

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990  
6064 HOUSE RESOURCES 8672

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# Tundra Times

Alaska's Oldest Statewide Newspaper

50¢

March 20, 1989

Vol. XXVI

## Akiachak plans for dissolution of government November election

by Steve Pilkington

Tundra Times reporter

If next November's election goes as voters in Akiachak plan, their city government will dissolve after a five-year power struggle with the state, leaving the welfare and safety of Akiachak entirely up to its tribal members.

And according to state officials, the provoke five other Yukon-Kuskokwim Delta communities, which are seriously considering dissolving their own city governments, to follow suit.

Moses Peter, a former mayor of Akiachak, said it is too difficult to run a traditional Native government together with the state government.

"We tried to put both governments together, but it didn't work," Peter said.

"One of them has to go. We have to go by what people want," he said.

Willie Kasayulie, chairman of the Akiachak Indian Reorganization Act Council, said the main reason

Photo by Chris Cushman



Game Board members Nicholas Jackson of Gakona, foreground, and Sidney Huntington of Galena listen to testimony given last week by Arnold Melchiemer of English Bay. Melchiemer was discussing a request for goat and moose subsistence season date changes in the Port Graham-English Bay area. The Game Board met in Anchorage last week at the William A. Egan Civic & Convention Center.

# • Akiachak faces vote in November

(Continued from Page One)

residents want to dissolve the city government is to avoid state and tribal conflicts.

"What we wanted to achieve was to have one responsible village government instead of two," Kasayulie said.

But the process of getting the state to allow the election has been long and difficult.

It began in 1985 when the Akiachak City Council members jointly resigned.

The village IRA council tried to abolish the city government once before by a popular vote from the residents, he said, but state law and the Local Boundary Commission only allowed that in rare circumstances.

Before the 1988 session of the Legislature, cities could dissolve only if they had become ghost towns. If a city grew out of the exploitation of a resource which had dried up, the state and boundary commission would allow it to dissolve.

But last year, legislators passed a dissolution statute which says a city can be dissolved if:

- A petition is signed by at least 50 percent of the residents who voted in the last election.

- The city owes no debts.

The commissioner of the Department of Community and Regional Affairs must also believe that residents will be better off before the city can be dissolved.

Marty Rutherford, director of the department's Municipal and Regional

Assistance Division, said the state supports the dissolution. The department is assisting the village, she said.

Akiachak has also met the first two parts of the statute, and the Local Boundary Commission recently set the date for the election for Nov. 7.

"I had hoped that the vote would take place in March or April," Kasayulie said.

One of the conflicts which arises between the two forms of government is criminal procedures, Kasayulie said.

"One of our concerns was that whenever one of our tribal members or community residents broke a law, they were taken out of the village without the council or anyone hearing about it," he said.

Barb Garber, an attorney with the Native American Rights Fund, said the November election will definitely dissolve the city government.

"Not a problem," he said.

The petition for an election was signed by 99 residents. This equals 72.8 percent of the number of votes cast in the last general election in the city — well over the statutory 50 percent needed for the city to be dissolved.

According to the state's schedule, the Department of Community and Regional Affairs will release its decision about the dissolution June 5. The boundary commission will conduct a hearing in Akiachak June 26.

Dan Bockhorst, supervisor of the boundary commission under the community affairs department, said

*'What we wanted to achieve was to have one responsible village government instead of two.'*

—Willie Kasayulie

Akiachak's election may affect other villages on the Yukon-Kuskokwim Delta.

"There are other communities that are potentially interested in dissolution," he said.

tion," he said.

The five other communities seeking dissolution, according to the boundary commission, are Atmaultluk, Chefor-nak, Kasigluk, Tununak and Newtok.

## ATTENTION

### Former Food Stamp Recipients

Some Alaskans were not given enough food stamps during the May 1985 through July 1987 period if they received Alaska Native Claims Settlement Act (ANCSA) dividend payments or land from Native corporations. Households participating in the Food Stamp Program which received ANCSA dividends or land during this period may be eligible for restored food stamp benefits. This advertisement seeks to find affected households which are no longer receiving food stamps.

To be considered eligible for these food stamp benefits, you must send your name, Social Security Number, and current address no later than May 30, 1989 to: Department of Health and Social Services, Division of Public Assistance, Claims Unit, 130 Seward Street, Suite 314, Juneau, Alaska 99801, Attn: ANSCA Project.

NOTE: If you are now receiving food stamps or other Public Assistance benefits DO NOT write to the address above. Any additional food stamps to which you are entitled will be sent directly to you.

**Sec. 44.47.145. Bulk fuel storage facilities grant fund.** (a) There is established in the department the bulk fuel storage facilities grant fund. Grants may be made by the department from this fund to a community to acquire and install community bulk storage facilities.

(b) Grants made under this section for the acquisition and installation of a bulk fuel storage facility may not exceed \$100,000 per community.

(c) If the governing body of two or more communities determine that their fuel requirements may be served by a single bulk fuel storage facility, the communities may jointly apply for grants to acquire and install a single bulk fuel storage facility. When communities apply jointly under this subsection, the limitation in (b) of this section is multiplied by the number of communities which submit the joint application.

(d) Before a grant is made under this section, the city council or, if the community is not incorporated, a reasonable representative body in the community shall agree in writing to maintain and operate the bulk storage facility to be constructed with the proceeds of the grant. (§ 40 ch 83 SLA 1980; am § 2 ch 46 SLA 1981)

**Effect of amendments.** — The 1981 amendment substituted "\$100,000" for "\$60,000" in subsection (b).

**Sec. 44.47.150. Village land conveyed in trust.** (a) The commissioner is designated to accept, administer, and dispose of land conveyed to the state in trust by village corporations under 43 U.S.C. 1613(c)(3) of the Alaska Native Claims Settlement Act for the purposes specified in that section.

(b) Transfer of land by sale, lease, right-of-way, easement, or permit, including transfer of surface resources, may be made by the commissioner only after approval of an appropriate village entity such as the traditional council, a village meeting, or a village referendum. This approval shall be by resolution filed with the department.

(c) Within one complete state fiscal year after the incorporation of a municipality in the village or of a municipality which includes all or part of the village, land acquired under this section shall be conveyed without cost to the municipality, and the municipality shall succeed to all the entrusted interest in the land.

(d) Separate accounts shall be maintained in the name of each village for the land, including the revenues from the land, acquired from each village corporation under this section, and within 90 days of the close of each state fiscal year a statement of the account for each municipality shall be prepared by the commissioner and be made available to the village and to the public upon request.

(e) Upon the conveyance of land to a municipality under this section, the commissioner shall account to the municipality for all profits

including interest from the land, and the municipality may then request that the governor submit a request to the legislature for an appropriation for the amount due it.

(f) A title or interest to lands acquired by the department under this section may not be acquired by adverse possession or prescription.

(g) For the purposes of this section, the term municipality includes only first and second class cities incorporated under the laws of the state. (§ 1 ch 119 SLA 1975; am § 47 ch 94 SLA 1980)

Effect of amendments. — The 1980 "chapter" near the beginning of subsection amendment substituted "section" for (g).

Sec. 44.47.155. Loan information officers. (a) The department may provide itinerant loan information officers to serve persons who reside outside the major population centers of the state.

(b) The loan information officers shall be trained, to the extent that the department considers necessary, in a program administered by the department and approved by the Alaska Housing Finance Corporation, the Alaska Industrial Development Authority, and the principal departments of the executive branch that administer loan programs.

(c) A majority of the loan information officers shall be persons who are conversant in Alaska Native languages that are spoken by a significant number of Alaska Natives. The department shall provide brochures and other printed materials, written in easily understandable English and in the Alaska Native languages that are spoken by a significant number of Alaska Natives, for distribution by the loan information officers. The brochures and printed materials shall explain the purposes of the various state loan programs, the minimum qualifications under the programs, the method for obtaining assistance in the completion of applications for the programs, and other information the department determines will improve the access of persons in rural areas to the state's loan programs.

(d) The department shall coordinate its efforts under this section with local financial institutions and community groups to determine the proper itinerary and travel schedule of the loan information officers and to provide adequate notice to persons in rural areas of the itinerary and travel schedule of the loan information officers.

(e) The department shall assign the loan information officers to rural areas based on the current and potential future demands for loans in those areas and shall establish offices for the loan information officers in rural areas if the department determines it is necessary to provide familiarity with the area served by the loan information officers and to reduce travel costs. (§ 37 ch 106 SLA 1980)

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DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

MUNICIPAL LANDS TRUSTEE PROGRAM

FEBRUARY 1989

# DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS MUNICIPAL LANDS TRUSTEE PROGRAM

FEBRUARY 1989

## SUMMARY

Section 14(c)(3) of the Alaska Native Claims Settlement Act (ANCSA) provides that after Native village corporations receive their land conveyances from the federal government, the corporations must turn over a certain amount of land for community use and expansion to the local municipal corporation (city). If there is no city in the Native village, the land is reconveyed to the State of Alaska to hold in trust for a future city.

The responsibility for administering land reconveyed to the State in trust was assigned to the Commissioner of the Department of Community and Regional Affairs by the State Legislature in 1975 with the enactment of Alaska Statute 44.47.150.

The Municipal Lands Trustee (MLT) Program was created to carry out the trust responsibilities of the State. The MLT Program is within the Municipal and Regional Assistance Division. The Director of the Municipal and Regional Assistance Division is the "Municipal Land Trust Officer" and is principally responsible, under delegation and general direction of the Commissioner, for carrying out the State's trust responsibilities. There are currently 88 unincorporated ANCSA villages which must be dealt with in regard to Section 14(c)(3) reconveyances.

## CURRENT STATUS

A review of the MLT staff monthly reports shows that from July 1, 1988 to January 31, 1989, MLT staff have traveled to 10 communities to work on 14(c)(3) land conveyances or management issues. MLT staff assisted communities or took trust actions in 41 villages during this period. Many communities were assisted several times during this period (see the MLT PROGRAM ACTIVITY AND TRAVEL SUMMARY TABLE). Travel to 15 additional villages is planned during the remainder of FY 89.

Forty-seven village corporations have completed, or are in the process of completing, reconveyances into trust. In past years, a number of "site specific" conveyances for community projects were accomplished. The MLT Program is now encouraging village corporations to plan for their total 14(c) reconveyances. The ultimate product of the 14(c) planning is a map of boundaries which identifies the location of the 14(c) claims on an aerial photograph. The village corporations submit the map to the Bureau of Land Management (BLM) for surveying.

The MLT program has worked closely with 22 villages to prepare 14(c) maps of boundaries. Eleven maps of boundaries have been submitted to the BLM. Seven have been surveyed on the ground, two are scheduled for survey by BLM and two are awaiting BLM approval. It is anticipated that five additional maps of boundaries will be submitted before the end of the fiscal year. (see ANCSA 14(c) MAPS OF BOUNDARIES SUMMARY TABLE).

The MLT Program is presently holding approximately 7,530 acres of land in trust for future cities.

In addition to assistance in preparing 14(c) maps of boundaries and the acceptance of land into trust, the MLT Program must manage the land after it is accepted. The MLT Program has made land available for a number of community purposes such as schools, community halls, airports and other public facilities. Land has also been made available for public housing projects and for residential expansion.

Local control is an important aspect of the MLT Program. No disposal actions are taken without the approval of the village residents through a recognized "appropriate village entity" (AVE) or a meeting of village residents. The AVE serves as the "eyes and ears" for the MLT Program and plays a very important role in ensuring that the views of the village residents are considered.

When a village incorporates as a city, the MLT Program transfers all trust land to the city and accounts for revenues generated from the land. During this fiscal year, Atka incorporated as a city. The MLT Program recently transferred approximately 140 acres to the newly formed city. Additionally, the City will be entitled to over \$30,000 in revenues which have been generated from the land.

