

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 86/2

4212 SLAB HB 251 - HB 294 1092



RECORDS CERTIFICATION

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James A. Smith
Signature of Camera Operator

11/24/89
Date

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CHAIRMAN'S INFORMATION: HB 251

1) BILL TITLE: "An act extending the termination date of the Board of Veterinary Examiners; and providing for an effective date."

a) Introduced: Senate Labor and Commerce Committee

b) Co-sponsors:

2) INTENT: This measure extends the Board of Veterinary Examiners until June 30th, 1989. A Joint House and Senate Labor and Commerce sunset hearing has been held on the Board of Veterinary Examiners.

FISCAL NOTE: 0

3) ADDITIONAL REFERRALS: Rules

4) PUBLIC HEARINGS:

a) Sponsor:

b) Public Witnesses:

5) BILL ACTION:

a) Hold in committee?

b) Assign to sub committee for further review?

c) Move from committee?

d) Close public hearings?

6) COMMITTEE ACTION?

a) amendments?

b) CS adoption?

BOARD: VETERINARY EXAMINERS, BOARD OF

TITLE: Board of Veterinary Examiners

DEPT: Department of Commerce and Economic Development

AUTHORITY: AS 08.98.010

STATUS: 85/06/30

REQUIREMENTS: LEGISLATIVE CONFIRMATION

PROHIBITIONS: Cannot serve more than two successive complete terms

TERM: 4 years - staggered

DESCRIPTION: 5 members appointed by Governor: 4 licensed veterinarians in active practice in Alaska for 5 years; plus 1 public member; no person may serve who is, or was during the two years immediately preceding appointment, a member of a faculty, board of trustees, or advisory board of a veterinary school.

SPECIAL FACTS: May be removed for cause; quorum - majority

FUNCTION: Regulates and controls applications, licenses, and permits of veterinarians

COMPENSATION: Standard travel/per diem

MEETINGS: At least 3 annually; normally 3 times per year, 3 days maximum, plus 2-4 work sessions

*FOR FURTHER INFORMATION CONTACT: Licensing Examiner, Division of Occupational Licensing, Dept. of Commerce and Economic Development, Box D, Juneau, AK 99811 - 465-2544

Veterinary Examiners

<u>MEMBER</u>	<u>APPT</u>	<u>REAPPT</u>	<u>TERM</u>
David V. George 2505 David Street #49 Juneau 99801 Public	85/06/11		88/01/31
Derrick J. Leedy, DVM P.O. Box 1164 Nome 99762 Veterinarian	85/06/28		89/01/31
Stephen A. Mersch, DVM SR2 Box 880 Soldotna 99669 Veterinarian	84/03/30		87/01/31
Val D. Stuve, DVM 1651 College Road Fairbanks 99701 Veterinarian - Chairman	82/01/75		86/01/31
Pamela A. Tuomi, DVM 2036 East Northern Lights Anchorage 99508 Veterinarian	80/04/01	84/04/09	88/01/31

THIS MEASURE EXTENDS THE TERMINATION DATE FOR THE BOARD OF
VETERINARY EXAMINERS UNTIL JUNE 30, 1989. THE SENATE LABOR
AND COMMERCE COMMITTEE HELD SUNSET REVIEW HEARINGS ON THIS
BOARD AND THE SUNSET REPORT HAS BEEN SUBMITTED TO THE SENATE
SECRETARY. I URGE FAVORABLE CONSIDERATION BY THE BODY.

A PERFORMANCE REPORT
ON THE
BOARD OF VETERINARY EXAMINERS
May 27, 1980, to June 30, 1984

Audit Control Number
08-1167-84-R

Commissioner, Department of
Commerce and Economic Development

Richard A. Lyon

Deputy Commissioners, Department of
Commerce and Economic Development

Vince O'Reilly
Terry Elder

Members of the Board of Veterinary Examiners

Chairman
Member
Member
Member
Member

D. Stuve, D.V.M.
Paula Ann Tuomi, D.V.M.
Dorothy Troehlich
Vernon Starks, D.V.M.
Stephen Mersch, D.V.M.

STATE OF ALASKA

AUDIT DIVISION
POUCH W
JUNEAU, ALASKA 99811

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

July 24, 1984

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and 44 of the
Alaska Statutes (sunset), the attached report is submitted
for your review.

A PERFORMANCE REPORT
ON THE
BOARD OF VETERINARY EXAMINERS

May 27, 1980, to June 30, 1984

Audit Control Number

08-1167-84-R



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

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PURPOSE AND SCOPE OF THE REPORT

PURPOSE

In accordance with the intent of Alaska Statutes 24.20.271(1) and 44.66.050 (sunset legislation), a review of the activities and accomplishments of the Board of Veterinary Examiners was conducted to determine if the Board has been operating in an efficient, effective, and economical manner.

As required by legislative intent, this report shall be considered during the legislative oversight function in determining whether the Board of Veterinary Examiners should be reestablished. The law currently specifies that this Board will terminate on June 30, 1985, but will continue until June 30, 1986, for the purpose of concluding its affairs.

SCOPE

The major areas of our examination were the licensing, examination, administration, and complaint functions of the Board. We reviewed and evaluated the following:

1. Applicable statutes and regulations.
2. Interviews with the license examiner.
3. Tests of files and documents of licensees.
4. Complaints filed with the Division of Occupational Licensing, Human Rights Commission, Equal Employment Opportunity Office, Attorney General's Office, and the Ombudsman Office.
5. Discussions with Board members.
6. Minutes of Board meetings and Division correspondence files.
7. Attorney General Opinions applicable to professional boards.

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ORGANIZATION AND FUNCTION

The Board of Veterinary Examiners is a regulatory board consisting of four licensed veterinarians and one public member. The authority of the Board is outlined within Alaska Statutes 08.98.010-.250.

The Board determines the minimum quality of veterinary care in the State by:

1. Examining and issuing licenses to qualified applicants;
2. Establishing or amending rules and regulations necessary to enforce State statutes; and
3. Holding hearings to revoke or suspend the license of a person violating the veterinary statutes and regulations.

The Board is organized under the Department of Commerce and Economic Development, Division of Occupational Licensing (OL). OL provides the Board with licensing and investigative support. The licensing section processes applications, maintains license files, answers inquiries, and provides other administrative help.

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REPORT CONCLUSION

Policy Issues

This report contains policy issues raised as a result of our evaluation of various Board practices. The final policy decisions affecting these practices are not within the scope of this report but require legislative consideration. In debating these issues, the oversight committees should take into consideration the findings and recommendations presented in this report so the potential impact of policy charges can be evaluated.

Report Conclusion

In our opinion, the Board of Veterinary Examiners should be reestablished. The regulation and licensing of qualified professionals is necessary to protect the public's health, safety, and welfare. The Board provides this service by establishing minimum educational and experience requirements that provide reasonable assurance that persons licensed are qualified. Also, assurance that those licensed act in a competent manner is provided by active investigation of complaints and revocation or suspension of licenses where appropriate.

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ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analyses of the Board's activities relate to the public need factors defined in the "sunset" law. These analyses are not intended to be all-inclusive, but address those areas we were able to cover within the scope of our review.

I. The extent of which the board, commission, or program has operated in the public interest.

A. The Board has served the public by examining and licensing qualified applicants, and proposing changes in regulations that are necessary to enforce State statutes and improve the quality of veterinary care. To conduct these functions the Board has held an average of three board meetings and two examination sessions a year for the past two calendar years.

B. Specifically, the Board has enhanced the practice of veterinary care by adopting regulations concerning:

1. the maintenance of competency of practitioners through continuing education;
2. the establishment of standards for the practice of veterinary medicine;
3. the disbursement of prescription drugs; and
4. the establishment and control of activities relating to veterinary technicians.

II. The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.

A. The public's confidence and well-being has been enhanced through a statute amendment of requiring a public member on the Board. Currently, the Board membership consists of four licensed veterinarians and one public member.

- III. The extent to which the board, commission, or agency has recommended statutory changes which are generally of benefit to the public interest.
- A. The Board has proposed statutory changes concerning qualifications for licensure, temporary licensing, temporary permits, and licensing applicants by credentials. To improve veterinary care, the Board has proposed to amend the statutes by adding a new section concerning emergency treatment for injured animals. These proposed changes are currently under review in the Department of Law and have not been submitted to the Legislature.
- IV. The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service which it has provided.
- A. The Board has advertised proposed regulation changes in major newspapers in Anchorage, Fairbanks, and Juneau. The Board has not actively solicited comments on its operations and services it has provided.
- V. The extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.
- A. The Board has encouraged public participation through newspaper announcements concerning proposed changes and additions to regulations.
- VI. The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board, or commission is administratively assigned, or with the office of the ombudsman have been processed and resolved.
- A. In the last three years there has been one complaint filed against the Board with the Ombudsman Office. The complainant did not believe the Board would take action on his complaint. However, the Ombudsman Office found this to be an unsubstantiated complaint.
- B. There have been no complaints filed against the Board with the Attorney General's Office.

- VII. The extent to which a board or commission which regulates entry into an occupation or profession has presented qualified applicants to serve the public.
- A. The Board has issued 59 licenses, temporary permits, and temporary licenses in the last three fiscal years.
 - B. The Board requires foreign medical graduates to have qualifications equivalent to other applicants. This is evidenced by the requirement of the foreign graduates to pass the examination of the American Veterinary Association's Education Commission for Foreign Veterinary Graduates.

- VIII. The extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

- A. The Human Rights Commission and the Equal Employment Opportunity Office have received no complaints related to the Board's activities.

- IX. The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this section.

- A. Legislative Audit has no recommendations concerning the Board's compliance with the public need factors as enumerated in this section of the report.

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APPENDIX A

BOARD OF VETERINARY EXAMINERS
REVENUES COMPARED WITH EXPENDITURES

For the Fiscal Year Ended June 30, 1983

(UNAUDITED)
(Note 1)

Average Revenues (Note 2)	\$ 4940.00
Less: Expenditures (Note 3)	(\$ 4198.57)
Excess of Revenues Over Expenditures	<u>\$ 741.43</u>

<u>Revenue Type</u>	<u>Amount</u>	<u>Collection Time</u>
Application fee	\$ 25	With issuance of License
Examination fee	50	With taking the Examination
Investigation of Credentials fee	50	With issuance of License
License fee	200	With issuance of License
Renewal of License fee	200	Due every four years
Temporary License fee	50	With issuance of License
Temporary Permit fee	50	With issuance of Permit

Note 1

This revenue/expenditure comparison was prepared from available records and discussions with Occupational Licensing personnel. The records were not audited by us and accordingly we do not express an opinion on the Board's Statement of Revenues Compared with Expenditures.

Note 2

The majority of revenues collected are composed of license renewal fees. These fees are collected by most boards once every two or four years and cause revenues in one year to be much greater than the revenues collected in the next year. Therefore, we calculated and reported an average of the revenues collected in Fiscal Years 1982 and 1983 in order to obtain a more accurate representation of revenues collected.

Note 3

Expenditures include those made by Board members, such as travel, per diem, and contractual items. They do not include expenditures for efforts of other departments assisting the Board or administrative overhead expenses incurred by the Division of Occupational Licensing.

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STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2500

OFFICE OF THE COMMISSIONER

October 4, 1984

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
Pouch W
Juneau, Alaska 99811

OCT 05 1984

**LEGISLATIVE
AUDIT**

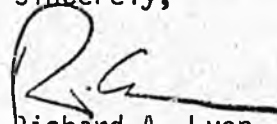
Dear Mr. Wilkerson:

We have reviewed the preliminary performance report on the Board of Veterinary Examiners, May 27, 1930 to June 30, 1984.

We concur with your findings that the board has operated in the best interests of the public. We also concur with your recommendation that the board be reestablished.

Thank you for your cooperation and the opportunity to comment on the report.

