

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5465 SRES SB 206 - SB 280

1037

RAILBELT ENERGY PLAN

April 8, 1987

Last year, after the Susitna Hydroelectric Project was cancelled, the Legislature established the Railbelt Energy Fund and the Railbelt Energy Council. The purpose of the Railbelt Energy Fund was to reserve approximately \$280 million, previously earmarked for Susitna, for other Railbelt energy projects. A major purpose of the Railbelt Energy Council was to recommend such projects.

In creating the Railbelt Energy Fund and the Railbelt Energy Council, legislators and administration officials made one thing very clear to the seven electric utilities in the region: They needed to agree on a plan of action and they needed to work with and through the Railbelt Energy Council.

This has been done.

For the first time ever, all seven Railbelt utilities, which together serve more than three quarters of the State's population, have agreed on a Railbelt energy development plan. That plan consists of two basic elements: Completion of the Bradley Lake Hydroelectric Project and completion of a solid Railbelt transmission intertie system.

The plan was unanimously recommended by the Railbelt Energy Council in its January 24, 1987, report to the Legislature. Moreover, the plan has been endorsed by a broad Railbelt coalition that includes business, labor and government leaders. Many local governments and chambers of commerce throughout the Railbelt have passed formal resolutions of support.

Among the governmental entities are the Anchorage Municipal Assembly, Fairbanks City Council, Matanuska-Susitna Borough, Wasilla City Council, Palmer City Council, Kenai Peninsula Borough, Homer City Council, Kenai City Council and Soldotna City Council, as well as the Kenai Caucus and Unified Fairbanks organizations. Labor supporters include the Alaska AFL-CIO and its 48 unions and affiliates, including the International Brotherhood of Electrical Workers Local 1547, and Teamsters Union Local 959. Local chambers of commerce that have passed resolutions include Anchorage, Fairbanks, Wasilla, Palmer, Big Lake, Willow, Talkeetna, Kenai, North Kenai and Homer. The Alaska State Chamber of Commerce has made the Bradley Lake project and the intertie system one of its highest legislative priorities.

- Regional cooperation and coordination will be improved, as already evidenced through the establishment of the Railbelt Energy Council and the Railbelt energy coalition.

BRADLEY LAKE

The major benefit of the Bradley Lake project is the assurance of a stable, long-term supply of low-cost power, to be shared throughout the Railbelt utilizing the proposed intertie system. Because of higher capital costs, hydroelectric power is initially more expensive than that from fossil fuel plants. However, Bradley Lake energy is expected to become cheaper than the least-cost alternative of natural gas within the first five to seven years of Bradley's operation. The real payoff is that hydroelectric projects like Bradley Lake will last up to 100 years, compared to 20 or 30 years for gas turbines and other fossil-fuel generation facilities.

It is very important to remember that Bradley Lake will be more than an additional power source for the Railbelt. It will also be replacement power, because many of the region's existing gas-fired generation units will be wearing out in the early and mid-1990s.

The current plan, agreed to by all seven Railbelt utilities, is for the State and those utilities -- through long-term power sales agreements -- to split the cost of the project. Under the current \$350 million cost estimate, the State's contribution would be \$175 million, which is \$43 million less than a previously agreed-to state equity share of \$218 million. Should the cost of Bradley drop further, as many expect it will, the State's contribution would be reduced proportionately.

Of the \$175 million from the State, \$118 million already has been committed to project. The Governor has introduced legislation -- S.B. 159 and H.B. 165 -- to appropriate an additional \$50 million from the Railbelt Energy Fund, to replace \$50 million previously approved from the general fund but later rescinded. With the \$118 million, the \$50 million will bring the State's Bradley Lake contribution to \$168 million, or within \$7 million of the currently proposed \$175 million. It is expected that the final \$7 million will be appropriated by the current Legislature for fiscal 1988. Approximately \$50 million already has been spent on the project, much of it for site preparation and support facilities.

THE INTERTIES

Construction has not yet begun on the interties, but studies are well under way. An economic analysis on both the southern and northern interties has been completed. So has a preliminary engineering feasibility study on the southern Intertie, with the final report due in the very near future. An engineering feasibility study on the northern intertie is in progress, with a final report due in early May. It is important that environmental work commence this year so the transmission system can be in place when the Bradley Lake project comes on line, or as soon afterward as possible.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

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THE PROJECTS

The Bradley Lake Project is a 90-megawatt hydroelectric facility under construction near Homer. It is scheduled for completion in 1990, and is designed to accommodate future enlargement to 135 megawatts. The Railbelt transmission system has two components: Upgrade of the existing 138-kilovolt Anchorage-Fairbanks transmission line to 345 kilovolts, and construction of a 230-kilovolt circuit from Anchorage to the lower Kenai Peninsula.

Bradley Lake was originally estimated to cost \$408 million, including financing. That figure is now down to \$350 million, and may drop even more given the sluggish economy and lower than expected inflation growth. The interties are estimated to cost \$200 million. That figure, too, could drop.

BENEFITS

Separate studies by the Division of Policy in the Governor's Office, the House Research Agency and the Alaska Power Authority all show positive benefits for Bradley Lake and the interties, even when considered on their own.

A February 25, 1987, analysis by the Division of Policy and a March 18, 1987, analysis by the House Research Agency both estimate savings of approximately \$85 million for Bradley Lake over the natural gas-fired generation alternative. Even under a much more conservative and unlikely scenario where the gas alternative would be delayed from the early 1990s to 1998, the House Research Agency analysis still projects savings of \$36 million for Bradley Lake.

A March 1987 economic analysis prepared by a private consultant for the APA shows total quantifiable benefits of \$423 million for the Anchorage-Fairbanks and Anchorage-Kenai Peninsula interties combined. This does not count other, less quantifiable benefits such as increased power system reliability and the facilitation of economic development.

Although the utilities believe the benefits cited in the above studies are understated, and that savings may be even higher, all the work to date agrees that Bradley Lake and the interties have a positive value as independent projects. When considered together, the benefits are even greater. Among the benefits of the combined Bradley Lake-intertie plan are these:

- Long-term electric rates will be lower than otherwise for the majority of consumers in the State.
- Regional power reliability will be significantly improved.
- Generation resources, including future development, will be more diversified.
- Economic development opportunities, including jobs, will be substantially enhanced.

- Regional cooperation and coordination will be improved, as already evidenced through the establishment of the Railbelt Energy Council and the Railbelt energy coalition.

BRADLEY LAKE

The major benefit of the Bradley Lake project is the assurance of a stable, long-term supply of low-cost power, to be shared throughout the Railbelt utilizing the proposed intertie system. Because of higher capital costs, hydroelectric power is initially more expensive than that from fossil fuel plants. However, Bradley Lake energy is expected to become cheaper than the least-cost alternative of natural gas within the first five to seven years of Bradley's operation. The real payoff is that hydroelectric projects like Bradley Lake will last up to 100 years, compared to 20 or 30 years for gas turbines and other fossil-fuel generation facilities.

It is very important to remember that Bradley Lake will be more than an additional power source for the Railbelt. It will also be replacement power, because many of the region's existing gas-fired generation units will be wearing out in the early and mid-1990s.

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Of the \$175 million from the State, \$118 million already has been committed to project. The Governor has introduced legislation -- S.B. 159 and H.B. 165 -- to appropriate an additional \$50 million from the Railbelt Energy Fund, to replace \$50 million previously approved from the general fund but later rescinded. With the \$118 million, the \$50 million will bring the State's Bradley Lake contribution to \$168 million, or within \$7 million of the currently proposed \$175 million. It is expected that the final \$7 million will be appropriated by the current Legislature for fiscal 1988. Approximately \$50 million already has been spent on the project, much of it for site preparation and support facilities.

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The Railbelt intertie system has a number of benefits, some quantifiable and some not easily quantifiable but nonetheless important. Here are some of them, as listed in the economic analysis:

Economy power interchanges -- The interties will permit the displacement of higher-cost generation in one area of the Railbelt with the lowest-cost generation from any other area. This will produce substantial savings for consumers.

Sharing of generation reserves -- The interties will allow one or more utilities to forego building or maintaining the amount of reserve generation capacity that would otherwise be necessary. Instead, those utilities could rely on reserves available elsewhere in the interconnected system.

Siting flexibility for new generation plants -- The interties will provide much greater flexibility in siting new generation plants within the Railbelt wherever the costs of operation -- including, importantly, fuel costs -- are the lowest.

Improved system reliability -- The interties will greatly improve electric system reliability throughout the Railbelt. For the first time, every Railbelt utility will have access to enough power from other systems to cope with any emergency or maintenance requirement. This will translate into fewer and briefer outages.

Increased system efficiency -- Transmission losses of electric energy are reduced in higher voltage circuits, such as the interties. It is estimated that line losses between Anchorage and the lower Kenai Peninsula will be reduced by 80 percent, while losses between Anchorage and Fairbanks will be reduced by 60 percent. Transmission loss reductions of this magnitude will result in many thousands of dollars in savings.

Increased utility coordination -- By virtue of its existence, a strong regional transmission grid will foster improved coordination and cooperation among Railbelt utilities. This will lead to increased participation in future generation and other power projects, with attendant sharing of costs and savings.

Distribution of Bradley Lake benefits -- The interties will enable all seven Railbelt utilities to directly participate in the Bradley Lake project, thereby spreading the costs and the benefits over a much wider base. With the limited existing transmission facilities, only Homer Electric Association and Chugach Electric Association could directly access Bradley Lake power.

Enhanced competition among fuel suppliers -- A major benefit of the interties is that they will improve access by all seven Railbelt utilities to a variety of generation fuel sources throughout the region. For example, power generation using cheaper wellhead natural gas on the Kenai Peninsula is presently constrained by a limitation in transmission capacity. With the interties, each utility will have a broader range of energy supply alternatives, and the utilities' bargaining positions with respect to potential fuel suppliers will be strengthened.

