineral leasing if the commissioner of DNR determines it is not inconsistent. Valid leases and multiple use permits remain valid and continue in full force. DNR may issue surface leases for up to five years. Prohibits DNR from selling land within the public use area, and closes land to mineral entry (claims rather than leases). Prohibits the state from acquiring privately owned land by eminent domain, but would allow purchase, exchange or other means acquiring land for the area. Lists land to be included in public use area. No effective date (takes effect 90 days after Governor signs bill).

Introduced January 30 and referred to Resources, Finance.

Oil & Gas
Activities
(haul road
right-of-way)

HOUSE BILL NO. 143, by the House Special Committee on Oil & Gas. Amends section of state law relating to disposal of state land within five miles of the North Slope haul road (AS 19.40.200, James Dalton Highway. Prohibition on Disposal of Land Within Five Miles of the Highway) to read: "The state may not dispose of land under AS 38 [Public Lands] which is within five miles of the right-of-way of the highway. This section does not apply to an oil and gas lease under AS 38.05.180 [Oil and Gas Leasing]; other state land disposals necessary for oil and gas exploration, development, production, or transportation; or other state land disposals necessary for highway maintenance and construction."

INTRODUCTION OF BILLS (House)(cont'd)

HB 143 (cont'd)

Amends section relating to off-road vehicles on the haul road (AS 19.40.210), to allow the use of off-road vehicles that support oil and gas exploration, development, production or transportation.

Does not provide an effective date (takes effect 90 days after Governor signs bill).

Introduced January 30 and referred to the House Special Committee on Oil and Gas, then Transportation. The Speaker added a Resources referral. To Oil & Gas, then Resources, then Transportation.

Campaign
Contributors
(public info)

HOUSE BILL NO. 144, by Reps. Martin and Marrou. Would make the list containing the names of each state resident who requested a tax credit for campaign contributions available to the public under laws governing public information (current law states that these lists may not be made public except on order of the state supreme court). Does not provide an effective date (takes effect 90 days after Governor signs bill).

Introduced January 30 and referred to State Affairs, then Judiciary.

Home Rule
Charters
(adoption by
2nd class
cities)

HOUSE BILL NO. 145, by Rep. Binkley. Authorizes a second class city to adopt a charter for its own government if the Dept. of Community & Regional Affairs determines from the best figures available that the population of the city is at least 3,500 permanent residents (adds language to AS 29.13.010, Municipal Charter Adoption). Amends section relating to organizational grants (AS 29.18.180) in order that a second class city that is reclassified as a first class or home rule city would be entitled to an organizational grant equal to \$10 for every voter who voted in the charter election. No effective date (takes effect 90 days after Governor signs bill).

Introduced January 30 and referred to Community & Regional Affairs, then Finance.

Housing Loans
(for perm.
disabled)

HOUSE BILL NO. 146, by Reps. Furnace and Collins. Adds new section to Alaska Housing Finance Corporation (AHFC) laws (AS 18.56) establishing a residential housing loan program for the permanently disabled under the special mortgage loan purchase program. Would allow loans to disabled persons or to the parent or guardian if they are living with the disabled person.

The loan would have a fixed annual interest rate of six percent, and could not exceed the maximum loan amount for a single family residence under the special mortgage loan program. The appraised value of the residence could not exceed the loan amount by more than 25 percent. AHFC could not require the borrower to make a down payment. States that the equity in the home could not be used to deny the borrower state benefits to which the borrower would otherwise be entitled. The borrower could be required to prove present and future financial ability to repay the loan, but loans could be denied solely because of circumstances caused by the

COMMITTEE REPORTS (House)

Oil & Gas Producers & Pipelines
(allowable depreciation)

HOUSE BILL NO. 101, (see page 134). Reported back to the House February 15 by the House Special Committee on Oil & Gas recommending as follows: Marrou and Pignalberi recommended it do pass. Davis (Chair), Sund, Cotten and Szymanski have no recommendation. To Resources.

Royalty Oil
(procedural requirements)

HOUSE BILL NO. 103, (see page 135). Reported back to the House February 15 by the House Special Committee on Oil & Gas recommending adoption of a substitute and that it do pass. Concurring: Davis (Chair), Cotten, Sund, Pourchot and Szymanski. Not concurring: Pignalberi had no recommendation. To Resources.

