

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5485 SRES SB 483 - SB 509

1257

Commissioner -

Director of Agriculture and DIRM -

YAKIMA #3 for 3 parcels only

RECOMMENDATIONS:

- 1. conduct land use plan to evaluate various land uses and classify/
- 2. same as #1 above, but classify as grazing
- 3. legislative designation as state range land

OPINIONS:

KONTAG INC. / no comment
 AK DIV. PARKS / no comment
 ADIC / no comment
 ADIC / copies legislative designation

Comments Requested/Response:
 Kootenai Island Borough / supports preservation of range lands in public

STATUS OF FUTURE GRANTING: Land disposal have been proposed on the
 leases in the past. Also, lands within the leases have been nominated by
 the University to establish field stations. Additionally, persons have
 been proposed for state park units.

HISTORY OF GRANTING USE: The natural grasslands of the Kootenai archipelago
 and Alutian Islands have been grazed since Russian settlement. Current
 Chinook Peninsula leases date back to late 1940's. 3 leases with
 approximately 700 head.

LAND COMMENTS: State patented, tentatively approved, and selected

LAND CLASSIFICATION: None

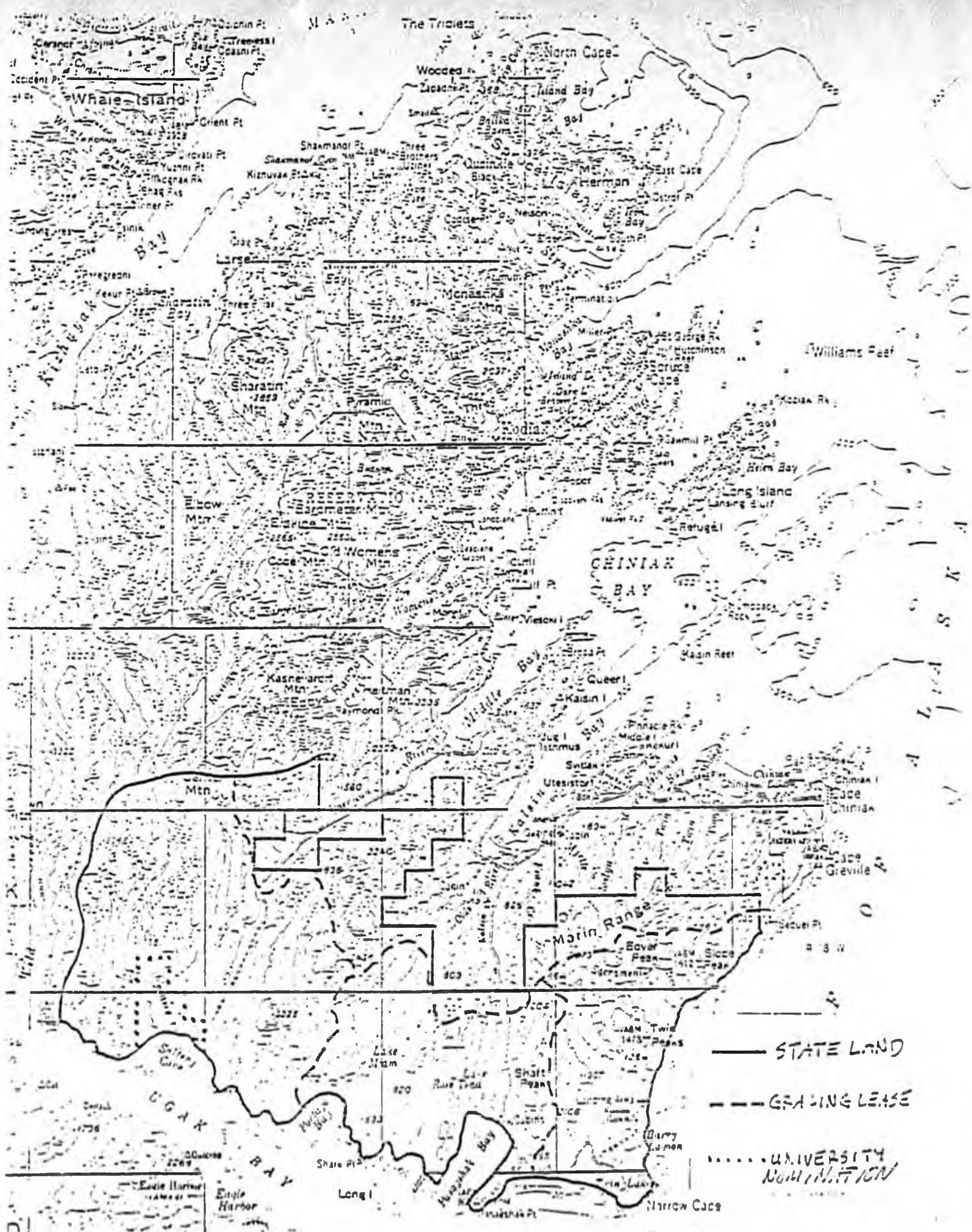
DNR LAND USE PLAN: None

LOCAL GOVERNMENT OR REGIONAL ORGANIZATION: Kootenai Island Borough, Kontag
 Inc. Regional Corp.

LOCATION: on Kootenai Island, 15 miles south of city of Kootenai

ACRES: 100,000 acres

AREA: CHINOOK PENINSULA



CHIRIKOF PENINSULA

AREA: SITKINAK ISLAND

ACREAGE: 55,000 acres

LOCATION: 10 miles south of Kodiak Island

LOCAL GOVERNMENT OR REGIONAL CORPORATION: Kodiak Island Borough, Koniag Inc. Regional Corp.

DNR LAND USE PLAN: None

LAND CLASSIFICATION: grazing, with some wildlife habitat

LAND OWNERSHIP: Kodiak Island Borough owns 2077 acres. US Coast Guard site (1444 ac.) is state selected. Remainder of island is state patented.

HISTORY OF GRAZING USE: The natural grasslands of the Kodiak archipelago and Aleutian Islands have been grazed since Russian settlement. The first federal grazing lease of this island dates back to the late 1940's. Currently 600 head on island.

THREATS TO FUTURE GRAZING: No land disposals are proposed.

COMMENTS REQUESTED/RESPONSE:

- ADFIG/ no objection to legislative designation
- ADEC/ no comment
- AK Div. Parks/ no comment
- Kodiak Island Borough/ no comment
- Koniag Inc./ no comment

OPTIONS:

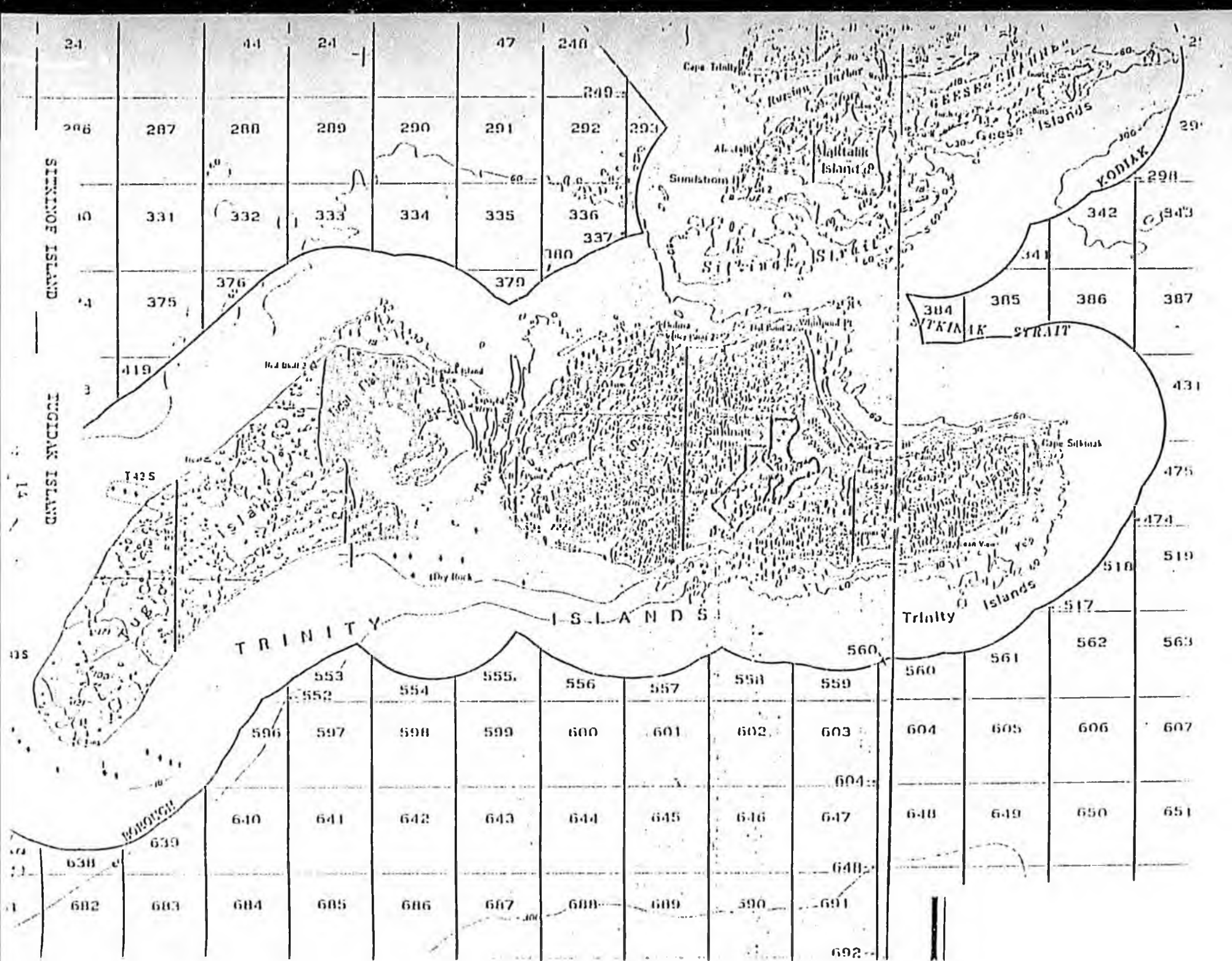
1. grazing classification (status quo)
2. legislative designation as a state rangeland

RECOMMENDATIONS:

ADEC - #2

Directors of Agriculture and DLNM -

Commissioner -



AREA: CHERIKOF ISLAND

ACREAGE: 40,000 acres

LOCATION: 80 miles southwest of Kodiak Island

LOCAL GOVERNMENT OR REGIONAL CORPORATION: Kodiak Inc. Regional Corporation

DNR LAND USE PLAN: None

LAND CLASSIFICATION: None

LAND OWNERSHIP: State selected. Under ANILCA the island was included in the AK Maritime National Wildlife Refuge, and the grazing lease is being managed by the U.S. F.W.S. State selection pre-dates ANILCA, is valid, and the island is on the states priority conveyance list.

HISTORY OF GRAZING USE: The natural grasslands of the Kodiak archipelago and Aleutian Islands have been grazed since Russian settlement. Grazing under federal lease on Chirikof dates back to the late 1920's. The Alaska Commercial Company first stocked Chirikof island in 1880's to provide a food source for whaling crews.