Sincerely,


Richard A. Lyon
Commissioner

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RECORDS CERTIFICATION

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James O. Smith
Signature of Camera Operator

11/24/89
Date

HB

256

Alaska State Legislature

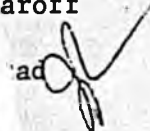
Representative John Ringstad
District 20-B
P.O. Box 1848
Fairbanks, Alaska 99707
(907) 456-8336



While in Juneau
Pouch V
Juneau, Alaska 99811
(907) 465-4998

House of Representatives

MEMORANDUM

TO: Senator Fred Zaroff
FROM: Rep. John Ringstad 
DATE: April 12, 1985
RE: HB 256, An act relating to economic development policy

Attached are materials in support of HB 256. You will find my written comments, letters of support from the Resources Development Council, Fairbanks North Star Borough, and Alaska Miners Assoc. In addition other organizations in support of HB 256 are: Alaska Conference of Mayors, Alaska Municipal League, Western Alaska Building and Construction Trade Council, Alaska State Chamber of Commerce, Anchorage Convention & Visitors Bureau, and the Fairbanks Chapter of the Society of Professional Engineers.

Also included is a summary of a December '84 poll by Alaska Construction & Oil on Alaskan business attitudes. This reflects that 74% of Alaskan business people believe that the state discourages responsible development through its policies and regulations. Further emphasizing the need for economic development are some recent newspaper articles.

Fred, as the Legislature is running short on time, and in the interest of HB 256 being given ample opportunity to pass this session, I respectfully request your action to waive HB 256 out of Senate Labor & Commerce Committee, and allow hearings to take place in one Senate committee only, that being the Senate Resources Committee.

Thank you for your consideration in this matter.

Alaska State Legislature

Representative John Ringstad
District 20-B
P.O. Box 1848
Fairbanks, Alaska 99707
(907) 456-8336



While in Juneau
Pouch V
Juneau, Alaska 99911
(907) 465-4998

House of Representatives

HB 256, an act establishing the economic development policy of the state, is a general policy statement, addressing the need for a stable, diversified economic base, and declaring Alaska's commitment to foster such development through the state's cooperation with the private sector.

Alaska sorely lacks an economic development policy.

This fact has hit us hard, with the sudden decline in revenues we are currently facing. It had been anticipated, that by the time the oil revenue dollars started falling off, Alaska would be well on the road to a stable, diversified economy. The oil revenues are now on the decline, and looking at the world-wide market situation and pricing structure for oil, this is a long-term situation.

HB 256 reflects Alaska's need and desire to further its economic viability. This confirmation is a long-term commitment towards the goal of diversifying our economy, thus creating more jobs for the citizens of this great state, and allowing them the opportunity to continue to make Alaska their home. Further, HB 256 will serve as a signal to domestic and foreign businesses of our commitment to economic development.

Passage of HB 256 will confirm this intent. This legislation is a general policy statement and is not intended to favor any industry or project.

I've been asked about the need for this legislation as a statute rather than a resolve. Billy Berrier, Director of Legal Services, has stated that a resolve does not have the weight or intent that a statute carries. Further, the intent of a resolution only holds for a particular Legislature. Our goal must be a long-term, continuous commitment to develop Alaska's economy.

I ask for your support, and thank you for your consideration of HB 256.



**Fairbanks
North
Star
Borough**

Mayor: B.B. Allen

February 12, 1985

FEB 19 1985

Representative John Ringstad
Alaska State Legislature
Pouch V
Juneau AK 99811

Dear John:

Based on the advice of several people including Harold Heinze, President, ARCO Alaska, Inc., Bob Bettisworth, Dr. Earl Beistline, Dr. William Wood and others, we have formed a statewide Resource Policy Coalition to address the needs of resource development throughout our state.

At our initial meeting, the first resolution we adopted was a policy statement on economic development. I would like for you and other members of the interior delegation to review the policy statement in hopes that you will do whatever is necessary to establish this as a statement of the State of Alaska's policy on economic development.

This policy statement on economic development has been supported by the Alaska Municipal League, Alaska Conference of Mayors, Fairbanks North Star Borough, Greater Fairbanks Chamber of Commerce, City of Seward, Alaska Mining Association and several others. I think it is important that members of the interior delegation, representing the area where most of the resources are located, provide the leadership by introducing and supporting the resolution for the development and processing of those natural resources.

If you have questions regarding this matter, please do not hesitate to contact me.

Sincerely yours,

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

B.B. ALLEN
Borough Mayor

BBA:al

enclosure



Resource Development Council for Alaska, Inc.

807 "G" Street, Suite 200, Anchorage, Alaska 99501-3440
Box 100516, Anchorage, Alaska 99510-0516 - 907/276-0700

MAR 12 1985

EXECUTIVE DIRECTOR
Paula P. Easley

March 5, 1985

EXECUTIVE COMMITTEE
Charles R. Webber, President
K. Daniel Hinkle, Vice Pres.
E. Thomas Pargater, Vice Pres.
Dale P. Tubbs, Secretary
J. Shelby Stasny, Treasurer
Boyd J. Brownfield
Don L. Finney
Robert W. Fleming*
John Forcaskie
Mano Frey
O.K. "Easy" Gilbreth
John L. Hall
Sara S. Hemphill
Joseph R. Henri
Phil R. Holdsworth
John T. Kelsey
Emel H. "Pete" Nelson
John Rense
R. G. Rodriguez
R. D. Stock
Robert I. Swetnam
Jack Werner

Representative John Ringstad
Pouch V
Juneau, AK 99811

Dear John:

We are so pleased to see HB 256 introduced with you as sponsor. This is an important bill for the state of Alaska and the Resource Development Council. Your sponsorship is significant and is creating support for the bill by those who know you and your record.

DIRECTORS/FOUNDERS*

John Abshire
Hameed Ahmad
Earl H. Bestline
Rex I. Bishaop
Robert T. Blaney
Robert A. Breeze
Glen E. Briggs
Milton Byrd
Larry Dinneen
James V. Drew
James G. "Bud" Dye*
Fred O. Eastlaugh*
Tom Fink*
Lee E. Fisher*
Dan R. Fondell
Kelly Gay
Robert Gilliland
Howard Grey
Dave Harbour
Arthur R. Hauver
Roger R. Haxby
Hazel Heath
Dave Heatwole
Carl W. Heinmiller
Charles F. Herbert
M. A. Higgins
Joe Jackovich
Jerry E. Joan
John Choon Kim
Frank Klett
Kay H. Lasley
Kay Linton*
Phillip L. Locker
Charles E. Logsdon
Dennis W. Lohse
Jeffrey B. Lowenlets
Paul J. Martin
G. R. Meeks
Michael Millhollin
Pat Mulligan
Max D. Nalley
Richard A. Peluso
William Purrington
Irene Ryan
Lin S. Sloane
Mary J. Sulliff
Dale Teel
Joe J. Thomas
Richard W. Tindall
Rudy J. Tracclair
Joe Usibell
Lyle Van Borgen
James Wakefield
Cyril R. Wanamaker
Anita Williams
Law M. Williams
Jed Holley, Staff Consultant

We and others have been pushing for this sort of state economic development policy for several years. With this bill Alaska can have the statutory guidelines for economic development envisioned in our constitution.

I am aware that HB 256 is tentatively scheduled to be heard in House Resources March 20. You can be sure that the Resource Development Council will have testimony prepared to support this bill and encourage its timely passage in the House.

Please let us know if there is any background or related information we can provide to aid its passage.

Thank you again for your support.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL
for Alaska, Inc.

Paula P. Easley
Paula P. Easley
Executive Director

cc: Michael Abbott, RDC Legislative Coordinator

EX-OFFICIO MEMBERS

Senator Ted Stevens
Senator Frank Murkowski
Congressman Don Young
Governor Bill Sheffield



ALASKA MINERS ASSOCIATION, INC.

509 W. Third Ave., Suite 17, Anchorage, Alaska 99501 (907) 276-0347

March 13, 1985

MAR 19 1985

The Honorable Ben Grussendorf
Speaker of the House
ALASKA STATE LEGISLATURE
Pouch V (MS 3100)
Juneau, Alaska 99811

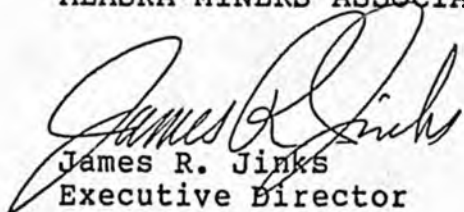
Dear Speaker Grussendorf:

The Alaska Miners Association appreciates the efforts of you and the other sponsors of House Bill No. 256 establishing an economic development policy for the state. We want to thank you, and the other sponsors, and inform you of our total support of HB 256 in its present form (see attached).

We have long supported the adoption of such a policy and continue to do so.

Sincerely,

ALASKA MINERS ASSOCIATION


James R. Jinks
Executive Director

Enclosure

cc: Ringstad
Adams
Cato
Frank
Larson
M.W. Miller
Perce
Rieger
Shultz
Sund
Taylor
Uehling
Hanley
Jenkins

THE AftI-DITTMAN POLL

of Alaska business leaders

The AftI-Dittman Poll is a regular monthly feature of Alaska Construction & Oil and Alaska Analysts/Dittman Research. Each month several hundred Alaska businessmen and businesswomen are contacted and asked their opinions on questions of statewide importance. The statewide totals are combined and published in the weekly business newsletter Alaska from the Inside (AftI) and in Alaska Construction & Oil. The respondents included in the sample are representative of their fields of activity and are located throughout the state.

QUESTION

"Overall, do you feel state government regulations and policies are most likely to encourage or discourage well-planned, responsible resource development?"

RESULTS

	Encourage	Discourage	Undecided
Construction and Timber	22%	78%	—
Petroleum and Mining	13%	85%	2%
Finance and Services	42%	56%	2%
TOTAL	24%	74%	2%

ANALYSIS

Nearly three-quarters (74%) of Alaska's business leaders interviewed in November feel state government regulations and policies *discourage* well-planned and responsible resource development.

The percentage of respondents agreeing varies widely by industry. Petroleum and Mining respondents are the most adamant, with 85% answering "discourage."

A review of the respondents' comments offered during the poll shows that the Alaska Department of Fish and Game was the most frequently mentioned example of a state agency that discourages resource development. The comments also indicated two main reasons for respondents' concern about government policies:

- (1) It is difficult to justify the expense and time required to design a well-planned development and take it through the permitting process when the likelihood of success is always in doubt.
- (2) The state employees who work in regulatory agencies are more likely to have regulatory ("protective") mentalities which may blind them to the benefits of resource development.

COMMENTS

"Mainly in the permit area — the Department of Fish and Game stops more projects than any agency. They are always on the side of the Sierra Club and SEACC. No development is their policy."

"It took 16 years to get a water-use permit for mining and I have a coal prospecting permit application that is nine years old and still pending."

"The tendency in state government is to over-regulate. There can only be one result of that tendency — operating costs are increased both by the requirements for compliance and the cost of processing paper."

"It takes too much time and effort to get permission for access. It discourages people before they even start."

"Regulations are built around a negative attitude."

"Definitely encouraged — a marked improvement noted in both words and deeds!"

"Until the Department of Fish and Game is restricted from making unilateral and arbitrary decisions concerning resource development, we will be unable to encourage development no matter how well-planned and responsible!"

CALENDAR

ENERGY-SOURCES TECHNOLOGY CONFERENCE & EXHIBITION — Sponsored by the American Society of Mechanical Engineers at Loews Anatole Hotel, Dallas, TX, (214) 247-1747, Feb. 17-22.

TRAINING SESSIONS ON DRILLING AND BLASTING TECHNIQUES — Explosives Services Corp. of Issaquah, Wash., (206) 392-7112, is conducting a five-day training session on drilling and blasting techniques in Ketchikan, Feb. 18-Feb. 22; and in Anchorage, Feb. 25-March 1.

INTRODUCTION TO MICROCOMPUTERS — A short course presented by the Society of Mining Engineers of the American Institute of Mining, Metallurgical and Petroleum Engineers, Hilton Hotel, New York, NY, (303) 973-9550, Feb. 23-24.

FINANCE FOR THE MINERALS INDUSTRY — A symposium that is part of the annual meeting events for the Society of Mining Engineers of the American Institute of Mining, Metallurgical and Petroleum Engineers, Hilton Hotel, New York, NY, (303) 973-9550, Feb. 24-28.