The Oil & Gas substitute changes the title only (now reads "An Act relating to prerequisites for the disposal of royalty oil and gas; and providing for an effective date.")

Board of Pharmacy
(extending)

HOUSE BILL NO. 123, (see page 147). Reported back to the House February 15 by Labor & Commerce as follows: Navarre (Chair), Davis, Boucher and Koponen recommend it do pass. Pearce, Collins and Hanley had no recommendation. To Health, Education and Social Services.

Older Alaskans Commission
(extending)

HOUSE BILL NO. 124, (see page 147). Reported back to the House February 15 by State Affairs recommending it do pass. Concurring: Hurley (Chair), Navarre, Boucher, Cato, Jenkins, and M. M. Miller. To Health, Education & Social Services. The committee further attached the following letter:

The House State Affairs Committee had under consideration for "Sunset Review" the Older Alaskans Commission pursuant to your referral under AS 44.66.050. The Committee has determined that there is a public need for the Commission and recommends "do pass" to HB 124 "An act extending the Older Alaskans Commission; and providing for an effective date."

In accordance with statutory requirement a public hearing was held on the review of the Board and the Committee examined the performance audit of the activities of the Board prepared by the Legislative Budget & Audit Division."

The letter was signed by Hurley (Chairman), M.M. Miller, Cato, Boucher, Navarre, Jenkins and Collins.

AK Securities Act
(revising)

HOUSE BILL NO. 126, (see page 154). Reported back to the House February 15 by Labor & Commerce recommending it do pass. Concurring: Navarre (Chair), Koponen, Hanley, Pearce, Collins and Davis. To Judiciary.

Oil & Gas Activities
(haul road right-of-way)

HOUSE BILL NO. 14, (see page 190). Reported back to the House February 11 by House Special Committee on Oil & Gas recommending it be replaced with a CS and that it do pass. Concurring: Davis (Chairman), Sund, Szymanski, Pignalberi, Marrou and Cotten. Not concurring: Pourchot. To Resources.

The Oil & Gas substitute changes existing law so that the prohibition on disposal of state land within five miles of the

COMMITTEE REPORTS (House)

HB 143, (cont'd)

James Dalton highway (North Slope haul road) does not apply to a disposal necessary for an oil and gas lease; exploration, development, production, or transportation of oil and gas north of 68 degrees north latitude; or reconstruction or maintenance of the highway (current law prohibits disposal of state land under title 38 (public lands) which is within five miles of the right-of-way of the James Dalton highway).

The prohibition against off-road vehicles does not apply to off-road vehicles necessary for oil and gas exploration conducted under and oil and gas leases (original version stated the prohibition did not apply to off-road vehicles supporting oil and gas exploration, development, production or transportation).

The Oil & Gas substitute also adds an immediate effective date.

Board Members
Term of Office
(expiration
dates)

HOUSE BILL NO. 152, (see page 197). Reported back to the House February 15 by State Affairs recommending as follows: M. M. Miller and Jenkins recommend it do pass. Hurley (Chair), Navarre, Cato, Boucher and Collins had no recommendation. To Judiciary. The committee further attached a letter of intent:

"It is the intent of the House State Affairs Committee that in passing HB 152 that the mechanism for replacing board members established in this legislation be used to retain a functioning board until a suitable replacement is found for a member whose term has expired.

The committee remains concerned, however, that the discretion allowed the Governor through HB 152 in making appointments, could be abused and that there may be substantial constitutional questions in allowing a board member to retain a seat beyond their term of appointment.

It is the wish of the committee, therefore, that the House Judiciary committee, in reviewing HB 152, address these concerns and make any amendments appropriate in addressing these problems."

State
Employment
(state leave)

HOUSE BILL NO. 153, (see page 198). Reported back to the House February 15 by State Affairs recommending it be replaced with a substitute and that it do pass. Concurring: Hurley (Chair), Navarre, Collings, Cato, Boucher and M. M. Miller. Not concurring: Jenkins had no recommendation. To Finance.

The State Affairs substitute leaves out a section of the bill that would have allowed state officers or employees to donate personal or annual leave to another employee (see HB 70 (AMS), page 214). Also deletes changes to sections relating to employees of the division of marine highway (see explanation in governor's letter, page 198). Changes language in section relating to positions in the partially exempt service, stating that when the personnel board changes the position included in the partially exempt service, the commissioner of administration shall submit a list of those positions to the lieutenant governor for publication in the

COMMITTEE REPORTS (House)

HB 133. (cont'd)

--the owner of a motor vehicle is required to renew the certificate of inspection at least once a year (in Senate version renewal must be done twice a year).