### MLT PROGRAM CONCEPT

It has been the policy of the MLT Program to encourage 14(c) planning through an education process. The Program strives to build working relationships and a degree of trust with our clients which we believe is more effective than trying to force a village corporation to address its 14(c) obligation.

The Program also encourages and seeks a high level of local input in planning for 14(c)(3) reconveyances. The philosophy of the Program is that the local residents best know the land and what their community land needs are.

MLT PROGRAM ACTIVITY AND TRAVEL  
(JULY 1, 1988 THROUGH JANUARY 31, 1989)

SUMMARY TABLE

<u>Community</u>	<u>MLT Travel</u>	<u>Reported Incidents of Technical Assistance or Trust Action</u>
Atka		5
Belkotski		1
Chignik Lake		2
Circle	1	4
Council	1	6
Crooked Creek		4
Dot Lake	1	4
Eagle		1
Egegik	1	4
Ekuk	1	1
English Bay	1	3
False Pass		4
Igiugig		1
Ivanof Bay		5
Kipnuk		2
Klukwan		1
Kokhanok	1	2
Koliganek		3
Kongiganak		4
Kwigillingok		2
Manley Hot Springs		2
Minto		4
Nikolski		2
Pedro Bay	1	1
Perryville		1
Pilot Point		5
Pitkas Point		3
Port Graham	1	3
Portage Creek		3

	<u>Community</u>	MLT Travel	<u>Reported Incidents of Technical Assistance or Trust Action</u>
	Rampart		1
	Red Devil		2
	Sleetmute		5
	Solomon		1
	South Naknek		4
	Stony River		2
	Takotna	1	6
	Tatitlek		1
	Telida		1
	Tyonek		1
	Ugashik		1
	Uyak		1
TOTALS	41	10	112

ANCSA 14(c) MAPS OF BOUNDARIES  
SUMMARY TABLE

<u>Community</u>	<u>Approximate Acreage</u>
1. Kokhanok	1,280
2. Pedro Bay	405
3. South Naknek	1,100
4. Takotna	1,069
5. Ugashik	1,149
6. Dot Lake	149
7. Nelson Lagoon	235
8. False Pass	374
9. Council	234
10. Tatitlek	469
11. Telida	193
12. Portage Creek	225

14(c) MAPS OF BOUNDARIES  
EXPECTED TO BE COMPLETED WITHIN  
THE NEXT FOUR MONTHS

<u>Community</u>	<u>Approximate Acreage</u>
1. Ivanof Bay	199
2. Pilot Point	800
3. Ekuk	40
4. Eyegik	650
5. Koliyanek	50

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

ANCSA PROGRAM

February 1989

SUMMARY

The ANCSA program is established to assist communities with land issues which arose after the passage of the Alaska Native Claims Settlement Act (ANCSA). The focus of this program is to work with communities to help them establish proper site control for projects, understand and implement ANCSA 14(c), and to help them complete the documents required for land conveyance including ordinances, resolutions, deeds and leases.

Assistance is delivered through the Fairbanks, Nome, Bethel, Anchorage, and Southeast regional office with technical support from the central office in Anchorage. In addition, the department administers a grant to the Alaska Native Foundation who work with village corporations.

Communities benefit from this assistance in the following ways:

1. Projects involving land are properly sited; this protects the public resource and alleviates extra time and money needed to resolve improperly sited projects;
2. Programs which make land available to individuals and businessmen are facilitated;
3. Land is made available to cities for their public service needs through ANCSA 14(c)(3);
4. The community can more efficiently institute economic and community development projects when the land status is determined and known.
5. Alaskans receive special training which will help them in supporting their communities.

## IMPLEMENTATION OF SECTION 14(C), ALASKA NATIVE CLAIMS SETTLEMENT ACT

Under the provisions of section 14(c)(3), cities and future cities are entitled to receive land under existing improvements as well as title to land necessary for foreseeable community needs and rights-of-way. Many communities rely upon the entitlement under this section to acquire land for existing and foreseeable capital improvement projects such as clinics, community halls, sewer and water systems and roads. Financing for economic development projects may be stalled until land title questions are resolved through ANCSA 14(c) land conveyances. Individuals and nonprofit organizations are also entitled to receive land which was occupied as of December, 1971, as a primary place of residence or business. Under 14(c)(1), many Alaskans will finally receive title to the land on which they have built houses or businesses. ANCSA places the responsibility for settling these land entitlements on the village corporations.

### CURRENT STATUS OF ANCSA 14(C) ACTIVITY

All village corporations have received interim conveyances or patents containing 14(c) settlement requirements. One of the last steps in the process of settling 14(c) land entitlements is the submission of a Map of Boundaries. This map shows the proposed boundaries of the land which the village corporation will convey to individuals, the city or the Municipal Lands Trustee and the airport operator. To date, 33 village corporations have substantially completed 14(c) land conveyances. We estimate about 65 (31%) of the village corporations or communities are working on some aspect of 14(c) land settlements. This level of activity is expected to continue for some time since it takes at least three years to complete 14(c) conveyances.

### STATE FUNDED ANCSA 14(C) ASSISTANCE PROGRAMS

Through the Department there are two 14(c) assistance programs which are not duplicated elsewhere in the State. Both are funded under the ANCSA Plan of Survey Component of the Rural Development Budget Request Unit. One in-house program (initiated in FY 61) concentrates on assisting communities accomplish 14(c)(3) land settlements.

The second program is the Alaska Native Foundation 14(c) Assistance Program funded with a grant through DCRA. This program concentrates on assisting village corporations develop policies and procedures to complete 14(c) land settlements.

The reason for two programs is that the settlement of 14(c)(3) land entitlements involves negotiations between a city (or the Municipal Lands Trustee) and a village corporation. Because of the different goals and responsibilities of the parties involved, village corporations may feel uncomfortable receiving assistance from DCRA. Local governments would feel equally compromised if only village corporations had access to assistance. Also, since village corporations must resolve 14(c)(1) and (2) claims before making final decisions on 14(c)(3) settlements, ANF's program on development of the policies, procedures and documents to complete 14(c)(1) and (2) claims accelerates the whole process.

Both ANF and DCRA provide training, workshops, maps, handbooks, and other training material, and provide research and technical assistance on ANCSA related jobs which the average American could not do without special training. To increase the effective of DCRA assistance, we have developed two land management/ANCSA 14(c) training courses which are being offered in regions through the community colleges or as independent DCRA efforts. As a result of our profiles contract, we also provide some communities with an accurate base map which will make it easier to work on 14(c). ANF provides a quarterly newsletter and has other grants which support Alaskans.

#### Major Benefits of ANCSA 14(c) Assistance Programs.

1. Projects involving land are properly sited; this protects the public resource and alleviates extra time and money needed to resolve improperly sited projects;
2. Programs which make land available to individuals and businessmen are facilitated. Settling land title questions are essential to promote economic and residential development in rural Alaska;
3. Land is made available to Cities for their public service needs through ANCSA 14(c)(3);
4. The community can more efficiently institute economic and community development projects when the land status is known.
5. The training provided on land management, planning and State or Federal laws increases the capability of community and village corporation staff to serve residents of this State. Under the provisions of ANCSA, responsibility for the ownership and management of land in and around over 200 communities has shifted from the Federal Government to local residents who serve on the councils or village corporation boards. In less than 20 years, many local residents have gone from a situation of not worrying about who owns the land to a situation where they just determine property boundaries between neighbors, prepare deeds and deal with trespassers.

(This report was prepared by the Alaska State Office)

(This report was prepared by the Alaska State Office)

Villages with interline conveyances of patents containing 14(c) obligations..... 171

(Completed 14(c) maps of BC dates submitted to him as of February 1964)..... 172

Communities actively working on 14(c)..... 173

AKSA ANCSA Travel (No. of trips)..... 174

AKSA and Travel (No. of trips)..... 175

AKSA ANCSA Travel (No. of trips)..... 176

AKSA ANCSA Contact with Communities (Maps, Information, Technical Assistance, Training etc, No. of contacts)..... 177

AKSA ANCSA Contact with Communities (Maps, Information, Technical Assistance, Training etc, No. of contacts)..... 178

Total Communities contacted by AKSA..... 179

Note - Does not include community travel and contacts made by HLT and does not include regional 14(c) workshop travel and contacts except for contacts made in southeastern Alaska. The 52 communities actively working on 14(c) include mergers; the 63 communities or village corporations working on 14(c) in the text includes all communities.

BRIEFING PAPER  
ALASKA UNINCORPORATED TOWNSITES

Originally Prepared for: Assistant Secretary Steve Griles  
December 10, 1987

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**ISSUE:** The Alaska BLM Townsite Trustee lacks title transfer tools to satisfactorily address community development and expansion needs in 29 unincorporated Alaska villages. The issues of technical trespass and disposal of residual lands are the principal problems. Proposed legislative solutions are complicated by a July 1987 Federal court ruling and the potential that sovereignty claims may be enhanced by the legislation.

**DEPARTMENT OR ADMINISTRATION POSITION:** The Department seeks to dispose of lands in Alaska expeditiously where the law intends transfer from the Federal government to private individuals or local communities. Solving community needs has been identified as a possible initiative for recommendation to the Domestic Council. Interaction with the Alaska public has been high in developing possible solutions to the townsite issues. Limiting future litigation has also been an underlying premise of administration action. Moderating the Department position on favoring community over Federal control of land decisions has been a concern that the concept of Native sovereignty would be enhanced. The Department has appealed a District Court decision authorizing disposals of residual townsite land to the local Native governing body in unincorporated communities. Assistant Secretary Swimmer has been briefed on aspects of the townsite issue by Alaska BIA Liaison Officer. The Solicitor Office is receiving briefings on this issue. The most recent to Tom Sansonetti on December 7, 1987.

**POSITION OF MAJOR CONSTITUENCIES:** The State of Alaska and Native organizations are supportive of the Bureau's efforts to resolve the issues associated with unincorporated townsites in Alaska. Each constituent group has varying concerns about possible solutions. Tanana Chiefs Conference a non-profit organization representing central Alaska Natives communities has taken the lead on this issue. They have communicated frequently with Assistant Secretary Griles. The State of Alaska has pending legislation which would permit the State Municipal Land Trustee to receive title to former townsite land. Hearings on the legislation will take place in the next months. In October a draft of Federal legislation to resolve the townsite issues was jointly developed by the State of Alaska and Tanana Chiefs Conference.

**CONGRESSIONAL POSITION:** Congressman Young has taken a pragmatic view of resolving these issues and has been highly flexible in alternative solutions. Senator Stevens has taken a more cautious approach to the disposal of land to traditional councils or Indian Reorganization Act governments as a solution. Senator Murkowski's office has not played an active role in the discussions. All members recognize this is a long standing problem and that some solution needs to be determined.

## Townsite Briefing Paper

**ISSUE BACKGROUND:** Existing townsite procedures call for transfers to incorporated villages. There are 29 townsite communities which have not incorporated under State law and may never do so. Also, transfers of lots to individuals can only be made if entry to the lot occurred before the date the survey plat for the townsite was approved or 1976 (date of repeal of the townsite laws by FLPMA) whichever date is earlier. At present the BLM Townsite Trustee can only dispose of lots through public auction under regulations found at 43 CFR 2565.5. This sale mechanism is strongly opposed by the communities and is critically viewed by the State of Alaska. The villages in comments state that local control would be lost to land speculators outbidding local people of limited resources. The BLM Alaska State Office commenced an initiative in the summer of 1986 to determine the specific nature of title transfer problems that existed in the unincorporated communities of rural Alaska. A townsite action plan was prepared by the Alaska State Director on January 1, 1987. Based upon these recommendations, discussions started involving Alaska Natives and the State to develop a concensus legislative solution. In July a court decision in the Aleknagik appeal addressed unincorporated townsite communities. The court stated transfers to the local governmental bodies could take place. Future disposals by those bodies would be without regard to race or nationality. The Department has filed a protective appeal to the 9th Circuit and a request for a continuance of the case for 6 months in order to pursue legislation. Tanana Chiefs Conference has written Assistant Secretary Griles indicating a desire to pursue a legislative solution but also signaling that they would intervene in the appeal. A November 4 meeting with Congressional and Departmental representatives discussed the concepts of the State-Native draft. An effort to identify alternative legislative concepts which calm sovereignty concerns is to be developed.