STATE OIL AND GAS LEASE SALE NO. 46A — Anchorage Westward Hilton Hotel, Anchorage, Feb. 26.

AGC 66TH ANNUAL CONVENTION/CONSTRUCTOR EXPOSITION — The Associated General Contractors of America 1985 convention, San Francisco, CA, Feb. 27-March 5.

ALASKA SUPPORT INDUSTRY ALLIANCE — Conference on marginal oil field development, Captain Cook Hotel, Anchorage, March 2.

FOURTH ANNUAL ALASKA CONSTRUCTION SUPPLY AND EQUIPMENT SHOW — Exhibits and technical sessions, Sullivan Arena, Anchorage, (907) 346-2424, March 21-22.

ARCTIC '85: CIVIL ENGINEERING IN THE ARCTIC OFFSHORE — A national specialty conference of the American Society of Civil Engineers at the Sheraton Palace Hotel, San Francisco, CA, (713) 772-0876, March 25-27.

34TH ANNUAL VEHICLE MAINTENANCE/MANAGEMENT CONFERENCE — Sponsored by the University of Washington, College of Engineering, at Kane Hall, Seattle, WA, (206) 543-5539, March 25-28.

ALASKA TRANSPORTATION FORUM — University of Alaska-Fairbanks, April 15-16.

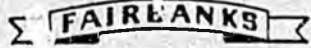
CABLE HARVEST TECHNIQUES — Holiday Inn-Downtown, Spokane, WA, (509) 838-6101, April 15-19.



United Way
of King County

Thanks to you.

Editorial Opinion and Comment of



Daily News - Miner

"Independent in All Things . . . Neutral in None"

Other opinions expressed on this page do not necessarily reflect those of the Daily News-Miner.

A strategy for the future

Alaskans concerned about resource development have been meeting in Anchorage this week to discuss a strategy for the future. The occasion was a conference sponsored by the Resource Development Council, and the agenda was packed with representatives of government and industry.

It's that mix of government and industry that Alaska must tend to if we are to meet our goals of economic development and diversification.

Though the private sector usually operates best with a minimum of government involvement, the high percentage of government-owned land in Alaska necessitates close cooperation from all three levels of government—federal, state and local.

Most of the industries Alaska hopes to encourage—mining, agriculture, fishing, natural gas, petrochemicals—can't be developed unless land is made available and access is provided. That's where governments come in, for private land owners in Alaska continue to hold only a small share of the land, even when Native corporation land holdings are included in the reckoning.

Economic development is not an easy job for our state. For though we're blessed with abundant natural resources that can serve as the foundation of such efforts, we're seeking to balance their development with an appreciation of the natural beauty of our land and of the resources such as fish and wildlife for which natural habitat is critical.

What we can accomplish depends to a large extent upon the attitude of Alaskans. Our state has a high level of citizen involvement in decision-making and it is possible for a few people to influence major decisions.

What we must seek, then, is a recognition that Alaska cannot long afford the luxury of our diverse lifestyles if our economy does not remain strong. Nor will we be able to provide the amenities we've come to enjoy if we do not diversify our state revenue sources.

By recognizing the complexity of the economic development job, Alaskans should be able to plan a strategy that will protect our land and at the same time develop our resources. It will take planning and foresight, but it's not a job to shirk.

Revenue projections provide sobering truth.

At the opening session of last week's informative and stimulating conference on "Alaska's Economic Priorities" at the Sheraton/Anchorage, airbanker Mary Nordale, well-known attorney and now state commissioner of revenue, presented a most enlightening and encouraging summary of Alaska's "Petroleum Revenue, Production and Price Projections."

Such projections, however sophisticated the analysis of pertinent data available, of necessity are based upon assumptions, probabilities, and, in some parts, sheer guesswork. They offer, however, the best guidelines to thoughtful action we have.

The Alaska oil revenue projections trending downward from a peak, as is inevitable in the production scenario anything on a gigantic scale, have been featured recently in the press and media as gloom and doom forecasts. They are not. On the contrary, the wringing of hands and the wailing from the wigwams of the mighty have been depressing evidence merely that we among us love to be dependent. Viewed in the perspective of what is B.O.P. (Before Oil Production), the current state revenue projections for the year 2000 and beyond are neither bleak nor hopelessly discouraging. Sobering, yes. This, of course, all resi-

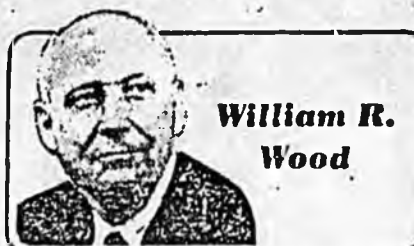
dents of Alaska should find comforting and enormously encouraging. At last, a return to common sense fiscal behavior is in prospect.

In summary, the Nordale projections remind us that in 1975 the state's "General Fund Unrestricted Revenues" were about \$333 million. This more than doubled the very next year.

The flood of North Slope oil dollars continued to swell to \$2.5 billion by 1980—nearly an eight-fold increase in five years! The gusher crested at \$4.1 billion two years later and has gradually tapered downward since. In 1985 the General Fund Unrestricted Revenues are estimated to reach a total of \$3.3 billion. A ten-fold increase in one decade, 1975-1985. Wow! Remember how it was in 1960? About \$30 million total, or one hundred times smaller!

No wonder Alaska went on a spending spree, led by the Legislature and the administration eager to catch up on capital needs and services desired to enhance the good life as they saw it throughout the state. Let's not forget they were responding to pressure at home. All of us were more or less active in the "gimme" posture, both hands outstretched and pleading, "More! More!"

What really got out of hand was the bureaucracy, not just in government,



**William R.
Wood**

Views expressed here do not necessarily represent those of the Daily News-Miner

but in the industrial, commercial, financial, educational, and labor arenas as well. The phenomenon of over-indulgence permeated every corner of Alaska. It has been particularly devastating to Alaska's future prospects in the over-staffing of regulatory activities and paperwork impositions. This has been far too costly for the residents to afford since the zeal to achieve the last measure of perfection for one cause or another has ranged far beyond the realm of reason and common sense.

Fortunately, there is the Permanent Fund acting as a safety valve of sorts to keep the whole barrel from running dry. It didn't exist until 1977. Now in 1985 the annual earnings from this savings account are over \$600 million. In the next 10 years it is estimated that the Permanent Fund will be earning about \$1.5 billion and will

approach \$2.5 billion annually by the turn of the century, just 15 years from now. That amount combined with an estimated \$2.2 billion from oil and other sources, such as mining, fishing, timber harvest, tourism, and agriculture, would bring the General Fund Unrestricted Revenues to nearly \$5 billion for state spending in the year 2000. Moreover, by that time the Permanent Fund itself would be something over \$20 billion.

Not too shabby a prospect for Alaska, even should the population double by then to one million residents. All such projections, of course, are tempered by change, both the predictable and the unforeseen.

The alarm over necessary spending cuts this session at the state level may be a blessing in disguise. Spending restraints are clearly overdue. There could be substantial reductions in government regulatory and administrative operations even if revenues were rising instead of falling. A greater depth of prudence should prevail in selecting for funding capital improvement projects in the statewide "catch-up" and "Reach for Excellence" programs. In general, priority might well be given to infrastructure items in energy, transportation, and

communications matters: make possible the creation of wealth from things that and from things that do not where.

The reduction of over-spending can increase state adaptability as well as ease the heart. Having fewer to spend may give our legislators time to think—to think not and deeply about how to create some new dollar mineral and agricultural. These two, we are reminded again, are the only sources of wealth.

Neither boom nor gloom is a prospect for 1985 and beyond the whole picture. The rest of the world are Alaska's opportunity. The character for each of us to meet the challenge is together toward a greater self-discipline and self-reliance, moving forward together in and with mutual respect, whatever needs to be done.

Dr. William R. Wood is a retired professor of the University of Alaska now in his time as executive director of Fairbanks '84.

Opinion

FDM

Wednesday, February 27,

Efforts to diversify economy are serious

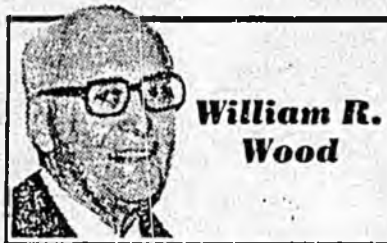
The single *big project* is not dominant in the thinking of community speakers at the Fifth Annual International Conference on Alaska's Resources that convened Feb. 13-14 at the Sheraton Anchorage.

Diversification is. From every region of Alaska the message is clear and strong: tourism, mining, and fishing are the common denominators of interest, then timber and farming wherever trees or crops grow. There was mention of fur ranching, poultry farming, dairying, livestock husbandry, and greenhouse culture. This was not idle talk. Serious effort is being made on each in one or more Alaska communities. Innovation, ingenuity, inventiveness, advanced technology, were mentioned to remind us how young we are in Alaska. How fine the prospect for creative young thinkers.

Seven minute presentations were made by 18 representatives from nine cities, six boroughs, two combined city/borough units, Juneau

and Sitka, and Alaska's metropolis, the municipality of Anchorage. The coverage was widespread, from Ketchikan to Kotzebue, from Unalaska, Bethel and Bristol Bay to the North Slope Borough, Valdez, and the Fairbanks North Star Borough, from Haines and Cordova to Kenai Peninsula, and Matanuska-Susitna to Kodiak Island. Impressive participation! In addition, several places not listed on the program for presentations joined in the excellent All-Alaska community displays featured throughout the conference: Delta, Nenana, Barrow, Skagway, Seward among others. The occasion sponsored by the Resource Development Council for Alaska provided an excellent opportunity for insight into what Alaskans are thinking and doing.

Few of the presentations and displays turned up any brand-new prospects or special projects, the exception, perhaps, being the great Red Dog lead/zinc/silver venture near Kotzebue. From all points in



William R. Wood

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Alaska, however, was demonstrated renewed determination to find some way, any way to bring into production for processing and marketing Alaska's extraordinary variety of natural resources. Not all non-attenders of the conference may share in the enthusiasm expressed, yet among those present reporting on how things were at home there seemed evident a common belief that the habitat, whether land or marine, can be enhanced and made more productive and attractive for the ultimate benefit of residents of the Great Land.

Surfacing now and again was recognition that the burden of idle resources, natural and human, could reach the level of the intolerable. The spirit expressed was strong: Let's do all that we can ourselves with what we have. Let's not depend on any one source of income, fur, fish, timber, gold, oil, or government, as we have in the past. Let's make intelligent use of all our possibilities and drive toward a greater measure of self-reliance and self-sufficiency.

Not one speaker even hinted at being satisfied with overdependence upon government at any level or any other largesse giver. Each of the 18 community speakers was enthusiastic, optimistic, excited about the potential of the place where he lives, full of cheer and wit, each proud to be an Alaskan. Rated outstanding at the end of the conference was the far-ranging presentation accenting our people potential by our own Mayor Bill Allen.

The agenda for the conference

was studded with other spark presentations, some provocative enough to generate fresh thinking and new awareness among several hundred in attendance. These were offered by a range of specialized talent from Texas, Oregon, Washington D.C., Seattle, Canada as well as Alaska's own from Juneau, Fort Yukon, Anchorage, and Fairbanks.

Yet the great lift at the conference came from the 18 communities each with the encouraging news of what it was devising an undertaking on its own with reasonable assistance from the outside to insure a brighter tomorrow for the great place where they live. And each of the 18 it was emphasized, is more than willing to share the good life he enjoys with visitors and new residents. Come see us at time!

Dr. William R. Wood is a retired president of the University of Alaska now volunteering his time as executive director Festival Fairbanks '84.

RDC conference debriefing hits a 'we're-in-this-together' theme

By BERT TARRANT
"We're in this together" was the theme of a debriefing held by the Resource Development Council following its fifth annual International Conference on Alaska's Resources.

The conference was titled "Alaska's Economic Priorities: A Five Year Strategy" and offered a number of communities from around the state an opportunity to present their own economic conditions, problems and priorities.

It was the mayor and/or representative of the participating communities that gathered after the two days (Feb. 13-14) of presentations and discussions for the debriefing.

