

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
6725 SENATE TRANSPORTATION

1129

Sec. 43.35.140. Gambling not legalized. AS 43.35.100 — 43.35.150 do not legalize gambling. (§ 4 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Cross references. — For limitations on authorized gaming activities, see AS 05.15.180.

Sec. 43.35.150. Violations and penalties. (a) It is unlawful for a person to (1) distribute in the state a punchboard for which the license tax provided in AS 43.35.100 — 43.35.150 is not paid; or (2) maintain for use, or permit the use of, in a place or premises occupied by the person a punchboard upon which the license stamp is not affixed.

(b) A person violating a provision of AS 43.35.100 — 43.35.150 is guilty of a misdemeanor, and upon conviction is punishable by a fine of not more than \$500. (§ 5 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Chapter 40. Motor Fuel Tax.

Section

- 10. Tax on transfers or consumption of motor fuel and expenditure of proceeds
- 30. Refund for nonhighway use
- 35. Other refunds and credits
- 50. Refund claim by affidavit

Section

- 60. Separate invoices
- 70. Refund warrants
- 80. Examination of books and records
- 85. Preservation of books and records
- 100. Definitions

Collateral references. — 71 Am. Jur. 2d, State and Local Taxation, §§ 616 — 634; 53 Am. Jur. 2d, Licenses, §§ 30, 46 — 58.

State tax on or in respect of goods shipped in interstate commerce to consignee for sale on consignor's account without previous sale or order for purchase, 4 ALR2d 244.

Loading or unloading interstate freight in performance of obligation resting upon one other than interstate carrier as inter-

state commerce as regards local taxation, 10 ALR2d 651.

State taxation of motor carriers as affected by commerce clause, 17 ALR2d 421.

Power of legislature to remit, release, or compromise tax claim, 28 ALR2d 1425.

Financial hardship or inability to pay taxes as rendering inapplicable statutes denying remedy by injunction against assessment or collection of tax, 65 ALR2d 550.

Sec. 43.40.010. Tax on transfers or consumption of motor fuel and expenditure of proceeds. (a) There is levied a tax of eight cents a gallon on all motor fuel sold or otherwise transferred within the state, except that

(1) the tax on aviation gasoline is four cents a gallon,

(2) the tax on motor fuel used in and on watercraft of all descriptions is five cents a gallon, and

*See subsection L 125
page 127*

- AS 43.40.010

(3) the tax on all aviation fuel other than gasoline is two and one-half cents a gallon.

(b) There is levied a tax of eight cents a gallon on all motor fuel consumed by a user, except that

(1) the tax on aviation gasoline consumed is four cents a gallon,

(2) the tax on motor fuel used in and on watercraft of all descriptions is five cents a gallon, and

(3) the tax on all aviation fuel other than gasoline is two and one-half cents a gallon.

(c) Every dealer who sells or otherwise transfers motor fuel in the state shall collect the tax at the time of sale, and remit the total tax collected during each calendar month of each year to the department by the last day of each succeeding month. Every user shall likewise remit the tax accrued on motor fuel actually used by the user during each month. If the monthly tax return is timely filed, one percent of the total monthly tax due, limited to a maximum of \$100, may be deducted and retained to cover the expense of accounting and filing the monthly tax return. At the time the remittance is made, each dealer or user shall submit a statement to the department showing all fuel which the dealer or user has distributed or used during the month.

(d) *[Repealed, § 3 ch 166 SLA 1976.]*

(e) Sixty per cent of the proceeds of the revenue from the taxes on aviation fuel, excluding the amount determined to have been spent by the state in its collection, shall be refunded to a municipality owning and operating or leasing and operating an airport in the proportion that the revenue was collected at the municipal airport. All other proceeds of the taxes on aviation fuel shall be paid into a special aviation fuel tax account in the state general fund. The legislature may appropriate funds from this account for aviation facilities.

(f) The proceeds from the revenue from the tax on motor fuel used in boats and watercraft of all descriptions shall be deposited in a special watercraft fuel tax account in the general fund. The legislature may appropriate from this account for water and harbor facilities.

(g) The proceeds of the revenue from the tax on all motor fuels, except as provided in (e), (f) and (j) of this section, shall be deposited in a special highway fuel tax account in the state general fund. The legislature may appropriate funds from it for expenditure by the Department of Transportation and Public Facilities directly or as matched with available federal-aid highway money for maintenance of highways, construction of highway projects and ferries included in the program provided for in AS 19.10.150, including approaches, appurtenances and related facilities and acquisition of rights-of-way or easements, and other highway costs including surveys, administration, and related matters. All departments of the state government authorized to spend funds collected from taxes imposed by this chapter shall perform, when feasible, all construction or reconstruction projects by contract

after the projects have been advertised for competitive bids, except that, when feasible, arrangements shall be made with political subdivisions to carry out the construction or reconstruction projects. If it is not feasible for the work to be performed by state engineering forces, the commissioner of transportation and public facilities may contract on a professional basis with private engineering firms for road design, bridge design, and services in connection with surveys. If more than one private engineering firm is available for the work the contracts shall be entered into on a negotiated basis.

(h) All motor fuel tax receipts shall be paid into the general fund and distributed to the proper accounts in the general fund. Valid motor fuel tax refund claims shall be paid from the highway fuel tax account in the general fund.

(i) Within 30 days after the legislature convenes the Department of Transportation and Public Facilities shall submit an annual budget covering anticipated revenues and their expenditure, for the consideration and approval by the legislature. The budget shall cover all money collected or anticipated to be collected under this chapter for the year following the adjournment of each regular session of the legislature.

(j) The proceeds from the tax on motor fuel used in snow vehicles and, unless a tax refund is applied for under AS 43.40.040, other internal combustion engines not used in or in conjunction with a motor vehicle licensed to be operated on public ways shall be deposited in a special nonpublic highway use account in the general fund. The legislature may appropriate from this account to the Department of Transportation and Public Facilities for trail staking and shelter construction and maintenance.

(k) The tax on the transfer or consumption of motor fuel provided for in this section does not apply to liquefied petroleum gas.

(l) If a dealer has a reasonable belief at the time of sale or transfer that fuel that is sold or transferred is not to be used as motor fuel, the dealer need not collect the motor fuel tax. If the tax is not collected, the dealer shall obtain a certificate of use from the buyer or transferee stating that the fuel that has been or will be purchased or received is not intended for use as motor fuel. The department may not collect the motor fuel tax from a dealer for fuel for which a certificate of use has been properly obtained under this subsection. A certificate of use is not required for fuel for any domestic purpose in a single or multiple unit private dwelling, including mobile homes, or for fuel which is at least 10 percent alcohol by volume. An annual certificate of use is required for all other exemptions listed under AS 43.40.100(2), except certificate of use needs under AS 43.40.100(2)(K) will be determined by the department. The dealer shall retain a copy of each certificate of use obtained under this subsection for examination or audit on request by the department. The form of a certificate of use may be prescribed by

Effect of amendments. — The 1984 amendment changed the internal reference in the last sentence.

Chapter 35. Coin-Operated Devices and Punchboards.

Article

1. Coin-Operated Amusement and Gaming Devices (§ 43.35.030)

Article 1. Coin-Operated Amusement and Gaming Devices.

Section

30. Distributor fees

Sec. 43.35.030. Distributor fees. A distributor of coin-operated equipment shall

(1) pay an annual permit fee of \$50 to the department, to be deposited by it in the general fund; and

(2) file an affidavit that the distributor is a citizen of the United States, a bona fide resident of the state for at least one year, and has never been convicted of a felony; in the case of a corporation an affidavit is required from each stockholder and employee of the corporation. (§ 48-3-4 ACLA 1949; am § 4 ch 142 SLA 1960; am § 118 ch 6 SLA 1984)

Effect of amendments. — The 1984 amendment substituted "department" for "Department of Revenue" in paragraph (1) and "a bona fide resident of the state

for at least one year" for "and a bona fide resident of the state for more than three years" in paragraph (2).

Chapter 40. Motor Fuel Tax.

Section

35. Other refunds and credits

Sec. 43.40.035. Other refunds and credits. (a) A person who resells fuel on which the tax under AS 43.40.010(a) or (b) was previously paid is entitled to a credit or refund of the tax if (1) the resold fuel is not motor fuel and the requirements of AS 43.40.010(l) have been fulfilled; or (2) the amount of tax previously paid exceeds the tax due on the resale. The amount of the credit or refund under this section is equal to the amount of tax previously paid on the resold fuel less the amount of tax prescribed by AS 43.40.010(a) or (b).

(b) A reseller may elect, with the express written consent of the supplier of the reseller, to receive the credit or refund under this section directly from the supplier rather than by filing a claim for the credit or refund with the department. When an election is properly made under this subsection, the supplier may claim the credit or re-

fund from the department. To be effective an election under this subsection must be signed in quadruplicate by the reseller and by the supplier. The reseller and the supplier shall each file one copy of the election, with original signatures, with the department. The reseller and supplier shall each retain a copy of the election with original signatures for audit review by the department. If an election is made under this subsection, it may not be revoked without the express written consent of the supplier. (§ 6 ch 82 SLA 1982; am § 3 ch 87 SLA 1983)

Editor's notes. — This section is set out above to correct a minor error in the main pamphlet.

Chapter 50. Tobacco Tax.

Article

1. Cigarette Tax Act (§ 43.50.170)
2. Additional Cigarette Tax (§ 43.50.190)
3. Excise Tax on Certain Tobacco Products (§§ 43.50.300 — 43.50.390)

Article 1. Cigarette Tax Act.

Section

170. Definitions

Sec. 43.50.140. Disposition of proceeds.

NOTES TO DECISIONS

Distribution to particular recipients not required. — There is no express requirement in this section that school fund proceeds be distributed to any particular recipient and, in the view of the Alaska

Supreme Court, there are no grounds for implying such a requirement. *Southwest Rogion School Dist. v. Department of Educ.*, Sup. Ct. Op. No. 3099 (File No. S-1030), P.2d (1986).

Sec. 43.50.170. Definitions. In AS 43.50.010 — 43.50.190, unless the context otherwise requires,

(1) "buyer" means a person who imports or acquires cigarettes for the person's own consumption from any source other than a manufacturer, distributor, direct-buying retailer, or retailer;

(2) "cigarette" means a roll for smoking of any size or shape, made wholly or partly of tobacco, whether the tobacco is flavored, adulterated, or mixed with another ingredient, if the wrapper or cover of the roll is made of paper or a material other than tobacco;

(3) "direct-buying retailer" means a person who is engaged in the sale of cigarettes at retail in this state, and who brings or causes to be brought cigarettes into the state;

of the claimant relying upon a fraudulent invoice for a period of not more than one year.

(b) *[Repealed, § 46 ch 113 SLA 1980.]* (§ 5 ch 47 SLA 1955; am § 46 ch 113 SLA 1980)

Effect of amendments. — The 1980 amendment repealed subsection (b).

Sec. 43.40.085. Preservation of books and records. Dealers and users shall preserve for three years all books and records pertaining to sales, transfers, and uses of motor fuel which are taxed under this chapter. (§ 5 ch 158 SLA 1970)

Sec. 43.40.090. Criminal violation. *[Repealed, § 46 ch 113 SLA 1980.]*

Sec. 43.40.100. Definitions. In this chapter

(1) "dealer" means a person who sells or otherwise transfers in this state motor fuel upon which the taxes imposed by this chapter have not been paid;

(2) "motor fuel" means fuel used in an engine for the propulsion of a motor vehicle or aircraft, and fuel used in and on watercraft for any purpose, or in a stationary engine, machine or mechanical contrivance which is run by an internal combustion motor; "motor fuel" does not include

(A) fuel consigned to foreign countries;

(B) fuel sold for use in jet propulsion aircraft operating in flights to foreign countries;

(C) fuel used in stationary power plants operating as public utility plants and generating electrical energy for sale to the general public;

(D) fuel used by nonprofit power associations or corporations for generating electric energy for resale;

(E) fuel used by charitable institutions;

(F) fuel which is at least 10 percent alcohol by volume;

(G) fuel sold or transferred between qualified dealers;

(H) fuel sold to federal, state, and local government agencies for official use;

(I) fuel used in stationary power plants that generate electrical energy for private residential consumption;

~~(J) fuel used to heat private or commercial buildings or facilities;~~

(K) fuel used for other nontaxable purposes as prescribed by regulations adopted by the department; or

(L) fuel used in stationary power plants of 100 kw or less that generate electrical power for commercial enterprises not for resale;

(3) "qualified dealer" means a person who (A) refines, (B) imports, (C) manufactures, (D) produces, (E) compounds, or (F) wholesales motor fuel, who satisfies criteria for qualified dealers established by the department by regulation and who obtains a qualified dealer's license from the department;

Authority: AS 43.05.080 AS 43.35.070
AS 43.35.060 AS 43.35.110

CHAPTER 40. MOTOR FUEL TAX

Article

- 1. Application of Tax (15 AAC 40.010 — 15 AAC 40.070)
- 2. Tax Refunds and Credits for Fuel Resellers (15 AAC 40.100 — 15 AAC 40.110)
- 3. Tax Refunds and Credits for Final User (15 AAC 40.200 — 15 AAC 40.230)
- 4-8. (Reserved)
- 9. General Provisions (15 AAC 40.900)

Article 1. Application of Tax

Section	Section
10. Tax return filing requirements	40. Qualified dealer license
20. Fuel subject to tax, bulk sales, and exemptions	50. Bonding requirement for qualified dealer license
30. Certificate requirements for certain sales	60. Revocation of qualified dealer license
	70. Records

15 AAC 40.010. TAX RETURN FILING REQUIREMENTS. Each dealer and each user must submit monthly to the department a return showing all motor fuel sold or transferred by the dealer or consumed by the user in the state, including all tax-exempt sales, transfers and uses. The return must be signed by the dealer or user under penalty of perjury and must show to whom fuel was sold or transferred and the reasons for any tax exemption. The return, supporting documentation, and the tax collected or accrued must be remitted by the last day of the month following the month the motor fuel was sold, transferred or used. One percent of the total monthly tax due and remitted, up to \$100, may be deducted and retained if the return is timely filed. (Eff. 7/19/82, Register 83; am 8/12/84, Register 92)

Authority: AS 43.05.080
AS 43.40.010

15 AAC 40.020. FUEL SUBJECT TO TAX, BULK SALES, AND EXEMPTIONS. (a) All motor fuel sold or transferred in the state or consumed by a user in the state is subject to the motor fuel tax under AS 43.40.010 — 43.40.100, unless exempted under (c) of this section. For purposes of AS 43.40.010 — 43.40.100 and this chapter, "motor fuel" is fuel used in an engine for the propulsion of a motor vehicle or aircraft, and fuel used in and on watercraft for any purpose, or in a stationary engine, machine, or mechanical contrivance which is run by an internal combustion motor, including bulk or other transfers of fuel between producing, refining, importing, or exporting companies, and gasoline separated from a mixture of gasoline and alcohol that was not taxed in its combined state.

- Related AAC -

(b) Bulk sales of fuel to a person who uses a common storage tank servicing both taxable and nontaxable uses, except bulk sales of jet fuel to a person who flies directly from the state to a foreign country, are subject to the motor fuel tax under AS 43.40.010 — 43.40.100, but the portion actually used for nontaxable purposes is eligible for a tax refund upon application to the department. A dealer who makes bulk sales of motor fuel shall collect and remit the tax in accordance with this chapter, except that if the sale is a sale of jet fuel to a person who flies directly from the state to a foreign country the tax may not be collected. However, if a portion of that jet fuel is used on a foreign flight that makes more than one stop in this state or makes a stop in another state, the user shall file a return as required by 15 AAC 40.010 and remit the amount of tax due for the jet fuel actually consumed over Alaska.

(c) Fuel meeting the following requirements is exempt from the motor fuel tax under AS 43.40.010 — 43.40.100:

(1) fuel sold to, transferred to, or used by United States, Alaska, or local government agencies for official use, except motor fuel sold to a contractor who purchases motor fuel either for its own account or as the agent of a government agency for use in the performance of a contract with that agency;

(2) fuel sold to, transferred to, or used by auxiliary military units for official use, not including fuel purchased by a volunteer member of an auxiliary unit for use in a private vehicle;

(3) fuel used in stationary power plants operating as public utility plants and generating electrical energy for sale to the general public;

(4) fuel used exclusively for a domestic purpose in single or multiple unit private dwellings, including mobile homes, but not including watercraft;

(5) fuel sold exclusively for use for heating commercial buildings and facilities; *we want to include exemption for this*

(6) fuel used in stationary power plants that generate electrical energy exclusively for private residential consumption;

(7) fuel used in stationary commercial power plants of 100 kw or less;

(8) fuel used by nonprofit power associations or corporations for generating electrical energy for resale;

(9) fuel used by charitable institutions;

(10) refined fuel transported as cargo out of the state into international waters if the fuel is sold or otherwise transferred to watercraft that operate exclusively in international waters and that do not enter state territorial waters, ports, or facilities;

(11) refined fuel transported as cargo out of the state on a vessel from a port in this state to a port outside this state, unless the fuel is purchased for use within state territorial waters;

(12) fuel consigned to foreign countries;

(13) fuel sold to, transferred to, or used on jet propulsion aircraft operating flights from the state to a foreign country, except flights to a foreign country with intermediate stops within the United States;

(14) fuel which is at least 10 percent alcohol by volume;

(15) fuel sold to or transferred between licensed qualified dealers;

(16) actual losses of volume which occur during handling, transporting or storing motor fuel, including shrinkage and losses from fire and other accidents;

(17) additives that are used for improving existing characteristics of fuel, not including blended fuels; and

(18) fuel used for any other purpose which the department determines is not motor fuel as defined by AS 43.40.100(2) if the purpose is fully disclosed on the monthly motor fuel tax return.

(d) For purposes of (c)(1) and (2) of this section, "official use" does not include sales of fuel. (Eff. 7/19/82, Register 83; am 11/14/82, Register 84; am 8/12/84, Register 91; am 1/19/86, Register 97)

Authority: AS 43.05.080
AS 43.40.010
AS 43.40.100

15 AAC 40.030. CERTIFICATE REQUIREMENTS FOR CERTAIN SALES.

(a) Except as provided by (b) of this section, a dealer or fuel reseller who sells or transfers fuel that is exempt under 15 AAC 40.020(c) shall obtain an annual certificate of use from the buyer or transferee at the time of the first sale in each calendar year, stating that the fuel that is purchased or received is not intended for use as motor fuel subject to tax under AS 43.40.010. A dealer or fuel reseller may use a certificate-of-use form prescribed or approved by the department.