**PROGRAM CONTACT:** Robert Faithful or David E. Wickstrom  
Alaska Programs Staff 343-6511

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

April 5, 1989

POSITION PAPER

RE: Senate Bill 241

SPONSOR: Senator Adams

Departmental Position

The department strongly supports this bill.

Program Effects of Bill

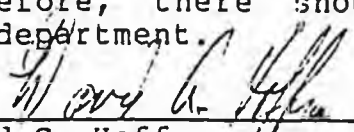
This bill would expressly authorize the Department of Community and Regional Affairs to accept, in trust, land conveyed by a state or federal agency or from dissolution of a municipality.

Comments

The State currently acts as trustee for land conveyed under section 14(c)(3) of the Alaska Native Claims Settlement Act (ANCSA) in unincorporated communities. That section of ANCSA requires village corporations to convey certain land to municipalities or to the state in trust for future municipalities. In rural communities of the state, there is often a local community need for land held by other state or federal agencies. However, without a municipality there is no recognized governing entity to which the land may be transferred for community purposes. Under this bill, a state or federal agency could transfer land to the state in trust to administer for community purposes.

This legislation also identifies the department as a possible recipient and administrator of land from a dissolved municipality. Such lands generally are subject to the same types of administrative program concerns as lands already under the Municipal Lands Trustee Program.

The department would administer land conveyed under this bill along with section 14(c)(3) land received from village corporations and placed under the Municipal Lands Trustee Program. The department would accept land only for ANCSA villages that the department would be working with under the current provisions of law. Therefore, there should be no additional costs or burdens on the department.

  
\_\_\_\_\_  
David G. Hoffman  
Commissioner

- P.O. BOX B  
JUNEAU, ALASKA 99811-2100  
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 583-1073

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: "An Act..DCRA..accept land..receive  
 land from dissolved municipalities."  
 Sponsor: Senator Adams  
 Requestor: \_\_\_\_\_

Agency Affected: Community & Regional Affairs  
 BRU: \_\_\_\_\_  
 Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

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

REVENUE						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS:**

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

**ANALYSIS :** (Attach a separate page if necessary)

Prepared by: Jim Plasman, Deputy Director  
 Division: Municipal & Regional Assistance

Phone: 465-4750  
 Date: 4/5/89

Approved by Commissioner: [Signature]  
 Agency: Community & Regional Affairs

Date: 4-7-89

Distribution (by preparer):

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

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

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

April 6, 1989

The Honorable Al Adams  
Chair, Senate Community  
and Regional Affairs Committee  
P.O. Box V  
Juneau, AK 99801

Dear Senator Adams:

Subject: SB 241, An Act authorizing the Department of Community and Regional Affairs (DCRA) to accept land conveyed by a State or Federal agency and to receive land from dissolved municipalities.

Position: DNR supports the concept of this bill as a method to resolve specific problems related to village expansion that are difficult to address under current statute. The ANCSA 14(c)(3) Municipal Trust program within DCRA is the logical entity to accept and hold title for villages for land and improvements for communities in non-incorporated municipalities. However, the department suggests changes to the language in Section 1, AS 44.47.150(a)(2) which applies to the dissolution of a municipality under AS 29.06.450 - 29.06.530.

Background: In most cases DNR is the designated landowner for all state land. In many cases a municipality acquires its land via municipal entitlement authority as administered by DNR and if it dissolves, the land should revert to DNR as the landowner. If improvements are involved, a determination is made by the Department of Administration as to their disposition.

This bill would alter the arrangement to allow DCRA to administer land for communities in the event a municipality dissolves. If a municipality dissolves, the land should revert to the department as the landowner with a determination made by the Department of Administration as to the proper disposal of improved properties.

Recommendation: We suggest the following change be made to the bill in Sec. 1, AS 44.47.150(a)(2). Add at the end of the subsection "except that land acquired through the municipal

Senator Adams

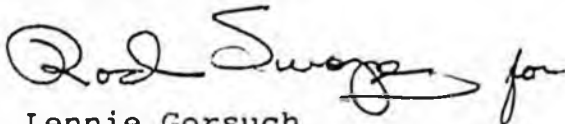
-2-

April 6, 1989

entitlement program under AS 29.65 reverts back to the Department of Natural Resources as general grant land to be managed under Title 38."

Thank you for the opportunity to comment. We look forward to working with the committee and staff on this legislation.

Sincerely,

A handwritten signature in cursive script that reads "Rod Swartz" followed by a flourish and the word "for".

Lennie Gorsuch  
Commissioner

Enclosure

cc: Committee Members  
Bill Sponsor  
Denby Lloyd, Special Staff Assistant  
Office of the Governor  
Bob Evans, Legislative Liaison  
Office of the Governor  
Gary Gustafson, Director  
Division of Land and Water Management  
Jim Plasman  
Department of Community and Regional Affairs

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: SB 241

PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
 Title: Authorizing the DCRA to accept land  
 land conveyed by agencies and receive land  
 Sponsor: Senator Adams  
 Requestor: Senate C&RA Committee

Agency Affected: Natural Resources  
 BRU: Division of Land and Water Mgt.

Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		0.0	0.0	0.0	0.0	0.0
TRAVEL		0.0	0.0	0.0	0.0	0.0
CONTRACTUAL		0.0	0.0	0.0	0.0	0.0
SUPPLIES		0.0	0.0	0.0	0.0	0.0
EQUIPMENT		0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Larry Ostrovsky  
 Division: Commissioner's Office

Phone: 465-2400

Date: 5-Apr-89

Approved by Commissioner: Lennie Gorsuch  
 Agency: Department of Natural Resources

Date: \_\_\_\_\_

Distribution (by preparer) :

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

**S B**

**243**

# HOUSE COMMITTEE REPORT

(9)

Date Referred: March 7, 1990

FURTHER REFERRALS:

FINANCE

Date of Committee Action: 4-9-90

The RESOURCES Committee considered:

CSSB 243 (FINANCE)

CS SB NO. 243 (Finance)

COMM FISHING LOAN ACT/LIMITED ENTRY COMM

"An Act relating to loans under the Commercial Fishing Loan Act and to limited entry permits pledged as security for those loans; and providing for an effective date."

**RECOMMENDATIONS:**

- be replaced with HCS CS SB 243 (RES)  the same title
- have attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(s):  
(Dept)

APPROVES PREVIOUS:  
(Date/Dept)

- fiscal impact \_\_\_\_\_
- zero fiscal note \_\_\_\_\_
- zero with analysis \_\_\_\_\_

- fiscal note(s) \_\_\_\_\_
- zero fiscal note(s) 2/28/90 DCED
- zero fn/analysis \_\_\_\_\_

**SIGNING DO PASS:**

**SIGNING:**

(Check appropriate column)

Do Not  
Pass      No Rec      Amend

Bill Davidson DAVIDSON  
Scott Menard MENARD  
Richard Foster FOSTER  
Mike Navarre NAVARRE

Name	Do Not Pass	No Rec	Amend
<u>Bill Davidson</u> DAVIDSON		✓	
<u>Scott Sharp</u> SHARP		✓	
<u>Mike Navarre</u> NAVARRE		X	

Bill Davidson  
 Chairman's Signature

## FISCAL NOTE

**REQUEST:**

Revision Date: 5/4/89  
Title: An Act relating to loans under  
the Commercial Fishing Loan Act  
Sponsor: Zharoff  
Requestor: Resources

Agency Affected: Commerce & Economic Dev.  
BRU: Investments

Components: \_\_\_\_\_

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0
<b>CAPITAL</b>	0	0	0	0	0	0
<b>REVENUE</b>	0	0	0	0	0	0


**FUNDING:** (Thousands of Dollars)

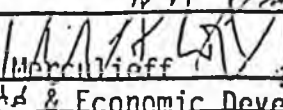
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	0	0	0	0	0	0

**POSITIONS:**

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

**ANALYSIS :** (Attach a separate page if necessary)

Prepared by: Martin J. Richard, Director  Phone: 465-2510  
Division: Investments NAT STATE Date: 2/21/89

Approved by Commissioner: Larry M. McCallieff  Date: 1/12  
Agency: Department of Commerce & Economic Development

Distribution (by preparer):

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

Changes in CSSB 243 (Fin)  
have no fiscal impact.  
This fiscal note is  
appropriate. 2/27/90

**S B**

**260**

# HOUSE COMMITTEE REPORT

(9)

Date Referred: May 1, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 5-4-89

The RESOURCES Committee considered:

CSSB 260 (FIN) am

CS FOR SENATE BILL NO. 260 (Finance) am

[ CONSERVATION SURCHARGE ON OIL ]

"An Act imposing a conservation surcharge of \$.05 per barrel on oil subject to the oil and gas properties production tax; authorizing the appropriation of the proceeds of the surcharge to the oil and hazardous substance release response fund; providing for suspension of the surcharge when cumulative deposits of revenue generated by the surcharge equal or exceed cumulative (SEE ATTACHED FOR FULL TITLE)

RECOMMENDATIONS:

- [ ] be replaced with \_\_\_\_\_ [ ] the same title
- [ ] \_\_\_\_\_ [ ] a new title
- [ ] have attached amendment(s)
- [X] do pass
- [ ] do not pass
- [ ] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(s):  
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- [ ] fiscal impact \_\_\_\_\_
- [ ] zero fiscal note \_\_\_\_\_
- [ ] zero with analysis \_\_\_\_\_

- [ ] fiscal note(s) \_\_\_\_\_
- [X] zero fiscal note(s) Admin 4/28/89
- [X] zero fn/analysis Rev. 4/29/89

SIGNING DO PASS:

SIGNING:  
(Check approp. column)

\_\_\_\_\_  
*Sam Anderson*  
 \_\_\_\_\_  
*Chip Anderson*  
 \_\_\_\_\_  
*Steve Jackson*  
 \_\_\_\_\_  
*Mike P.A.*  
 \_\_\_\_\_  
*Bill Hudson*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

	Do Not Pass	No Rec	Amend

\_\_\_\_\_  
*Sam Anderson*  
 Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Department of Administration  
 Title: An Act levying a severance tax BRU: Finance  
on oil and providing for an effective date.  
 Sponsor: Kerttula and Szymanski Components: \_\_\_\_\_  
 Requestor: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
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	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER 1034 PERS/TRS	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

No cost to the Division of Finance. The cost to set up accounting for this can be absorbed in the existing budget.

Prepared By: Keith Busch, Director *Keith Busch* Phone: 465-2240  
 Division: Finance Date: 4/13/89

Approved by Commissioner: John M. Andrews *JM* Date: 4/13/89  
 Agency: Department of Administration

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

*Changes in CS SB 260 (FIN) have no fiscal impact. This fiscal note is appropriate for 4-28-89*

Revised 4/29/89

FISCAL NOTE

REQUEST:

Revision Date: April 28, 1989  
Title: An Act Imposing 5¢/bbl  
fee on crude oil production  
Sponsor: Kerttula & Szymanski  
Requestor:

Agency Affected: Revenue  
BRU:

Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
<b>OPERATING</b>						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
<b>TOTAL OPERATING</b>	-	-	-	-	-	-
<b>CAPITAL</b>	-	-	-	-	-	-
<b>REVENUE</b>	-	-	See Analysis	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Charles L. Logsdon  
Division: Oil & Gas Audit Division

Phone: 277-5027  
Date: April 28, 1989

Approved by Commissioner: [Signature]  
Agency: Department of Revenue

Date: 4/28/89

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

CSSB 260  
Fiscal Note Analysis

1. This bill imposes an additional severance tax on oil of \$.05 per barrel. This tax revenue is deposited into the general fund but a special accounting is to be kept of these deposits. Once the balance of deposits from this tax equals or exceeds \$25 million the tax is discontinued until such time as the balance falls below \$25 million at which point the tax is reimposed.