"Last year after our conference we got the speakers and other players together for a private meeting to get their feelings on the conference," said Paul Easley, RDC Executive Director. "It worked well so we decided to do this same thing this year with the communities."

The debriefing wasn't just a get yourself on the back for a job well done. Easley had a slate of 10 conference objectives on which she wanted input from the communities.

"Identify a process for ranking capital projects for state funding."

"There was a large consensus at the debriefing that there needs to be a process for ranking capital projects," Easley said, "but there also is no quick and easy, super way of doing that ranking."

She noted the communities had their wish lists for the state legislature but that most had never looked at that list "from a point of view of what would sustain the local economy."

"So far the state's legislature has never looked at Alaska's oil wealth with a view to prioritizing, to ranking needs," she said. "And part of that is due to the fact there has been no clear direction of what we want to do in our state."

But the concept of declining petroleum revenues as production from Prudhoe Bay begins to slip and "finally begins to sink in," the RDC chief said. "Alaska's communities are very concerned. They want more effort made in dealing with priorities and we'll work with them on it."



RDC Executive Director Paul Easley received a bouquet of roses at the conference close.

• Create a more active, vocal constituency for economic development.
"This was definitely accomplished by the conference in the view of the communities," Easley said. "Many had never discussed such an idea before and now the momentum is going."

The communities concluded the Resource Development Commission had gotten the whole thing started and "they don't want to see the ball dropped; they want to keep up the momentum," she said.

"The communities asked us to have 3-4 meetings to have the mayors and their representatives get together to discuss the constituency issue before we hold our next international conference," she added.

• Give direction to the Governor and legislature that was pending decisions are needed now.

"The mayors concluded they must work at their own level with their own community government and their legislature if they are to make progress in this area," she said.

• The community leaders also requested the Council to help with resources and support in their efforts to get the importance of what pending decisions across to elected representatives.

• Encourage formation of local economic development

See RDC, Page 18



At the Resource Development Council's fifth annual International Conference on Alaska's Resources, participants gathered for a debriefing session.



Paul Easley, RDC Executive Director, speaking at the conference.

• RDC conference participants find they share problems

Continued from Page 14

study groups that are possible. Many of the communities felt they had good, dedicated people working in their various resource and business opportunities development sections, Easley said. "But they also felt something was missing."

"They felt their attitude at development had not been as productive as they could be and could be a big reason for this was that the development departments had not been given a strong enough mandate," Easley said.

• Stimulate cooperative effort between private industry/Naval groups, local chambers, labor and government bodies to pursue economic goals.

"The topic fits in with development study groups. The communities felt they most get this development departments more in touch with the community and its leaders if a concerted effort for development and economic diversification were to take place."

Easley noted one of the state's boroughs already is in such a position. "The Kenai Peninsula Borough has a Resource Development Council that is staffed with a director, Frank McIlhenny, and that has been instrumental in that borough's expansion," she said.

"Many of the other communities are looking to the Kenai Peninsula Borough as a good example of economic diversification, how it can be done, and done very well," she added.

• RDC debriefs participants

Continued from Page 18

economic, geographic, ethnic, etc.," she added.

• Provide information on project financing alternatives.
The community representatives were very vocal, Easley says, in their "need to know what resources needed from them and how the communities could be prepared with such information."

"They wondered why and how investors choose one area over another for a development project," she added. "They were keenly interested in the criteria for such location factors and they want to write on it."

• Educate public on community activities, attractions, needs and constraints to development.

At the conference, the RDC also sponsored a "Community Exposition" at which each community and others could place exhibits designed to educate attendees of the community's status and potentials.

"But unless you have a knowledgeable community leader manning the booth, you are not going to be in a position to answer questions should an investor want to know more about the community," Easley said.

"Unfortunately, most of the community leaders were in the conference hall, listening to the presentations, rather than

Fifth Annual International Conference on Alaska's Resources: Alaska's Economic Priorities: A five-Year Strategy and All-Alaska Community Expo

• RDC conference draws strong reviews



The RDC conference was a success in many ways. An international conference.

wide opinion gathering.

"During the conference we told the community participants we would have ongoing ranking the projects that were presented and some of the communities weren't that happy - not so much at the idea of ranking but that their projects may not get the priority they felt those projects deserved," Easley said.

"We did settle on a plan that will be put into effect with the next conference - the conduct of a multi-year opinion survey

using people who came to the conference," Easley said.

The key is getting opinions from around the state and Easley said most of that battle is won. "For the first time, the RDC International Conference had more people from outside Anchorage attending, plus 20 village corporations and the Navuthegson Corporation," she noted.

"By any definition of a valid survey sample, we had it -

See RDC, Page 18

Continued from Page 18

"They were not only able to discuss their own problems but also learned much about what was happening in other communities. They found they have many similar problems," she said.

Other areas of concern also were discussed at the debriefing, including need expressed by many for technical expertise in working toward goals.

"Those people are available but it costs money to bring them in," noted Easley.

"They also suggested that in a future conference, after the communities have had the opportunity to make their presentations, hold a second set of discussions be held concerning a more regional approach to problems and priorities," Easley said.

An immediate outcome of the conference and debriefing will be release of a booklet on community economic development.

"The booklet was authored by Ron Wall and others in the Division of Economic Enterprise of the state Department of Commerce & Economic Development," Easley noted, "but a lack of funding had kept the booklet from being published. Ron promised the communities he would get it to them."



At the Resource Development Council's fifth annual International Conference on Alaska's Resources, participants gathered for a debriefing session.

See RDC, Page 17



Official Business

Alaska State Legislature

Senate

Committee on Labor & Commerce

Pouch V
State Capitol
Juneau, Alaska 99811

HB 256am: Summary

Amends Title 44 by adding a new chapter which makes a declaration of the State economic policy. Legislature declares that the state has a commitment toward "purposeful" development of its natural resources. The bill also provides legislative intent with respect to development and defines the activities which the state should undertake to promote such an economic policy.

Introduced: 3/1/85
Referred: Resources and
Finance

BY RINGSTAD, ADAMS, GRUSSENDORF,
CATO, FRANK, LARSON, M.W.MILLER,
PEARCE, RIEGER, SHULTZ, BUND,
TAYLOR, UEHLING, HANLEY AND JENKINS

1 IN THE HOUSE

2

HOUSE BILL NO. 256 am

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act establishing the economic development policy
7 of the state."

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

9 * Section 1. AS 44 is amended by adding a new chapter to read:

10 CHAPTER 67. GENERAL STATE POLICY.

11 Sec. 44.67.010. DECLARATION OF STATE ECONOMIC DEVELOPMENT POLI-
12 CY. (a) To further the goals of a sound economy, stable employment,
13 and a desirable quality of life, the legislature declares that the
14 state has a commitment to foster the economy of Alaska through
15 purposeful development of the state's abundant natural resources. It
16 is the legislature's intent that this development

17 (1) offer long-term benefits and increased employment to
18 Alaskans by strengthening and diversifying the state's economic base
19 and encouraging new activities;

20 (2) provide opportunities for increased personal income or
21 reduced living costs by creating activity in economic sectors;

22 (3) have a positive effect on the revenue needs and fiscal
23 conditions of the state and local communities;

24 (4) be undertaken after consideration of the views of
25 citizens impacted by the development, and only after adequate pro-
26 tection is assured for Alaska's environment, and the Alaskan life
27 style.

28 (b) To take advantage of investment opportunities afforded by
29 Alaska's abundant resources, the legislature finds that the state must

1 undertake activities that serve as a catalyst to responsible economic
2 development in the state for the benefit of its citizens. It is the
3 policy of the state to

4 (1) develop and provide information to domestic and foreign
5 investors to use in evaluating project feasibility;

6 (2) with cooperation from investors, identify constraints
7 to economic development imposed by all levels of government and work
8 with government agencies to solve problems created by those con-
9 straints;

10 (3) with cooperation from investors, identify constraints
11 to economic development such as lack of transportation and energy
12 systems necessary to support the extraction, production, and transport
13 of resources to markets, and implement capital improvement or other
14 programs to resolve the deficiencies;

15 (4) provide a stable tax and regulatory climate that
16 encourages expansion of the state's economic base;

17 (5) encourage "value-added" processing in the state;

18 (6) improve the state's comparative position by offering
19 economic incentives that support the constitutional mandates for
20 utilization, development and conservation of natural resources.
21

Chairman's Information:

- 1) HB 256am "An act relating to the economic development policy of the state"
 - a) Introduced: Ringstad plus 14 others
 - b) Co-Sponsors:
- 2) INTENT: Makes a declaration of the State's economic development policy and defines the activities the state should undertake to promote this policy.

FISCAL NOTE: none

NOTE:

- 3) ADDITIONAL REFERRALS: Resources and Rules
- 4) PUBLIC HEARINGS:
 - a) Sponsor:
 - b) Public witnesses:
- 5) BILL ACTION:
 - a) Hold in committee?
 - b) Assign to sub committee for further review?
 - c) Move from Committee?
 - d) close public hearings?
- 6) COMMITTEE ACTION:
 - a) amendments?
 - b) CS adoption?

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 256
 Title: Economic Development of the State
 Sponsor: Ringstad
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

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

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 Farguhar Phone: 465-2400
 Division: Commissioner's Office Date: March 21, 1985
 Approved by Commissioner: Wmms D. Amund, Deputy Date: March 21, 1985
 Agency: Natural Resources

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

Fiscal note (0)



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

11/24/89
Date

HB

2094

Chairman's Information:

- 1) HB 294: "An act relating to preferential hire of Alaskans;
and providing for an effective date"
 - a) Introduced: Boucher + 33 other House members
 - b) Co-Sponsors:
- 2) INTENT: This bill establishes a state policy which provides for an employment preference for state residents on projects funded with public monies.

Under the Privileges and Immunities Clause of the US Constitution, a state must show a compelling reason for giving an employment preference to state residents. This legislation contains 18 "Legislative Findings" in an effort to withstand Constitutional challenges.

FISCAL NOTE: Fiscal Note: 0

NOTE:

- 3) ADDITIONAL REFERRALS: Finance
- 4) PUBLIC HEARINGS:
 - a) Sponsor:
 - b) Public witnesses:
- 5) BILL ACTION:
 - a) Hold in committee?
 - b) Assign to sub committee for further review?
 - c) Move from Committee?
 - d) close public hearings?
- 6) COMMITTEE ACTION:
 - a) amendments?
 - b) CS adoption?

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

Page 1 of 3

REQUEST

Bill/Resolution No.: HB 294
 Title: "An Act relating to preferential hire of Alaskans..."
 Sponsor: Boucher, Davis et al.
 Requestor: House Finance
 Date of Request: 4/16/85

FISCAL DETAIL

Agency Arrected: Labor
 Program Category Affected: Public Protection
 BRU, Program or Subprogram(s) Affected: Labor Standards & Safety Wage & Hour Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		90.6	93.8	97.1	100.5	104.0
200 TRAVEL		10.0	10.6	11.2	11.9	12.6
300 CONTRACTUAL		11.2	11.9	12.6	13.4	14.2
400 SUPPLIES		1.0	1.1	1.2	1.3	1.4
500 EQUIPMENT		3.2	0	0	0	0
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	116.0	117.4	122.1	127.1	132.2

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND		116.0	117.4	122.1	127.1	132.2
FEDERAL FUNDS						
OTHER						
TOTAL	0	116.0	117.4	122.1	127.1	132.2

POSITIONS:

FULL-TIME		2	2	2	2	2
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

This fiscal note assumes an effective date of July 1, 1985.