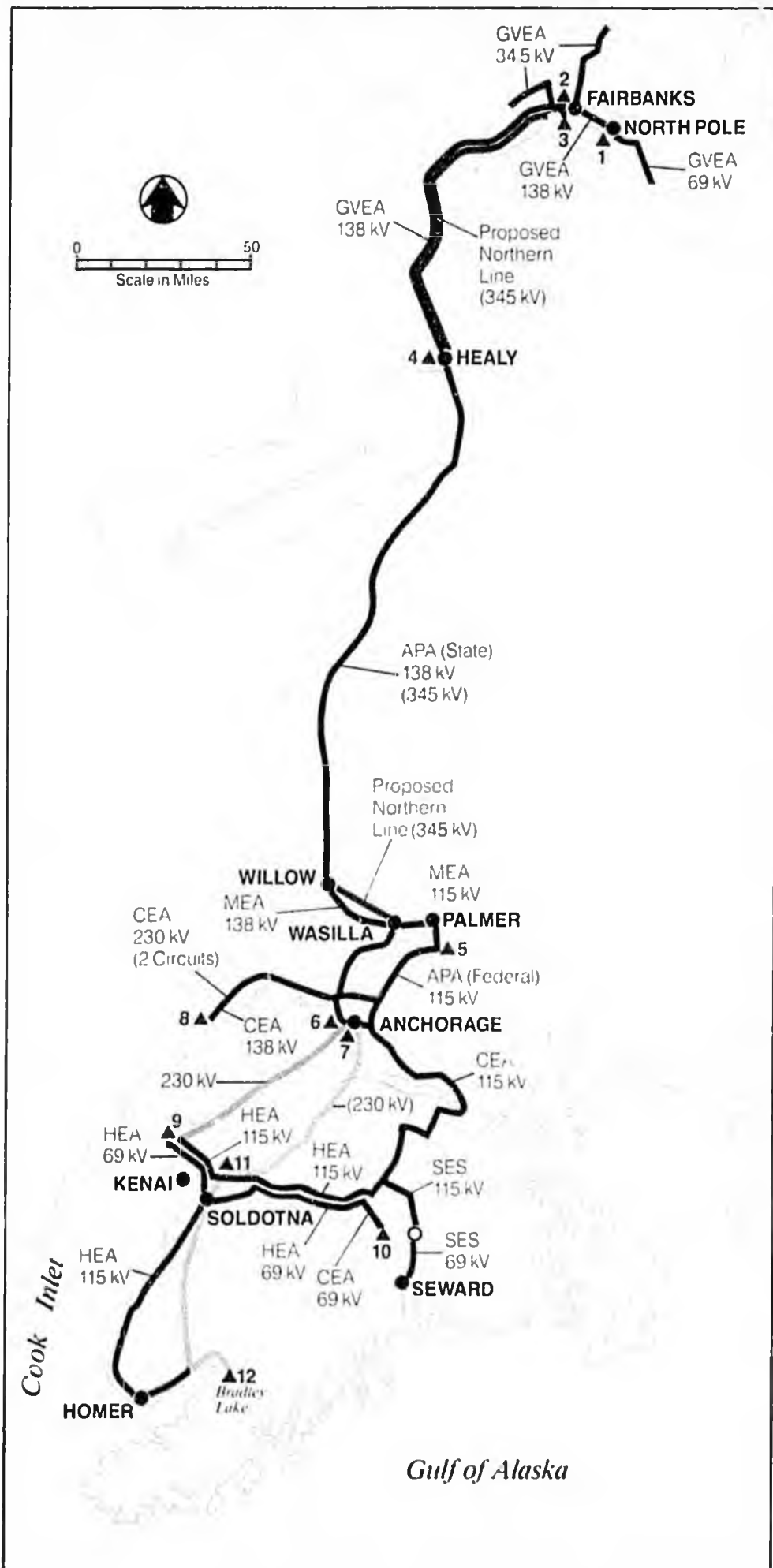
Another very important general benefit of the interties is that they will facilitate economic development and commerce, the results of which will be felt even beyond the Railbelt. In this respect, the interties are analogous to a highway, whose contribution to economic development and commerce is easily understood yet difficult to model. Where a highway carries motor vehicles, the interties will carry an equally essential commodity -- electric energy. Like good roads, a good electric transmission system is essential to a region's development.

SUMMARY

The program to complete the Bradley Lake project and the Railbelt interties is sound. The projects will benefit the majority of Alaska's consumers, and there is unprecedented support from a broad spectrum of interests, including every electric utility in the region as well as labor, business and local government.

Both the Bradley Lake project and the interties are bona fide public works projects, and they will pay long-term dividends. The Railbelt's power supply network will be strengthened in a number of ways, including reliability and lower-cost generation in the future. The regional and statewide economies -- including the job sector -- will be stimulated during construction and for many years to come.

While there inevitably is disagreement over how best to use public funds, especially during times when revenues are less plentiful, there is a demonstrable need for the Bradley Lake project and the intertie system. This program fulfills a high public purpose.



Railbelt Generation and Transmission Systems

LEGEND

- Community
- ▲ Generation Station
- 2 Generation Station Identification Number
- 230 kV Line Capacity
- Line Capacity Change
- Northern Line (Proposed)
- Fritz Creek Transmission Line (Proposed)
- Enstar Gas Pipeline Route (Proposed)
- Tesoro Products Line Route (Proposed)
- Transmission Line Route (Existing)

Prepared by ARECA

1. Oil Fired Generation — 121.8 mW — Golden Valley Electric Association — North Pole
2. Oil Fired Generation — 40.6 mW — Fairbanks Municipal Utilities System — Fairbanks
Coal Fired Generation — 28.6 mW — Fairbanks Municipal Utilities System — Fairbanks
3. Oil Fired Generation — 51 mW — Golden Valley Electric Association — Fairbanks
4. Coal Fired Generation — 25 mW — Golden Valley Electric Association — Healy
5. Hydroelectric Generation — 30 mW — Alaska Power Administration (Federal) — Eklutna
6. Natural Gas Generation — 330 mW — Anchorage Municipal Light & Power — Anchorage
7. Natural Gas Generation — 49.4 mW — Chugach Electric Association — Anchorage
8. Natural Gas Generation — 360 mW — Chugach Electric Association — Beluga
9. Natural Gas Generation — 81.7 mW — Chugach Electric Association — Bornice Lake
10. Hydroelectric Generation — 17.4 mW — Chugach Electric Association — Cooper Lake

Original sponsors: Coghill and Faiks

del. to Coghill

1 IN THE SENATE BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 206 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Power Authority; and
7 providing for an effective date."

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

9 * Section 1. AS 44.83.092 is amended by adding a new subsection to
10 read:

11 (b) A contract that the authority enters into under (a) of this
12 section relating to the sale of electric power from a power project to
13 be acquired or constructed under AS 44.83.380 - 44.83.425 (energy
14 program for Alaska) may create a project management committee. The
15 committee shall consist of representatives of the contracting parties
16 as specified in the contract. The contract shall determine the powers
17 of the committee with respect to the power project. The powers may
18 include responsibility for the management, operation, and maintenance
19 of the project. To the extent provided in the contract, the committee
20 has separate legal existence and other powers necessary to its pur-
21 poses.

22 * Sec. 2. AS 44.83.170 is amended by adding a new subsection to read:

23 (i) The Railbelt advisory committee, composed of one member from
24 each electric utility in the Railbelt, is established. The authority
25 may not make a loan under this section for an energy-related project
26 that is located in the Railbelt until the Railbelt advisory committee
27 has had an opportunity to review the loan application. The authority
28 shall consider the written comments and recommendations of the commit-
29 tee before acting on the loan application.

* Sec. 3. AS 44.83 is amended by adding a new section to read:

Sec. 44.83.172. POWER PROJECT BONDS. (a) The authority may borrow money and issue bonds to make or refinance loans from the power project fund for the acquisition or construction of power projects under AS 44.83.170(b)(1). Loans made or refinanced with the proceeds of bonds authorized by this section are subject to AS 44.83.170(a) - (e). However, the authority may not issue bonds to make or refinance a loan entered into under a leveraged lease financing arrangement. The authority may issue bonds if the borrower is an entity that may borrow from the fund under AS 44.83.170.

(b) With respect to loans made or refinanced with the proceeds of bonds, the authority may pledge the principal and interest received from the loan repayments and the interest earned on those amounts in the power project fund for bonds issued under this section. Notwithstanding AS 44.83.170(g), if the authority pledges these amounts, they may not be deposited into the general fund.

(c) The authority may notify the head of a department or agency of the state in writing that a municipality is in default on the repayment of principal or interest on loans made or refinanced with the proceeds of bonds issued under this section. Notwithstanding any other provision of law, to the extent that a department or agency of the state is the custodian of money payable to the municipality, the department or agency shall withhold payment of the money from the municipality and pay over the money to the authority to pay principal and interest on bonds of the authority issued under this section.

* Sec. 4. AS 44.83.187(d) is amended to read:

(d) The provisions of AS 44.83.177 - 44.83.185 do not apply to
(1) an addition, modification, repair, reconstruction, design, acquisition or construction for the purpose of completing a

1 project;

2 (2) the construction of an electrical transmission or dis-
3 tribution facility [THAT IS ESTIMATED TO COST LESS THAN \$3,000,000].

4 * Sec. 5. This Act takes effect immediately under AS 01.10.070(c).
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Cramer
3/27/87

Original sponsors: Coghill and Faiks

del. to Coghill

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SB

221



STATE OF ALASKA
OFFICE OF THE GOVERNOR
BILL ANALYSIS

DEPARTMENT Fish and Game	DIVISION Habitat	BILL NUMBER SB 221	SPONSOR Rules Committee, req. for Gov.
DEPARTMENT POSITION The department supports the bill.			
PREPARED BY Bruce Baker	DATE 4/6/87	COMMISSIONER'S SIGNATURE <i>Donnell Callensworth</i>	DATE 4.8.87

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Alaska Department of Natural Resources; Municipality of Anchorage	CONSTITUENT GROUP(S) AFFECTED BY BILL Hunters, recreationalists, trappers
ORGANIZATIONAL SUPPORT FOR BILL Conservation Groups, boaters, campers photographers, cross-country skiers	ORGANIZATIONAL OPPOSITION TO BILL None known

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

The bill would return into public ownership a green belt along a portion of Eagle River protecting important fish and wildlife habitat, riparian habitat important for flood control, and maintenance of water quality. It would maintain the opportunity for traditional recreational uses such as hiking, wildlife viewing, canoeing, rafting and camping.

ANALYSIS OF BILL/PROGRAM EFFECTS

This bill would allow the state (Division of Parks) to actively plan and manage an important portion of Eagle River. Trails, wildlife viewing platforms, sanitary facilities, camping and picnic areas may be developed after completion of a plan. These types of development would accommodate the present high use of the area and demand for this type of recreational opportunity.

AMENDMENTS PROPOSED

None

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____
 Revision Date: _____
 Title: Eagle River Greenbelt Land
Exchange
 Sponsor: RULES Committee
 Requestor: Governor

Bill Version: SB 221
 Publish Date: _____

Agency Affected: Dept. of Fish and Game
 BRU: Habitat, Sport Fish, Game

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						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Bruce Baker Phone: _____
 Division: Habitat Date: _____
 Approved by Commissioner: *Donnell Callensworth* Date: 4.8.87
 Agency: Fish and Game

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

SENATE COMMITTEE REPORT

FURTHER:

4/10/87

DATE TURNED INTO OFFICE _____

Mr. President:

RESOURCES

Committee considered

SB 221

Eagle River Greenbelt land exchange; efd.

and recommended:

[] replace with CS FOR _____) [] same title
[] or adopt _____ CS FOR _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

[] individual recommendation

[] further referral to _____

[] letter of intent adopted _____

Committee [] attached or [] adopted fiscal note(s)

[] new [] updated or [] previous

[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

[] Committee Backup Attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 4/2/87 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: RESOURCES

**FISCAL NOTE(S) ATTACHED X **
IN ACCORDANCE WITH AS 24.08.035
(see below)

DATE TURNED INTO OFFICE 4/10/87

Mr. President:

COMMUNITY & REGIONAL AFFAIRS Committee considered SB 221

relating to the Eagle River Greenbelt land exchange; efd.