TRENDS TO FUTURE GRAZING: State conveyances are proposed.

COMMENTS REQUESTED/RESPONSE:

- ADFG/ no objection to legislative designation
- ADEC/ no comment
- AK Div. Parks/ no comment
- Kodiak Inc./ no comment

OPTIONS:

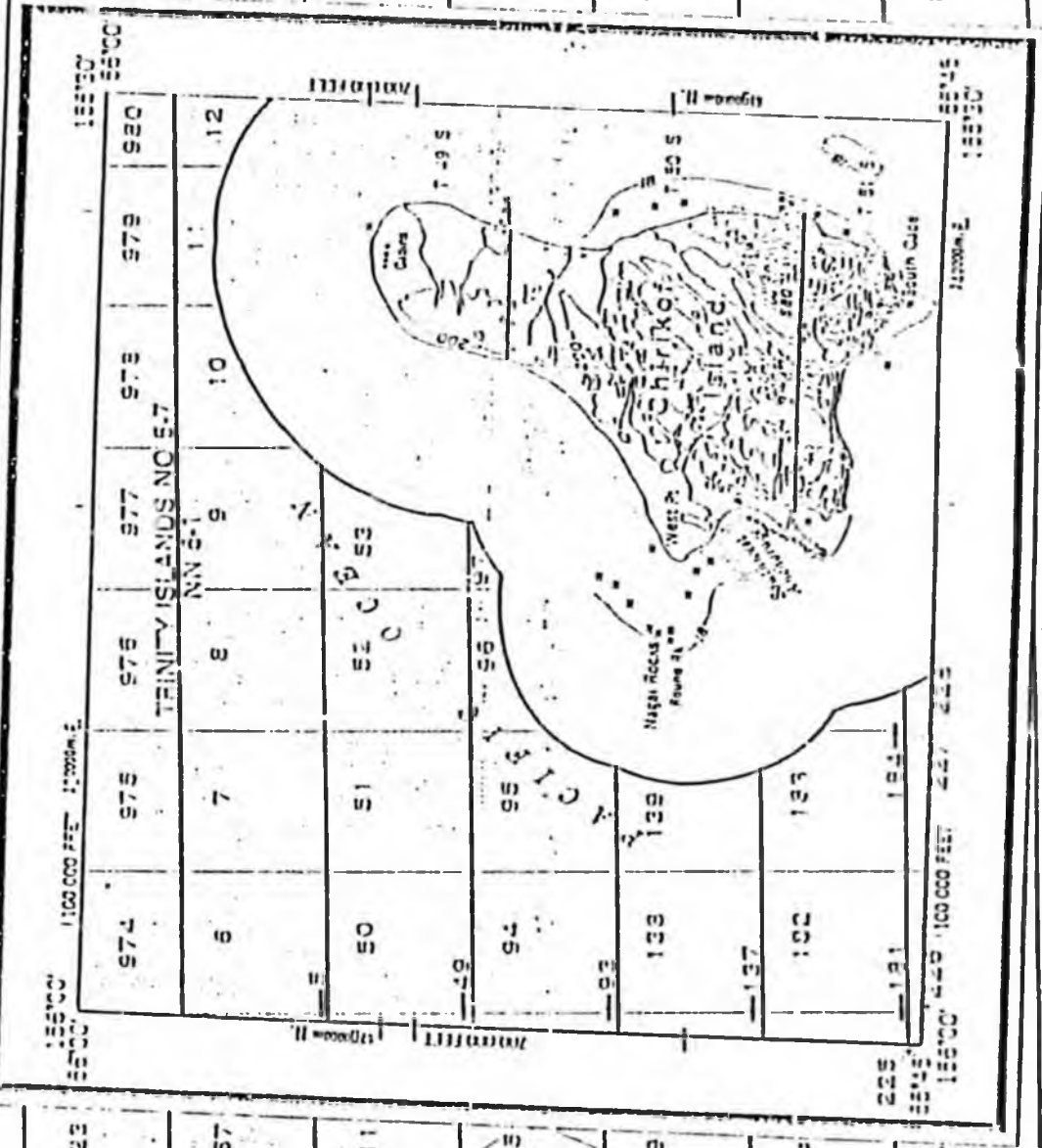
1. grazing classification (upon state ownership.)
2. legislative designation as a state rangeland (can occur prior to state ownership)

RECOMMENDATIONS:

ASFC - #2

Directors of Agriculture and DLWM -
Commissioner -

402	403	404	405	406	407	408	409	410	411	412
448	447	448	449	450	451	452	453	454	455	456
480	481	482	483	484	485	486	487	488	489	500
534	535	536	537	538	539	540	541	542	543	544
578	579	580	581	582	583	584	585	586	587	588



622	623	624	625	626	627	628	629	630	631	632
666	667	668	669	670	671	672	673	674	675	676
710	711	712	713	714	715	716	717	718	719	720
754	755	756	757	758	759	760	761	762	763	764
798	799	800	801	802	803	804	805	806	807	808
842	843	844	845	846	847	848	849	850	851	852
886	887	888	889	890	891	892	893	894	895	896
930	931	932	933	934	935	936	937	938	939	940
974	975	976	977	978	979	980	981	982	983	984

CHIRIKOF ISLAND

100,000 FEET

5

AREA: TUGIDAK ISLAND

ACREAGE: 40,000 acres

LOCATION: 15 miles southwest of Kodiak Island

LOCAL GOVERNMENT OR REGIONAL CORPORATION: Kodiak Island Borough. Keniag Inc. Regional Corp.

DNR LAND USE PLAN: None

LAND CLASSIFICATION: Wildlife habitat

LAND OWNERSHIP: state patented

HISTORY OF GRAZING USE: None

THREATS TO FUTURE GRAZING: no land disposals or other state conveyances proposed.

COMMENTS REQUESTED/RESPONSE:

ADGGG/ opposed to legislative designation

ADEC/ no comment

AK Div. Parks/ no comment

Kodiak Island Borough/ no comment

Keniag Inc./ no comment

Also comments received from Kodiak Audubon Society

OPTIONS:

1. retain wildlife habitat classification (status quo)
2. re-classification to grazing
3. legislative designation as state rangeland

RECOMMENDATIONS:

AS/CS - #1

Directors of Agriculture and DLHM -

Commissioner -

AREA: FOX RIVER

ACREAGE: 11,500 acres

LOCATION: 25 miles northeast of Homer

LOCAL GOVERNMENT OR REGIONAL CORPORATION: Kenai Peninsula Borough, Cook Inlet Region, Inc.

DNR LAND USE PLAN: None

LAND CLASSIFICATION: Resource Management

LAND OWNERSHIP: state patented

HISTORY OF GRAZING USE: Grazing continuous since first federal grazing lease in the early 1950's. Present lease issued 1-1-75, expiration date 1-1-95. This is the primary active lease on the Kenai Peninsula, currently stocked with 450 head of the Fox River Cattleman's association.

THREATS TO FUTURE GRAZING: No land disposals or state conveyances are proposed. Under AS.33.05.100 (repealed 1976) the lessee is entitled to a 20 year lease extension upon expiration. Therefore, provided lease provisions are complied with, continued grazing use can occur until the year 2015. The southern 1/3 of lease overlaps with the Fox River critical habitat area (established 1972) and is not included in 11,500 ac. figure above.

COMMENTS REQUESTED/RESPONSE:

ADFG/ opposes legislative designation

ADEC/ no comment

AK Div. Parks/ no comment

Kenai Peninsula Borough/ no comment

Cook Inlet Region Inc./ no comment

OPTIONS:

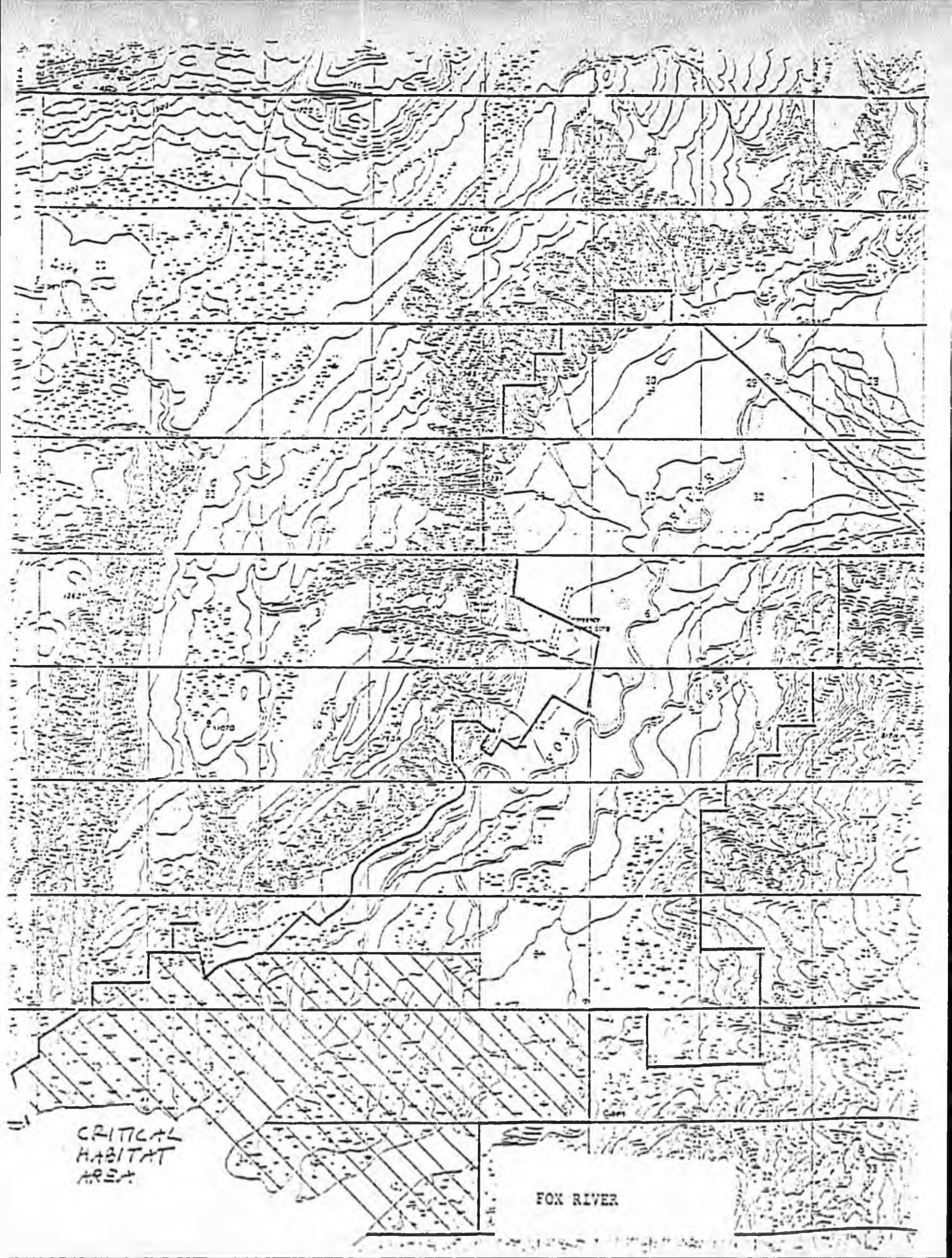
1. resource management classification (status quo)
2. reclassification from resource management to grazing
3. legislative designation as a state rangeland

RECOMMENDATIONS:

ASAC - # 1

Directors of Agriculture and DLHM -

Commissioner -



AREA: DEEP CREEK

ACREAGE: 30,000 acres

LOCATION: 20 miles north of Homer

LOCAL GOVERNMENT OR REGIONAL CORPORATION: Kenai Peninsula Borough, Cook Inlet Region Inc.