Prepared By: Robert J. Bacolas, Sr.
 Division: Labor Standards & Safety

Phone: 465-4870
 Date: 4/16/85

Approved by Commissioner: Jim Robison
 Agency: Labor

Date: 4/16/85

Distribution (by Agency preparing fiscal note):

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

Fiscal note

1.	POSITION TITLE Wage & Hour Investigator I				RANGE/STEP 16A	ORG. UNIT GGU	PAGE/LINE	COV.	APPROV.	DISAP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Anchorage	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE									
	1		2		AMOUNT					
	PERSONAL SERVICES									
5.	Salary		32,424							
6.	Benefits		5,222							
7.	Supplemental Benefits		1,988							
8.	Fixed Benefits		2,630							
9.	TOTAL PERSONAL SERVICES		01		42,264					
10.	Travel		02		5,000					
11.	Contractual		03		5,600					
12.	Commodities		04		500					
13.	Equipment		05		1,600					
14.	Other									
15.	TOTAL COST				54,964					
	RECEIPT CODE				FUNDING SOURCE					
16.					Federal Receipts 1002					
17.					G.F. Match 1003					
18.					General Funds 1004					
19.					I-A Receipts 1005					
20.					Program Receipts 1028					
21.					Other					
FOR BGM USE ONLY										
KEY NUMBER										

The position will inspect public construction job sites for compliance with residency preference provisions of AS 36. This position would obtain and audit certified payroll records for public construction projects to determine compliance with resident employment preference.

The travel expense is for travel costs to construction sites around the state. Contractual and commodities are average per employee costs. The equipment costs would be one-time items.

REQUEST FOR
NEW POSITION

AGENCY Labor
 PROGRAM Public Protection
 BRU Labor Standards & Safety
Wage and Hour Administration

HB, 294
 Page 2 of 3
 Revised Date

FY 86

LEG:F

1.	POSITION TITLE Wage & Hour Investigator I				RANGE/STEP 16A	DEPT. UNIT GGU	PAGE/LINE	COY.	APPROV.	DISAPP.																					
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	DRU PRIORITY	LOCATION Fairbanks	ELECTION DISTRICT	LEG.																							
3.	CONTINUATION LEVEL				JUSTIFICATION																										
4.	TYPE OF EXPENDITURE																														
	1		2		3																										
	PERSONAL SERVICES																														
5.	Salary		37,356																												
6.	Benefits		6,016																												
7.	Supplemental Benefits		2,290																												
8.	Fixed Benefits		2,630																												
9.	TOTAL PERSONAL SERVICES		01		48,292																										
10.	Travel		02		5,000																										
11.	Contractual		03		5,600																										
12.	Commodities		04		500																										
13.	Equipment		05		1,600																										
14.	Other																														
15.	TOTAL COST				60,992																										
<table border="1"> <thead> <tr> <th>RECEIPT CODE</th> <th>FUNDING SOURCE</th> <th></th> </tr> </thead> <tbody> <tr> <td>16.</td> <td>Federal Receipts 1002</td> <td></td> </tr> <tr> <td>17.</td> <td>G.F. Match 1003</td> <td></td> </tr> <tr> <td>18.</td> <td>General Funds 1004</td> <td>60,992</td> </tr> <tr> <td>19.</td> <td>I-A Receipts 1005</td> <td></td> </tr> <tr> <td>20.</td> <td>Program Receipts 1028</td> <td></td> </tr> <tr> <td>21.</td> <td>Other</td> <td></td> </tr> </tbody> </table>											RECEIPT CODE	FUNDING SOURCE		16.	Federal Receipts 1002		17.	G.F. Match 1003		18.	General Funds 1004	60,992	19.	I-A Receipts 1005		20.	Program Receipts 1028		21.	Other	
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<div style="border: 1px solid black; padding: 5px;"> <p>FOR D&H USE ONLY</p> <p>KEY NUMBER _____</p> </div>																															

The position will inspect public co construction job sites for compliance with residency preference provisions of AS 36. This position would obtain and audit certified payroll records for public construction projects to determine compliance with resident employment preference.

The travel expense is for travel costs to construction sites around the state. Contractual and commodities are average per employee costs. The equipment costs would be one-time items.

**REQUEST FOR
NEW POSITION**

AGENCY Labor

PROGRAM Public Protection

BRU Labor Standards & Safety

COMPONENT Wage & Hour Administration

HB 294

Page 3 of 3

Revised Date _____

FY 86

LEG:F:

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

3/29

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 294
 Title: "An Act relating to preferential hire of Alaskans..."
 Sponsor: Boucher, Davis et al.
 Requestor: House Labor & Commerce
 Date of Request: 3/18/85

FISCAL DETAIL

Agency Affected: Labor
 Program Category Affected: Public Protection
 BRU, Program or Subprogram(s) Affected: Labor Standards & Safety Wage & Hour Administration

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						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Robert J. Bacolas, Sr. Phone 465-4870
 Division: Labor Standards & Safety Date: 3/19/85
 Approved by Commissioner: Jim Robison Date: 3/19/85
 Agency: Labor

Distribution (by Agency preparing fiscal note):

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

7/1/84

Bill No. House Bill No. 294

Date April 25, 1985

Title "An Act relating to preferential hire of Alaskans; and providing for an effective date."

Contact: Robert Landau
465-2700
Eileen Plate
465-2700

Since 1982, one of the Department's highest priorities has been the enforcement of preferential hiring of Alaska residents on state-funded public works projects, pursuant to AS 36.10.010. In late 1983, however, the state's resident hire law was challenged on constitutional grounds and resulted in a Superior Court decision that the law was unconstitutional. That decision is now on appeal to the Alaska Supreme Court.

One of the Superior Court's key findings was that there was insufficient evidence to show that the in-migration of non-residents was displacing qualified and available Alaska residents from public works employment. By explicitly setting forth the legislative findings underlying the resident hire law, House Bill No. 294 would provide a more solid foundation from which to defend the principle of Alaska hire. The Department of Labor, therefore, strongly endorses the comprehensive legislative findings contained in the bill.

In response to concerns that the Department's resident hire enforcement capability should be enhanced, a fiscal note has been prepared to provide funding for two additional enforcement staff.

The Department of Labor supports House Bill No. 294.

APPROVED:



Jim Robison, Commissioner
Department of Labor

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 22, 1985

SUBJECT: Term "royalty" as used in HB 294
TO: Representative Red Boucher
FROM: Billy G. Berrier
Director
Division of Legal Services

*give to
Committee
in Senate
w/ ~~HB~~ 294*

At the request of Representative Cotten, he, Dave Donely and I met to discuss the appropriateness of use of the term "royalty" in findings 15 and 16 of Sec. 36.10.005 of House Bill 294. I was requested to furnish you my comments.

Royalty has a fixed meaning in the oil industry. It is the landowners share of production free of expenses of production. (Handbook of Oil Industry Terms and Phrases - Lagenkamp, PPC Books 1977 and Manual of Oil and Gas Terms, Williams and Meyers, Matthew Bender 1981) A copy of these references is enclosed.

In finding 15 the term is properly used and emphasizes the use of money derived from the ownership interest in land of the state rather than from traditional governmental sources of revenue for traditional governmental functions. This distinction may be relevant and material in determining the market participant status of the state in many instances.

Finding 16 however is factually in error. It is clear that the term there is not intended to be limited to the landowners royalty but was intended to include all natural resource income. This is an incorrect useage of the term "royalty". I would suggest that on page 2, line 24 the term "these royalties" be deleted and the term "natural resources income" be substituted.

BGB:csh
c4/006

CC:Representative Cotten
Dave Donely

ROUSTABOUT

A production employee who works on a lease or around a drilling rig doing manual labor.

ROYALTY

See Landowner royalty

ROYALTY, COMPENSATORY

Payments to royalty owners as compensation for loss of income which they may suffer due to the failure of the operator to develop a lease properly.

ROYALTY, FIXED-RATE

Royalty calculated on the basis of a fixed rate per unit of production, without regard for the actual proceeds from the sale of the production.

ROYALTY, GUARANTEED

The minimum amount of royalty income a royalty owner is to receive under the lease agreement, regardless of his share of actual proceeds from the sale of the lease's production.

ROYALTY, LANDOWNER'S

A share of the gross production of the oil and gas on a property by the landowner without bearing any of the cost of producing the oil or gas. The usual landowner's royalty is one-eighth of gross production.

ROYALTY OIL

Oil owned by the government, federal, state or local.

ROYALTY, SHUT-IN

Payment to royalty owners under the terms of a mineral lease which allows the operator or lessee to defer production from a well which is shut in due to lack of a market or pipeline connection.

RUN

A transfer of crude oil from a stock tank on a production lease to a pipeline gathering system, for transportation to the buyer's facilities; running is from a tank into a pipeline for delivery to a purchaser.

RUNNING THE TOOLS

Putting the drill pipe, with the bit attached, into the hole in preparation for drilling.

RUN TICKET

A record of the oil run from a lease tank into a connecting pipeline. The ticket is made out in triplicate by the gauger and witnessed by the landowner's representative, usually the pumper. The run ticket, an invoice for oil delivered, shows opening and closing gauge, API gravity, and temperature.

ature, tank temperature, and BS&W. The original is kept by the purchaser, a copy to the pumper and one for the operator.

RUPTURE DISK

A thin, metal plug or membrane in a fitting on a pipe which will blow out or rupture when the pressure exceeds a predetermined safety plug. See Soft plug.

S**SADDLE**

A clamp, fitted with a gasket, for stopping the flow of oil or splits in a pipeline; a device for making temporary repairs. The saddle clamp conforms to the curve of the pipe and is fastened so that it fit around the pipe and extend through the pipe.

SADDLE BEARING

A broad, heavy bearing located on top of the Saddle beam on a cable tool drilling rig or an oil derrick.

SAE

Society of Automotive Engineers

SAE NUMBER

A classification of lubricating oils in terms of viscosity established by the Society of Automotive Engineers. SAE 30, multi-viscosity lubricating oil (q.v.).

SAFETY VALVE

See Relief valve

SALTBED STORAGE

Thick formations or underground layers of salt in a well or leached out with super-heated water for the storage of products, e.g., heating oils, butane, propane, and natural gas.

SALT DOME

A subsurface mound or dome of salt. Two types are recognized: the piercement and non-piercement. The piercement thrust upward into the formations above them. Non-piercement domes are produced by local thickening of salt. They merely lift the overlying formations to form an anticline.

Roughneck

A driller's helper and general worker on a drilling rig.

Round trip

The process of removing drill pipe, replacing the bit, and returning the drill column to the hole. See *Buster Gardner Drilling Co. v. Associated Oil & Gas Exploration, Inc.*, 214 So.2d 267 at 271, 32 O.&G.R. 169 at 176 (La. App. 1968), *writ refused*, 253 La. 59, 216 So. 2d 306 (1968).

Roustabout

A common laborer around a drilling or producing well.

ROV

See RANGE OF VALUES METHOD.

Royalty

(1) The landowner's share of production, free of expenses of production.

(2) A share of production, free of expenses of production, e.g., an OVERRIDING ROYALTY (*q.v.*) of $\frac{1}{8}$ of the $\frac{7}{8}$ working interest.

The landowner's royalty is frequently $\frac{1}{8}$ th production, but it may be any other fractional share of production (or, as is typical in California, the royalty may be expressed as a percentage of production rather than a fractional share of production). In some parts of the industry, anything larger than a $\frac{1}{8}$ th royalty may be called an OVERRIDING ROYALTY (*q.v.*) in practice, even though it goes to the landowner. Thus a $\frac{1}{6}$ th royalty may be called "an $\frac{1}{8}$ th royalty and a $\frac{1}{24}$ th override."

Royalty may be payable in kind (that is, the royalty owner is entitled to a share of the oil or gas as produced), or it may be payable in money (that is, the royalty owner is to be paid in money for the value or market price of his share of the product). The former type of royalty gives its owner in some states, e.g., Texas, a corporeal interest, whereas the latter type of royalty may give rise only to a debtor-creditor relationship after production between the operator and the royalty owner. For other differences in the legal consequences of the two types of royalty clause, see TREATISE § 659.1. Cancellation of the lease is

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Roughneck

A driller's helper and general worker on a drilling rig.

Round trip

The process of removing drill pipe, replacing the bit, and re-erecting the drill column to the hole. See *Buster Gardner Drilling Co. v. Associated Oil & Gas Exploration, Inc.*, 214 So.2d 267 at 270, 50 O.&G.R. 169 at 176 (La. App. 1968), writ refused, 253 La. 590, 196 So.2d 306 (1968).

Roustabout

A common laborer around a drilling or producing well.

ROV

See RANGE OF VALUES METHOD.

Royalty

(1) The landowner's share of production, free of expenses of production.

