ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
4997 HRES HJR 69 - SB 11 569

HJR

69

(9)

HOUSE COMMITTEE REPORT

Date referred: 3/14/88 FURTHER REFERRALS:

DATE: 3-22-88

The Resources Committee has considered HJR 69

Relating to the maintenance of the U.S. Forest Service Offices in Petersburg.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[X] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Sam Guess

Mike Navarre

Cliff Davidson

Adelheid Herrmann

SIGNING OTHER RECOMMENDATIONS:

Sam Guess

Chairman's signature

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HJR 69
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: USFS in Petersburg

Agency Affected: None
BRU: _____

Sponsor: Sund
Requestor: House Resources

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact on state agencies

Prepared by: House Resources
Phone: 465-3711
Division: _____
Date: March 21, 1988

Approved by Commissioner: S. Gate
Date: _____
Agency: _____

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

ALASKA STATE LEGISLATURE
HOUSE NATURAL RESOURCE COMMITTEE
MARCH 22, 1988

Regional Forester Mike Barton has appointed a Task Force of eight Forest Service people who represent a broad cross section of the agency to look at the ways we do business on the Tongass National Forest. The objective of this group is to examine the way we are operating to determine if there are more cost effective means of accomplishing the public's business. The group is charged to study how we might better organize our work processes to more effectively respond to project work requirements:

Task Force Composition

Bill Edwards, LMW, Team Leader
Lyall Hadsel, P&CR
Laura Nelson, Stikine
Jean Norheim, Stikine
Joy Berg, Ketchikan
Jane Hurst, Ketchikan
Helen Clough, Chatham
Mike White, Chatham

The Task Force will examine the following:

1. What are the primary workload functions currently being accomplished on the Tongass National Forest?

2. Where in the organization are primary workload functions being accomplished (e.g., RO, SO's, or RD's)?

3. Are new technologies available which would make accomplishment of the workload more cost effective? Consideration of this issue includes, but is not limited to:

* Cost and availablility of the new technology

* Savings which would accrue as a result of implementing the new technology.

4. Do opportunities exist to accomplish elements of the workload in a more cost effective manner through greater use of contracting? Consideration of this issue includes, but is not limited to:

* Cost and availablility of potential bidders

* Savings which would accrue as a result of contracting

5. Are office consolidations and/or centralization of some work processes possible, and if so, are they desirable? Consideration of this issue includes, but is not limited to:

* What are the impacts on service to the public and the resources we manage?

The Task Force will develop a series of alternative ways we could do business and propose a series of alternatives including making no changes from the present situation and assess the impacts of these proposals based on the following criteria:

1. What impacts could be predicted on any local community's economy, services, or political well-being (i.e., examine the socio-economic costs of such a decision)? If impacts are significant, provide strategy for implementation which, to the maximum extent possible, minimizes adverse effects on Forest Service employees and local communities.

2. How would proposed consolidations/centralizations affect the efficiency of accomplishing on-the-ground work?

3. What costs and savings would be realized to the Forest Service in dollars and FTE's? Include personnel, travel, moving, office costs, and intangible costs.

The Task Force report is due to the Regional Forester in mid-May. Any decisions resulting from the study are expected in early June and will be based on how can the public best be served and how can the resources of the Tongass National Forest best be managed?

We encourage anyone with ideas to make them available to the Forest Service. This can be done by contacting members of the team or any local Forest Service office. The Task Force will work to keep the affected communities informed as the study progresses. While we would rather not do this study we believe it is imperative that we look at all the options available to increase our organizational effectiveness. We recognize the consideration of change elements such as contemplated here have a tremendous potential for disrupting ongoing work and generating undue concern both within the Forest Service and in the local communities. We believe we can reduce costs, maintain public service and accomplishments in ways that minimizes adverse effects to the extent possible on our people and on the local communities of Southeast.

Alaska State Legislature

House of Representatives
House Judiciary Committee

P. O Box V
State Capitol
Juneau, Alaska 99811
(907) 465-4990

March 15, 1988

M E M O R A N D U M

TO: Rep. Sam Cotten, Co-Chair
Rep. Adelheid Herrmann, Co-Chair
House Resources Committee

FROM: Rep. John Sund, Chairman
House Judiciary Committee

RE: HJR 69 "Relating to the maintenance of the U.S. Forest Service Offices in Petersburg."

.....

House Joint Resolution 69 asks the federal government to maintain the Stikine Area Regional Supervisor's office of the U.S. Forest Service in Petersburg. Please schedule this resolution at your earliest convenience.

The Stikine Area Regional Supervisor's office which currently employs 55 people, is the potential target of Forest Service funding cuts. Closing the Stikine office could be devastating for Petersburg's economy. New homes and larger schools were built to accommodate the influx of Forest Service personnel, and their leaving would be a hardship for Petersburg.

The Forest Service personnel account for some 38 homes, about $2 million in annual payroll, and 85 children in the public school system. Loss of the students would decrease Petersburg's state education funding by about $80,000.

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ilot PETERSBURG, ALASKA

No. 9 16 Pages
)88 60'

Forest Service may close office here

by Bob Tkacz

The grim news which local Forest Service employees got six weeks ago was officially disclosed to the rest of the community Tuesday afternoon: the agency is considering closing the Petersburg Supervisor's Office over a three year period.

"We don't have our minds made up at all," emphasized Regional Forester Mike Barton to a score of Petersburg Chamber of Commerce members and representatives of major governmental entities at the quickly-organized luncheon meeting.

Barton, the Forest Service boss for Alaska, and Mayor Doug Barber, who is also acting Stikine Area supervisor, gingerly admitted that the Forest Service is actively considering abolition of the facility here. The move could result in a net loss of 30 federal jobs from the present level here and the transfer of as many as 25 other current supervisor's office personnel to either the Petersburg and Wrangell District Rangers' Offices.

Barber said 30 Forest Service jobs roughly translates into 15 to 20 homes which would be added to the glutted local real estate market.

In a January 15 letter to Stikine Area employees, Barber stated the prospect more directly than he or Barton did at Tuesday's meeting.

"We're of the opinion that it's time to openly consider this option," Barber wrote. He also stated that because of congressionally mandated personnel reductions the regional forester "has now opened the door to further consideration of the proposal ... This proposal simply formalizes much of what has begun to occur over the past year."

In an interview following the chamber meeting Barber conceded that it was he and former area supervisor Bob Lynn who proposed that the supervisor's officer here be closed.

"Bob Lynn and I did throw out the proposal" at a January meeting, Barber said.

From a strictly budget-cutting point of view the idea makes sense.

Barber said the Stikine Area was created when district offices were abolished by a 1971 Forest Service reorganization. It was designed to remove bureaucratic levels but didn't succeed and in 1980 district-level offices were re-established, Barber explained.

He told the avid chamber listeners that middle-level management positions have been a prime target in recent years for public and private sector budget cutters and the Forest Service was only considering what has been a cost effective move.

In the interview he noted that most national forest areas include four to 10 ranger districts, but the Petersburg supervisor oversees only the local and Wrangell

Continued on Page 7

suit and the city pool, one last week's Alaska Marine water near-drowning and m the adult and younger students spent last Wednesday evening trying out, and trying to get into various flotation devices. Watch for a photoreport on the class in next week's Pilot. (Pilotphoto by Bob Tkacz)

rantees

ital mandates insurance

on and Tom Wood.

Administrator Gary Grand last Friday that his tanding is that the policy effective immediately oard passage and that l staff members have 30 comply.

d whether doctors would iately lose their hospital ges if they are not in com- with the policy after 30 Grandy aid, "I assume hat the board was saying." oard labored long and hard e policy, at times almost ng over the prospect that ision could make PGH a without doctors. That pro-

"I can't guarantee, even from month to month, that I'll be able to keep it," Wood told the Pilot of his insurance coverage. "The message is, the rug could get jerked out from under us."

He explained that his problem with malpractice insurance is not only the increasing cost, but the continually decreasing protection it provides. "They've got loopholes for themselves," Dr. Wood said of MICA.

"There's a point at which any reasonable person would feel they're paying an exorbitant amount for nothing," the doctor said, candidly noting that insurance costs are, at the bottom he carries none.

Breaking Dr. Wood's $17,000 annual payment into monthly installments of about $1,500, Dr. Coon said Monday, "I've gone 14

Continued on Page 5

Tide Table

MARCH 1988

	Low Tides				High Tides			
	A.M.		P.M.		A.M.		P.M.	
	TIME	FT.	TIME	FT.	TIME	FT.	TIME	FT.
4 Fri	7:32	0.7	7:45	-0.8	1:37	16.5	1:39	16.6
5 Sat	8:01	0.2	8:12	-0.2	1:59	16.8	2:09	16.2

30 FS jobs threatened here

Continued from Page 1

district offices. With four districts now in both the Ketchikan and Sitka supervisors' offices, both could pick up one more, Barber said.

The regional forester told the chamber that a study team is considering all options for budget reductions, with and without closure of the supervisor's office. The team's report is due early in June, Barton said.

He also emphasized, "We're not going to do any of this in the closet."

When Dave Olmer asked what Petersburg could do to effect the deliberations, Barton said, "I think you need to work with Doug. Get your concerns laid out on the table."

Immediately after the meeting ended, school district Superintendent Bill Creger volunteered to serve on the study committee. Barber responded that it had, heretofore, been an inhouse organization, but agreed with Creger that community representatives could provide a valuable perspective.

Barton took pains to make the point that no decision has yet been reached. "It's entirely possible we'll make no change," he said at the meeting. "No action is a viable alternative at this point if there are ways to achieve the reductions."

The administrators were well questioned by business and government leaders at the meeting.

Ann Phillips asked if the Forest Service owns the building where the supervisor's office is located. Barber responded that it held a 20 year lease which was only five years old and that the cost of breaking the rental agreement would be a factor.

Phillips also wondered what relocation costs would be. Barton answered that the agency uses a figure of $25,000 for budgeting employees' moves from Alaska.

After Barton explained that a saving has already been realized by centralizing all personnel processing tasks in Juneau, Dave Berg suggested that the FS should move its purchasing section to Petersburg.

"That's a possibility. We pride ourselves on being decentralized," Barton said, but he added that Juneau offered a greater efficiency of scale because the regional office is already located there.

Creger noted that as many as 85 students could be lost to the school district. Under the state funding formula, he said, they would comprise two or three classroom units, worth $60,000 per year to the district.

"The loss to us could effect the quality of education," Creger stated.

Barton said the reputation of Petersburg schools is well known and that the change of adverse impacts to them would also be considered.

"We'd rather not do this at all," Barton said.

"We'd rather you didn't," Creger responded.

Job Service manager John Johnson suggested that the closure prospect offered "a good lesson." He said, "We haven't been nice to the Forest Service ... I think it's coming to rest here that we should be nice to them."

But Barton quickly declared, "What the relationship between our outfit and the community is has nothing to do with it. I think it's very good. Right now it's great and has been for some time."

It's official: Board inks teacher pact

The Petersburg School Board put the final, official stamp of approval on the "instant negotiations" on a new teachers' contract.

At a special meeting Monday night the board unanimously approved Superintendent Bill Creger's recommendation to ratify the tentative agreement.

Announced last month the pact

Here's One Vac
Kids Will Be All

If you want to make your children sit up and take notice, take them on an Alaska Airlines vacation to Disneyland.

Our package includes four nights' deluxe accommodations, airport transfers and two days of all the Disneyland fun and adventure you can handle. Or spend one day at Disneyland and the other at Knott's Berry Farm.

You can also choose which airport you fly int
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kids to
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Alaska Air

HJR

70

(9)

HOUSE COMMITTEE REPORT

Date referred: 3/22/88 FURTHER REFERRALS:

DATE: 4-6-88

The Resources Committee has considered HJR 70

Relating to the need for ice-capable ships for Arctic research.

RECOMMENDS:

[X] replace with CS HJR 70 (Res) [X] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the ______ Committee

ADOPTS: [ ] ______ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[X] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published ______

[ ] same as previous zero fiscal note published ______

SIGNING DO PASS:

Sam Cotten

Mike Navarre

[illegible]

[illegible]

[illegible]

Adelheid Herrmann

SIGNING OTHER RECOMMENDATIONS:

Sam Cotten

Chairman's signature

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSHJR 70 (Res)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Ice capable ships
Sponsor: Resources Committee
Requestor: _____

Agency Affected: None
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Staff — Phone: 465-3711
Division: House Resources Committee — Date: 4/6/88

Approved by Co-Chair Commissioner: S. Cook — Date: 4/6/88
Agency: House Resources Committee

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

Original sponsor: Resources Committee

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE JOINT RESOLUTION NO. 70 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

Relating to the need for ice-capable ships for Arctic research.

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

WHEREAS the renewable resources of the American Arctic, specifically fish and shellfish, represent one of the nation's greatest commercial assets with the value of the Bering Sea fisheries alone being estimated at $2,000,000,000 per year; and

WHEREAS the American Arctic is a vitally important rearing and feeding ground for bottomfish, king crab, and a majority of the salmon stocks that serve as cornerstones for a large number of subsistence activities in the state; and

WHEREAS the biological and physical characteristics of the American Arctic are important with respect to producing large numbers of fish and shellfish in the area and in determining optimal opportunities for harvesting the fish and shellfish; and

WHEREAS the American Arctic has been defined by the U.S. Congress in the Arctic Research and Policy Act of 1984 to include bodies of water that are of great importance to Alaska, such as the Bering Sea, the Chukchi Sea, and the Arctic Ocean; and

WHEREAS the Arctic Research Commission has reported to the President and the Congress that research in the Arctic Ocean and marginal seas is vital not only to the management of renewable resources but also to national security, prediction of weather and climate, and development of nonrenewable resources; and

WHEREAS the commission also reported that most Arctic-rim countries

possess Arctic technologies far more advanced than those currently available in the United States, which threatens our national security and severely affects the ability of United States citizens to compete in the development of the resources of the Arctic; and

WHEREAS the types of research needed to increase our understanding of the structure of the ecosystems of the Bering Sea, the Beaufort Sea, and the Chukchi Sea include elements related to physical features such as ice edges and hydrographic structures; and

WHEREAS the United States does not have the ships required to conduct this research, especially since the deactivation of the U.S. Coast Guard Icebreaker "Glacier"; and

WHEREAS several foreign icebreakers are currently idle because of the downturn in the oil industry, and one of these vessels might be modified and put under charter to meet immediate needs; and

WHEREAS sponsorship of currently neglected research in basic oceanographic science is a necessary and proper function of the federal government in order to fulfill national objectives in Arctic research;

BE IT RESOLVED that the Alaska State Legislature strongly urges the United States Congress to authorize

(1) construction of a new icebreaking vessel for use in Arctic research;

(2) upgrading of at least one of the planned U.S. Navy additions to the fleet or construction of an additional vessel capable of Arctic research; and

(3) immediate leasing, or leasing with an option to buy, of a foreign icebreaker for use in connection with Arctic research.

COPIES of this resolution shall be sent to the Honorable George Bush, Vice-President of the United States and President of the U.S. Senate; the Honorable Donald P. Hodel, Secretary of the Department of the Interior; the

Honorable Jim Wright, Speaker of the U.S. House of Representatives; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

Appendix E: The Role of Sea Ice in Controlling Arctic Ecosystems

Executive Summary

- The Arctic marine ecosystem is controlled by the state of the atmosphere, ocean and sea ice. This ICE initiative is a study of the physical controls exerted on the living marine resources--shellfish, fish and mammals--with optimum management as the goal and high national economic return as the payoff. (U.S. Arctic Research Commission Priority; DOC Goal for 1990).

- The proposed research will test the hypothesis that interannual variation of maximum ice extent and seasonal ice retreat account for the major year-to-year variability in the biological productivity of the Bering and Chukchi Seas.

- The most influential control of the Arctic marine ecosystem is exerted by ice, in particular its location and times of formation and melt. The ice acts as a platform and habitat for mammals, and a substrate for the tiny plants that form the base of the food chain supporting birds, shellfish, fish and mammals. The ice melt water stabilizes the sea and allows a strong spring pulse of food production, making the American Arctic one of the richest commercial fisheries in the world. The retreat of the ice edge through the Bering and Chukchi Seas is equal to fertilizing an area from Texas to the Canadian border and the Rocky Mountains to the Mississippi River. The pathways of energy flow from the plankton to bottom organisms and then to commercial fisheries and mammals is not well understood.

- Dramatic, largely unexplained changes are occurring in the Arctic system:
  - The king crab and Tanner crab harvests have plunged since 1979 with serious economic impact. Other commercial species such as pollock are being heavily exploited.
  - The northern fur seal population is declining rapidly (4-8% per year). All large baleen whale populations have been severely reduced and may not be recovering. The walrus population has become very large and is in danger of crashing. Sea otter populations are increasing and competing with fishermen for shellfish.
  - Dramatic increases in marine growth and survival have been documented for salmon populations of the Bering Sea. Recent indications of an end to the boom in production of the past ten years have very serious economic implications for both commercial and subsistence fisheries.

- The requested $2.25M annual budget (Section 5) for the first 4 years and $2.5M annual budget for the following six years will support these first year activities:
  - Reevaluation of existing biological and physical data sets and initiation of a historical study using satellite and other remote sensing data
  - Reactivation of the Bering Sea ice model developed earlier, its extension to the Chukchi Sea, and its use to design sampling strategies
  - Measuremants of currents, nutrient dynamics, biological productivity and particulate flux in the vicinity of Bering Strait during the ice meltback
  - Begin cooperation with state and local agencies on interpretation of data obtained from the measurement program

Subsequent year activities include:

- Biological and physical oceanographic sampling along the ice edge over an eight year period

- Examination of the dynamics of primary production, nutrient recycling and fluxes at the ice edge
- Examination of benthic population with respect to vertical flux of particulate material
- Examination of the relation of ice edge primary production to occurrence and timing of zooplankton and larval fishes and crustaceans
- Research on variability of high-latitude weather and its effect on ice extent, location, and timing
- Study of sea ice and oceanographic processes in coastal areas by use of *in situ* and remote sensing techniques
- Synthesis of field studies into models and examination of fish and mammal population dynamics in the light of the expanded data base on weather, sea ice and oceanography.

ICE

Role of Sea Ice in Controlling Arctic Ecosystems

1. INTRODUCTION

The coastal aboriginal peoples of Arctic America developed cultures based on exploitation of the marine mammals and fish of the Bering, Chukchi and Beaufort Seas. The same resources were the basis for exploration and settlement of Russian America and later, the interests of distant water fishermen and whalers from the United States provided an important incentive for the purchase of Alaska. From the beginning the Arctic environment has been the major limiting factor in exploitation of these resources.