DNR LAND USE PLAN: Deep Creek management plan

LAND CLASSIFICATION: grazing

LAND OWNERSHIP: state patented

HISTORY OF GRAZING USE: none

TERMS TO FUTURE GRAZING: no land sales or other conveyances proposed.

COMMENTS REQUESTED/RESPONSE:

ADFAG/ opposed to legislative designation

ACEC/ no comment

AK Div. Parks/ no comment

Kenai Peninsula Borough/ no comment

C.I.R.I./ no comment

OPTIONS:

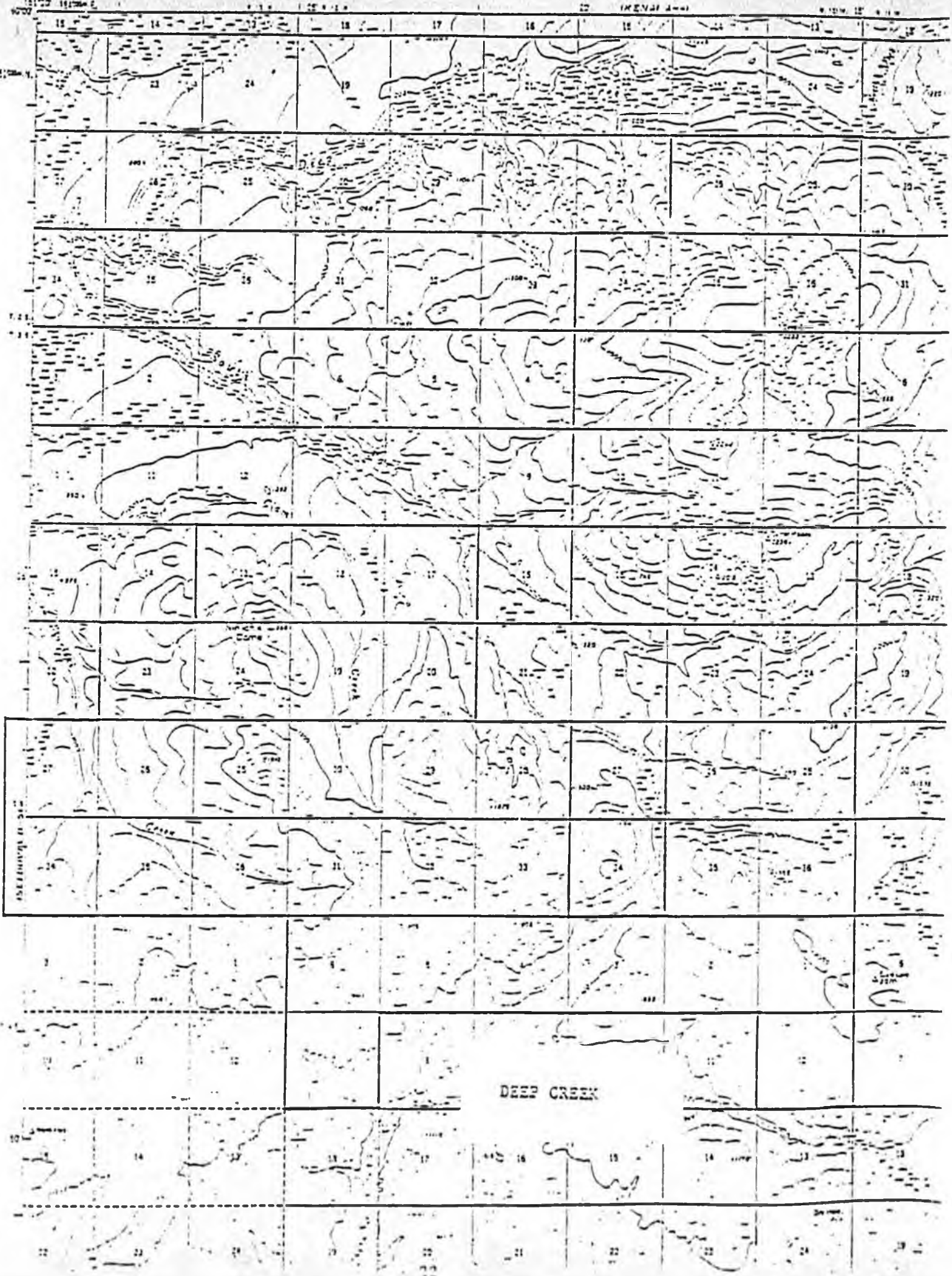
1. Grazing classification (status quo)
2. legislative designation as state rangeland

RECOMMENDATIONS:

ASAC - ~~##~~ 1

Directors of Agriculture and DLWM -

Commissioner -



DEEP CREEK

AREA: Talkeetna Mountains

ACREAGE: 240,000 acres in Management Block
28,000 acres in Primary Grazing Unit #1
29,000 acres in Primary Grazing Unit #2

LOCATION: Talkeetna area, on west flank of Talkeetna Mountains

LOCAL GOVERNMENT OR REGIONAL CORPORATION: Mat-Su Borough, Cook Inlet Region, Inc.

DNR LAND USE PLAN: Susitna Area Plan (SAP)

LAND CLASSIFICATION: Public recreation/wildlife habitat

LAND OWNERSHIP: State patented, tentatively approved

HISTORY OF GRAZING USE: none - Bartlett Hills ag project lies 5 miles west of designated unit #: (See attachment)

THREATS TO FUTURE GRAZING: no land disposals or other state conveyances proposed. However, there is a lack of immediate and responsive grazing lease procedures.

COMMENTS REQUESTED/RESPONSE:

ADF&G/ opposed to legislative designation

Mat-Su Borough/ diverse opinion with regard to legislative designation

Alaska Survival/ opposed to legislative designation

Chase Community Council/ opposed to legislative designation for areas north of Talkeetna River

ADEC/ no comment

AK Div. Parks/ no comment

C.I.R.I./ no comment

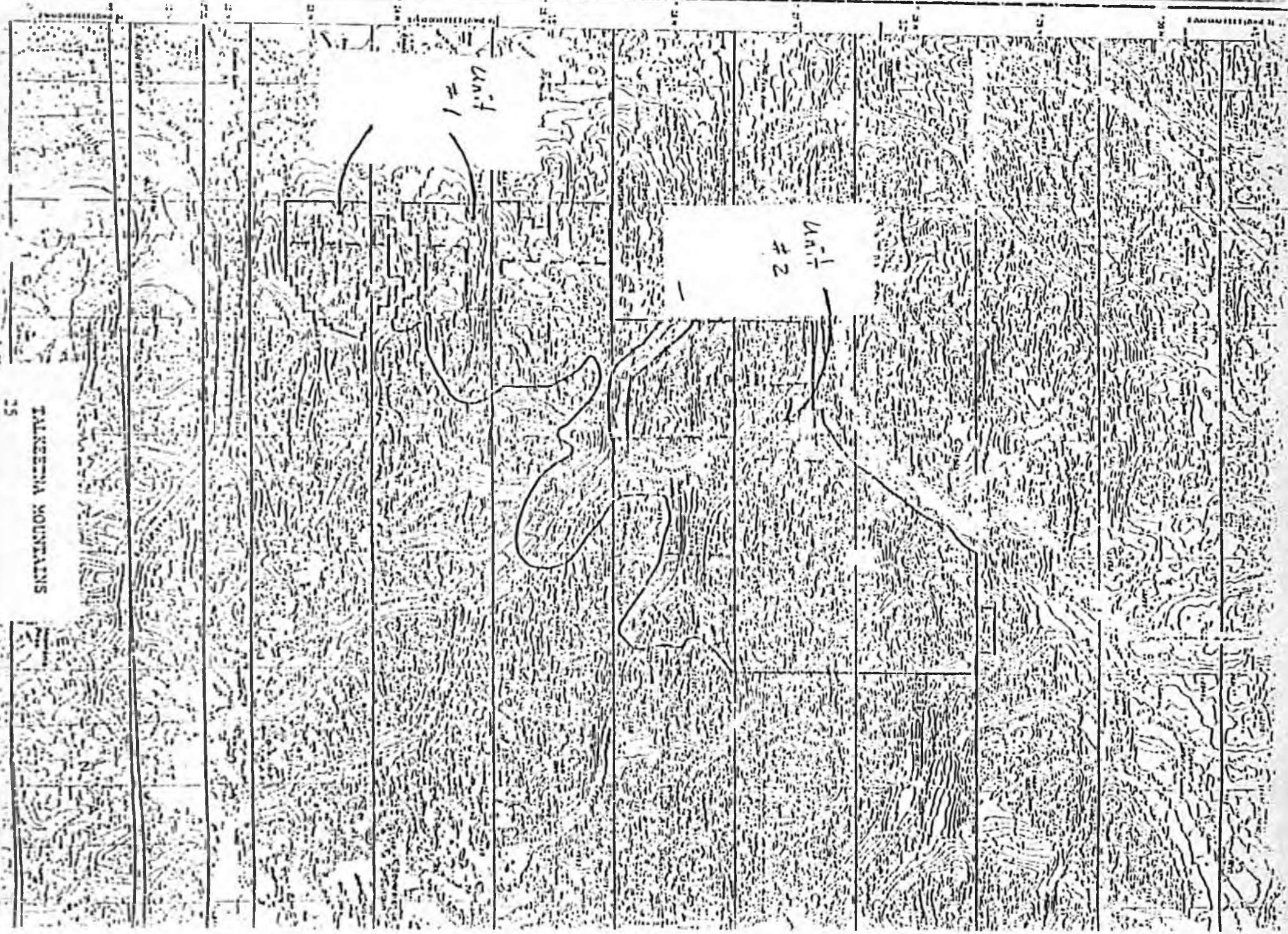
OPTIONS:

1. Grazing allowed areawide through secondary use allocation in SAP (status quo)
2. Legislative designation as state rangeland
3. Recommend additional studies. Initial reconnaissance resource information dictates moderate to high potential.

RECOMMENDATIONS:

ASWCB - 1 & 3
Directors of Agriculture and DLWM -
Commissioner -

TALKEENA MOUNTAINS



DRAFT LEGISLATION

EXHIBIT



LAWS OF ALASKA

1986

Source

CSHB 482(Res)

Chapter No.

101

ALL ACT

Relating to protection of natural rangeland.

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

THE ACT FOLLOWS ON PAGE 1, LINE 8

Approved by the Governor: June 6, 1986
Actual Effective Date: September 4, 1986

Chapter 101

ALL ACT

Relating to protection of natural rangeland.

