

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
7271 HOUSE STATE AFFAIRS

Energy and Commerce, recently began circulating a draft recycling proposal to amend RCRA. The proposal sets forth specific minimum content standards for aluminum, glass, newsprint, paper and paperboard packaging, plastic packaging and steel packaging⁶. Swift's proposal sets specific goals for attaining minimum recycled content standards in these commodities by 1995 and by the year 2000.

TRENDS AND IMPLICATIONS

With all the emphasis on recycling and setting content standards, what trends prevail and what implications are indicated? If the 1990 trends continue, several factors are assured:

- States and local governments will continue to emphasize and encourage recycling as an alternative to landfilling and in some cases, incineration;
- Businesses will be held increasingly responsible for reducing the impact of their products and services on waste management systems;
- States will continue to emphasize the need for manufacturers to use secondary materials, either through voluntary market development programs or actual mandates for manufacturers' products;
- Manufacturers, faced with increasingly different demands from various states, will press for national consistency from legislation or other areas.

Is the emphasis on recycling and mandatory recycled-content standards reducing waste and increasing recycling? The relative successfulness of different states' recycling laws has been difficult to measure due to inconsistency in how recycling has been counted.

Additionally, some experts stress that the amount and type of

material reclaimed will be far more important to market development than the recycling percentages reported, which also underscores some legislative support to ensure consistency in the materials reclaimed and reused. The fast growing numbers and types of standards, together with the timing of national solid waste legislation, tend toward a policy emphasizing more regional and national standards for recycled content in manufactured goods, that if not mandatory, will at least bring about greater agreements on voluntary standards.



All Dressed Up And Nowhere to Go

The collection programs are in place, the recyclables have been separated. Now what?

By Nicole Achs, Assistant Editor

They sat amidst discarded styro-foam containers, old mattresses and yesterday's lunch, monuments to the great gods of supply and demand. Row upon row of neatly bagged glass containers, separated, washed and sorted for recycling, had been relegated to Tucson's municipal landfill, dashing the hopes of citizens who had responded to a city-wide recycling drive and collected glass from schools and residences.

The recyclers had been so zealous that they collected too much glass for the plant to process. "We had a really heartening response, but we couldn't absorb it," says Karen Heidel, Tucson's director of energy and environment.

Unfortunately, Tucson is not alone. Collected recyclables across the country have met similar fates as processors reject material because it fails to meet specifications, does not generate adequate revenue or is just too abundant in the marketplace.

Successful recycling requires a complex equation involving collection, processing and end-use, and many localities are finding that these factors are not balancing out. Strategies to address this imbalance have run the gamut from enhanced education campaigns and "buy recycled" programs to more heavy-handed approaches like bottle bills and mandates requiring materials

such as paper, glass and plastic to contain a certain percentage of recycled material.

Actions which deliberately force a balance between supply and demand could have untold costs.

Now the big question is, will these measures work?

As with any equation, when something is added to one part, something has to be taken away. Tinker with the laws of supply and demand, some say, and there will be a price to pay down the line.

Any kind of action which tries deliberately to force a balance between supply and demand, "will have untold costs," says Charlotte Frois, a solid waste management consultant. "If you tweak one part of the system, you'll have large reverberations somewhere else."

On the other hand, landfills are filling up, and nobody is particularly anxious to open a new one in the neighborhood. Raw materials such as timber are being consumed more quickly than they can be replaced. Consequently, it would seem recycling has to be made to work, even if it means imposing regulations to force the issue.

When the idea of recycling first took off, it was envisioned as a revenue-generating system. While the long-term economic and environmental costs of recycling may indeed be less than landfilling, localities have found it is more expensive than expected to make the man's treasure from another man's trash.

"It is easier to go out and collect a bunch of newspapers than it is to build a plant to process it that costs \$1 to \$3 million and can take three years to build," says Michael Kribs of the Aspic Packaging Council. Paper processing plants "are the size of several football fields," he says. "You can't build them overnight."