In his statement on United States Arctic policy (April 14, 1983) the President emphasized that the United States has unique and critical interests in the Arctic region. In light of the region's growing importance, the administration feels that the Arctic warrants priority attention by this country. In the Arctic Research and Policy Act of 1984, the Congress has declared that the following major elements are the basis for U.S. Arctic policy:

Natural Resources. The renewable resources of the American Arctic (Figure 1), specifically fish and shellfish, represent one of the Nation's greatest commercial assets. The recent catch of groundfish in the eastern Bering Sea is illustrated in Figure 2. The catch of groundfish began in the 1950's, grew to 700,000 metric tons in the 1960's with the peak exploitation of yellowfin sole (*Limanda aspera*), rapidly expanded in the early 1970's to 2,250,000 mt based largely on the new technology associated with production of minced fish products (surimi) from walleye pollock (*Theragra chalcogramma*). Total production has declined in the 1970's to about 1,200,000 mt as the fishery came under management control by the United States following passage of the Magnuson Fisheries Conservation and Management Act of 1976. While conventional groundfish are fully exploited, the harvest is principally processed by foreigners. The current trend is toward the development of U.S. fishing industry to replace foreign industry.

The recent catches of king crab in the Bering Sea are shown in Figure 3. This was an international fishery shared with Japan and the USSR until the United States developed the capacity to capture the full harvest in 1981. The catch grew rapidly from 1958 until 1963, reaching a peak of 28,000 mt, then declined from 1964 until 1971 to a low of 9,000 mt. It rapidly increased from 1972 until 1979 with a peak harvest of 65,000 mt, and has since declined to less than 5,000 mt in 1985. Such large year to year variability in stocks, both natural and that due to fishing, has created major difficulties for both industry and management.

The Bering Sea is a vitally important rearing and feeding ground for a majority of the salmon stocks which serve as cornerstones for a large number of commercial and subsistence activities in Alaska and other areas of the Pacific Rim. Very dramatic recent increases in commercial production (Figure 4) from 21.9 million salmon in 1974 to 144.6 million in 1985 have illustrated the importance of the marine environment in determining the well

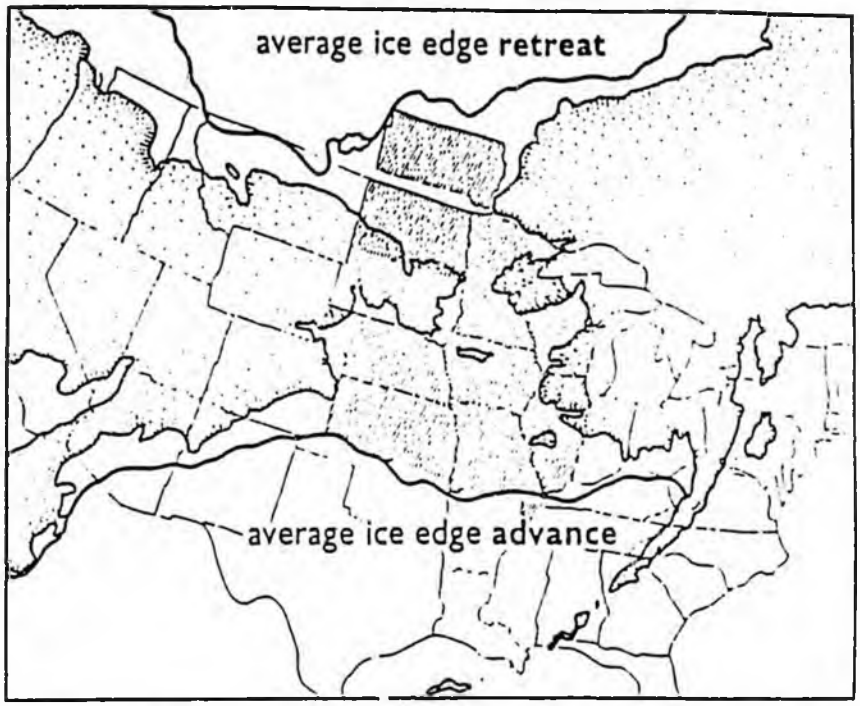

Figure 1. The biologically productive seasonal ice zone of the Bering and Chukchi Seas is roughly equivalent in area to the major grain producing regions of the American farm belt.

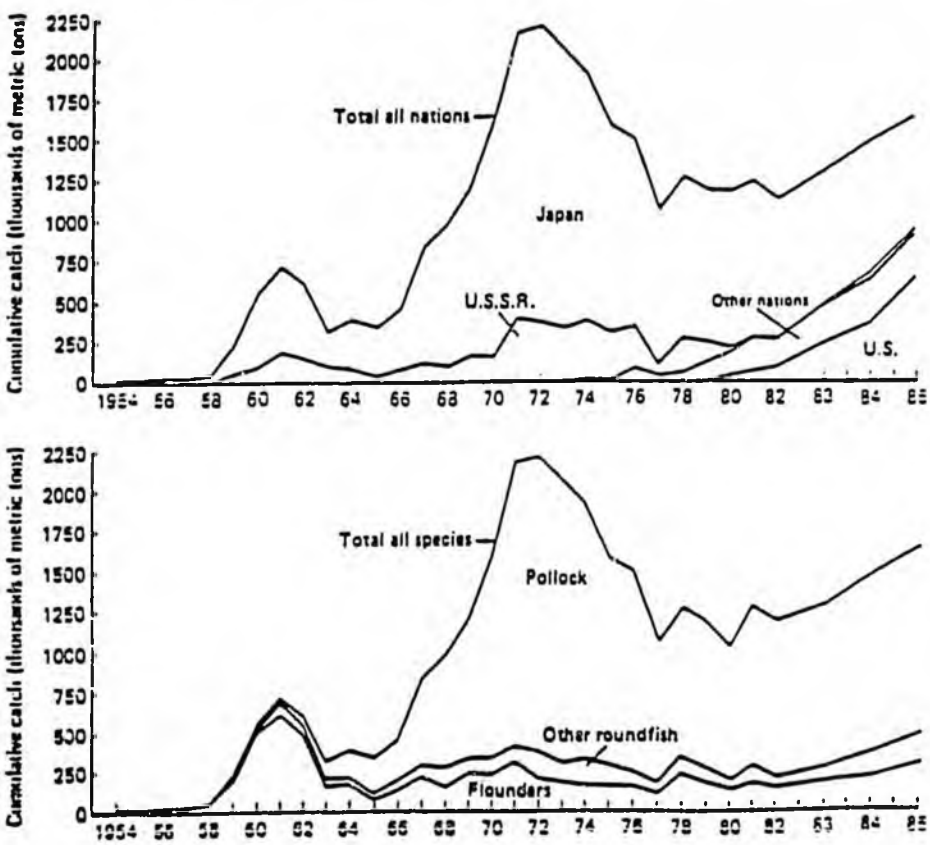

Figure 2. Recent catch of groundfish in the eastern Bering Sea.

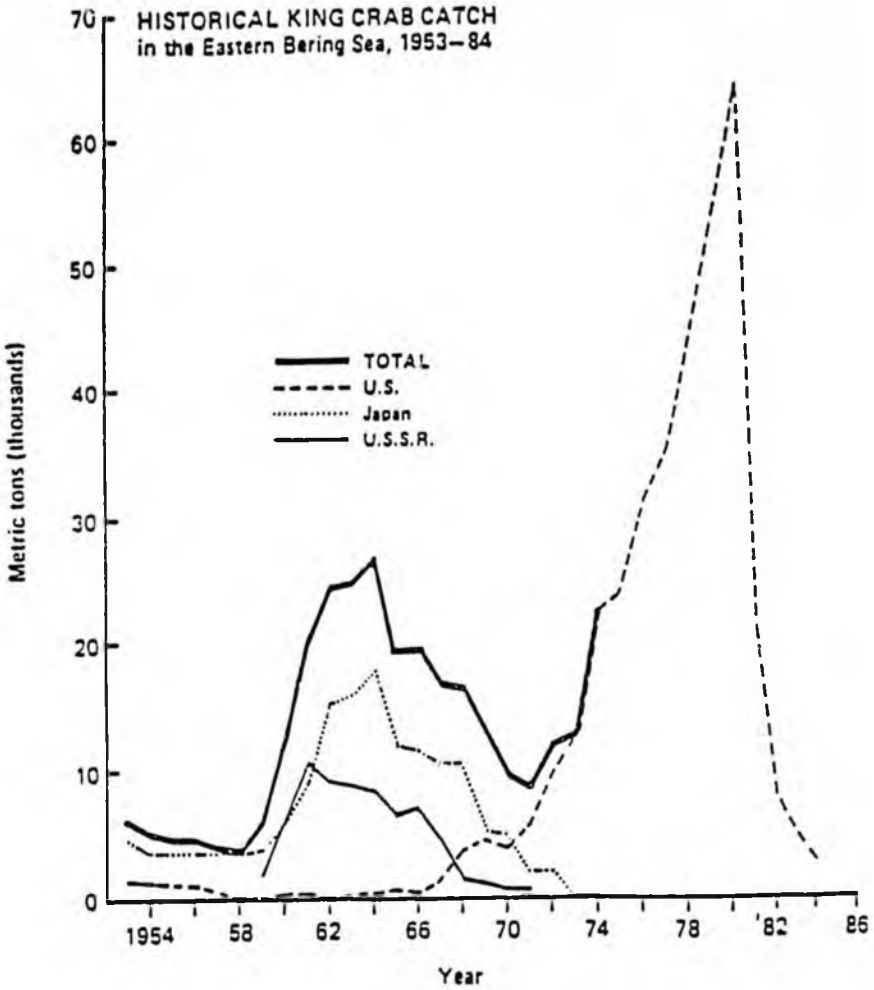

Figure 3. Recent catch of king crab in the Bering Sea.

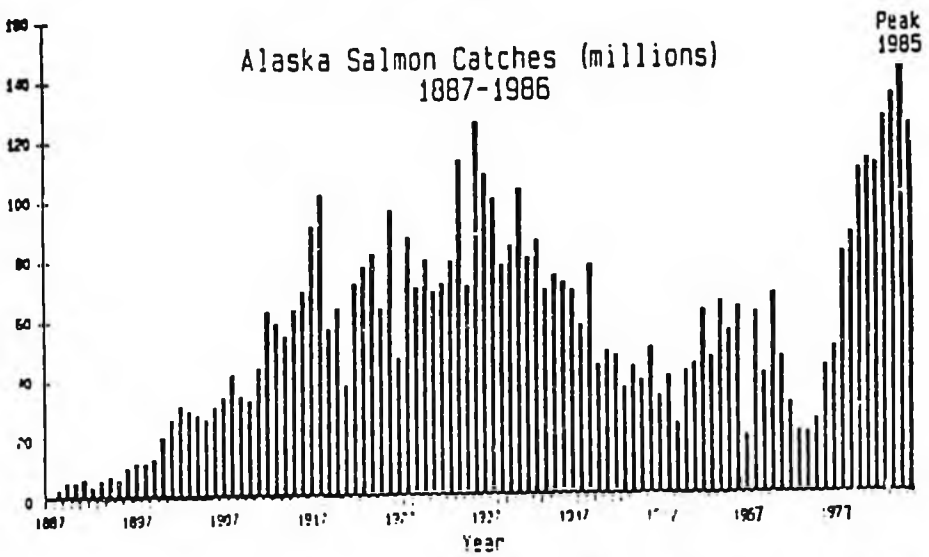

Figure 4. Recent explosive increase in commercial salmon production from 1974 to 1985.

being of both subsistence and commercial fisheries. In addition to their importance in determining production, the biological and physical circumstances of the Bering Sea are also important in defining opportunities to harvest the seasonal bonanza of maturing salmon. Clearly the answers to the important questions of production of groundfish, crabs, and salmon, and of the timing of salmon harvests, lie in understanding the dynamics of the Alaskan continental shelves.

Research in Basic Science. The Arctic and Antarctica are less well known than any other area of comparable size. Most Arctic-rim countries, particularly the Soviet Union, possess Arctic technologies far more advanced than those currently available in the United States. Sponsorship of currently neglected research in basic science is a necessary and proper function of the federal government to fulfill national objectives in Arctic research.

A review of national issues and priorities for the Arctic Research and Policy Act has been completed by the Polar Research Board of the National Research Council[1] and the U.S. Arctic Research Commission.[2] Based on these reports, both the Interagency Arctic Research Policy Committee (IARPC) and the State of Alaska established an implementation plan to address the following as a priority area of research:

Programs are needed to determine the structure of ecosystems of the major Arctic shelves (Bering Sea, Beaufort Sea, and Chukchi Sea). These must be planned as integrated programs with a strong physical oceanographic and weather/climate component. Elements requiring attention include biological production and food web dependencies in relation to physical features such as ice edges, polynyas and hydrographic structures (i.e. fronts). The studies must encompass natural cycles or trends[3].

NOAA was directed to prepare this ICE initiative to implement the required research for the Alaskan Arctic. The task was completed jointly with the University of Alaska and the Alaskan Department of Fish and Game.

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2. BACKGROUND

We now have some understanding of regional variations in primary production in the southeastern Bering Sea and ideas of the physical/chemical factors which produce these variations. The annual primary production cycle of most of the Bering Sea shelf is dominated by a spring pulse. Spring blooms occur at the onset of ocean stratification, with their duration highly dependent on storms to replenish the surface layer with nutrients. Nutrient enhancement by wind mixing from deeper layers is responsible for from 10% to 50% of the yearly spring bloom total nitrate uptake, depending on year. Ice cover plays an important role in determining the timing of the spring bloom. Increased stratification from ice melt allows the development of an intense phytoplankton bloom at the ice edge as soon as active meltback begins. Consequently, the growth season is initiated earlier than would be possible in the absence of sea ice. For this reason, variations in the southerly extent of sea ice in winter have major ecological consequences. The retreat of the ice edge fertilizes a region equivalent to Texas to the Canadian border and the Rocky Mountains to the Mississippi River of the continental U.S. (Figures 1 and 5).

The influence of year-to-year variations in sea ice extent and retreat is an important question if the impacts on the biological system are so extreme. A significant climatic change occurred during the span of the

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[1] Polar Research Board, 1985: *National Issues and Research Priorities in the Arctic*, National Research Council, Washington D.C., 123 pp.

[2] U.S. Arctic Research Commission, 1986: *National Needs and Arctic Research: A Framework for Action*, Los Angeles, CA, 27 pp.

[3] Polar Research Board, 1985: Ibid, p. 44.

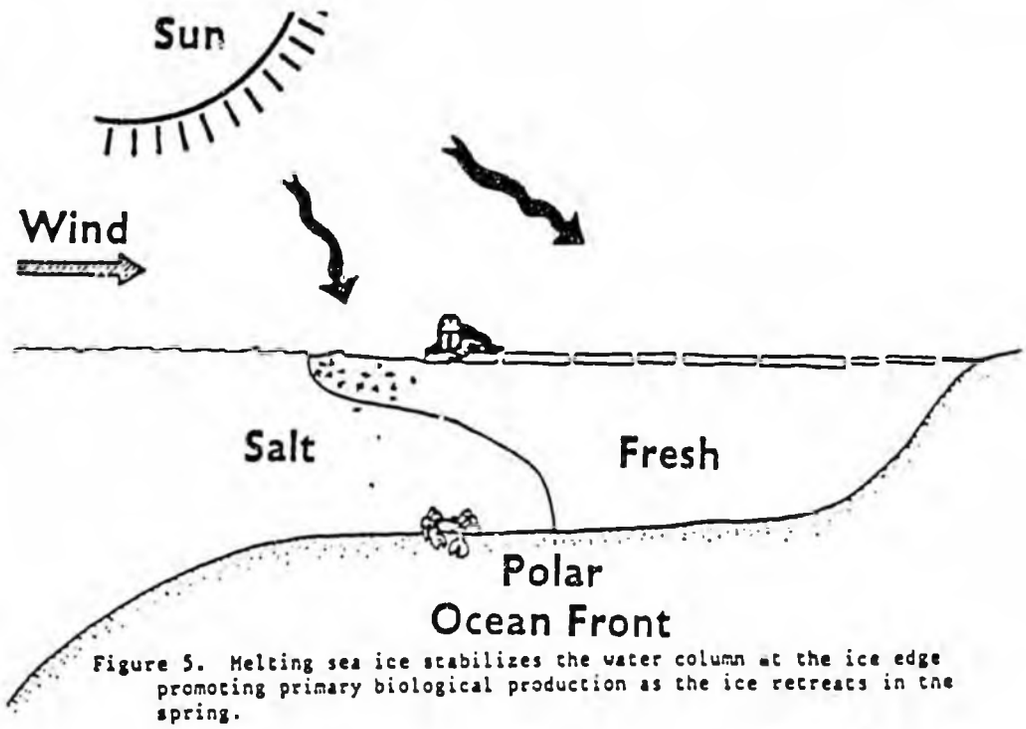

Figure 5. Melting sea ice stabilizes the water column at the ice edge promoting primary biological production as the ice retreats in the spring.

previous interdisciplinary Bering Sea ice edge work (1975, 1976, 1977, OCSEAP/NOAA; 1982, 1983, NSF/Ocean Sciences; 1983 ONR/Arctic Programs). The first three years were cold with the ice reaching across the Bering Sea Shelf, whereas in the warm years 1982 and 1983 the ice only reached the latitude of St. Matthew Island. The chlorophyll content of the water at the ice edge and the primary production were significantly lower during the warm years than during the cold years. When the ice edge is closer to the shelf break, the higher nutrient concentration below the surface layer increases nutrient supply through ice-edge upwelling. Furthermore, the earlier water column stratification associated with ice melt prolongs the total bloom period. The total annual primary production in the outer shelf domain is probably increased significantly during a cold year. Therefore, we state the hypothesis for the ICE program as follows: *Interannual variation of maximum ice extent and seasonal retreat account for the major year-to-year variability in the biological productivity in the Bering and Chukchi Seas.* To clarify the effects of the position of the ice edge, it will be necessary to follow the ice northward during its retreat and examine variations in ice-edge phytoplankton productivity as the ice retreat passes over various parts of the shelf.

A large proportion of the ice edge production probably reaches the benthic community, since the grazing community in the water is small and not very active. As the bloom progresses, organic material sinks through the water column. Food chain relationships linking the ice edge and spring bloom to the other ecosystem components are not well known, but it seems reasonable that the rich benthos on the shelf and its top level consumers, shellfish, walrus, whales and fishes, are in part dependent on this efficient use of early-season solar radiation. In particular, the benthic-mammal food link may be exceptionally important in the American Arctic, and these large organisms provide a degree of biological stability. Their role in nutrient recycling is not known. Spring bloom phytoplankton may also be particularly important in feeding juvenile fishes and crustaceans.

For crab, the period from egg hatch to settlement of larvae is likely to be the major determinant of year-class strength. The area of hatching must be more clearly delineated using intense survey efforts. Oceanographic and sea ice information is important in determining advection of larvae and subsequent settlement. Because considerable spawning and subsequent larval dispersion occur near the ice edge, ice edge phenomena may be important to this stage of crab larvae survival. This is particularly true for crabs in the northern Bering Sea and Norton Sound.