(2) A share of production, free of expenses of production, known as an **OVERRIDING ROYALTY** (*q.v.*) of $\frac{1}{8}$ of the $\frac{7}{8}$ working interest.

The landowner's royalty is frequently $\frac{1}{8}$ th production, but it may be any other fractional share of production (or, as is typical in California, the royalty may be expressed as a percentage of production rather than a fractional share of production). In some parts of the industry, anything larger than a $\frac{1}{8}$ th royalty may be called an **OVERRIDING ROYALTY** (*q.v.*) in practice, even though it goes to the landowner. Thus a $\frac{1}{6}$ th royalty may be called "an $\frac{1}{8}$ th royalty and an overriding."

Royalty may be payable in kind (that is, the royalty owner is entitled to a share of the oil or gas as produced), or it may be payable in money (that is, the royalty owner is to be paid in money for the value of his share of the product). The former type of royalty is the one that gives its owner in some states, e.g., Texas, a corporeal interest, whereas the latter type of royalty may give rise only to a debtor-creditor relationship after production between the operator and the royalty owner. For other differences in the legal consequences of the two types of royalty clause, see TREATISE § 659.1. Cancellation of the lease

is normally not an available defense. See TREATISE § 656.3.

Although the royalty is subject to costs of production, gathering taxes, costs of transportation, and other deductible costs, the royalty payable under a fractional interest deed is freely assignable.

The term royalty may be used in some instances as covering both oil and gas. See *Denio v. Denio*, 149 P.2d 392, 149 A.L.R. 2d 392.

In *United States v. Denio*, 381 U.S. 1965, the court said that in oil and gas matters, royalty payments are

Royalty, as used in Article 213 of the Louisiana

"any interest in land subject to a lease by the lessor or other person for the production or its proceeds or by separate instrument or agreement which includes sums payable as constructive

As the Comment to Article 213 of the Louisiana Code of Civil Practice provides, "bonus and royalty production payments will be characterized as payments to which the landowner is entitled to share in the proceeds of the property being leased (and hence payable to the production payee) under a lease."

"Generally, Article 213, any interest in land subject to a lease granted for the production of oil and gas and the royalty and bonus payable thereon shall be documented

on a drilling rig.

lacing the bit, and returning
 or Gardner Drilling Co. v.
 , 214 So.2d 267 at 271, 32
 refused, 253 La. 59, 216 So.

or producing well.

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 e only to a debtor-creditor
 he operator and the royalty
 onsequences of the two types
 . Cancellation of the lease is

normally not an available remedy for non-payment of royalty. See
 TREATISE § 656.3.

Although the royalty is not subject to costs of production, usually
 it is subject to costs incurred after production, e.g., production or
 gathering taxes, costs of treatment of the product to render it marketa-
 ble, costs of transportation to market. Occasionally a lease provides
 that the royalty payable to the lessor shall be a larger or smaller
 fractional interest depending on the volume of production. A royalty
 is freely assignable.

The term royalty may be used in a more general or loose sense in
 some instances as covering all returns from a claimed interest in oil
 and gas. See Denio v. City of Huntington Beach, 22 Cal.2d 580, 140
 P.2d 392, 149 A.L.R. 320 (1943).

In United States v. 525 Co., 342 F.2d 759, 22 O.&G.R. 483 (5th Cir.
 1965), the court said that the term "royalty" as used with respect to
 oil and gas matters, refers to the landowner's royalty, and not to oil
 payments.

Royalty, as used in connection with mineral leases, is defined by
 Article 213 of the Louisiana Mineral Code (R.S. 31:213) as:

"any interest in production, or its value, from or attributable to
 land subject to a mineral lease, that is deliverable or payable to
 the lessor or others entitled to share therein. Such interests in
 production or its value are 'royalty,' whether created by the lease
 or by separate instrument, if they comprise a part of the negotiat-
 ed agreement resulting in execution of the lease. 'Royalty' also
 includes sums payable to the lessor that are classified by the lease
 as constructive production."

As the Comment to this article indicates, the statutory definitions of
 bonus and royalty are intended to be complementary. Thus if a
 production payment is created at the time of the execution of a lease,
 it will be characterized as royalty (and hence payable to those persons
 entitled to share in royalty) if the production payment is payable from
 the property being leased, whereas it will be characterized as bonus
 (and hence payable to those persons entitled to share in bonus) if the
 production payment is granted by the lessee out of another producing
 lease.

"Generally, then, under subparagraphs (1) and (2) of Article
 213, any interest in production or its value from or attributable
 to a lease granted by the holder of an executive right would be
 royalty and not bonus, even though it might be termed in the
 documentation as an overriding royalty or a production payment

taken out of the working interest. Coupled with the provisions concerning executive rights, this means that one holding an executive interest cannot, by the device of calling an interest in production an overriding royalty rather than a lessor's royalty, deprive the holder of a mineral royalty or other nonexecutive interest of the right to share in production."

See TREATISE § 339.4.

Bonus is distinguished from "royalties" as that term is used in the Small Business Corporation Act in *Swank & Son, Inc. v. United States*, 362 F.Supp. 897, 46 O.&G.R. 291 (D. Mont. 1973).

The term "royalty" as used in a contract under which royalty was promised for services was held to include "advance royalty" received by the promisor which was recoverable from subsequent production, if any. *Rouse v. McDonough*, 622 P.2d 106, — O.&G.R. — (Col. App. 1980).

The definition in this MANUAL was cited in *Whitehall Oil Co. v. Eckart*, 197 So.2d 664, 26 O.&G.R. 778 (La. App. 1966), *rev'd in part*; *Gardner v. Boagni*, 252 La. 30, 209 So.2d 11, 29 O.&G.R. 22 (1968).

See also, ACCRUED ROYALTY; ACREAGE BASED ROYALTY; ADDITIONAL ROYALTY; ADVANCE ROYALTY; APPORTIONMENT; BASE ROYALTY; BONUS ROYALTY; CASH SUBSTITUTE ROYALTY; CASING HEAD GAS ROYALTY; COMPENSATORY ROYALTY; DEFERRED ROYALTY; DISCOVERY ROYALTY; DIVISION ORDER; DRILL SITE ROYALTY; EXCESS ROYALTY; FARMERS' OIL; FEE ROYALTY; FINANCIAL TERM ROYALTY; FREE GAS CLAUSE; GAS ROYALTY; GROSS ROYALTY; LANDOWNER ROYALTY; LESSOR'S ROYALTY; LIEU ROYALTY; MINERAL ROYALTY; MINIMUM ROYALTY; NET PROFITS ROYALTY; NET ROYALTY; NON-PARTICIPATING ROYALTY; OFFSET ROYALTY; OIL ROYALTY; OPEN-END GAS ROYALTY CLAUSE; OVERRIDING ROYALTY; PARTICIPATING ROYALTY; PASS-THROUGH ROYALTY; PERPETUAL NON-PARTICIPATING ROYALTY; PREFERRED NET ROYALTY; PRODUCTS ROYALTY CLAUSE; PROGRESSIVE INCREMENTAL ROYALTY; REDUCTION OF ROYALTIES; RENT ROYALTY; ROYALTY BONUS; ROYALTY IN KIND; ROYALTY OIL OR GAS; ROYALTY REDUCTION; ROYALTY SURCHARGE; SLIDING SCALE ROYALTY; STEP SCALE ROYALTY; SUBSTITUTE ROYALTY; SUSPENDED ROYALTY; TAPERED ROYALTY; TERM MINERAL OR ROYALTY INTEREST; UNACCRUED ROYALTY; VARIABLE ROYALTY.

Royalty acre

A full lease royalty tract leased for a term of or of a 1/16 royalty. TREATISE § 320.3 (1942); *Inslee v.*

For further dis

Royalty apportionment

A lease clause providing for the owners of interests in this TREATISE, the *Huie, Woodward*, 1972), suggests that as an *entirety clause*.

Royalty based

See ACREAGE

Royalty bidding

Competitive bidding by a person offering to bid free of expenses to

See also, LEASING

Royalty bonus

A term occasionally used to describe a payment reserved to the lessor in excess of the royalty. See *Griffith v. Texas* (1956); *State Nat. Bank*, 509, 143 S.W.2d 707, 143 S.W.2d 643 (Tex. App. 1944), *reversed*, 20 Tex. App. 6-10.

See also, BONUS

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4931

DISTRICT 10
BOX 111038
ANCHORAGE, ALASKA 99511
(907) 349-2192



CHAIRMAN
Special Committee on
Telecommunications

MEMBER
Labor and Commerce
State Affairs
Finance—Subcommittee Administration

Representative H. A. "Red" Boucher

MEMORANDUM

DATE: April 16, 1985
TO: Representative Red Boucher
FROM: Dave Donley
SUBJECT: Staff Analysis of HB294, Alaska Hire Legislation for Public Works Projects

HB 294 - An act relating to preferential hire of Alaskans: and providing for an effective date.

Section 1. AS 36.10.005 Legislative Findings
AS 36.10.006 Statement of Purpose
AS 36.10.007 State Policy
Section 2. Making section 1 retroactive to July 16, 1983
Section 3. Immediate Effective Date

SECTION 1.

AS 36.10.005 LEGISLATIVE FINDINGS

A section on "legislative findings" is created under the state's Resident Hire on Public Works law, AS 36.10. The 18 findings address factors that make Alaska unique and assert that: these factors have contributed to the high rate of unemployment among Alaskan residents; that the state spends most of its royalty oil earnings on government and public works projects; that the construction industry accounts for a substantial amount of available employment; that Alaskan workers receive a greater amount of unemployment benefits than in other states; and that the state has an obligation to reduce unemployment among its resident construction workers through projects funded by state royalty oil monies.

Backup

Under the Privileges and Immunities Clause of the U.S. Constitution, a state must show a compelling reason for giving an employment preference to residents. If a resident hire law is challenged in a court of law, sufficient evidence to show that the in-migration of non-residents is displacing qualified and available Alaska residents from public works employment is necessary. By explicitly setting forth the legislative findings underlying the Alaska hire law, a more solid foundation will be provided from which to defend the principals of that law.

AS 36.10.006 STATEMENT OF PURPOSE

In 1983 the legislature amended the existing Resident Hire on Public Works law (AS 36.10.010) in response to problems and concerns identified by the The Legislative Findings (the findings of fact) for the purpose of (1) reducing the level of unemployment among residents and (2) ensuring that qualified resident workers do not remain unemployed while non-resident workers are employed on state public works projects. There are three subsections to the statement of purpose. The first is the most specific and all-inclusive. The second and third subsections are less specific and address each purpose individually. Because we do not know how specific a "statement of purpose" must be to be upheld in a court of law, the purposes are broken out this way to allow the courts, if necessary, to establish how specific the statement needs to be.

AS 36.10.007 STATE POLICY

It is the policy of the state that, for projects funded with public monies, an employment preference will be given to Alaska residents.

SECTION 2.

Makes the act retroactive to July 13, 1983. On this date the present Resident Preference on Public Works Projects law (AS 36.10.010-.020) was enacted. This section makes it clear that (as is well supported by the record) the findings of fact are accurate for 1983 as well as for the present and that statements of purpose and policy are those of the legislature when AS 36.10.010 was amended in 1983.

SECTION 3.

Makes the act effective immediately.

STATE OF ALASKA

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

P.O. BOX 1149
JUNEAU, ALASKA 99802
PHONE: (907) 465-2700

April 12, 1985

The Honorable H.A. "Red" Boucher
Alaska State Legislature
House of Representatives
Pouch V
Juneau, AK 99811

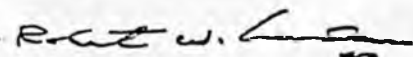
Dear Representative Boucher:

Re: House Bill No. 295

Enclosed is a breakdown of the Department of Labor's \$100,000 fiscal note attached to HB 295.

If you have questions concerning any of the specific budget items, please contact Chuck Caldwell in the Department's Research and Analysis section at 465-4500.