"No one is going to build the equipment to process (recyclable material) if they are not sure where to sell it," says Harvey Gershman, president of GBB Consultants, Falls Church, Va., and a member of the Solid Waste Association of North America (SWANA).

Some industries, like steel and aluminum, greatly favor recycled over virgin

material because the latter is so expensive to produce. With glass, paper and plastic, on the other hand, the cost of collecting and processing recyclable material is equal to or greater than the cost of producing raw materials. In such cases, there is no guarantee industry will use recycled material.

Many local governments have embraced recycled content mandates as a way to add stability to the thus-far capricious marketplace. "The newspaper industry went from zero percent to 40 to 50 percent recycled content in a decade," says Bob Schaeffer of Conserva-tree, a San Francisco-based recycled paper manufacturer. "That happened because courageous state governments and municipalities initiated legislation requiring the use of recycled paper."

Industry, however, has tended to oppose the idea of such mandates. Bailey Condrey with the Council for Solid Waste Solutions, Washington, D.C., says government is "trying to force the hand of the manufacturer."

"They may think that is necessary," he says. "But two of the biggest manufacturers (of plastics), Lever Brothers and Proctor & Gamble, are using recycled-content bottles. They did that without anybody saying, 'you have to have this much recycled material in your plastic.'"

Newspaper producers point to the fact that in numerous states, newspapers have agreed on their own to use certain percentages of recycled material. But is this because the industry is committed to recycling or because it is afraid of having local- or state-imposed mandates thrust upon it?

"Several states passed laws saying all the newspapers had to include a certain percent of recycled paper. Then all of a sudden news groups conceded and voluntarily agreed to do that all over the country," says Gershtman.

"Newspaper recycling was happening slowly," he says. "Mandates greatly accelerated that process."

Now that threats of imposed mandates exist, however, cities and counties may have more leverage in negotiating voluntary agreements with industry, ensuring recycled-content goals are met without alienating the companies using the material.

Producers fear imposed requirements could be overambitious. "We are afraid in some cases, areas will think it's such a great idea they will all compete with each other to raise the percentages higher and higher, and before you know it, we are at levels that are technically impossible to meet," says Dave Miller, executive director of the Southeast Glass Recycling Program.

Producers warn if they are forced to meet recycled-content levels prematurely, products could come out flawed, and the use of recycled goods as raw



Now that threats of imposed mandates exist, cities and counties may have more leverage in negotiating voluntary agreements with industry.

materials could fall into disrepute. Miller recommends that mandated levels be reasonable and allow sufficient time for upgrading of infrastructure.

Priming The Pump

Local market prices justify the costs of collecting, processing and transporting recyclables to markets, government dollars may have to be used to "prime the pump."

But with education, crumbling roads and bridges and a myriad of other needs competing for city and county dollars, localities are hesitant to launch expensive recycling programs. Some help may be available from the states, several of which offer grants to localities with programs that will stimulate the devel-

opment of markets or recycling infrastructure.

New York, for example, offers capital assistance grants for cities with comprehensive recycling programs. The state will pay 50 percent (up to \$2 million) of the cost of a recycling program's facilities and equipment.

The state's legislature also has considered developing an environmental infrastructure fund. However, these efforts have stalled because of disagreements over financing.

Minnesota has a grant program dedicated specifically to local efforts to develop markets. "In Minnesota, (government) is definitely subsidizing recycling," says Kevin Johnson. "If we were to rely on market prices, communities probably wouldn't be collecting."

Some states also offer grants, low-interest loans and technical assistance for private companies that will provide markets or processing for recyclables, and localities can take advantage of the programs to lure such companies to their areas.

New York awards grants and low-interest loans for businesses with under 100 employees. "We really feel that (small companies) have a need because they might have a great idea, but they are often underfinanced to begin with," says Jan Foley, spokesperson for the state office of economic development. She says the grant and loan program is an attempt to "foster progress in ways that have a lot of potential for use down the line."