The seasonal variability of the extent of ice cover and of its residual melt water is governed by the storm climatology. Figure 6 shows the composite storm tracks for the 5 heaviest (A) and 5 lightest (B) years during 1958-1982. During the heaviest ice years the tracks were shifted southward along the Aleutian Islands and eastwards into the Gulf of Alaska. This gives rise to more north and northeast winds which move the ice farther south, increasing the extent of ice cover. During the lightest ice years (Fig. 6B) more storms move north across the western part of the Bering Sea. The result is a greater incidence of south and southwest winds on the shelf, compacting the ice cover and closing the ice-growing leads. Figure 6C shows the maximum extent of ice cover in the Southern Bering Sea. In an average year about one-half of the domain is covered. In heavy years ice surrounds the Pribilof Islands and covers the entire continental shelf. *Interannual variability in seasonal sea-ice extent in the Bering Sea is controlled by variation in storm-track position related to large-scale differences in the general weather circulation.*

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3. TEN YEAR SCIENCE PLAN

Introduction: Setting the stage.

The research is based on a ten year program of field measurements, historical analysis, and modeling. Physical process studies address the movement of ice by variable ocean currents, the relative importance of local radiation versus heat advection by currents to melt during ice retreat, and the link between seasonal and interannual atmospheric variability and ice extent. Biological process studies address the influence of the ice edge on primary productivity and the efficiency of transfer of energy from the surface to bottom living organisms. Remote sensing provides a means of longer term monitoring. Modeling activities will synthesize the understanding of causal mechanisms between sea ice and the regional biology determined from the field studies with the historical atmospheric time series to test the ICE hypothesis and corollaries.

Sea Ice Processes: Forcing by the atmosphere and ocean determines ice conditions.

To extend our knowledge of sea ice behavior and biological consequences to the northern Bering Sea, Bering Strait, Chukchi and nearshore Beaufort Seas, all regions of intense environmental, commercial, and strategic interest, three important physical processes must be considered. First, the transport of ice by ocean currents must be understood. Net ocean transport through Bering Strait is toward the north and over a year averages about 30 cm/s. On shorter time-scales, meteorological forcing results in stronger events (current speeds up to 125 cm/s) which can reverse the flow over time periods of two to seven days. This current system varies remarkably in strength and direction and can cause the ice to move in the opposite direction as the local wind, but is poorly understood. Second, the role of heat advection by this current in the spring and summer months versus the local vertical heat flux and radiation balance in the melt-back of the ice pack is not known. Third, there is no realistic theory describing the interannual variations of ice cover and their relation to atmospheric circulation. Understanding of the seasonal cycle of arctic weather can be improved by basic research on the relation of high-latitude atmospheric circulation to forcing by the land and sea ice distribution and by lower latitude circulation.

The first measurement component of the ice program is an array of satellite-position drifting ice buoys deployed in key areas along the coast. These measurements will be used to evaluate the extent of shore effects from the coast on the ice velocity, to test open pack constitutive laws, and to create a nearshore constitutive law, if necessary. A second set of measurements will be conventional current meters and pressure gauges to address year-to-year and seasonal variations in ocean transport. A third measurement component will estimate thermodynamic variables. Sensible and latent heat fluxes from the atmosphere to the ice and sensible heat flux from the ocean to the ice can be computed by careful temperature measurements in the boundary layers. High resolution thermistors will be added to the

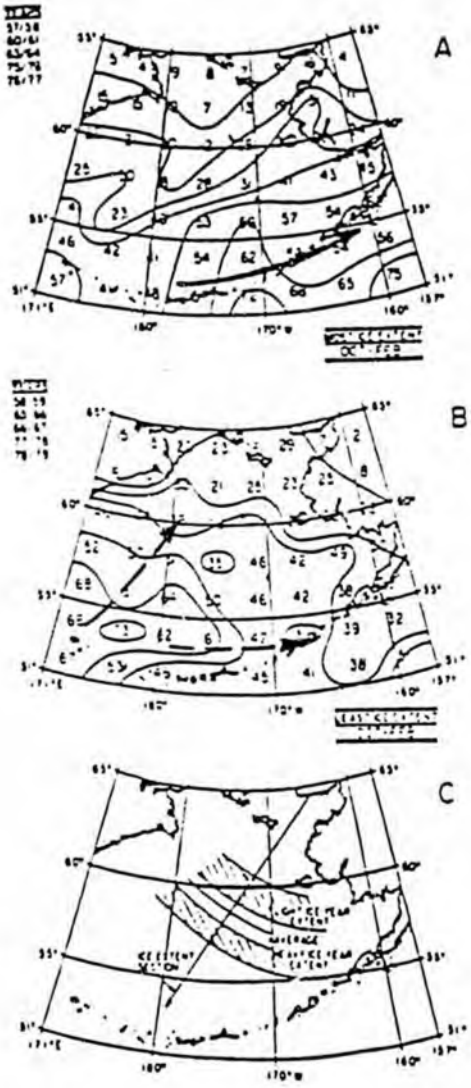

Figure 6. Storm track counts by 2° latitude × 4° longitude over October to February for the five heaviest (A) and five lightest (B) ice years in the period 1957 to 1980. The arrows suggest core pathways of the prepondirant storms. Panel (C) shows the corresponding extents of the ice cover.

anemometer and current meter masts at the drifting buoy sites for this purpose. In addition, a broad-band radiometer will be attached to each station for estimates of the solar and long-wave radiation incident on the upper surface of the ice. This measurement program will be able to differentiate the relative contribution to melting of the local radiation budget versus northward advection of heat by ocean currents.

Studying the ice pack will require measurements over eight years, since the interannual variability of the weather conditions and the severity of the resulting ice conditions is large. The variability of the barotropic current component through the Bering Strait also has large variations from year-to-year which may affect the ice drift patterns.

The coupling between the atmosphere and sea ice on seasonal and interannual time scales will be addressed by detailed analysis of the North Pacific Oscillation (NPO) from historical atmospheric data sets in the context of the northern hemispheric general circulation. The first element is to determine the persistence of the NPO as a basis for statistical prediction. Such approaches have not been entirely successful at mid-latitudes, but, since

the duration of NPO events is often greater than 10 days and the anomalies are large, such approaches should be attempted. Statistical methods now exist but they must be based upon more complete causal hypotheses. The data base which exists for the study are the sea level pressure, 500-1000 mb thickness (which correlate with air temperature) and 500-mb steering level wind fields beginning in 1947 as well as long time series of weather observations from Arctic stations and sea ice extent fields derived from satellite observations continuously since 1969 and sporadic before that time.

A second feature is to systematically assess the possibility of positive feedback of heat between atmosphere, land, and ice surfaces for the sub-Arctic. It is known that the land/sea distribution and coastal orography provide forcing to the long-wave atmospheric circulation pattern. Of particular concern to the seasonal time scale is the feedback between the seesaw relation of Bering Sea and the Sea of Okhotsk, and the Alaska and Siberian landmasses. The thermal mass of Alaska and Siberia are substantial and ground temperatures can increase by several ten's of degrees over a week's time. These temperatures reinforce the long wave atmospheric weather patterns ability to maintain the existing storm track pattern. Sea ice acts as an extension of the continent and effectively acts as an insulator between the air and the relatively warm sea temperatures. When ice is retreating in the Bering Sea due to southerly winds, it is advancing in the Sea of Okhotsk. It is not known whether this relative ice motion tends to reinforce the existing weather pattern.

Biological Processes: The solar-induced spring bloom at the ice edge generates a pulse of food for the benthos.

Our current knowledge of the American Arctic is inadequate to allow effective management. However, recent research has indicated productive directions for pursuit. The fundamental issue is the cycle of solar energy and its propagation through the ecosystem. Due to its northerly position, the American Arctic receives highly seasonal solar radiation. The ecosystem must have developed strategies which optimize its utilization by photosynthetic organisms and the subsequent distribution through the food chains. The very high biomass at upper trophic levels requires efficient transfer and effective retention. The two parts of biological processes are to document the influence of the ice edge on enhancing primary production and determining the efficiency of energy transfer to the benthos.

The biological sampling strategy is to make standard nutrient, nutrient dynamics, productivity and vertical flux measurements in the vicinity of the melt-water stabilized region of the ice edge and contrast these measurements with adjacent open-ocean measurements. These tasks will follow the retreat of the ice edge through the Bering and Chukchi Seas. The second part of the sampling strategy is to determine benthic (bottom) biological activity to determine the efficiency of transfer of energy from primary production to bottom fauna. The shallow Bering and Chukchi Seas may be unique in their efficiency of transferring energy from the ice edge enhanced primary productivity to higher trophic level species via intermediate bottom communities. Sampling will be oriented on primarily south-north transects and will occur during spring ice retreat. Measurements will be required over a five year period to provide representative sampling and consider year-to-year variability. This strategy will allow determination of the variations in the importance of ice by biological regimes over the entire north-south area. To date, ice edge biological work has been restricted to its southwest parts.

In parallel with field experiments, efforts to model regional ice/ocean circulation, heat budget, and biological system will be undertaken. Initially modeling will concentrate on regional ocean circulation, ice drift, and stabilization of the mixed layer by ice melt. As results from the field measurement programs and atmospheric studies become available, systems studies can be formulated to address the causal links between interannual atmospheric variability and year-to-year changes in the biological communities of the Bering and Chukchi Seas.

These measurements will be used by the Alaska Department of Fish and Game to test the hypothesis that the times of arrival of maturing salmon at the fixed geographic reference frames sampled by commercial fisheries are driven by physical factors related to ice edge location.

Remote Sensing Support: To economically monitor the ongoing ice/biological interactions.

In situ measurements of sea ice and biological processes are cumbersome, expensive, and limited with respect to areal coverage and spatial and temporal resolution. Fortunately, the presence or absence of ice on the ocean affects virtually all regions of the electromagnetic spectrum and is, therefore, an ideal parameter to be measured remotely from aircraft or from space.

The first promising instrument is the passive microwave imager, SSM/I flown on the DMSP satellite in 1987. The bands selected for passive microwave sensing are largely unaffected by clouds and require few atmospheric corrections at high latitudes. At present a single reading is incapable of being interpreted beyond the statement that ice is present or absent. With the new instrument, it should be possible to use a set of multi-spectral, multi-polarization readings to distinguish various sea ice properties for Alaskan waters.

The most powerful instrument, combining high spatial resolution with virtual independence of atmospheric effects, especially in the dry polar atmosphere, is the synthetic aperture radar (SAR). The European Space Agency plans to launch a satellite (ERS-1) with SAR in 1990. A SAR receiving station for ERS-1 is planned for Fairbanks, Alaska which will be made available for dissemination SAR data for research, and will provide the all-season, all-weather data base necessary for sea ice processes research on scales as small as 25 m. Analysis of SAR imagery will provide baseline information for verification of the sea ice and climatology models proposed for the Alaska region.

Biological studies can benefits from synoptic coverage with color imaging for chlorophyll, a measure of phytoplankton biomass. Aircraft-based capability would be of greatest use, to provide coverage in communities with less surface-based sampling from a research vessel.

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4. SUMMARY

The hypothesis to be tested by the ICE program is that the interannual variability of the location of maximum ice extent and seasonal ice retreat is the primary cause of year-to-year variation in the biological productivity of the waters of the American Arctic. This program will implement the highest priority research recommendation of the U.S. Arctic Research Commission as mandated by the Arctic Research and Policy Act of 1984. The program is based on a ten-year program of physical and biological field measurements, study of historical variability of arctic weather and its influence on ice motion, and modeling. Modeling activities will synthesize the understanding of causal mechanisms between sea ice and the regional biology determined from the field studies with the historical atmospheric time series to test the ICE hypothesis.

The requested $2.25M annual budget (Section 5) for the first 4 years and $2.5M annual budget for the following six years will support these first year activities:

- Reevaluation of existing biological and physical data sets and initiation of a historical study using satellite and other remote sensing data
- Reactivation of the Bering Sea ice model developed earlier, its extension to the Chukchi Sea, and its use to design sampling strategies
- Measurements of currents, nutrient dynamics, biological productivity and particulate flux in the vicinity of Bering Strait during the ice meltback
- Begin cooperation with state and local agencies on interpretation of data obtained from the measurement program

Subsequent year activities include:

- Biological and physical oceanographic sampling along the ice edge over an eight year period
- Examination of the dynamics of primary production, nutrient recycling and fluxes at the ice edge
- Examination of benthic population with respect to vertical flux of particulate material
- Examination of the relation of ice edge primary production to occurrence and timing of zooplankton and larval fishes and crustaceans
- Research on variability of high-latitude weather and its effect on ice extent, location, and timing
- Study of sea ice and oceanographic processes in coastal areas by use of in situ and remote sensing techniques
- Synthesis of field studies into models and examination of fish and mammal population dynamics in the light of the expanded data base on weather, sea ice and oceanography.

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5. BUDGET FY 88 - FY 93

In Thousands per year

		YEAR 1-4	YEAR 5-10
A.	Physical Process Studies		
	(Sea ice and physical oceanography)	$ 675	$ 750
B.	Biological Process Studies	725	800
C.	System modeling	200	225
D.	Atmospheric Prediction	300	325
E.	Remote Sensing		
	(data acquisition, processing, interpretation)	150	175
F.	Vessel and other logistic support	200	225
		$2,250	$2,500

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6. MANAGEMENT

The Director of ICE will be the NOAA Assistant Administrator for Oceanic and Atmospheric Research. The scientific research will be carried out by a consortium of government, university and private sector researchers lead by the Pacific Marine Environmental Laboratory/NOAA and the University of Alaska. The program manager is the Director, PMEL, whose responsibilities will include program coordination, logistics, budget, contracts and the monitoring of individual projects. A scientific council will be organized through a NOAA/University of Alaska Joint Institute which shall be responsible for establishing and maintaining the program focus, evaluating its progress and recommending changes in direction and/or emphasis based on scientific results and operational considerations. The council will consist of members from NOAA, the University of Alaska and the Alaska Department of Fish and

Game. The prog... will be periodically reviewed by an advisory group of experts external to NOAA. The appointment of scientific council and advisory group members will be based on scientific expertise, interest, and proven ability in Arctic related research. Scientific objectives will be refined at the four-year point as new discoveries are made.

Native residents, and studies of genetic factors in cancer in the relatively large, stable Arctic Native families could make significant contributions to understanding of this disease. Support in the amount of $500,000 per year would be required for the recommended five-year program of epidemiologic and laboratory research.

The low incidence of coronary heart disease among Eskimos has been attributed to the omega-3 polyunsaturated fatty acids in the cold water fish that make up a substantial part of their diet. A research program to develop a better understanding of dietary influences on prostaglandins, thromboxanes, cholesterol, and lipids associated with traditional foods of Arctic indigenous peoples could have major implications for the prevention or reduction of atherosclerosis and heart disease. The recommended research would require some $750,000 per year for five years.

Infectious diseases, especially respiratory diseases, have long been a leading cause of death among Alaskan Natives. Cooperative federal/state programs of research and improved health care delivery have reduced morbidity and mortality, but there are still many opportunities for research in the Arctic that would have far-reaching implications for understanding and control of respiratory and diarrheal diseases, hepatitis A, botulism, and chlamydia. The task group proposed research on the causes, diagnosis, and prevention of respiratory diseases, especially pneumonia, in the Arctic at an estimated cost of $200,000 per year. To attack other diseases such as botul hepatitis A, gastrointestinal infections, and sexually transmitted diseases w require an additional $300,000 per year for five years.

As in the case of the proposed marine ecosystem research, the Commission has wr to members of Congress commending the proposed research initiatives and u their serious consideration. It will continue to call attention to these research op tunities and urge their implementation. The benefits to the state and the nation c be far greater than the cost of the needed research.

The Council on Northern Resources Information Management submitted a report for Commission consideration at its July meeting. This report will be sidered in a separate section on Management of Arctic Information and Data.

A principle concern of the Commission has been the lack of an ice-capable ship dedicated to Arctic research.

Logistic Support of Arctic Research

In the preceding fiscal year (see *The United States: An Arctic Nation*. Los Angeles, CA: U.S. Arctic Research Commission, January 1987) and in this one, a principle concern of the Commission has been the lack of an ice-capable ship dedicated to Arctic research. In a letter of 24 April 1987 to the President of the United States, the Commission Chairman noted that research on the Arctic Ocean and marginal seas was vital to national security, prediction of weather and climate, development of nonrenewable resources, and management of renewable resources, such as the approximately $2 billion per year Bering Sea fisheries. He further stated that at the present time the United States does not have the ships required to conduct this research, a situation that worsened with the deactivation of the U.S. Coast Guard Icebreaker *Glacier*. Even if

authorization of construction of a new icebreaking vessel occurred, some three or four years would elapse before the ship could be commissioned. Thus, as a short-term measure, the Commission urged that consideration be given to lease of a foreign icebreaker, or lease with an option to buy. Several icebreakers are currently idle because of the downturn in the oil industry, and one of these vessels might be modified and put under charter to meet immediate need. Over the longer term, upgrading of at least one of the planned U.S. Navy additions to the fleet or construction of an ice-worthy Arctic research vessel is needed and is very much in the national interest.

The Commission also encouraged the NSF in its decision to charter a vessel for research in the Antarctic this past year. The need for such a vessel for Arctic research was reiterated by the Commission in letters to members of Congress and in testimony before the Subcommittee on Coast Guard and Navigation of the Committee on Merchant Marine and Fisheries, U.S. House of Representatives, in July 1987.

In addition to continuing to promote awareness of the imperative need for an ice-capable vessel dedicated to Arctic research, the Commission explored other aspects of logistic support of Arctic research during FY 1987. It organized a workshop on 18 November 1986 in Anchorage, which was attended by approximately 80 people concerned with Arctic research. The objective was to obtain background information on the current status of U.S. logistic support, problems in its provision, and major needs. Workshop presentations further underlined the need for an ice-capable research vessel in the Arctic and suggested a potential problem in access to and application of the growing volume of satellite data.

Throughout the months following the workshop, Commission staff continued to gather information about logistic support of Arctic research through interviews, site visits, correspondence, and literature searches. By the end of the fiscal year a preliminary draft compilation of the findings, titled "An Overview of U.S. Arctic Research Logistics: Report to the Arctic Research Commission," had been developed. The document summarizes information about ocean-based instrumentation and facilities (e.g., buoys, undersea vehicles, ice-worthy ships), terrestrial facilities and support (e.g., laboratories, accommodations, centers for the reception, analysis and distribution of satellite and other types of data), and airborne and space-based instrumentation (e.g., airborne sensors and photography, rocket sounding, balloons, and satellite sensing systems and telemetry).

At the end of FY 1987, based on the information obtained in the workshop and subsequent surveys, the Commission was developing a position paper on "Logistic Support of Arctic Research: First Findings and Recommendations" for publication and transmission to the President and the Congress. In addition to a recommendation on acquisition of an arctic research vessel, the Commission will also consider the need to create or designate an agency or organization to serve as a focus for Arctic logistic planning and coordination. In the U.S. Arctic, many government agencies, industries, universities, and other private groups conduct research, each being responsible for its own logistic support arrangements. A central source of information on what instrumentation, facilities, and support services are available, and of assistance with arrangements for use is a basic requirement.