--the Commissioner of Commerce & Economic Development may adopt regulations to implement the law (in Senate version the Commissioner may adopt "procedural" regulations).

--the definition of "motor vehicle" means a truck of more than 10,000 pounds unladen gross vehicle weight used upon a public highway (in Senate version the definition also includes trailers over 5,000 pounds unladen gross vehicle weight).

Oil & Gas
Activities
(has road
of-way)

HOUSE BILL NO. 143. (see pages 190;285). Reported back to the House February 18 by Resources recommending it be replaced with a substitute and as follows: Shultz (Co-Chair), M. W. Miller, Thompson, Pearce, Jenkins and Cato recommend it do pass. Herrmann (Co-Chair) had no recommendation. Wallis signed "no rec with 68 degree latitude." To Transportation.

The Resources substitute contains none of the original language. It amends AS 19.40.200 (James Dalton Highway. Prohibition on Disposal of Land within Five Miles of the Highway), stating prohibition does not apply to a disposal necessary for an oil and gas lease under state leasing laws; a state lease or materials sale necessary for exploration, development, production, or transportation of oil and gas or reconstruction or maintenance of the highway. The section also states that before the sale of materials to a private entity or person or to a state agency, the state shall give due consideration to the availability of materials from private sources in the area where the materials are needed.

Amends section prohibiting off-road vehicles within five miles of the James Dalton Highway (AS 19.40.210), stating the prohibition does not apply to off-road vehicles necessary for oil and gas exploration, development, production, or transportation (currently prohibition does not apply to a person who holds a mining claim in the vicinity who must use the right-of-way to gain access to the claim.)

Adds an immediate effective date.

State
Airports
(utilities &
encroachmt's)

HOUSE BILL NO. 159. (see page 204). Reported back to the House February 22 by Community & Regional Affairs recommending it be replaced with a substitute and recommends as follows: Goll (Chair), Gruenberg, Wallis and Koponen recommend it do pass. Furnace and Marrou recommend it do not pass. Phillips has no recommendation. To Transportation.

The C&RA substitute changes section relating to the cost of changing, relocating, or removal of utility facilities incident to airport or public utility projects. States that the cost is to be paid by the department as a cost of airport construction, provided that the utility facility is properly installed in accordance with

Offered: 2/11/85
Referred: Transportation

Original sponsor: Resources Committee

1 IN THE SENATE BY THE RESOURCES COMMITTEE
2 CS FOR SENATE BILL NO. 115 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION
5 A BILL *HB 143* *narrows it!*
6 For an Act entitled: "~~An Act relating to land use and disposal near a~~
7 ~~highway right-of-way; and providing for an effective~~
8 ~~date.~~"

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. AS 19.40.200 is amended by adding new subsections to read:
11 (b) The prohibition on disposal of state land under (a) of this
12 section does not apply to a
13 (1) disposal necessary for an oil and gas lease under
14 AS 38.05.180;
15 (2) a state lease or materials sale necessary for explora-
16 tion, development, production, or transportation of oil and gas or
17 reconstruction or maintenance of the highway.
18 (c) Before the sale of materials under (b)(2) of this section to
19 a private entity or person or to a state agency the state shall give
20 due consideration to the availability of materials from private
21 sources in the area where the materials are needed.
22 * Sec. 2. AS 19.40.210 is amended to read:
23 Sec. 19.40.210. PROHIBITION OF OFF-ROAD VEHICLES. Off-road
24 vehicles are prohibited on land within five miles of the right-of-way
25 of the highway. However, this prohibition does not apply to off-road
26 vehicles necessary for oil and gas exploration, development, produc-
27 tion, or transportation or to a person who holds a mining claim in the
28 vicinity of the highway and who must use land within five miles of the
29 right-of-way of the highway to gain access to the [H1S] mining claim.

1 * Sec. 3. This Act is retroactive to October 5, 1980.

2 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-

3 10.070(c).