Very truly yours,


Robert W. Landau
Deputy Commissioner

Enclosure

Alaska Department of Labor

Budget Detail for Continuing Research
on Local Hire Related Issues

HB 295

----- PERSONAL SERVICES	
Labor Economist II (6 Mo.)	21,400
Statistical Tech. I (4 Mo.)	11,100
Total Personal Services	32,500
TRAVEL	
Juneau-Anchorage (4 trips) *	1,800
Per Diem (8 3/4 days)	700
Total Travel	2,500
CONTRACTUAL	
Data Entry **	33,000
Printing	2,000
Programming	6,000
Data Processing Operations	20,000
Maint., Postage, Phone, Misc.	3,000
Total Contractual	64,000
COMMODITIES	
Office supplies	1,000
Total Commodities	1,000

TOTAL	100,000

* Meetings with the State's legal counsel.

** Costs on HB 295 relate to data entry of the 1984 Certified Payrolls
of State funded construction.

FISCAL NOTE ANALYSIS

THE LEGISLATURE OF THE STATE OF ALASKA
FOURTEENTH LEGISLATURE
BILL/RESOLUTION NO.: HB 295
TITLE: "An Act making special appropriation for study of unemployment"
AGENCY AFFECTED: Department of Labor

This bill makes a special appropriation to the Alaska Department of Labor to study the affect of employment of nonresidents on unemployment . among residents of Alaska and other issues related to Alaska hire.

Assumptions:

1. The Alaska Department of Labor will assign a Labor Economist II for six months and a Statistical Technician I for four months to research and provide this information.
2. Approximately one third of the funds will be used to key enter Alaska's certified payrolls from state funded construction projects.
3. \$26,000 will be spent to complete crossmatches of the workers on the certified payroll with wage items on the unemployment insurance wage file, the unemployment insurance claimant file and permanent rund dividend recipients.
5. The project will begin immediately after the effective date of this legislation with a written summary to be presented to the Alaska Legislature by the first day of the next session.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 295
 Title: "An Act making special appropriation for study of unemployment"
 Sponsor: Boucher et. al.
 Requestor: House Labor & Commerce
 Date of Request: 4/10/85

FISCAL DETAIL

Agency Affected: Labor
 Program Category Affected: Public Protection
 BRU, Program or Subprogram(s) Affected: Commissioner's Office

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		100.0				
400 SUPPLIES						
500 EQUIPMENT						
500 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	100.0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		100.0				
FEDERAL FUNDS						
OTHER						
TOTAL	0	100.0	0	0	0	0

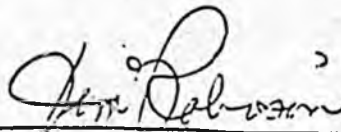
POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

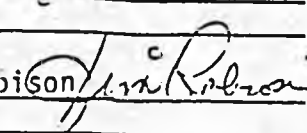
See Attached

Prepared By: Jim Robison
 Division: Commissioner



Phone: 465-2700
 Date: 4/10/85

Approved by Commissioner: Jim Robison
 Agency: Labor



Date: 4/10/85

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

REVISED
Bill No. House Bill No. 294

Title "An Act relating to preferential hire of Alaskans; and providing for an effective date."

Dac March 28, 1985

Contact: Robert Landau
465-2700
Eileen Plate
465-2700

Since 1982, one of the Department's highest priorities has been the enforcement of preferential hiring of Alaska residents on state-funded public works projects, pursuant to AS 36.10.010. In late 1983, however, the state's resident hire law was challenged on constitutional grounds and resulted in a Superior Court decision that the law was unconstitutional. That decision is now on appeal to the Alaska Supreme Court.

One of the Superior Court's key findings was that there was insufficient evidence to show that the in-migration of non-residents was displacing qualified and available Alaska residents from public works employment. By explicitly setting forth the legislative findings underlying the resident hire law, House Bill No. 294 would provide a more solid foundation from which to defend the principle of Alaska hire. The Department of Labor, therefore, strongly endorses the comprehensive legislative findings contained in the bill.

The Department of Labor supports House Bill No. 294. It will not have a fiscal impact on the department.

APPROVED:



Jim Robison, Commissioner
Department of Labor

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 294
 Title: "An Act relating to preferential hire of Alaskans..."
 Sponsor: Boucher, Davis et al.
 Requestor: House Labor & Commerce
 Date of Request: 3/18/85

FISCAL DETAIL

Agency Affected: Labor
 Program Category Affected: Public Protection
 BRU, Program or Subprogram(s) Affected: Labor Standards & Safety Wage & Hour Administration

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						
900 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Robert J. Bacolas Sr.
 Prepared By: Robert J. Bacolas, Sr.
 Division: Labor Standards & Safety

Phone 465-4870

Date: 3/19/85

Robert W. Jordan
 Approved by Commissioner: Jim Robison
 Agency: Labor

Date: 3/19/85

Distribution (by Agency preparing fiscal note):

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

LEGISLATIVE FINDINGS

ATTACHMENTS

COMMENTS

(1) because of its unique climate and its distance from contiguous states, the state has historically suffered from unique social, seasonal, geographic, and economic conditions that result in an unstable economy;

1

The degree of economic instability is documented here. Determination as to which factors were most significant in causing this instability will require additional study.

Comparing total nonagricultural wage and salary employment between Alaska and the U.S. shows a much higher seasonal fluctuation in Alaska (as indicated by both the monthly percentages of the respective annual averages, and the standard deviation of that relationship).

Longer term economic instability is not as evident in the 1970-1984 data. This is probably because of the stabilizing effects of relatively high per capita State expenditures in the past several years.

(2) the unstable economy is a hardship on the residents of the state and is aggravated by the large numbers of seasonal and transient nonresident workers;

1, 2

The legislative members are probably in the best position to comment on the hardships experienced by their constituents.

Recently the Alaska Dept. of Labor, Research and Analysis section did a computer cross match of the social security numbers of individuals who worked at any time in 1984 (under the coverage of Unemployment Insurance), with the social security numbers of Permanent Fund dividend recipients.

This is the first time Alaska has had objective data to infer nonresident employment patterns. More work is planned to further analyze the relationships between residency and the receipt or nonreceipt of a Permanent Fund dividend.

(3) the rate of unemployment among residents of the state is one of the highest in the nation;

3, 4

Alaska's unemployment rate relative rank varies from year to year. In 1984 Alaska's annual average unemployment rate was tied for the fifth highest in the country; in 1983 it was sixteenth. Since our current time series began in 1976 Alaska's annual average unemployment rate has always been above that of the total nation.

(4) the state has one of the highest ratios of nonresident to resident workers in the nation;

2, 5, 6, 7

The recent computer match (see attachment 2) indicates that Alaska has a high percentage of nonresident workers. Unfortunately no similar data exists for other states. Comparing the nonagricultural wage and salary employment by place of residence (from the 1980 census) to its closest equivalent by place of work does indicate that Alaska has a higher than average level of nonresident employment.

Alaska ranks second in the percentage of benefits paid to workers who collect outside the state (interstate benefits).

LEGISLATIVE FINDINGS

ATTACHMENTS

COMMENTS

(5) the state has a compelling interest in reducing the level of unemployment among its residents;

7

Future possibilities for research into this question are possibly working cooperatively with the U.S. Bureau of Labor Statistics.

(6) the construction industry in the state accounts for a substantial percentage of the available employment;

8, 9

In addition to the individual's economic and social hardship attributed to unemployment there were \$83,807,759 in benefits paid to unemployed workers, which were funded by Alaska's UI employer and employee taxes. Reducing the level of unemployment would correspondingly reduce the expenditure level.

Alaska's construction employment consistently accounts for a larger percentage of its total employment than the national average for the same time period.

(7) construction workers receive a greater percentage of all unemployment benefits paid by the state than is typical of other states;

10

Alaska's construction workers receive a large portion of total Unemployment Insurance benefit payments (as indicated in attachment 10). Unfortunately similar data is not published in a single source for other states. This data can be acquired directly from most states at a later time.

(8) historically, the rate of unemployment in the construction industry in the state is higher than the rate of unemployment in other industries in the state;

11,12

Alaska's unemployment rate by industry has only been available since October 1982 (1981 data), and then only for the annual average. In all three years it has been available construction's unemployment rate has been the highest of any Alaska industry for which the U.S. Bureau of Labor Statistics has had sufficient sample to publish.

(9) it is appropriate for the state to consider the welfare of its residents when it funds construction activity;

none

This is a policy, not an economic issue.

(10) it is in the public interest for the state to allocate public funds for capital projects in order to reduce unemployment among its resident construction workers;

none

Economic impacts of spending alternatives can be made (such as the article by Scott Goldsmith of the Institute of Social and Economic Research in September 1984), but determination of what is in the public interest remains a policy issue.

LEGISLATIVE FINDINGS

ATTACHMENTS

COMMENTS

(11) in-migration of nonresident construction workers contributes to or causes the high unemployment rate among resident construction workers because nonresident workers compete with residents for the limited number of available construction jobs;	2	<p>The recent computer match of Permanent Fund dividend recipients to workers covered by Unemployment Insurance in 1984 supports this finding, but additional computer matching and analysis is necessary to:</p> <p>a) cross check duration in the state, as indicated by the quarters in which workers either worked or claimed UI benefits, to receipt or nonreceipt of a Permanent Fund dividend; and</p> <p>b) match UI claims for both interstate (see Finding 44 by Judge Johnstone in the Francis, v. Robison case) and intrastate claimants against the file of Permanent Fund dividend recipients.</p>
(12) nonresident workers displace a substantial number of qualified, available, and unemployed Alaska workers on jobs on state funded public works projects;	2	<p>The Research and Analysis section of the Alaska Dept. of Labor does not yet tabulate state funded public works data separately from all other construction. However, when other units of this department have enforced the residency requirements of Title 36 employers are nearly always able to find unemployed, qualified residents. James N. Francis was reelected by a resident when his employer reacted to Department of Labor enforcement.</p> <p>Inferring from the entire construction industry's high percentage of nonrecipients (of Permanent Fund dividends) this seems likely. Additional research to isolate state funded construction would be useful in any future defense of Title 36 residency provisions.</p>
(13) the state has a special interest in seeing that the benefits of state construction spending accrue to its residents;	none	<p>Again determination of the state's interest is a policy issue.</p> <p>Economic theory does indicate that money spent locally has a multiplier effect as a portion is spent in subsequent iterations. Nonresident construction workers probably spend less locally than residents would.</p>
(14) the natural resources of land owned by the state belong to the citizens of the state;	none	<p>This is a legal and/or policy issue.</p>
(15) Alaskans have chosen to use the majority of the royalties derived from the state's natural resources to fund state government;	none	<p>This data is not collected by our department. Defer verification to the Office of Management and Budget.</p>

LEGISLATIVE FINDINGS

ATTACHMENTS

COMMENTS

(16) the vast majority of the state's revenue is derived from these royalties rather than from other forms of taxation;

none

Data from the Department of Revenue indicates that this has been true since 1976.

(17) because the state has no personal income tax or sales tax, nonresident workers use services provided by the state but do not contribute fairly to the costs of those services;

none

The logic of the next finding supports this finding.

(18) Alaskans, more than the residents of other states, suffer economically when nonresidents displace qualified residents since resident workers contribute local taxes as well as their share of the royalties from natural resources.

none

The economic suffering of Alaskans, displaced by nonresidents, is more than that of the residents of other states, primarily because of the higher cost of living in this state.

The Bureau of Labor Statistics Urban Family Budget for 1981 (the last year that it was estimated), indicated that the lower and intermediate budgets for a four-person family were the highest of any city surveyed (150% and 126% of the national average respectively).



Official Business

Alaska State Legislature

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

DATE: March 14, 1985
TO: All Representatives
FROM: Representative H.A. "Red" Housher
SUBJECT: Alaska Hire Legislation

On Friday, March 15, I will be introducing two pieces of legislation that deal with the subject of Alaska Hire. The Department of Labor has endorsed both pieces of legislation and Representative Davis, prime sponsor of HB 266, another Alaska Hire bill, has agreed to cosponsor this version of the legislation. I would like to invite you to cosponsor either or both of the two attached bills.

The first bill adds legislative finding of fact and purpose to the current Alaska Hire law (AS 36.10.010). This law is currently in effect but has been challenged in the pending Alaska Supreme Court case of Francis V Robinson.