2. The FY 1990 number is for the 12 month period. Depending on the actual effective date, the numbers can be multiplied proportionally.

3. The volumes are based on the mid-price scenario of the Spring 1989 Department Revenue forecast.

4. The sum of revenue collected from this tax under our current assumptions from FY 1990 through FY 1994 is \$140 million, well above the \$25 million cap. It is likely that a significant portion of the revenue collected under this tax between FY 1990 and FY 1994 would be expended to ameliorate impacts of the EXXON/Valdez spill. The following table illustrates therefore, the maximum revenue that could be generated from a \$.05/bbl tax and the cumulative amount which could theoretical be made available in the event of another catastrophic oil spill.

5. The following table also illustrates the projected revenue potential of increasing the tax to \$.10/bbl and imposing the tax on State royalty barrels. Each increase in the tax of \$.05/bbl increases revenues by roughly \$30 million per year with a declining difference as Alaska production declines. The taxing of royalty barrels has the effect of transferring part of the royalty income (general fund and permanent fund) to the spill fund and has no net fiscal effect on State revenues.

6. Because the of the imposition-suspension feature of the tax, the practical effect of the \$25 million fund size is to limit the size of the check which could be immediately written to cover oil spill costs. There are several considerations with respect to the size of the fund. The ability to generate revenues into this fund is tied to future production. That is, it is harder to replenish the fund in later years as Alaskan production declines. For instance referring to the table, if a catastrophic spill occurred in 1995 which required the State to spend \$100 million, and the fund was capped at \$25 million, the fund could not be replenished until the following year. And if it is assumed that future fund revenues are available to cover the remaining \$75 million in costs associated with this hypothetical spill, this would take 6 years (2000).

Department of Revenue  
April 29, 1989  
CS SB 260 (Finance)

This fiscal note was prepared prior to the drafting of a Senate Finance Committee CS for SB 260. We understand that the elements of the CS are (as compared with the April 26 draft used by the committee for discussion on April 28): a \$.05 per-barrel "conservation surcharge" in the severance tax (AS 43.55), levied at the wellhead; the cap on the fund would be \$50 million. Additionally, the proposed CS would add a severability clause to protect against the possibility that the provisions suspending imposition of the tax (should the legislature or the governor fail to fund the oil and hazardous substance release response fund) might be found invalid.

Department of Revenue  
April 29, 1989

CSSB 260 (Finance)

1. This bill imposes a conservation surcharge in the severance tax on oil of \$.05 per barrel. This tax revenue is deposited into the general fund but a special accounting is to be kept of these deposits. The legislature is authorized to appropriate from this fund to the oil and hazardous substance release response fund. Whenever collections under the tax exceed expenditures from the fund by \$50 million or more, the tax is suspended. The tax is reimposed when the fund falls to less than \$50 million.

2. The table below shows the maximum collections annually from the tax. The FY 1990 number is for the 12 month period. Depending on the actual effective date, the numbers can be multiplied proportionally.

3. The volumes are based on the mid-price scenario of the Spring 1989 Department of Revenue forecast.

4. The annual and cumulative maximum revenue collectable under this tax under our current assumptions from FY 1990 through FY 2008 are shown on the table below. The table does not attempt to analyze expenditures from the fund; the maximum revenue will not be collected if the fund ever exceeds \$50 million.

ANNUAL AND CUMULATIVE REVENUE POTENTIAL OF  
\$.05 PER BARREL SEVERANCE TAX  
(Millions \$)

	ANNUAL	CUMULATIVE
1990	32	32
1991	30	62
1992	28	91
1993	26	117
1994	23	140
1995	20	160
1996	17	178
1997	15	193
1998	13	206
1999	11	217
2000	9	226
2001	8	234
2002	7	241
2003	6	247
2004	5	252
2005	4	255
2006	3	259
2007	3	261
2008	2	264

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

COPY

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

MEMORANDUM

May 4, 1989

SUBJECT: CSSB 260 (Finance) am - sectional analysis  
TO: Senator Jalmar Kerttula  
FROM: Jack Chenoweth  
Legislative Counsel

The Senate-passed legislation imposes a nickel-per-barrel conservation surcharge on oil subject to the state oil and gas properties production (i.e. severance) tax, authorizes appropriation of revenue generated by the surcharge to the oil and hazardous substance release response fund (AS 46.08.010), and provides a mechanism by which the levy and collection of the surcharge will "click on" and "click off" under certain circumstances.

Bill section 1 offers a statement of the purpose for the legislation. The statement appears in other Senate-sponsored legislation that is part of what had started as a four-bill package.

Bill section 2 adds new sections to AS 43.55, the state's severance tax:

Sec. 43.55.200 levies the surcharge. The incidence of the surcharge is the same as for the severance tax, and the surcharge is made payable in the same manner as the existing severance tax.

Sec. 43.55.210 directs payment of the revenue from the surcharge into the general fund and a separate accounting of the amounts so deposited.

Sec. 43.55.220 authorizes the legislature to appropriate from the account (in the general fund) established to receive the revenue generated by the surcharge to the oil and hazardous substance release response fund (AS 46.08.010), an existing fund.

Sec. 43.55.230 contains one element of the "on/off" feature applicable to levy and collection of the surcharge. Comparing amounts deposited into the general fund to amounts expended from the oil and hazardous substance release response fund: when cumulative revenue generated by the surcharge exceeds cumulative expenditures from the fund by \$50,000,000 or more, levy and collection of the surcharge is suspended; when cumulative revenue from the surcharge exceeds cumulative expenditures from the fund by less than \$50,000,000, levy and collection of the surcharge is reimposed. The cumulative totalling is done 30 days after the close of the calendar quarter; a comparison of the two figures follows; the change (i.e. suspension or reimposition of the surcharge) takes effect the first day of the next following calendar quarter. The commissioner of revenue must alert taxpayers to the change(s).

Sec. 43.55.240 addresses the second element of the "on/off" feature applicable to the levy and collection of the surcharge. If, during a forthcoming fiscal year, estimated revenue from the surcharge would be sufficient to restore the balance of the oil and hazardous substance release response fund to \$50,000,000, the surcharge may not be imposed during that fiscal year

-- if the legislature adjourns from a regular session without appropriating revenue from the surcharge account from the general fund over to the oil and hazardous substance release response fund sufficient to restore the balance of that fund to at least \$50,000,000; or

-- if the legislature makes the appropriation but the governor, exercising veto powers, does not allow the appropriation of an amount sufficient to restore the balance of that fund to at least \$50,000,000.

Sec. 43.55.290 adds a definition pertinent to the chapter.

Bill section 3 is included in order to meet the argument that, in its first year(s), the estimated revenue from the surcharge may not be sufficient to bring the balance in the oil and hazardous substance release response fund to at least \$50,000,000. In essence, the "on/off" feature does not trigger until the balance of that fund first reaches \$50,000,000.

Senator Jalmar Kerttula

Page 3

May 4, 1989

Bill section 4, a provision common to the various bills in this package, is included to make clear that this legislation does not relieve a party from exercising responsibility for a containment or cleanup as may be required by law.

Bill section 5 gives the bill a July 1, 1989 effective date.

JC:gc  
WKG10/050

**S B**

**261**

# HOUSE COMMITTEE REPORT

(9)

Date Referred: May 1, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 5-2-89

The RESOURCES Committee considered:

CSSB 261(FIN)

CS FOR SENATE BILL NO. 261 (Finance)

[OIL/HAZ. SUBST. CONTINGENCY PLANS]

"An Act requiring the Department of Environmental Conservation to prepare and to annually review and revise a master oil and hazardous substance discharge and prevention contingency plan for the state and regional oil and hazardous substance discharge and prevention contingency plans for certain regions of the state, and to the implementation of those plans; and providing for an effective date."

**RECOMMENDATIONS:**

- [ ] be replaced with \_\_\_\_\_ [ ] the same title
- [ ] \_\_\_\_\_ [ ] a new title
- [ ] have attached amendment(s)
- [  ] do pass
- [ ] do not pass
- [ ] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(s):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [ ] fiscal impact \_\_\_\_\_
- [ ] zero fiscal note \_\_\_\_\_
- [ ] zero with analysis \_\_\_\_\_

- [  ] fiscal note(s) DEC 4/27/89
- [ ] zero fiscal note(s) \_\_\_\_\_
- [ ] zero fn/analysis \_\_\_\_\_

**SIGNING DO PASS:**

**SIGNING:**

(Check approp. column)

Do Not  
Pass      No Rec      Amend

\_\_\_\_\_

*Cliff Anderson*

\_\_\_\_\_

*Bill Hulse*

\_\_\_\_\_

*Mike Thorne*

\_\_\_\_\_

*Greg Foley*

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

<i>Cliff Anderson</i>		X	
<i>Greg Foley</i>		X	

*Cliff Anderson*

Chairman's Signature

**FISCAL NOTE**

**REQUEST:**

Revision Date: 4/27/89 Agency Affected: DEC  
Title: An Act relating to oil and hazardous substance discharge contingency plans BRU: Environmental Quality  
Sponsor: Duncan, Kerttula, Szymanski Components: Environmental Quality  
Requestor: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		246.9	246.9	246.9	246.9	246.9
TRAVEL		20.0	20.0	20.0	20.0	20.0
CONTRACTUAL		165.0	165.0	40.0	40.0	40.0
SUPPLIES		5.0	5.0	5.0	5.0	5.0
EQUIPMENT		25.0	25.0	25.0	25.0	25.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		461.9	461.9	336.9	336.9	336.9
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER		461.9	461.9	336.9	336.9	336.9
<b>TOTAL</b>		461.9	461.9	336.9	336.9	336.9

**POSITIONS:**

FULL-TIME		5	5	5	5	5
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

**ANALYSIS : (Attach a separate page if necessary)**

Prepared by: Lynn Tomich Kent Phone: 465-2630  
Division: Environmental Quality Date: 4/27/89

Approved by Commissioner: *A. D. Kelly* Date: 4/27/89  
Agency: Department of Environmental Conservation

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

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPT. OF ENVIRONMENTAL CONSERVATION

Telephone:  
(907) 465-2600

### FISCAL ANALYSIS

CSSB 261 (Fin)

April 28, 1989

Contact: Lynn Kent

#### PREPARE MASTER AND REGIONAL CONTINGENCY PLANS (461.9)

The Department estimates that four technical positions and one clerical position would be required to develop an initial state master plan and regional contingency plans, to annually review and revise the plans, and to annually conduct hearings on the plans. For the first two years, contractual services in the amount of \$125.0 would be required for a consultant to assist in developing the initial plans.

The following is a breakdown of position costs. The Ecologist III would be located in the Central Office in Juneau, one Ecologist II would be located in each of the three Regional Offices (Fairbanks, Anchorage, and Juneau), and the Clerk Typist II would support efforts in the Central and Regional Offices.

Position		100	200	300	400	500	Total
Ecologist III	<i>RANGE</i> 20	57.7	5.0	8.0	1.0	5.0	76.7
Ecologist II	18	57.7	5.0	8.0	1.0	5.0	76.7
Ecologist II	18	51.1	5.0	8.0	1.0	5.0	70.1
Ecologist II	18	51.1	5.0	8.0	1.0	5.0	70.1
Clerk Typist II	7	29.3	0	8.0	1.0	5.0	43.3
Total		246.9	20.0	40.0	5.0	25.0	336.9

\*In additional, there are \$125.0 in first- and second-year costs:

Position Total	336.9
Additional Contractual	125.0
Grant Total	461.9

This fiscal note shows "other" funds as the funding source because funding will come from the Oil and Hazardous Substance Release Fund. However, additional resources will need to be provided to the Response Fund, as there is not currently an adequate balance to support this effort.