BACKGROUND ON SB 115
DEPARTMENT OF NATURAL RESOURCES
February 8, 1985
Senate Resources Committee

DISPOSALS UNDER AS 38 NECESSARY FOR OIL AND GAS DEVELOPMENT:

- Oil and gas leases under AS 38.05.180 convey exploratory drilling rights and production rights for any oil and gas discovered.
- Material (sand and gravel) sales are made to private entities under AS 38.05.110-120 for roads, drill pads, offshore artificial drilling islands, causeways, and other facilities. "Sales" are also made to the Department of Transportation and Public Facilities for highway reconstruction and maintenance under AS 38.05.810 (public and charitable use).
- Oil and gas pipeline right-of-way leases under AS 38.35 are the required authorization to construct an oil or gas pipeline on or across state land.
- Leases under AS 38.05.070 are held by private service companies and contractors in the Prudhoe Bay Industrial Tract Subdivision. These companies and contractors sell, rent, and repair equipment and provide services to oil and gas lessees. Alyeska Pipeline Service Co. also holds leases (for example, construction camp site).

ACTIVITIES IMMEDIATELY AFFECTED BY THE PROPOSED LEGISLATION

- Oil and Gas Lease Sale 47 (Kuparuk Uplands) is tentatively scheduled for May 21, 1985, and contains approximately 611,840 acres. Of that total, about 230,000 acres (52 of the 113 tracts) are within five miles of the highway and would have to be deleted from the sale without the proposed clarification of existing statute. Final notice of Sale 47 is scheduled to be given March 22, 1985.
- Seismic exploration using off-road vehicles is currently prohibited within the 10-mile corridor.
- Several existing material sales to the Department of Transportation and Public Facilities, and current pending applications for continued materials requirements of Alyeska will be in jeopardy.

BILL SHEFFIELD, GOVERNOR

REPLY TO:

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

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

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

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

February 12, 1985

The Honorable Arliss Sturgulewski, Chairman
Senate Resources Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Re: CSSB 115 (Res)

Dear Senator Sturgulewski:

Kay Brown, director of the division of oil and gas, has asked us to respond to your inquiry whether there would be any negative legal implications from the retroactive application of the proposed amendments to AS 19.40.200 - 19.40.210 contained in the referenced bill. 1/ We believe that there would not.

Although retrospective laws are generally not favored, curative legislation is encouraged. Here, the legislation is in part being proposed to validate certain existing AS 38.05 disposals and off-road vehicle activities which might otherwise be void for failure to conform with the existing proscriptions of

1/ You will recall that the inquiry was made at your meeting of February 8, at which time Ms. Brown proposed that the provisions of CSSB 115 (Res) be made retroactive. We had earlier advised Ms. Brown that any question regarding the validity of existing uses of state land along the Dalton Highway could be resolved in the context of an attorney general's opinion. However, on February 4, it was brought to our attention that at least one existing oil and gas lease would be void unless made valid by retroactive application of the proposed amendments contained in the bill.

AS 19.40.200 - 19.40.210. These disposals and activities were authorized by state officials under the mistaken belief that the provisions of AS 19.40.200 - 19.40.210 were limited in scope to certain circumstances of primary concern to the legislature when the original Act was passed, namely, the prohibition of cabin site and other land surface disposals under AS 38.05 and of hunting with ORVs along the Haul Road corridor. The plain language of the statute, however, exceeds this narrow application, even though a broad interpretation reportedly was not the legislature's original intent.

Nevertheless, even curative legislation must comply with certain legal requirements. Among these is the requirement of AS 01.10.090 for an express statement of retroactivity. The legislative drafting manual suggests that language providing for retroactive application of a bill be set out in a separate section immediately preceding the effective date section, and that the retroactive section and the sections of the bill that are to be retroactive have immediate effective dates. Thus, CSSB 115 (Res) should contain an additional section to read:

* Sec. 3. Sections 1 - 2 of this Act are retroactive to October 5, 1980. 2/

From a constitutional standpoint, a curative Act may not impair the obligation of contracts, take property without due process of law, or interfere with purely judicial matters. We are not aware of any potential problems arising in these three areas of concern if the presently proposed amendments to AS 19.40.200 - 19.40.210 are made retroactive to the effective date of the original Act. To the contrary, retroactive application will avoid the possibility of finding invalid existing uses of state land previously authorized by state officials.

In sum, we are of the opinion that CSSB 115 (Res), which grants new rights rather than takes away existing rights,

2/ The present Section 3, providing for an immediate effective date, would be renumbered Section 4.