The additions proposed by this bill were drafted in cooperation with the Department of Labor and incorporate case law established since the 1983 adoption of the Alaska Hire Law. The most notable case law being a recent decision by the Wyoming Supreme Court which upheld a local hire law similar to Alaska's.

The second bill makes a special appropriation of \$100,000 to the Department of Labor to study how the state may provide preference to Alaskan workers.

Both bills have been endorsed by the Department of Labor as providing the necessary factual foundation to support a resident hire preference under current legal standards. The study would allow the Department to assemble information currently not available to support future state action to ensure that Alaskans receive preference for jobs in Alaska

For your background I am attaching a memorandum on this subject. Representative Gruenberg has allowed Dave Donley of his staff to assist me on this matter. For more information contact Dave Donley at 465-4986. If you are interested in cosponsoring either or both of these bills, contact Linda Hanger in my office at 465-4931.



Official Business

Alaska State Legislature

BACKGROUND

Pouch V
State Capitol
Juneau, Alaska 998

The history of preferential hire for residents of Alaska has been turbulent, with the first Alaska hire law being adopted in 1960. Over the years, the 1960 law was enforced with varying degrees of enthusiasm. In 1972 an effort was made to obtain employment for Alaskans on the construction of the Trans-Alaska Pipeline by the adoption of the "Local Hire Under State Leases Law." The 1972 law required that Alaska residents be employed in preference to non-residents in all construction involving oil and gas development. However, in 1978, in Hicklin V. Orbeck, the U.S. Supreme Court struck down the 1972 law as being contrary to the Privileges and Immunities clause of the U.S. Constitution. Even though the 1972 law was struck down, the 1960 law was not challenged and remained in effect, though unenforced, until 1983.

In 1983, in response to public desire for an enforceable Alaska hire law and new legal developments, the Alaska legislature amended the 1960 law. The 1983 act, currently in effect, requires 95% Alaska hire on most construction projects funded by State or local dollars.

In 1984, the 1983 act was challenged in Francis v. Robison. On May 23, 1984, Superior Court Judge Johnston ruled that the law was in violation of the privileges and immunities clause of the U.S. Constitution. By request of the State of Alaska, the Alaska Supreme Court stayed Judge Johnston's action until the State could appeal the decision.

The case is currently on appeal before the Alaska Supreme Court and a decision is expected in the later half of 1985.

In January of this year, the Supreme Court of Wyoming upheld a Wyoming Hire law that is even stronger than our current Alaska Hire law. The Wyoming law requires 100% Wyoming hire, not just 95%, on public construction projects. The Wyoming Supreme Court overruled a lower Wyoming court which found, as Judge Johnston found for the Alaska Hire law, that the Wyoming law violated the privileges and immunities clause of the U.S. Constitution.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

P.O. BOX 1149
JUNEAU, ALASKA 99802
PHONE: (907) 465-2700

March 15, 1985

The Honorable Red Boucher
House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Boucher:

I have reviewed your draft legislation pertaining to preferential hire of Alaskans and making a special appropriation to the Department of Labor for study of unemployment in Alaska and other issues related to Alaska hire.

As you know, since 1982, one of the Department's highest priorities has been the enforcement of preferential hiring of Alaska residents on state-funded public works projects, pursuant to AS 36.10.010. In late 1983, however, the state's resident hire law was challenged on constitutional grounds and resulted in a Superior Court decision that the law was unconstitutional. That decision is now on appeal to the Alaska Supreme Court.

One of the Superior Court's key findings was that there was insufficient evidence to show that the in-migration of non-residents was displacing qualified and available Alaska residents from public works employment. By explicitly setting forth the legislative findings underlying the resident hire law, the draft bill would provide a more solid foundation from which to defend the principle of Alaska hire. The Department of Labor, therefore, strongly endorses the comprehensive legislative findings contained in the draft legislation.

I note that section 2 of the draft bill proposes a retroactive effective date for the provisions of section 1. The Department has no problem with the retroactive date per se. However, the legality of the retroactive effective date could play a major role in determining the constitutionality of section 1 as a whole should a legal challenge to the section arise in the future. Therefore, a careful legal review may be in order to assure that the provisions of section 1 do fall within the legal parameters of the types of provisions which can be retroactive.

The department also strongly endorses the proposal to fund a study of unemployment and resident hire in Alaska. The basic purpose of the study would be to collect and organize specific information on the impact of nonresidents on employment in Alaska. Currently, such information is not available in a form that would meet the current legal

ployment offices and request the names of other available laborers. Every person required to employ Wyoming laborers shall inform the nearest state employment office of his employment needs. If the state employment office certifies that the person's need for laborers cannot be filled from those listed as of the date the information is filed, then the person may employ other than Wyoming laborers."

On September 22, 1983, the Converse County prosecuting attorney charged Roger Antonich, general superintendent of Westates Construction Company, with violating § 16-6-203, supra. The information alleged that Antonich fired a Wyoming worker from a public-school construction project in order to hire out-of-state workers. The county court judge dismissed the charge on the ground that § 16-6-203, supra, violates the privileges and immunities clause of the federal constitution. The court relied on *Hicklin v. Orbeck*, 437 U.S. 518, 98 S.Ct. 2482, 57 L.Ed.2d 397 (1978), and recent cases from other jurisdictions in which the courts have invalidated statutory preferences for local workers. After examining these and similar opinions, we conclude that certain distinguishing features in Wyoming's Preference Act sufficiently limit its scope so as to satisfy the demands of the privileges-and-immunities clause.

PRIVILEGES-AND-IMMUNITIES CLAUSE ANALYSIS

An examination of a state enactment to determine its validity under the privileges-and-immunities clause involves a two-step analysis. [First, the reviewing court must determine whether the statute burdens a fundamental right or activity, since only those "privileges" and "immunities" which bear upon the concept of interstate harmony fall within the scope and purpose of the clause. *United Building and Construction Trades Council of Camden County and Vicinity v. Mayor and Council of the City of Camden*, ___ U.S. ___, ___ S.Ct. ___, 79 L.Ed.2d 249, 258-259 (1984); *Baldwin v. Fish and Game Commission of Montana*, 436 U.S. 371, 383-388, 98 S.Ct. 1852, 56 L.Ed.2d 354 (1978); *Toomer v. Witsell*, 334 U.S. 385, 395-396, 68 S.Ct. 1156, 92 L.Ed. 1460 (1948). [Second, the court must examine the reasons for the discriminatory treatment to determine their validity and their relation to the degree of discrimination imposed by the statute. This portion of the test was developed by the United States Supreme Court in *Toomer v. Witsell*, supra:

"Like many other constitutional provisions, the privileges and immunities clause is not an absolute. It does bar discrimination against citizens of other States where there is no substantial reason for the discrimination beyond the mere fact that they are citizens of

Construction Trades Council of Camden County and Vicinity v. Mayor and Council of the City of Camden, supra; Hicklin v. Orbeck, supra. We turn, therefore, to an examination of the relationship between this legitimate reason underlying the Wyoming Preference Act and the discrimination mandated against nonresidents.

Enactments to alleviate high unemployment levels through the hiring of residents in preference to nonresidents generally have swept too broadly to survive challenges brought under the privileges-and-immunities clause. The prime example of such legislation is the "Alaska Hire" Act at issue in Hicklin v. Orbeck, supra. That Act required the employment of qualified Alaska residents in preference to nonresidents for positions associated with

"* * * all oil and gas leases, easements or right-of-way permits for oil or gas pipeline purposes, unitization agreements, or any renegotiation of any of the preceding to which the state is a party * * *." 437 U.S. at 520, n.2.

The United States Supreme Court cited three bases for holding that the discrimination imposed by this statute failed to bear a close relation to the problem of high unemployment in Alaska. First, the state had made no showing that nonresidents were a peculiar source of widespread unemployment.. Rather than the influx of nonresidents looking for work, the major cause of unemployment appeared to be the inadequate education and training and the geographical remoteness of many jobless residents--particularly the Eskimo and Indian residents. 437 U.S. at 526-527. Secondly, the Court determined that Alaska Hire did not narrowly address the problem of unemployment, since the Act simply preferred all residents, regardless of their employment status, education or training. 437 U.S. at 527. Finally, the Supreme Court observed that the discriminatory effect of Alaska Hire extended well beyond those activities in which the state held a substantial proprietary interest:

* * * In sum, the Act is an attempt to force virtually all businesses that benefit in some way from the economic ripple effect of Alaska's decision to develop its oil and gas resources to bias their employment practices in favor of the State's residents. We believe that Alaska's ownership of the oil and gas that is the subject matter of Alaska Hire simply constitutes insufficient justification for the pervasive discrimination against nonresidents that the Act mandates." 437 U.S. at 531.

A number of state courts have adopted the foregoing rationale in invalidating enactments which grant an employment preference to local workers. Laborers Local Union No. 374 v. Felton Construc-

"Every inquiry under the Privileges and Immunities Clause 'must . . . be conducted with due regard for the principle that the states should have considerable leeway in analyzing local evils and in prescribing appropriate cures.' *Toomer v. Witsell*, 334 U.S. 385, 396, 92 L.Ed. 1460, 68 S.Ct. 1156 (1948). This caution is particularly appropriate when a government body is merely setting conditions on the expenditure of funds it controls." 79 L.Ed.2d at 261.

The Wyoming statute at issue in the present case requires merely that governmental funds, allocated to public-works projects, be used to hire qualified, available residents in preference to nonresidents. The statute does not effect the sort of wide-ranging discriminatory treatment fatal to *Alaska Hire in Hicklin v. Orbeck*, *supra*. Since the Wyoming Preference Act limits its discriminatory effect to government-created jobs, it presents minimal affront to the privileges and immunities of noncitizens. *United Building and Construction Trades Council of Camden Count, and Vicinity v. Mayor and Council of the City of Camden*, *supra*.

We hold that the Wyoming Preference Act does not violate the privileges-and-immunities clause of the federal constitution, notwithstanding the Act's infringement upon a recognized fundamental right. The Act narrowly addresses the goal of reduced unemployment among the state's taxpayers by preferring available, qualified residents for government-funded positions. Since the degree of discrimination bears a close relation to the state's valid reasons for discriminatory treatment, we affirm the Act's validity under the test established in *Toomer v. Witsell*, *supra*, and refined in subsequent cases.

Although not determinative of our decision here, we recently held in *Galesburg Construction Company, Inc. of Wyoming v. Board of Trustees of Memorial Hospital of Converse County, Wyo.*; 641 P.2d 745 (1982), that Wyoming's preference for resident bidders on public-works contracts, § 9-8-302, W.S.1977, does not violate the equal-protection provisions of the state and federal constitutions. Our result in the instant case, upholding Wyoming's preference for resident workers on public-works projects, harmonizes with our decision in *Galesburg Construction Company, Inc. of Wyoming v. Board of Trustees of Memorial Hospital of Converse County*, *supra*.

The bill of exceptions is sustained.

only in the sense that it limits benefits generated by a state program to those who fund the state treasury and whom the State was created to serve. * * * Such policies, while perhaps 'protectionist' in a loose sense, reflect the essential and patently unobjectionable purpose of state government--to serve the citizens of the State."

Conceding that the Court there was dealing with the application of the Commerce Clause, because of the mutually reinforcing relationship between the two clauses, I find that concept applicable in this instance with respect to the Privileges and Immunities Clause.

It cannot be held objectionable for a sovereign state to adopt legislation which provides in essence that to the extent possible public works contracts benefit the citizens of the state whose contributions to the public treasury fund those projects. A state should not be foreclosed by the invocation of the Constitution of the United States of America from loyalty to interests of its own citizens. So long as a statute is narrowly drawn to protect only the right of the state to contract as it sees fit with respect to expenditures for public works projects which it owns and which it funds, I am satisfied that as a matter of law such a statute does not offend the Privileges and Immunities Clause found in Art. IV, § 2 of the Constitution of the United States of America. This, of course, makes it unnecessary for the court to pursue the remand technique invoked in *United Building and Construction Trades Council of Camden County and Vicinity v. Mayor and Council of the City of Camden*, supra.

I would agree that the bill of exceptions should be sustained for the foregoing reasons.