6-1242E  
Chenoweth  
4/29/89

Original sponsors: M.Davis, Brown,  
Menard, et al.

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 288 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act requiring the Department of Environmental  
7 Conservation to prepare and to annually review and  
8 revise a master oil and hazardous substance discharge  
9 and prevention contingency plan for the state and  
10 regional oil and hazardous substance discharge and  
11 prevention contingency plans for certain regions of  
12 the state; relating to the implementation of those  
13 plans; and providing for an effective date."

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

15 \* Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that the  
16 March 24, 1989, oil spill disaster in Prince William Sound demonstrates a  
17 need for the state to have an independent spill containment and cleanup  
18 capability in the event of future discharges of oil or a hazardous sub-  
19 stance.

20 (b) It is the purpose of this Act to provide assurance to the people  
21 of the state that their health, safety, and well-being will be protected  
22 from the adverse consequences of oil and hazardous substance releases of a  
23 magnitude that presents a grave and substantial threat to the economy and  
24 the environment of the state.

25 \* Sec. 2. AS 46.04 is amended by adding new sections to read:

26 ARTICLE 2. OIL AND HAZARDOUS SUBSTANCE DISCHARGE AND  
27 PREVENTION CONTINGENCY PLANS.

28 Sec. 46.04.200. STATE MASTER PLAN. (a) The department shall  
29 prepare and annually review and revise a statewide master oil and

1 hazardous substance discharge and prevention contingency plan.

2 (b) The state master plan prepared under this section must

3 (1) take into consideration the elements of an oil dis-  
4 charge contingency plan approved or submitted for approval under  
5 AS 46.04.030;

6 (2) clarify and specify the respective responsibilities of  
7 each of the following in the assessment, containment, and cleanup of a  
8 catastrophic oil discharge or of a significant discharge of a hazard-  
9 ous substance into the environment of the state:

10 (A) agencies of the state;

11 (B) municipalities of the state;

12 (C) appropriate federal agencies;

13 (D) operators of facilities;

14 (E) private parties whose land and other property may  
15 be affected by the oil or hazardous substance discharge; and

16 (F) other parties identified by the commissioner as  
17 having an interest in or the resources to assist in the contain-  
18 ment and cleanup of an oil or hazardous substance discharge;

19 (3) specify the respective responsibilities of parties  
20 identified in (2) of this subsection in an emergency response; and

21 (4) identify actions necessary to reduce the likelihood of  
22 catastrophic oil discharges and significant discharges of hazardous  
23 substances.

24 (c) In preparing and annually reviewing the state master plan,  
25 the commissioner shall

26 (1) consult with municipal and community officials, and  
27 with representatives of affected regional organizations;

28 (2) submit the draft plan to the public for review and  
29 comment;

1 (3) submit to the legislature for review, not later than  
 2 the 10th day following the convening of each regular session, the plan  
 3 and any annual revision of the plan; and

4 (4) require or schedule unannounced oil spill drills to  
 5 test the sufficiency of an oil discharge contingency plan approved  
 6 under AS 46.04.030 or of the cleanup plans of a party identified under  
 7 (b)(2) of this section.

8 Sec. 46.04.210. REGIONAL MASTER PLAN. (a) For any region of  
 9 the state, the boundaries of which are determined by the commissioner  
 10 by regulation, in which the department is required to review and  
 11 approve an oil discharge contingency plan submitted by a person under  
 12 AS 46.04.030, the department shall prepare and annually review and  
 13 revise a regional master oil and hazardous substance discharge and  
 14 prevention contingency plan.

15 (b) The provisions of AS 46.04.200(b) and (c) apply to prepara-  
 16 tion and review of a regional master plan under this section.

17 \* Sec. 3. AS 46.08.040 is amended to read:

18 Sec. 46.08.040. PURPOSES OF THE FUND. The commissioner may use  
 19 money from the fund to

20 (1) investigate and evaluate the release or threatened  
 21 release of oil or a hazardous substance, and contain, clean up, and  
 22 take other necessary action, such as monitoring and [,] assessing, to  
 23 address a [INVESTIGATING, AND EVALUATING THE] release or threatened  
 24 release of oil or a hazardous substance that poses an imminent and  
 25 substantial threat to the public health or welfare, or to the environ-  
 26 ment;

27 (2) provide matching funds for participation in federal oil  
 28 discharge cleanup activities and under 42 U.S.C. 9601 - 9657 (Compre-  
 29 hensive Environmental Response, Compensation, and Liability Act of

1 1980); [AND]

2 (3) recover the cost to the state or to a municipality of a  
3 containment and cleanup resulting from the release or the threatened  
4 release of oil or a hazardous substance;

5 (4) prepare, review, and revise

6 (A) the state's master oil and hazardous substance  
7 discharge and prevention contingency plan required by AS 46.04.-  
8 200; and

9 (B) a regional master oil and hazardous substance  
10 discharge and prevention contingency plan required by AS 46.04.-  
11 210; and

12 (5) restore the environment by addressing the effects of an  
13 oil or hazardous substance release.

14 \* Sec. 4. PREPARATION OF INITIAL PLANS. The commissioner of environ-  
15 mental conservation shall present the initial statewide master plan pre-  
16 pared under AS 46.04.200, enacted by sec. 2 of this Act, and any initial  
17 regional master plans required by AS 46.04.210, enacted by sec. 2 of this  
18 Act, to the governor by July 1, 1990, and to the legislature in January,  
19 1991, in accordance with AS 46.04.200(c)(3), added by sec. 2 of this Act.

20 \* Sec. 5. APPLICABILITY OF ACT. This Act does not relieve a person  
21 responsible for an oil terminal facility, offshore exploration or produc-  
22 tion facility, or a vessel that transports crude oil, or a person who has  
23 control of a hazardous substance, from the responsibility for containing  
24 and cleaning up a discharge of oil or the hazardous substance as required  
25 by law.

26 \* Sec. 6. This Act takes effect immediately under AS 01.10.070(c).  
27  
28  
29

1 IN THE HOUSE

BY M. DAVIS, BROWN, MENARD,  
GOLL, ELLIS, KOPONEN AND  
ULMER

2

HOUSE BILL NO. 288

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act requiring the Department of Environmental  
7 Conservation to prepare and to annually review and  
8 revise a master oil and hazardous substance discharge  
9 and prevention contingency plan for the state and  
10 regional oil and hazardous substance discharge and  
11 prevention contingency plans for certain regions of  
12 the state, and to implementation of that plan; and  
13 providing for an effective date."

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

15 \* Section 1. PURPOSE. It is the purpose of this Act to provide assur-  
16 ance to the people of the state that their health, safety, and well-being  
17 will be protected from the adverse consequences of oil and hazardous sub-  
18 stance releases of a magnitude that presents a grave and substantial threat  
19 to the economy and the environment of the state.

20 \* Sec. 2. AS 46.04 is amended by adding new sections to read:

21 ARTICLE 2. OIL AND HAZARDOUS SUBSTANCE DISCHARGE AND  
22 PREVENTION CONTINGENCY PLANS.

23 Sec. 46.04.200. STATE MASTER PLAN. (a) The department shall  
24 prepare and annually review and revise a statewide master oil and  
25 hazardous substance discharge and prevention contingency plan.

26 (b) The state master plan prepared under this section must

27 (1) take into consideration the elements of an oil dis-  
28 charge contingency plan approved or submitted for approval under  
29 AS 46.04.030;

1           (2) clarify and specify the respective responsibilities of  
2 each of the following in the assessment, containment, and cleanup of a  
3 catastrophic oil discharge or of a significant discharge of a hazard-  
4 ous substance into the environment of the state:

5                   (A) agencies of the state;

6                   (B) municipalities of the state;

7                   (C) appropriate federal agencies;

8                   (D) operators of facilities;

9                   (E) private parties whose land and other property may  
10 be affected by the oil or hazardous substance discharge; and

11                   (F) other parties identified by the commissioner as  
12 having an interest in or the resources to assist in the contain-  
13 ment and cleanup of an oil or hazardous substance discharge;

14           (3) specify the respective responsibilities of parties  
15 identified in (2) of this subsection in an emergency response; and

16           (4) identify actions necessary to reduce the likelihood of  
17 catastrophic releases.

18           (c) In preparing and annually reviewing the state master plan,  
19 the commissioner

20                   (1) shall consult with municipal and community officials,  
21 and with representatives of affected regional organizations; and

22                   (2) may submit the draft plan to the public for review and  
23 comment.

24           Sec. 46.04.210. REGIONAL MASTER PLAN. (a) For any region of  
25 the state, the boundaries of which are determined by the commissioner  
26 by regulation, in which the department is required to review and  
27 approve an oil discharge contingency plan submitted by a person under  
28 AS 46.04.030, the department shall prepare and annually review and  
29 revise a regional master oil and hazardous substance discharge and

1 prevention contingency plan.

2 (b) The provisions of AS 46.04.200(b) and (c) apply to prepara-  
3 tion and review of a regional master plan under this section.

4 \* Sec. 3. AS 46.08.040 is amended to read:

5 Sec. 46.08.040. PURPOSES OF THE FUND. The commissioner may use  
6 money from the fund to

7 (1) investigate and evaluate the release or threatened  
8 release of oil or a hazardous substance, and contain, clean up, and  
9 take other necessary action, such as monitoring and [,] assessing, to  
10 address a [INVESTIGATING, AND EVALUATING THE] release or threatened  
11 release of oil or a hazardous substance that poses an imminent and  
12 substantial threat to the public health or welfare, or to the environ-  
13 ment;

14 (2) provide matching funds for participation in federal oil  
15 discharge cleanup activities and under 42 U.S.C. 9601 - 9657 (Compre-  
16 hensive Environmental Response, Compensation, and Liability Act of  
17 1980); [AND]

18 (3) recover the cost to the state or to a municipality of a  
19 containment and cleanup resulting from the release or the threatened  
20 release of oil or a hazardous substance;

21 (4) prepare, review, and revise

22 (A) the state's master oil discharge and prevention  
23 contingency plan required by AS 46.04.200; and

24 (B) a regional master oil discharge and prevention  
25 contingency plan required by AS 46.04.210; and

26 (5) restore the environment by addressing the effects of an  
27 oil or hazardous substance release.

28 \* Sec. 4. PREPARATION OF INITIAL PLANS. The commissioner of environ-  
29 mental conservation shall present the initial statewide master plan

1 prepared under AS 46.40.200 and any initial regional master plans required  
2 by AS 46.40.210 to the governor by July 1, 1990.