(b) A certificate of use under (a) of this section is not required in support of an exemption under 15 AAC 40.020(c)(4), (6), (13), (15), and (16). *- does not include commercial buildings*

(c) In support of an exemption under 15 AAC 40.020(c)(5), the annual certificate of use must itemize and show the location of each tank or other facility that stores fuel used exclusively for heating commercial buildings and facilities. *Should not need certificate*

(d) If a purchaser certifies in writing on a certificate of use that the use of the fuel purchased is for an exempt use and the purchaser subsequently uses the fuel for taxable purposes, that purchaser is liable for payment of the motor fuel tax.

(e) A certificate of use under this section must be signed by the purchaser or his or her representative. The certificate remains in effect unless revoked by the department or in writing by the purchaser,

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SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 2/1/90
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER

FIN

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

4/20/89

DATE TURNED INTO OFFICE _____

Mr. President:

Transportation Committee considered SB 185

providing for the design and construction of a Kantishna Highway

and recommended:

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

FISCAL NOTE(S) attached zero
 appropriation no FN attached

fiscal impact DOTPF
 Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Handwritten Signature]

For Kouchak make more study

[Handwritten Signature]
 Chair signature and recommendation

Committee backup attached



FEB 09 1990

Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

907 586 2345

2/8/90

To: Members of Senate Transportation Committee

re: Position of National Park Service on proposed Kantishna Highway.

At the end of my testimony of 2/6/90, I said that I would contact the Park Service and get back to members of the committee regarding the information I had received from the Denali Citizen's Council. After speaking to Doug Wagner in the Superintendent's office, I am able to clarify some questions that came up.

1) Mr. Wagner was not aware of any plans to build roads in National Parks in Alaska, but his knowledge of the subject is not comprehensive.

2) As far as he knows, they are not looking at obtaining the right-of-way now belonging to the State. So that suggestion was erroneous; I apologize to committee members that I was unable to reach the Superintendent's office and verify (or in this case, not-) my information prior to the hearing. I deeply regret any confusion this may have caused.

Mr. Wagner was kind enough to clarify the Superintendent's position on the proposed road. If the road is necessary to address the concerns of Kantishna businesses about access, he would not oppose such a road. However, if such a road were built, he would want to see the Wonder Lake section of the existing road closed or destroyed to prevent the possibility of loop access. The Park Service is approaching the question from a wildlife and land management point of view, as is their responsibility, and they are satisfied that current vehicle access is at its maximum allowable level.

The Alaska Environmental Lobby can only support a management approach to access. We submit that any plans for increased access to the Park should be worked out in conjunction with Park Management, who are responsible for developing long-range plans for the future of the Park. Since the Park Service is not currently amenable to the idea of a loop road, it would seem premature for the State to press ahead with such a plan.

Thank you for considering these comments.

Respectfully submitted,

Cynthia Monroe

Volunteer for the Alaska Environmental Lobby

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: SB 185
PUBLISH DATE: 2/23/89

REQUEST: FISCAL NOTE

Revision Date: 2/05/90
Title: Design and Construction of
a Kantishna Highway.
Sponsor: Coghill
Requestor: Coghill

Agency Affected: DOT&PF
BRU:
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	432.0	432.0
TRAVEL	0	0	0	0	6.7	6.7
CONTRACTURAL	0	0	0	0	207.7	207.0
SUPPLIES	0	0	0	0	90.0	90.0
EQUIPMENT	0	0	0	0	1,174.4	0
LAND & STRUCTURES	0	0	0	0	3,110.0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	(3) 5,020.8	(4) 736.4
CAPITAL	(1) 5,450.0	0	0	(2) 67,960.0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

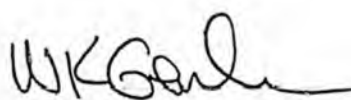
GENERAL FUND	617.0	0	0	7,693.0	5,020.8	736.4
FEDERAL FUNDS	4,833.0	0	0	60,267.0	0	0
OTHER	0	0	0	0	0	0
TOTAL	5,450.0	0	0	67,960.0	5,020.8	736.4

POSITIONS:

FULL-TIME	0	0	0	0	6	6
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS:

- (1) preconstruction
- (2) construction
- (3) maintenance set-up plus first year of annual maintenance
- (4) annual maintenance

Prepared by:  W. Keith Gerken
Division: Deputy Commissioner, Operations

Phone: 465-3900
Date: Feb. 5, 1990

Approved by Commissioner:  Mark S. Hickey
Agency: Department of Transportation and Public Facilities

Date: 2/5/90

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

Department of Transportation and Public Facilities
Fiscal Note Backup
SB 185 02/05/90

Because this project could not be developed to the point of annual maintenance within a six year period, the fiscal note does not reflect realistic fiscal years. Instead, it is arranged to show preconstruction, construction, maintenance startup and annual maintenance costs. Even assuming that the project was given highest priority in terms of staff and funding, and that we would have the full cooperation of the National Park Service, it would take at least four years to locate and design the project, and to acquire right-of-way and material sources. Capital funding which is depicted for FY91 would actually be expended over several years of preconstruction effort. The capital (construction) funding depicted for FY94 would not be budgeted until a realistic construction schedule could be determined. Even then, construction would probably be divided into several projects spread over a period of years. The operating costs depicted for FY95 and FY96 are only intended to give an indication of what initial and continuing maintenance of the route would cost after construction is complete.

This fiscal note is based on the construction and maintenance of a year-round, two-lane, gravel surfaced facility. Initial traffic volumes may warrant paving (largely due to dust) which would add \$13 million to the estimated cost.

The capital costs in this fiscal note are based on a DOT&PF estimate for the cost of development of an 82.8 mile route between Lignite, on the Parks Highway, and Kantishna. The breakdown between general funds and federal funds is based on the current federal participation rate for primary high-ways of 88.68%.

Since the State's current annual Federal-Aid allocation is not adequate to satisfy the capital improvement needs of the existing highway system, it is not realistic to assume that this project could be prioritized into the Federal-Aid program in the foreseeable future or that it could be funded in a single fiscal year (as depicted on the fiscal note). To the extent that this project would be funded from our Federal-Aid allocation, it would detract from other priority Federal-Aid projects. To put this into perspective, the cost of this project would exceed the entire Northern Region Federal-Aid Capital Improvement Program for a single year. Unless this project was funded from a source other than the State's annual allocation (i.e., some form of special project or demonstration project under the Federal-Aid program) it would substantially disrupt the scheduling of capital improvements to the existing highway system.

Though we would not expect the National Park Service to concur, the State has a claim to an RS2477 right-of-way between Lignite and the Stampede Mine. A similar right-of-way claim may exist between the Stampede Mine and Kantishna. While such right-of-way may be partially useful it would not be totally adequate in terms of width, alignment or the availability of material for the proposed highway. We assume that additional right-of-way would have to be obtained from Denali National Park in order to construct a Federal-Aid facility.

Lacking special federal legislation, this project would have to be developed pursuant to Title XI of ANILCA. That process has not yet been successfully executed for new highway construction. It's successful execution would be dependent on National Park Service cooperation. The Title XI process and Federal-Aid project development guidelines require extensive assessment, including the evaluation of practical alignment alternatives.



Department of Transportation and Public Facilities

POSITION PAPER

Bill No: SB 185

Approved: Mark S. Hickey *MSH*
Commissioner

Title: An act providing for the design and construction
of a Kantishna Highway.

Date: 02/05/90

DOT&PF RECOGNIZES THE NEED FOR, AND THE BENEFITS THAT WOULD BE PROVIDED BY, A HIGHWAY TO KANTISHNA. IN THAT SENSE DOT&PF SUPPORTS SUCH A PROJECT just as its predecessors, the Department of Highways and the Alaska Road Commission, have supported (advocated) it for decades. On the other hand, DOT&PF DOES NOT SUPPORT THE CONCEPT OF DEVELOPING A PROJECT OF THIS MAGITUDE SOLELY WITH THE STATE'S ANNUAL FEDERAL-AID CAPITAL ALLOCATION at the expense of needed improvements to the existing highway system. We need to arrive at a consensus on what are the best uses of our limited resources. In this regard, it must be clearly understood that use of Federal-Aid money for expansion purposes will take money away from the existing system. The department believes that prior to diverting money from that needed on the existing system, we should identify additional funding sources for any system expansion.

DOT&PF's support for a new route to Kantishna is based on the long standing need for reliable, non-restrictive, year-round access to the private property, the mineral potential, and the recreational potential in the Kantishna area. Over the same period of time during which the demand for access to Kantishna has increased dramatically, the National Park Service has progressively restricted travel on the existing sub-standard Park Road. A new route would allow the Park Service to restrict traffic on the existing route so it could be used for its acclaimed purpose of wildlife viewing. At the same time it would allow access to the Mount McKinley viewing for which so many people visit the park but, because of the lack of access and facilities, are not able to do. The current inability to reliably view Mount McKinley results in a lot of tourists and residents, who have invested a lot of resources into travel, leaving disappointed that they were administratively restricted from viewing the mountain. The disappointment is logically directed at Alaska rather than at the National Park Service.

The National Park Service is not acting to remedy the situation. By not allowing for significant growth in park visitation or in visitor opportunity, the Park Service, in their planning, is actually perpetuating the situation.

February 5, 1990

The State's annual Federal-Aid highway allocation is currently inadequate to satisfy the capital improvement needs of our existing road system. Indications are that in the future that allocation could decrease, making it even more difficult to satisfy needs on the existing system. Other funding sources that could be pursued include Federal-Aid highway funding through the National Park Service, Federal-Aid highway funding as a special project or demonstration project (as part of new federal highway legislation due by October 1, 1991), private funding in conjunction with development of tourist facilities at Kantishna, and/or the general fund.

While SB 185 authorizes a specific route which may ultimately prove to be the preferred one, it would be more appropriate at this point to authorize development of an unspecified route between established termini (i.e., the Parks Highway and Kantishna). We suspect that a specific route is indicated in the bill to take advantage of potential existing RS2477 rights-of-way. While that is a logical approach and, while such rights-of-way may be helpful, they would not be adequate in width or alignment for construction of a Federal-Aid highway.

Additional right-of-way and material sources for the project would have to be acquired pursuant to Title XI of ANILCA and/or through related federal lands legislation. It should be noted that, while Title XI establishes a process for the designation of such rights-of-way in a National Conservation System Unit (i.e., National Park), that process has not yet been successfully executed for a highway corridor. If a right-of-way is to be designated under Title XI it will require an extensive and involved paper process, which will require the cooperation of the National Park Service. Since future access through Conservation System Units will likely have to go through the Title XI process, it is important that the State exercise and test that process. Because of the documented need for this project, it would provide an excellent opportunity to exercise Title XI. Conclusion of such a Title XI process, whether it be successful or not, would be valuable in terms of gauging the ability to provide future expansion of the State's surface transportation system.

THOMAS ENGINEERING
3515 Industrial Avenue, Fairbanks, Alaska 99701
(907) 451-7455

April 3, 1989

Fax to 1-465-4923 - 2 pages

return fax to 1-452-6997

Senator Jack Coghill
Pouch V
Juneau, Alaska 99801

Dear Senator Coghill,

This letter is in support of SB 185 authorizing access to the Kantishna area. This is a very important project to the State of Alaska. It provides the ONLY solution identified to resolve overcrowding the Denali National Park road. This problem has reached crisis proportions and is doing serious damage to our visitor industry. The National Park Service is negligent by ignoring this situation and now implementing measures that will restrict visitors to less than the number that came to the Park last year. It is time that the State protects its tourist industry by taking the lead in resolving this problem.

I recently spoke to Park Officials regarding SB 185 and their opposition to it. I was told that the NPS felt that the State would not do as well a job as the NPS would do. This is a totally irresponsible position. The NPS knows full well that NEPA and National Interest Lands Titles require the most in-depth analysis possible and provide for full NPS participation. I believe they really object to the State taking the lead in this project because Title 11 created a time table that mandates decisions to be made in a timely manner and requires Congressional action. As long as the NPS is dealing(?) with the issue, it remains in-house and they have considerable latitude in the way they respond to outside interests. In addition, they are not bound by a time frame. I believe that the NPS intends to postpone any action on this until they have somehow acquired all the private lands owned by miners in the Kantishna area. (Access to the Kantishna area would allow the private sector to meet the needs of park visitors.) This, to me, goes against free enterprise. Here we have a situation where the government could do something to support private enterprise and instead it appears to be blatantly blocking it.

I would also like to comment on project funding. There seems to be much concern on the part of some Alaskan Officials, including those of the DOT&PF, regarding paying for this project. I believe this to be undue concern at this time because: It is in the best interest of the State to address this problem now to identify the solutions; how much they will cost; and to start the clock on right-of-way acquisition. Initial studies are eligible for Federal Highway Funding, requiring only a small amount of State dollars and a relatively small amount of our FHWA dollars that would be used for planning anyway. I cannot think of a more appropriate planning project as it has already been demonstrated that the project's benefit would well out weigh all costs. (See the Interior Alaska Transportation Study.) I am also sure that this project would qualify for special 100% FHWA funding that would be in addition to our State's allocation - so instead of detracting from our highway funding, would add to it.

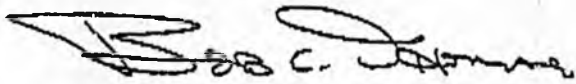
Thomas Engineering

Senator Jack Coghill
April 3, 1989
Page 2

Finally, I've been asked how SB 185 would affect my Kantishna Railroad access effort? SB 185 would support that effort for two reasons: First, I am foremost interested in gaining access to Kantishna because it is in the State's best interest to do so. I have lobbied for this road for over 20 years; secondly, planning for this project, must by law, evaluate all alternatives including other modes. If a railroad proves more acceptable, then SB 185 could be the vehicle to acquire the needed right-of-way for the private sector to build a railroad.

I fully support SB 185. If there is anything I can do to help you get this legislation passed, please let me know.

Sincerely,



Bob C. Thomas, P.E.
President

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT
OFFICE OF MINERAL DEVELOPMENT

POUCH EE
JUNEAU, ALASKA 99811
PHONE: 465-2023

March 4, 1985

MAR 4 1985

The Honorable Jack Coghill
Chairman
Senate Transportation Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Coghill:

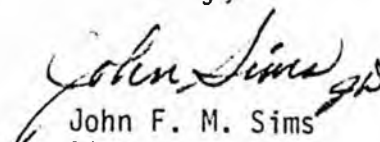
The Office of Mineral Development has reviewed SB 49 calling for a feasibility study on building the Kantishna access highway.

The Kantishna area has long been recognized for its substantial gold resource. Numerous mining claims have been patented. In addition to gold, significant deposits of strategic metals such as tungsten and antimony have been discovered in the area. With access, the region has much enhanced potential to become once again a significant productive mining region.

Currently, traffic on the Denali Park road is restricted by the National Park Service which severely limits mining activity at Kantishna. This restriction also limits Alaska's rapidly growing visitor industry. Access would allow entry to Denali National Park to many more people now unable to visit because of the severe travel restrictions in effect on the Denali Highway. The Kantishna access would enable firms in the travel industry to construct additional hotels and visitor facilities on privately held land at Kantishna. Additionally, it would greatly facilitate the expanded use of the Stampede Mine as a training property for mining students from the University of Alaska.

Of the three alternative routes being considered, this office supports the Old Stampede Road route. This is the shortest of the options being considered. It makes use of a long established trail to Stampede and requires a relatively short extension through the foothills connecting Stampede to Kantishna.

Sincerely,


John F. M. Sims
Director

JFS/cwREGLR3/Coghill
3485a

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

POUCH Z
JUNEAU, ALASKA 99811
PHONE: (907) 465-3900

OFFICE OF THE COMMISSIONER

January 28, 1985

Re: SB 49; Feasibility of
Building a Road to
Kantishna

A road to Kantishna would have two major economic advantages. First, it would provide a northern access for tourists into Denali Park. The Interior Transportation Study estimates that within twenty years such an access could generate 5,000 vehicles a day in the summer months. Secondly, the road would provide access for mining in the Kantishna area, and possible future extension to the Kuskokwim Valley.

The possible benefits to be derived from this project compare favorably with other major system extensions, such as extension of Chena Hot Springs Road to Twin Mountain, construction of a road to the Slate Creek asbestos deposit or a major rail extension.

Provided we receive the cooperation of the National Park Service, the feasibility study through location approval is expected to take about 27 months to complete. Because of this timeframe, we recommend that the lapse date be extended to June 30, 1987.

The amount of \$500,000 for the study is adequate.

Wm S. Spurr

R.J. Knapp
for Commissioner



Greater Fairbanks

Chamber

of Commerce

First National Center
709 Second Avenue

(907) 452-1105

P.O. Box 74446
Fairbanks, Alaska 99707

July 11, 1988

Honorable Steve Cowper
Governor
State of Alaska
P.O. Box A
Juneau, Alaska 99811

Dear *Steve* Governor Cowper:

The Greater Fairbanks Chamber of Commerce is encouraged by your expressed interest in developing access to Kantishna, north of Denali Park. A road or railroad to Kantishna would facilitate significantly, your vision of greatly expanded opportunities for the tourist industry in Alaska.

Equally important, it would give Alaska citizens access to their own public lands. Then, it follows, private land owners in Kantishna and surrounding areas would have the opportunity to develop in at least two areas; facilities for the public (tourism) and to generate new revenue through mining development.

Such a project is compatible and complementary to the existing park road. It takes into account future visitor demands on the road into the park with regard to purpose and capacity. All other plans, including the National Park Service approach simply deals with how to handle and exponentially increasing number of visitors over the next few years on the same road.

Each year the Transportation Committee of the Greater Fairbanks Chamber of Commerce prepares and publishes a comprehensive and very professional "Interior Transportation Needs" document. It is done specifically to provide each Senator and Representative of each legislature, our assessment of interior Alaska Transportation system basic requirements and refinements. Kantishna has been included in that report each of the last four years. You were provided a copy.

Fairbanks Chamber of Commerce

Governor Cowper
July 11, 1988
page 2

The final report of the House Members of the Joint Committee on Economic Recovery in addition to various pieces of legislation also made general recommendations to move away from a petroleum dependent economy, broaden the economic base, encourage enhanced resource development and improve and expand tourist facilities. Kantishna will do that.