New York City and the borough of Brooklyn recently took advantage of the program to lure a company making traffic-safety products from recycled plastics. The company, Utility Plastics, decided to locate in the economically-disadvantaged "enterprise zone" of East New York and received tax incentives in addition to \$900,000 in low-interest loans.

Johnson says Minnesota's technical assistance program has been a good way to bring markets to an area without having to offer actual monetary incentives. The program involves putting any company interested in recycling ventures in touch with city and county agencies interested in using its services or buying their products.

"A de-tinning company we didn't give any money to, but provided with lots of assistance, decided to locate in St. Paul," says Johnson. "Now we have an in-state market for tin cans."

But even such seemingly sound programs as economic incentives have their detractors. Frota warns that "grants tend to skew the marketplace. If you give a company a \$100,000 gift," she says, "that is \$100,000 the company doesn't have to be responsible for in its profits. The whole system becomes based upon an unsound economic

premise."

"You have to take a careful look at what economic incentives mean and who is going to pay for them," says SWANA spokesperson Gil Buch. "Unfortunately, it all boils down to money again."

Cooperative Marketing

After the fiasco that landed Tucson's collected glass in a landfill, the city realized its recycling difficulties were not unique to the region. The wide-open countryside of the Southwest means recyclables often have to travel a long way to market, and transportation costs can be prohibitive.

Local representatives at a two-day regional recycling conference in January 1991 agreed that bringing markets to the area would require massive cooperative effort. Twenty cities from six different states formed the Southwest Public Recycling Association (SPRA).

The cities plan to implement similar collection programs, as well as uniform purchasing policies favoring the procurement of recycled goods. With 20 cities offering a consistent recycled material supply and promising to buy it back when it is remade into consumer goods, the association hopes to attract recycling industries to the region.

The organization has attracted funding from the United States Environ-

mental Protection Agency and other groups, including Public Technologies Inc. (PTI), Washington, D.C., a non-profit corporation dedicated to further-

In Rhode Island, a propane tank from someone's backyard grill made its way to a metal recycling station and blew up during processing.

ing local government enterprises. PTI's funds will be directed towards "developing a marketing strategy for the southwest that hopefully is transferrable to other parts of the country," says Gary Olson, executive director of SPRA.

Other areas of the country also are

choosing to co-op the sale of their recyclable waste. Two of the recipients of the Minnesota county grant program were nine-county and 15-county partnerships.

"A lot of counties will protect their own turf and not get involved with another county," says Mark Bauman, manager of the Olmsted County recycling center. For Olmsted and the other eight counties in the Southeast Minnesota Recyclers Exchange, this attitude would have been a severe impediment.

"If you get all those little loads (of recyclables) together, you can make one big load, and that allows you to leverage more selling power, get better prices and get a better handle on the quality and consistency of the material," says Susan Schmidt, who helped coordinate the alliance.

"A paper company may be looking at 30 different locations in one area that are selling newspapers. Now, instead, you have one person communicating with the buyers and making market arrangements," she says. "The company might say, 'Hey, you guys are serious about this. We're going to give you 30 cents more a ton.'"

Meeting Specs

Even when the infrastructure and markets are in place, cities and counties are sending significant amounts of col-