* Section 1. The legislature finds that there is a substantial public purpose in the protection of existing naturally occurring rangeland and for the establishment of state owned or acquired land valuable for grazing as state grazing preserves for the perpetuation of personal, commercial, and other beneficial uses of the resources under the principles of multiple-use and sustained-yield management. In this section, "naturally occurring rangeland" means land of the state where cattle, sheep, or reindeer are grazing or where cattle, sheep, or reindeer may graze under lease or permit of the commissioner of natural resources.

* Sec. 2. The commissioner of natural resources shall report to the Second Session of the Fifteenth State Legislature within the first 10 days of the session on state land recommended for protection as state grazing preserves.

30

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF AGRICULTURE

ALASKA SOIL AND WATER CONSERVATION BOARD

- o Five member voluntary board, governor appointed.
- o Administers Alaska's Soil and Water Conservation Law (AS 41.10).
- o Directs USDA Soil Conservation Service.
- o Conserving soil and water resources in resource development.
- o Guiding settlement.
- o Meets two times per year, public meetings.

Fairbanks SWCD	Homer SWCD	Kenai- Kasilof SWCD	Fenny Lake SWCD	Kodiak SWCD	Palmer SWCD	Satcha- Big Delta SWCD	Upper Sutina SWCD	Vashla SWCD
<ul style="list-style-type: none">o Nine local Soil and Water Conservation District boards of five supervisors each.o Serve voluntarily, elected by cooperating renewable resource producers within the SWCD.o Through cooperative agreements with over 1,000 Alaska producers of renewable resources, USDA-SCS provides technical assistance necessary for the conservation of soil and water in the development of their resources.o Meets monthly, public meeting.								

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

JAN 20 1988

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1798
PHONE: (907) 465-2400

5

January 20, 1988

The Honorable Jan Faiks
President of the Senate
P.O. Box 7
Juneau, Alaska 99811

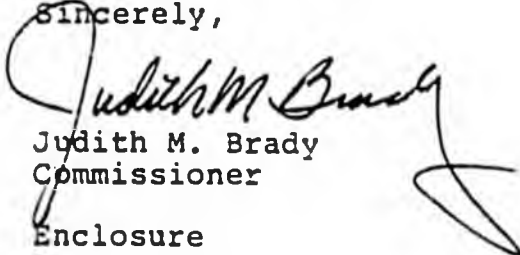
Dear Senator Faiks:

As required by Chapter 101, SLA86, the Department of Natural Resources is reporting to the Second Session of the Fifteenth State Legislature concerning state land recommended for protection as State Grazing Preserves.

The enclosed report, prepared at my request by the Alaska Soil and Water Conservation Board, analyzes eight areas in Alaska that have potential for grazing preserve status. Because impacts on fish and wildlife and other users of these areas have yet to be fully considered, the Department cannot at this time recommend the legislative designation of these areas.

We look forward to working with legislators interested in designating one or more of these areas as grazing preserves.

Sincerely,


Judith M. Brady
Commissioner

Enclosure

A REPORT ON AREAS SUITABLE FOR DESIGNATION AS
STATE GRAZING PRESERVES

By

The Alaska Soil and Water Conservation Board

For

The Commissioner of Natural Resources

TABLE OF CONTENTS

FOREWARD	1
TABLE OF CONTENTS	11
BACKGROUND	1
REPORT PREPARATION	3
CRITERIA	4
DEFINITION OF STATE RANGELAND	5
ADMINISTRATIVE PROTECTION OF RANGELAND	6
STATE RANGELAND MANAGEMENT	7
STATE RANGELAND PROPOSALS	
Seward Peninsula	9
Chiniak Peninsula	11
Sitkinak Island	13
Chirikof Island	15
Tugidak Island	17
Fox River	19
Deep Creek	21
Talkeetna Mountains	23
DRAFT LEGISLATION	26
EXHIBITS	29
SLA 86, Ch. 101	30
DNR/ASWCB/SWCD Relationship	31

BACKGROUND

Within the past two decades, many of Alaska's historical grazing areas have been conveyed to municipalities and native corporations, or included within national wildlife refuges. For example, while there were once seven grazing leases on northeastern Kodiak Island, grazing activity on the Island today is limited to the three leases on the southern half of the Chiniak Peninsula. Where once there was grazing south of Kodiak on Sitkalidak, Unalaska, Umnak, Adak and the Simeonof Islands, only two islands with a history of grazing (Chirikof and Sitkinak) will eventually end up in state ownership.

The large blocks of rangelands on the lower Kenai Peninsula and the Mantanuska Valley have been broken up by conveyances to municipalities and native corporations. Although the intent of the major landowners in addition to the state on the Seward Peninsula (native corporations, Bureau of Land Management, National Park Service) is to provide for a continued reindeer industry, the mixed land ownership could inhibit the continued development of the reindeer industry in the future.

Along with the large scale conveyance of rangelands to private and public entities, other threats to continued grazing are smaller in acreage, but none the less as serious. Portions of state owned rangelands are continuously nominated for land disposals and

exchanges. Based on the "open range" court decision (3HO-84-276SC), intrusion of just a few parcels of private property could spell financial disaster for livestock owners due to fencing costs or liability claims. The court decision determined there is no "open range" in Alaska, and that common law would protect the interests of private property over that of livestock owners, thereby making livestock owners liable for damage caused by their livestock to private property.

By 1985, the state was receiving title to most of its general selections on Kodiak Island and the Seward Peninsula. The lack of DNR land use plans for these new state lands left some doubt of how the previously mentioned problems affecting rangelands were to be dealt with. Public concern over the future of the rangelands in these two areas of the state led to legislation being introduced in the Second Session of the Fourteenth Legislature.

Two bills, HB 482, sponsored by Representative Fuller, and SB 343, sponsored by Senator Ferguson, recognized the importance of natural rangeland and directed DNR to report to the Second Session of the Fifteenth Legislature on land recommended for protection as state grazing preserves. A third bill, SB 406, sponsored by Senator Coghill, would have established the state owned rangelands on Kodiak Island and the Seward Peninsula as state grazing preserves.

HB 482 passed the legislature (SLA 86, ch.101). A copy is included as an exhibit to this report. The law did not specify only the rangelands on Kodiak Island and the Seward Peninsula, therefore other areas of state rangelands were also investigated in this report.

REPORT PREPARATION

Responsibility for this report was delegated to the Division of Agriculture from the Commissioner. The Division of Agriculture requested the Alaska Soil and Water Conservation Board (ASWCB) to prepare the report.

The five-member, Governor-appointed ASWCB is created under DNR pursuant to Alaska's soil conservation district law (AS 41.10). In addition to administering the soil conservation district law, the ASWCB acts in an advisory capacity to the nine soil and water conservation districts (SWCDs) located around the state. The relationship between DNR, the ASWCB and the SWCDs is included in chart form as an appendix to this report. The charge of the ASWCB, declaration of policy under AS 41.10, and relationship with the nine local SWCDs, lend themselves to the ASWCB preparing the report.

The nine local SWCDs were requested to assist the ASWCB in the identification of rangelands to be considered in this report, and in

holding public meetings in their locality to further identify rangelands. The public meetings to identify rangelands were held in Talkeetna, Homer and Kodiak. SWCD assistance in identification of rangelands was particularly helpful in areas of the state which had not been included within a DNR land use plan. The ASWCB then researched available soil and range survey data, land use plans, and public land records to determine the availability of the rangelands which had been identified.

The preparation of this report in itself is not an action requiring public notice under AS 39.05.945. However, The ASWCB included public and agency contact to get an idea of the amount of support, or lack thereof, for the proposals contained herein. Any state rangeland proposals which reach the legislature would receive further public input through the legislative process.

CRITERIA

Most of Alaska's naturally occurring rangelands are on Kodiak Island and the Aleutians, Southcentral Alaska and the Kenai Peninsula, and the Seward Peninsula. Due to favorable environmental factors, the natural grasslands on Kodiak Island and the Aleutians can even afford grazing year round. Unfortunately, due to conveyance of many of these rangelands around the state to municipalities and native corporations,

or their inclusion within national wildlife refuges, the number of state owned or selected areas available for consideration as legislatively designated state rangelands is small.

The criteria used to identify rangelands for consideration in this report were simple. The lands must be state owned or selected, should be in large contiguous blocks as opposed to smaller isolated parcels, and have current grazing use or potential for future grazing use.

In addition to the areas identified in this report, there are other areas of the state with naturally occurring rangelands on which grazing is not a prohibited use. They include eleven million acres within the DNR Kuskokwim area plan, and millions of acres within the Susitna area plan.

DEFINITION OF STATE RANGELAND

What does a legislative designation of state rangeland mean? This question caused much confusion during the preparation of this report. It is similar in concept to a state forest. It would be managed according to principles of multiple use and sustained yield, while only prohibiting uses (land disposals) which would compromise the lands contiguity as a block of lands for grazing operations to occur within. As recommended by the Kodiak Island Borough, state rangeland

should be available for Title 29 or other conveyance to government entities, provided they remain in public ownership.

Would mining be allowed on a state rangeland? Yes, the activities allowed on a state rangeland under the principles of multiple use management include:

1. Grazing permits and leases
2. Timber harvest
3. Material extraction
4. Mineral location and leasing
5. Surface lease, consistent with AS 38.05.070, for uses other than grazing
6. Recreation
7. Wildlife and fisheries habitat management
8. Hunting, fishing and trapping
9. Other traditional, compatible uses

ADMINISTRATIVE PROTECTION OF RANGELAND

In addition to the proposed legislative designation of state rangeland, there currently exists the administrative mechanism of planning and classification under AS 38.04.065 and 11 AAC 55 which can protect rangelands from diversion to other incompatible uses.

Land classification identifies the primary surface use, and is based upon the designations in a land use plan. Land use plans ² state land management objectives, and are written based on public participation. Land use plans and land classifications may be changed administratively with public input.

Any land established through legislative action as a state rangeland could not be changed administratively, rather, change would require another legislative act.

STATE RANGELAND MANAGEMENT

Grazing use would be authorized on a state rangeland under a permit or lease from DNR. Such permit or lease would have to comply with existing state laws, regulations, land use plan guidelines and DNR policy.

It is not within the ^{purview} ~~purview~~ of this report to attempt to add another regulatory layer to grazing operations.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

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

March 29, 1988

The Honorable Jack Coghill
Chair, Senate Resource Committee
P.O. Box V
Juneau, Alaska 99811

Dear Senator Coghill:

Subject: Senate Bill 483, which would legislatively designate portions of Kodiak Island and the Seward Peninsula as state grazing preserves to perpetuate personal, commercial, and other beneficial resource uses of these areas.

Position: The Department of Natural Resources does not object to the establishment of grazing preserves as long as they are recommended through a comprehensive planning process. We believe that designating these two areas as grazing preserves, before state area plans are completed, would not be in the public's interest. For example, there are currently lease applications or other activities, such as guiding, pending on land that is included in the Kodiak grazing preserve. Legislative designation of these areas may also impact existing and future borough and municipal selections. The proposed designation also conflicts with the university land settlement at Saltery Cove and the department recommends deletion of that area. At present time there appears to be no immediate danger to grazing land availability in these areas. On Kodiak, much of the proposed reserve is already subject to long-term (20 year) grazing leases, and the department is aware of no grazing conflict on the Seward Peninsula in areas which are the subject of this bill.