Sincerely,



W.R. Cox
President and CEO

cc: Senator Ted Stevens
Senator Frank Murkowski
Congressman Don Young
Senator Jan Faiks
Representative Cato
Interior Legislative Delegation
Judith Brady, Commissioner, DNR
Mark S. Hickey, Commissioner, DOT
Lynn Harnish, Deputy Commissioner, Northern Region, DOT
J. Anthony Smith, Commissioner, Department of Commerce
Kelley Hegarty, Assistant Commissioner, DOC&ED

Enclosures as shown: 1988 Interior Transportation Needs,
Excerpt from 1987 Interior
Transportation Needs, Transportation
Committee Report, July 7th Meeting

PART II: INTERIOR SYSTEM EXTENSIONS

Kantishna Extension

The Kantishna Extension could be a highway located along the north flank of the Alaska Range connecting the Kantishna area with the Parks Highway in the area of Anderson or Nenana.

The Kantishna extension should be on the drawing board and ready to be developed into a linkage loop road. A great deal of thought should be given to having this linkage road take-off from the proposed Nenana Agriculture roads. This road can serve at least three industries in the State and give people of our State more access to our lands.

Tourism

Mt. McKinley is Alaska's number one tourist attraction. The demand to see Mt. McKinley has grown dramatically in the past ten years going from less than 100,000 annual visitors to over 300,000, all of which are accommodated during the tourist season. The existing road that goes through Denali National Park back to Wonder Lake, which is in the Kantishna area, is inadequate to accommodate the traffic demands. As a result, users are severely restricted. This restriction stems not only from safety considerations but also to retain the wildlife viewing opportunities that are available along this route. There have been a number of bus accidents on this road which testifies to its inadequacy from a safety standpoint. Because of the imposed restrictions, those wishing to see McKinley must ride a tour bus or shuttle bus back to the more spectacular viewing points--a ride that often takes as much as five hours. Throughout this ride they are treated to magnificent scenery and excellent wildlife viewing opportunities. Too often visitors are unable to view the mountain itself because of the weather conditions at the time they are there. Park officials estimate that the mountain is obscured by clouds more than 50 percent of the time.

No doubt there are many disappointed visitors as well as uncomfortable ones who have endured the round trip. Those older visitors and younger ones with small children can find this exceedingly difficult.

The dilemma that is presented to the Park Service is how can all the visitors be transported back to a viewing vantage point in a comfortable manner and still retain the wildlife viewing opportunities that now exist. There are basically three options. One is to upgrade the existing road within the park. This option would be extremely expensive because of the mountainous terrain that the road traverses, notably that area through Polychrome Pass. An upgraded roadway would also tend to reduce the wildlife viewing opportunities. A second alternative would be to add more shuttle and tour buses, but even this alternative would call for some upgrading to the existing road and would adversely effect wildlife viewing as well. For these reasons, the Park Service is concerned about adding more buses to accommodate the anticipated visitor growth. A third alternative would be to create another viewing vantage point for the mountain. The Park Service has considered this as well. Their concept would be to provide another viewing area on the south flank of the Alaska Range. They have not considered one on the north flank. The Interior Transportation Study (ITS) suggested that the north flank has high potential. The south flank concept would essentially be single purpose. Visitors would drive in and return, probably from the Parks Highway south of Cantwell. There would still be a demand for wildlife viewing and those wishing this service would have to take the tour on the existing park road and return, perhaps a ten hour round trip or longer.

A vantage point on the north side in the vicinity of the Kantishna area and served by a well designed highway, leaving the Parks Highway somewhere between Nenana and Healy, would have some apparent advantages over a southern concept. The weather on the north side of the range is better than on the

south side. It would seem prudent that a vantage point would recognize the number of clear days before making a decision. The Kantishna area has numerous patented mining claims which would be available for private entrepreneurs to construct hotels and other visitor accommodations. Tourists would then have a greater opportunity to view the mountain in all its awesome splendor because they would be based at the viewing vantage point rather than being transported to one for only a few hours. Under this concept the existing park road could be closed to all but wildlife tours and tour buses; thus creating an opportunity for taking different groups each direction.

Mining

In addition to tourism and recreational travel, a highway into the Kantishna area would serve the mining industry. Currently there are ten active gold mines in the area and significant known reserves of antimony as well as deposits of lead, silver, zinc and tungsten. The importance of this area as a mineral district has been recognized in the Alaska National Interest Lands Act which mandated a study of the impact of mineral development on other resources in the Denali National Park and Preserve. A highway would serve the existing miners as well as encouraging new ventures into this mineral rich area. Presently miners must travel the existing park road by permission of the Parks Service and are restricted to certain hours of operation. This would be unnecessary under the proposed extension.

In addition to the above, this proposed highway extension could be further extended into the McGrath area, also known for mining. The corridor has also been recognized as one which will be needed in Alaska's future. An additional linkage possibility would be to connect the McGrath extension to the road between Ruby and Poorman. Such a connection would provide additional road access to the Yukon River.

A. KANTISHNA ROAD

For several years now the Chamber has supported a northern access route from the Parks Highway to Kantishna. A northern access route is extremely important when considering the multitude of activities it can accommodate. This would promote tourism by making Denali National Park, the number one tourist attraction, more usable and visible for visitors. For example, according to the 1982 DOT&PF Interior Alaska Transportation Study, some 48,000 vehicles would utilize this new road during the 120-day park tourist season. This number would be expected to grow even larger. The National Park Service's general management plan estimates that within the next ten years, visitations will have increased by another 250,000 people. Neither the current park road, nor the proposed southern Curry Ridge access could possibly handle such an overwhelming number of people by themselves.

A northern access road to Kantishna would also aid the mining industry by providing new access to the rich mineral potential of the Kantishna area. The 1985 Kantishna Hills/Dunkle Mine Study pointed out that expanded mineral leasing in the Kantishna Hills area is a productive use of the land. Because of this, the study stated that as mining increases, a new mining access road would be required to handle the additional traffic between the Parks Highway and Kantishna Hills. Only this northern Kantishna access road could accomplish this task.

The Chamber strongly recommends that the Department of Transportation get going on this roadway and that the Interior Legislative Delegation direct federal funding to this project. This roadwork would be compatible with the Curry Ridge proposal out of Anchorage. Both are needed.

B. NOME CREEK ROAD EXTENSION

The Chamber of Commerce supports BLM's proposed 18-mile extension of the Nome Creek Road to Mt. Prindle and Beaver Creek. This road begins at approximately MP 52 of the Steese Highway. The project includes campsites and provides access to many recreational opportunities not currently available to local Fairbanksans and visitors.

At this time the design work for the project is nearly complete, but the estimated \$2.0 million needed for construction has not yet been funded. We understand this project could go to construction in approximately four months after funding is received.

Given the positive impact this project would have on the Fairbanks area, both during and after construction, we urge our Interior Legislative contingent and Senator Ted Stevens, Senator Frank Murkowski, and Representative Don Young to actively go after the

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF TOURISM

STEVE COWPER, GOVERNOR

P. O. BOX E
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2010

TELEX: 45331

RECEIVED JUN 23 1989

March 21, 1989

Honorable Mike Szymanski
Chairman, Special Committee on
International Trade and Tourism
P.O. Box V
Juneau, AK 99811

Dear Senator Szymanski:

You have requested the Division of Tourism to provide written comments regarding SB 185, an Act providing for the design and construction of a Kantishna highway.

The division agrees with the findings in the bill and sees considerable benefit to Alaskan tourism through access to the Kantishna region north of Mount McKinley. Presently, Denali National Park is in danger of becoming a major bottleneck in the series of principal attractions for tourists coming to Alaska. Approximately 200,000 visitors from Outside come to Denali each year. We anticipate increases this coming season because there will be additional private domed rail cars serving the park. We already receive considerable correspondence from visitors who would have liked to stay longer at Denali but were not able to do so. The division is concerned that visitors to the park may enjoy an experience of lesser quality than they had anticipated. This is a principal reason for our participation in the project to create new facilities in the South Denali area.

The division feels that development in the area north of the park and entering the park at a different location than at present would be similarly beneficial in eliminating the danger of a bottleneck at this principal attraction. To put the matter in a quantifiable perspective, we understand from our research that the 200,000 visitors from Outside each year spend approximately two days in McKinley with an expenditure of approximately \$100 a day per person. If new facilities were provided on the north side of Denali National Park and visitors to the area were to stay an additional day, this would mean approximately ten million additional dollars to the state's income. This amount should be compared to the approximately \$500 million of in-state expenditures now coming from tourists, or about two percent of the present total. This would be a significant increase to the income derived from tourists coming to Alaska.

AK- Division of Tourism

Honorable Mike Szymanski

-2-

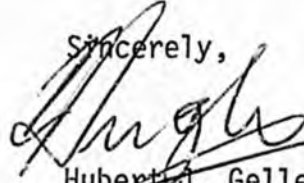
March 21, 1989

The problems here are providing funds at a time of fiscal stringency to put in state access to the Kantishna area and insuring that any route serves tourism and does not omit or destroy major attractions. We would see merit in first doing a regional overview to determine the best access for tourism and its relationship to other resources. Alternatives for developing a route might include some kind of toll highway where the cost of entering this area could be made part of the tourists' total trip cost.

We think that, with the better weather conditions on the north side of McKinley and unique attractions in that area, opening up the Kantishna area would be a significant addition to Alaska's tourist industry. We look forward to working on creative ways of making this possible.

With kindest regards,

Sincerely,

A handwritten signature in cursive script, appearing to read "H. Gellert", written over a horizontal line.

Hubert J. Gellert
Director

HJG/sa4929s
32189a



IN REPLY REFER TO:

United States Department of the Interior

NATIONAL PARK SERVICE

ALASKA REGIONAL OFFICE
2525 Gambell Street, Room 107
Anchorage, Alaska 99503-2882



A3615(AFO-R)

21 MAR 1989

Senator Jack Coghill
Alaska State Senate
Box B
Juneau, Alaska 99811

Dear Senator Coghill:

This responds to your telephone call of March 20 requesting a National Park Service position paper on State Senate Bill No. 185. You asked that we magnafax such a document to you by tomorrow. While this is a very short time in which to respond, consideration of a north side access to Kantishna, within Denali National Park, has received considerable attention and discussion over past years.

Kantishna and the Stampede area are important in terms of their history, archeology and wildlife. Persons with valid mining claims are likewise concerned with potential mining operations. Under National Park Service management, park resources are to be preserved and protected for the benefit and enjoyment of this and future generations.

A variety of people over the years have suggested that the Kantishna Hills area north of Wonder Lake and in the vicinity of the terminus of the Denali Park Road be developed to provide public facilities. These might range from a campground and trails to a hotel commanding a view of Mount McKinley. Presently there are three small lodges (mostly cabins or tent cabins), with a fourth to be open in 1989. Also, besides the existing road, about 90 miles long, proposals have been made for alternate road/railroad access to Kantishna over routes coming from the northeast. Vehicle traffic on the existing road, mostly tour bus and shuttlebus, is near capacity if wildlife viewing opportunities are to be maintained along the park road. Wildlife viewing is a prime purpose for park visitors. Instead of a new road to Kantishna, there is also the prospect of developing a new form of transportation generally following the existing park road. Such transportation should be able to carry more passengers, offer views of wildlife and scenery, not disturb wildlife, and would intrude on the landscape as lightly as possible. An elevated mono-rail train is one possibility.

As we see the matter, any further planned development of public facilities in the Kantishna area or construction of new means of access or transportation to Kantishna must be preceded by a study of alternatives and preparation of an environmental impact statement. This should be done to satisfy the requirements of law and to determine the likely effects on a host of values from further development of the Kantishna area. If Kantishna is an

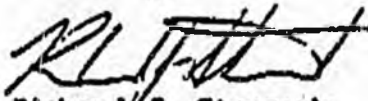
National Park Service

appropriate place for additional development and public use including new or improved access/transportation, it should be supported by analysis and associated costs.

This does not answer your request for a position on State Senate Bill No. 185. This is a complex issue. At present, we cannot support this legislation. What is needed, in our opinion, is an environmental impact study to completely analyze reasonable alternatives for use and access and allow for public input to the decision-making process. From this, the federal and state governments would be in a position to judge the benefits, impacts and costs of further development and decide the appropriate action.

I would be pleased to meet with you to discuss this matter and other concerns of mutual interest.

Sincerely,



Richard J. Stenmark
Regional Director

Acting



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

907-586-2345

AEL ISSUE PAPER-SB185/186 KANTISHNA HIGHWAY CONSTRUCTION AND FUNDING

The Alaska Environmental Lobby opposes the Kantishna Highway proposal which has plans to connect with the existing road in the park. We feel there is opportunity for responsible tourism development but this northern route is not a reasonable solution to alleviate the overcrowded conditions in the area.

The National Park Service has reviewed this proposal and does not recommend it as a viable alternative in their General Management Plan. There are several reasons:

*Plans are underway to work closely with lands and landowners at the southern end of the park and would like to see development limited to this area rather than inside and north of the park. Southern views of the mountain are considered the highest visual quality where the Kantishna route is considered of lesser stature. Extensive funding would be required for reclamation to improve the area disturbed by mining activities. The NPS recommends the costs for reclamation and maintenance would be great compared to the southern regional plans now underway.

*The highway route runs perpendicular to the Denali Caribou herd which occupies a north-south route in the proposed area. The Park Service fears the road would enclose a sensitive area for the caribou and block off their migration route.

*Miners who live in the area north of Denali already have reasonable access to the Kantishna area and are given time to move equipment through the park between 7pm and morning.

* The AEL agrees with NPS that the present situation has to be re-evaluated with an overall regional plan compatible with their park management plan. At this time, the economic feasibility(which would cost over \$1 million per mile) with possible serious environmental impacts should be studied carefully before such a costly endeavor is ever undertaken.

March 17, 1989

Mary Pearsall

ALASKA CENTER FOR THE ENVIRONMENT • ALASKA CHAPTER SIERRA CLUB • JUNEAU GROUP SIERRA CLUB • SITKA GROUP SIERRA CLUB
 KNIK GROUP SIERRA CLUB • DENALI GROUP SIERRA CLUB • ANCHORAGE AUDUBON SOCIETY • ARCTIC AUDUBON SOCIETY
 DENALI CITIZENS' COUNCIL • ALASKA FRIENDS OF THE EARTH • JUNEAU AUDUBON SOCIETY • KACHEMAK BAY CONSERVATION SOCIETY
 KENAI PENINSULA AUDUBON SOCIETY • EAST ALASKA CONSERVATION COUNCIL
 SITKA CONSERVATION SOCIETY

AK Environmental Lobby, Inc.

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Fai. News-Miner Editorial

11/24/89

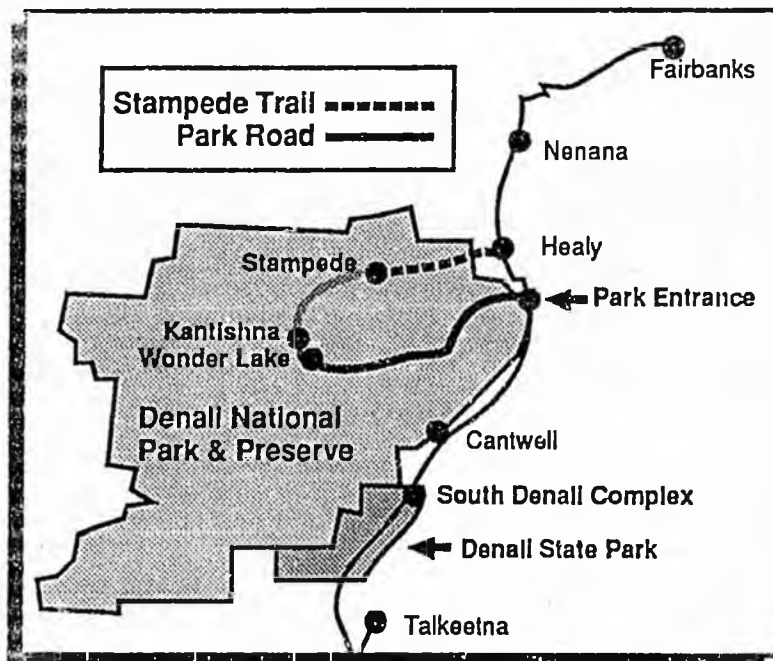
Editorial Opinion and Comment of



Daily News - Miner

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

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



Too far to help

There's an old joke about a gentleman walking along a street at night. He spots another man on his hands and knees, searching for something under a streetlight.

"What did you lose?" the first man asks

"A dime," says the second.

"Where did you lose it?"

"About a half a block that way, but the light's better over here."

That's sort of the situation with our state's proposed "South Denali Complex."

Commissioner of Natural Resources Lennie Gorsuch has given preliminary approval for a 35-year lease for a private developer to build a 100- to 250-room lodge at the north end of Denali State Park. The site would include a visitor center, financed with help from the federal government, with interpretive programs on Denali.

Denali State Park is southeast of Denali National Park. The north tip of the state park starts about 52 miles south of Cantwell on the Parks Highway.

~~Justified in part to alleviate people pressure in the national park, the South Denali Complex misses~~

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...A MAJOR DEVELOPMENT AT THE NORTH TIP OF THE STATE PARK STARTS ABOUT 52 MILES SOUTH OF CANTWELL ON THE PARKS HIGHWAY

Justified in part to alleviate people pressure in the national park, the South Denali Complex misses the mark. The development is 70 miles from the national park entrance, too far away to relieve congestion.

Tourism industry experts say Denali National Park is our state's No. 1 attraction. The Fairbanks Chamber of Commerce has taken a strong position of protest against the South Denali Complex in fear of Fairbanks losing its standing as the park's gateway.

We presume a tour company could package excursions along the coast and then only as far north as a lodge at Mile 168 of the Parks Highway.

However, out-of-state visitors are not going to be satisfied with viewing Denali, the mountain, from a lodge or a visitors center off the Parks Highway—especially if the mountain is clouded in, as happens occasionally. Visitors will continue north to the national park for the wildlife opportunities. Stopping at Denali State Park would be a bit like flying to Paris and skipping the Eiffel Tower.

If visitors continue on to Denali National Park, where's the congestion relief?

Instead of a mega-project at the north tip of the state park, the state or the National Park Service should be seeking ways to relieve congestion directly outside the park entrance. Denied facilities in the park, many campers plop down in the parking lots and shoulders of the Parks Highway. The overflow makes the place look like Coney Island.

As for congestion within Denali National Park, that's a problem to be relieved on its 6 million acres, not the state's 324,240 acres more than an hour away by car.