Recycled Products — Here Today, Here Tomorrow

PRODUCT	PROCESSING	PROCESSING DIFFICULTIES	END USE MARKETS	FOR MORE INFORMATION
STEEL	Deoiled, melted for reuse	<ul style="list-style-type: none"> ferrous metal scrap dealers iron foundries steel mills copper precipitation industries 	<ul style="list-style-type: none"> lack of supply 	<ul style="list-style-type: none"> Steel Can Recycling Institute Washington, D.C. (472) 922-2772
PLASTIC	Shredded, pelletized, melted for reuse	<ul style="list-style-type: none"> plastic container manufacturers fiber markets 	<ul style="list-style-type: none"> contaminants sorting cost of transporting 	<ul style="list-style-type: none"> Council For Solid Waste Solutions Washington, D.C. (202) 371-5200 Plastics Recycling Foundation Washington, D.C. (202) 371-5200
GLASS	crushed, cleaned, melted	manufacturers of <ul style="list-style-type: none"> bottles "glassphalt" 	<ul style="list-style-type: none"> contaminants oversupply of brown/green glass 	<ul style="list-style-type: none"> Glass Packaging Institute Washington, D.C. (202) 867-8850
PAPER	deinked, mixed with water, reduced to pulp	manufacturers of <ul style="list-style-type: none"> newsprint writing paper tissue paper towels 	<ul style="list-style-type: none"> cost of deinking oversupply 	<ul style="list-style-type: none"> American Paper Institute Washington, D.C. (202) 463-2470 America Packaging Council Washington, D.C. (800) 277-0088
ALUMINUM	shredded, melted, rolled into sheets	<ul style="list-style-type: none"> scrap dealers can manufacturers producers of semi-fabricated aluminum 	<ul style="list-style-type: none"> cost of deinking oversupply 	<ul style="list-style-type: none"> Aluminum Association Washington, D.C. (800) 277-8088

PACIFIC NORTHWEST STATE AND PROVINCIAL RECYCLING AND PROCUREMENT POLICIES

ALASKA

Alaska law contains the following provisions dealing with recycling and procurement of recycled materials:

AS 36.30 (as amended June 21, 1990). Agency Procurement of Paper: When a state agency purchases paper, at least 15 percent of the quantity purchased must be recycled paper. As of July 1, 1994, the percentage will increase to 25 percent. Exceptions are permitted when recycled paper is not available for the purchase or, after application of a five percent recycling preference, the recycled paper is more expensive than non-recycled paper.

Procurement Preference for Recycled Products: In the evaluation of a bid or proposal for an agency procurement of products, the agency shall decrease the bid or proposal by five percent if the products to be purchased are recycled products. (For procurement of recycled paper products under this section, minimum content standards are those recommended by the EPA).

AS 44.68 (as amended June 21, 1990). Disposition of Obsolete or Surplus State Property: The State Department of Administration shall take possession of obsolete or surplus state property that is recyclable, and shall also take possession of recyclable property remaining in control of a commission or board of the state government after the commission or board stops functioning. The Department of Administration shall sell, lease, license, or dispose of the property on the terms it considers in the best interests of the state. Recyclable property means property that cannot be used for its intended purpose in its present form, but that can be used to create new property.

AS 44.99 (as amended June 21, 1990). Use of Paper: State agencies shall use both sides of paper when feasible.

Waste Reduction and Recycling Task Force: A Waste Reduction and Recycling Task Force is created within the Office of the Governor to 1) identify opportunities in state government to reduce waste, increase the reuse or recycling of materials, and promote the purchase of materials that are made of materials that have been recycled, and 2) design plans to implement those opportunities. The task force shall report those opportunities and plans to the state legislature in April 1991 and April 1992, at which point the task force is terminated.

In addition, Administrative Order #119, issued by the Governor of Alaska in early 1990, directs state agencies to explore opportunities and implement plans to reduce, recycle, and reuse their wastes, and purchase materials made from recycled products. Specifically, departments and agencies were directed to:

1. appoint an individual to serve as the department's waste reduction and recycling liaison.
2. encourage and authorize the purchase and substitution of products or processes that reduce the amount of toxicity or waste produced.
3. encourage and authorize the purchase of equipment to recycle or beneficially use wastes.
4. encourage and authorize the purchase of products made from recycled materials, particularly paper products.

5. require agency staff to become familiar with pertinent waste reduction and recycling practices and to identify opportunities to implement them at their job locations.

Contact: Bob Link
Director, Division of General Services
907-465-2253

ALBERTA

The Province's purchasing standards and specifications are currently being revised to reflect the interest in stimulating recycled products markets. As of yet, however, Alberta has no formal procurement policy concerning recycled goods. The province recently established an Environmentally Responsible Products and Practices Committee, and is expecting to do more "green product" procurement under a proposed waste-minimization and recycling program. Details of the program are not yet available.