The Honorable Arliss Sturgulewski, Chairman
Senate Resources Committee

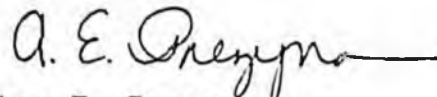
February 12, 1985

Page 3

will present no negative legal implications if its provisions are applied retroactively. To the contrary, because of the uncertain validity of some existing uses of state land, we strongly encourage inclusion in the bill of a retrospective clause such as the one we have suggested.

Very truly yours,

NORMAN GORSUCH
ATTORNEY GENERAL



By: Ann E. Prezyna
Assistant Attorney General

AEP/ma

cc: Kay Brown, Director
Division of Oil and Gas
Department of Natural Resources

Arthur H. Peterson
Assistant Attorney General
Department of Law - Juneau

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 115
 Title: Exploration and Development
in Highway Rights-of-Way
 Sponsor: _____
 Requestor: Sen. Sturgulewski
 Date of Request: 1/31/85

FISCAL DETAIL

Agency Affected: Natural Resources
 Program Category Affected: NRMEC
 BRU, Program or Subprogram(s) Affected: _____
Minerals and Energy Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
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-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

No fiscal impact.

Prepared By: Ned Farquhar
 Division: Commissioner's Office
 Approved by Commissioner: James D. Amodeo
 Agency: Natural Resources

Phone: 465-2400
 Date: January 31, 1985
 Date: January 31, 1985

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

7/1/84

DEPARTMENT OF NATURAL RESOURCES

PROPOSED AMENDMENT TO HB 143

1. Delete Section 1 and insert:

*except for purposes of
reconstruction or maintenance of
the highway*

*Section 1. AS 19.40.200 is amended to read:

Section 19.40.200. PROHIBITION ON DISPOSAL WITHIN FIVE MILES OF THE HIGHWAY. The state may not dispose of state land under AS 38 which is within five miles of the right-of-way of the highway. This section does not apply to an oil and gas lease under AS 38.05.130, or to a disposal necessary for exploration, development, production, or transportation of oil and gas ~~or for reconstruction and maintenance of existing highways.~~

, north of 68° N. latitude

2. Add a new section to read:

*Sec. 3. This Act takes effect immediately in accordance with AS 01.10.070 (c).

3. Change title to read: "An Act relating to oil and gas activities along highway rights-of-way; and providing for an effective date."

BACKGROUND ON HB 143
DEPARTMENT OF NATURAL RESOURCES
February 6, 1985
House Oil and Gas and Resources Committees

DISPOSALS UNDER AS 38 NECESSARY FOR OIL AND GAS DEVELOPMENT:

- Oil and gas leases under AS 38.05.180 convey exploratory drilling rights and production rights for any oil and gas discovered.
- Material (sand and gravel) sales under AS 38.05.110-.120 are needed for roads, drill pads, offshore artificial drilling islands, causeways, and other facilities. "Sales" are also made to the Department of Transportation and Public Facilities for highway reconstruction and maintenance.
- Oil and gas pipeline right-of-way leases under AS 38.35 are the required authorization to construct an oil or gas pipeline on or across state land.
- Leases under AS 38.05.070 are held by private service companies and contractors in the Prudhoe Bay Industrial Tract Subdivision. These companies and contractors sell, rent, and repair equipment and provide services to oil and gas lessees. Alyeska Pipeline Service Co. also holds leases (for example, construction camp site).

ACTIVITIES IMMEDIATELY AFFECTED BY THE PROPOSED LEGISLATION:

- Oil and Gas Lease Sale 47 (Kuparuk Uplands) is tentatively scheduled for May 21, 1985, and contains approximately 611,840 acres. Of that total, about 230,00 acres (52 of the 113 tracts) are within five miles of the highway and would have to be deleted from the sale without the proposed clarification of existing statute. Final notice of Sale 47 is scheduled to be given March 22, 1985.
- Seismic exploration using off-road vehicles is currently prohibited within the 10-mile corridor.

DEPARTMENT OF NATURAL RESOURCES

PROPOSED AMENDMENT TO HB 143

1. Delete Section 1 and insert:

*Section 1. AS 19.40.200 is amended to read:

Section 19.40.200. PROHIBITION ON DISPOSAL WITHIN FIVE MILES OF THE HIGHWAY. The state may not dispose of state land under AS 38 which is within five miles of the right-of-way of the highway. This section does not apply to an oil and gas lease under AS 38.05.180, or to a disposal necessary for exploration, development, production, or transportation of oil and gas ~~or for reconstruction and maintenance of existing highways.~~

No 68° latitude

except for purpose of recon or main of the Highway.