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

Committee attached or adopted fiscal note(s)
Quinn zero fiscal impact Yes

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS Watson

Tim Kelly
Rich Halford
Mike [unclear]
[unclear]

Colin Stupulowski Do Pass
Chairman signature and recommendation

Committee Backup Attached

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: SB221

Publish Date: _____

Revision Date; March 27, 1987

Agency Affected: Natural Resources

Title: Eagle River Greenbelt land exchange

BRU: Land and Water Management

Sponsor: Rules (Governor)

Components: _____

Requestor: _____

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 & STRUCTURE						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS :

Prepared by: Tom Hawkins

Phone: 465-2400

Division: Land & Water Management

Date: 3/27/87

Approved by Commissioner: Jennie Boston Gorseuch

Date: 3/27/87

Agency: Natural Resources

Distribution (by preparer):

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

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 27, 1987

The Honorable Jan Faiks
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, and AS 38.50.140, I am transmitting a bill approving and ratifying the Eagle River Greenbelt land exchange, and adding 1.09 acres to Chugach State Park. The land exchange acquires from Eklutna, Inc., for the public, a greenbelt consisting of 3,558 acres along Eagle River in the Municipality of Anchorage, and an option to purchase two additional parcels. In return, Eklutna will receive Block 112A, Anchorage Original Townsite, located on the east end of downtown Anchorage, plus \$173,300.

The state began land exchange negotiations with Eklutna, Inc. in June, 1986. The greenbelt is based on a plan adopted by the Anchorage Assembly on May 7, 1985 (Assembly Resolution 85-88). The original boundary of the planned greenbelt was adjusted to reduce the amount of developable land included, thereby reducing the overall cost to the state. Only surface interests are being exchanged. Cook Inlet Region, Inc. (CIRI), owns the subsurface of the Eklutna, Inc., land. In an agreement with the Municipality of Anchorage on November 25, 1986, CIRI agreed to execute to the state, without compensation, a non-development covenant for the subsurface estate to a vertical depth of 250 feet as long as the area is used for passive public park purposes. The covenant will also allow the annual use of up to 500 cubic yards of sand and gravel on site for trails and public access.

The land that the state is offering in exchange was acquired by the state for a state office complex. It is located between "A" and Cordova Streets and between Fifth and Sixth Avenues. Changing economic conditions have made plans for constructing a state office building on this site obsolete, leaving the land available for exchange. Under the terms of a settlement dated November 25, 1986

between the state and the Municipality of Anchorage, under the municipal entitlements statutes (AS 29.65), the Municipality of Anchorage will acquire the state's interests in Block 112A if this proposed land exchange is not completed.

The appraisals for this exchange were prepared by the firm of Black-Smith and Richards, Inc. The appraised value of the Eagle River Greenbelt being acquired by the state, including the Thunderbird Falls parking lot, is \$8,773,300. This total does not reflect the value of two parcels that were appraised separately. Parcels 3 and 4, appraised at \$220,000 and \$110,000 respectively, have been excluded from the exchange, with the state receiving an option until May 1, 1988 to purchase these parcels at that appraised value.

The appraised value of Block 112A is \$8,600,000. The difference of \$173,300 will be paid by the state to Eklutna, Inc. to make this an equal-value exchange. The legislature appropriated \$1,000,000 for acquisition of the Eagle River Greenbelt in 1986. Two-thirds of this was frozen by Governor Sheffield because of the revenue shortfall. There is, however, sufficient money left to cover the expenses for completing this exchange and to pay Eklutna, Inc. \$173,300 to equalize values in the exchange. If the money restricted by Governor Sheffield in capital improvement projects appropriation number 39454 is made available before July 1, 1987, the state will exercise its option to purchase parcels 3 and 4 before August 1, 1987.

This exchange has many benefits. Under the exchange, the state will acquire an important recreational resource in close proximity to a major urban area. The exchange will guarantee continued access by tourists and local residents to sport-fishing, wildlife viewing, berry-picking and other recreational activities. It will protect fish and wildlife habitat, and wetlands. It will also resolve two instances of state use of Eklutna, Inc. land: both the Eagle River Campground and the Thunderbird Falls parking lot are located partially on land owned by Eklutna, Inc.

This exchange also makes Block 112A available for private development. This block is located diagonally across from the Anchorage Historical and Fine Arts Museum, near the Sheraton Hotel and other tourist attractions. The state's development of this block no longer seems feasible. Allowing it to remain as a vacant parking lot on the main

thoroughfare into Anchorage is considered by many to amount to urban blight. Eklutna, Inc. will be in a better position to develop this parcel, and the land will return to the tax rolls.

Section 1 of the bill sets out the purpose of the legislation. Section 2 of the bill approves the exchange. Section 3 adds the Thunderbird Falls parking lot, described as section 25, tract B, Thunderbird Heights Subdivision, to Chugach State Park. This is necessary because this parcel is outside of the boundaries of the park. Under AS 41.21.122, the commissioner is authorized to modify the park boundaries, subject to legislative approval.

All of the requirements for a land exchange, except legislative review, have been satisfied. The state gave public notice of the exchange in January and February 1987, and held public hearings in three locations on February 18, 1987. The hearing record remained open for two weeks after that to receive written comments. The finding, under AS 38.05.035(e), that this exchange best serves the interests of the state was made on March 6, 1987. On that same date the final exchange agreement was signed.

AS 38.50.140 says that the governor is required to transmit proposals for land exchanges to the president of the senate and the speaker of the house of representatives within 10 days after the convening of a regular legislative session unless exigent circumstances require transmittal at another time. Under the schedule agreed to by the parties on August 13, 1986, this bill would have been brought before you on January 20, 1987.

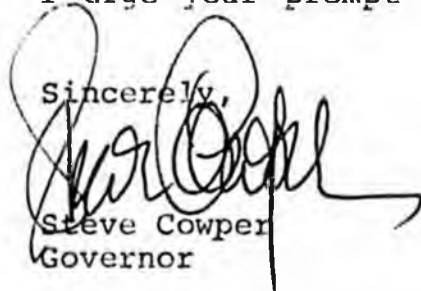
Due primarily to problems with the appraisal process, it was impossible to meet that deadline. A protest of the award of the appraisal contract was received from an unsuccessful bidder. The hearing and resolution of that protest delayed the award of the contract. In addition, several questions were raised by Eklutna, Inc. and by state review appraisers after the draft appraisals were received. Resolution of these questions and the delay in awarding the contract delayed approval of the appraisals by 75 days. For these reasons, I find that exigent circumstances prevented submittal of this legislation earlier this year.

Two relevant statutes are inconsistent with each other. AS 38.50.140, mentioned above, refers to land exchanges "submitted to the legislature for approval under AS 38.-

50.020(a)." However, AS 38.50.020(a) says nothing about legislative approval, merely stating that certain exchanges or final agreements to exchange are "subject to legislative review under AS 38.50.140." As you know, any statute purporting to subject an executive-branch act to a legislative veto raises significant constitutional issues under the law-making-procedures provisions and the separation-of-powers doctrine. See State v. A.L.I.V.E. Voluntary, 606 P.2d 769 (Alaska 1980); and Immigration and Naturalization Service v. Chadha, 462 U.S. 919, 77 L.Ed.2d 317, 103 S.Ct. 2764 (1983). Nevertheless, I am submitting this Eklutna land exchange to the legislature for approval because I know of and wish to accommodate the legislature's strong interest in it and because I wish to avoid any possible challenge to the exchange on the grounds that the statutes were not fully satisfied.

It is imperative that you approve this legislation this session if the exchange is to proceed. Failure to do so will lose this opportunity to acquire the Eagle River Greenbelt from Eklutna, Inc. If the exchange fails, the Municipality of Anchorage will receive the state's interest in Block 112A in partial satisfaction of Anchorage's entitlement under AS 29.65. I urge your prompt and favorable action on this measure.

Sincerely,



Steve Cowper
Governor

S B

2 3 3

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 233

Publish Date: _____

REQUEST

Revision Date: _____
 Title: "... sport fishing, hunting, and trapping licenses ..."
 Sponsor: Bennett
 Requestor: Resources

Agency Affected: Department of Revenue
 BRU: Public Services Operating

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	3.0	-	-	-	-
CONTRACTUAL	-	20.7	-	-	-	-
SUPPLIES	-	1.2	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LAND & STRUCTURES	-	-	-	-	-	-
GRANTS/CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	24.9	-	-	-	-

CAPITAL	-	-	-	-	-	-
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REVENUE	-	-	-	-	-	-
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-	24.9	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	24.9	-	-	-	-

POSITIONS:

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

ANALYSIS: See attached.

Prepared by: Sally Smith
 Division: Public Services

Phone: 465-2392
 Date: 04/29/87

Approved by: [Signature]
 Commissioner: _____
 Agency: Revenue

Date: April 29, 1987

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management & Budget
- Impacted Agency(ies)
- Senate Secretary

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 233

<u>Estimated Expenditures:</u>	<u>FY 88</u>	
<u>Travel:</u>	3.0	
		3.0
<u>Contractual:</u>		
Systems Analyst/Programmer 3 months at Range 18B (\$4,217 per month)	12.7	
Forms printing	3.5	
Postage	3.7	
Forms design and typesetting	.8	
		20.7
<u>Supplies:</u> Envelopes	.4	
Covers for Manual	.8	
		1.2
<u>Total</u>		<u>24.9</u>

Travel: License Officer training sessions will be scheduled in Anchorage, Fairbanks, Kenai Peninsula, Wasilla/Palmer, Juneau, Sitka and Ketchikan.

Systems Analyst/Programmer: This bill would add 10 or 15 new classes of licenses, and would increase the size of the computer records. This would require revision and reformatting of all F&G License programs including the distribution, statistical reports, data entry, 0400 audit, and 0300 supply issuance programs.

Forms Printing: License applications, collection reports, posters, supply requests, and instruction manuals would have to be reprinted for distribution to vendors. In addition, notification of changes would have to be printed to send to vendors.

Postage: An additional \$1,092 would be spent to include revised forms in the initial shipment to vendors. Four vendor notification mailouts would cost \$704. First class mailing of new instruction manuals would cost \$1,920.

Forms Design and Typesetting: Estimate for redesign of license is \$400. Another \$400 is for redesign of application, collection report, poster and supply request.