If National Park Service want less traffic on the park road, there's a better solution: open up access by extending the park road at Wonder Lake to Kantishna and back again to Healy on the Parks Highway via the Stampede Trail.

The loop would open up access to private land at Kantishna that could be developed for lodges much closer to the mountain than any other present or proposed developments. Denali State Park, now enjoyed by hikers, hunters and others, could be spared development.

Department of Natural Resources Commissioner Lennie Gorsuch is to make a decision on the South Denali Complex next month. If you have an opinion, write to our governor, legislators or the state Division of Parks at P.O. Box 107001, Anchorage, Alaska, 99510-7001. The fax number is 762-2535.

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DAN JOLING
Managing Editor

CHARLES L. GRAY

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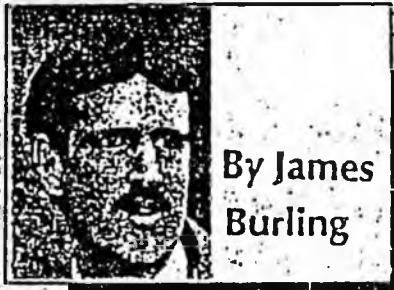
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Will Denali be closed to tourists?

Imagine yourself in the place of a tourist who has traveled over 4000 miles to visit Denali, the crown jewel of the national park system. You arrive at the park entrance and try to step onto a shuttle bus for the bumpy ride to Wonder Lake. Suddenly a college student in a scout uniform blocks your way and says "Reservations? No? I'm terribly sorry but all the buses are full. However, if you wait three or four days you might be able to get in on standby. In the meantime, feel free to explore the visitors' center, and maybe you can camp out in the state park to the south. Have a nice day."

Farfetched? Not for the 1990s. Visits to Denali are increasing faster than 10 percent a year. Automobile access is being increasingly restricted each year. About the only thing that is not keeping pace is the Park Service's antiquated school-bus fleet that is, in the words of the Park Superintendent "designed for 10 year olds and not adults."

However, there is a better way. A good plan has been around for a number of years that would nearly double the visitor capacity of the park with a reduction of environmental impacts from tourists. The existing one-way road could be extended at its western end at Kantishna by upgrading the old Stampede Trail and then connecting with the Parks Highway near Healy. Inexplicably, acting like a beggar refusing a pot of gold, the Park Service has done nothing but create excuses for not considering the road.



By James Burling

Finishing the loop would allow visitors to travel along the road only once, cutting bus travel on the Denali road by nearly half if most of the tourists chose to travel the complete loop. Joining Kantishna with Parks Highway to the north would eliminate the need for miners to travel the most scenic and treacherous portions of the road to access their mining claims. When Congress added the Kantishna mining district to the park system in 1980, it ordered that the rights of the miners be protected. About the only thing the miners have seen are lawsuits and new restrictions that allow equipment access for only a few hours in the middle of the night.

If the trail is not finished, in only a few years tourists will be turned away. The bus system is already perilously overcrowded. And what does the Park Service prepare to do to cope with the problem? Nothing.

The Park Service has no plans to increase its fleet. It has no plans to allow an increased number of private vehicles in the park. It is moving to improve existing hotel facilities at a pace that makes a glacier look like a charging grizzly bear.

While the Park Service has made some admirable improvements to the existing road, that is not enough. Simply put, the Park Service does not like change. About all the service has done about the Kantishna loop is dream up a few lame reasons why not to extend the park loop.

They say the distance will be too long for some tourists. So why not add campgrounds at Kantishna, or permit more overnight facilities to add to the little known but excellent lodges already in Kantishna? The Park Service says the road could cost too much, but no comparisons are given to the costs of not improving the road.

Visitor access in Denali is reaching a critical overload. Two years ago the state Senate Transportation Committee commissioned a report which concluded that a road was critical to the ability of Denali to meet visitor needs. It concluded that the need was "urgent" because "tourist demand is exceeding the capacity of the park road resulting in unsafe operations and dissatisfied visitors." Building the Kantishna road is a well-reasoned and farsighted proposal that will allow Denali to maintain its place as the crown jewel of the national park system. Let's hope the Park Service stops obstructing the idea and joins the parade.

James Burling is an attorney with Pacific Legal Foundation, a non profit public-interest law firm with an office in Anchorage.

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ANCHORAGE TIMES OCT. 9, 1987

Anchorage Times Editorial

TO

DEVELOP DENALI?

BY PETER PORCO • PHOTOGRAPHY BY BILL ROTH



Dee Dee Devaul and Leon Koenck are treated to a sweeping view of Mount McKinley.

If Bob Thomas is the type that hears voices; he's probably hearing something like "Build it, and they will come." In his own field of dreams, Thomas sees a new railroad curving through the northern tier of Denali National Park. It heads west from Healy and ends 90 miles later at Kantishna, an international tourist resort in the heart of the park.

Twelve cars a train, eight trains a day, 1 million people a year, each paying \$50 to ride through the subarctic wilderness and relax beneath the flank of Mount McKinley. Building the railroad will make jobs for Alaskans, and running it will create healthy profits for investors.

Best of all, in Thomas' vision, the National Park Service will have solved the essential problem at Denali: How to cater to a growing number of visitors without harming the park or its abundant wildlife.

"Mount McKinley is our number-one tourist attraction," the 50-year-old Fairbanks transportation engineer argues. "But we don't have the facilities up here to operate like that. (Park Service officials) don't know what to do with all the people coming there now."

Thomas isn't the only one suggesting ways to accommodate more visitors to the park. Denali seems absolutely besieged with plans for new resorts. Development ideas are circling the park like the miners who rushed the hills of Kantishna 80 years ago in their search for gold. Among the areas affected:

Continued on next page



Fairbanks transportation engineer Bob Thomas points to a diagram of the proposed railroad he would like to build through Denali National Park. Says Thomas: "Mount McKinley is our number-one tourist attraction. But we don't have the facilities up here to operate like that. (Park Service officials) don't know what to do with all the people coming there now."

We Alaskans article - Develop Denali?

DENALI

Continued from previous page

• Healy Canyon, one mile north of Denali's entrance on the George Parks Highway, where a piecemeal tourist development continues to expand.

• McKinley Village, south of Denali's entrance on the Parks Highway, where several lodges, restaurants and private homes have sprouted in the roadside forest in the past 10 years — and new construction will almost certainly follow if the state decides to supply electricity to the area.

• Denali State Park, the immense tier of state-owned property adjoining the southern border of the national park, where proposals to develop a McKinley resort closer to Anchorage have long been in the wind.

Former Alaska Sen. Mike Gravel once proposed constructing a dome-covered "Denali City" there with rotating restaurants, climate-controlled golf courses and access to Anchorage by way of a floating fleet of dirigibles. The idea never got off the ground. But now the state has advanced its own plans to develop Denali with lodges, cabins and ski trails — and appears ready to proceed.

That's only what's proposed on the outskirts of Denali National Park and Preserve. Inside, a new \$3.3 million visitor center is under construction near the park entrance. A 144-room hotel is in the planning stage. Roads are being repaved to improve access. And far inside the park, Kantishna's private-property owners are moving forward with an assortment of major resort development ideas.

"Denali is like a third world country coming into the 20th century in a period of five years," says Ralph Tingey, the park's management assistant. "It's having real growing pains."

The pains are sharpest in Kantishna. Thomas' idea to build a railroad across the northern addition to the park isn't alone. A paved "Kantishna Highway" has also been proposed along much the same route, which would open the park to more tourists while allowing them to drive to Kantishna faster. State legislation to design and fund the 90-mile-long highway was introduced in February by Nenana Sen. Jack Coghill — but died in committee.

Alaska Sen. Frank Murkowski also favors the Kantishna Highway, which would connect in Kantishna with the park's existing 90-mile-long gravel road, effectively forming a 180-mile-long Grand Loop through the park.

Neither the railroad nor the highway appear likely to become a reality any time soon. Each faces a significant fight winning a right-of-way through a national park, although proponents say the state has a legitimate claim because of historical use protected by federal statute.

Critics say a new transportation corridor will disturb caribou and wolf populations that winter in the northern tier, which was added to the park in 1980 to help protect the area's wildlife. They also say the northern tier isn't ideal for road construction. Several major rivers cross the area.

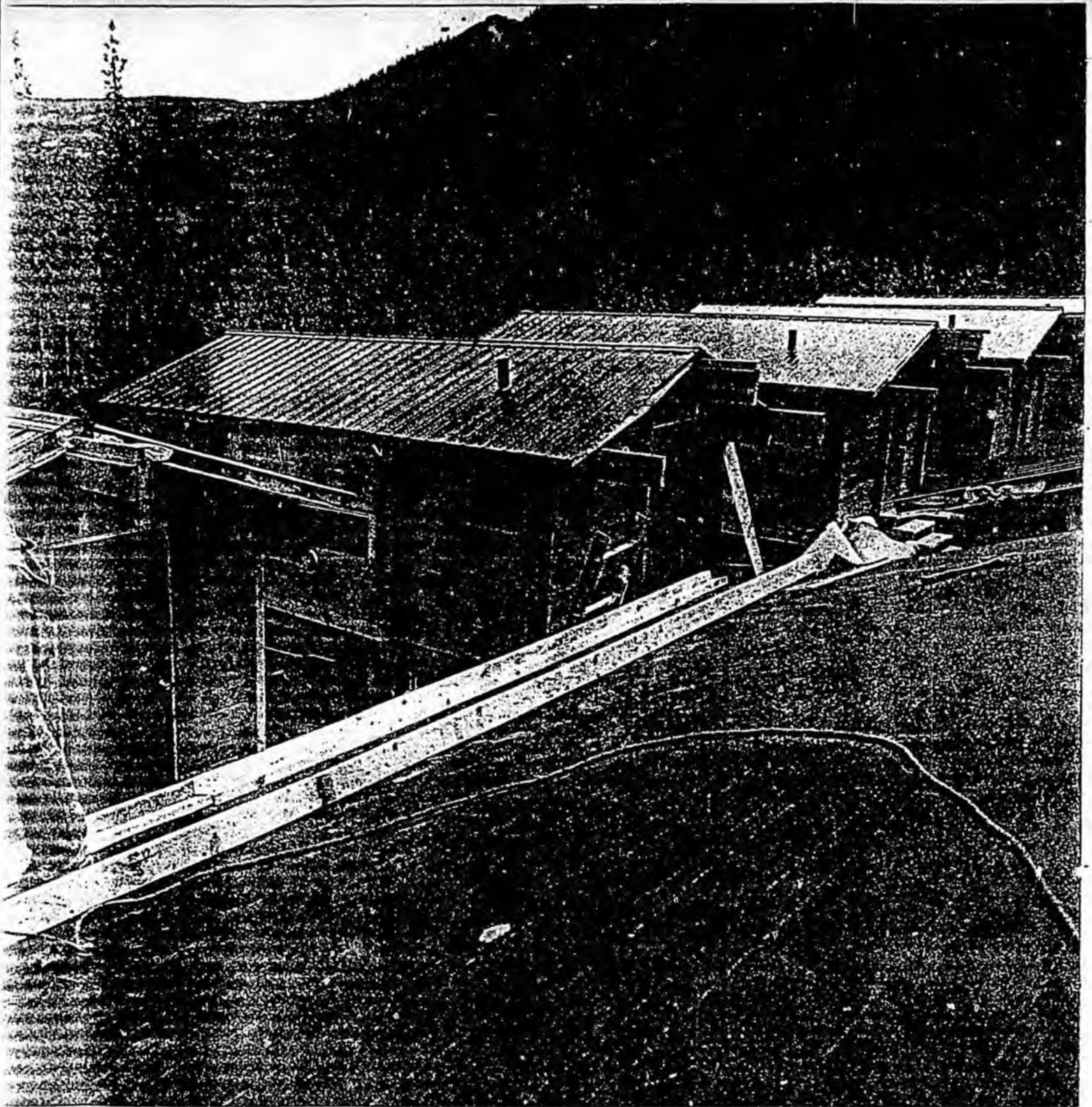
"You would have to build the most incredible bridges on earth," says Boyd Evison, regional director of the National Park Service. "You're talking about wide, braided riverbeds. One footing for it would be on the Parks Highway, the other in Kantishna."

"Those are gravel-bottomed rivers, glacier fed," Thomas replies. "They're not different than the rivers that the highway out of Valdez goes across, or those on the Copper River Delta out of Cordova. . . . Gravel makes a good foundation."



Continued on next page

Workers put the finishing touches on the 24-cabin Denali Mountain Lodge at Kantishna owned



Owned by 43-year-old Gary Kroll, who bought 4 acres there about a year ago.



Leo Mark Anthony examines some high-grade gold ore he mined from quartz rock at his property in Kantishna.

DENALI

Continued from previous page

Before a highway or railroad could be seriously considered, an environmental impact statement would need to be prepared. And the project ultimately would need the approval of Congress.

Proposals to improve access to Kantishna are inevitably connected to plans that private landowners there have to develop their property. Kantishna's 800 acres of "inholdings" — patented private land wholly within the park — are ripe for making someone a lot of money.

When Bob Thomas — who does not own land there, but says he wishes he did — sees Kantishna as a world-class resort consisting of "15 to 20 hotels being built within 10 years of the railroad," he's talking about development on Kantishna's inholdings.

The Kantishna Hills were not always in the middle of a national park. Mined for gold, silver and other metals almost continuously from 1905 to 1985, Kantishna became part of the park only after ANILCA (the Alaska National Interest Lands Conservation Act of 1980) enlarged Denali's boundaries.

Mining in Denali and other national parks in Alaska came to a halt in 1985 when a court ordered the park service to measure its environmental impact. A draft statement has

“Kantishna is a booming issue now. It's moving more quickly than the park service thought originally.”

— Chuck Gilbert
of the National Park Service

been prepared and the park service is still receiving comments on it.

But the private property owners in Kantishna have retained surface rights as well as mineral rights, and that's where their aspirations are beginning to rise — in the form of constructing world-class resorts. Unless challenged by lawsuits the way the mining was, Kantishna property owners won't need federal approval to build.

"Kantishna is a booming issue now," says Chuck Gilbert, acting chief of the National Park Service's land resources division. "It's moving more quickly than the park service thought originally."

"It had been a stable area. There was some tourism with Camp Denali, and mining. But now, in the past two or three years, it's moving in another direction. People are buying those lands for tourist development."

Kantishna's value as a resort was first recognized in the early 1950s when Camp Denali was developed on a tundra bench north of Wonder Lake. From the windows of its 18 cabins, visitors could gaze beyond the lake at the spectacular North Face of Mount McKinley, just 35 miles away — considered one of the best possible views of North America's tallest mountain.

Two other resorts followed Camp Denali in the Kantishna area. All three have expanded in recent years. A fourth resort was built this season, offering 24 new cabins. More resorts could be on the way.

Among the largest landowners in the area is Kantishna Mines Inc., a group of 40 stockholders whose president is Leo Mark Anthony. Kantishna Mines owns title to about 340 acres, nearly half of the patented property in Kantishna. Anthony says the land is for sale for about \$4 million.

"A lot of big outfits have been interested," he says, adding that about half are interested in mining; the other half in tourism.

"One of the reasons they want our property is that we have that mile-long ridge," Anthony says, in reference to Quigley Ridge, a promontory overlooking Kantishna and its

landing strip. "It's the only place you could build a big lodge with room to sit in. So you could be enjoying a drink while you're waiting for the mountain to come out. It's big enough to put a whole village on it. Three hundred and forty acres is the size of Monaco."

Alaska state Sen. Jack Coghill, R-Nenana, — an outspoken proponent of developing Kantishna — says two large tour companies are interested in putting year-round resorts in Kantishna. One of them is a Swiss concern.

Weighing against such interest is the most obvious problem to developing a major resort in Kantishna: The area is difficult to reach. From Anchorage, the drive to Kantishna takes eight hours, including three long hours over the park's narrow gravel road.

It's a risky investment in other ways, too: A resort in Kantishna would be a lot less appealing to Anchorage-based tourists if a more readily accessible resort goes up on the south side of the national park. And Kantishna investors also have to worry about the risk of environmental lawsuits.

Outside the national park at Healy Canyon and McKinley Village, such problems are greatly mitigated. Both roadside communities are easy to reach, even if hotel guests there can't see McKinley from their windows. Their resort potential has been increasingly realized over the past 10 years with the construction of several hotels, lodges and cabins — 577 rooms in all — as well as restaurants and other tourist services.

In Healy Canyon, a half-mile length of highway that local critics describe as commercial sprawl, an additional 100 rooms and cabins are scheduled to open by next summer. South of the park entrance, at McKinley Village, the potential for resort development is even greater. Thousands of acres of private land, mostly held by the Ahtna Native Corp., remain undeveloped.

Both McKinley Village and Healy Canyon are unincorporated, lying outside any local or federal jurisdiction. With few exceptions development there can take place free of government interference.

Accordingly, the area's development potential has attracted the attention of the Mantanuska-Susitna Borough far to the south. Daydreams about the revenue to be garnered from a 5 percent bed tax have prompted borough officials to propose annexing the region. Several Healy and McKinley Village residents, however, have opposed the annexation and are filing a rival petition that would establish their own borough separate from Mat-Su — one that's also entitled to tax hotels.

Park Service officials, meanwhile, say they aren't as concerned about the construction boom taking place outside the park — or inside the park at Kantishna — as they are about the effect the increase in tourism will have on Denali.

"At some point, you'll have so many people in the park seeing the wildlife, that you won't see it," says Ralph Tingey, one of Denali's top administrators. "You'll kill the goose that lays the golden egg. And the biologists tell us that if you increase road traffic, you're going to see less wildlife, particularly bears. . . . That's what people want to see the most."

Private cars, trucks and motorhomes disturb the animals along the park's interior road far more than buses do, according to the park service. Rangers say bus passengers are adequately controlled during stops by their drivers, but passengers in private vehicles often disturb the animals by wandering off the road in their pursuit.

Consequently the park service has reduced the number of private vehicles it allows to use the park road by 44 percent since 1981 — while



Allen Smith, regional director of the Wilderness Society, vows to fight development in park.



increasing by 22 percent the number of buses it allows to use the road. The overall reduction in traffic was achieved by closing the Wonder Lake and Igloo Creek campgrounds to private vehicles, and by tightening control on private permits awarded to photographers and others, says Tingey.

The stricter control the park service exerts on Denali visitors — only 150,000 tourists rode the buses past Mile 12 all last year — has a sobering effect on resort development outside the park, according to Robert Cunningham, who was Denali superintendent until March.