2. Add a new section to read:

*Sec. 3. This Act takes effect immediately in accordance with AS 01.10.070(c).

3. Change title to read: "An Act relating to oil and gas activities along highway rights-of-way; and providing for an effective date."

Guest Editorial

Stevens Village Opposes State Selections Around Yukon Crossing

By Village Council
Stevens Village

Fairbanks, Alaska — Stevens Village wishes to express its extreme concern and fear over the State of Alaska selecting lands within the haul road corridor around the Yukon Crossing near Stevens Village and to alert the general public to this happening in order to rally more public support to prevent this from happening.

These are lands that the people of Stevens Village have traditionally used, occupied, and governed. The lands are subsistence lands and as such are needed to remain in that use to maintain the subsistence economy and the traditional lifestyle of the people of Stevens Village.

The people of Stevens Village are struggling to survive and to protect their culture and traditional lifestyle. In order to do this, they have to have a say in what goes on in their traditional lands that they use. They oppose the State selecting these lands because of the State's insensitivity in dealing with Stevens Village in the past.

For example, during pipeline days, the State rushed to build the Hickel Highway through Stevens Village's lands without the village's permission and without the construction permit being granted yet for the pipeline from the Federal government.

If the State selects these lands and then encourages settlement and/or development there, it will have a devastating effect on the people of Stevens Village. Why

start a new settlement only to wipe out another one?

The haul road is for transportation purposes and for reasons of safety and efficiency it needs to remain free of settlement and/or development. This will save the State money in the long run.

We are asking the people of Alaska to support us in this by contacting the State Department of Natural Resources and our representatives in the State Legislature.

By keeping these lands in a natural state it will help to insure the survival of the Stevens Village people and their culture, for without that Alaska can never be a great land.

Letters to the Editor

Dear Editor:

As 1991 looms on the horizon, with the as-yet indistinct but potentially disruptive impacts on all Alaskans, it is reasonable to note a trend among many Native Alaskans that flies in the face of long-held stereotypes held by many non-natives. This trend makes the task of preparing for the upcoming battle over corporate and land ownership between the Native corporations and potential outside owners that much more hopeful.

A good number of Natives

ed people choose not to drink, there may be social, economic and political consequences which we had not anticipated.

An example of this trend can be seen in the recently enacted policies of the Alaska Federation of Natives and the Association of Village Council Presidents (AVCP), both of which have in recent years adopted policies of no drinking during their annual meetings. AVCP even contacts local villages when any of their representatives

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-465-2400

OFFICE OF THE COMMISSIONER

January 31, 1985

The Honorable Mike Davis, Chairman
House Special Committee on Oil and Gas
Pouch V
Juneau, AK 99811

Dear Representative Davis:

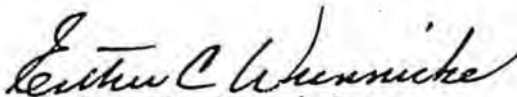
The Department of Natural Resources is requesting amendment of AS 19.40.200 and AS 19.40.210 to allow oil and gas exploration and development within five miles of the right-of-way of the Dalton Highway (North Slope Haul Road).

The statute presently prohibits the disposal of state land under AS 38 and use of off-road vehicles within five miles of the highway. "State land" under AS 38 includes oil and gas leases for exploration and production rights.

Although the department does not believe it was the intent of the 1980 Legislature to prohibit oil and gas activities along the highway, the statute as presently written may be interpreted to have that effect. Oil and Gas Lease Sale 47 (Kuparuk Uplands) is tentatively scheduled for May 21, 1985 and contains approximately 611,840 acres. Of that total, some 230,000 acres (52 of the 113 tracts) are within the five-mile corridor and will have to be deleted from the sale without clarification of the statutes cited above. Final notice of Sale 47 is scheduled to be given March 22, 1985.

I appreciate the willingness of your Committee to introduce HB 143, which would rectify the apparent oversight. Thank you in advance for your consideration and timely action on the bills.

Sincerely,


Esther C. Wunnicke
Commissioner

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 143
 Title: Exploration and Development
in Highway Rights-of-Way
 Sponsor: _____
 Requestor: Rep. Davis
 Date of Request: 1/31/85

FISCAL DETAIL

Agency Affected: Natural Resources
 Program Category Affected: NRMEC
 BRU, Program or Subprogram(s) Affected:
Minerals and Energy Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
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-

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

No fiscal impact.