Background: The department's draft Northwest Area Plan will be available for public review this summer. The state area planning process for Kodiak will begin later this year. Agencies and local residents will work together to determine appropriate uses for state land in both of these regions. If support for grazing preserves is widespread, legislative designation of these areas would become plan recommendations.

Senator Coghill

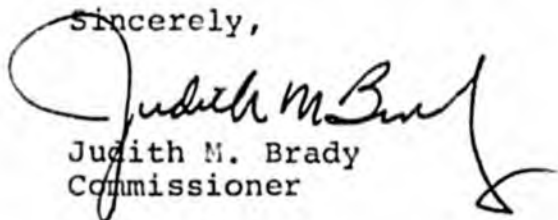
-2-

March 29, 1988

Recommendation: Defer establishment of state grazing preserves until state plans for the areas are completed. If a legislative designation is considered essential at this time, ensure that all resource uses, including oil and gas leasing and development (not allowed under the current bill) are allowed in state grazing preserves.

Please let me know if you would like additional information about these areas or the state's area plans.

Sincerely,

A handwritten signature in cursive script, appearing to read "Judith M. Brady". The signature is written in dark ink and is positioned to the right of the typed name and title.

Judith M. Brady
Commissioner

cc: Committee Members
Sponsor
Bob Evans
Rod Swope

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 483
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: 3/29/88
Title: SB 483 Protection of Natural Rangeland
Sponsor: Senate Resources
Requestor: Senate Resources

Agency Affected: DNR
BRU: Land and Water Mgmt
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The Department anticipates no fiscal impact with respect to this legislation if the management plans required by this bill can be completed according to the existing planning schedule.

Prepared by: AS Ostrowsky Phone: 465-2400
Division: Commissioner's Office Date: 3/29/88
Approved by Commissioner: [Signature] Date: 3/29/88
Agency: Department of Natural Resources

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

S B

4 8 4

FISCAL NOTE

REQUEST:

Revision Date: 4/5/88
Title: Restructuring Agricultural Debt
Sponsor: Senate Resources Committee
Requestor: Senate Resources Committee

Agency Affected: Natural Resources
BRU: Agricultural Management
Components: ARLF

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		202.5				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	202.5	-0-	-0-	-0-	-0-

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

REVENUE	-0-	(8300.0)	(1300.0)	(1300.0)	(1300.0)	(1300.0)
---------	-----	----------	----------	----------	----------	----------

FUNDING: (Thousands of Dollars)

GENERAL FUND		202.5				
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	202.5	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

In FY 89 the revenue loss is due to the forgiveness of \$7 million in interest and penalties and \$1.3 million in reduced loan payments (based on \$30 million in total ARLF loans due). In FY 90 -FY 93 the revenue loss is because of the reduced amount in loan payments. The 202.5 thousand in operating funds will pay for a contractor to process the restructuring of 225 ARLF borrowers.

Prepared by: Hal Ward Phone: 745-7200
Division: Agriculture Date: 4/5/88

Approved by Commissioner: _____ Date: 4/5/88
Agency: Natural Resources

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

5-1984B
Bradley
3/30/88

Original sponsor: Judiciary Committee
by Request

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 484 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act restructuring agricultural debt; and provid-
7 ing for an effective date."

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

9 * Section 1. RESTRUCTURING AGRICULTURAL REVOLVING LOAN FUND DEBT. The
10 Agricultural Revolving Loan Board shall restructure the debt of each bor-
11 rower who has a loan from the board on July 1, 1988. The amount of any
12 interest and penalties due to the agricultural revolving loan fund on
13 July 1, 1988, is forgiven. The amount of the principal due to the agricul-
14 tural revolving loan fund on July 1, 1988, shall be repaid in 30 equal
15 payments of the principal that are due to the agricultural revolving loan
16 fund on July 1, 1989, and each succeeding July 1 until the principal is
17 repaid. The unpaid principal accrues interest at the following rates and
18 shall be paid on the dates stated:

- 19 (1) On July 1, 1989: one percent of the unpaid principal;
20 (2) On July 1, 1990: two percent of the unpaid principal;
21 (3) On July 1, 1991: three percent of the unpaid principal;
22 (4) On July 1, 1992: four percent of the unpaid principal;
23 (5) On July 1, 1993: five percent of the unpaid principal;
24 (6) On July 1, 1994: six percent of the unpaid principal;
25 (7) On July 1, 1995: seven percent of the unpaid principal;
26 (8) On July 1, 1996: eight percent of the unpaid principal;
27 (9) On each succeeding July 1 until the principal is repaid:

28 eight percent of the unpaid principal.

29 * Sec. 2. This Act takes effect immediately under AS 01.10.070.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

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

March 29, 1988

The Honorable Jack Coghill
Chair, Senate Resource Committee
P.O. Box V
Juneau, Alaska 99811

Dear Senator Coghill:

Subject: Senate Bill 484, which would restructure the debt of certain dairy farmers.

Position: The Department of Natural Resources opposes this bill because it is not limited to farmers with troubled debt, it provides special financial benefits to only one sector of the agricultural community, and it is not necessary because a farm debt restructuring program is already in place.

Background: The Division of Agriculture and the Agricultural Revolving Loan Fund (ARLF) have developed and implemented a loan restructuring program for farmers with troubled debt. Dairy farmers are eligible for consideration under the existing program. Over a 20 year period, under the existing program, farms producing over 30,000 pounds of milk per month would provide interest income to the ARLF of approximately \$544,220. In addition, principal due of approximately \$6,802,780 would be recovered during the 20 year period.

Under the terms of this bill, dairy loans would be restructured without regard to the management ability of the farmer, or the capacity to repay. This bill could reward farmers for non-performance.

Recommendation: Change this bill to reaffirm the existing ARLF debt restructuring program, but extend the maximum term allowable for restructuring from 20 to 30 years. This should meet the concerns of many farmers while preserving the integrity of the ARLF.

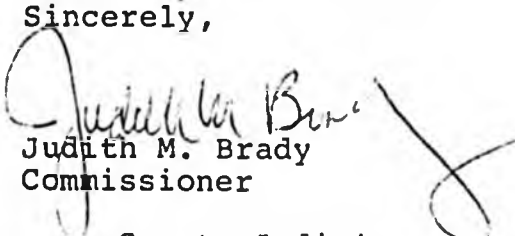
Senator Coghill

-2-

March 29, 1988

We would be happy to work with committee members to develop a substitute for this bill.

Sincerely,


Judith M. Brady
Commissioner

cc: Senate Judiciary Committee
Senate Resources Committee
Bob Evans
Rod Swope

FISCAL NOTE

REQUEST:

Revision Date: 3/ 29 /88
Title: Restructure of Dairy Debt
Sponsor: Senate Judiciary
Requestor: Senate Resources Committee

Agency Affected: Natural Resources
BRU: Agricultural Management
Components: ARLF

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		-0-	-0-			
TRAVEL		2.0	2.0			
CONTRACTUAL		30.0	30.0			
SUPPLIES		1.0	1.0			
EQUIPMENT		-0-	-0-			
LAND & STRUCTURES		-0-	-0-			
GRANTS, CLAIMS		-0-	-0-			
MISCELLANEOUS		-0-	-0-			
TOTAL OPERATING	-0-	33.0	33.0	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	(183.6)	(183.6)	(183.6)	(183.6)	(183.6)	(183.6)

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	33.0	33.0	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	33.0	33.0	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Operating expenses are for contract services to provide financial analyses for each dairy business and for establishment of a system to monitor the anticipated repayment program over the 40 year period. The negative revenue is a function of approximately one-half of the revenue otherwise available to the ARLF during the first 20 year period.

Prepared by: Hal Ward Phone: 745-7200

Division: Division of Agriculture Date: 3/29/88

Approved by Commissioner: William Hill Date: 3/29/88

Agency: Natural Resources

Distribution (by preparer):

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

S B

4 9 3

CANTWELL TO MCKINLEY VILLAGE AND MCKINLEY PARK TO CARLO CREEK

3-PHASE OVERHEAD POWERLINE ESTIMATES

(TOTAL AVERAGE COST/MILE IS \$96,739)

Cantwell to Carlo Creek

13.1 Miles of Mainline	\$1,267,280.90
1.0 Miles of Taps for Local Service	96,739.00
	<u>\$1,364,019.90</u>

Carlo Creek to McKinley Village

8.5 Miles of Mainline	\$ 822,281.50
0.3 Miles of Taps of Local Service	29,021.70
	<u>\$ 851,303.20</u>

McKinley Village to Mt. McKinley 36 Line

5.8 Miles of Mainline	\$ 561,086.20
0.8 Miles of Underground	193,478.00
	<u>\$ 754,564.20</u>

It is assumed from discussions with the National Park Service that the Park route will require considerable time to acquire permission to construct involving satisfying all public hearings, environmental criteria and NPS internal requirements.

Total estimated Cost Cantwell-McKinley Village excluding transformers and services	<u>\$2,215,323.10</u>
---	-----------------------

Total estimated Cost McKinley Park to Carlo Creek excluding transformers and services	<u>\$1,605,867.40</u>
---	-----------------------

NOTE:

Jim Wright of Cantwell intends to ask Senator Coghill to assist in funding a line from Cantwell 8 miles south to the Summit Airport. Total estimated cost excluding transformers and services

	<u>\$ 773,912.00</u>
--	----------------------

FEB 5 1985



MCKINLEY/DENALI SALMON BAKE

P.O. Box 63 • Denali Nat'l Park, Alaska 99755

(907)683-2733

January 30, 1985

Senator Jack Coghill
Alaska State Senate
Juneau, Alaska 99801

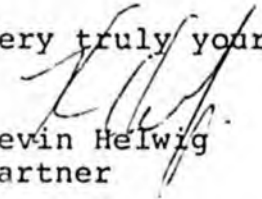
Dear Senator Coghill:

I am writing to you concerning electrical power in the Denali Park area. As I'm sure you know there are many new businesses open in the one-half mile stretch of road outside the Park entrance, (Mile 238-239 Parks Highway).

These businesses, of which I am one, are within 1/2 mile of electric power from Healy - yet we can't seem to obtain power.

Apparently, we need some sort of legislative action. I would really appreciate it if you could find an answer for myself and my associates.

Very truly yours,


Kevin Helwig
Partner

S B

4 9 4

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 3-25 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

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

3/18/83

DATE TURNED INTO OFFICE _____

Mr. President:

Resources _____ Committee considered _____ SB 494

one percent salmon enhancement tax; efd

and recommended:

replace with CS SB 494(res) _____ 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

[Signature]
Paul Foster
[Signature]

[Signature] No Rec

[Signature] Do Pass
Chairman signature and recommendation

Committee Backup Attached

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: An Act relating to a one percent salmon enhancement tax ...
Sponsor: Resources Committee
Requestor: Resources and Finance

Agency Affected: Department of Revenue
BRU: Income and Excise Audit
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel
Division: Income and Excise Audit

Phone: (907) 465-2320
Date: March 29, 1988

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: 3/29/88

Distribution (by preparer):

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

Prepared by: Steven E. Kettel
Income and Excise Audit Division
Department of Revenue
March 29, 1988

SB 494

Bill Analysis

Current law (AS 43.76) provides that upon approval by a qualified regional aquaculture association, an optional two or three percent tax will be levied on the value of salmon removed from or transferred within the association boundary. There are currently four aquaculture associations that have approved the salmon enhancement tax.