"It's already reached its limits," Cunningham says. "The number of buses operated is finite. It's limited by the numbers in the General Management Plan. I would be hesitant to invest a large amount of money building a large hotel outside the park."

As the principal author of that plan, Cunningham is largely responsible for having slowed the increasing rate of visitors entering Denali — and perhaps for having slowed the rate of private resort development outside the park, as well.

The very thought of limiting tourism rather

than encouraging it rubs Coghill the wrong way. "Everyone wants to see our crown jewel," he says.

Members of Alaska's congressional delegation agree. "The existing facilities are overloaded," says Alaska Sen. Ted Stevens. "Some people say, 'Don't build any more.' But we've got a lot more room for a lot more people (at Denali) without destroying the things the park was set up to protect."

In the opinion of Alaska Congressman Don Young, the same goes for developing Kantishna, according to aide Dan Klish.

"When you're dealing with this sort of activity (developing cabins and lodges at Kantishna), it's the size of a pimple on an elephant's ass," Klish says. "If it allows people to enjoy the park — and we get many people from all over the world — we'd have to say that's a good thing."

"Look at it from an Alaskan point of view," Kantishna land-owner Leo Mark Anthony says, alluding to Mount McKinley. "What's the principal drawing card in Alaska? . . . That's it."

Park Service officials argue they're indeed trying to accommodate more tourists at Denali while doing their job of preserving the resource.

The new \$3.3 million visitor center that will open next year near Riley Creek will serve as a clearinghouse for campsite reservations, shuttle bus tickets and backcountry permits.

Additional campsites and rest rooms are under construction at Wonder Lake. Permanent rest rooms are being built at Polychrome Pass.

A new superintendent, Russ Berry, has taken over the park and already been credited with opening communication between the park service and Kantishna's tourist and mining interests.

"I just can't tell you what a favorable change there is in the park," says Roberta Wilson, owner of the Kantishna Roadhouse and a long-time opponent of the park service. "He was here only six days when he came out. . . . We're all extremely impressed by him."

Still, the park service would prefer to see development occur on the south side of McKinley, where a resort at Denali State Park could serve as a relief valve, easing tourism pressure on the national park. The idea also has the backing of the Cowper administration. But it's opposed by the Denali State Park Citizens Advisory Board — and by Coghill, Thomas and others who want to see development on the north side of Denali.

"Everything on the north side is privately owned," says Coghill. "And here we have (the state Department of Natural Resources) proposing a state-owned facility competing with the private sector. The state will screw everything up, number one, and will put the hard-arm on tour operators."

Coghill fears that areas north of the Alaska Range, including his Senate district, will lose Anchorage-based tourists who will opt instead to get their view of McKinley at Denali State Park, about a three-hour drive from Anchorage.

"You can visualize a quick and dirty tour," he says. "The tourists would fly to Anchorage, (promoters) would bus them to the South Side, and then bus them to Anchorage."

Park service officials, however, believe the state park will not absorb tourists who'd normally visit the national park so much as give them a second Denali destination.

The ultimate solution in Kantishna may be for the federal government to simply purchase the inholdings — an idea everyone seems to support, including Alaska's congressional delegation.

Continued on next page



Danise Kroll and daughter, Jenna, 8, relax at Denali Cabins. Kroll and husband, Gary, own the 50-cabin resort.

DENALI

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The park service has already purchased one significant property there — a 120-acre parcel owned by Lloyd Cook Lloyd, a Utah firm — for \$655,060. And it's talking to Anthony's group of owners, as well as another Anchorage group holding 300 acres of Kantishna's unpatented land.

But purchasing the area's mining claims would be costly for U.S. taxpayers. Park service estimates place the value of the 800 remaining acres that are fully titled in Kantishna at \$8 million to \$10 million, and the more than 8,000 acres of unpatented land at \$8 million to \$11 million.

The spending bill approved by the Senate Appropriations Committee last month included \$6.5 million for Kantishna. The House version of the spending measure, however, does not include the appropriation, and its fate in the coming Senate-House conference battles remains unclear. Stevens believes the money stands a good chance to survive the compromise process, though it may have to be appropriated over two years.

Anthony, with his 340 acres at Kantishna Mines, says he would sell if the park service meets his asking price of \$4 million. The 62-year-old prospector says his heart really isn't in the tourist business anyway. He'd rather do what he's been doing for more than 40 years — hunt for metal.

"They should allow us reasonable access and reasonable mining, or they should buy us out at a reasonable price," Anthony says. "ANILCA allows for it. But every time you go to them, 'Well, we don't have any money'... If it's that important to the national interest, let's get with it. If it's not, let us mine."

Regional park service director Boyd Evison agrees the federal government should buy Anthony's land. But the agency can't make a real offer until the money is available.

Meanwhile, if bulldozers were to begin clearing the way for a major resort development at Kantishna, the park service could condemn the land, proclaiming its use not in the best interests of the park. But that would precipitate a court battle that the park service would just as soon avoid.

Anthony and others feel the government is stalling in hopes of achieving a different sort of condemnation — reducing the value of the land to the point where its owners will sell below their asking price. The threat of court action by conservationists, like the 1985 suit that brought a halt to mining in Kantishna, makes potential developers jittery, Anthony says.

"Environmentalists would sue you, they'll delay you" — that's what the park service tells the

potential buyers," he says. "That scares the hell out of ya, if you're investing any money."

Environmentalists argue that extensive resort development at Kantishna would diminish the park experience for the average Denali tourist. Either fewer people would be allowed to ride the buses in order to make room for the additional guests at Kantishna, or those who do gain access to the park would find fewer animals due to the increased traffic.

"I don't think the public would like being bumped because someone could afford to spend money to visit a hotel in the park, which was built because someone had a mining claim years ago," says Jack Hession, of the Sierra Club.

"I'm a middle-of-the-roader myself," counters 43-year-old Gary Kroll, Kantishna's newest resort developer. "I'm a former (state) park superintendent, a state park ranger, wilderness guide. I've seen it from all sides."

Kroll and his crew were putting finishing touches on his 24-cabin Denali Mountain Lodge at Kantishna a few weeks ago. He and his wife, Danae, bought about four acres in Kantishna when they saw a newspaper ad a year ago offering to sell. As the owners of a resort on the George Parks Highway, the Krolls had been thinking of owning land in Kantishna for several years. A resort there would be their way of beating the park road permit system. As park inholders, they and their guests would be guaranteed access.

"We are trying to do away with dealing with ARA Outdoor

World," Danae Kroll says, in reference to the park's sole concessionaire.

ARA owns the Denali National Park Hotel and operates the park's tour buses, in addition to other tourist services. Under a formula established by the park service, ARA will only guarantee tour bus seats up to 25 percent of the guests who stay at the Kroll's Denali Cabins, a resort the couple built in McKinley Village over the last 10 years.

Given their capacity for 10,000 visitors, the Krolls say they have to scramble to get their remaining 7,500 visitors into the park — but usually do, finding room for them on tour buses that aren't running full or the park's free shuttle buses. Now, given their new lodge at Kantishna, the Krolls can circumvent the quota system and guarantee their guests a full Denali tour by booking them for two nights: one at Denali Cabins, on the Parks Highway, and another at Denali Mountain Lodge, in Kantishna, where access through the park is assured.

Evison believes a mistake was made by allowing the Krolls to build a new resort in Kantishna. He says the park service may have been preoccupied by the soiling of two national parks (Kenai Fjords and Katmai) by the Exxon oil spill last March, or by the need to find a new boss for Denali.

"We weren't watching it as close as we should have," he says. "Maybe we should have sought condemnation before the 24 (cabins) were built this spring... Part of the feeling was that, if hotels already are there, who's to say there shouldn't be another?"

But my feeling is that the general management plan says there's enough."

Kroll disagrees with the Sierra Club's claim that the more guests who ride into Kantishna, the more members of the public will be allowed to see the park.

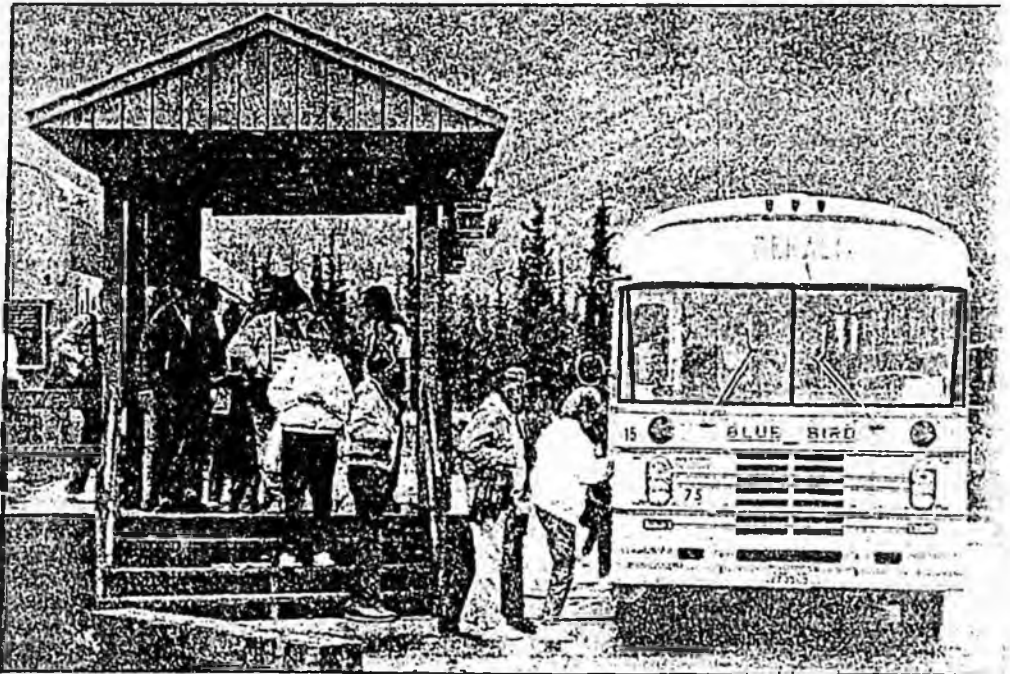
"We're the public too," he says. "If I have 2,000 out of 200,000 visitors, how big is that? It's a really small number."

"We're a mom and pop business," Kroll adds. "We're Alaskans, and we work hard... If the park service buys it at some point, then OK, fine. In the meantime, I can't wait around for whatever the government is going to do. We have a commitment."

Congress may turn out to be the deciding player in Denali's development game, if members approve purchase of the park's private inholdings. A decision on the \$6.5 million appropriation is expected by early October. If approved, the Krolls' resort could be among the last tourist-related construction in Kantishna.

In the meantime, conservationists wouldn't be surprised if other resorts attach themselves to the landscape surrounding Denali. And more ambitious schemes — a Kantishna Highway, a Denali railroad — will probably continue to rise and fall. They vow to take them all seriously.

"These kinds of proposals are the fly balls we have to keep chasing to make sure they don't get one out of the park on us," says Allen Smith, regional director of the Wilderness Society. "Eternal vigilance is the price of preservation." ■



Tourists enter a bus at the Riley Creek park entrance. Someday, they may tour the park in railroad cars.

A ROAD TO STAMPEDE
by
Eugene Therriault

1969

Kantishna Road History

With the 1896 discovery of gold in the Yukon Territory's Klondike, the later strike at Nome, in 1899, and Fairbanks in 1902, American citizens had finally pushed beyond the coastal portions of Alaska previously settled by the Russians. As new inland areas of the territory were explored, communities were established with economies based primarily on mineral extraction. Although cities and towns were generally located along the major rivers, once strikes along these waterways were exhausted it became apparent that overland transportation would be necessary if the mineral potential of the territory was to be realized. Congress finally recognized this need in 1905 through passage of the Nelson Act. This legislation created the Board of Road Commissioners for Alaska which later became the Alaska Road Commission (ARC).¹ The Commission was charged with the arduous task of identifying potential routes of transportation within Alaska and the job of upgrading the existing network of trails into a usable road system.

As early as 1923, the Alaska Road Commission recommended the creation of a "loop route, 171 miles long from Mile 318, Government Railroad [Alaska Railroad], through the Park [Denali Park] to [the] Kantishna post office, and return[ing] to the railroad at Mile 363 [Lignite]." ² Fifty six years later, the idea of a loop route through Denali National Park is still the dream of many individuals. In 1989, state Senator Jack Coghill, of Nenana, once again proposed construction of such a road through his introduction of Senate Bill 185. If Coghill's legislation is successful, this will be the second time the state has constructed a road from Lignite to the Kantishna district

following what has come to be known as the "Stampede Road", or "Stampede Trail".

In order for Coghill's plan to be successful, it may be necessary for the state to successfully prove that the proposed route lies within a valid right-of-way as outlined by a former federal law, Revised Statute (RS) 2477. Much of the proof needed to assert this claim is found in the files of the Northern Region offices of the State Department of Transportation and Public Facilities. These records indicate that the state actually constructed a significant portion of Coghill's proposed road in 1961 as part of a statewide pioneer access road program. This fact alone may eventually lead to the State's assertion of the Stampede Trail as a test case for the RS 2477 issue.

The United States Congress in 1866 passed RS 2477 providing for the establishment of public access across federal lands not otherwise reserved. The Act stated that "the right-of-way for the construction of highways over public lands, not reserved for public uses, is hereby granted."³ Since use of the word "highway" in the 1866 statute did not mean the construction of a modern public street or freeway as we know them today, legal interpretations determined that the language covered any public right-of-way including paths, wagon roads, trails, streets and alleys.⁴ RS 2477 remained in effect until 1976 when Congress repealed it through passage of the Federal Land Policy and Management Act. Congress followed this action with passage of the Alaska National Interest Lands Conservation Act (ANILCA) of 1980. ANILCA reclassified vast amounts of federal land in Alaska through the

enlargement and creation of federal conservation units, including the expansion of Denali National Park which grew to include the federal land containing roughly one half of the Stampede Trail right-of-way. To reaffirm legal ownership of this right-of-way, the State must prove that it did assert ownership, under territorial and state programs, prior to the repeal of RS 2477.

At the time the Alaska Road Commission (ARC) was created, "Alaska had less than a dozen miles of passable wagon road[s]." ⁵ According to a report to the United States Department of the Interior, the primary purpose of the ARC was the opening of Territory of Alaska. Therefore, "in pursuit of this objective the policy was to build as many miles of satisfactory road as funds would permit rather than to build to the more expensive standards which [were] common in the United States." ⁶

With the admission of Alaska as a state in 1959, the Alaska State Legislature enacted various statutes designed to continue the work of the Alaska Road Commission. The 1959 legislation was worded in such a manner as to authorize the continued expenditure of funds for the expansion of the road system into areas of the state determined to be rich in mineral resources. ⁷ This Act allowed the citizens of Alaska to petition the State Highway and Public Works Department to construct "pioneer" roads into new areas of the state to foster mineral development. Consent of the Commissioner of Mines was required before any proposed pioneer road could receive state funds and the state was to "utilize the cheapest methods of construction consistent with the purpose of [the] Act." ⁸ The legislation was often referred to as the

Pioneer Access Road Act. Passage of the legislation was accompanied by the appropriation of \$50,000 to be used by the Department of Highways and Public Works to implement the new law.⁹

The 1960 Legislature amended the 1959 Act by expanding the language to provide for construction, relocation or repair of pioneering access roads into and within areas rich in natural resources or to mining prospects which were inaccessible to truck traffic. Like the earlier ARC authorization, the new law restricted these roads to low standard, rudimentary truck routes not necessarily fit for passenger automobile use and not automatically subject to repair, upkeep or seasonal maintenance. Expenditures from the fund under the amended law required the approval of the Commissioner of Natural Resources.¹⁰ The 1960 amendments were accompanied by an appropriation of \$1,000,000 to be used for the construction, reconstruction, relocation or repair of pioneering access roads.¹¹

During the summer of 1960, the State Department of Natural Resources earmarked \$480,000 of the 1960 appropriation of pioneer road funds for access work in Interior Alaska. These projects were to provide roads from North Pole to Midacres, Delta to Clearwater, Eureka to Rampart, Gilmore Trail, Happy Valley to Goldstream and Lignite to Kantishna. While the Gilmore Trail, North Pole and Goldstream projects were well underway by the middle of October 1960, the Lignite to Kantishna Project was delayed because of its uncertain cost.¹² Despite this fact, the project enjoyed the favor of the Commissioner of the Department of Natural Resources, Phil Holdsworth.¹³

Prospectors established the Lignite to Kantishna trail when placer gold was discovered in the region in 1903. This discovery resulted in a minor gold rush lasting until 1906, which involved several thousand miners living and working in the Kantishna Hills area. Due to these events, approximately 1,000 acres of land was transferred to private ownership in the form of patented mining claims. Although the early miners in the region were interested in exploiting only the placer gold deposits, periodic cleanups of their sluice boxes revealed the presence of lead, antimony (a metal prized for its low melting point) and other minerals which lead to the realization that the Kantishna District and its surrounding foothills represented a major mineralized area. A 1987 evaluation of the undiscovered mineral resources of the Kantishna Hills area estimated that "Assuming 1983 prices, the total gross recoverable value of mineral resources in the Kantishna Hills area [is] estimated to range from \$375 million to \$1,260 million."¹⁴

According to Tom Bundtzen, of the State Division of Geological and Geophysical Surveys, a large antimony deposit was discovered along the Lignite to Kantishna trail at a site which was eventually developed into the Stampede Mine in 1935. This mine, operated by Earl Pilgrim and Company, extracted and shipped high grade antimony ore to smelters in the contiguous United States and Japan beginning in 1936.¹⁵ Between the years 1936 and 1947, the company transported all of the ore by winter cat trains (strings of large sleds pulled over frozen ground during winter months) from Stampede to Lignite along the old Kantishna Trail.

In 1949 Pilgrim completed a 4,300 foot runway at the Stampede Mine and proceeded to fly 350 tons of ore to Nenana where it was loaded on the Alaska Railroad for shipment.¹⁶ Bundtzen stated that this practice continued well into the 1970s despite Pilgrim's threat in 1956 to discontinue all production at the mine until a truck road was constructed linking the mine to the Alaska Railroad at Lignite. Such a road was not financially possible however, until passage of the Pioneer Access Road Act of 1959.