Management of Arctic Information and Data

Under the Arctic Research and Policy Act, the Commission is charged with suggesting methods for improving efficient sharing and dissemination of data and information on the Arctic among interested public and private organizations. To obtain assistance

in meeting this charge, early in 1986 the Commission Chairman and the Governor of Alaska requested the Council on Northern Resources Information Management (CONRIM) to act as a federal/state task force and to explore cooperative arrangements for the creation of an Arctic and Alaskan natural resource, scientific, and technological information transfer network. In January 1987, the Commission Chairman specifically requested the Chairman of CONRIM to prepare for Commission consideration a report on the current status of Arctic data and information handling and to recommend a course of action that federal and state agencies might pursue to achieve an effective Arctic information network.

The goal of an arctic information network is to allow any user to obtain any existing arctic information with federal, state, and local governments, universities, and private companies participating in the network.

At its July meeting, the Commission considered a draft document titled "A National Arctic Information Network." The goal of such a network is defined as follows: to make it possible for any user, anywhere in the United States, to ascertain if a particular aspect of information about the Arctic exists, and if so, where and how to obtain it. The draft suggests that the network be initially organized by linking and strengthening existing resources and that it be capable of some cost recovery, with the possibility of becoming self-supporting. It was emphasized that participation not only of federal agencies but of the State of Alaska, local governments, universities, and private organizations will be crucial if the network is to reach its full potential. (It was recognized that once an effective national network is in place, the addition of international links will be the next step.) A plan for network structure and governance is proposed, with emphasis on interactive cooperation among network participants. The plan calls for a small management group to serve as program development officers and for a larger governing body on which all categories of participants are represented. It next specifies certain actions that will be necessary to implement the network: (a) recognition of scientific, technological, and natural resource information networking as part of State of Alaska policy, and authorization for state participation in both Alaskan and national Arctic networks; (b) development of a procedure for federal agency participation in the network, especially those agencies that do not have a presence in Alaska; (c) provision of opportunity and encouragement for academic, private, and public organizations to participate in network governance; and (d) formal recognition and authorization of the organizational structure that would bring federal, state, academic, private, and public interests into collaborative effort.

Some steps toward implementation have been taken. For example, a bill before the Alaska legislature would amend the Alaska Research Policy Act to recognize CONRIM's role in information and data management and to authorize state agencies to join CONRIM; to designate state and university organizational roles in the network as a part of state policy; to include representation from the information management community on the Alaska Science and Engineering Advisory Commission; and to provide for annual review by this state Commission of state agency and university information and data programs.

HR

3

(9)

HOUSE COMMITTEE REPORT

3/2

Rules

Date referred: 2/25/87

FURTHER REFERRALS:

DATE: 3/2/87

The Resources Committee has considered HR 3

Relating to the export of Alaska oil.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[✓] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[✓] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Jim Cotten (Cotten)

Adelbert Hermann (Herrmann)

Mike Navarre (Navarre)

Tom Hoffman (Hoffman)

Lowell Pearce (Pearce)

John Sund (Sund)

Dick Shultz (Shultz)

SIGNING OTHER RECOMMENDATIONS:

Jim Cotten

Chairman's signature

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____ Bill Version : HB 3
Publish Date : _____

Revision Date: _____
Title : Relating to export of Alaska crude oil
Sponsor : Davis
Requestor : _____

Agency Affected : Comm. & Econ. Dev.
BRU : _____
_____
Components : _____
_____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by : Terry Elder, Deputy Commissioner Phone : 465-2500
Division : _____ Date : 3/2/87

Approved by Commissioner : J. Anthony Smith, Commissioner Date : 3/2/87
Agency : Department of Commerce and Economic Development

Distribution (by preparer) :
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

0201k22587c

Alaska State Legislature

Representative Mike Davis

P.O. Box V
Juneau, Alaska 99811
(907) 465-4930/4941

Interim Office:
P.O. Box 81435
Fairbanks, Alaska 99708

MEMORANDUM

To: House Resources Committee

From: Rep. Mike Davis

Date: February 27, 1987

Re: HR 3; Relating to the export of Alaska oil

The passage of HR 3 would send a message to President Reagan and the U.S. Congress requesting that the prohibition on the foreign export of Alaska oil be lifted. This resolution is the House counterpart to SR 6, which was passed by the Senate earlier this month.

At a time when the state is seeking to increase revenues without adversely impacting individuals or industry, and at a time when the petroleum industry is suffering from a severe downturn in oil prices, allowing the foreign export of North Slope oil would provide a significant degree of financial relief.

Due to the lower cost of shipping Alaska North Slope oil (ANS) to Pacific Rim markets rather than to the Gulf Coast, oil exported overseas would have a higher wellhead value. This would result in greater industry profits, an increased value for the state's royalty oil, and a larger tax base for the Alaska and U.S. treasuries.

The Department of Revenue has estimated that shipping 100,000 barrels of ANS per day to the Far East would generate $48 million in additional general fund and permanent fund revenues if the oil were shipped in Jones Act tankers. Shipping the oil in foreign tankers would generate additional revenues of about $74 million per year.

Cook Inlet oil is presently being exported to Korea under a contract between private parties, and state-owned royalty oil from the west side of Cook Inlet will be exported to Taiwan beginning this summer. A plan for the export of Canadian oil has also come under consideration, in which the oil would be shipped along Alaska's Beaufort Sea coast.

M E M O R A N D U M

STATE OF ALASKA

Department of Revenue

Petroleum Revenue Section

January 27, 1987

To: Vincent B. Brandt, Chief of Research

From: Charles Logsdon, Petroleum Economist

Subject: Revaluation of the Revenue Impact of Removing the Ban on ANS Exports

For your request I have revaluated the revenue potential of allowing the export of ANS crude oil by looking at the impact on corporate tax and royalty income. This represents a modest revision of the analysis done July 18, 1986 to reflect more current information on transportation costs and market deliveries. The key assumptions, method, and estimates are as follows.

Assumptions:

1. Alaska would sell 100,000 bbl/day of its royalty oil to Far East purchasers. Current production of ANS is 1,800,000 bbl/day of which Alaska's royalty share is roughly 225,000 bbl/day. Alaska is currently committed to sales of roughly 87,000 bbl/day royalty crude oil on long term contracts. This leaves approximately 138,000 bbl/day available for other disposal.

2. [illegible] would result in additional [illegible] to Far East purchasers. This [illegible] which are [illegible]

3. [illegible] purchasers would not [illegible] would pay a [illegible]

2. The transportation cost savings due to avoiding the U.S. Gulf Coast would be roughly $1.90/bbl if shipped on Jones Act tankers or $2.95/bbl if shipped on foreign tankers.

3. All exports are assumed to be barrels diverted from the U.S. Gulf and all the cost savings are assumed to translate directly into higher wellhead values. Currently [illegible] or roughly 650,000 bbl [illegible] of the [illegible] marketed in the lower 48 goes to the U.S. [illegible] royalty revenue impacts are prorated on this basis.

4. Although exports to the Far East could have direct effects on the ANS price on the U.S. West Coast, no attempt is made to estimate this impact because of uncertainty over the willingness of major ANS producers to export. Market theory suggests that competition would drive the West Coast price [illegible] further analysis would be needed to attempt to estimate this effect.

[illegible]

Increased Royalties to State [illegible]

[illegible] Royalties - Sales to Instate Refineries at [illegible] Prices.

2. State Royalty Direct Sales

Jones Act Tankers	[illegible] $1.90 [illegible]
	$27.7 [illegible]
Foreign Tankers	[illegible]
	[illegible]

[illegible]

3. In-Value Royalties and
Direct Sales at In-value Prices

Jones Act Tankers = 200,000*365*1.90*.125*.222 = [illegible].35 million/yr

Foreign Tankers = 200,000*365*2.[illegible]*.125*.222 = [illegible].93 million/yr

Where .125 is the royalty percentage of gross ANS production and .222 is the percentage of ANS royalties taken in-value or taken inkind and sold at in-value prices after the 100,000 bls. are sold to Japan adjusted for the amount displaced from the Gulf Coast, i.e. [illegible]

4. Increased
Severance Tax

Jones Act Tankers = Taxable bbl * Value * Tax Rate = 200,000*365*1.90*.12*(1-.125)*.222 = [illegible] million/yr

Foreign Tankers = 200,000*365*2.95*.12*(1-.125)*.222 = 28.12 million/yr

Where .12 is the tax rate after ELF kicks in for Prudhoe in July 1987.

Summary:

	State of Alaska Gross Production Revenue Effect	Less State of Alaska Permanent Fund Effect	State of Alaska Net Revenue Effect to General Fund
Jones Act Tankers	[illegible]7.77 million/yr	[illegible]	[illegible]
Foreign Tankers	[illegible].17 million/yr	[illegible]	[illegible]

Canadian firm plans export of Slope oil

By Harry McFarland
Times Business Writer

A Canadian company plans to complete development of an oil reserve in Canada's Beaufort Sea and ship the crude to either Pacific Rim countries or the western United States via an arctic sea route around Alaska.

Gulf Canada Resources Ltd. is proposing that crude from a large oil and gas reserve called Amauligak be shipped seasonally on icebreakers to a point west of Barrow, according to Jim Livingstone, the company's manager of northern affairs.

There the oil would be transferred to ocean-going tankers, which would take the crude to the Asian markets or to the western United States.

"The marketing question hasn't been resolved yet," Livingstone said Tuesday in a telephone interview from Inuvik, a Northwest Territories community on the Canadian Beaufort coast.

While the Canadian company makes plans to export arctic oil, Congress continues to ban the export of Alaska's North Slope oil.

Sen. Frank Murkowski, R-Alaska, has backed the export of some of North Slope oil and has maintained that the United States could receive some $10 billion in benefits by the year 2000 if less than one-third of the Slope's daily production of 1.8 million barrels was exported to countries such as Japan and Korea.

Gulf Canada's shipments from the Beaufort Sea are expected to take place during the period when the arctic icepack pulls back from the North American shore. That would be from approximately early August to late October each year, Livingstone said.

Gulf shipped 318,000 barrels of Beaufort crude to a Japanese mining company last year.

A $120 million two-stage program planned to begin this summer would be the first revival of Beaufort drilling since Gulf Canada and other operators shelved development plans last year when oil prices collapsed. Since then, oil prices have climbed back into the $19-a-barrel range.

The development in the Beaufort Sea would produce about 2.5 million barrels annually starting as soon as 1988.

The second phase would follow in about four years with construction of a crude oil pipeline that could transport at least 100,000 barrels per day down the Mackenzie Valley to Edmonton, Alberta. Once the pipeline is in place, the crude would be sold domestically in Canada.

Further drilling will be completed this year to confirm reserve estimates of 700 million to 800 million barrels of oil, Livingstone said. The formation is believed to contain about half the reserves discovered in the Canadian Beaufort.

Gulf's partners include Husky Oil Ltd. and Norcen Energy Resources Ltd. The company also has discussed possible Canadian government participation in the project.

THE ALASKA OIL EXPORT BAN

SPECIAL INTEREST LEGISLATION THAT HURTS AMERICA

Facts on the export of Alaskan Oil.

.....Alaska is the ONLY state prohibited from exporting petroleum.

.....The United States currently exports 600,000 barrels per day of refined petroleum products, including 10,000 barrels per day to the Soviet Union.

.....Due to the International Energy Agreement the United States MUST export oil to Japan and other participating nations during shortages such as the Arab Oil Embargo. If a shortage were to occur today the U.S. would be required to export 500,000 barrels per day to participating countries.

.....The record 20 billion dollar trade deficit with Japan could be reduced by 2 billion dollars a year by shipping them just 200,000 barrels per day of Alaska's 1.6 million barrel a day production.

.....It costs $4 per barrel more to ship oil from Alaska all the way through the Panama Canal and up to the Gulf Coast than going directly to Japan.

.....For every dollar saved on transportation $.60 goes to the Federal Government, i.e. the American taxpayer. Exporting only 200,000 barrels per day would net the Federal Treasury another $ 175 million per year.

.....Japan, Korea, and Taiwan have all expressed interest in obtaining Alaskan crude to diversify their oil sources and moderate the panic buying in the spot market which results in exorbitant price increases for everyone.

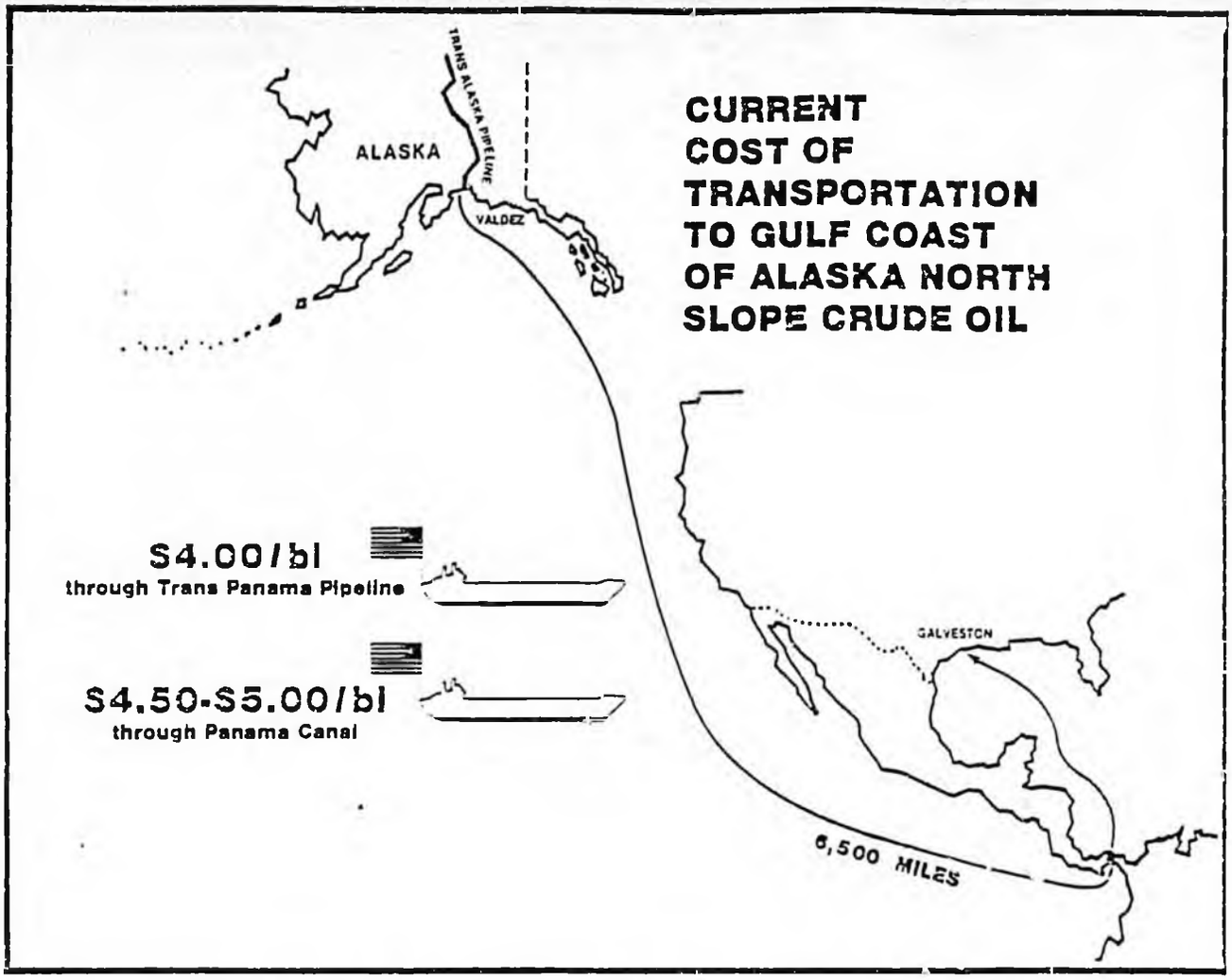
.....The American consumer, the Federal government, and the state of Alaska are all losing because the maritime industry is being subsidized for inefficient service.

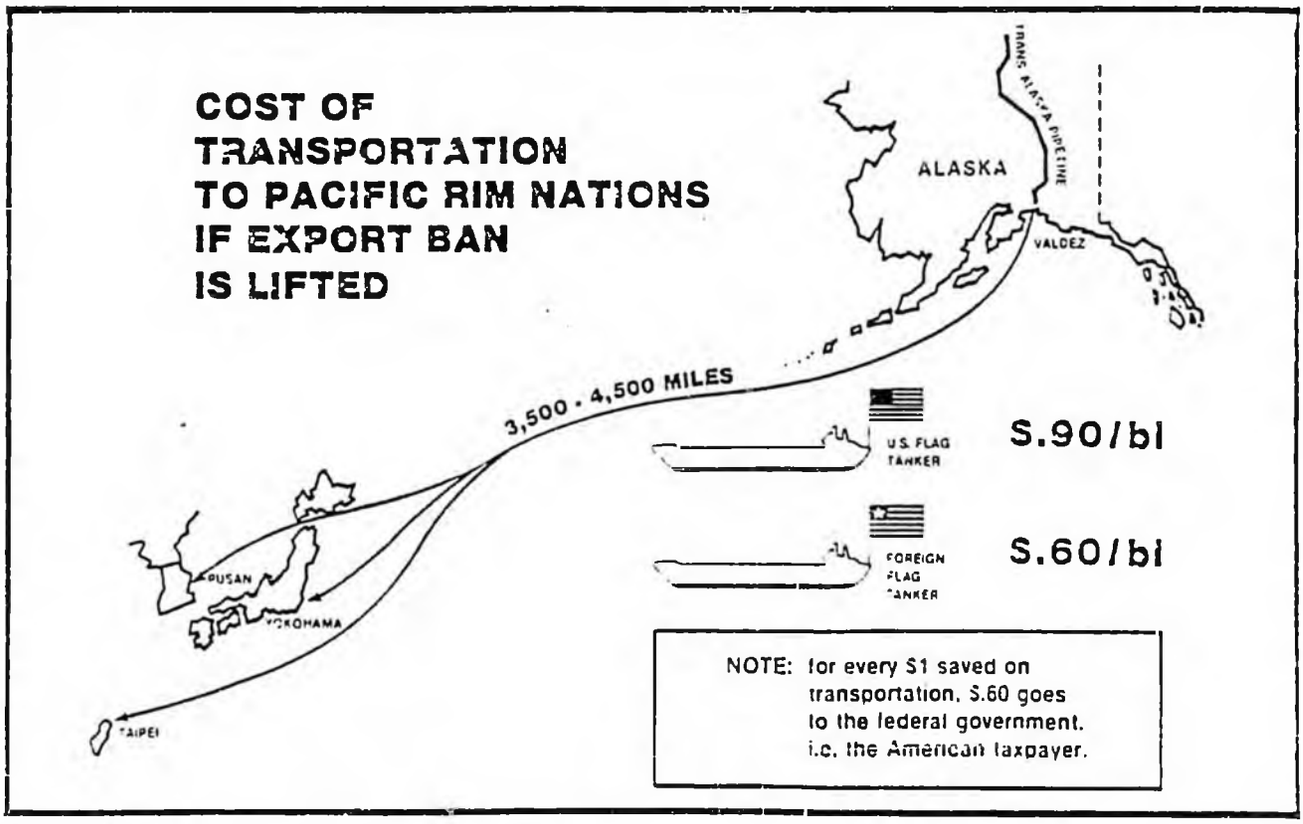
.....National security of the United States and our allies would be INCREASED by exporting Alaskan oil.