The tax is levied upon the limited entry permit holder, but generally is collected by a fish processor and paid to the Department of Revenue on a monthly basis. These funds are appropriated by the Legislature to the aquaculture associations annually.

SB 494 provides a third optional tax rate - one percent. The Department's fiscal note does not attempt to forecast how many associations will vote to reduce their tax rate. We assume that a new region establishing the salmon enhancement tax may approve the lower rate.

<u>Aquaculture Association</u>	<u>Approved S.E.T. (yes, no)</u>	<u>Rate</u>
Southern Southeast	yes	3%
Northern Southeast	yes	3%
Prince William Sound	yes	2%
Cook Inlet	yes	2%
IMARPIK (Bristol Bay)	no	
Kodiak	no	

The amendments which Senator Jones is proposing for SB 494 would eliminate statewide salmon enhancement authorities and provide exemptions from assessments under certain circumstances to regional aquaculture associations. The Southern Southeast Regional Aquaculture Association has asked that Senator Jones proposed these amendments to the measure.

The first amendment (Sections 1 and 9) would repeal the authority for statewide salmon enhancement authorities. This statute has never been used and it is thought by the regional associations to be unnecessary. It is Senator Jones' understanding the other regional aquaculture organizations endorse this repealing language.

The second amendment (Sec. 8.) would provide exemptions from assessments for regional aquaculture associations when the salmon are harvested with a special harvest area entry permit. The basis for this is; the assessment is being collected for the benefit of the regional association, it is duplicative, costly, and time consuming to collect the assessment form the association and then return it.

5-2068B
Bannister
3/29/88

Original sponsor: Resources Committee

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 494 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the salmon enhancement tax and to
7 salmon enhancement authorities; and providing for an
8 effective date."

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

10 * Section 1. AS 16.10.555 is amended to read:

11 Sec. 16.10.555. DISPOSAL OF PROPERTY ACQUIRED BY DEFAULT OR
12 FORECLOSURE. The Department of Commerce and Economic Development
13 shall dispose of property acquired through default or foreclosure of a
14 loan made under AS 16.10.500 - 16.10.560 [AS 16.10.500 - 16.10.620].
15 Disposal shall be made in a manner that serves the best interests of
16 the state, and may include the amortization of payments over a period
17 of years.

18 * Sec. 2. AS 43.76 is amended by adding a new section to read:

19 Sec. 43.76.013. ONE PERCENT SALMON ENHANCEMENT TAX. (a) A
20 person holding a limited entry permit under AS 16.43 shall pay a
21 salmon enhancement tax at the rate of one percent of the value of
22 salmon, as defined in AS 43.75.140, that the person removes from the
23 state or transfers to a buyer in the state. The buyer shall collect
24 the salmon enhancement tax at the time the salmon is acquired by the
25 buyer.

26 (b) A one percent salmon enhancement tax may only be levied or
27 collected under (a) of this section

28 (1) in a region designated by the commissioner of fish and
29 game for the purpose of salmon production under AS 16.10.375;

1 (2) if there exists in the region an association determined
2 by the commissioner of fish and game to be a qualified regional asso-
3 ciation under AS 16.10.380; and

4 (3) if the qualified regional association approves the one
5 percent salmon enhancement tax under AS 43.76.015.

6 * Sec. 3. AS 43.76.015(b) is amended to read:

7 (b) The salmon enhancement tax is levied under AS 43.76.010,
8 [OR] 43.76.011, or 43.76.013 in a region on the effective date stated
9 on the ballot if

10 (1) it is approved by a majority vote of the eligible
11 interim-use permit and entry permit holders voting in an election held
12 under this section in the region; and

13 (2) the election results are certified by the commissioner
14 of commerce and economic development.

15 * Sec. 4. AS 43.76.015(c) is amended to read:

16 (c) In conducting an election under this section, a qualified
17 regional association shall adopt the following procedures:

18 (1) The qualified regional association for the region shall
19 hold at least one public meeting not less than 30 days before the date
20 on which ballots must be postmarked to be counted in the election to
21 explain the reason for the proposed salmon enhancement tax and to
22 explain the registration and voting procedure to be used in the elec-
23 tion. The qualified regional association shall provide notice of the
24 meeting by

25 (A) mailing the notice to each eligible interim-use
26 permit and entry permit holder;

27 (B) posting the notice in at least three public places
28 in the region; and

29 (C) publishing the notice in at least one newspaper of

1 general circulation in the region at least once a week for two
2 consecutive weeks before the meeting.

3 (2) The qualified regional association shall mail two
4 ballots to each eligible interim-use permit and entry permit holder.
5 The first ballot shall be mailed not [NO] more than 45 days before the
6 date ballots must be postmarked to be counted in the election. The
7 second ballot shall be mailed not [NO] less than 15 days before the
8 date ballots must be postmarked to be counted in the election. The
9 qualified regional association shall adopt procedures to insure that
10 only one ballot from each eligible interim-use permit and entry permit
11 holder is counted in the election.

12 (3) The ballot shall

13 (A) indicate whether the election relates to a salmon
14 enhancement tax under AS 43.76.010, [OR] to a salmon enhancement
15 tax under AS 43.76.011, or to a salmon enhancement tax under
16 AS 43.76.013;

17 (B) ask the question whether the salmon enhancement
18 tax shall be levied;

19 (C) indicate the boundaries of the region in which the
20 salmon enhancement tax will be levied;

21 (D) provide an effective date for the levy of the
22 salmon enhancement tax; and

23 (E) indicate the date on which returned ballots must
24 be postmarked in order to be counted.

25 (4) The ballots shall be returned by mail and shall be
26 counted by the commissioner of commerce and economic development or by
27 a person approved by the commissioner of commerce and economic de-
28 velopment.

29 " Sec. 5. AS 43.76.020(a) is amended to read:

1 (a) The salmon enhancement tax levied under AS 43.76.010, [OR]
2 43.76.011, or 43.76.013 may be terminated by the commissioner of
3 revenue upon majority vote at an election held under AS 43.76.015 in
4 the region in which the salmon enhancement tax is levied.

5 * Sec. 6. AS 43.76.025(a) is amended to read:

6 (a) A buyer who acquires fisheries resources that [WHICH] are
7 subject to the salmon enhancement tax imposed by AS 43.76.010, [OR]
8 43.76.011, or 43.76.013 shall collect the salmon enhancement tax at
9 the time of purchase, and shall remit the total salmon enhancement tax
10 collected during each month to the department [DEPARTMENT OF REVENUE]
11 by the last day of the next month.

12 * Sec. 7. AS 43.76.028(a) is amended to read:

13 (a) The owner of salmon removed from the state is liable for
14 payment of the salmon enhancement tax imposed by AS 43.76.010, [OR]
15 43.76.011, or 43.76.013 if, at the time the salmon are removed from
16 the state, the tax payable on the salmon has not been collected by a
17 buyer.

18 * Sec. 8. AS 43.76 is amended by adding a new section to read:

19 Sec. 43.76.035. EXEMPTION. This chapter does not apply to
20 salmon harvested under a special harvest area entry permit issued
21 under AS 16.43.400 to a regional association established under AS 16.-
22 10.380.

23 * Sec. 9. AS 16.10.600, 16.10.610, and 16.10.620 are repealed.

24 * Sec. 10. This Act takes effect immediately under AS 01.10.070(c).
25
26
27
28
29

S B

5 0 9

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

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

FURTHER: FINANCE

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

4/19/88 DATE TURNED INTO OFFICE _____
Mr. President:
RESOURCES Committee considered SB 509

termination date, members, and reports of the Alaska Minerals Commission;
efd

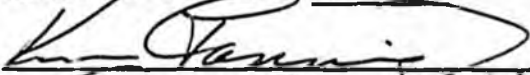


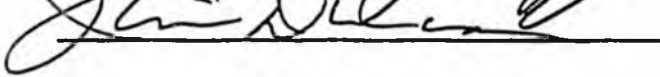
and recommended:

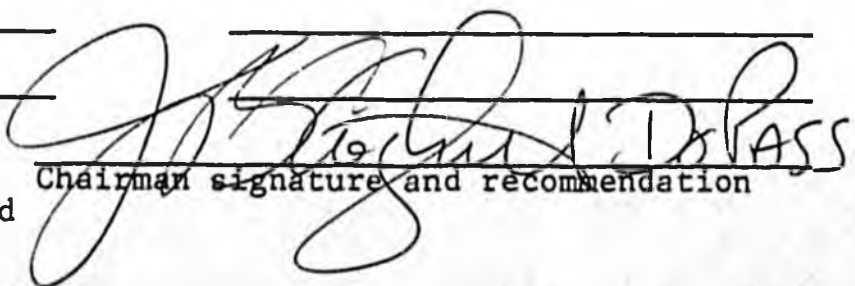
- replace with CS _____ same title
- attached amendment(s) and new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

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

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS


Chairman signature and recommendation

Committee Backup Attached



Alaska State Legislature

SENATE SPECIAL COMMITTEE ON OIL AND GAS

SENATOR BETTYE FAHRENKAMP
CHAIRMAN
SENATOR JACK COGHILL
SENATOR PAUL FISCHER

P.O. BOX V
JUNEAU, AK 99811
(907) 465-3834

M E M O R A N D U M

TO: Senator Coghill, Chairman
Senate Resources Committee

FROM: Senator Bettye Fahrenkamp, Chairman *BF*
Senate Special Committee on Oil and Gas

RE: SB 509, An Act relating to the termination date,
members and reports of the Alaska Minerals Commission;
and providing for an effective date.

DATE: April 22, 1988

Thank you for scheduling SB 509.

The Alaska Minerals Commission was established in 1986 to investigate some of the current problems experienced by the mining industry and make recommendations on ways to mitigate existing constraints on the development of minerals, including coal, in the state.

The Commission has issued two preliminary reports and is scheduled to make its final report at the beginning of the next legislative session. It will then terminate on February 1, 1989.

SB 509 would extend the Alaska Minerals Commission for an additional five years. More time is needed to continue to find solutions to the major impediments to responsible mineral resource development.

If legislation extending the Commission is not passed this session, it is not likely that there would be sufficient time at the beginning of next session to prevent its termination on February 1, 1989.

The legislation has the support of the Department of Natural Resources and the Department of Commerce and Economic Development. Funding for the operation of the Commission has not been included in the FY 89 budget. Passage of this bill would ensure that \$22,500 will be available to complete the final report.

Thank you for your consideration.

SB 509: "An Act relating to the termination date, members, and reports of the Alaska Minerals Commission; and providing for an effective date."

Background: The Minerals Commission was created by the 1986 Legislature and established in the Department of Commerce and Economic Development. Administrative support for the commission is provided by the Division of Business Development.

The commission was charged under statute to make recommendations to the Legislature and the Governor on ways to mitigate constraints on the development of minerals in the state. The commission has complied with that legislative mandate by drafting and submitting two reports to the Governor and the Legislature.