Prepared By: Ned Farquhar
 Division: Commissioner's Office

Phone: 465-2400
 Date: January 31, 1985

Approved by Commissioner: [Signature]
 Agency: Natural Resources

Date: January 31, 1985

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

7/1/84

Original sponsor: House Special Committee on Oil and Gas

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 143 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas activities along a
7 highway right-of-way; and providing for an effective
8 date."

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

10 * Section 1. AS 19.40.200 is amended by adding new subsections to read:

11 (b) The prohibition on disposal of state land under (a) of this
12 section does not apply to a

13 (1) disposal necessary for an oil and gas lease under
14 AS 38.05.180;

15 (2) a state lease or materials sale necessary for explora-
16 tion, development, production, or transportation of oil and gas or
17 reconstruction or maintenance of the highway.

18 (c) Before the sale of materials under (b)(2) of this section to
19 a private entity or person or to a state agency the state shall give
20 due consideration to the availability of materials from private
21 sources in the area where the materials are needed.

22 * Sec. 2. AS 19.40.210 is amended to read:

23 Sec. 19.40.210. PROHIBITION OF OFF-ROAD VEHICLES. Off-road
24 vehicles are prohibited on land within five miles of the right-of-way
25 of the highway. However, this prohibition does not apply to off-road
26 vehicles necessary for oil and gas exploration, development, produc-
27 tion, or transportation or to a person who holds a mining claim in the
28 vicinity of the highway and who must use land within five miles of the
29 right-of-way of the highway to gain access to the [HIS] mining claim.

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* Sec. 3. This Act is retroactive to October 5, 1980.

* Sec. 4. This Act takes effect immediately in accordance with AS 01.-
10.070(c).

Original sponsor: House Special Committee
on Oil and Gas

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON OIL AND GAS

2 CS FOR HOUSE BILL NO. 143 (Oil and Gas)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to oil and gas activities along
7 highway rights-of-way."

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

9 * Section 1. AS 19.40.200 is amended to read:

10 Sec. 19.40.200. PROHIBITION ON DISPOSAL OF LAND WITHIN FIVE
11 MILES OF THE HIGHWAY. The state may not dispose of state land under
12 AS 38 which is within five miles of the right-of-way of the highway.
13 This section does not apply to an oil and gas lease under
14 AS 38.05.180.

15 * Sec. 2. AS 19.40.210 is amended to read:

16 Sec. 19.40.210. PROHIBITION OF OFF-ROAD VEHICLES. Off-road
17 vehicles are prohibited on land within five miles of the right-of-way
18 of the highway. However, this prohibition does not apply to off-road
19 vehicles necessary for oil and gas exploration conducted under an oil
20 and gas lease issued under AS 38.05.180 or to a person who holds a
21 mining claim in the vicinity of the highway and who must use land
22 within five miles of the right-of-way of the highway to gain access to
23 the [HIS] mining claim.

HB 139

HB 139 was referred to the Finance Committee.

The letter of intent, which was signed by Chairman Goll, appears below:

COMMUNITY & REGIONAL AFFAIRS COMMITTEE
LETTER OF INTENT
FOR
CSHB 139(C&RA)

"The House Committee on Community and Regional Affairs has considered House Bill 139 at length.

During committee discussion the following areas were considered appropriate for the focus of regulation.

1. Establishment of adequate accounting procedures to ensure proper documentation of financial activity;
2. Provision of an annual status report on ongoing projects;
3. Project completion within 7 years, with funds lapsing after that time subject to reappropriation;
4. Compliance with local and state laws required;
5. Prohibition of discrimination in hiring by contractors including all constitutional protections plus prohibition of discrimination based upon political affiliation or opinions;
6. Funds to be deposited in a federally insured interest bearing account or federally insured instrument;
7. Audit requirements; and
8. Encouragement of local hire."

HB 143

The Transportation Committee has considered HOUSE BILL NO. 143 (relating to oil and gas activities along highway rights-of-way) and reports it back as follows: Cato (Chairman), Pignalberi, Furnace, Davis, Marrou and Shultz recommend do pass; Herrmann has no recommendation.

HB 143 was referred to the Rules Committee for placement on the calendar.