.....The Alaska oil export ban is special interest legislation that hurts America!

From the Last Frontier
Rep. Terry Martin
State Capitol, Juneau
[illegible]

Rep. Terry Martin
State Capitol, Pouch V
Juneau, AK 99811

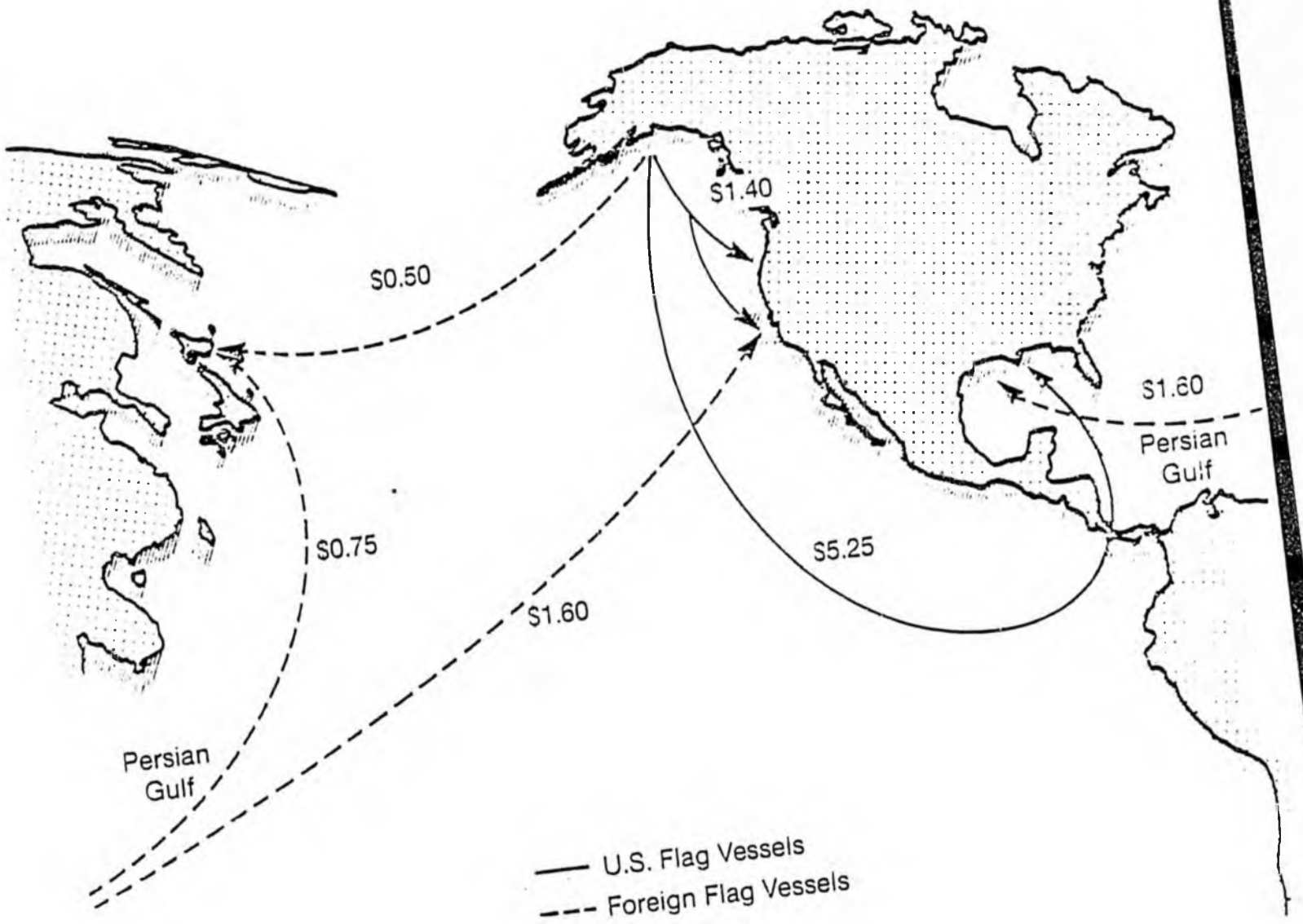




Source: U.S. Department of Energy
Note: In some cases, figures have been averaged, as variables include ship size and length of contracts.

Figure 1

1982 SHIPPING RATES
($/Barrel)



SOURCE: Oil industry estimates.

REVIEW & OUTLOOK

Crude Question

When Japan's Prime Minister Yasuhiro Nakasone visits Washington next week, we hope he asks President Reagan when the U.S. is going to get serious about opening the Japanese market to American products. That's right. When is the U.S. going to allow American goods into Japan?

Under the Export Administration Act of 1979, crude oil from the North Slope of Alaska must be sold within the United States. Removing this export prohibition would simplify a Rube Goldberg system of oil transport and reduce the U.S.-Japan trade deficit, perhaps by several billion dollars.

Every day, 1.6 million barrels of crude flow through the Alaska pipeline into tankers at the port of Valdez. From there, 900,000 to one million barrels are transported to West Coast refineries, at a cost of about $1.25 per barrel. Most of the remainder makes an unnecessarily long and expensive trip—by tanker to the West Coast of Panama, through a pipeline or the Panama Canal to Caribbean tankers, and thence to the U.S. Gulf Coast, at a cost of $4.50-$5.50 a barrel.

Without the export prohibition, one would expect much of the Gulf Coast oil to be sold to Asian countries, especially Japan. For one thing, transport costs across the Pacific are about 50 cents a barrel. For another, Japan wants to diversify its oil sources, to reduce its heavy dependency on the Persian Gulf. Meanwhile, it would be advantageous for Gulf Coast refiners to purchase more crude from Mexico and Venezuela (transport costs about $1 per barrel), which incidentally, could use the foreign exchange.

For the U.S., exporting more oil to Asia, importing more from the Caribbean, the balance of payments would be a wash. But trade tensions with Japan could be reduced. The U.S. would have more leverage in asking the Japanese not to underwrite Soviet development of energy resources in Sakhalin. And assuming 500,000 barrels a day of sales to Japan, at a wellhead price of $20, the U.S.-Japan deficit could fall by $3.65 billion.

It isn't clear that Japanese refiners would buy that much, of course. They have long-term contracts with existing suppliers, and their total demand for crude has been declining. Meanwhile, U.S. oil companies will want to recoup the investments they have made—in tanker fleets, the $300 million Panama pipeline—under the assumption that the export ban would continue. But over time, it will make more logistic and economic sense to send Alaskan oil to the Far East than to the Gulf.

The export ban was originally enacted as a result of heavy lobbying by environmentalists who opposed the Alaska pipeline, and wanted to make sure it was built only for reasons of national energy independence. But today, the ban is primarily supported by maritime unions. Oil shipped across the Pacific would go in foreign bottoms; in the U.S. trade, under the Jones Act, cargoes must be carried in overmanned U.S.-flagships with overpaid U.S. seamen.

So perhaps Mr. Nakasone should ask Mr. Reagan whether his trade negotiators will jawbone the U.S. Congress and domestic maritime unions as much as they press against the Japanese government. In keeping the Japanese market closed, both sides are culpable.

U.S. oil export ban involves costs that hurt economy, rein energy search

The U.S. makes too many economic tradeoffs in its ban on crude oil exports outside North America.

The ban, a product of the Trans-Alaska Pipeline Act and adjustments to the Export Administration Act, is grounded in assumptions that no longer are valid. And it creates unnecessary costs that thwart development of new energy supply and clog the economy.

During the hectic environment created by the 1973-74 Arab oil embargo, Congress adopted the view that the U.S. should let none of its own production be sold overseas. At a time when the industrialized world felt doomed to perpetual petroleum shortage, when the strategic importance of crude oil became glaringly apparent, that seemed sensible. But events since then—mainly a dramatic decrease in consumption leading to what appears to be an extended oil surplus that will be magnified by new discoveries off California—have overturned the enduring-shortage scenario.

Strategic considerations of domestic production remain important, but they involve more than concern over where U.S. oil is sold. The export ban has produced economic inefficiencies far more threatening than near term chances for a supply interruption. By allowing exports, the U.S. could correct those inefficiencies and thus promote vital economic growth. It also could spur domestic energy development. And the ban could always be reimposed if these shipments ever posed a threat to energy security.

The export ban mainly affects production from Alaska, natural markets of which are the U.S. West Coast and Asia. The West Coast needs only about one-half the oil shipped from Valdez, so the remainder crosses Panama or circuits South America to reach refiners on the Gulf and East Coasts and in the Caribbean.

Shipment to Asia—probably Japan—in exchange for crude from foreign sources closer to those markets would be cheaper. That's partly because the routes are shorter. Also, the Jones Act requires that cargoes moving between U.S. coasts be shipped in U.S. vessels with U.S. crews, both of which are expensive by international standards. Thus, by proscribing international markets within easy reach of production, the U.S. creates a cost equal to the substantial difference between current shipping charges and what they would be if the less expensive alternative were legal. Ultimately, the cost is borne at the wellhead in the form of lower netbacks for North Slope production.

Depressed wellhead netbacks don't hurt just producers and Alaska. They limit exploration and development and thus reduce additions to U.S. oil reserves, which have much more to do with U.S. energy security than foreign sale of domestic production. Consumers, who have a great stake in energy supply security, therefore share the cost of wellhead netbacks depressed by nonmarket forces.

In fact, the main beneficiaries of the export ban are the ship owners. They enjoy Jones Act protection from foreign competition as well as a guaranteed market, so long as the U.S. closes foreign markets to Alaskan oil. The Heritage Foundation estimates that the Alaskan oil shipping business accounts for one-half of Jones Act traffic. It's not surprising, therefore, that U.S. ship owners and their friends in Congress lead the opposition to changes in laws blocking Alaskan crude exports or in the Jones Act itself.

Other groups could be hurt by an end to the export ban. Export of Alaskan crude might prove more profitable than movement of the oil inland from the West Coast via the proposed Northern Tier pipeline or alternative projects. Likewise, lifting of the export ban might encourage development of a North Slope LNG industry based on trade with Japan. That could doom the proposed gas pipeline from Alaska to the Lower 48. The Northern Tier oil pipeline and Alaskan gas line are major projects that would do much to facilitate U.S. energy transportation. But, if and when they are built, their economics shouldn't hinge on government market restrictions.

An end to the export ban might not trigger immediate exports to Japan because most North Slope producers already are committed to transportation arrangements linking U.S. markets. But it would encourage development of new petroleum supplies by opening market opportunities now closed by legalities that no longer serve U.S. economic or security objectives.

Maritime Industry Winning the Debate Over Exporting Alaska Oil to Japan

Critics of an exporting ban say its removal would help taxpayers and consumers. But Congress appears more responsive to U.S. tankers dependent on captive Alaska oil.

BY LAWRENCE MOSHER

After almost a year of discussion and debate, Congress appears ready to continue the 10-year-old ban on exports of Alaska oil to Japan that was adopted during the height of the past decade's energy crisis.

To supporters of the ban, that outcome bodes well for national defense, for energy security and for the domestic consumer.

To its critics, it is a continuing blow to the Treasury and a deep bow to a maritime industry that depends on the captive Alaska oil trade, which by law is reserved to U.S.-flag tankers.

Even this country's trade disputes with Japan have been cited to press the point that Alaska's oil should stay at home.

The Japanese "obfuscate everything we try to do with every kind of phony barrier," Rep. Stewart B. McKinney, R-Conn., complained at an April hearing. "Maybe someone will now wake up downtown and realize we are not playing by the Marquess of Queensbury's rules."

On the other side of the argument, Marshall Hoyler, a research fellow at the Logistics Management Institute, called the ban "a scandal." In a new study for the Georgetown University Center for Strategic and International Studies, Hoyler calculated that federal revenues would jump $10 billion over the next quarter-century if the Alaska oil export ban were lifted.

"People have to get beyond the energy security non-issue," he said in an interview. "They think it's a bad idea to ship oil to the Japanese, who have been beating us economically. What they don't realize is that the Japanese won't benefit financially; they'll still have to pay world prices. It's the maritime industry that will suffer. Japan will not be getting a break at our expense."

Both sides of the debate appear to share the assumption that U.S. tankers cannot compete with ships flying under other flags in the world shipping trade.

Critics of the ban think that allowing Alaska oil to be shipped to Japan at competitive transportation prices would ultimately reduce the worldwide price of oil, to the benefit of U.S. as well as other consumers. They say it would cost only 60 cents a barrel to ship oil from Valdez, Alaska, to Japan and other Far Eastern markets, compared with $4.50 a barrel to transport the same oil to the U.S. Gulf Coast in American ships.

But McKinney, along with Rep. Howard Wolpe, D-Mich., and other supporters of the export ban say that allowing Alaska's oil to be sold in Asia would drive up the price of oil products in this country by an estimated $1.5 billion a year. This is based on a questionable assumption that the replacement oil for the exported Alaska oil would cost more: a delivered price of about $29 a barrel for the imported oil and about $26 for oil from Alaska.

TO BAN OR NOT TO BAN

Sen. Frank J. Murkowski, R-Alaska, held hearings on the ban on July 19-20 before the Foreign Relations Subcommittee on East Asian and Pacific Affairs, which he heads. Murkowski is pressing for a partial relaxation of the prohibition that would allow some of his state's oil to be exported but require that it be carried on U.S.-flag tankers.

"The question is whether or not now is the time to allow prevailing market forces to dictate the distribution of Alaska oil," he said. "Is it fair that Alaska is the only state in the nation that has such severe restrictions on exporting oil?"

Alaska produces about 1.7 million barrels a day, or 11 per cent of the nation's annual oil consumption. Half is shipped to the West Coast and half ends up at refineries on the Gulf Coast, Puerto Rico, the Virgin Islands and the East Coast. Murkowski's amendment would allow up to 200,000 barrels a day to be exported.

During Murkowski's hearings and those held by the Senate Banking, Housing and Urban Affairs Committee and the House Foreign Affairs Subcommittee on International Economic Policy and Trade, lobbyists favoring the ban overwhelmed its critics. The imbalance in the testimony was so apparent that Don Bonker, D-Wash., chairman of the House Foreign Affairs panel, felt obliged to apologize for the "lopsided" hearing he held on April 12.

"The effort to remove the ban went nowhere," said Paul Freedenberg, a staff economist for the Senate Banking panel. "Nobody was particularly interested in making a change. Too many people are making money because of the way it is now."

Energy analyst Adam E. Sieminski, vice president of Washington Analysis Corp., described the "non-debate" on the ban as a good example of where the political process has "not operated very efficiently."

"In general, almost everyone would be better off if the oil could be sold to Japan," Sieminski said in an interview. "But those who would benefit—the taxpayers—are not easily identifiable, while those who would be hurt—the maritime industry—are. So who wants to tangle with that?"

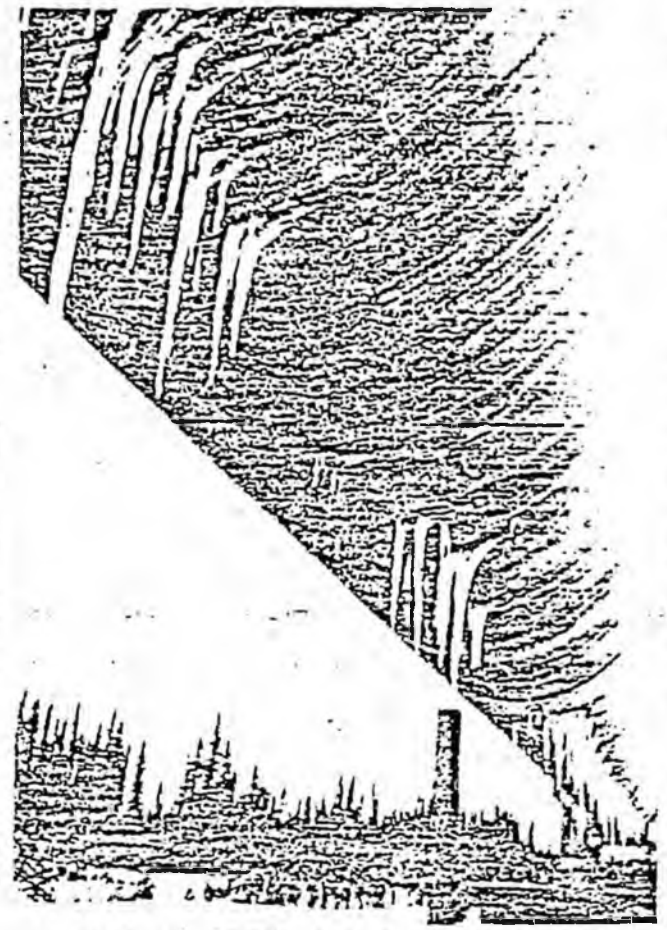
The answer, it seems, is hardly anyone. The Reagan Administration has been noticeably ambivalent over the issue. Behind the scenes, the Defense, Interior and Transportation Departments have argued to retain the ban, while the Energy and State Departments and U.S. Trade Representative Bill Brock have argued to remove it.

For the record, William T. Archery, deputy assistant Commerce secretary for trade administration, told Bonker's panel that while the Administration wanted to remove the ban, it had not "made a decision to export Alaskan oil to Japan or any other country."

Snorted Wolpe, "That is disingenuous." Wolpe has co-sponsored a bill (HR 1197) with McKinney to make the ban permanent.

The Administration's fear that the ban might be made permanent, in fact, is a major reason that those who oppose the ban have trodden so softly on Capitol Hill. "The ban benefits a small group with a lot of political clout," said an Administration official. "On the other hand, it is causing a number of economic distortions that are hurting everyone."

The ban's legislative origins are in the 1969 Export Administration Act, which gave the President the authority to deny exports of scarce domestic natural resources. But it was the 1973 statute authorizing the Trans-Alaska Pipeline from Prudhoe Bay to Valdez on the Gulf of Alaska that actually forbade the export of Alaska oil.



Congress initially forbade the export of Alaska oil in the 1973 statute that authorized the construction of the Trans-Alaska pipeline from Prudhoe Bay to Valdez on the Gulf of Alaska.