Many of the commission's legislative recommendations have been introduced in bills during the 1987 and 1988 legislative sessions and many of the commission's administrative recommendations have been the subject of review and adoption by state agencies. The legislative and administrative response to the commission's recommendations is strong evidence that the commission has taken its statutory directive seriously and responded effectively.

Alaska's mineral industry has begun a recovery and there is enormous potential for the emergence of a dramatically expanded and productive mining sector over the next five to ten years: a time when the state's economy critically needs growth in its nonpetroleum sectors. The advisory role of the Alaska Minerals Commission will continue to be valuable to the Legislature and the administration during this period.

Position: While the department has provided support through personal services, it is not capable of supporting travel and contractual services for commission members and staff. A Fiscal Note for \$22.5 for contractual and travel has been submitted. It is also noteworthy that the commission has been partially supported by the private sector as individual commission members and their companies have often funded travel and per diem of members.

The Department of Commerce and Economic Development feels the Minerals Commission has served the state well and supports SB 509 to extend the commission's time of service.

Kathy Marshall for

J. Anthony Smith, Commissioner
Department of Commerce and
Economic Development

4/22/88

Date

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
 Title: An act relating to the term- BRU: Business Development
ination date, members & reports of the Alaska Minerals Commission.
 Sponsor: Special Committee on Oil & Gas Components: _____
 Requester: Special Committee on Oil & Gas

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		0	0	0	0	0
TRAVEL		21.0	21.0	21.0	21.0	21.0
CONTRACTUAL		1.5	1.5	1.5	1.5	1.5
SUPPLIES		0	0	0	0	0
EQUIPMENT		0	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		22.5	22.5	22.5	22.5	22.5

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

REVENUE		0	0	0	0	0
---------	--	---	---	---	---	---

FUNDING: (Thousands of dollars)

GENERAL FUND		22.5	22.5	22.5	22.5	22.5
FEDERAL FUNDS		0	0	0	0	0
OTHER		0	0	0	0	0
TOTAL		22.5	22.5	22.5	22.5	22.5

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared by: Thves Shaub *Bonnie G. Borchick for LM.* Phone: 465-2094
 Division: Business Development Date: 4/20/88
 Approved by Commissioner: Anthony Smith Date: 4-21-88
 Agency: Department of Commerce & Economic Development

Distribution (by preparer):

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

The Alaska Minerals Commission was created by the 14th Legislature with the mandate to make recommendations to the Governor and to the Legislature on ways to mitigate constraints on the development of the minerals in the State. Senate Bill 509 extends the life of the Minerals Commission from its current sunset date of February 1, 1989 to February 1, 1994.

The travel funds in this fiscal note will cover travel and per diem for the eleven member commission for the purpose of attending commission meetings. The contractual funds will cover the costs of phone, postage and printing of the annual report to the governor and legislature.

The first two reports of the Alaska Minerals Commission are attached.



LAWS OF ALASKA

1986

Source

Chapter No.

CSSB 418(Res)

98

AN ACT

Relating to the Alaska minerals commission; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 9

Approved by the Governor: June 6, 1986
Actual Effective Date: June 7, 1986

AN ACT

Relating to the Alaska minerals commission; and providing for an effective date.

* Section 1. (a) The legislature finds that the minerals industries, including metallic minerals, industrial minerals, and hydrocarbons, have been traditionally and continue to be the major source of wealth and income in the state.

(b) The legislature further finds that there are major constraints on the continued development of a diverse mineral industry in the state, including the Environmental Protection Agency's effluent guidelines, state water quality standards and improperly classified streams and rivers, restrictions on surface access, complex and numerous permitting requirements, a limited access to minerals through mineral closing orders and restrictions on multiple use through state and federal land use plans.

* Sec. 2. ALASKA MINERALS COMMISSION ESTABLISHED. (a) The Alaska Minerals Commission is established in the Department of Commerce and Economic Development.

(b) The commission is composed of 11 members. The commission shall be composed of individuals who have at least five years' experience in the various aspects of the minerals industries in the state. The governor shall appoint five members of the commission. The president of the Senate shall appoint three members of the commission. The speaker of the House of Representatives shall appoint three members of the commission.

(c) The commission shall make recommendations to the governor and to

Chapter 98

1 the legislature on ways to mitigate the constraints, including governmental
2 constraints, on development of minerals, including coal, in the state.

3 (d) The commission shall make its preliminary recommendations to the
4 governor and the legislature during the first 10 days of the First Regular
5 Session of the Fifteenth Legislature and shall make its final report to the
6 governor and the legislature during the first 10 days of the First Regular
7 Session of the Sixteenth Legislature.

8 * Sec. 3. This Act is repealed February 1, 1989.

9 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
10 10.070(c).

11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

B

Ap
Ac

Interim Report of the
Alaska Minerals Commission



January 1988

**Interim Report of the
ALASKA MINERALS COMMISSION
to
Governor Steve Cowper
and the
Alaska Legislature**

January 1988

FOREWORD

The Alaska Minerals Commission was created by the 14th Legislature through the enactment of Chapter 98 of the 1986 Session Laws of Alaska. The source of the Act was Senate Bill 418 (Appendix B) which was passed by the Legislature and signed into law on June 6, 1986.

The enabling legislation instructs the Commission to make recommendations to the Governor and Legislature on ways to mitigate the constraints, including governmental constraints, on the development of minerals, including coal, in the state.

The Commission presented its initial report to the Governor and the Legislature in January 1987 at the outset of the first session of the 15th Legislature. The Commission is also charged with making a final report to the first session of the 16th Legislature in January 1989 after which the Commission will expire.

This interim report contains recommendations for the consideration of the Governor and the Legislature during the 1988 legislative session.

Commission members are appointed by the Governor, the President of the Senate and the Speaker of the House. The current members include representatives of the placer, hard rock and coal mining industries and come from diverse areas of the state. Administrative and staff support to the Commission is provided by the Division of Business Development, Department of Commerce and Economic Development.

I would like to thank all members of the Commission, staff and those members of the public who have provided their comments and worked on committees for their contributions in preparing this report. I would also like to thank Governor Cowper for the support his office has provided the Commission.

Earl H. Beistline
Chairman

Interim Report of the
ALASKA MINERALS COMMISSION

January 1988

CONTENTS

Foreword.....	i
Members and Staff.....	ii
Table of Contents.....	iii
Executive Summary.....	1
Introduction.....	2
Recommendations of the Alaska Minerals Commission	
I. Legislative Priorities.....	3-4
II. Administrative Priorities.....	4-5
III. Support for Mineral Programs and Services.....	5-6
Appendices	
A. Statement of Purpose	
B. Chapter 98, Session Laws of Alaska, 1986	

CORRECTION

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

**Interim Report of the
ALASKA MINERALS COMMISSION
to
Governor Steve Cowper
and the
Alaska Legislature**

January 1988

FOREWORD

The Alaska Minerals Commission was created by the 14th Legislature through the enactment of Chapter 98 of the 1986 Session Laws of Alaska. The source of the Act was Senate Bill 418 (Appendix B) which was passed by the Legislature and signed into law on June 6, 1986.

The enabling legislation instructs the Commission to make recommendations to the Governor and Legislature on ways to mitigate the constraints, including governmental constraints, on the development of minerals, including coal, in the state.

The Commission presented its initial report to the Governor and the Legislature in January 1987 at the outset of the first session of the 15th Legislature. The Commission is also charged with making a final report to the first session of the 16th Legislature in January 1989 after which the Commission will expire.

This interim report contains recommendations for the consideration of the Governor and the Legislature during the 1988 legislative session.

Commission members are appointed by the Governor, the President of the Senate and the Speaker of the House. The current members include representatives of the placer, hard rock and coal mining industries and come from diverse areas of the state. Administrative and staff support to the Commission is provided by the Division of Business Development, Department of Commerce and Economic Development.

I would like to thank all members of the Commission, staff and those members of the public who have provided their comments and worked on committees for their contributions in preparing this report. I would also like to thank Governor Cowper for the support his office has provided the Commission.

Earl H. Beistline
Chairman

ALASKA MINERALS COMMISSION

Chairman

Earl Beistline
Mining Consultant
Fairbanks, Alaska

Vice Chairman

Joseph E. Usibelli, Chairman
Usibelli Coal Mine, Inc.
Healy, Alaska

Del Ackels, Owner-Operator
Goldust Mines
Fairbanks, Alaska

Don Finney, Ketchikan Manager
U.S. Borax and Chemical Corp.
Ketchikan, Alaska

G.G. (Jerry) Booth
Manager Alaska Operations
Cominco Alaska, Inc.
Anchorage, Alaska

Karl Hanneman, President
Alaska Placer Development, Inc.
Fairbanks, Alaska

Roger Burggraf, Chairman
Fairbanks Branch
Alaska Miners Association
Fairbanks, Alaska

Jenny Hawley, Vice President
Hawley Resource Group, Inc.
Anchorage, Alaska

Joe Davis
Mining Investment Corp.
Tuscon, Arizona
(Resigned, January 1988)

Peter Richardson
Mgr. Project Administration
Greens Creek Mining Company
(Deceased, August 1987)

Ernest N. Wolff
Mining Consultant
Fairbanks, Alaska

Staff

Thyes Shaub
Division of Business Development
Department of Commerce and
Economic Development
P.O. Box D
Juneau, Alaska 99811

Charlie Green
Division of Business Development
Department of Commerce and
Economic Development
1001 Noble, Suite 420
Fairbanks, Alaska 99701

Interim Report of the
ALASKA MINERALS COMMISSION

January 1988

CONTENTS

Foreword.....	i
Members and Staff.....	ii
Table of Contents.....	iii
Executive Summary.....	1
Introduction.....	2
Recommendations of the Alaska Minerals Commission	
I. Legislative Priorities.....	3-4
II. Administrative Priorities.....	4-5
III. Support for Mineral Programs and Services.....	5-6
Appendices	
A. Statement of Purpose	
B. Chapter 98, Session Laws of Alaska, 1986	

EXECUTIVE SUMMARY

In its initial report to the Governor and the Legislature in January 1987, the Alaska Minerals Commission made 39 recommendations for legislative and administrative actions that would mitigate constraints on the development of minerals. The Commission continues to support those recommendations as the basis for promoting the development of a viable long-term mining industry in the state.

This interim report focuses on some of the original recommendations and several new recommendations which are of the greatest urgency and which, if implemented, will provide the greatest benefits to the industry and to the state in the short-term by enhancing Alaska's business climate and by sending a signal to the international mining community that the state favors continued development of its mineral resources.

Legislative Priorities

As its highest priority, the Commission urges the enactment of a mineral policy act that will provide a clear statutory policy supporting the responsible development of Alaska's mineral resources.

The Commission has also identified as priorities the need for passage of legislation in the following four areas:

- allowing flexible work week schedules;
- extending the number of hours underground miners may work at the face;
- amending the state's workmen's compensation laws; and
- supporting the inventory of sand and gravel resources.

Administrative Priorities

The state must work to preserve the greatest amount of flexibility in the U.S. Corps of Engineers' implementation of wetlands permitting through the states certification of the Corps' proposed permitting program.