Pilgrim realized that the Pioneer Access Road Act, and its subsequent amendment in 1960, gave him a chance to petition the State for an access road to the Alaska Railroad. With this in mind, he contacted the Alaska Department of Natural Resources regarding the subject of Pioneer Roads. Pilgrim proposed that a pioneer road be constructed from Lignite or Healy along the Kantishna Trail to the Stampede area of the Kantishna Mining District. Having traveled the proposed route many times himself by tractor, sled and foot, Pilgrim divided the route into six segments, describing the length of each segment and the type of material the existing trail traversed. His proposal covered an approximate distance of 47.5 miles terminating at the Stampede airstrip. From this point, Pilgrim proposed that the road could be extended to Minchumina and the Kuskokwim area, or along down Moose Creek to connect with the Mt. McKinley Highway at Camp Denali, located at Kantishna.¹⁷ Pilgrim's proposal soon reached the Division of Highways within the Department of Public Works.

A.G. Gardner, the Assistant State Highway Engineer for the Department

of Public Works requested additional data from Pilgrim in June 1960. Following the receipt of this information, he forwarded Pilgrim's request to Commissioner Holdsworth.¹⁸

The Commissioner reviewed Pilgrim's proposal and recommended that it be given top priority under the pioneer access road program. He based his decision on his belief that a true pioneer road along the proposed route would provide access to the highly mineralized Kantishna mining district, which happened to include the largest high-grade antimony deposit known in Alaska. It was Holdsworth's belief that this road would lead directly to production of antimony ores for shipment to foreign markets. The route would also provide improved access in the direction of other known mineralized areas near the Kantishna district, including Slippery and Iron Creeks further to the west where deposits of copper and mercury had been found.¹⁹ The Commissioner also noted that the road would:

serve as a pilot route for an eventual connection to McGrath. [He believed] that the future primary road system, which should include a connection with McGrath, should take this route in preference to the one long proposed from the Susitna Valley northwesterly through Rainy Pass.²⁰

Holdsworth's priority recommendation included a stipulation allocating \$250,000 for the proposed pioneer road which amounted to approximately \$4,000 per mile for the estimated 60-mile section requested.²¹

The Commissioner's directive obligated one quarter of the pioneer road funds allocated in 1960 for the entire state to a single project, even though there were five other smaller projects in the Fourth Judicial Division alone that were likely to receive favorable recommendations

that year.²²

The Kantishna Road project however, was ideally suited for participation in the pioneer road program and had the support of the Fairbanks Chamber of Commerce whose representative testified at hearings that the available funding should be used for one major project in an attempt to obtain maximum benefits from the program. Although the Chamber had not specifically designated the Kantishna Road as the one it had in mind, it was the understanding of the Department of Natural Resources that the Lignite-Kantishna-McGrath project was the Chamber's number one choice.²³

After receiving the approval of Commissioner Holdsworth, L.D. Wilson, Acting Commissioner of the State Department of Public Works, assigned T.D. Sherard, the Director and Chief Engineer for the Division of Highways, to report on the feasibility of constructing the road and prepare an estimate of its cost. In September, 1960, an engineer's report on the route and soil conditions was forwarded to State Highway Engineer, A.G. Gardner. This document indicated that poor soil conditions in the Lignite and Kantishna areas were likely to make the actual cost per mile of the road \$25,000 instead of the approved \$4,000 per mile. This expenditure would build an 18-foot wide road surface with necessary culverts but no bridges. The major creeks and rivers along the route would be left as fords (surface crossings) which would make the road impassable for a portion of each year during the spring breakup and winter freezeup. It was the engineer's estimate that the level of funding available for the project would not

be enough to construct the first section from Lignite to the Savage River. He opined that an expenditure of less money per mile would result in a route that would not hold up to use by heavy equipment and which public pressure would force the State to rebuild.²⁴ Sherard enlisted the help of John Larsen, an engineering assistant for the department, who chartered a small plane to fly him over the existing Kantishna Trail to make a personal assessment of the route and soil conditions. Following this initial survey, he noted that the previous estimate of \$25,000 per mile would be closer to the actual cost of the road than the original one. With this in mind, he wrote that the route from the Stampede Mine to the existing Park Road was much shorter in length and presented a possible alternative. The problem with this route however, was that the Denali Highway traversed federal park lands, which meant that traffic along this route would be subject to Park Service orders and restrictions. Since permission had been granted in the past for the Kantishna area miners to use the road, Larsen concluded that this possibility had to be explored before any funds were committed to the construction of the Lignite Route.²⁵

In September 1960, Larsen paid a visit to the Superintendent of McKinley National Park to discuss the feasibility of providing access to the Stampede Mine through Kantishna and down the McKinley Park road. After his visit, he informed Commissioner Holdsworth and Gardner about the negative response he had received from the park official. The Superintendent had explained "that opening the park to traffic from the Stampede Mine down the Toklat River and over the park roads was completely contrary to their policies, and therefore out of

the question."²⁶ With this route closed for consideration, Larsen had no alternative but to proceed with plans to provide access via the Kantishna Trail.

Although the road project seemed to be impossible to many of the Division of Highway engineers given the available funding level of \$250,000, Governor William Egan indicated that the project was not dead yet. In October he wrote to Don Eynck of the Fairbanks Chamber of Commerce that a number of contractors had publicly claimed that the road could be constructed as far as the Stampede Mine with the money available and that these contractors would receive an opportunity to prove themselves correct. With this support, the Division of Highways issued an invitation to submit proposals to build a road to the Stampede Mine and provide three years of seasonal maintenance.²⁷ This resulted in the submission of three completed bid proposals.

At the bid opening, held on November 17, 1960, the Department of Public Works revealed that Yutan Construction Co. Inc. (Yutan) of Fairbanks, whose spokesman, James A. Carroll, had ridiculed the high cost estimates, was the successful low bidder, having written a bid of exactly \$250,000. The second and third place bidders were Gheinn Co. Inc. and Peter Kiewit Sons Co. who submitted bids of \$591,580 and \$1,433,920 respectively.²⁸ Having won the contract, Yutan spent the next few months hammering out details of the deal with the Division of Highways and preparing to begin work during the 1961 construction season. One such detail was that the completed road must be suitable for a single axle five ton capacity truck to travel its length during

periods of the year when roads with no regular winter maintenance should be expected to be passable.²⁹

A very important part of the original invitation to submit proposals included a provision that:

The alignment of the proposed road will be selected by the contractor and approved by the Director of the Division of Highways, except that such roadway shall not be constructed within the boundaries of the Mount McKinley National Park. The contractor shall secure necessary rights of way in the name of the State of Alaska through all privately owned property, and shall secure any and all permits required by State or Federal agencies for construction of the road at no additional cost to the State³⁰

Having agreed to this provision, Yutan contacted the State to inquire about receiving a right-of-way from the federal government for traversing its lands. Van Cothern, the Acting District Right-of-Way Supervisor for the Department of Public Works requested T. Hugh Wilson, Field Engineer for the Division of Highways, to advise Yutan that the required right-of-way would automatically be granted simply by constructing the road across unreserved federal land. No application to the federal government was necessary since under RS 2477, no action was required of the federal government. Cothern also indicated that he had confirmed this with Melvin Benitz, an attorney, and Jesse Johnson of the Bureau of Land Management.³¹

With these legal hurdles cleared, construction of the Lignite to Stampede Pioneer Road began on May 8, 1961. Work continued throughout the summer with the final selection of the route being decided just ahead of the construction crews. The contract allowed Yutan to

deviate up to one half mile on either side of its route in order to find the most stable soil conditions on which to place the road surface.³²

By August 30, approximately 37 miles of the road were 90% completed, 2 to 3 miles were 50% completed, and scattered sections of the road were at various stages of completion waiting for the underlying soils to dry. By this time, the contractor had reached the Toklat River and was preparing to forge ahead to the airstrip at the Stampede Mine. Once the work crews reached the Stampede Mine, it was Yutan's intentions to return all of the construction equipment to Lignite via the road, completing sections and correcting deficiencies along the way.³³

During the fall of 1961, Larsen flew from Fairbanks to the construction site a number of times to inspect portions of the road as they were completed. These trips included aerial surveys as well as physical travel over portions of the road in vehicles or on foot. Following an inspection trip on August 30, Larsen contacted James Carroll to inquire whether a five ton single axle dump truck would be available to drive the entire length of the road prior to final approval and acceptance by the state.³⁴

As a result of this request, Yutan supplied a twelve cubic yard tandem axle dump truck and following a flight from Fairbanks on October 8, Larsen departed the Stampede Mine at 11:00 a.m. in a heavy snowstorm to inspect the last half of the road along with Yutan's

representatives. Except for a few soft spots, where the road had just recently been completed, and several hills, where the truck needed a push due to the accumulating snowfall, Larsen determined that the portion of the road from the Stampede Mine to the Shushana River met the specifications of the contract. Due to the failure of the steering gear on the dump truck, the entire length of the road could not be covered that day and

Larsen made arrangements to examine the lower portion of the road at a later date.³⁵

The final inspection of the Lignite to Stampede Pioneer Access Road took place on October 17, 1961. On this date, Larsen and Hugh Wilson of the State Division of Highways, and Harvey Case and James Carroll of the Yutan Construction Company, traveled the first stretch of the road to Eight Mile Lake. Subsequently, Larsen reported that the entire length of the road had been inspected and appeared to satisfy the terms of the original contract and memorandum of agreement. It was his recommendation that full payment for the construction portion of the contract be made to Yutan and the three year annual maintenance period be started on October 17, 1961.³⁶

On November 8, 1961, Pilgrim wrote to Commissioner Holdsworth indicating a number of concerns he had with regards to the quality of the Lignite to Stampede Pioneer Access Road. Pilgrim did not believe that the road had been constructed in such a manner as to allow him to economically truck ore to Lignite for shipment. Larsen responded to Pilgrim's concerns, indicating that the road had been accepted by the

state and the completed route satisfied the intent of the Pioneer Access Road Law for a low cost mine access road, as requested by Pilgrim in May, 1960.³⁷ According to Eundtzen, Pilgrim felt that portions of the road had been located in low lying areas of the region where the ground was far too unstable.

Problems with the maintenance of the Stampede Road began to develop almost at once. Yutan was on site to perform maintenance work during the summer of 1962; however, due to a very heavy spring runoff, this work was substantially more extensive than the state or the contractor had anticipated. In addition, high water in a number of the major river crossings was not fordable by trucks operating under their own power.³⁸

In January of 1963, Yutan and the State agreed that the remaining maintenance responsibilities of the original contract could be fulfilled by the performance of an additional \$16,666 worth of maintenance work by Yutan, without specification of what work was to be performed. Under this agreement, no maintenance work was performed on the Stampede Road in 1963. However, in the fall of that year, Yutan supplied the State with a large amount of rock material for use in highway construction near Cantwell. Yutan intended for the State to credit the cost of this material against their outstanding maintenance obligation; but the State refused. From this point on a number of disagreements ensued which eventually induced the State to file a civil complaint against Yutan on March 16, 1965. This matter was finally resolved by the courts in Yutan's favor in July of 1968.³⁹

Due to the difficulties associated with annual maintenance, the Stampede Road did not result in the level of mineral development in the Kantishna area as originally envisioned. Although the desired development may have been spurred through additional work on the road, the Legislature seemed to lose interest in the Pioneer Access Road program. Following appropriations of \$380,000, \$200,000 and \$250,000, from 1961 through 1963, respectively the Legislature made no additional funds available for the Pioneer Access Road Act.⁴⁰ Despite the fact that the road did not develop as a major mineral access route, that portion lying outside the boundary of Denali National Park is used regularly by outdoor enthusiasts.

Although the Legislature neglected to appropriate funds for the continuation of the Pioneer Access Road Act, the language of the Act remains in the state statutes to this day.⁴¹

If the Legislature had maintained its enthusiasm for the pioneer access road program, it is likely that additional funds would have been made available for gradual improvement of the road to Stampede. However, the funds that were expended on this stretch of road in 1961 will greatly strengthen the State's ability to assert a historic public right-of-way from Lignite to the Stampede Mine. This would provide the first major step in the effort to establish an alternative route of access to the views of Mount McKinley from the Wonder Lake area and could foster the development of private tourist facilities on the patented land privately held in the area. Although the expenditure of funds in 1961 may have seemed like a lost cause, it may

turn out to be money well spent if it allows the State to access this
rather remote area of Alaska.

Notes

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2. James E. Sandberg, ANNUAL REPORT of the ALASKA ROAD COMMISSION, 1923, vol 1. (U.S. Department of War 1923) 71-72.
3. Malcolm B. Roberts and Valerie T. Chavez, Senate Transportation Committee, RS 2477 Task Force Report 1986, vol 1., Sec. IV 6.
4. Ibid., 24 [The same volume number as the preceding note].
5. Reynolds, Williams, Goodrick, Report of the Survey Team, Alaska Road Commission (U.S. Department of the Interior, October 4, 1951) 1.
6. Ibid. [The same page as the preceding note].
7. Session Laws of Alaska 1959, Chapter 47, Section 1.
8. Ibid., Section 4.
9. Session Laws of Alaska 1959, Chapter 200, Page 360.
10. Session Laws of Alaska 1960, Chapter 154, Section 3.
11. Session Laws of Alaska 1960, Chapter 182, Page 299.
12. William A. Egan to Don Eynck, 13 October 1960, Department of Transportation and Public Facilities, Northern Region, Pioneer Access Road Files, Starpede Trail. [These files are hereafter referred to as DOTPF Files]
13. Phil R. Holdsworth to Richard A. Downing, 12 July 1960, DOTPF Files.
14. White, White and Dillon, Quantifying the Economic Potential of Undiscovered Mineral Resources: A Case Study of Kantishna Hills, (U.S. Department of the Interior, Bureau of Mines, January 1987) 1 and 9.
15. Earl R. Pilgrim to State of Alaska Department of Natural Resources, 29 May 1960, DOTPF Files.
16. Ibid.
17. Ibid.
18. A.C. Gardner to Earl R. Pilgrim, 13 June 1960, DOTPF Files., Earl R. Pilgrim to A.C. Gardner, 27 June 1960, DOTPF Files., A.G. Gardner to Phil R. Holdsworth, 1 July 1960, DOTPF Files.
19. Phil R. Holdsworth to Richard A. Downing, 12 July 1960, DOTPF Files.
20. Ibid.

21. Ibid.
22. Phil R. Holdsworth to Earl R. Pilgrim, 7 September 1960, DOTPF Files.
23. Ibid.
24. Memorandum from L.D. Wilson to T.D. Sherard, 15 July 1960, DOTPF Files., Memorandum from T.H. Shanley to A.G. Gardner, 7 September 1960, DOTPF Files.
25. Memorandum from John Larsen to A.G. Gardner, Fall 1960, DOTPF Files.
26. John Larsen to Holdsworth and Gardner, 23 September 1960, DOTPF Files.
27. Alaska Department of Public Works, Division of Highways, Invitation to Submit Proposals, 11 October 1960, DOTPF Files.
28. Alaska Department of Public Works, Division of Highways, Press Release, DOTPF Files.
29. Memorandum Agreement by James A Carroll and Richard A. Downing, 2 March 1961, DOTPF Files.
30. Alaska Department of Public Works, Division of Highways, Invitation to Submit Proposals, 11 October 1960, DOTPF Files.
31. Intra-Departmental Correspondence from Van Couthern to T. Hugh Wilson, 20 March 1961, DOTPF Files.
32. Alaska Department of Public Works, Division of Highways, Invitation to Submit Proposals, 11 October 1960, DOTPF Files.
33. John E. Larsen to James Carroll, 8 September 1961, DOTPF Files.
34. Ibid.
35. Memorandum from John R. Larsen to Lee D. Hubbard, 9 October 1961.
36. Intra-Departmental Correspondence from John R. Larsen to Lee D. Hubbard, 24 October 1961, DOTPF Files.
37. James A. Carroll to Earl Pilgrim, 11 December 1961, DOTPF Files., John E. Larsen to Earl Pilgrim, 13 November 1961, DOTPF Files.
38. State of Alaska vs. Yutan Construction Co., Findings of Fact and Conclusions of Law by the Superior Court for the State of Alaska, First Judicial District at Juneau, 16 July 1968, DOTPF Files, Page. 3.
39. Ibid.

40. Session Laws of Alaska 1961, Chapter 147, Page 197., Session Laws of Alaska 1962, Chapter 167, Page 331., Session Laws of Alaska 1963, Chapter 104, Page 108.

41. Alaska Statute 19.30.020, 1989.

S B

186

SENATE COMMITTEE REPORT

FURTHER

FIN

3/20/89

DATE TURNED INTO OFFICE _____

Mr. President:

Transportation

Committee considered

SB 186

special appropriation to the Department of Transportation and Public Facilities for design and construction of a Kantishna Highway; efd

and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

Fabrizio
John
Paul

OTHER RECOMMENDATIONS

Est. funds do not pass until on 6-yr. plan

[Signature]

 Chairman signature and recommendation

Committee Backup attached

REQUEST: FISCAL NOTE

Revision Date: 2/05/90
Title: Design and Construction of
a Kantishna Highway.
Sponsor: Coghill
Requestor: Coghill

Agency Affected: DOT&PF
BRU:
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	432.0	432.0
TRAVEL	0	0	0	0	6.7	6.7
CONTRACTURAL	0	0	0	0	207.7	207.0
SUPPLIES	0	0	0	0	90.0	90.0
EQUIPMENT	0	0	0	0	1,174.4	0
LAND & STRUCTURES	0	0	0	0	3,110.0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPEKATING	0	0	0	0	(3) 5,020.8	(4) 736.4
CAPITAL	(1) 5,450.0	0	0	(2) 67,960.0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	617.0	0	0	7,693.0	5,020.8	736.4
FEDERAL FUNDS	4,833.0	0	0	60,267.0	0	0
OTHER	0	0	0	0	0	0
TOTAL	5,450.0	0	0	67,960.0	5,020.8	736.4

POSITIONS:

FULL-TIME	0	0	0	0	6	6
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS:

- (1) preconstruction
- (2) construction
- (3) maintenance set-up plus first year of annual maintenance
- (4) annual maintenance

Prepared by: W. Keith Gerken
Division: Deputy Commissioner, Operations

Phone: 465-3900
Date: Feb. 5, 1990

Approved by Commissioner: Mark S. Hickey
Agency: Department of Transportation and Public Facilities

Date: 2/5/90

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

Department of Transportation and Public Facilities
Fiscal Note Backup
SB 185 02/05/90

Because this project could not be developed to the point of annual maintenance within a six year period, the fiscal note does not reflect realistic fiscal years. Instead, it is arranged to show preconstruction, construction, maintenance startup and annual maintenance costs. Even assuming that the project was given highest priority in terms of staff and funding, and that we would have the full cooperation of the National Park Service, it would take at least four years to locate and design the project, and to acquire right-of-way and material sources. Capital funding which is depicted for FY91 would actually be expended over several years of preconstruction effort. The capital (construction) funding depicted for FY94 would not be budgeted until a realistic construction schedule could be determined. Even then, construction would probably be divided into several projects spread over a period of years. The operating costs depicted for FY95 and FY96 are only intended to give an indication of what initial and continuing maintenance of the route would cost after construction is complete.