That law, as well as subsequent amendments to the Export Administration Act in 1977 and 1979, restricted Alaska oil to domestic consumption unless the President could show that the exports were in the national interest and Congress concurred in a joint resolution. The 1977 and 1979 laws also required a showing that such exports should benefit the consumer within three months.

The prevailing national concern then was energy security, growing out of the oil crisis of 1973-74, which triggered the first world oil price shock when the price for oil sold by the Organization of Petroleum Exporting Countries (OPEC) jumped from $3.39 a barrel to $11.28.

Along with other supporters of the ban, McKinney and Wolpe also contend that removing it would, in McKinney's words, "dry-dock nearly half the U.S. tanker fleet and idle 20,000 workers" in the shipping industry and related jobs. In addition, they say, the Treasury would lose at least $300 million through loan defaults by shipowners.

The ban's critics counter that only 1,500 full-time maritime jobs would be lost and that the federal government could buy all 26 laid-up tankers for $200 million.

The maritime unions obviously would suffer job losses if Alaska oil could be freely shipped to Japan. U.S.-flag tankers currently monopolize the transportation of Alaska crude oil to West Coast and Gulf ports under the 1920 Merchant Marine Act (also called the Jones Act), which limits coastal shipping to U.S.-built, U.S.-manned vessels. *(See 4/16/83, p. 793.)*

The transportation costs saved by allowing the more efficient marketing of Alaska oil, on the other hand, is one of the reasons why critics of the export ban say it should now be removed.

The cost differential has allowed the ban to "enrich a small number of individuals and corporations, who have formed a vocal interest group in its behalf," according to Hoyler. In his study, "The Politics and Economics of Alaskan Exports," Hoyler uses Transportation Department data to show that American seamen's wages are three times higher than those paid in other industrialized countries and six times higher than those paid by less developed countries.

An American second mate, for example, earns $60,550 for six months of work, compared with $17,500 in wages and benefits paid to Western European second mates. Most American sailors work only half a year, which makes the role of the maritime unions primarily that of rationing highly sought-after jobs.

Hoyler noted that the export ban helped to revive "a shrinking U.S. tanker industry" that had been losing business following the Vietnam war. And, as the pro-ban lobby grew richer and more powerful, it prevailed on Congress to add more restrictions on Alaska oil, such as a requirement that the President show that exporting the oil would lower oil prices in the United States within three months.

American consumers would benefit from lifting the export ban, its critics argue, but this long-term effect would take longer than three months to realize. This is because the price efficiency gains from allowing the export of Alaska oil would take five to eight years to generate new Arctic oil production, which in turn would act to lower world oil prices.

Hoyler, Sieminski and Energy Department officials contend that the ban's supporters either do not understand how world oil prices are set or prefer to obfuscate the issue. To them, the contention that American consumers would pay more for gasoline if Alaska sent its oil to Japan is more rhetoric than fact.

The "marker price" for all oil is set by the price of Saudi Arabian oil plus the transportation costs to a particular port. This price, in turn, is influenced by the supply of oil from non-OPEC sources such as Britain and Mexico. Differences in quality (weight and sulfur content) are also noted.

In his study, Hoyler compares the spot price of Alaska oil to Mexican oil on the Gulf Coast from February 1981 to September 1982. During this period, the Mexican price dropped from $37.23 a barrel to $28.56, while the price of Alaska oil dropped from $37 to $32.86.

After adjusting for their quality difference (on which basis Alaska oil is worth about $1 a barrel more because it is easier to refine), this meant that during that 21-month period, the price of Alaska oil shifted from $1.23 cheaper to $3.30 more

expensive than Mexican oil. Thus Gulf Coast refiners could have saved money by buying the closer Mexican oil.

AT THE WELLHEAD

The one area where some consumers might not benefit from lifting the ban is the West Coast, where the Atlantic Richfield Co. is out-selling its rivals by "discounting" the price of its Alaska oil to its own refineries. Much of Arco's ability to do this, its critics contend, stems from the company's tax accounting process, which is now under investigation by the Internal Revenue Service.

The Arco case, regardless of who is right, offers a good example of the way oil price arguments can become slippery. Computing the price of oil, it seems, often depends on who is doing the calculating.

OPEC has acted as a cartel to set the world price politically. But increased oil production by non-OPEC countries, conservation practices and a recession have forced OPEC to drop its price to below $30 a barrel.

Alaska oil, on the other hand, is costlier to produce than Persian Gulf crude, and its quality is poorer. But its wellhead price is about $20 a barrel, a price that bears no real relation to cost.

Sen. Frank J. Murkowski, R-Alaska, is pushing to allow some of his state's oil to be exported to Japan if it is transported by U.S.-flag tankers.

Rep. Howard Wolpe, D-Mich. (left), says exports of Alaska oil would cost U.S. consumers about $1.5 billion a year.

Arco, for example, computes its Alaska North Slope wellhead price by starting with the price of equivalent "West Texas Sour" crude oil and then deducting tanker and pipeline transportation costs. If West Texas Sour sells for $30 a barrel (its 1982 average was $30.74), then Arco's wellhead price is that less $4.50-a-barrel shipping costs from Valdez to Houston and $6-a-barrel pipeline costs from Prudhoe Bay to Valdez, or $19.50 a barrel.

What bothers the IRS is that Arco uses this artificially low wellhead price to calculate all its taxes for its Alaska oil, although 80 per cent of that oil goes to the West Coast, where its transportation costs are only $1.50 a barrel. Thus Arco writes off an additional $3 of shipping costs for most of its Alaska oil.

This accounting procedure allows Arco to pay lower federal "windfall profits" taxes, federal income taxes and Alaska income and severance taxes and royalties. All of these taxes are calculated on the basis of wellhead prices in Alaska.

The consequences of this pricing system are twofold. One is that it allows Arco to "discount" the cost of its oil to its own refiners and thus undercut its competitors on the West Coast. The other is that it motivates Arco to prefer paying the higher shipping costs to the West Coast and the Persian Gulf rather than selling its North Slope oil to such East Asian markets as Japan at a higher wellhead price.

"Because a sale to the Japanese at Valdez would create a real transfer price," argued Jack A. Blum, a Washington lobbyist for the Independent Gasoline Marketers Council, "it would significantly raise Arco's windfall profits tax payments. The irony of this situation is that even though the Japanese would pay more for the crude at Valdez than the companies now make on product, because of the way they do their tax calculations their net profit would be lower."

Arco's president, James S. Morrison, denied this assessment to the House Energy and Commerce Subcommittee on Oversight and Investigations last Feb. 23, calling it "farfetched." Yet Arco continues to support the export ban, unlike Standard Oil Co. (Ohio), another major Alaska producer, which now has called for its lifting.

"There is no perfect answer," Sieminski said. "But in general, everyone would be better off if the oil could be sold to Japan because they would pay more for it. Only the maritime unions would be hurt."

Critics of the ban, however, have a harder time dismissing the energy security issue. If foreign oil supplies were again disrupted, the idea of exporting U.S. oil makes little sense to the ban's supporters, which include such groups as the National Farmers Organization and the American Public Power Association.

Charles L. Frazier, director of the farmers' Washington office, said his organization is still "bitter" over the past oil price increases. Thus his group favors "retaining control" of Alaska oil.

To experts such as Hoyler, however, the United States will remain just as vulnerable to another oil crisis even if the Alaska oil export ban is kept. Hoyler argues that regardless of this country's desire to be energy independent, it is still part of the world oil market and will remain so. When oil supplies are disrupted, Hoyler maintained, "the price of oil goes up everywhere."

In the long run, he contends, permitting the export of Alaska oil would actually improve this country's energy security by increasing the world oil supply from a politically stable area. Thus when another supply disruption occurred, there would be less need by such consumers as Japan to panic and bid up the price, which is what happened in 1973-74 and again in 1979.

The Administration agrees, but its spokesmen are still muffling their views. In an interview, however, William J. Silvey, the Energy Department's associate director for planning and analysis, went this far:

"The congressional perception does not yet appreciate the fact that there is one world petroleum market and that we are part of it. By keeping the Alaska oil export ban, we are just charging ourselves more than we need to. Only the windfall this time is going to the shipping industry instead of the oil companies."

The Washington Times MONDAY, FEBRUARY 14, 198

CORD MEYER

Selling Alaskan oil to Japan

It never made any economic sense for Americans to ship 600,000 barrels a day of Alaskan surplus oil through the Panama Canal to our Gulf ports at a transportation cost of $5 a barrel, when the short haul from Alaska to Japan costs less than half as much. The Japanese are only slightly less anxious to buy our oil than the Mexicans are eager to sell to our Gulf Coast refineries, with large savings on transportation at both ends of the swap.

It makes even less strategic sense to push the Japanese into greater dependence on Russian oil and gas as they seek to escape reliance on the Persian Gulf for 70 percent of their oil. Geopolitics and economics now combine to give the Reagan administration a powerful incentive to remove the legislative ban that since 1974 has prohibited the sale abroad of Alaskan oil.

Encouraged by National Security Adviser William Clark and his able staff, President Reagan now has clearly signaled his willingness to see changes in the current law. One of the least-noticed but important results of Reagan's meeting with Japanese Prime Minister Yasuhiro Nakasone was the agreement to set up a joint working group on energy to explore opportunities for cooperation.

Although the membership and terms of reference still are being negotiated, high on the agenda will be Alaskan oil. To avoid the error of the Carter administration in waiting too long before cooperating with Europeans to prevent their growing dependence on Soviet natural gas, this working group is seen as a framework to permit effective joint action before the Japanese become hooked on Russian energy sources. A Japanese consortium, for example, is on the threshold of a $3 billion to $4 billion commitment to the development with the Soviets of the Sakhalin reserves.

In the palmy days of Alexander Haig, the fact that this initiative originated in the NSC staff would have been enough to ensure State Department opposition. But Secretary of State George Shultz has proved receptive.

During his Tokyo trip, Shultz made the point that a very large reduction in the U.S. trade deficit with Japan would be achieved by exporting Alaskan oil. But he realistically warned that negotiating with Congress for changes in the law would be complicated.

In fact, Jimmy Carter, as president, made an abortive attempt to lift the ban on the export of Alaskan oil, only to be discouraged by the organized opposition of the maritime unions. Whether these powerful forces can be won over or overridden in this more urgent situation depends on the administration's ability to take its strong case to the public.

The opposition of the maritime unions derives from the fact that the law now requires that all U.S. coastal trade be carried in American ships with highly paid American crews. Since the Alaskan oil cannot be exported, its shipment along the West Coast and through the Panama Canal guarantees jobs to the unions. More than 2,500 union jobs have come to depend on this protected trade.

Recognizing the political clout of the unions, American Ambassador to Japan Mike Mansfield made a significant speech in Tokyo in December. He revealed that he had indications from the Japanese private sector that importers would agree to having a substantial part of the Alaskan oil transported in American ships even though this would add to the cost.

Another development that makes it easier than before to argue for allowing some export of Alaskan oil is the discovery of vast new oil fields off the California coast and the prediction of huge new reserves still to be found in Alaska.

Under these circumstances, some of the big oil companies that had invested heavily in a pipeline across Panama are no longer supporting the ban on oil exportation to protect this investment. They are shifting their position as Japan becomes more important as a potential buyer of the growing surplus.

Similarly, the world oil glut has reduced the relevance of the argument that we must keep every drop of oil at home. The Japanese may be prepared to spend substantial investment capital on discovery and development of new reserves in Alaska. It may well be that with this kind of joint cooperation more oil will be discovered and brought on line than is actually sold to the Japanese.

M E M O R A N D U M

STATE OF ALASKA

Department of Revenue

Petroleum Research Section

January 27, 1987

To: Vincent B. Wright, Chief of Research

From: Charles Logsdon, Petroleum Economist *CLogsdon*

Subject: Reevaluation of the Revenue Impact of Removing the Ban on ANS Exports

Per your request I have revaluated the revenue potential of allowing the export of ANS crude oil by looking at the impact on severance tax and royalty income. This represents a modest revision of the analysis done July 18, 1986 to reflect more current information on transportation costs and market deliveries. The key assumptions, method, and estimates are as follows.

Assumptions:

1. Alaska would sell 100,000 bbl/day of its royalty oil to Far East purchasers. Current production of ANS is 1,800,000 bbl/day of which Alaska's royalty share is roughly 225,000 bbl/day. Alaska is currently committed to sales of roughly 107,000 bbl/day royalty crude oil on long term contract. This leaves approximately 118,000 bbl/day available for other disposal.

2. Other Alaska producers would sell an additional 200,000 bbl/day to Far East purchasers. This is an arbitrary assumption which may be too high or too low.

3. The price paid by Far East purchasers would not be substantially different than what would have been received if the oil were sold on the U.S. Gulf.

1. The transportation cost savings due to avoiding the U.S. Gulf Coast would be roughly $1.90/bbl if shipped in Jones Act tankers or $2.95/bbl if shipped in foreign tankers.

3. All exports are assumed to be barrels diverted from the U.S. Gulf and all the cost savings are assumed to translate directly into higher wellhead values. Currently 40% or roughly 650,000 bbl/day of the ANS marketed in the lower 48 goes to the U.S. Gulf. All royalty revenue impacts are prorated on this basis.

4. Although exports to the Far East could have direct effects on the ANS price on the U.S. West Coast, no attempt is made to estimate this impact because of uncertainty over the willingness of major ANS producers to export. Market theory suggests that competition would drive the West Coast price up. Further analysis would be needed to attempt to estimate this effect.

Method:

1. Increased Royalties = State Royalty Direct Sales + Invalue Royalties - Sales to Instate Refineries at Invalue Prices.

2. State Royalty Direct Sales

Jones Act Tankers = 100.000×365×$1.90×.1
= $27.74 million/yr.

Foreign Tankers = 100.000×365×2.95×.1
= $40.07 million/yr

Where .1 is the proportion of total royalties foregone from the Gulf Coast now earning higher wellhead value

3. In-Value Royalties and
Direct Sales of In-value Prices

Jones Act Tankers = 200,000*365*1.90*.125*.222
= $5.45 million/yr

Foreign Tankers = 200,000*365*2.95*.125*.222
= $8.58 million/yr

Where .125 is the royalty percentage of gross ANS production and .222 is the percentage of ANS royalties taken in-value or taken inkind and sold at in-value prices after the 100,000 bbls. are sold to Japan adjusted for the amount displaced from the Gulf Coast, i.e. 1-100 225 *.1

4. Increased
Severance Tax

Jones Act Tankers = Taxable bbl * Value * Tax Rate
= 200,000*365*1.90*.12*(1-(.125*.222))
= $16.13 million/yr

Foreign Tankers = 200,000*365*2.95*.12*(1-(.125*.222))
= $25.12 million/yr

Where .12 is the tax rate after ELF kicks in for Prudhoe in July 1987.

Summary:

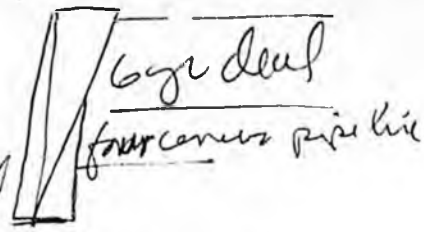
	State of Alaska Gross Production Revenue Effect	Less State of Alaska Permanent Fund Effect	State of Alaska Net Revenue Effect to General Fund
Jones Act Tankers	$47.77 million/yr	$7.39 million/yr	$39.38 million/yr
Foreign Tankers	$71.17 million/yr	$10.30 million/yr	$61.01 million/yr

Introduced: 2/25/87
Referred: Resources

5-0702A

Legisla

Arco - no
Exxon - 1/2
Sohio - neutral



IN THE HOUSE BY DAVIS AND KOPONEN

HOUSE RESOLUTION NO. 3

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

Relating to the export of Alaska oil.

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:

WHEREAS the foreign export of Alaska North Slope crude oil would provide an incentive for further domestic oil exploration and development; and

WHEREAS further oil exploration and development would enhance the nation's energy and economic security; and

WHEREAS the petroleum industry is presently experiencing severe economic difficulties; and

WHEREAS Japan, Korea, and Taiwan have expressed an interest in purchasing Alaska North Slope crude oil to diversify their energy sources; and

WHEREAS the export of Alaska North Slope crude oil would decrease the federal trade deficit with these nations; and

WHEREAS a Taiwanese company will take first delivery of Alaska Cook Inlet royalty oil in 1987 under an oil export license issued by the U.S. Department of Commerce; and

WHEREAS a Korean company has already begun taking delivery of Alaska Cook Inlet oil; and

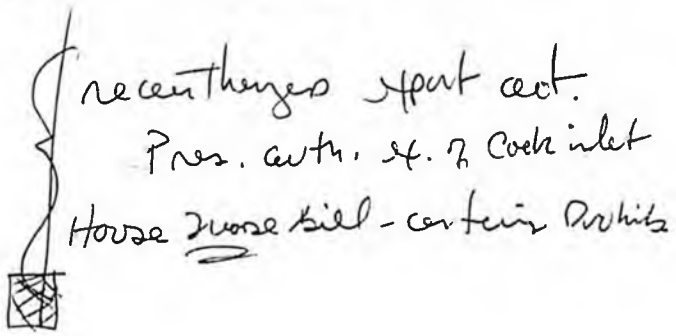
WHEREAS it is far more costly to ship Alaska North Slope crude oil through the Panama Canal and to the Gulf Coast than to ship the oil directly to the Pacific Rim; and

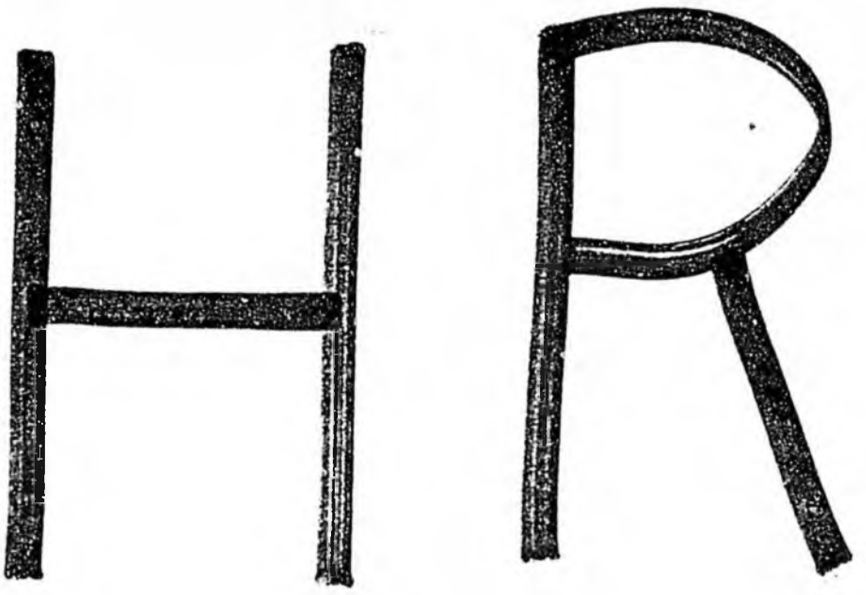
WHEREAS under the International Energy Agreement, the United States is required to export crude oil to participating nations in the event of a worldwide disruption of oil supplies;

BE IT RESOLVED that the House of Representatives respectfully requests the United States Congress to enact laws providing for the export of Alaska crude oil, regardless of the oil's point of production within the state; and be it

FURTHER RESOLVED that the Alaska congressional delegation is urged to continue using its best efforts to obtain passage of legislation permitting the foreign export of Alaska crude oil, regardless of the oil's point of production within the state.