3 \* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

## FISCAL NOTE

**REQUEST:**

Revision Date: 4/27/89 Agency Affected: DEC  
 Title: An Act relating to oil and hazardous substance discharge contingency plans BRU: Environmental Quality  
 Sponsor: Duncan, Kerttula, Szymanski Components: Environmental Quality  
 Requestor: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		246.9	246.9	246.9	246.9	246.9
TRAVEL		20.0	20.0	20.0	20.0	20.0
CONTRACTUAL		165.0	165.0	40.0	40.0	40.0
SUPPLIES		5.0	5.0	5.0	5.0	5.0
EQUIPMENT		25.0	25.0	25.0	25.0	25.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>461.9</b>	<b>461.9</b>	<b>336.9</b>	<b>336.9</b>	<b>336.9</b>
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER		461.9	461.9	336.9	336.9	336.9
<b>TOTAL</b>		<b>461.9</b>	<b>461.9</b>	<b>336.9</b>	<b>336.9</b>	<b>336.9</b>

**POSITIONS:**

FULL-TIME	5	5	5	5	5
PART-TIME	0	0	0	0	0
TEMPORARY	0	0	0	0	0

**ANALYSIS : (Attach a separate page if necessary)**

Prepared by: Lynn Tomich Kent Phone: 465-2630  
 Division: Environmental Quality Date: 4/27/89

Approved by Commissioner: *A. D. Lyle* Date: 4/27/89  
 Agency: Department of Environmental Conservation

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

**S B**

**264**

# HOUSE COMMITTEE REPORT

(9)

Date Referred: May 1, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 5-3-89

The RESOURCES Committee considered:

CSSB 264 (FIN)

CS FOR SENATE BILL NO. 264 (Finance)

[OIL/HAZ. SUBSTANCE RESPONSE CORPS]

"An Act establishing an oil and hazardous substance response office, corps, and depots; authorizing use of money in the oil and hazardous substance release response fund for certain related expenses; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with \_\_\_\_\_ [ ] the same title
- have attached amendment(s) [ ] a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(s):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact \_\_\_\_\_
- zero fiscal note \_\_\_\_\_
- zero with analysis \_\_\_\_\_

- fiscal note(s) DEC 4-28-89
- zero fiscal note(s) \_\_\_\_\_
- zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

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SIGNING:

(Check approp. column)

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[Signature]  
Chairman's Signature

## FISCAL NOTE

**REQUEST:**

Revision Date: April 28, 1989  
Title: An Act establishing an oil and hazardous substance response office and corps, etc.  
Sponsor: Vally Sturgelowski, Eliason, etc.  
Requestor: \_\_\_\_\_

Agency Affected: Environmental Conservation  
BRU: Environmental Quality  
Administrative Services  
Components: Environmental Quality  
Administrative Services

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		443.9	443.9	443.9	443.9	443.9
TRAVEL		40.0	40.0	40.0	40.0	40.0
CONTRACTUAL		2872.0	2872.0	1772.0	1772.0	1772.0
SUPPLIES		259.0	259.0	259.0	259.0	259.0
EQUIPMENT		295.0	295.0	295.0	295.0	295.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>3909.9</b>	<b>3909.9</b>	<b>2809.9</b>	<b>2809.9</b>	<b>2809.9</b>

CAPITAL	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94

REVENUE	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
FEDERAL FUNDS						
OTHER		3909.9	3909.9	2809.9	2809.9	2809.9
<b>TOTAL</b>		<b>3909.9</b>	<b>3909.9</b>	<b>2809.9</b>	<b>2809.9</b>	<b>2809.9</b>

**POSITIONS:**

POSITION TYPE	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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)

Prepared by: Lynn Kent Phone: 465-2630  
Division: Environmental Quality Date: 4/28/89

Approved by Commissioner: *Adolph* Date: 4/28/89  
Agency: Alaska Department of Environmental Conservation

Distribution (by preparer):

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

Telephone:  
(907) 465-2600

FISCAL ANALYSIS

CSSB 264 (Finance)

April 28, 1989

Contact: Lynn Kent

ESTABLISH DEPOTS AND RESPONSE STATIONS (\$2000.0)

The Department estimates that \$2000.0 will be required for each of the first two years to establish and stock depots and response stations at a minimum of two locations: Valdez and on the Kenai Peninsula. Once established, subsequent year costs are expected to decline to \$500.0 for contracted services to maintain inventories and response readiness.

100	\$ -0-
200	\$ -0-
300	\$1,500.0
400	\$ 250.0
500	\$ 250.0
Total	\$2,000.0*

\*includes \$1,500.0 in first and second year costs

ESTABLISH OIL AND HAZARDOUS SUBSTANCE RESPONSE OFFICE (\$1909.9)

The Response Office would consist of a full-time staff of nine agency personnel: a director, six response specialists, one clerk-typist and one administrative assistant. The contractual line includes \$100.0 for the first two years for establishment of an office; this money will not be necessary in subsequent years. Other costs include training contracts (\$200.0), contracts with local governments (500.0), wages and per diem for volunteer training (\$300.0), contracts with private response specialists (\$100.0), and contracts for oil spill response research (\$100.0).

Position	100	200	300	400	500	Total
1 Env. Cons. Mgr. (Range 22)	65.9	5.0	8.0	1.0	5.0	84.9
1 Ecologist III (Range 20)	57.7	5.0	8.0	1.0	5.0	76.7
3 Ecologist II (Range 18)	159.9	15.0	24.0	3.0	15.0	216.9
2 Ecologist I (Range 16)	87.4	10.0	16.0	2.0	10.0	125.4
1 Clk Typist III (Range 8)	29.3	0	8.0	1.0	5.0	43.3
1 Admin Asst. III (Range 16)	43.7	5.0	8.0	1.0	5.0	62.7
Totals	443.9	40.0	72.0	9.0	45.0	609.9

Position Costs	\$ 609.9
Contractual Costs	\$1,300.0
Total	\$1,909.9

This fiscal note shows "other" funds as the funding source because funding will come from the Oil and Hazardous Substance Release Fund. However, additional resources will need to be provided to the Response Fund, as there is not currently an adequate balance to support this effort.

## SB264 Cost Estimate

Response Office.....\$1,960,000

Salaries & Benefits

Office Expenses

Travel

Office Equipment

Response Corps Establishment & Training.....\$5,000,000

Depots (11)

Booms, absorbants, pumps, etc.

\$8,250,000

Speciality Equipment

3,000,000

Contractual Storage

550,000

Subtotal.....\$11,800,000

Oil Spill Containmen & Clean-up Technology Research.....\$1,000,000

**TOTAL**

**\$19,760,000**

# MEMORANDUM

Date: May 3, 1989  
To: House Resources Committee  
From: Senator Tim Kelly  
Subj: CSSB264 (Finance)

---

CSSB264 (Finance) and the House companion bill (HB287) would establish a system and management structure to give the State of Alaska its own emergency backup oil and hazardous substance spill response capability.

It is based on the premise that the people of Alaska can no longer put their faith in industry to protect them from the environmental damage and economic hardships caused by a catastrophic oil spill. We must have the capability to respond if industry can't or won't.

In summary, the bill would do three things.

- it would establish an oil spill response office in DEC. This office would be staffed by a small core group of professions. It would be responsible for oil spill response research, planning, operations, command and control.
- It would create an oil spill response corps. The corps would be composed of volunteers from around the state who would be trained to respond rapidly to oil and hazardous substances spills. The corps would be patterned after a new incident command system developed to combat large forest fires like the one that ravaged the western states last summer. And it would be similar to the system of volunteer fire fighters who battle blazes in rural Alaska. The National Guard is another comparison. Members of the corps would be average citizens who would be trained and then called up in case of an emergency. They would be paid only during training and when they were called out.
- It would establish a string of depots around the state where we would stockpile containment and cleanup equipment. As I envision it, we would contract for warehouses for the depots. The location of these depots would be established during the planning process in SB261 which the committee passed out on Tuesday.

It's a rough estimate only, but the cost of implementing this system is estimated at about \$20 million. Funding would come from the existing oil and hazardous substance release response fund. Again, a final determination on cost will be based on the results of the planning process detailed in SB261.

During the Senate committee process, several major changes were made in the bill to tighten it up and clarify legislative intent. These changes represent the major differences between CSSB264 and HB287 and include:

- The addition of a findings and purposes section to clarify our intent that the state must have a backup response capability in cases of spills which represent a grave and substantial threat to the economy and the environment. We don't want this legislation to authorize DEC to to out and dig up every gas station storage tank in the state, but we also don't want to be caught off guard again like we were in Prince William Sound. Also in this regard, we added a duties of the office section to specifically define when the corps may be called to action.
- Language to make it clear that the state would be relieved of liability for actions of the corps except in cases of gross negligence or intentional misconduct. This is the good samaritan protection we've given various volunteers over the years.
- Language also to make it clear that the bill does not relieve the oil industry of responsibility for containing and cleaning up spills as required by current law. Again, I see the corps as an emergency backup and do not want to relieve industry of its primary responsibility.
- Elimination of the word wages from the language concerning compensation for members of the corps. My intent was not to create a whole new class of state employees although members of the corps would be covered by state workers compensation laws.

LETTER OF INTENT  
CSSB 264 (Finance)

Notwithstanding the provisions of AS 46.08.070 and similar laws, it is the intent of the legislature that the attorney general not seek to recover money expended by the Department of Environmental Conservation for the costs of establishing the oil and hazardous substance response office and oil and hazardous substance response depots even though that money is expended from the oil and hazardous substance release response fund.

*Senate Letter of Intent adopted  
4/59*

**S B**

**271**

# HOUSE COMMITTEE REPORT

(9)

Date Referred: May 1, 1989 <sup>4</sup> FURTHER REFERRALS:

Date of Committee Action: 5-3-89

The RESOURCES Committee considered:

CS SB 271 (RES) am

CS FOR SENATE BILL NO. 271 (Resources) am

[CIVIL PENALTIES; DISCHARGE OF CRUDE OIL]

"An Act relating to civil penalties for the unpermitted discharge of oil and for the failure to implement an oil discharge contingency plan in response to an unpermitted discharge of crude oil; and removing a maximum limit on civil penalties for discharges of oil."

RECOMMENDATIONS:

[X] be replaced with H CS CS SB 271 (Res) [X] the same title  
[ ] a new title

[ ] have attached amendment(s)

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):  
(Dept)

APPROVES PREVIOUS: (Date/Dept)

[ ] fiscal impact \_\_\_\_\_

[ ] fiscal note(s) \_\_\_\_\_

[ ] zero fiscal note \_\_\_\_\_

[X] zero fiscal note(s) DEC 4-27-89

[ ] zero with analysis \_\_\_\_\_

[ ] zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

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Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Environmental Conservation  
 Title: An Act relating to civil penalties for discharge of unpermitted contaminated oil discharge contingency plan BRU: Environmental Quality  
 Sponsor: Senate Special Committee on Oil and Gas Components: Environmental Quality

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME		-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)

Prepared by: Dan Easton Phone: 465-2640  
 Division: Environmental Quality Date: April 11, 1989

Approved by Commissioner: A D Kuhl Date: 4/13/89  
 Agency: Alaska Department of Environmental Conservation

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

*Changes in the Resources CS  
 have no fiscal effect. This  
 fiscal note is appropriate.*  
 page 1 of 1  
 4/27/89  
 D. Conner

A M E N D M E N T

OFFERED IN THE HOUSE RESOURCES COMMITTEE

BY FURNACE

TO: CSSB 271 (Resources) am

Page 1, line 21:

Delete ": [, OR \$100,000,000, WHICHEVER IS LESS,]"

Insert ", or \$500,000,000, [\$100,000,000] whichever is less: [,]"

5/4/89  
Rep. Brown

### COMPROMISE CS FOR SB 271

The proposed Resources CS for SB 271 combines certain aspects of HB 293 while maintaining the essential structure of SB 271. Significant features of the compromise CS include the following:

- the compromise CS increases the proposed penalties for crude oil spills to a level closer to those proposed in HB 293
- the compromise CS would increase the penalties proposed in SB 271 and establish a penalty scheme which breaks out crude oil as follows:

\$8.00/gallon for spills of less than 420,000  
gallons (10,000 barrels)

\$12.50/gallon for spills greater than 420,000 gallons  
(10,000 barrels)

note: SB 271 originally proposed a penalty of \$5.83/gal for smaller spills and \$10/gal for larger spills while the effective rate proposed in HB 293 was about \$14.50/gallon (ie, \$25/gallon X .58)

- the compromise CS eliminates the term "uncontaminated" as a modifier of the term crude oil in order to avoid any possible confusion in interpretation
- the compromise CS adds language to clarify that the credit for "removal" of oil specifically does not apply to dispersal by way of use of "biological additives, burning or sinking agents"
- the compromise CS includes a provision that a five-fold penalty increase would apply where the "defendant (ie, discharger) did not respond according to an approved contingency plan"
- the compromise CS adds language to allow for the recovery of full reasonable attorneys fees

Using the Exxon Valdez experience, under present law, the state has calculated a base penalty of approximately \$14 million. A higher penalty on the order of \$70 million eventually may be assessed if a five-fold increase

for gross negligence (which may or may not be proven) is imposed. Actual penalties collected will be less when amounts of oil recovered are deducted and after consideration of arguments that will be made regarding "mitigating circumstances" (eg, the oil evaporated or blew out to sea).