In the management of its lands, the Department of Natural Resources must emphasize multiple use rather than the present system which designates single or primary land uses and closes lands to mineral entry because of incompatibility perceived in the land planning process.

In the management of its waters, the state should pursue the introduction of increased flexibility in the six regulatory areas identified by the Alaska Miners Association/Department of Environmental Conservation Water Committee.

Support for Mining Programs and Services

The Department of Education should budget for teacher training and the implementation of the mineral and energy resource educational kits to match private sector support through AMEREF.

The Division of Geological and Geophysical Surveys should be funded at a level sufficient to allow its existing professional staff to work on a full-time basis and to provide operating funds for field mapping and other essential services provided to the citizens of the state.

Additional recommendations have been made in the legislative, administrative, and mining program and service areas, and are included in the body of the report.

INTRODUCTION

In its initial report to the Governor and Legislature in January 1987, the Alaska Minerals Commission made 39 recommendations for changes in administrative policies and for the enactment of legislation that would encourage and promote the growth of the mining industry in Alaska. During the intervening year, many positive actions have been taken.

The new administration of Governor Steve Cowper has taken many steps to support the state's existing industry and to promote new growth. During the legislative session, the administration supported enactment of a mineral policy act and several other key pieces of legislation addressing mining issues. On March 30, 1987, Governor Cowper issued a directive instructing state agencies to take progressive steps to resolve water quality issues impacting the placer mining industry.

The administration has demonstrated a new aggressiveness in several areas affecting the state's authority to manage its resources including negotiations with federal agencies on assertion of RS2477 rights-of-way on federal lands and intervention in legal challenges to the state's mining laws.

The administration has also made several important and positive decisions on specific mining projects including the issuance of two coal mine permits and the favorable resolution of the state's position on mine development plans for the U.S. Borax Quartz Hill project.

During the first session of the 15th Legislature, bills were introduced that addressed nearly all the legislative concerns of the Minerals Commission. While none of these bills have passed, the Commission expects that during the current legislative session, many of the Commission's recommendations will be signed into law.

Continued progress, both in legislative and administrative actions, will be critical to the future of Alaska's mineral industry. The international mining industry has begun to make a strong recovery as commodity prices have strengthened and provided renewed profitability to an industry hit hard by economic recession in the first half of the 1980's.

The mining industry has once again become aware of the enormous geologic potential for the discovery of commercial ore deposits in Alaska. The ongoing construction of the Greens Creek and Red Dog mines has served to focus world attention on Alaska as having potential for world class deposits. Actions to be taken by state government over the next year that demonstrate Alaska's desire to expand its mineral industry and to provide a reasonable, competitive climate for business, will do much to attract exploration and development investment in the short-term. In turn, the discovery and development of new mines will provide widespread economic benefits to the state over the long-term.

RECOMMENDATIONS OF THE ALASKA MINERALS COMMISSION

I. Legislative Priorities

Action on the following five recommendations for passage of needed legislation should be a priority of the 1988 Legislature.

Mineral Policy Act

- Many of the problems facing the mineral industry stem from the lack of a clear statutory policy supporting the responsible development of Alaska's mineral resources. The Commission members remain unanimous in their belief that the greatest immediate need is the enactment of a mineral policy act that will further the economic stability of the state through the development of Alaska's abundant metal, industrial mineral and coal resources.

Flexible Work Week

- The passage of legislation allowing work schedules to be set on the basis of project specific considerations will allow for more efficient use of labor and provide more desirable time off patterns for employees. This will be particularly significant for mines in remote locations with employees who reside in communities distant from the work site.

Work in Underground Mines

- Legislation is required to amend current statutes limiting shifts at the work face of underground mines from eight to ten hours. The antiquated statute presently in effect does not recognize the implementation of modern safety programs and penalizes mine efficiency and employee time off schedules on remote mining projects.

Workmen's Compensation

- Amendments to Alaska's worker's compensation laws are urgently needed to stem rapidly rising costs to Alaska businesses. Alaska mines compete in an international market place for the sale of their products and cannot pass on inflationary workmen's compensation costs to consumers.

Industrial Minerals Inventory

- The Legislature should enact SB 71 (or companion legislation HB 69), Senate Concurrent Resolution 4, and House Concurrent Resolution 5, addressing the need for systematic identification, inventory and reserve of sand and gravel resources by the state with particular emphasis on meeting the present and future needs of transportation systems, populated areas, and large scale developments within the state.

The Commission also recommends that the following actions be taken on a number of other issues before the Legislature during the 1988 session.

Legislation should be passed requiring agencies proposing regulations to estimate the economic impacts of those regulations including probable costs and benefits.

The Alaska Statutes should be amended to grant to department commissioners the power to waive any regulation when that regulation can be shown to be inappropriate for a particular operation or site specific situation.

Alaska Statute 38.05.300(a) should be amended to require legislative concurrence before areas greater than 640 acres can be closed to mineral entry.

The Commission recommends passage of Senate Bill 137, which requires the Department of Natural Resources to annually report on state lands closed to mineral entry.

The Commission does not recommend passage of proposed legislation which closes large acreages of state land to mineral entry (HB 93, Recreational Rivers; SB 55, Minto Flats State Game Refuge; SB 18, Anchorage Coastal Wildlife Refuge) and which ignores present regulatory flexibility to manage those lands and protect special resources and uses without making mineral closures.

The Commission recommends passage of Senate Bill 114 which will provide legislative oversight of Coastal Management Plans and which will ensure that uses of state concern are protected.

The Commission recommends passage of House Bill 212 or Senate Bill 280 which designates the Department of Natural Resources as lead agency for permitting of resource development projects. Furthermore, the agency should be granted authority for stream classification and habitat management.

The Commission recommends passage of Senate Bill 98 which prohibits the state from requiring water users to discharge water of higher quality than background levels.

II. Administrative Priorities

Action by the Governor and the administration in the following three areas should be a priority for 1988.

Wetlands Permitting

- The requirement, beginning in 1988, that placer mines receive "404" wetland permits from U.S. Army Corps of Engineers before conducting operations, poses the potential for shutting down the state's placer mining industry depending upon the degree of complexity and level of requirements imposed. The Governor should direct all state agencies to ensure that the maximum flexibility in the "404" permit is retained by certifying that the general permit and the abbreviated permit processes being proposed by the Corps are in concordance with State Water Quality and Coastal Zone Management programs.

Multiple Use of Alaska Lands

- Restrictive land classifications and closures of lands to mineral entry because of perceived surface use conflicts are contradictory to professional land management practices and are detrimental to the economic well-being of the state. The Department of Natural Resources must return to a system of multiple use land management that uses existing authority and regulatory flexibility to manage state lands for the potential use of all its natural resources.

Flexibility of Water Quality Regulations

- As recommended by the Alaska Miners Association/Department of Environmental Conservation Water Committee, the state should examine the use of mixing zones, the use of start-up variances, the reclassification of drainages, the restructuring of water uses, the revision of water quality criteria and the assumption of the NPDES program as potential areas where increased regulatory flexibility can be introduced into the state's water quality management while complying with the Clean Water Act and protecting downstream users.

The Commission also recommends that the Governor and administration continue to address recommendations in several other areas during 1988.

Actions of state agencies should continue to be guided by the progressive policies and instructions set out in the Governor's March 30, 1987 directive. The water quality regulation changes proposed on October 27, 1987 by the Department of Environmental Conservation addressing mixing zones and start-up variances do not meet the objectives of this directive. The Department of Environmental Conservation should continue to aggressively pursue a workable solution by maintaining communication with the industry.

The Department of Environmental Conservation should aggressively pursue the development of appropriate reclassification procedures and take action on specific streams for which reclassification requests have been submitted.

The state should continue to work toward assuming management of the National Pollutant Discharge Elimination System (NPDES) permit program.

State agencies issuing regulations and permits should base compliance upon attainment of performance standards, rather than requiring operators to use design and engineering specifications which often prove to be inefficient, costly and ineffective.

III. Support for Mineral Programs and Services

The following two priority recommendations are made to both the Governor and the Legislature to ensure continuation of state programs and services critical to the future of the mining industry.

Mineral Resource Education

- The "Alaska Resources Kit: Minerals" is an established and effective educational program that was jointly developed and implemented by industry and the state. The Department of Education should formalize this ongoing cooperative effort by budgeting annually for support of teacher orientation, training, and distribution of educational materials in the schools, to match ongoing industry contributions by the Alaska Mineral and Energy Resource Education Fund (AMEREF) for the production of the teaching kits.

Division of Geological and Geophysical Surveys

- Geological mapping, geologic surveys, mineral assessments and the publication of geologic reports are critical to the state's ability to maintain and expand its mining industry as well as providing for the health and benefit of the residents of the state. The Division of Geological and Geophysical Surveys should be funded at a level sufficient to allow its existing professional staff to work on a full-time basis and to provide operating funds for the performance of field mapping projects and other essential services.

The Commission also recommends appropriate support be provided for as follows:

The basic level of services provided by the Division of Mining be supported, and budgetary increments be provided to reinstitute the coal leasing and prospecting program, and to support research for coal drying technology.

The mineral services and functions within the Department of Commerce and Economic Development, Division of Business Development, be supported and the division further be directed and supported to research and publish a report — in cooperation with the Department of Natural Resources and the Mineral Industry Research Laboratory of the School of Mineral Engineering — on potential export markets for Alaska industrial minerals and products and on the availability of industrial mineral resources in Alaska.

State programs for professional education and for vocational and technical training services should continue to be supported in order that the maximum number of Alaskans are eligible to fill and hold jobs in the mining industry.

Appendix A.

ALASKA MINERALS COMMISSION STATEMENT OF PURPOSE

The Alaska Minerals Commission was created by the 14th Legislature in Chapter 98 of the Session Laws of 1986 and was established to make recommendations to the Governor and to the Legislature on ways to mitigate constraints on the development of minerals in the State.

The minerals industry offers the greatest potential of any Alaska industry for expanding and diversifying the State's economic base; for increasing Statewide employment; and for generating new wealth to create businesses and provide revenues for State and local governments.

However, Alaska has a complex pattern of land ownership and management; has overlapping and uncertain regulatory requirements; has unique geographic, geologic and climatic conditions; and has an underdeveloped transportation system.

To attract the capital necessary for the exploration and development of new mines; to ensure that mines can be developed feasibly and in timely fashion; and to ensure that producing mines remain viable—constraints on the industry must be mitigated.

The Alaska Minerals Commission will prepare reports for the First and Second Sessions of the 15th Legislature, and the First Session of the 16th Legislature, recommending to the Governor and to the Legislature the adoption of legislation and the implementation of administrative policy that will best accomplish the statement of policy found in Article VIII, of the Constitution of Alaska:

"It is the policy of the State to encourage the settlement of its land and development of its resources by making them available for maximum use consistent with the public interest."

and the statement of policy found in the President's National Materials and Minerals Report to Congress of April 5, 1982:

"It is the policy of this Administration to decrease America's mineral vulnerability by taking positive action that will promote our national security, help ensure a healthy and vigorous economy, create American jobs, and protect America's national resources and environment."

The goals of the recommendations of the Alaska Minerals Commission are to assure that the Legislature and the state administration encourage and promote development of a viable mining industry in the state.