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of _____ 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

**FISCAL NOTE(S) ATTACHED _____*
IN ACCORDANCE WITH AS 24.08.035
(see below)
4/3/87

DATE TURNED INTO OFFICE _____

Mr. President:

RESOURCES _____ Committee considered _____ SB 233

sport fishing, hunting, and trapping liceses; efd.

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Committee Backup Attached _____
Chairman signature and recommendation

S B

236

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of _____ 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

**FISCAL NOTE(S) ATTACHED _____ **
IN ACCORDANCE WITH AS 24.08.035
(see below)

4/7/87

DATE TURNED INTO OFFICE _____

Mr. President:

RESOURCES _____ Committee considered _____ SB 236

establishing a special fund within the power project fund for power projects connected to the Fairbanks-Kenai Peninsula Intertie.

and recommended:

[] replace with CS _____ [] same title
[] attached amendment(s) and [] new title

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted and attached

** Committee [] attached or [] adopted fiscal note(s)
[] zero [] fiscal impact

MEMBERS SIGNING DO PASS

[Signature]

[Signature]

OTHER RECOMMENDATIONS

[Signature] - No Rec

[Signature]

Chairman signature and recommendation
pass

[] Committee Backup Attached

Alaska State Legislature

Senate Resources Committee



Box V

Juneau, Alaska 99811
(907) 465-4907

Sen. John B. (Jack) Coghill, Chairman
Sen. Paul Fischer, Vice-Chairman
Sen. Lloyd Jones
Sen. Artiss Sturqulewski
Sen. Jim Duncan
Sen. Fred Zhatoff
Sen. Dick Eliason

April 10, 1987

MEMORANDUM

TO: Members of the Senate Resources Committee

FROM: Senator Coghill

RE: SB 236, Railbelt Energy Revolving Loan Fund

In its report of January 24, 1987 to the Legislature, the Railbelt Energy Council recommended establishment of an energy project revolving loan fund utilizing monies remaining in the Railbelt Energy Fund after completion of the Bradley Lake Hydroelectric Project and the Kenai Peninsula-Anchorage-Fairbanks Interties. SB 236 sets up such a fund within the existing APA Power Project Fund.

The loans would be made to the interconnected Railbelt utilities in accordance with the existing criteria in AS 44.83.170. The only exception would be that the principal and interest payments and other earnings of the revolving loan fund would be retained by it.

On this latter point, while there has been substantial legal speculation and opinion as to whether retaining of the principal, interest and other earnings in a revolving loan fund violates the dedication of funds principle of the Alaska Constitution, to date there has not been a court case that has definitively resolved the issue. The best that can be said is that retaining the principal only is more defensible than principal and interest, and that retaining of principal, interest, and other earnings appears to be the least defensible case. According to an AG memorandum of July 19, 1985 (copy attached), the AG will continue to defend the practice despite having some reservations about the practice.

MEMORANDUM

State of Alaska

TO: Hon. Mary A. Nordale, Commissioner
 Milton Barker, Deputy Commissioner
 Department of Revenue

DATE: July 19, 1985

FILE NO: 366-171-85

TELEPHONE NO: 465-3600

FROM: Norman C. Gorsuch
 Attorney General

SUBJECT: Dedication of interest income to fish & game fund and power development revolving loan fund

By: *Susan D. Cox*
 Susan D. Cox
 Assistant Attorney General
 Governmental Affairs-Juneau

You have asked whether the dedications of interest income to the fish and game fund in AS 16.05.110(5) and to the power development revolving loan fund in AS 44.33.600(b)(3) are constitutional. We have previously considered the question with respect to the fish and game fund in a 1982 formal opinion to the legislative auditor Gerald Wilkerson and then-Commissioner of Administration Carole Burger. 1982 Op. Att'y Gen. No. 13 (Nov. 30), a copy of which is attached. As indicated earlier, we would defend the constitutionality of the dedication of interest to the fish and game fund. Although the power development revolving loan fund was created just last year and we have not before specifically considered your question with respect to that fund, we believe the same advice applies.

The relevant constitutional provision provides:

DEDICATED FUNDS. The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in section 15 of this article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

Alaska Const. art. IX, § 7.

The fish and game fund is a revolving fund which is composed of, among other things, the proceeds of fishing and hunting licenses. AS 16.05.110. Your opinion request states that the "principal of the Fund has not, in general, been appropriated to the Fund but is the result of a statutory dedication necessary to receive certain Federal funds." This was noted by our November 30, 1982 opinion, which concluded that because "the dedication of proceeds of fishing and hunting licenses to the operation of a Department of Fish and Game is required by

Hon. Mary A. Nordale, Commissioner
 Milton Barker, Deputy Commissioner
 Department of Revenue

July 19, 1985
 Page 82
 366-171-85

federal law for participation in federal programs," it "is therefore authorized by Article IX, section 7," 1982 Op. Att'y Gen. No. 13, at 21 (Nov. 30).

Your request for advice mentions that the pertinent federal statutes do not require dedications of the interest earned on the dedicated funds in order to participate in any federal programs. The Alaska legislature, however, has statutorily included "interest earned upon money in the fund" within the fish and game fund itself. AS 16.05.110(5). You ask whether this interest dedication is permissible in light of article IX, section 7 of our constitution. With respect to this question, our earlier opinion concluded that there was no easy answer to this question. 1982 Op. Att'y Gen. No. 13, at 21-22 (Nov. 30). However, I refer you to the discussion of this issue at pages 14-16, specifically our conclusion on page 17 that "until the question is ruled on by the courts, we will defend legislative action dedicating, by general law, derivative income to the funds which 'earned' them." */

The power development revolving loan fund was established in the Department of Commerce and Economic Development in 1984. AS 44.33.600(a). This fund consists of appropriations to the fund by the legislature, repayments of principal to the fund, and "income from investment of money in the fund and from loans made from the fund." AS 44.33.600(b). Your inquiry regarding dedication concerns only the dedication of investment income in AS 44.33.600(b)(3), not income from loans made from the fund.

The advice given in our earlier formal opinion is applicable to your question regarding the power development revolving loan fund. We see no reason to draw a distinction between the handling of "interest earned upon money in the [fish and game] fund" and "income from investment money in the [power development revolving loan] fund." AS 16.05.110(5) and AS 44.33.600(b)(3). In fact, the advice given in the November 1982 formal opinion is directed generally at "interest or other income earned by money appropriated to revolving funds...." 1982 Op. Att'y

*/ Our 1982 opinion mentioned that pending litigation was expected to resolve issues raised by your request: Trustees for Alaska v. State of Alaska and Alaska Power Authority, No. 3AN-492-82 CIV (Alaska Super., Jan 21, 1982), referenced in n.1 on page 2 of the November 30, 1982 opinion. However, our file for that litigation was closed this year, without any definitive opinions being rendered by the court.

Hon. Mary A. Mordale, Commissioner
Milton Barker, Deputy Commissioner
Department of Revenue

July 19, 1985
Page #3
366-171-85

Gen. No. 13, at 14 (Nov. 30). Although we cannot say with certainty how a court would treat the dedication of investment income, we will continue to defend this practice.

We hope this memorandum is helpful to you, and apologize for the delay in responding.

SDC/pjg

Enc.

cc: Gerald Wilkerson, Legislative Auditor
Division of Legislative Audit

STATE OF ALASKA 1987 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

FISCAL DETAIL

Bill/Resolution No.: Senate Bill 236
 Title: An Act establishing a special fund
within the Power Project Fund for power
projects connected to the Fairbanks-Kenai Peninsula
 Sponsor: Coghill
 Requestor: (S) Resources
 Date of Request: 4/10/87

Agency Affected: Alaska Power Authority
 BRU: Dept. of Commerce & Economic
Development
 Intertie.
 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						

CAPITAL						
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REVENUE						
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FUNDING : (Thousands of Dollars)

GENERAL FUND		(1,500)*	(1,500)	(1,500)	(1,500)	(1,500)
FEDERAL FUNDS						
OTHER						
TOTAL		(1,500)	(1,500)	(1,500)	(1,500)	(1,500)

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

*Impact should be offset by reduced need of General Fund assistance for future Railbelt energy and conservation projects. Analysis based on a \$25 million fund and a reinvestment rate of 6 percent per year (the approximate rate of a high quality one-year CD).

Prepared by: Robert E. LeResche, Executive Director Phone: (907) 465-3575
 Division: Alaska Power Authority Date: 4/10/87

Approved by Commissioner: J. Anthony Smith Date: 4/10/87
 Agency: Dept. of Commerce & Economic Development

Distribution (by Agency preparing fiscal note):

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

S B

248

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version : SB 248

Publish Date : _____

Revision Date: 5/8/87

Tide: Interest Rates Charged in State

Land Sale Contracts

Sponsor: Senator Faiks

Requestor: Senate Resources

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		309.3	309.3			
TRAVEL		0.0	0.0			
CONTRACTUAL		15.4	15.4			
SUPPLIES		7.1	2.5			
EQUIPMENT		3.6	0.0			
LAND & STRUCTURES		0.0	0.0			
GRANTS, CLAIMS		0.0	0.0			
MISCELLANEOUS		0.0	0.0			
TOTAL OPERATING		335.4	327.2	0.0	0.0	0.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		40.6				
FEDERAL FUNDS						
OTHER		294.8	327.2			
TOTAL		335.4	327.2			

POSITIONS:

FULL-TIME		10.0	10.0			
PART-TIME		1.0	1.0			
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Tom Hawkins
Division: Land and Water Management

Phone: 465-2400
Date: 5/8/87

Approved by Commissioner: *Judith M. Burt*
Agency: Natural Resources

Date: _____

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

Fiscal Note Analysis
SB 248

<u>Line Item Expenditures</u>	Rev. Annual Cost	# Of Positions/Cost	
		<u>FY 88</u>	<u>FY 89</u>
<u>100</u>			
Document Processing Clerk II	25.1	4.0/100.4	4.0/100.4
Natural Resource Tech II	30.7	4.0/122.8	4.0/122.8
Natural Resource Officer I	33.6	1.0/33.6	1.0/33.6
Natural Resource Manager I	43.6	0.5/21.8	0.5/21.8
Accounting Tech I	30.7	<u>1.0/30.7</u>	<u>1.0/30.7</u>
		309.3	309.3
<u>200</u>			
No Travel Expenses		0.0	0.0
<u>300</u>			
Certified Mail, Xerox, Telephone, Terminal Hookups, Advertising		15.4	15.4
<u>400</u>			
Misc. Supplies		7.1	7.1
<u>500</u>			
2 Terminals/2 Calculators		3.6	0.0
		<hr/>	<hr/>
TOTAL COSTS		335.4	327.2

DISCUSSION: Revisions made to the 4/22/87 fiscal note are as follows:

1) One position is authorized in FY 88 from general funds (40.6) to provide initial notification to these eligible to amend their contracts (100 - Natural Resource Officer I, 1.0/33.6; 300 - Certified Mail, Xerox, Advertising, 5.0; 400 - Miscellaneous Supplies - 2.0). No general funds are provided for FY 89.