Under the compromise language of SB 271, a future disaster such as the Exxon Valdez (for our example approximately 10 million gallons lost) penalties would be as follows:

$$(10,000,000 \text{ gallons}) \times (\$12.50/\text{gallon}) = \$125,000,000 \text{ base penalty}$$

If gross negligence were found or the "defendant (ie, discharger) did not respond according to an approved contingency plan" the penalty could be increased five-fold to \$625,000,000.

Either figure would be reduced by the amount of oil physically recovered within the first 36 hours.

Further, the state could recover full reasonable attorney fees incurred in the pursuit of the civil penalties.

In the worst case scenario, if a tanker the size of the Exxon Valdez were lost in its entirety, carrying a cargo of 1.2 million barrels (about 50.4 million gallons) penalties would be \$630,000,000 -- possibly as high as \$3.15 billion if the five-fold factor was applied, less the amount of oil physically recovered within the first 36 hours.

### Conclusion

Although not quite as stiff as the original proposal in HB 293, the compromise version of SB 271 should achieve the two basic objectives of civil penalties:

- 1) providing for a reasonable level of compensation for actual but unquantifiable damages; and
- 2) providing sufficient incentive for the safe handling of crude oil.

The compromise does not address the appropriate level of penalties for other kinds of oil spills (ie, refined products) and this issue should be addressed next session, perhaps using HB 293 as the vehicle.

STATE OF ALASKA  
THE LEGISLATURE

POUCHY STATE CAPITOL  
JUNEAU ALASKA 99801  
907 465 4800

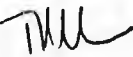
LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

May 4, 1989

SUBJECT: Bill titles and court rules  
HCS CSSB 271(Resources)

TO: Representative Kay Brown

FROM: Terri Lauterbach   
Legislative Counsel

Enclosed is a draft of HCS CSSB 271(Resources).

You have asked whether the title of a bill may be amended in the second house to reflect the fact that a section amending a court rule has been added to the bill. You are concerned about violating Uniform Rule 24(c) which provides in part

A committee of the second house may not report a committee substitute for a bill or an amendment to a bill that requires a change in the title of the bill, other than a clerical or technical change, as the title was enacted in the house of origin.

It is my opinion that a change in the title of a bill regarding the court rule is a technical change permitted under Rule 24(c). The vote on passage of a bill occurs separately from the vote on the court rule section. Failure to adopt a section amending a court rule does not defeat the bill itself or serve to rescind action in passing the bill. This is because under Article II, Sec. 14 of the state constitution a bill may become law upon a majority vote of the membership of each house. Under Article IV, Sec. 15 it is only the court rule change that requires a two-thirds vote.

Uniform Rule 39(e) provides

(e) If a bill or portion of a bill contains matter changing a supreme court rule governing practice and procedure in civil or criminal cases, the bill must contain a section expressly citing the rule and noting what change is being proposed. The section containing the change in a court rule must be approved by an af-

Representative Kay Brown  
Page 2  
May 4, 1989

firmative vote of two-thirds of the full membership of each house. If the section effecting a change in the court rule fails to receive the required two-thirds vote, the section is void and without effect and is deleted from the bill. The fact that a bill contains a section which changes a court rule shall also be noted in the title of the bill.

It is clear from this rule that changing the title to reflect whether a court rule is changed is required as a technical matter.

Please let me know if I can be of further assistance.

TL:gc:kb  
WKG10/053

A M E N D M E N T

OFFERED IN THE HOUSE

BY MENARD

TO: HCS CSSB 271( )

Page 3, after line 26:

Insert a new subsection to read:

"(f) The dollar amounts in (a)(1) and (2) of this section change once every three years on July 1 according to and to the extent of the cumulative change during the previous three calendar years in the average consumer price index for all consumers compiled by the Bureau of Labor Statistics, United States Department of Labor. The index for January 1989 is the reference base index. If the index is revised, the change is calculated on the basis of the revised index. If a revision of the index changes the reference base index, a revised reference base index is determined by multiplying the reference base index applicable by the rebasing factor furnished by the United States Bureau of Labor Statistics. If the index is superseded, the index referred to in this subsection is the one represented by the Bureau of Labor Statistics as reflecting most accurately changes in the purchasing power of the dollar for all consumers. The department shall calculate the changes required by this subsection and report them to the legislature by the 10th day of the regular session that convenes after the changes are calculated. The department shall also provide notification of a change in the dollar amounts to the clerks of court in each judicial district of the state. Changes in dollar amounts

required under this subsection are applicable to discharges of crude oil that occur on or after the effective date of the changes."

Reletter the following subsection accordingly.

Page 6, after line 3:

Insert a new bill section to read:

"\* Sec. 9. The first date on which AS 46.03.759(f), enacted by sec. 3 of this Act, shall be applied to change the dollar amounts of civil penalties imposed under AS 46.03.759, enacted by sec. 3 of this Act, is July 1, 1992."

Renumber the following bill section accordingly.

6-1197R✓  
Lauterbach  
5/4/89

Original sponsor: Senate Special  
Committee on Oil and Gas

1 IN THE SENATE BY THE RESOURCES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 271 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to civil penalties for the unpermit-  
7 ted discharge of oil and for the failure to implement  
8 an oil discharge contingency plan in response to an  
9 unpermitted discharge of crude oil; removing a maxi-  
10 mum limit on civil penalties for discharges of oil;  
11 and amending Rule 82, Alaska Rules of Civil Proce-  
12 dure."

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

14 \* Section 1. AS 46.03.758(e) is amended to read:

15 (e) If [AFTER APRIL 19, 1978, IF] a discharge of oil in excess  
16 of 18,000 gallons not permitted under applicable state and federal law  
17 occurs within the territorial jurisdiction of the state, or into or  
18 upon the adjacent outer continental shelf of the state, the following  
19 persons, in addition to the person causing or permitting the dis-  
20 charge, are jointly and severally liable to the state, in a civil  
21 action, for the full amount of penalties established in the regula-  
22 tions adopted under this section: [, OR \$100,000,000, WHICHEVER IS  
23 LESS,]

24 (1) if the discharge occurs from any commercial or indus-  
25 trial facility other than a vessel or offshore platform, the owner,  
26 lessee or permittee, and operator of the facility;

27 (2) if the discharge occurs from a vessel,

28 (A) the owner and operator of the vessel; and

29 (B) the owner of the oil carried as cargo on the

1 vessel at the time the vessel was loaded, if the loading occurred  
2 within the territorial jurisdiction of the state, or at a deep-  
3 water port or other offshore storage facility adjacent to the  
4 state; however, if the owner of the oil temporarily transfers  
5 ownership of the oil to another person, and the transfer has the  
6 purpose or effect of evading the vicarious liability imposed by  
7 this section, the transferor will be considered the owner of the  
8 oil for the purposes of this subsection; and

9 (3) if the discharge occurs from an offshore platform, the  
10 lessee or permittee of the tract or acreage upon which the platform is  
11 situated, and the operator of the platform.

12 \* Sec. 2. AS 46.03.758(1)(6) is amended to read:

13 (6) "oil" means petroleum [, CRUDE OIL,] and any substance  
14 refined from petroleum, except [OR] crude oil;

15 \* Sec. 3. AS 46.03 is amended by adding a new section to read:

16 Sec. 46.03.759. CIVIL PENALTIES FOR DISCHARGES OF CRUDE OIL.

17 (a) A person who is found to be liable under any other state law for  
18 an unpermitted discharge of crude oil in excess of 18,000 gallons is,  
19 in addition to liability for any other penalties or for damages or the  
20 cost of containment and cleanup, liable to the state in a civil action  
21 for a civil penalty in the amount of

22 (1) \$8 per gallon of crude oil discharged for the first  
23 420,000 gallons discharged; and

24 (2) \$12.50 per gallon of crude oil discharged for amounts  
25 discharged in excess of 420,000 gallons.

26 (b) In determining how many gallons of crude oil have been dis-  
27 charged for purposes of assessing a penalty under (a) of this section,  
28 the court shall deduct the number of discharged gallons of crude oil  
29 that the defendant proves were removed by the defendant from the

1 environment within the first 36 hours after the discharge as a result  
2 of a cleanup operation undertaken in conformity with applicable state  
3 and federal law. The dispersal of oil through burning, the use of  
4 chemical agents, biological additives, or sinking agents, or other  
5 means is not considered removal for the purposes of this subsection.

6 (c) The court shall assess five times the penalty set out in (a)  
7 of this section if the court finds

8 (1) the discharge was caused by the gross negligence or  
9 intentional act of the defendant;

10 (2) the defendant did not take reasonable measures to  
11 contain and clean up the discharged oil; or

12 (3) the defendant did not respond in accordance with an  
13 approved oil discharge contingency plan.

14 (d) Notwithstanding AS 46.03.875, a person liable for civil  
15 penalties under this section is not also liable for the discharge of  
16 the crude oil under AS 46.03.760(a). A person causing or permitting a  
17 discharge of crude oil of 18,000 gallons or less not permitted under  
18 applicable state or federal law is liable for that discharge under the  
19 penalty provisions of AS 46.03.760(a); however, the court may impose a  
20 penalty of less than \$500 for the discharge.

21 (e) The court may reduce the penalty imposed under this section  
22 if the defendant demonstrates, by a preponderance of the evidence,  
23 that the discharge was caused solely by a negligent act of a third  
24 person unless the third person is a person with whom the defendant was  
25 found jointly and severally liable for the discharge under other state  
26 law.

27 (f) In this section, "discharge" means entry of crude oil into  
28 or upon the water or public land of the state, regardless of causa-  
29 tion, except discharges into an enclosed and impervious oil spill

1       containment area.

2       \* Sec. 4. AS 46.03 is amended by adding a new section to read:

3               Sec. 46.03.763. ATTORNEY FEES AND COSTS. In an action to impose  
4       civil penalties under AS 46.03.758, 46.03.759, or 46.03.760 for a  
5       discharge of oil, the state may recover full reasonable attorney fees  
6       and costs incurred by the state in maintaining the action.

7       \* Sec. 5. AS 46.03.770 is amended to read:

8               Sec. 46.03.770. DETENTION OF VESSEL WITHOUT WARRANT AS SECURITY  
9       FOR DAMAGES. A vessel that is used in or in aid of a violation of  
10       AS 46.03.740 - 46.03.750 may be detained after a valid search by the  
11       department, an agent of the department, a peace officer of the state,  
12       or an authorized protection officer of the Department of Fish and  
13       Game. Upon judgment of the court having jurisdiction that the vessel  
14       was used in, or was the cause of, a violation of AS 46.03.740 - 46.-  
15       03.750 with knowledge of its owner or under circumstances indicating  
16       that the owner should reasonably have had this knowledge, the vessel  
17       may be held as security for payment to the state of the amount of  
18       damages assessed by the court under AS 46.03.758, 46.03.759, 46.03.-  
19       760, [AND] 46.03.822, and AS 46.04.030(g). If the damages assessed  
20       are not paid within 30 days after judgment or final determination of  
21       an appeal, the vessel shall be sold at public auction, or as otherwise  
22       directed by the court, and the damages paid from the proceeds. The  
23       balance, if any, shall be paid by the court to the owner of the ves-  
24       sel. The court shall permit the release of the vessel upon posting of  
25       a bond set by the court in an amount not to exceed the maximum amount  
26       of damages available under AS 46.03.758, 46.03.759, 46.03.760, [AND]  
27       46.03.822, and AS 46.04.030(g). The damages received under this  
28       section shall be transmitted to the proper state officer for deposit  
29       in the general fund. A vessel seized under this section shall be

1 returned or the bond exonerated if no damages are assessed under  
2 AS 46.03.758, 46.03.759, 46.03.760, [OR] 46.03.822, or AS 46.04.-  
3 030(g).