HB 159

The Transportation Committee has considered HOUSE BILL NO. 159 (relating to utilities and encroachments in state

HB 44

intent, and in light of the fiscal situation of the state as we develop the FY 1986 budget, the committee understands that the possibility for passage of this legislation would be greatly jeopardized if there were to be a fiscal impact resulting in the need for an appropriation in FY 86.

It is the intent of the committee, therefore, that the bill be passed in a form that will require no appropriation for FY 86."

HB 71

The Finance Committee has considered HOUSE BILL NO. 71 (making a special appropriation to the Alaska permanent fund; effective date), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 71 (State Affairs) (page 660) and reports it back as follows: Adams (Chairman), Szymanski, Duncan, Larson, Binkley and Cotten recommend do pass; Frank and Rieger recommend do not pass; Ringstad, Pourchot and Uehling have no recommendation.

HB 71 was referred to the Rules Committee for placement on the calendar.

HB 92

The Finance Committee has considered HOUSE BILL NO. 92 (relating to child and spousal support; effective date), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 92 (Judiciary) (page 717) and reports it back as follows: Adams (Chairman), Ringstad, Szymanski, Duncan, Larson, Pourchot, Uehling, Rieger, Frank, Binkley and Cotten recommend do pass. A fiscal note was attached.

HB 92 was referred to the Rules Committee for placement on the calendar.

The fiscal note appears in House Journal Supplement No. 46.

HB 139

The Community & Regional Affairs Committee has considered HOUSE BILL NO. 139 (relating to the administration of certain grants passed by the legislature; effective date), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 139 (Community & Regional Affairs) (same title) and reports it back as follows: Goll (Chairman) recommends do pass; Wallis recommends do not pass; Koponen and Gruenberg have no recommendation; Phillips signed "Do Pass, if amended"; Furnace signed "Gutless Wonder, do not pass without amendments". A letter of intent was attached.

COMMUNICATIONS

A memorandum, dated February 8, 1985, from Representative Fuller, Chairman of the Legislative Council, was read stating the Chairman has appointed Niilo Koponen to the Alaska Commission on Postsecondary Education as per AS 14.42.015(a)(7).

A letter dated February 8, 1985, from Deputy Commissioner, James K. Barnett, Department of Natural Resources, was received, enclosing proposed revisions to the regulations of the Department. A copy of the letter and attachment were distributed to every member. The letter and attachment are on file in the Chief Clerk's office.

A letter dated February 8, 1985, from Larry D. Crawford, Executive Director of the Alaska Power Authority was received, with a copy of the proposed draft regulation changes and public notice of adoption. The letter and attachments were duplicated for each member and a copy is on file in the Chief Clerk's office.

REPORTS OF SPECIAL COMMITTEESHB 143

The House Special Committee on Oil and Gas has considered HOUSE BILL NO. 143 (oil and gas activities along highway rights-of-way), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 143 (Oil and Gas):

"An Act relating to oil and gas activities along a highway right-of-way; and providing for an effective date."

and reports it back as follows: Davis (Chairman), Sund, Szymanski, Pignalberi, Marrou and Cotten recommend do pass. Pourchot has no recommendation. A zero fiscal note was attached.

HB 143 was referred to the Resources Committee.

INTRODUCTION, FIRST READING AND REFERENCE
OF HOUSE RESOLUTIONS

HCR 7

HOUSE CONCURRENT RESOLUTION NO. 7 by the Rules Committee:

Establishing a Joint Special Committee
on Foreign Trade.

was read the first time and referred to the Rules Committee
for placement on the calendar.

INTRODUCTION, FIRST READING AND REFERENCE
OF HOUSE BILLS

HB 186

HOUSE BILL NO. 186 by Szymanski and Clocksin, entitled:

"An Act creating the Anchorage Coastal
Wildlife Refuge."

was read the first time and referred to the Resources and
Finance Committees.

HB 187

HOUSE BILL NO. 187 by M.M.Miller, entitled:

"An Act relating to the Inmate
Education Advisory Council."

was read the first time and referred to the Health,
Education & Social Services, Judiciary and the Finance
Committees.

HB 188

HOUSE BILL NO. 188 by M.M.Miller, Clocksin, Marrou,
Pignalberi and Sund, entitled:

"An Act relating to alternative
correctional facilities for prisoners
participating in community service or
employment programs."

was read the first time and referred to the Health,
Education & Social Services, Judiciary and the Finance
Committees.