2) Individual position costs have been reduced by 10% to conform with existing personal services funding levels of 90%.

3) The Department's assumption that workload will be substantially more in FY 88 than FY 89 is not reflected. Instead, in this revision positions are reduced in FY 88 and

increased in FY 89 in an attempt to more accurately reflect potential workload generated. This revision would allow for a "start-up" period to set up the unit and inform the public of the availability of refinancing.

4) Because this proposed program will operate on program receipts, it is essential that the authority to receive these funds be established. House Bill 263, dealing with establishing program receipt authority, needs to be amended to provide this authorization.

5) The Department's 4/22/87 fiscal note did not reflect the source of funding. In this revision, it is established as other funding or program receipts, except for the one start-up position to be funded by general funds.

* Sec. 3. A purchaser holding a land sale contract entered into under AS 38.05.065(a) or (b) before the effective date of this Act may amend the contract upon payment of an administrative service fee of \$250. The Commissioner of Administration shall separately account for all administrative service fees collected under this section that the Department deposits in the general fund. The annual estimated balance in this account may be used by the legislature to make appropriations to the department to carry out the purposes of AS 38.05.065. The interest charged on the balance due after the amendment shall be the rate charged by the Department of Natural Resources at the time the administrative service fee was received. A purchaser may not amend a contract under this section more than once.

WANE FAX.511
X4523 ...

Letter of Intent

JB 248

If the Department of Natural Resources should find that the staffing and associated program receipts provided for in the fiscal note are insufficient to meet the refinancing demand for state land sale contracts, the department shall come to the Legislative Budget and Audit Committee for increased program receipt authorization.

5-1028B
Bannister
4/25/87

Original sponsor: Faiks

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 248 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: 'An Act relating to state land sale contracts.'

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

8 * Section 1. AS 38.05.065(a) is amended to read:

9 (a) The contract of sale for land sold at public auction under
10 AS 38.05.055 shall require the remainder of the purchase price to be
11 paid in monthly, quarterly, or annual installments over a period of 20
12 years, with interest at the [PREVAILING] rate for real estate mortgage
13 loans made by the [FEDERAL LAND BANK FOR THE FARM CREDIT DISTRICT FOR]
14 Alaska Housing Finance Corporation under AS 18.56.098(g) at the time
15 the contract is signed. Installment payments plus interest shall be
16 set on the level-payment basis.

17 * Sec. 2. AS 38.05.065(b) is amended to read:

18 (b) The contract of sale for land sold under AS 38.05.057 and
19 under AS 38.05.078 shall require the remainder of the purchase price
20 to be paid in monthly, quarterly, or annual installments over a period
21 of not more than 20 years. Installment payments plus interest shall
22 be set on the level-payment basis. The interest rate to be charged on
23 installment payments is the [PREVAILING] rate for real estate mortgage
24 loans made by the [FEDERAL LAND BANK FOR THE FARM CREDIT DISTRICT FOR]
25 Alaska Housing Finance Corporation under AS 18.56.098(g) at the time
26 the contract is signed.

27 * Sec. 3. A purchaser holding a land sale contract entered into under
28 AS 38.05.065(a) or (b) before the effective date of this Act may refinance
29 the contract on payment of a refinancing fee of \$250. The interest rate

1 charged on the balance due after refinancing shall be the rate charged by
2 the Department of Natural Resources at the time the refinancing fee was re-
3 ceived. A purchaser may not refinance a contract under this section more
4 than once.

5 * Sec. 4. The provisions of sec. 3 of this Act do not apply to con-
6 tracts for the sale of mental health trust land or university trust land.



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5-1028B
Bradley
4/27/87

Original sponsor: Faiks

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 248 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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10 AS 38.05.055 shall require the remainder of the purchase price to be
11 paid in monthly, quarterly, or annual installments over a period of 20
12 years, with interest at a [THE PREVAILING] rate that is equivalent to
13 the cost of funds for real estate mortgage loans made by the [FEDERAL
14 LAND BANK FOR THE FARM CREDIT DISTRICT FOR] Alaska Housing Finance
15 Corporation under AS 18.56.098(g) at the time the contract is signed.
16 Installment payments plus interest shall be set on the level-payment
17 basis.

18 * Sec. 2. AS 38.05.065(b) is amended to read:

19 (b) The contract of sale for land sold under AS 38.05.057 and
20 under AS 38.05.078 shall require the remainder of the purchase price
21 to be paid in monthly, quarterly, or annual installments over a period
22 of not more than 20 years. Installment payments plus interest shall
23 be set on the level-payment basis. The interest rate to be charged on
24 installment payments is a [THE PREVAILING] rate that is equivalent to
25 the cost of funds for real estate mortgage loans made by the [FEDERAL
26 LAND BANK FOR THE FARM CREDIT DISTRICT FOR] Alaska Housing Finance
27 Corporation under AS 18.56.098(g) at the time the contract is signed.

28 * Sec. 3. A purchaser holding a land sale contract entered into under
29 AS 38.05.065(a) or (b) before the effective date of this Act may refinance

II

1 the contract on payment of a refinancing fee of \$250. The interest rate
 2 charged on the balance due after refinancing shall be the rate charged by
 3 the Department of Natural Resources at the time the refinancing fee was re-
 4 ceived. III A purchaser may not refinance a contract under this section more
 5 than once.

6 IV * Sec. 4. The provisions of sec. 3 of this Act do not apply to con-
 7 tracts for the sale of mental health trust land or university trust land.
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Alaska State Legislature

Senate Resources Committee



Sen. John D. (Jack) Coghill, Chairman
Sen. Paul Fischer, Vice Chairman
Sen. Lloyd Jones
Sen. Arliss Stimpulewski
Sen. Jim Duncan
Sen. Fred Zharoff
Sen. Dick Lhasov

Box V
Juneau, Alaska 99811
(907) 465-1907

TO: SENATE RESOURCES COMMITTEE

FROM: COMMITTEE STAFF

DATE: APRIL 27, 1987

RE: SB 248, "An Act relating to the interest rates charged in state land sale contracts"

CONTENTS

1. SPONSOR'S MEMO AND BILL DESCRIPTION
2. SPONSOR'S MEMO ON PROPOSED CS FOR SB 248
3. FISCAL NOTE FROM SENATE RESOURCES COMMITTEE
4. MEMO AND FISCAL NOTE FROM DNR



Alaska State Legislature

SENATE

Office of the President

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

April 23, 1987

MEMORANDUM

TO: Senator John B. "Jack" Coghill, Chairman
Senate Resources Committee

FROM: Senator Jan Faiks *Jan Faiks*
President of the Senate

SUBJECT: Background on Senate Bill 248
An Act relating to the interest rates charged
in state land sale contracts.

Senate Bill 248 has been referred to your committee for consideration. The purpose of this bill is to enable the Department of Natural Resources to issue land sale contracts with interest rates which more closely reflect current market conditions.

Currently AS 38.05.065 requires DNR to charge the prevailing Federal Land Bank (FLB) for the Farm District for Alaska interest rate for land sale contracts. The rate charged by DNR has been based upon the FLB rate since 1979. Originally this was done to ensure an objective, conservative index which tracked market loan rates for unimproved land without too much volatility. Prior to 1979 the statute stated that the rate would be at least five percent, and would be set by the director of the Division of Lands. By the late 1970's this broad guideline caused disagreements prior to every land sale, with the purchasers asking for extremely low rates at a time of double-digit inflation. Thus, the rate was then tied to the FLB rate to eliminate uncertainty by removing the determination decision out of DNR.

The FLB rate for the Alaska District has stayed at 12.75% since 1984. This rate is currently well above the private market levels in Alaska of between nine and ten percent.

SB 248 ties the interest rates charged on state land sale contracts to Alaska Housing Finance Corporation mortgage loan rates for conventional taxable loans under AS 18.56.098(g). As of March 27th, the rate for these loans made by AHFC was 9.125%.

SB 248 also would allow purchasers holding existing land sale contracts the option of refinancing to the new, lower interest rate upon payment of a \$250 fee. According to DNR, the \$250 will cover all of their costs of administering refinancing applications.

Currently the state has 6,000 contracts for land sales. DNR estimates that under the current interest rate, 750 are in foreclosure, and 90 more per month are going into foreclosure.

Should you need any further information, please let me know.

Thank you.



Alaska State Legislature

SENATE

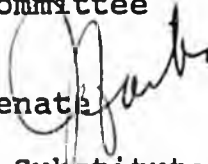
Office of the President

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

April 27, 1987

MEMORANDUM

TO: Senator John B. "Jack" Coghill, Chairman
Senate Resources Committee

FROM: Senator Jan Faiks 
President of the Senate

SUBJECT: Proposed Committee Substitute for SB 248
An Act relating to state land sale contracts

In response to concerns raised by the Department of Natural Resources, I have attached a proposed Committee Substitute for SB 248 for the Resources Committee's consideration. In the department's April 24 letter supporting this legislation, three suggestions were made in order to clarify the intent of SB 248. These suggestions have been incorporated into the proposed Committee Substitute.

Recommendation I: Clarify the intent or definition of "nonsubsidized" AHFC rates. SB 248 changes the interest rate charged on state land sale contracts from the current system, which bases the rate on the prevailing rate charged by the Federal Land Bank for the Farm District for Alaska, and instead ties the rate to the AHFC loan rate for conventional taxable loans. This has been done by deleting the reference to "nonsubsidized real estate mortgage loans made by the Alaska Housing Finance Corporation", and adding new language to Section 1(a) lines 12 - 14, and Section 2(b) lines 23 - 25 in the proposed Committee Substitute to state:

with interest at the [PREVAILING] rate for real estate mortgage loans made by the [FEDERAL LAND BANK FOR THE FARM CREDIT DISTRICT FOR] Alaska Housing Finance Corporation under AS 18.56.098(a).

Recommendation II: Because interest rates can often change during the refinancing process, the department recommended setting the interest rate for refinanced land parcels at the AHFC rate at the time the downpayment or refinancing fee is received. This recommendation has been incorporated into the proposed Committee Substitute in Section 3, beginning on line 29, through page 2, line 3:

The interest rate charged on the balance due after refinancing shall be the rate charged by the Department of Natural Resources at the time the refinancing fee was received.

Recommendation III: The original wording of SB 248 was unclear as to how many times a purchaser would be allowed to refinance under the provisions of this act. The department recommended limiting an eligible purchaser to one refinancing per parcel. This has been incorporated into the proposed Committee Substitute by adding Section 3, page 2 lines 3 - 4:

A purchaser may not refinance a contract under this section more than once.