4 \* Sec. 6. AS 46.04.030(g) is amended to read:

5 (g) Failure of a holder of an approved oil discharge contingency  
6 plan to have access to the quality or quantity of resources identified  
7 in the plan and, in the event of a spill, to respond with those re-  
8 sources within the shortest feasible time is a violation of this  
9 chapter for purposes of AS 46.03.760(a), 46.03.765, 46.03.790, and any  
10 other applicable law. If the holder of an approved oil discharge  
11 contingency plan fails to respond to an unpermitted discharge of crude  
12 oil with the quality and quantity of resources identified in the plan  
13 and in a manner required under the plan, the holder is strictly  
14 liable, jointly and severally, for the civil penalty assessed under  
15 AS 46.03.759 or 46.03.760 against any other person for that discharge.

16 \* Sec. 7. AS 46.04.040(e) is amended to read:

17 (e) Financial responsibility may be demonstrated by self-insur-  
18 ance, insurance, surety, or guarantee, under terms the department may  
19 prescribe. An action brought under AS 46.03.758, 46.03.760(a) or (e),  
20 [OR] 46.03.822, or AS 46.04.030(g) or to collect penalties imposed  
21 under AS 46.03.759 may be brought in a state court directly against  
22 the insurer or another person providing evidence of financial respon-  
23 sibility. The applicant, and an insurer, surety, or guarantor shall  
24 appoint an agent for service of process in the state. An insurer must  
25 either be authorized by the Department of Commerce and Economic Devel-  
26 opment to sell insurance in the state or be an unauthorized insurer  
27 listed by the Department of Commerce and Economic Development as not  
28 disapproved for use in the state.

29 \* Sec. 8. AS 46.04.040(i) is amended to read:

1 (i) Financial responsibility under this section extends to a  
2 loss compensable under AS 46.03.760(e) or 46.03.822 and an assessment  
3 under AS 46.03.758, 46.03.759, [OR] 46.03.760(a), or AS 46.04.030(g).

4 \* Sec. 9. AS 46.03.763, as enacted by sec. 4 of this Act, has the  
5 effect of amending Rule 82, Alaska Rules of Civil Procedure, by allowing  
6 the recovery of full reasonable attorney fees and costs in certain actions.  
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**S B**

**277**

# HOUSE COMMITTEE REPORT

(9)

Date Referred: May 1, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 5-4-89

The RESOURCES Committee considered:

CSSB 277 (FIN)

CS FOR SENATE BILL NO. 277 (Finance)

[VALDEZ DISASTER INVESTIGATIVE COMMISSION]

"An Act establishing a commission to investigate the Exxon Valdez oil spill disaster and to recommend changes needed to minimize the possibility and effects of similar oil spills; and providing for an effective date."

**RECOMMENDATIONS:**

- be replaced with HCS CS SB 277 (Res)  the same title  a new title
- have attached amendment(s)
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: House Resources letter of intent

ATTACHES NEW FISCAL NOTE(s):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact \_\_\_\_\_
- zero fiscal note \_\_\_\_\_
- zero with analysis \_\_\_\_\_

- fiscal note(s) Gov. 4/28/89 Analysis
- zero fiscal note(s) \_\_\_\_\_
- zero fn/analysis \_\_\_\_\_

**SIGNING DO PASS:**

\_\_\_\_\_  
*Cliff Davidson*  
 \_\_\_\_\_  
*Seamus A. ...*  
 \_\_\_\_\_  
*Bill Hud ...*  
 \_\_\_\_\_  
*Ben ...*  
 \_\_\_\_\_  
*Mike ...*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**SIGNING:**

(Check approp. column)

	Do Not Pass	No Rec	Amend

\_\_\_\_\_  
 Chairman's Signature



# Alaska State Legislature

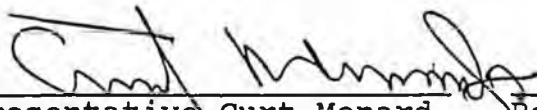
HOUSE OF REPRESENTATIVES  
COMMITTEE ON RESOURCES

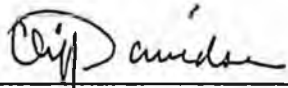
POUCH V  
JUNEAU, ALASKA 99811  
(907) 488-3715

LETTER OF INTENT  
FOR  
H CS CS SB 277 (RES)

It is the intent of the Legislature that, within the context of its prescribed duties, the major goal of the commission should be to provide the state and federal governments with specific recommendations which will dramatically improve the management, handling and transportation of oil and other hazardous substances throughout Alaska. Because achievement of the goal will require congressional action, as well as state legislation, the commission should include within its work plan, coordination and consultation with other coastal states.

It is the intent of the Legislature that, in addition to the prescribed deadline for its report, the commission should structure a work plan which will permit submission of specific recommended legislation to the Legislature by January 8, 1990.

  
\_\_\_\_\_  
Representative Curt Menard  
Co-Chairman

  
\_\_\_\_\_  
Representative Cliff Davidson  
Co-Chairman

## FISCAL NOTE

**REQUEST:**

Revision Date: 4/27/89  
 Title: "An Act establishing a commission to investigate the Exxon Valdez oil spill..."  
 Sponsor: Faika, Halford, Kelly, et al.  
 Requestor: Senator Faika  
 Agency Affected: Office of the Governor  
 BRU: Commissions and Special Offices  
 Components: \_\_\_\_\_

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	8.5	76.3				
TRAVEL	13.0	95.0				
CONTRACTUAL	53.0	248.7				
SUPPLIES	5.5	25.0				
EQUIPMENT	20.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>100.0</b>	<b>445.0</b>				
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING:** (Thousands of Dollars)

GENERAL FUND	100.0	445.0				
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>100.0</b>	<b>445.0</b>				

**POSITIONS:**

FULL-TIME	2	2				
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

See attached analysis

Prepared by: Michael A. Nizich, Director *Man* Phone: 465-3616  
 Division: Division of Administrative Services Date: 4/28/89  
 Approved by Commissioner: Garrey M. Peska *[Signature]* Date: 4/28/89  
 Agency: Chief of Staff

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

CS SB 277 (Finance) Fiscal Analysis:

Due to the complexity of this proposed legislation, it is not possible to accurately assess the cost of the Exxon Valdez Oil Spill Commission.

The number of staff the commission would need to hire, including legal counsel, investigative staff, and administrative staff with legal expertise is unknown. The timeframe specified for the commission to complete its investigations and gather information for its final recommendations would indicate a substantial staffing requirement. For the purposes of this analysis, the minimum staff requirement for 1 month in FY 89 and 9 months in FY 90 is assumed at one coordinator, salary range 22A, and one secretary, salary range 12A. Additional personal services expenses for legal/investigative staff is reflected in the contractual line.

The number of meetings that will be necessary in order to hear testimony, review documents and depositions, evaluate information and formulate final recommendations are impossible to predict. In addition to travel and per diem as set out in AS 39.20.180, each non-governmental member of the commission will receive \$150.00 per day while on commission business.

The needed funds are indicated from the general fund. As the specified charges of the commission appear to be duplication of the work of existing entities, i.e., the Department of Law, the Department of Environmental Conservation, federal efforts under the Clean Water Act and the T.A.P.S. Act, N.O.A.A.'s long-term impact studies, etc., recovery of commission costs from Exxon is unlikely.

FISCAL NOTE

REQUEST: 5

Revision Date: May 6, 1989  
Title: An Act Establishing a Commission to Investigate the Exxon Valdez Oil Spill  
Sponsor: Faiks, Halford, Kelly, et al.  
Requestor: Senator Faiks

Agency Affected: Department of Administration  
BRU: Alaska Oil Spill Commission  
Components: Alaska Oil Spill Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	11.7	83.0				
TRAVEL	29.8	232.0				
CONTRACTUAL	108.4	838.6				
SUPPLIES	3.0	24.0				
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	152.9	1177.6				

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	152.9	1177.6				
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	3.0	3.0				
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by: Mike Maher *Kevin Brando (for)* Phone: 465-2277  
Division: Administrative Services Date: 5-5-89  
Approved by Commissioner: John M. Andrews Date: 5-5-89  
Agency: Administration

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

HCS CS SB 277 (Res) Fiscal Analysis

Due to the complexity of this proposed legislation, it is not possible to accurately assess the cost of the Exxon Valdez Oil Spill Commission.

The number of staff the commission would need to hire, including legal counsel, investigative staff, and administrative staff with legal expertise is unknown. The time frame specified for the commission to complete its investigations and gather information for its final recommendations would indicate a substantial staffing requirement. For the purposes of this analysis, the minimum staff requirement for 1 month in FY 89 and 7 months in FY 90 is assumed at one coordinator, salary range 22A, one accounting technician, salary range 12A, and one secretary, salary range 12A. Additional personal services expenses for legal/investigative staff is reflected in the contractual line.

The number of meetings that will be necessary in order to hear testimony, review documents and depositions, evaluate information and formulate final recommendations are impossible to predict. Costs in this fiscal note are based on 12 meeting days per month. In addition to travel and per diem as set out in AS 39.20.180, each non-governmental member of the commission will receive \$250.00 per day while on commission business.

The needed funds are indicated from the general fund. As the specified charges of the commission appear to be duplication of the work of existing entities, i.e., the Department of Law, the Department of Environmental Conservation, federal efforts under the Clean Water Act and the T.A.P.S. Act, N.O.A.A.'s long-term impact studies, etc., recovery of commission costs from Exxon is unlikely.

This funding will be restricted in the State Accounting System until such time as the coordinator and staff of the commission are able to provide the Commissioner of Administration a detailed budget.

Every attempt will be made to live within the amount appropriated, however it should be made clear from the onset that should this level of funding prove to be insufficient, the commission will request a supplemental.

ALABAMA OIL SPILL COMMISSION (7 MEMBERS)

June 1, 1989 to January 30, 1990 (8 months)

<u>Personal Services:</u>	<u>FY89</u>	<u>FY90</u>	<u>Total</u>
Coordinator - Range 22A	5.7	40.0	45.7
Accounting Technician I - Range 12A	3.0	21.5	24.5
Secretary - Range 12A	<u>3.0</u>	<u>21.5</u>	<u>24.5</u>
Total Personal Services	11.7	83.0	94.7
 <u>Travel:</u>			
Honorarium			
7 members X 12 days/month X 8 months X \$250.00 per day	21.0	147.0	168.0
Per Diem			
7 members X 12 days/month X 8 months X \$80.00 per day	6.8	47.0	53.8
Travel (including 5.0 for Coordinator)	<u>2.0</u>	<u>38.0</u>	<u>40.0</u>
Total Travel	29.8	232.0	261.8
 <u>Contractual:</u>			
Professional Services:			
Naval Architect	10.0	70.0	80.0
Naval Engineer	10.0	70.0	80.0
Chief Oil Spill Specialist	10.0	70.0	80.0
Chief Investigator	10.0	70.0	80.0
Investigators (3 @ 64.0)	19.0	173.0	192.0
Chief Writer/Editor	10.0	70.0	80.0
Writer (1 @ 64.0)	6.4	57.6	64.0
Secretarial	10.0	70.0	80.0
Legal - Attorneys	10.0	70.0	80.0
Hearing Officer	<u>4.0</u>	<u>36.0</u>	<u>40.0</u>
Total Professional Services	99.4	756.6	856.0

	<u>FY89</u>	<u>FY90</u>	<u>Total</u>
Communications:			
Phones, data lines, postage	3.0	24.0	27.0
Printing:	0	10.0	10.0
Rentals and Leases:			
Office Space	3.0	24.0	27.0
Equipment - - Copier, computers, FAX	<u>3.0</u>	<u>24.0</u>	<u>27.0</u>
Total Contractual	108.4	838.6	947.0
Supplies	<u>3.0</u>	<u>24.0</u>	<u>27.0</u>
TOTAL	152.9	1177.6	1330.5