This fiscal note is based on the construction and maintenance of a year-round, two-lane, gravel surfaced facility. Initial traffic volumes may warrant paving (largely due to dust) which would add \$13 million to the estimated cost.

The capital costs in this fiscal note are based on a DOT&PF estimate for the cost of development of an 82.8 mile route between Lignite, on the Parks Highway, and Kantishna. The breakdown between general funds and federal funds is based on the current federal participation rate for primary high-ways of 88.68%.

Since the State's current annual Federal-Aid allocation is not adequate to satisfy the capital improvement needs of the existing highway system, it is not realistic to assume that this project could be prioritized into the Federal-Aid program in the foreseeable future or that it could be funded in a single fiscal year (as depicted on the fiscal note). To the extent that this project would be funded from our Federal-Aid allocation, it would detract from other priority Federal-Aid projects. To put this into perspective, the cost of this project would exceed the entire Northern Region Federal-Aid Capital Improvement Program for a single year. Unless this project was funded from a source other than the State's annual allocation (i.e., some form of special project or demonstration project under the Federal-Aid program) it would substantially disrupt the scheduling of capital improvements to the existing highway system.

Though we would not expect the National Park Service to concur, the State has a claim to an RS2477 right-of-way between Lignite and the Stampede Mine. A similar right-of-way claim may exist between the Stampede Mine and Kantishna. While such right-of-way may be partially useful it would not be totally adequate in terms of width, alignment or the availability of material for the proposed highway. We assume that additional right-of-way would have to be obtained from Denali National Park in order to construct a Federal-Aid facility.

Lacking special federal legislation, this project would have to be developed pursuant to Title XI of ANILCA. That process has not yet been successfully executed for new highway construction. It's successful execution would be dependent on National Park Service cooperation. The Title XI process and Federal-Aid project development guidelines require extensive assessment, including the evaluation of practical alignment alternatives.



Department of Transportation and Public Facilities

POSITION PAPER

Bill No: SB 185

Approved: Mark S. Hickey *MSH*
Commissioner

Title: An act providing for the design and construction
of a Kantishna Highway.

Date: 02/05/90

DOT&PF RECOGNIZES THE NEED FOR, AND THE BENEFITS THAT WOULD BE PROVIDED BY, A HIGHWAY TO KANTISHNA. IN THAT SENSE DOT&PF SUPPORTS SUCH A PROJECT just as its predecessors, the Department of Highways and the Alaska Road Commission, have supported (advocated) it for decades. On the other hand, DOT&PF DOES NOT SUPPORT THE CONCEPT OF DEVELOPING A PROJECT OF THIS MAGITUDE SOLELY WITH THE STATE'S ANNUAL FEDERAL-AID CAPITAL ALLOCATION at the expense of needed improvements to the existing highway system. We need to arrive at a consensus on what are the best uses of our limited resources. In this regard, it must be clearly understood that use of Federal-Aid money for expansion purposes will take money away from the existing system. The department believes that prior to diverting money from that needed on the existing system, we should identify additional funding sources for any system expansion.

DOT&PF's support for a new route to Kantishna is based on the long standing need for reliable, non-restrictive, year-round access to the private property, the mineral potential, and the recreational potential in the Kantishna area. Over the same period of time during which the demand for access to Kantishna has increased dramatically, the National Park Service has progressively restricted travel on the existing sub-standard Park Road. A new route would allow the Park Service to restrict traffic on the existing route so it could be used for its acclaimed purpose of wildlife viewing. At the same time it would allow access to the Mount McKinley viewing for which so many people visit the park but, because of the lack of access and facilities, are not able to do. The current inability to reliably view Mount McKinley results in a lot of tourists and residents, who have invested a lot of resources into travel, leaving disappointed that they were administratively restricted from viewing the mountain. The disappointment is logically directed at Alaska rather than at the National Park Service.

The National Park Service is not acting to remedy the situation. By not allowing for significant growth in park visitation or in visitor opportunity, the Park Service, in their planning, is actually perpetuating the situation.

February 5, 1990

The State's annual Federal-Aid highway allocation is currently inadequate to satisfy the capital improvement needs of our existing road system. Indications are that in the future that allocation could decrease, making it even more difficult to satisfy needs on the existing system. Other funding sources that could be pursued include Federal-Aid highway funding through the National Park Service, Federal-Aid highway funding as a special project or demonstration project (as part of new federal highway legislation due by October 1, 1991), private funding in conjunction with development of tourist facilities at Kantishna, and/or the general fund.

While SB 185 authorizes a specific route which may ultimately prove to be the preferred one, it would be more appropriate at this point to authorize development of an unspecified route between established termini (i.e., the Parks Highway and Kantishna). We suspect that a specific route is indicated in the bill to take advantage of potential existing RS2477 rights-of-way. While that is a logical approach and, while such rights-of-way may be helpful, they would not be adequate in width or alignment for construction of a Federal-Aid highway.

Additional right-of-way and material sources for the project would have to be acquired pursuant to Title XI of ANILCA and/or through related federal lands legislation. It should be noted that, while Title XI establishes a process for the designation of such rights-of-way in a National Conservation System Unit (i.e., National Park), that process has not yet been successfully executed for a highway corridor. If a right-of-way is to be designated under Title XI it will require an extensive and involved paper process, which will require the cooperation of the National Park Service. Since future access through Conservation System Units will likely have to go through the Title XI process, it is important that the State exercise and test that process. Because of the documented need for this project, it would provide an excellent opportunity to exercise Title XI. Conclusion of such a Title XI process, whether it be successful or not, would be valuable in terms of gauging the ability to provide future expansion of the State's surface transportation system.

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188

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 5
JUNEAU, ALASKA 99811-0400
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MAR 14 1990

March 12, 1990

The Honorable Lloyd Jones
Alaska State Senate
P.O. Box V
Juneau, AK 99811

Re: SB 188, "Act Act increasing the motor fuel tax"

Dear Senator Jones:

You may be interested in the enclosed bulletin on state tax rates. The table shows on page three that Alaska ranks 48th out of the 50 states and the District of Columbia on the gasoline tax, and ranks 49th out of those 51 on the diesel fuel tax.

The Department of Revenue again urges you to schedule this bill for a hearing.

Sincerely,



Cliff Grob
Special Assistant
to the Commissioner

90-56
Enclosure



BULLETIN

Federation of Tax Administrators • 444 North Capitol Street, N.W., Washington, D.C. 20001 • (202) 624-5890

B-48
February 9, 1990

STATE EXCISE TAX RATES ARE RISING

To: State Tax Administrators:

SUMMARY

To keep you up-dated on excise tax rates in other states, FTA has compiled six tables listing tax rates for motor fuels, tobacco and alcohol beverages for each state and the District of Columbia.

With 16 states raising the tax rate applicable to gasoline last year, the median state tax rate increased to 16.25¢. By virtue of prior legislation, the motor fuel tax will increase in 7 states this year. (Three were effective January 1, 1990). For tobacco, 13 states increased their cigarette tax rates last year, raising the median state rate to 21.0¢. And 6 states raised alcohol beverage excise tax rates. The median state tax rates (on states allowing private sales) increased to \$2.80 per gallon for spirits; \$0.55, for table wine; and \$0.14, for beer.

Attached are several tables listing the excise tax rates applicable in each state. They present the current tax rates for gasoline, diesel fuel, gasohol, cigarettes, and alcohol beverages, including all changes as of January 1, 1990. They are intended to aid in comparing the tax structure among the states and in answering questions concerning excise taxes.

Motor Fuel Tax Rates:

The first table presents the current state motor fuels excise tax rates in each state. It lists the gallonage tax rates applicable to gasoline, diesel fuel and gasohol, how the tax is ranked and whether the sales tax applies to motor fuels. The tax rates on gasoline range from a high of 22¢ in Nebraska, to a low of 4¢ in Florida. On diesel fuel, the tax rates range from 22.5¢ in Iowa to 4¢ in Florida. (Note that in Florida, the sales tax is applied to motor fuel, and certain localities also impose fuel taxes.) On gasohol, the tax rates range from 21.7¢ in North Carolina to Alaska which does not tax it.

The excise tax rate on gasoline was increased in 16 states last year, and in 3 more states this year (effective through January, 1990). This raised the median state tax rate to 16.25¢. They include: Colorado, a 2¢ increase; District of Columbia, 2.5¢; Illinois, 3¢; Kansas, 4¢; Maine, 1¢; New Mexico, 2¢; Ohio, 3.2¢; Oklahoma, 1¢; Oregon, 2¢; Rhode Island, raised the minimum rate by 5¢; Tennessee, 4¢; Vermont, 3¢; Virginia, 0.2¢; West Virginia, 5¢; and Wyoming, 1¢. North Carolina raised its tax rate an equivalent of 5.2¢ when the fixed rate was increased from 14¢ to 17¢ and the variable component raised from 3 percent to 7 percent of the wholesale price. In North Dakota, a voter referendum reversed a 3¢ fuel tax increase. On

All but three of these states raised the diesel rate by the same amount. As a result, the median state diesel fuel tax rate increased to 17.0¢. New Mexico did not change its special fuels tax rate, while Colorado lowered its tax rate by 2¢ for 1990. Meanwhile, Tennessee raised the diesel fuel rate by only 1¢. On January 1, 1990, Nevada raised the diesel fuel rate by 2¢.

All but 13 states tax gasohol at the same rate as gasoline. The gasoline tax increases also affected the taxation of gasohol in all but two states. As a result, the median state gasohol tax rate increased to 16.0¢. New Mexico increased the gasohol rate by 7¢, while Wyoming did not change its tax rate.

In seven states, the 1989 state legislature approved an increase in the motor fuels tax rates to take effect after January of this year. Tennessee will add a penny to the gallonage rate on diesel fuel in April. In July, Connecticut will raise all motor fuel rates by 2¢, while Kansas and Ohio will raise their motor fuel rates by a penny. Colorado will raise the diesel fuel tax rate by 1¢, and New Mexico will raise the gasohol tax rate by 1¢. In August, California will increase the motor fuel rate by 5¢, if approved by the voters.

Seven states have variable tax rates that are subject to periodic adjustments depending on current market conditions and state revenue needs. Four of these states impose a tax based upon the average wholesale price, with the gallonage rate changing quarterly according to the average price. The actual tax rates are: 9 percent in Kentucky, 10 percent in Massachusetts, 13 percent in Rhode Island, and 17¢ + 7 percent in North Carolina. Rhode Island and Massachusetts have a minimum rates, below which the gallonage rate cannot fall (the current rates). Meanwhile, the tax rates in Michigan and Wisconsin are adjusted annually based upon highway maintenance costs and the volume of sales, and the variable component of the Nebraska tax is based on the average cost of fuel to state government and highway revenue requirements. Oklahoma may add another 1¢ a gallon tax when the balance in an environmental cleanup fund fall below a specified amount.

The tax rates shown do not include local taxes or sales taxes. The latter is applied to fuel sales in only 9 states. Two of these states, Florida and West Virginia, determine the average retail price in the state and add the per gallonage sales tax to the excise rate. In Georgia, the state sales tax rate applicable to motor fuels is one percentage point below the general retail sales tax rate. And finally, local governments can tax motor fuels in ten states: Alabama, California, Florida, Hawaii, Illinois, Nevada, Oregon, South Dakota, Tennessee and Virginia.

Tobacco Tax Rates:

The next table presents the state excise tax rates applicable to a package of 20 cigarettes. With the exception of Hawaii, which applies a tax of 40 percent of the wholesale price, all states and the District of Columbia apply a per unit tax on cigarettes. The tax rates vary from a high of 40¢ per pack in Connecticut to a low of 2 cents per pack in North Carolina.

Thirteen states increased their tobacco excise tax rates in 1989, raising the median state rate to 21.0¢ per pack. The tax rate increases are: Alaska, a 13¢ increase; Connecticut, 14¢; Illinois, 10¢; Maine, 3¢; Montana, 2¢; Nevada, 15¢; New Hampshire, 4¢; New York, 12¢; North Dakota, 3¢; Oregon, 1¢; Rhode Island, 10¢; Washington, 3¢ and Wyoming, 4¢.

These tax rates are in addition to local taxes that may be applied. Alabama, Illinois, Missouri, Tennessee and Virginia authorize local option cigarette taxes. Atlantic City, New Jersey and New York City are also authorized to impose a tax on cigarettes.

Alcohol Beverage Tax Rates:

The final three tables presents the current tax rates applicable to distilled spirits, wine and beer. The tables list the gallonage excise tax rate¹, the applicability of state sales taxes and other taxes that may apply.

In 1989, only 6 states raised the excise tax rates on alcohol beverages. However, they increased the median state gallonage tax rates for distilled spirits (license states only) to \$2.80; for table wine, \$0.55; and for beer, \$0.14. Two states, Connecticut and Rhode Island, raised all alcohol beverage tax rates by 50 percent. Meanwhile, New York raised the spirits tax rate by 30 percent, table wine by 56 percent, and beer by 100 percent. The District of Columbia set its tax rates for beer and wine equal to neighboring Maryland's. Washington added a temporary tax to all three beverages, and Ohio raised the beer excise tax rate by 40 percent.

Note in 18 states, the government directly controls the sale of distilled spirits by operating retail/wholesale outlets. In Alabama, Idaho, Maine, Michigan, Montana, New Hampshire, Ohio, Oregon, Pennsylvania, Utah, Vermont, Virginia, Washington and West Virginia, the state operates retail liquor stores. In Iowa, Mississippi and Wyoming, the state operates wholesale outlets only. And in North Carolina, the state sells wholesale to local government stores. Since these states generate revenues from net profits and fees from their sales operations, a direct comparison with the other states cannot be made. Thus these "control states" have been left out of the table.

The tax rate in some states varies according to the alcohol content of the beverage. The rate in the first column is the tax applied to 80 proof liquor. These rates vary from a high in Florida of \$6.50 per gallon to \$1.50 per gallon in Maryland and the District of Columbia. Thirteen states apply lower tax rates to spirits with a lower alcohol content, while three apply higher tax rates to spirits with a higher level of alcohol content. Eleven states apply other taxes to distilled spirits in addition to a gallonage excise tax.

The next table presents the tax excise tax rate applicable to wine. As with spirits, the 4 states that directly control the sale of wine are excluded (New Hampshire, Pennsylvania, Utah and Wyoming). Of the remaining states, the gallonage tax rates for table wine (approximately 11 percent alcohol) are listed in the first column.

As with spirits, Florida has the highest excise tax rate on table wine at \$2.25 per gallon, while California applies a tax of only one cent per gallon. Four states apply a lower tax rate for beverages containing less alcohol, while 25 states apply a higher tax on fortified wine (typically over 14 percent). Seven of the control state that allow private sales of table wine, sell wine with higher alcohol content through their state stores. Eleven states apply other taxes in addition to a gallonage excise tax.

The final table presents the state excise tax rates applicable to beer. They range from a low of 2¢ per gallon in Wyoming to 89¢ in Hawaii. Three states apply a lower tax on beer containing under 3.2 percent alcohol by weight, while 2 states apply lower tax on beer under 4 percent. Eleven states apply other taxes in addition to a gallonage excise tax.

I hope these tables are helpful to you. Should you have any comments or corrections, please contact Ronald Alt at (202) 624-8445.

¹ Some states express tax rates in terms of dollars per liter. These tax rates have been converted to dollars per gallon using the conversion factor: 1 liter = 0.264172 gallons.

STATE MOTOR FUEL EXCISE TAX RATES
(January 1, 1990)

	GASOLINE		DIESEL FUEL		GASOHOL		SUBJECT TO SALES TAX
	(¢ per gallon)	RANK	(¢ per gallon)	RANK	(¢ per gallon)	RANK	
Alabama	11.0 (2)	41	12.0	40	11.0 (2)	40	
Alaska	8.0	48	8.0	49	0.0	51	
Arizona	17.0	23	17.0	23	17.0	20	
Arkansas	13.5	39	12.5	39	13.5	36	
California (1)	9.0 (2)	46	9.0 (2)	47	9.0 (2)	45	Yes
Colorado	20.0	5	18.5 (1)	14	20.0	4	
Connecticut	20.0 (1)	6	20.0 (1)	7	19.0 (1)	8	
Delaware	18.0	28	16.0	30	16.0	24	
Florida	4.0 (2)	51	4.0 (2)	51	4.0 (2)	50	Yes (5)
Georgia	7.5	50	7.5	50	7.5	47	Yes (6)
Hawaii	11.0 (2)	42	11.0 (2)	43	11.0 (2)	41	Yes
Idaho	18.0	15	18.0	16	14.0	34	
Illinois	19.0 (2)	12	21.5 (2)	5	19.0 (2)	9	Yes
Indiana	15.0	33	16.0	31	15.0	29	Yes
Iowa	20.0	7	22.5	1	19.0	10	
Kansas	15.0 (1)	34	17.0 (1)	24	15.0 (1)	30	
Kentucky	15.0 (3)	35	12.0 (3)	41	15.0 (3)	31	
Louisiana	20.0	8	20.0	8	20.0	5	
Maine	17.0	24	20.0	9	17.0	21	
Maryland	18.5	14	18.5	15	18.5	13	
Massachusetts	11.0 (3)	43	11.0 (3)	44	11.0 (3)	42	
Michigan	15.0 (4)	36	15.0 (4)	34	15.0 (4)	32	Yes
Minnesota	20.0	9	20.0	10	18.0	14	
Mississippi	18.0	16	18.0	17	18.0	15	
Missouri	11.0	44	11.0	45	11.0	43	
Montana	20.0	10	20.0	11	20.0	6	
Nebraska	22.0 (4)	1	22.0 (4)	2	19.0 (4)	11	
Nevada	16.25 (2)	26	22.0	3	16.25 (2)	22	
New Hampshire	14.0	38	14.0	36	14.0	35	
New Jersey	10.5	45	13.5	37	6.5	48	
New Mexico	16.2	27	16.2	28	13.2 (1)	37	
New York	8.0	49	10.0	46	8.0	46	Yes
North Carolina	21.7 (3)	2	21.7 (3)	4	21.7 (3)	1	
North Dakota	17.0	25	17.0	25	13.0	38	
Ohio	18.0 (1)	17	18.0 (1)	18	18.0 (1)	16	
Oklahoma	16.0	29	13.0	38	18.0	25	
Oregon	18.0 (2)	18	18.0 (2)	19	18.0 (2)	17	
Pennsylvania	12.0	40	12.0	42	12.0	39	
Rhode Island	20.0 (3)	11	20.0 (3)	12	20.0 (3)	7	
South Carolina	16.0	30	16.0	32	10.0	44	
South Dakota	18.0 (2)	19	18.0 (2)	20	16.0 (2)	26	
Tennessee	21.0 (2)	3	17.0 (1)	26	21.0 (2)	2	
Texas	15.0	37	15.0	35	15.0	33	
Utah	19.0	13	19.0	13	19.0	12	
Vermont	16.0	31	17.0	27	16.0	27	
Virginia	17.7	22	16.2	29	17.7	19	
Washington	18.0	20	18.0	21	16.2	23	
West Virginia	15.5	32	15.5	33	15.5	28	Yes (5)
Wisconsin	20.8 (4)	4	20.8 (4)	6	20.8 (4)	3	
Wyoming	9.0	47	9.0	48	5.0	49	
Dist. of Columbia	18.0	21	18.0	22	18.0	18	
U.S. Median	16.25		17.0		16.0		9

SOURCE: Compiled by FTA from various sources.