Recommendation IV: Currently the department administers land sale contracts for Mental Health Trust and University Trust lands, and is required to maximize the income these lands generate for the trusts. In order not to decrease the value of either of these trusts, the final change in the proposed Committee Substitute is to add a new Section 4 which states:

The provisions of sec. 3 of this Act do not apply to contracts for the sale of mental health trust land or university trust land.

Fiscal Note: Also attached is a revised fiscal note for the Resources Committee's consideration. The original fiscal note submitted by the department failed to include program receipts as the funding source. This is stated in the revised fiscal note. In addition, the revised fiscal note reduces the number of full-time positions from 17 to 3 in FY 88, reducing the personal services cost from \$592.1 to \$109.2. If the department receives more refinancing application fees than authorized by the fiscal note, then approval for additional program receipts could be granted by the Legislative Budget and Audit Committee.

Thank you for considering this proposed Committee Substitute for SB 248.

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version: SB 248
Publish Date: _____

REQUEST: _____
Revision Date: 4/27/87
Title: Interest Rates Charged in State Land Sale Contracts
Sponsor: Faiks
Requestor: Senate Resources

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		109.2				
TRAVEL		0				
CONTRACTUAL		6.0				
SUPPLIES		4.0				
EQUIPMENT		2.0				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		120.7				

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		120.7				
TOTAL		120.7				

POSITIONS:

FULL-TIME		3.0				
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Senator Jack Coghill, Chairman Phone: 465-4745
Division: Senate Resources Committee Date: 4/27/87

Approved by Commissioner: _____ Date: _____
Agency: _____

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

SB 248, Fiscal Note Analysis

<u>Line Item Expenditures</u>	<u>Rev. Annual Cost</u>
<u>100</u>	
Document Processing Clerk II	27.6
Natural Resource Manager I	47.9
Accounting Tech. I	<u>33.7</u>
	109.2
<u>200</u>	
No Travel Expenses	0.0
<u>300</u>	
Certified Mail, Xerox, Telephone, Terminal Hookups, Advertising/Notification	5.0
<u>400</u>	
Misc. Supplies	4.0
<u>500</u>	
2 Terminals/2 Calculators	<u>1.5</u>
Total Costs	120.7

DISCUSSION: Revisions made to the 4/22 fiscal note are as follows:

1) Because this proposed program will operate on program receipts, it is essential that the authority to receive these funds be established. House Bill 263, dealing with establishing program receipt authority, needs to be amended to provide this authorization.

2) The department's 4/22 fiscal note did not reflect the source of funding. In this revision, it is established as other funding or program receipts.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 485-2400

April 24, 1987

The Honorable Jack Coghill
Chair, Senate Resources Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Coghill:

Subject: Senate Bill 248, which would change the criteria used to establish the interest rate for state land sale contracts.

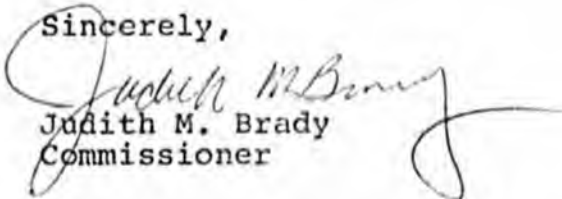
Position: The Department of Natural Resources supports this bill because it would result in lower interest rates for state land purchases and likely reduce the number of defaults and foreclosures on land sale contracts. This, in turn, would reduce state administrative costs for processing defaults and foreclosures. In addition, it would reduce the need to resell formerly valuable land at current low market prices.

Recommendations: Clarify the intent or definition of "nonsubsidized" AHFC rates, set the interest rate at the time the downpayment or refinancing fee is received, and limit an eligible purchaser to one refinancing per parcel.

We have not been able to obtain a clear explanation from AHFC concerning its definition of "nonsubsidized." Also, because the AHFC rate fluctuates more often than the federal Farm Credit rate, to avoid confusion, the interest rate should be set at a definite point in the sale process. The state does not hold an actual "closing" and unsigned contracts are often sent to purchasers through the mail, to be returned within 30 days. Within this period the interest rate could change.

Please let me know if additional information is required.

Sincerely,


Judith M. Brady
Commissioner

cc: Senator Fail.s
Senate Resources Committee Members
George Sullivan
Rod Swope

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : SB 248
Publish Date : _____

REQUEST: _____

Revision Date: 4/22/87
Title: Interest rates charged in state land sale contracts

Agency Affected: Natural Resources
BRU: Land and Water Management

Sponsor: Falks
Requestor: Senate Resources

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		592.1	308.1	17.1	17.1	17.1
TRAVEL		0	0	0	0	0
CONTRACTUAL		15.4	10.0	5.0	5.0	5.0
SUPPLIES		7.1	2.5	.5	.5	.5
EQUIPMENT		3.6	0	0	0	0
LAND & STRUCTURES		0	0	0	0	0
GRANTS, CLAIMS		0	0	0	0	0
MISCELLANEOUS		0	0	0	0	0
TOTAL OPERATING		618.2	320.6	22.6	22.6	22.6

CAPITAL		0	0	0	0	0
---------	--	---	---	---	---	---

REVENUE		*	*	*	*	*
---------	--	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		17	8.5			
PART-TIME		.5	.5	.5	.5	.5
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

* See attached for information on revenues.

Prepared by: Tom Hawkins Phone: 465-2400
Division: Land and Water Management Date: _____

Approved by Commissioner: Judith M. B... Date: _____
Agency: Natural Resources

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

Line Item Expenditures

100

	Annual Cost	<u>#Positions/Cost</u>	
		<u>FY88</u>	<u>FY89</u>
Document Processing Clerk II	27.9	4.5/125.6	2.0/55.8
Natural Resource Technician II	34.1	6.0/204.6	3.0/102.3
Natural Resource Officer I	37.3	5.0/186.5	2.0/74.6
Natural Resource Manager I	48.4	0.5/24.2	0.5/24.2
Accounting Tech I	34.1	<u>1.5/51.2</u>	<u>1.5/51.2</u>
		592.1	308.1

FY 90 - 92 One Accounting Tech I - 6 months - \$17.1

Analysis

With the passage of SB 248, the Department of Natural Resources would have to negotiate and process a large number of contract amendments. These amendments could not be performed with existing personnel. We expect the greatest volume of requests to be experienced during the first year of eligibility under the bill. However, some requests may also be expected during the second year. Only a few would occur in subsequent years.

The contract negotiation and redrafting of contracts would be done by the Natural Resource Technicians and officers in the Division of Land and Water Management. A Natural Resource Manager I would supervise this task. The Accounting Technician positions would be in the Division of Management and would audit, change bills, cancel defaults, adjust accounts, close leases, transfer credits and communicate with the public.

200

No travel expenditures

300

Certified mail, xerox, telephone, terminal hookups	15.4	10.0
---	------	------

400

Misc. supplies	7.1	2.5
----------------	-----	-----

500

2 terminals and 2 calculators	3.6	0
	<u>618.2</u>	<u>320.6</u>

Revenues

Long term changes in revenue are difficult to calculate.

The approximately 6000 land sale contracts that are expected to be refinanced under this bill would bring in \$1.5 million over a two year period (6000 contracts X \$250.00 = \$1,500,000)

The loss in revenue due to refinancing 6000 parcels with an estimated total value of \$60 - \$70 million at a lower interest rate would be about \$1.5 million/year, assuming an average 3% reduction in interest rates over the life of the contracts. This loss may be only a paper loss, however, because without refinancing at a lower interest rate, defaults on land contracts will continue to occur. Currently, defaults are occurring at a rate of 90 per month, with an average parcel value of \$10,000.

SB

280

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 2/24/88 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER:

RESOURCES

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)

4/28/87

DATE TURNED INTO OFFICE

3/11/88

Mr. President:

STATE AFFAIRS

Committee considered

SB 280

issuance of permits and consistency determinations.

and recommended:

replace with CS _____ same title
 attached amendment(s) and new title

reports it back as follows:
 do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

2 J. J. ... (No Rec) ...
2 W. ... (No Rec)

Don ...
Chairman signature and recommendation

Committee Backup Attached

SENATE COMMITTEE REPORT

FURTHER

3/14/88

DATE TURNED INTO OFFICE _____

Mr. President:

Resources _____

Committee considered SB 280

issuance of permits and consistency determinations

and recommended

replace with _____ CS SB 280 (ves)) same title
 or adopt _____ CS _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)
 new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Paul Frick

Tommy No Rec
William "not needed"
Julius Stugulski "not needed"

John [Signature]
Chairman signature and recommendation

Committee Backup attached

MINING PROJECT REVIEW TIMEFRAMES
September 1, 1986 - September 1, 1987
Total Number of Projects -- 71

Placer Mining Statistics:

Consistent	9
Consistent With Stips	36
Inconsistent	0
Withdrawn	<u>7</u>
Total	52
Average Number Of Days in Review	35

Hard Rock Mining Statistics:

Consistent	3
Consistent With Stips	7
Inconsistent	0
Withdrawn	<u>0</u>
Total	10
Average Number of Days in Review	27

Offshore Mining Statistics:

Consistent	1
Consistent With Stips	0
Inconsistent	0
Withdrawn	<u>0</u>
Total	1
Average Number of Days in Review	14

Gravel Mining Statistics:

Consistent	0
Consistent With Stips	4
Inconsistent	0
Withdrawn	<u>0</u>
Total	4
Average Number of Days in Review	34