COPIES of this resolution shall be sent to the Honorable Ronald Reagan, President of the United States; the Honorable George Bush, Vice-President of the United States and President of the U.S. Senate; the Honorable Jim Wright, Speaker of the U.S. House of Representatives; the Honorable Robert Byrd, Majority Leader of the U.S. Senate; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.





HOUSE COMMITTEE REPORT

(9)

Date referred: 5/4/87

FURTHER REFERRALS:

DATE: May 14, 1987

The Resources Committee has considered HR 9

Relating to the development of the mineral resources in the state.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[x] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Cotten

Herrmann

Springer

Shultz

Davidson

Sund

Pearce

Hoffman

Navarre

SIGNING OTHER RECOMMENDATIONS:

Cotten
Chairman's signature

HR 9

JOHN SUND, REPRESENTATIVE
2504 2nd Avenue
Ketchikan, Alaska 99901
(907) 225-5552

While in Juneau
P. O. Box V
Juneau, Alaska 99811
(907) 465-4919

MEMORANDUM

TO: Representative Sam Cotten
Representative Adelheid Herrmann

FROM: Representative John Sund

DATE: May 5, 1987

RE: House Resolution #9 Relating to the development of the mineral resources in the state.

I would appreciate it if you would schedule HR9 at your earliest convenience.

I support the careful consideration of projects like Quartz Hill. With proper safeguards for the protection of the environment, particularly water and air quality and the fisheries, this hard rock mine will employ thousands of Alaskans in my district over its 55 year life.

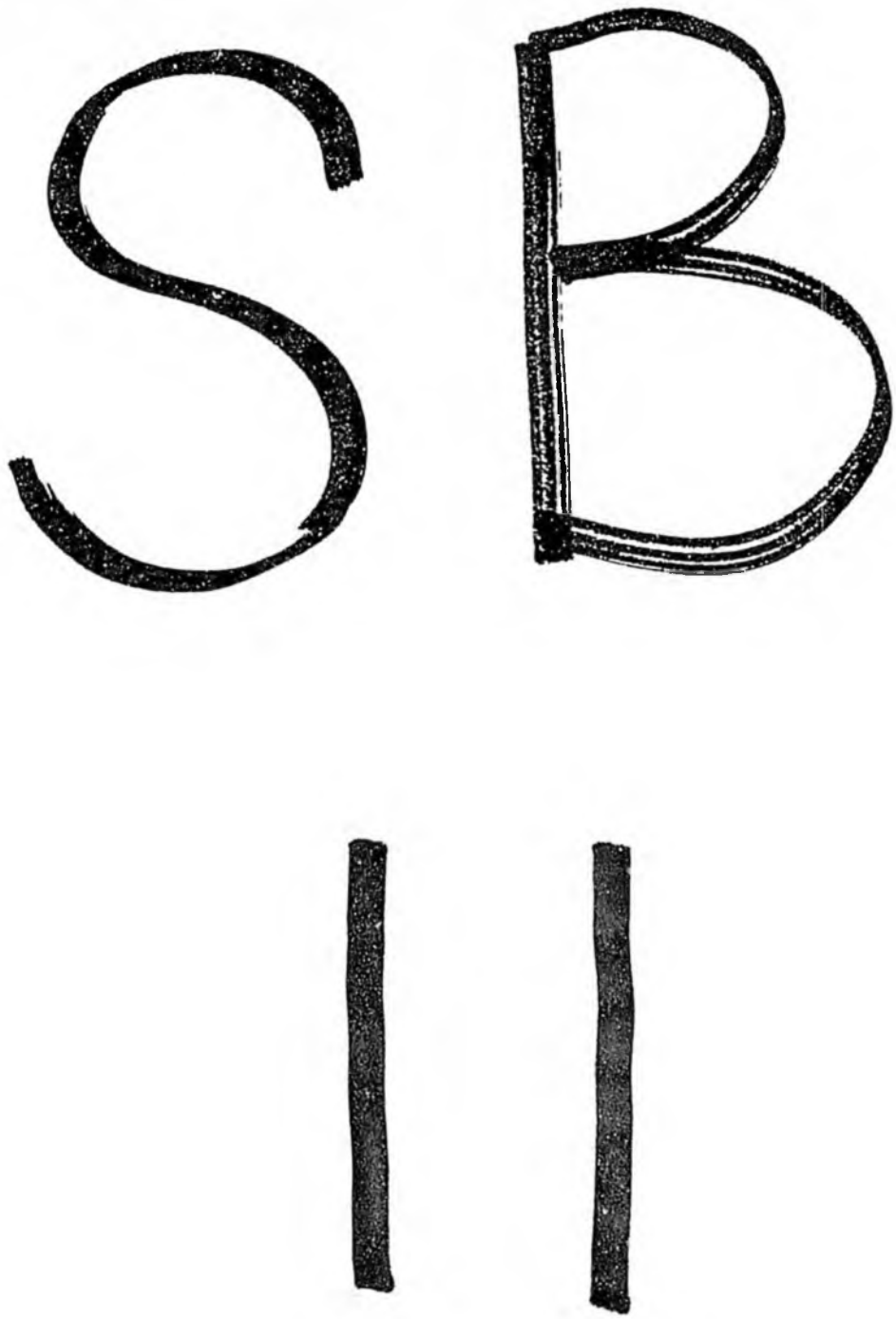
HR9 supports the issuance of permits for the project to ensure that future development is environmentally responsible and cost-effective, and does not adversely affect fishery resources.

Quartz Hill was discovered by U.S. Borax geologists in 1974. The Alaska National Interest Lands Conservation Act (ANILCA) recognized the importance of the Quartz Hill Molybdenum deposit in 1980 and legislated its development under special environmental controls.

Quartz Hill's near-surface location, its large size (1.5 billion tons) and its high grade will allow for a large scale, low cost mining and ore-processing operation. Its reserves (55 years) and its close location to tidewater (10 miles) give this orebody great potential as a dependable, long term, competitive source of molybdenum.

According to company officials, U.S. Borax has already invested more than $100 million in the exploration and development of Quartz Hill. The construction phases as presently planned will require an additional $800 million investment, and additional capital of almost $200 million will be required at subsequent stages of development.

The decision to make these investments depends on the continued issuance of permits for the project.



STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

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

Mary Van Nimwegen

House State Affairs 4-29-88 3:00p.m.
5-3-88 3:00p.m.

HOUSE STATE AFFAIRS COMMITTEE

NEXT COMMITTEE: RESOURCES

BILL: SB 11 CURRENT VERSION: CS SB 11 (FIN) SCHEDULED: MAY 4, 1988

SPONSOR: COGHILL PHONE NO: 4745 CONTACT FILE: _____

BILL SUBJECT: CONVEYANCE OF FIVE-ACRE HOMESITE ON AGRICULTURAL LAND

SPONSOR BACKUP: IN FILES

AFFECTED AGENCIES:

DEPARTMENT	CONTACT/PHONE	COMMENT
NATURAL RES.	SHARON BARTON/2406	

FISCAL NOTES

AGENCY	REQUESTED	DATED	FY 88 AMT	FY 89 AMT
DNR		3/19/88	-0-	$79,000

ACTION

DATE	COMMENT
4/29/88	HEARING -- HELD FOR CS
5/4/88	HCS ADOPTED AND PASSED FROM COMMITTEE

Alaska State Legislature
House

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

M E M O R A N D U M

TO: House State Affairs Committee

FROM: Representative Fran Ulmer, Chair
House State Affairs

DATE: May 4, 1988

RE: Committee Substitute for SB 11(SA) Work Draft

Several concerns have been raised by legislators, the public, state agencies and Alaska Housing Finance Corporation regarding SB 11.

The CS for SB 11(SA) is designed to address the above concerns but still maintain the intent of the original bill. The amendments to SB 11 are discussed below:

1) Purchase of a fee simple homesite not to exceed five acres.

Provides more flexibility in tract size so that existing homesites can be accommodated.

2) The buyer be in "good standing".

Allows the commissioner to determine whether the buyer is acting in good faith - for example, controlling situations where a buyer is simply obtaining fee simple homesites with the intention of defaulting on their agricultural parcel.

3) Access to a public right-of-way.

Guaranteed access so that mortgages will be marketable to secondary mortgage investors.

4) Definition of "homesite".

Excludes agricultural production facilities from the homesite so that the mortgage will be marketable to secondary mortgage investors.

5) The buyer agrees to use the homesite as a homesite for 20 years.

As a condition of purchase, the buyer agrees to use the homesite as their residence and not as a tourist lodge. If the owner sells the homesite, the agreement not to use the homesite for other purposes would be part of the new buyers contract. The 20 year limit is represents a reasonable time period to meet the states original purpose

Limiting the original agricultural tract to one homesite.

Another concern centered on limiting the original agricultural tract to only one homesite. The language in SB 11 already prevents several 1 to 5 acre homesite from being purchased on each agricultural tract:

> "The commissioner may not negotiate the sale of more than one homesite on each original tract purchased from the state."

House Concurrent Resolution

The CS for SB11(SA) work draft requires a title change since number of homesite acres is variable and not set at 5 acres.

5-0100X
Bradley
5/2/88

Original sponsor: Coghill

IN THE SENATE BY THE STATE AFFAIRS COMMITTEE

HOUSE CS FOR CS FOR SENATE BILL NO. 11 (State Affairs)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the conveyance of a five-acre homesite on agricultural land; and providing for an effective date."

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

* Section 1. AS 38.05.065 is amended by adding a new subsection to read:

(i) The commissioner may negotiate with the owner of land subject to agricultural rights the purchase by that owner of a fee simple homesite not to exceed five acres if the owner has had the land subject to the agricultural rights for three or more years and, if the owner has a loan from the state on the land subject to the agricultural rights, the loan is and has been in good standing for the most recent three years. The commissioner may not negotiate the sale of more than one homesite on each original tract purchased from the state. The purchaser shall pay the costs of any survey, appraisal, and notice requirements and shall agree, as a condition of the purchase, to use the homesite only as a homesite for 20 years after the conveyance. The homesite must be situated on the perimeter of the agricultural tract with clear dedicated access to a public right-of-way. The purchase price of the homesite shall be the fair market value of the land at the time of the application for the purchase. In this subsection, "homesite" means land used for residential and other related purposes but does not include barns, corrals, garages, workshops, and storage facilities that are necessary to make the

agricultural tract a complete economic unit.

* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

5-2198A
Bradley
5/3/88

IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE

HOUSE CONCURRENT RESOLUTION NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

Suspending Uniform Rules 41(b), 24(c), and 35 of the Alaska State Legislature concerning Senate Bill No. 11.

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

That under Rule 54 of the Uniform Rules of the Alaska State Legislature the provisions of Rule 41(b), Rule 24(c), and Rule 35 of the Uniform Rules, regarding changes to the title of a bill, are suspended in consideration of Senate Bill No. 11, relating to the conveyance of a five-acre homesite on agricultural land.

5-0100X
Bradley
4/28/88

Original sponsor: Coghill

IN THE SENATE BY THE STATE AFFAIRS COMMITTEE

HOUSE CS FOR CS FOR SENATE BILL NO. 11 (State Affairs)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the conveyance of a five-acre homesite on agricultural land; and providing for an effective date."

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* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: ANDY PAYNE
TITLE:
ADDRESS: P.O. BOX 1192
CITY: DELTA JCT. ZIP: 99737
PHONE: 895-4075
BILL NO: SB 11
SUBJECT: FIVE-ACRE HOMESITE ON AGRICULTURAL LAND
MESSAGE: AS A DELTA FARMER I URGE YOU TO SUPPORT SB11 BECAUSE IT ALLOWS FARMER' TO BORROW MONEY AGAINST THEIR FARM IMPROVEMENTS, REMOVE SOME OF THE RISK INVOLVED IN DEVELOPING AGRICULTURE LAND, AND ENCOURAGES FARMERS TO STAY ON THEIR AGRICULTURE LAND AND CONTINUE FARMING IT.

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DATE: 04/16/87
TIME: 17:04:41
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COPIES: REPRESENTATIVES

BOUCHER
DAVIDSON
DONLEY
HOFFMAN
MARTIN
MENARD

JC file

3

GUSTAVUS INN

Gateway to
Glacier Bay

May 1, 1987

David & JoAnn Lesh Phone: 907-697-2254 P.O. Box 31 Gustavus, Alaska 99826

Dear Rep. Ulmer,

I am opposed to SB 11 the bill which would allow owners of agricultural land to purchase a 5 acre parcel for the following reasons:

Out of the 5 or 6 agricultural parcels given out by the state none are being used for commercial agricultre in any serious way. Most have not had anything done to them. Only one has a permanant resident who has tried to live up to the requirements of the state. His present use of the land given to him by the state for agrcultural use is as a country inn in direct competition with my business. If he is allowed to purchase the five acre parcel that his business sits on he will be surrounded by 155 acres of parklike protection. While it is not quite as isolated as your Lemisurier Island land it has the same protection from nearby development and isolation that is so important. The same protection that I have to pay 15,000 per acre for. The value of such a tourist business is greatly enhanced as you can imagine. Is this the purpose of the state agricultural sales?

Any other parcel locally or statewide could be used as inns or resorts or vacation condominium developments in direct competition with private enterprise. If the state feels that they made a mistake with the agricultural sales please don't add insult to injury. The states give away programs have done a lot of harm and are part of the reason that we are financial straits we are in.

"Coil your rope & anchor here til better weather doth appear"

GUSTAVUS INN

Gateway to
Glacier Bay

David & JoAnn Lesh Phone: 907-697-2254 P.O. Box 31 Gustavus, Alaska 99826

Please let me know how you feel about this matter. I have enclosed a copy of a brochure that I feel is of a type that we will be seeing more of if your bill goes through.

Thank you for your time. Rep. Goll knows how I feel and reccommended that I write you.

Sincerely,

David T. Lesh

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

OFFICE OF THE COMMISSIONER

April 25, 1988

The Honorable Fran Ulmer
Chair, House State Affairs Committee
P.O. Box V
Juneau, Alaska 99801

Dear Representative Ulmer:

Subject: Committee Substitute for Senate Bill 11, which would allow the Commissioner of Natural Resources to sell the holder of an agricultural parcel a five-acre fee simple homesite on the parcel.

Position: While the Department of Natural Resources did not object to this bill in the past because we belived that certain protections for agricultural land could be included in the legislation, it has become clear to us that the possible problems associated with the sale of a five-acre homesite for each agricultural parcel have not been resolved. Language ensuring that the homesite would be used only for the purchaser's personal domicile has not been included, and the bill does not prevent the five-acre homesite parcel from being sold to a non-farm owner. If the homesite parcel is not included when the farm is sold in the future, the new owner will likely request that a new five-acre homesite parcel be provided. This could ultimately result in the loss of much or Alaska's prime farm land to residential uses.

Background: As you may know, the Department of Natural Resources is currently directed by statute (AS 38.05.321) to transfer only agricultural rights to the purchaser of state land classified for agriculture. The land patent document for agricultural parcels grants the purchaser title to the surface estate in fee simple, subject to the condition subsequent and related convenants which require use of the property for agricultural purposes only. This bill would remove the agricultural use covenant for a five acre homesite on each agricultural parcel.

10-J9LH

The department currently allows farm buildings and related improvements on up to 20 acres of an agricultural parcel. A five-acre homesite conveyed under the terms of this bill would be contained within the approved farmstead site and intended for use as the purchaser's personal domicile.

We estimate that approximately 500 purchasers of state agricultural parcels would be eligible for this homesite program. The bill requires the purchaser to pay the costs of survey, appraisal, and notice requirements, but would result in some additional costs to the department for processing purchase applications, issuing survey instructions, and negotiating sale agreements.

We estimate that purchase of the remaining available land rights to an agricultural parcel would generate approximately $800 per acre at current market values.

Please let me know if I may provide additional information or assistance.

Sincerely,

Judith M. Brady

Judith M. Brady
Commissioner

cc: Members of Committee
Senator Coghill
Ron Clarke
Bob Evans

Bill would allow reduced payments on state-financed agriculture loans

THE ASSOCIATED PRESS

The state attorney general determined recently that it would be unlawful for the state to reduce loan payments for troubled farmers, but legislators are considering a bill that would permit that type of relief.

Division of Agriculture Director Mark Weaver was told last week that the Agricultural Revolving Loan Fund board probably doesn't have authority to refinance farm loans to lower the payments. But Weaver said the board already has revised payment plans for about 20 farmers, based on an attorney's earlier opinion that it was legal.

About 250 farmers have loans through the state's Agricultural Revolving Loan Fund, and about one-third have expressed an interest in refinancing.

Weaver says that if a bill lodged in the Senate Finance Committee isn't approved by the Legislature this year, he may have to tell farmers the state will not be restructuring their loans, even after it said it would.

"The department is looking for something to solve our legal mess, because we're going to be in one. All those people are going to say, 'Hey, you made a deal. We don't care if you had the authority or not,' " Weaver said.

The bill, SB484, is being rewritten. Progress toward passage was stopped about two weeks ago because Sen. Rick Halford, R-Chugiak, co-chairman of the Senate Finance Committee, said he had questions.

Halford wants a written a legal determination of whether the state can restructure loans from the revolving fund. He planned to hold a hearing on the bill this week.

Halford stopped the bill's progress after looking at the results of a separate loan bill approved by the Legislature in 1986.

Under that program, farmers in the Delta I and II projects turned their land back to the state and got all or part of their original land purchase loans forgiven. The farmers then repurchased the land from the state at greatly reduced prices.

The Delta farm projects, started during the administration of Gov. Jay Hammond, have been largely unsuccessful because the state and the farmers underestimated the cost of developing commercial farms and overestimated the market for barley products.

Gov. Bill Sheffield then cancelled plans for construction of a grain-loading facility at Seward. World prices for barley today are about half what they were in the early 1980s.

Weaver said the repurchase costs generally were about one-quarter of the original loan. About 30 farmers – almost all of those in the Delta projects – applied for the program.

The farmers who have completed the process essentially have been forgiven millions of dollars in loans, and the state still is working out details with others.

At the same time, the farmers collect money from the federal Conservation Recovery Program, which pays farmers to plant grass rather than crops. Nationally, the program is designed to reduce crop surpluses and prevent soil erosion.

Halford questions why the state should forgive the farmers millions of dollars when the federal government was paying them the same amount they would earn if they were harvesting crops.