(1) Several states will increase their tax rates in 1990. One tax increase effective April 1, 1990: TN, 17 cents (diesel). Tax increases effective July 1, 1990: CO, 19.5 cents (diesel); CT, 22 cents (gasoline & diesel) 21 cents (gasohol); KS, 16 cents (gasoline) and 18 cents (diesel); NM, 14.2 cents (gasohol); and OH, 20 cents. Effective August 1990 if approved by voters, CA 14 cents.

(2) Tax rates do not include local option taxes. In AL, 1 - 3 cents; CA, one cent; FL, 1 to 7 cents; HI, 8 to 11.5 cents; IL, 5 cents in Cook county (gasoline only); NV, 1.75 to 6.75 cents; OR, 1 to 2 cents; SD and TN, one cent; and VA 2%.

(3) Tax rate is based on the average wholesale price and is adjusted quarterly. The actual rates are: KY, 9%; MA, 10%; NC, 17 cents + 7%; and RI, 13%.

(4) Portion of the rate is adjustable based on maintenance costs, sales volume, or cost of fuel to state government.

(5) The sales tax is determined by the Dept. of Revenue based on average retail price and is added to the excise tax.

(6) The sales tax rate is reduced one percentage point for motor fuels.

STATE EXCISE TAX RATES ON CIGARETTES

(January 1, 1990)

STATE	TAX RATE (¢ per pack)	RANK	STATE	TAX RATE (¢ per pack)	RANK
Alabama *	16.5	36	Nebraska	27	15
Alaska	29	13	Nevada	35	4
Arizona	15	39	New Hampshire	21	25
Arkansas	21	25	New Jersey (3) *	27	15
California	35	4	New Mexico	15	39
Colorado	20	27	New York *	33	7
Connecticut	40	1	North Carolina	2	50
Delaware	14	41	North Dakota (4)	30	10
Florida	24	20	Ohio	18	28
Georgia	12	45	Oklahoma	23	22
Hawaii (1)	40%	n.a.	Oregon	28	14
Idaho	18	28	Pennsylvania	18	28
Illinois *	30	10	Rhode Island	37	3
Indiana	15.5	38	South Carolina	7	47
Iowa	31	8	South Dakota	23	22
Kansas	24	20	Tennessee (2) *	13	42
Kentucky (2)	3	48	Texas	26	17
Louisiana	16	37	Utah	23	22
Maine	31	8	Vermont	17	33
Maryland	13	43	Virginia *	2.5	49
Massachusetts	26	17	Washington	34	6
Michigan	25	19	West Virginia	17	33
Minnesota	38	2	Wisconsin	30	10
Mississippi	18	28	Wyoming	12	45
Missouri *	13	43	Dist. of Columbia	17	33
Montana	18	28			
			U. S. Median	21.0	

SOURCE: Compiled by FTA from various sources.

* Counties and cities may impose an additional tax on a pack of cigarettes in AL, 1¢ to 6¢; IL, 10¢ to 15¢; MO, 4¢ to 7¢; TN, 1¢; and VA, 2¢ to 15¢.

In Atlantic City NJ and NYC, the tax is 3¢ and 4¢ per pack, respectively.

(1) Tax rate is 40% of the wholesale price, approximately 36¢ per pack in 1989.

(2) Dealers pay an additional enforcement and administrative fee of 0.1¢ per pack in KY and 0.05¢ per pack in TN.

(3) Includes a surtax in lieu of the state's sales tax. The surtax is determined semi-annually by the Department of Taxation (8¢ per pack in 1990).

(4) On July 1, 1990, the rate is scheduled to fall to \$0.27 per pack.

STATE TAX RATES ON DISTILLED SPIRITS
(January 1, 1990)

STATE	EXCISE		OTHER TAXES
	TAX RATES (\$ per gallon)	SALES TAXES APPLIED	
ALABAMA	see footnote (1)	Yes	
ALASKA	\$5.60	n.a.	under 21% - \$0.85/gallon
ARIZONA	3.00	Yes	
ARKANSAS	2.50	Yes	under 5% - \$0.50/gallon, under 21% - \$1.00/gallon; \$0.20/case and 3% off- 14% on-premise retail taxes
CALIFORNIA	2.00	Yes	over 50% - \$4.00/gallon
COLORADO	2.28	Yes	
CONNECTICUT	4.50	Yes	under 7% - \$2.05/gallon
DELAWARE	2.25	n.a.	under 25% - \$1.50/gallon
FLORIDA	6.50	Yes	under 17.259% - \$2.25/gallon, over 55.780% - \$9.53/gallon
GEORGIA	3.79	Yes	\$0.83/gallon local tax
HAWAII	5.75	Yes	
IDAHO	see footnote (1)	Yes	
ILLINOIS	2.00	Yes	under 14% - \$0.23/gallon; \$0.50/gallon in Chicago and \$1.00/gallon in Cook County
INDIANA	2.68	Yes	under 15% - \$0.47/gallon
IOWA	see footnote (1)	Yes	
KANSAS	2.50	no	8% off- and 10% on-premise retail tax
KENTUCKY	1.92	Yes*	under 6% - \$0.25/gallon; \$0.05/case and 9% wholesale tax
LOUISIANA	2.50	Yes	under 6% - \$0.32/gallon
MAINE	see footnote (1)	Yes	
MARYLAND	1.50	Yes	
MASSACHUSETTS	4.05	Yes*	under 15% - \$1.10/gallon, over 50% alcohol - \$4.05/proof gallon; 0.57% on private club sales
MICHIGAN	see footnote (1)	Yes	
MINNESOTA	5.03	-	\$0.01/bottle (except miniatures) and 8.5% sales tax
MISSISSIPPI	see footnote (1)	Yes	
MISSOURI	2.00	Yes	
MONTANA	see footnote (1)	n.a.	
NEBRASKA	3.00	Yes	
NEVADA	2.05	Yes	under 14% - \$0.40/gallon and under 21% - \$0.75/gallon.
NEW HAMPSHIRE	see footnote (1)	n.a.	
NEW JERSEY	2.80	no	7.3% wholesale sales tax
NEW MEXICO	3.94	Yes	
NEW YORK	5.30	Yes	under 24% - \$2.08/gallon; \$1.00/gallon New York City
NORTH CAROLINA	see footnote (1)	Yes*	
NORTH DAKOTA	2.50	-	7% state sales tax
OHIO	see footnote (1)	Yes	
OKLAHOMA	5.56	Yes	\$1.00/bottle on-premise and 12% on-premise
OREGON	see footnote (1)	n.a.	
PENNSYLVANIA	see footnote (1)	Yes	
RHODE ISLAND	3.75	Yes	
SOUTH CAROLINA	2.72	Yes	\$5.36/case and 9% surtax
SOUTH DAKOTA	3.93	Yes	under 14% - \$0.93/gallon, 2% wholesale tax
TENNESSEE	4.00	Yes	\$0.15/case and 15% on-premise
TEXAS	2.40	Yes	12% on-premise and \$0.05/drink on airline sales
UTAH	see footnote (1)	Yes	
VERMONT	see footnote (1)	no	
VIRGINIA	see footnote (1)	Yes*	
WASHINGTON	see footnote (1)	Yes*	
WEST VIRGINIA	see footnote (1)	Yes	
WISCONSIN	3.25	Yes	
WYOMING	see footnote (1)	Yes	
DIST. OF COLUMBIA	1.50	Yes	9% on-premise sales tax
U. S. MEDIAN	\$2.80		

SOURCE: Distilled Spirits Council of the U.S., Tax Briefs, 1990.

* Sales tax is applied to on-premise sales only.

(1) In 18 states, the government directly controls the sales of distilled spirits. Revenue in these states is generated from various taxes, fees and net liquor profits.

STATE TAX RATES ON WINE
(January 1, 1990)

STATE	EXCISE		OTHER TAXES
	TAX RATES (\$ per gallon)	SALES TAXES APPLIED	
ALABAMA	\$1.70	Yes	over 14% - sold through state store
ALASKA	0.85	n.a.	
ARIZONA	0.84	Yes	
ARKANSAS	0.75	Yes	under 5% - \$0.25/gallon; \$0.05/case; and 3% off- and 10% on-premise
CALIFORNIA	0.01	Yes	over 14% - \$0.02/gallon, sparkling wine - \$0.30/gallon
COLORADO	0.28	Yes	
CONNECTICUT	0.60	Yes	over 21% and sparkling wine - \$1.50/gallon
DELAWARE	0.40	n.a.	
FLORIDA	2.25	Yes	over 17.25% - \$3.00/gallon, sparkling wine \$3.50/gallon
GEORGIA	1.51	Yes	over 14% - \$2.54/gallon; \$0.83/gallon local tax
HAWAII	1.30	Yes	Sparkling wine - \$2.00/gallon and wine coolers - \$0.81/gallon
IDAHO	0.45	Yes	
ILLINOIS	0.23	Yes	over 14% - \$0.60/gallon; \$0.30/gallon in Chicago and (\$0.16-\$0.30)/gallon in Cook County
INDIANA	0.47	Yes	over 21% - \$2.68/gallon
IOWA	1.75	Yes	under 5% - \$0.19/gallon
KANSAS	0.30	no	over 14% - \$0.75/gallon; 8% off- and 10% on-premise
KENTUCKY	0.50	Yes*	9% wholesale
LOUISIANA	0.11	Yes	14% to 24% - \$0.23/gallon, over 24% and sparkling wine - \$1.59/gallon
MAINE	0.60	Yes	over 15.5% - sold through state stores, sparkling wine - \$1.25/gallon; additional 5% on-premise sales tax
MARYLAND	0.40	Yes	
MASSACHUSETTS	0.55	Yes*	sparkling wine - \$0.70/gallon;
MICHIGAN	0.51	Yes	over 16% - \$0.76/gallon
MINNESOTA	0.30	-	14% to 21% - \$0.95/gallon, under 24% and sparkling wine - \$1.82/gallon; \$0.01/bottle (except miniatures) and 8.5% sales tax
MISSISSIPPI	0.35	Yes	over 14% and sparkling wine - sold through the state
MISSOURI	0.36	Yes	
MONTANA	1.06	n.a.	over 16% - sold through state stores
NEBRASKA	0.75	Yes	over 14% - \$1.35/gallon
NEVADA	0.40	Yes	14% to 22% - \$0.75/gallon, over 22% - \$2.05/gallon
NEW HAMPSHIRE	see footnote (1)	n.a.	
NEW JERSEY	0.30	no	7.3% wholesale sales tax
NEW MEXICO	0.95	Yes	
NEW YORK	0.19	Yes	carbonated wine - \$0.57/gallon, champagne - \$0.95/gallon
NORTH CAROLINA	0.79	Yes	over 17% - \$0.91/gallon
NORTH DAKOTA	0.50	-	over 17% - \$0.60/gallon, Sparkling wine - \$1.00/gallon; 7% state sales tax
OHIO	0.26	Yes	over 14% - \$0.62/gallon, vermouth - \$0.77/gallon and sparkling wine - \$1.27/gallon
OKLAHOMA	0.72	Yes	over 14% - \$1.44/gallon, sparkling wine - \$2.08/gallon; \$1.00/bottle on-premise and 12% on-premise
OREGON	0.67	n.a.	over 14% - \$0.77/gallon
PENNSYLVANIA	see footnote (1)	Yes	
RHODE ISLAND	0.60	Yes	sparkling wine - \$0.75/gallon
SOUTH CAROLINA	0.90	Yes	\$0.18/gallon additional tax
SOUTH DAKOTA	0.93	Yes	14% to 20% - \$1.45/gallon, over 21% and sparkling wine - \$2.07/gallon; 2% wholesale tax
TENNESSEE	1.10	Yes	\$0.15/case and 15% on-premise
TEXAS	0.20	Yes	over 14% - \$0.408/gallon and sparkling wine - \$0.516/gallon; 12% on-premise and \$0.05/drink on airline sales
UTAH	see footnote (1)	Yes	
VERMONT	0.55	no	over 16% - sold through state store
VIRGINIA	1.51	Yes	under 4% - \$0.2565/gallon and over 14% - sold through state store
WASHINGTON	0.87	Yes	over 14% - \$1.72/gallon
WEST VIRGINIA	1.00	Yes	over 14% - sold through state store
WISCONSIN	0.25	Yes	over 14% - \$0.45/gallon
WYOMING	see footnote (1)	Yes	
DIST. OF COLUMBIA	0.40	Yes	9% on-premise sales tax
U. S. MEDIAN	0.55		

SOURCE: Distilled Spirits Council of the U.S., Tax Briefs, 1990.

* Sales tax is applied to on-premise sales only.

(1) All wine sales are through the state. Revenue in these states is generated from various taxes, fees and net profits.

STATE TAX RATES ON BEER
(January 1, 1990)

	EXCISE		OTHER TAXES
	TAX RATES (\$ per gallon)	SALES TAXES APPLIED	
ALABAMA	\$0.53	Yes	\$0.52/gallon local tax
ALASKA	0.35	n.a.	
ARIZONA	0.16	Yes	
ARKANSAS	0.23	Yes	under 3.2% - \$0.16/gallon; \$0.008/gallon and 10% on-premise tax
CALIFORNIA	0.04	Yes	
COLORADO	0.08	Yes	
CONNECTICUT	0.19	Yes	
DELAWARE	0.06	n.a.	
FLORIDA	0.48	Yes	
GEORGIA	0.48	Yes	\$0.53/gallon local tax
HAWAII	0.89	Yes	\$0.50/gallon draft beer
IDAHO	0.15	Yes	over 4% - \$0.45/gallon
ILLINOIS	0.07	Yes	\$0.12/gallon in Chicago and \$0.06/gallon in Cook County
INDIANA	0.12	Yes	
IOVA	0.19	Yes	
KANSAS	0.18	--	over 3.2% - (8% off- and 10% on-premise), under 3.2% - 4.25% sales tax.
KENTUCKY	0.08	Yes*	9% wholesale tax
LOUISIANA	0.32	Yes	\$0.048/gallon local tax
MAINE	0.35	Yes	additional 5% on-premise tax
MARYLAND	0.09	Yes	\$0.2333/gallon in Garrett County
MASSACHUSETTS	0.11	Yes*	0.57% on private club sales
MICHIGAN	0.20	Yes	
MINNESOTA	0.15	--	under 3.2% - \$0.077/gallon. 8.5% sales tax
MISSISSIPPI	0.43	Yes	
MISSOURI	0.06	Yes	
MONTANA	0.14	n.a.	
NEBRASKA	0.23	Yes	
NEVADA	0.09	Yes	
NEW HAMPSHIRE	0.30	n.a.	
NEW JERSEY	0.03	no	7.3% wholesale sales tax
NEW MEXICO	0.18	Yes	
NEW YORK	0.11	Yes	\$0.12/gallon in New York City
NORTH CAROLINA	0.48	Yes	
NORTH DAKOTA	0.16	--	7% state sales tax
OHIO	0.11	Yes	
OKLAHOMA	0.40	Yes	under 3.2% - \$0.36/gallon; \$1.00/case on-premise and 12% on-premise
OREGON	0.08	n.a.	
PENNSYLVANIA	0.08	Yes	
RHODE ISLAND	0.10	Yes	\$0.04/case wholesale tax
SOUTH CAROLINA	0.77	Yes	
SOUTH DAKOTA	0.27	Yes	
TENNESSEE	0.13	Yes	17% wholesale tax and 15% on-premise
TEXAS	0.19	Yes	over 4% - \$0.198/gallon, 12% on-premise and \$0.05/drink on airline sales
UTAH	0.35	Yes	over 3.2% - sold through state store
VERMONT	0.27	no	10% on-premise sales tax
VIRGINIA	0.25	Yes	
WASHINGTON	0.15	Yes	
WEST VIRGINIA	0.18	Yes	
WISCONSIN	0.06	Yes	
WYOMING	0.02	Yes	
DIST. OF COLUMBIA	0.09	Yes	9% on-premise sales tax
U.S. MEDIAN	\$0.14		

SOURCE: Distilled Spirits Council of the U.S., Tax Briefs, 1990.

* Sales tax is applied to on-premise sales only.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 5
JUNEAU, ALASKA 99811-0400
PHONE: (907) 465-2300
TELEFAX: (907) 465-2389

January 18, 1990

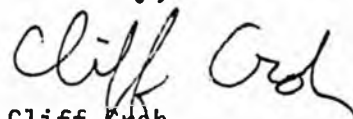
The Honorable Lloyd Jones, Chairman
Senate Transportation Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Re: Scheduling request for SB188

Dear Senator Jones:

Please schedule SB188 for a hearing in your committee. The legislation would raise the motor fuel tax (with some exceptions) from eight cents a gallon to 16 cents a gallon. This bill would raise revenues which Alaska will need as production at the giant Prudhoe Bay field continues to decline. Oil production--mostly at Prudhoe Bay--now provides about 84 percent of the state's revenues. Enacting this legislation would help prepare Alaskans for the day when they have to pay for more than 16 percent of the government they receive.

Sincerely,



Cliff Groh
Special Assistant
to the Commissioner

CG:m11
90-06

JAN 18 1990