PLACER MINING PROJECT REVIEW TIMEFRAMES

September 1, 1986 - September 1, 1987

Total Number of Projects -- 52

Average Number of Days in Review -- 35

<u>APPLICANT</u>	<u>PROJECT TITLE</u>	<u>NO. OF DAYS</u>
Alaska Gold	Placer Mining No. F871025	26
Alaska Gold	Placer Mining No. F871026	26
Alaska Gold	Placer Mining No. F871623	22
Alaska Gold Mines, Inc.	Placer Mining No. A872544	43
Alaska Placer Company	Placer Mining No. F871130	23
Alaska Placer Miners	Placer Mining NPDES Permit	49
Ashton Mining Alaska	Placer Mining No. A872554	43
Austin, Jeffery M.	Placer Mining No. A872597	36
Berg, Rhinehart	Placer Mining No. F871287	38
Berg, Rhinehart	Placer Mining No. F871597	34
Berg/Upchurch	Placer Mining No. F871591	34
Bliss, Patrick	Placer Mining No. 850167	53
Blondeau, Wayne	Placer Mining No. 852960	28
Bloom, Gary L.	Placer Mining No. A871982	43
Christie, Knox and Lorena	Placer Mining No. A872556	W
Dempsey, Daniel	Placer Mining No. A872572	35
Eversale John and Andrew	Placer Mining No. A872571	W
Fimbear Mining & Exploration	Placer Mining No. A871267	W
Friend, Emery L.	Placer Mining No. A872587	24
Glanville Carl and Dessie	Placer Mining No. A872613	23
Hoogendarn, Homer	Placer Mining No. F870222	38
Hope Mining Company	Placer Mining No. A872582	44
Hope Mining Company	Placer Mining No. 852596	49
Houston/Smallbridge	Placer Mining No. A872521	18
Hyak Company	Placer Mining No. J872601	27
Keillher, Patrick	Placer Mining No. F871143	21
Kroll, Henry F. II	Placer Mining No. 854182	W
Laspesa, Joseph	Placer Mining No. 852761	W
Massie, Perry	Placer Mining No. 17926	W
Massie, Perry	Placer Mining No. F874117	33
McIsaac, Garry N.	Placer Mining No. A872610	27
Meyers, Bud	Placer Mining No. F871008	23
Moore, Roger B.	Placer Mining No. A872578	50
Mullikin, Donald	Placer Mining No. F871389	W
Penz, David	Placer Mining No. F871576	43
Plockwitz, Carl	Placer Mining No. F873065	27
Schnabel, John	Placer Mining No. J872566	53
Sourant, James	Placer Mining No. 850831	38
Steves, Harold	Placer Mining No. A872533	18
Thundu Mining Company	Placer Mining No. 27424	56
Toohey, Cynthia	Placer Mining No. A872548	41
Toohey, Cynthia	Placer Mining No. A872550	41
Toohey, Cynthia	Placer Mining No. A872551	41
Tundra Exploration	Placer Mining No. F872055	24
Tundra Exploration	Placer Mining No. F872056	37
Velikanje, Betty	Placer Mining No. J872609	47
Vial, Michael	Placer Mining No. F872090	33
Ward, Bud	Placer Mining No. A872580	33
Waterfield, Henry W.	Placer Mining No. 850531	16
Waterfield, Henry W.	Placer Mining No. 850530	16
Whaley, Frank	Placer Mining No. F872047	41
Wren, Clarence	Placer Mining No. A871657	40

HARD ROCK MINING PROJECT REVIEW TIMEFRAMES

September 1, 1986 - September 1, 1987

Total Number of Projects -- 10

Average Number of Days in Review -- 27

<u>APPLICANT</u>	<u>PROJECT TITLE</u>	<u>NO. OF DAYS</u>
Amselco Minerals, Inc.	Greens Creek Mine Exploratory Drilling	37
Cocinco	Chukchi Sea 9 Modif. Runway/Shop/Camp	27
Cocinco	Chukc. Sea 9 Modif. Seaport Facilities	27
Echo Bay Exploration	Gastineau Channel 317	58
Echo Bay Exploration	Sheep Creek Mine Access Road Upgrade	26
Enserch	Red Dog Camp Facilities	27
Greens Creek Mining Co.	Chatham Strait 102 Modif.	14
Greens Creek Mining Co.	Hawk Inlet NPDES	22
Houston Oil	Herbert Claims Exploration	20
Salisbury & Associates	Ilene Claim Drilling	9

NEPA AND OTHER HARD ROCK MINING REVIEWS:

Newhawk Gold Mines, Ltd.	Sulphurets Joint Venture Prospectus	29
Skyline Explorations	Johnny Mountain Cold Project	16
U.S. Borax & Chemical	Quartz Hill Mine Development RDEIS	62
U.S. Forest Service	Greens Creek Mine Plan Modif. Scoping	18

GRAVEL MINING PROJECT REVIEW TIMEFRAMES
September 1, 1986 - September 1, 1987
Total Number of Projects -- 4
Average Number of Days in Review -- 34

<u>APPLICANT</u>	<u>PROJECT TITLE</u>	<u>NO. OF DAYS</u>
Arctic Slope Regional Corp.	Camden Bay 3 Gravel Borrow Pit	34
Kikikagruk Inupiat Corp.	Kotzebue Sound 38	52
Kotzebue, City of	Kotzebue Sound 33 Modif.	22
Ritchie Transportation	Stikine River 4 Modif.	29

OFFSHORE MINING PROJECT REVIEW TIMEFRAMES

September 1, 1986 - September 1, 1987

Total Number of Projects -- 1

Average Number of Days in Review -- 14

APPLICANT

PROJECT TITLE

NO. OF DAYS

Inspiration Gold, Inc.

Environmental Monitoring Plan Modif.

14

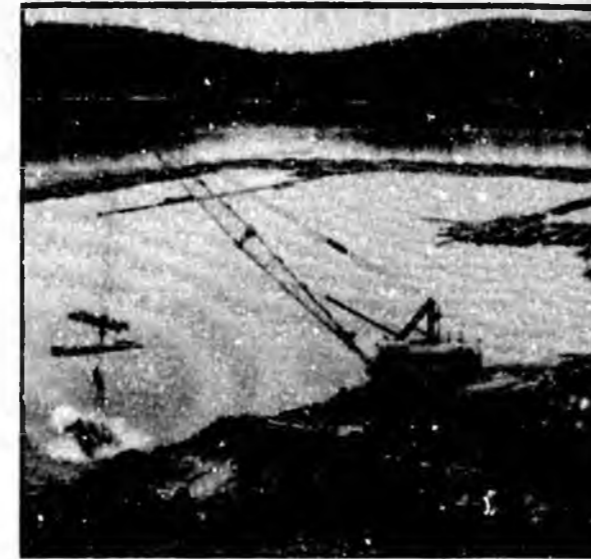
Division of Governmental Coordination
 Office of the Governor, State of Alaska
 P.O. Box AW
 Juneau, Alaska 99811

**30-Day and 50-Day
 Review Schedules**

Federal and state public notice requirements determine the review schedule for your project. A 30-day review schedule will be used if a public notice is not required and all associated state permits can be issued in 30 days. A 50-day review schedule will be used for projects with approvals requiring a public notice. These schedules limit the amount of time state agencies have to review your project and issue state permits if the project is found consistent with Alaska Coastal Management Program standards.*

	30-Day Review	50-Day Review
Consistency review begins	Day 1	Day 1
Deadline for regional reviewers to request additional information	Day 15	Day 25
Public and agency reviewer comments due	Day 17	Day 34
Notification of preliminary determination	Day 24	Day 44
Request for elevation	Day 29	Day 49
Conclusive consistency determination issued (unless elevation requested)	Day 30	Day 50
If elevated, director's determination	Day 45	Day 65
If elevated again, commissioner's determination	Day 60	Day 80

* These schedules may be extended only under circumstances outlined in 6 AAC 50.110.



Elevation (Appeal) Process

If you do not concur with the proposed determination on your project, you may request *elevation*, or further review by division directors within the state resource agencies. The directors review the proposed determination and any additional information included in the elevation request, then issue a second proposed determination.

You may then elevate the review to the commissioners of the resource agencies if the director-level review does not satisfy your interests. This is the final step in the administrative appeal process.

Each elevation review can take no longer than 15 days. State resource agencies and coastal districts may also request elevation. In actual practice, elevation has rarely been required.

For More Information

About a specific project, contact the DGC office nearest you:

Southeast Regional Office
 Division of Governmental Coordination
 P.O. Box AW, Suite 101
 431 North Franklin Street
 Juneau, AK 99811-0165
 Phone: (907) 465-3562

Southcentral Regional Office
 Division of Governmental Coordination
 2600 Denali Street, Suite 700
 Anchorage, AK 99503-2798
 Phone: (907) 274-1581

Northern Regional Office
 Division of Governmental Coordination
 Station H
 675 Seventh Avenue
 Fairbanks, AK 99701-4596
 Phone: (907) 456-3084

If you have any questions about the *Consistency Review Process* or the *Alaska Coastal Management Program*, contact:

Division of Governmental Coordination
 P.O. Box AW
 431 North Franklin Street
 Juneau, AK 99811-0165
 Phone: (907) 465-3562

Division of Governmental Coordination
 Office of the Governor, State of Alaska
 P.O. Box AW
 Juneau, Alaska 99811

How To Apply For State Permits In Alaska's Coastal Zone



Stamp



The State of Alaska has a streamlined, coordinated system for reviewing applications and issuing permits for proposed projects that would affect natural resources in Alaska's coastal zone. It's called the *consistency review process*.

This brochure briefly outlines the consistency review process for applicants seeking resource-related state and federal permits.* The review process is more fully explained in state regulation 6 AAC 50. The consistency review process does not cover business licenses, municipal authorizations, or projects outside the coastal zone.

The Consistency Review Process Provides

- Quick answers to whether your project is in the coastal zone and what permits you need.
- A one-stop, consolidated state response to coastal development projects and related state and federal permit applications.
- Specific timeframes and deadlines for permit issuance.
- A fast appeal process.

* Federal agencies, please contact the Division of Governmental Coordination regarding procedures for direct federal actions.

The State Permitting Process

The consistency review process is based on the Alaska Coastal Management Program and is designed to improve management of Alaska's coastal land and water uses. Project proposals are reviewed to:

- Determine the project's consistency with the Alaska Coastal Management Program.
- Identify permits required by the state resource agencies, that is, the Alaska Departments of Environmental Conservation, Fish and Game, and Natural Resources.
- Trigger the issuance of necessary permits and other authorizations by state resource agencies.

Who Handles The Consistency Review Process?

If a federal permit or permits from more than one state agency are required the consistency review process is coordinated by a regional office of the Division of Governmental Coordination in the Office of the Governor. If permits from only one state agency are required the state agency responsible for issuing those permits coordinates the review.

To Start

Project applicants should complete the *Coastal Project Questionnaire* to determine which permits are needed. *Note: Placer miners see below.*

Copies of the questionnaire are available from the Division of Governmental Coordination (DGC), the resource agencies, or the U.S. Army Corps of Engineers (COE). Regional DGC contacts are shown on the back of this brochure. The COE has a toll-free telephone number: 1-800-478-2712.

Filling out the questionnaire properly is important and will help agencies process your project application without delays. If you have any questions or need assistance, contact a regional DGC or state agency office (listed on the questionnaire). The questionnaire includes a *Certification of Consistency* which must be completed and signed by you to meet federal requirements.

The Coastal Project Questionnaire will help identify which permits are needed, your contacts for the consistency review process and the DGC regional office that will be working with you.

Placer miners should submit a *Triagency Application* to the Department of Natural Resources (DNR) instead of completing the Coastal Project Questionnaire. Contact the DNR, Division of Mining and Geology, or the nearest DGC regional office for more information.

Preapplication Meetings Can Save You Time

Before you settle on your final project plans and submit your application, the state can arrange for meetings between you and state agency representatives. These can help identify concerns and information needs, and encourage a mutual understanding of the project. To arrange for a preapplication meeting, call or write the coordinating agency contact.