In fact, the 1986 Legislature prohibited farmers from relinquishing and buying back land if they were using "a federal farm program that provides monetary or other incentives for keeping agricultural land in a Delta Project out of production."

But state officials decided that the Conservation Recovery Program didn't really keep land out of production. Farmers receiving federal CRP payments were allowed to give their land to the state and repurchase it.

Halford, annoyed about the loophole, asked the Department of Natural Resources to explaine how it happened.

The new version of the bill will not permit farmers to relinquish then repurchase land, a supporter of the measure said, but will allow the Agricultural Revolving Loan Fund to extend the length of time farmers have to pay back loans.

Senator John B. (Jack) Coghill
Alaska State Legislature

Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0862

M E M O R A N D U M

To: Representative Fran Ulmer, Chair
House State Affairs Committee

From: Senator Jack Coghill

Re: SB 11, Five acre homesite on agricultural parcels

Date: February 24, 1988

Please schedule a hearing on SB 11 at your committee's earliest convenience. This legislation is needed and supported by the Department of Natural Resources. Farmers will be able to go to commercial lending institutions for residential loans if this passes. Presently their only funding source is through the Agricultural Revolving Loan Board and these loans are only for farm operation purposes.

Alaska State Legislature
House

Official Business

P.O. BOX V
State Capitol
Juneau, Alaska 99811

COMMITTEE ON STATE AFFAIRS

May 5, 1987

Harold Worthen
P.O. Box 56123
North Pole, AK 99705

Dear Mr. Worthen:

Thank you for your public opinion message on Senate Bill 11. Since we are coming down to the last days, we will not be scheduling this bill for hearing this session. We will keep your name in the file to be notified next year.

Sincerely,

Fran Ulmer, Chair
State Affairs Committee

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: G. JOSE GARZA
TITLE:
ADDRESS: 8521 TURF CT.
CITY: ANCHORAGE ZIP: 99504
PHONE: 333-2713
BILL NO:
SUBJECT: V.A. DIRECTOR
MESSAGE: REQUEST THAT V.A. DIRECTOR ROGER GRAVES BE RETAINED AS DIRECTOR. ROGER GRAVES HAS DONE MORE FOR VETS THAN THE PAST 2 DIRECTORS AND WILL CONTINUE TO DO SO. DO NOT LET THOSE FEW PEOPLE FOOL YOU. THEY MISLEAD MORE, DEMAND MORE, AND ACCOMPLISH LITTLE. I SUPPORT ROGER GRAVES.

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DATE: 05/04/87
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COPIES:	REPRESENTATIVES	SENATORS
	BARNES	JOSEPHSON
	BOUCHER	KELLY
	FURNACE	UEHLING
	MARTIN	ABOOD
	MILLER	FAIKS
	POURCHOT	HENSLEY
	DAVIDSON	
	DONLEY	
	HOFFMAN	
	MENARD	

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE ULMER

NAME: HAROLD WORTHEN
TITLE:
ADDRESS: P.O. BOX 56123
CITY: NORTH POLE ZIP: 99705
PHONE: 488-9585
BILL NO: SB 11
SUBJECT: FIVE-ACRE HOMESITE ON AGRICULTURAL LAND
MESSAGE: WHEN WILL SB 11 BE PUT ON YOUR AGENDA?
EOM-FZ

POMID: 07103808
DATE: 05/04/87
TIME: 10:38:08
LIONAME: FAIRBANKS LIO

COPIES:	REPRESENTATIVES	SENATOR
	MILLER	COGHILL
	BOUCHER	
	DAVIDSON	
	DONLEY	
	HOFFMAN	
	MARTIN	
	MENARD	

Not this session

Senator John B. (Jack) Coghill

Alaska State Legislature

Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0862

M E M O R A N D U M

To: Representative Fran Ulmer, Chair
House State Affairs Committee

From: Senator John B. Coghill

Re: SB 11, Five Acre Homesite on Agricultural Lands

Date: April 25, 1988

SB 11 would allow the the Commissioner of Natural Resources to sell a five acre fee simple absolute tract to farmers who presently have a restricted fee.

I have worked with farmers for the last few years and one of the most dismaying consequences of our agricultural program has been inability of farmers to use their farmland for collateral for conventional loans. A case in point is the Alaska Housing Finance Corporation. Last year an amendment was made allowing the AHFC to make housing loans to owners of ag parcels. Just this week I was informed that they can not because the title is restricted. Confusion surrounds every aspect of just what kind of title our farmers have.

I believe it is good state policy to enable our farmers to borrow funds from private lenders instead of the state agricultural revolving loan fund. This fund will be depleted in the next few years and presently cannot be used for housing loans.

Many farmers do not live on their parcels because they could not get a loan. With the current economic situation this may lead to a disincentive to continued farming. Recognizing the state's $60 million plus investment in agriculture, I think we should encourage those who want to farm in Alaska.

I urge your support on SB 11.

Alaska HOUSING FINANCE CORPORATION

April 22, 1988

Senator Jack Coghill
Alaska State Legislature
P. O. Box V
Juneau, AK 99811

Attn: Elizabeth Ziegler

Dear Senator:

You have asked us to provide you with a brief statement as to why Alaska Housing Finance Corporation cannot at this time grant loans on agriculture parcels. For clarity, I will give the reasons in very simple terms, however, please realize that this is a complex issue and deserves much further discussion than what is stated here.

Very simply then, the potential borrower does not own the land, but simply has the right to farm it. Due to the terms of the lease, the title company cannot give AHFC, or any other potential lender, warranties that the loan is in first-lien position! Without first-lien position, the loan cannot be granted.

Taking this one step further, even if the stated deeded a portion of the land to the potential borrower, problems would still exist. The parcel deeded must be legally accessible without traversing the leased land.

These are just a few of the problems AHFC has encountered in trying to implement a home loan program for Alaskans who have chosen to take part in Alaska's agricultural program.

As always, we are willing to work with you on this, or any other issue.

Sincerely,

Margaret Nelson

Margaret Nelson
Special Assistant/Public Information Officer

ec

Telephone (907) 276-5599
235 East 8th Avenue
Third Floor
P.O. Box 101020
Anchorage, Alaska 99510

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB 11 (Finance)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: 2/24/88
Title: Homesites on Agricultural Land
Sponsor: Senator Coghill
Requestor: House State Affairs Committee

Agency Affected: Natural Resources
BRU: Land and Water Management
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		72.0	72.0	72.0	72.0	72.0
TRAVEL		2.0	2.0	2.0	2.0	2.0
CONTRACTUAL		4.0	4.0	4.0	4.0	4.0
SUPPLIES		1.0	1.0	1.0	1.0	1.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	79.0	79.0	79.0	79.0	79.0
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	*	*	*	*	*

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	79.0	79.0	79.0	79.0	79.0
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	79.0	79.0	79.0	79.0	79.0

POSITIONS:

FULL-TIME	-0-	1	1	1	1	1
PART-TIME		1	1	1	1	1
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

*Purchase of the remaining available land rights would generate an estimated $300 per acre.

Prepared by: Richard LeFebvre
Phone: 762-2692
Division: Land and Water Management
Date: 2/24/88

Approved by Commissioner: Tom Hawkins (acting)
Date: 3/19/88
Agency: Natural Resources

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

FISCAL ANALYSIS CSSB 11
continued

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If a limited homesite purchase application period is established for the existing 500 agricultural parcels, the 1 1/2 staff persons would need to be funded for two to four years to complete the project.

If homesite applications can be made at any time, from 50-100 purchase requests could be expected each year. If staff to process these applications is not funded, purchase requests would be filed in the order received and processed as staff assigned to other projects can be made available.

If a $50 filing fee is assessed, it would help defray processing costs.

100 -	1 Range 16 (Contract Administration)	42.0
	1/2 Range 19 (Survey Review)	30.0
200 -	Travel to spot check surveys	2.0
300 -	Postage, telephone, copy fees	4.0
400 -	Office supplies	1.0

Farm land being saved from development

By GEORGE ESPER
AP Special Correspondent

FRANKLIN TOWNSHIP, N.J. — Susan and Ted Blew are having fun these days growing vegetables on their 160-acre farm, making some money and raising three children in wide open spaces only 45 minutes from the smokestacks of industrial Newark.

Things weren't always so good.

For five years, they struggled, saddled with a six-figure mortgage and a floating interest rate that reached 16 percent.

Theirs was a Catch-22 situation. To make more money to pay the mortgage, the Blews rented 1,000 more acres and grew wholesale grain. They considered it drudgery, and, worse, the new loans only added to their debt.

Then, about two years ago, they found a way to pay off their mortgage, keep their Hunterdon County farm for their children and make money growing what they wanted: They sold development rights to their land to the state of New Jersey as part of a farm land preservation program.

More and more state and local governments are giving top priority — and tens of millions of dollars — to farm land preservation programs, efforts to save rapidly vanishing open space from developers. The trend is spreading from the Northeast, where it started, to the South and West.

The government assesses the land's value for farming and compares that to its higher worth for housing or commercial use, such as a mall. The farmer is offered the difference in dollars in return for an agreement that the land can never be sold for development. The farmer keeps the property and can still sell it, but its deed will be restricted to farming or open space use.

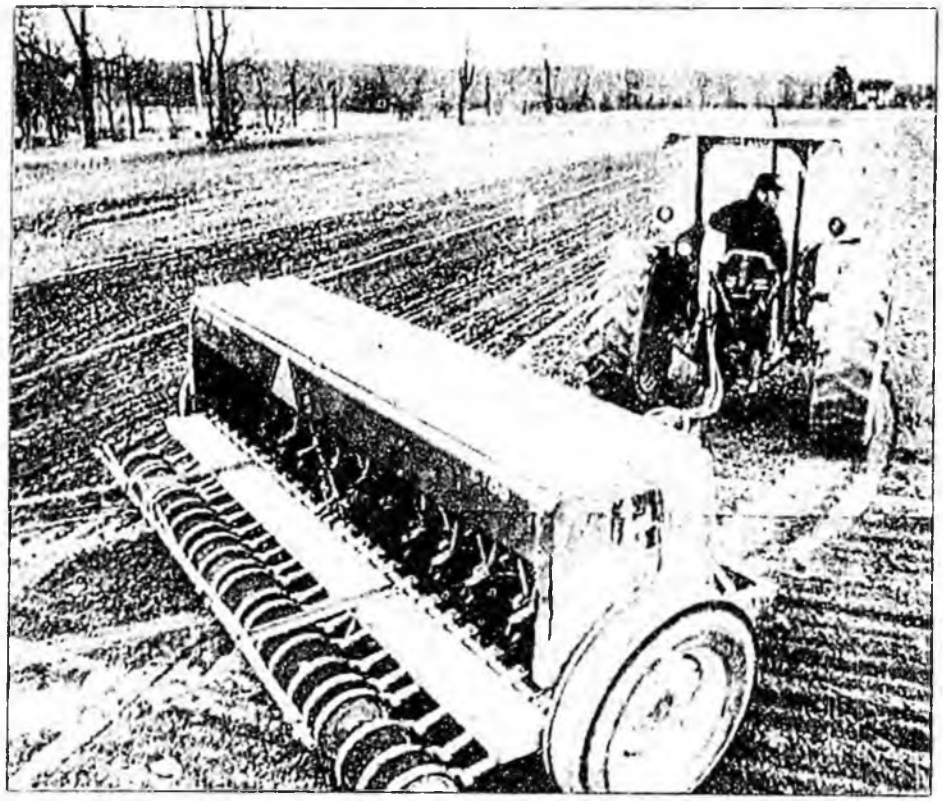
The Blews received almost $900 an acre or $143,500 from the state and county, which split the cost. That same day, Dec. 19, 1985, they turned the check over to the bank, paying off their mortgage, on which they had been making payments of close to $10,000 every six months, and an outstanding business loan.

"We had $10 (left) to go to lunch," Ted said. They celebrated at a Ponderosa restaurant with steaks and chocolate milk. "It came to $10.12," said Susan, smiling.

The Blews can afford to smile now. The pressure is off.

"It relieved the pressure of that exploding interest rate," Ted said. "You enjoy working when you're making some money, when you're able to pay your bills and have something left over."

New Jersey's share of the money came from a $50 million bond issue voters approved in 1981.



Farmer Ted Blew plants spring grain at his 160-acre farm in Franklin Township, N.J. Blew and his wife, Susan, have sold the development rights to their farm for $143,500 in a program set up by the state to preserve farm land in New Jersey. AP Laserphoto

Other states with similar farm land and open space preservation programs include Connecticut, Maine, Maryland, Massachusetts, New Hampshire, Pennsylvania, Rhode Island and Vermont.

Local programs exist in Boulder County, Colo.; Forsyth and Mecklenburg counties in North Carolina, whose respective seats are Winston-Salem and Charlotte; King County, Wash., around Seattle; and Northern California's Marin and Solano counties. In Collin County, Texas, north of Dallas, officials are trying to raise funds for land preservation.

Over the last decade, almost 100,000 acres of working farm land have been saved, said Jim Riggle, director of field operations for American Farmland Trust in Washington, D.C., a non-profit organization that works to conserve agriculture.

The success of preservation programs, however, doesn't mean development is being slowed.

Riggle estimated that since World War II, some 70 million to 100 million acres of U.S. agricultural land has been converted to commercial or residential use, or has been used for highway or other public works projects. That leaves no more than 1.2 billion acres of privately owned open land nationwide, of which 575 million are being farmed or have a high potential for farming, while the rest remains unused for crops because of its lesser quality.

Roughly 3 million acres of farm land are being lost every year, he said.

"Six out of 10 of the most productive agricultural counties are either already classified in metropolitan areas or adjacent to them," he said. "That's where the action is taking place. There is a general degrading of the quality of our land in this country."

Development pressure in Massachusetts remains strong even though the state has already spent $45 million to buy up rights and preserve nearly 20,000 acres. The Legislature last December approved an additional $35 million for the program.

Why? "You're preserving the economic fabric of the rural area. It has an additional benefit. It's a working landscape," replied August Schumacher Jr., Massachusetts commissioner of food and agriculture.

Ron Allbee, Vermont's commissioner of agriculture, agreed.

"We sell Vermont to tourists for the pristine open space, for the small villages," Allbee said. "I think there's a broader concern. If we lose our agriculture, we're going to lose what people identify as Vermont."

Even in big cities, such as Philadelphia, voters are overwhelmingly approving bond issues to buy up the rights. There are many reasons.

In Pennsylvania, which is just beginning its program after voters approved a $100 million bond issue in November, agriculture is the No. 1 industry.

Pennsylvania has 56,500 farms that produce crops worth $3.2 billion a year and generate $35 billion in related business. But since 1960, the state has lost 50,000 farms and 3.8 million acres of land that went out of production, most of it believed to be for development.

Along with economics, sentiment helped the pro-preservation forces, state Sen. Noah W. Wenger said.

"Even people that live in the cities can remember their grandfather or their uncle living on a farm," he said, "and they have a certain affinity to that and I think that was in its favor."

But even more, Wenger said, was the realization that about 20 percent of all the jobs in the state are related to agriculture.

"It's just good business sense to take care of your No. 1 industry," he said. "You would spend $100 million to keep a basic industry intact so that that industry can continue to pay taxes and provide jobs so that we will have funds available to support our social programs, our research programs."

The trend toward preservation of farm land appears to be gaining priority beyond the Northeast. "The idea has begun to catch on," said American Farmland's Riggle.

Californians will vote June 7 on a referendum for $776 million to preserve open space, including farm land, greenbelts and parks.

In Florida, a state law requires every county to develop within the year a program to limit incursion into rural areas. More than 90 percent of all open land outside urban areas in Florida is farm land.

Riggle said the preservation programs are concentrated in the Northeast because it is the oldest settled region and the states are small, and often mountainous, limiting the amount of arable land.

David Meade is one of the Northeast's concerned farmers. He sold the development rights to 70 acres of his farm land in Howell Township, N.J., near Freehold, to the state for about a half million dollars last September. Developers had offered him more than a million.

"I would only have to take that money and go out and buy another one. Farming isn't an occupation. It's a way of life," he said. "It's not necessarily something you get into with the idea of getting rich. It's something you get into because it's a matter of the heart."

HOUSE COMMITTEE REPORT

(7)

Date referred: 4/10/87

FURTHER REFERRALS: Resources

Finance

DATE: 5-4-87

The State Affairs Committee has considered CSSB 11(Fin)

"An Act relating to the conveyance of a five-acre homesite on agricultural land; and providing for an effective date."

RECOMMENDS:

[X] replace with HCS CS SB 11 (SA) [ ] the same title

[ ] attached amendment(s) [ ] a new title

[ ] do pass

[ ] do not pass

[X] no recommendation

[ ] individual recommendations

[ ] additional referral to the ________ Committee

ADOPTS: [ ] ________ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[X] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published ________

[ ] same as previous zero fiscal note published ________

SIGNING DO PASS:

[signature]

SIGNING OTHER RECOMMENDATIONS:

Terry Martin - No Rec

[signature] Davidson - No Rec

[signature] - No Rec

[signature] - No Rec

[signature] Donley - No Rec

[signature]

Chairman's signature

No 206

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSSB 11 (Finance)
Publish Date: 4-2-87

REQUEST:

Revision Date: 4/1/87
Title: Homesites on agricultural land
Sponsor: Senator Coghill
Requestor: Senator Coghill

Agency Affected: Natural Resources
BRU: Land and Water Management
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		72.0	72.0			
TRAVEL		2.0	2.0			
CONTRACTUAL		4.0	4.0			
SUPPLIES		1.0	1.0			
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		79.0	79.0			
CAPITAL						
REVENUE		*	*			

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		1	1			
PART-TIME		1	1			
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

*Purchase of the remaining available land rights would generate an estimated $800 per acre.

Prepared by: Carol Wilson
Division: Commissioner's Office
Phone: 465-2400
Date: 4/2/87

Approved by Commissioner: Ronnie Boston (for sub)
Agency: Natural Resources
Date: 4-2-87

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

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STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HCS CSSB 11 (SA)
PUBLISH DATE: HOUSE 5/5/88

FISCAL NOTE

REQUEST:

Revision Date: 2/24/88
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Sponsor: Senator Coghill
Requestor: House State Affairs Committee

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LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	79.0	79.0	79.0	79.0	79.0
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	*	*	*	*	*

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	79.0	79.0	79.0	79.0	79.0
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	79.0	79.0	79.0	79.0	79.0

POSITIONS:

FULL-TIME	-0-	1	1	1	1	1
PART-TIME		1	1	1	1	1
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

*Purchase of the remaining available land rights would generate an estimated $300 per acre.

Prepared by: Richard LeFebvre
Phone: 762-2692
Division: Land and Water Management
Date: 2/24/88

Approved by Commissioner: Tom Hawkins (acting)
Date: 3/19/88
Agency: Natural Resources

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
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Office of Management and Budget
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FISCAL ANALYSIS
continued

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