Review Begins When The Application Packet Is Complete

Consistency review begins upon receipt of your complete application packet, which will be prepared by you and the agencies. A complete packet includes:

- The Coastal Project Questionnaire and signed Certification of Consistency.
- Copies of any state permit applications needed for the project (originals go to the state agency issuing the permit).
- Copies of any federal permit applications needed for the project (originals go to the federal agency issuing the permit).
- Any additional pertinent information including public notices from agencies.

Who Reviews The Project ?

The participants in the review process include:

1. You, the applicant
2. State resource agencies and the Division of Governmental Coordination
3. The affected local coastal community
4. Other interested members of the public

Steps in the Review Process

Start-up

You will be notified when the review starts. You will receive your project's assigned review number, review schedule, and other information.

Information Requests

Agencies may request additional information from you up to the 25th day of the review. The coordinating agency may stop the review until that information is received.

Proposed Determination

After reviewing comments on the packet, the coordinating agency will develop a proposed consistency determination. It will be discussed with you, state resource agencies, and coastal districts.

Conclusive Determination

A conclusive consistency determination will be issued upon agreement of the proposed determination.

Permits

Agencies will issue state permits covered by the determination within five days after the conclusive consistency determination is issued.

see other side →

Name _____
 Organization _____
 Street (or Box #) _____
 City _____ State _____ Zip _____

Please send more detailed information on:

- Alaska Consistency Review Process
 The Alaska Coastal Management Program

I would attend a consistency review process workshop scheduled in my area.

Yes _____ No _____

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Division of Governmental Coordination
 Office of the Governor, State of Alaska
 P.O. Box AW
 Juneau, Alaska 99811

**30-Day and 50-Day
 Review Schedules**

Federal and state public notice requirements determine the review schedule for your project. A **30-day** review schedule will be used if a public notice is not required and all associated state permits can be issued in 30 days. A **50-day** review schedule will be used for projects with approvals requiring a public notice. These schedules limit the amount of time state agencies have to review your project and issue state permits if the project is found consistent with Alaska Coastal Management Program standards.*

	30-Day Review	50-Day Review
Consistency review begins	Day 1	Day 1
Deadline for regional reviewers to request additional information	Day 15	Day 25
Public and agency reviewer comments due	Day 17	Day 34
Notification of preliminary determination	Day 24	Day 44
Request for elevation	Day 29	Day 49
Conclusive consistency determination issued (unless elevation requested)	Day 39	Day 50
If elevated, director's determination	Day 45	Day 65
If elevated again, commissioner's determination	Day 60	Day 80

* These schedules may be extended only under circumstances outlined in 6 AAC 50.110.



Elevation (Appeal) Process

If you do not concur with the proposed determination on your project, you may request *elevation*, or further review by division directors within the state resource agencies. The directors review the proposed determination and any additional information included in the elevation request, then issue a second proposed determination.

You may then elevate the review to the commissioners of the resource agencies if the director-level review does not satisfy your interests. This is the final step in the administrative appeal process.

Each elevation review can take no longer than 15 days. State resource agencies and coastal districts may also request elevation. In actual practice, elevation has rarely been required.

For More Information

About a specific project, contact the DGC office nearest you:

Southeast Regional Office
 Division of Governmental
 Coordination
 P.O. Box AW, Suite 101
 431 North Franklin Street
 Juneau, AK 99811-0165
 Phone: (907) 465-3562

Southcentral Regional Office
 Division of Governmental
 Coordination
 2600 Denali Street, Suite 700
 Anchorage, AK 99503-2798
 Phone: (907) 274-1581

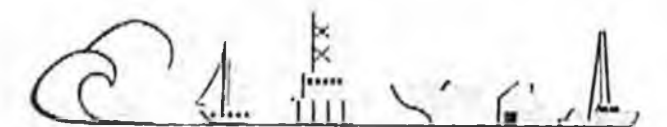
Northern Regional Office
 Division of Governmental
 Coordination
 Station H
 675 Seventh Avenue
 Fairbanks, AK 99701-4596
 Phone: (907) 456-3084

If you have any questions about the *Consistency Review Process* or the *Alaska Coastal Management Program*, contact:

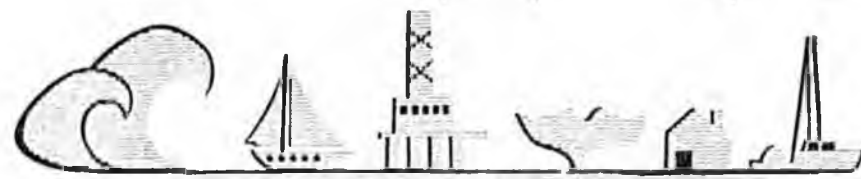
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 Office of the Governor, State of Alaska
 P.O. Box AW
 Juneau, Alaska 99811

**How To
 Apply
 For
 State Permits
 In
 Alaska's
 Coastal
 Zone**



Stamp



The State of Alaska has a streamlined, coordinated system for reviewing applications and issuing permits for proposed projects that would affect natural resources in Alaska's coastal zone. It's called the *consistency review process*.

This brochure briefly outlines the consistency review process for applicants seeking resource-related state and federal permits.* The review process is more fully explained in state regulation 6 AAC 50. The consistency review process does not cover business licenses, municipal authorizations, or projects outside the coastal zone.

The Consistency Review Process Provides

- Quick answers to whether your project is in the coastal zone and what permits you need.
- A one-stop, consolidated state response to coastal development projects and related state and federal permit applications.
- Specific timeframes and deadlines for permit issuance.
- A fast appeal process.

* Federal agencies, please contact the Division of Governmental Coordination regarding procedures for direct federal actions.

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Alaska State Legislature

Senate Resources Committee



Sen. John B. (Jack) Coghill, Chairman
Sen. Paul Fischer, Vice-Chairman
Sen. Lloyd Jones
Sen. Artiss Sturgulewski
Sen. Jim Duncan
Sen. Fred Zharoff
Sen. Dick Eliason

Box V
Juneau, Alaska 99811
(907) 465-4907

M E M O R A N D U M

To: Senator Abood, Chairman Senate State Affairs Committee
Members of Senate State Affairs Committee

From: Senator Coghill

Subj: Sponsor Statement on SB 280; relating to the issuance of permits and consistency determinations.

Date: February 29, 1988

Very briefly this bill would require the Office of Management and Budget to do two things:

- 1) designate a lead agency to render on behalf of the state, each federal consistency determination and certification authorized by the Coastal Zone Management Act of 1972; and
- 2) designate a lead agency to render on behalf of the state each conclusive state consistency determination when a project requires two or more state or federal permits, leases, or authorizations.

These two changes are located on page 3 of the bill.

The rest of the bill adds a new section to statutes that designates DNR as the lead agency for development activities on state land and water, on federal land and water, and on the outer continental shelf.

My intent in this bill is to get DNR back in the drivers seat on resource development projects and to reduce the time lines for industry to receive the necessary permits.

Attached to this memo are two pages from the Legislative Reporting Service publication, relating to SB 280.

INTRODUCTION OF BILLS (Senate, cont'd)

SB 279, (cont'd)

section, the applicant has to be reexamined on the whole section. If the applicant fails the exam or any section of it on two separate occasions, the board has to refuse to examine the applicant further until the applicant produces evidence satisfactory to the board that the applicant has pursued further study in preparation for the examination.

—Sections relating to examination and license qualifications are retroactive to January 1, 1987 (does not include section increasing number of board members or section outlining reexamination procedures). Provides Act takes effect immediately.

Introduced April 27 and referred to Health, Education & Social Services; Finance.

Permits &
Consistency
Determinations
(lead agencies)

SENATE BILL NO. 280, by Senators Coghill, Faiks and Jones. Would require the Office of Management & Budget (OMB) to designate a lead agency to render, on behalf of the state, each federal consistency determination and certification authorized by the Coastal Zone Management Act of 1972; and each conclusive state consistency determination when a project requires two or more state or federal permits, leases, or authorizations. Current law requires OMB to render, on behalf of the state, all federal consistency determinations and certifications authorized by the CZM Act of 1972, and a conclusive state consistency determination when a project requires two or more state or federal permits, leases, or authorizations.

Adds sections to AS 44.19.145 (Functions and duties of the OMB) stating:

—The Department of Natural Resources is designated as the lead agency for consistency determinations that involve resource development activities on state land, water and submerged lands, and federal land, water, and the Outer Continental Shelf.

—In performing its functions, the lead agency has to consult with other resource agencies and with coastal resource districts under the Alaska Coastal Management Program (AS 46.40) The lead agency has to consider documented facts, data, opinions, or recommendations submitted by another agency of the state or by a coastal resource district with an approved district coastal management program within its area of expertise. The lead agency has to balance competing factors in reaching its final decision and can make a recommendation contrary to a recommendation received from another agency.

—Except when required by federal law, a state agency other than a designated lead agency may not make a recommendation to a federal permitting agency.

—In making a consistency determination for an activity that is occurring outside the boundaries of a coastal resource district

INTRODUCTION OF BILLS (Senate, cont'd)

SB 280, (cont'd)

with an approved district plan, the lead agency and each resource agency have to apply statewide standards and guidelines adopted by the Alaska Coastal Policy Council.

—The director of OMB has to make the designations of lead agencies by administrative order published in the Alaska Administrative Journal. The designations may be revised by published administrative order.

The director of OMB has to make the initial lead agency designations not later than October 1, 1987.

Introduced April 28 and referred to State Affairs; Resources.

Occupational/
Phys. Therapy &
Religious
Healing

SENATE BILL NO. 281, by Senator Fischer by Request. Relates to occupational therapy, physical therapy, and religious healing practitioners:

—Would incorporate occupational therapists into the state physical therapy board, making it the "State Physical Therapy and Occupational Therapy Board." The membership of the board would be increased from five to seven members, adding two licensed occupational therapists or a licensed occupational therapist and a licensed occupational therapy assistant. The board would control all matters pertaining to the licensing of physical and occupational therapists and their assistants and the practice of physical and occupational therapy.

—The physical and occupational therapy board would "provide for the examination of applicants" (currently the board must conduct examinations).

—Adds a new subsection outlining requirements for licensure as an occupational therapist or assistant. An applicant, unless a graduate of a foreign school of occupational therapy, would have to have successfully completed a curriculum of occupational therapy approved by the Committee of Allied Health Education and Accreditation of the American Medical Association, and the American Occupational Therapy Association appropriate to the license being sought. The applicant also has to submit proof of successful completion of supervised field work, pass the test, and meet qualifications for licensure set out in regulations. Outlines procedure for becoming licensed for applicants who are graduates of schools located outside the U.S. Adds a new sections that provides for licensing by credential, and a section outlining experience-based licensure of occupational therapists.

—A temporary permit issued to an occupational therapist is valid for eight months or until the results of the exam for which the applicant is scheduled are published, whichever occurs first. If the applicant fails to take an exam for which the applicant is scheduled, the temporary permit would lapse on the day of the exam.

—Licensees would have to renew the license every two years