The Public Works, Supply and Services Department and Alberta Environment buy only recycled paper products, while the other provincial agencies are encouraged to choose recycled product alternatives. Recycled paper, as outlined in Canada's "Environmental Choice Guidelines," is constituted by a minimum of 50 percent post-consumer and post-commercial waste, at least five percent of which must be post-consumer waste paper. The following products are, or will soon be, purchased for government departments as alternatives to non-recycled products:

- o general purpose paper for bond and photocopy purposes.
- o business cards, envelopes (16 types), letterhead paper, file folders, paper pads, single-part forms, paper towels.
- o retreaded and recapped tires for trucks and equipment.
- o re-refined oil for automobile fleets.
- o recharged toner printer changes for desktop laser printers.

In addition, departments are encouraged to purchase reusable coffee cups, organic industrial oil absorbent, plain paper fax machines, and double-sided photocopiers.

Contact: Ray Keroack
Alberta Public Works, Supply, and Services Department
403-427-0681

BRITISH COLUMBIA

British Columbia's Purchasing Commission Act was amended in June of 1990 and now commits the commission to increasing the supply of and demand for recycled products and encouraging economic growth and development in recycling and related industries. The B.C. Purchasing Commission chairs Canada's National Ministers of Procurement Committee on Environmentally Sound Purchasing. This committee has drafted a set of common principles of environmentally sound procurement, but has not specified procurement guidelines.

The province's purchasing commission is currently developing Master Standing Offers (MSO's) for products containing recycled material. Once a specific product has been added to the MSO, ministries

ORS 279.735. Department of General Services rules for recycling: The Department of General Services shall adopt rules that establish procedures for the separation of solid waste generated by state agencies that can be recycled or reused, and establish a system for the collection of that waste. All state agencies shall comply with these procedures and systems.

ORS 297.737. Encouragement of paper conservation: The Department of General Services shall encourage paper conservation by providing guidelines to state agencies and state contractors on the availability of recycled paper and paper products, including the sources of supply and the potential uses of various grades of recycled paper.

ORS 279.739. Preference for Purchase of Recycled Materials: Any public agency charged with the purchase of materials and supplies may, in its discretion, give a price preference of up to five percent to the purchase of materials and supplies manufactured from recycled materials. For these purposes, recycled material means any material that would otherwise be a useless, unwanted or discarded material except that it still has useful physical or chemical properties after serving a specific purpose and can, therefore, be reused or recycled.

ORS 468.967-969. Restrictions on non-recyclable, non-biodegradable food service products: State agencies and their subcontractors may not use food service products made out of plastic, polystyrene or other materials if those materials are non-biodegradable or non-recyclable. Exceptions are permitted only if the state's Department of Environmental Quality certifies that a viable recycling program exists or that there is no recyclable substitute available.

In addition, Administrative Order 125-30-030 requires agencies to purchase recycled paper if it falls within the five percent recycled product preference.

Contact: Byron Thompson
Purchasing Analyst
503-373-1467

WASHINGTON

Washington law contains the following provisions dealing with recycling and procurement of recycled materials:

RCW 43.19.538. Agency Procurement of Recycled Products: The Director of General Administration is required to develop specifications and adopt rules for buying recycled products based on recycled content information. Bidders must certify a range of recycled material content, which may be stated in 15% increments.

Directory of Recycled Product Vendors: A directory shall be developed by the Director of General Administration.

Preferential Purchases of Recycled Products: Nothing in state law shall preclude other levels of government (e.g. cities, counties) from allowing the preferential purchase of recycled or reused products.

RCW 43.19.1911. Life Cycle Costing: The "lowest responsible bidder" can be qualified by using "life cycle costing" if it results in the lowest total cost to the state and complies with specifications. "Life cycle cost" means the total cost of an item to the state over its estimated useful life, including operation, maintenance, and disposal, as far as these costs can be reasonably determined.

SHB 1671 (Waste Not Washington), April 18, 1989

Section 53. Encourages city, county, local and other government offices to purchase recycled products. Requires state agencies to set an example by increasing purchase of recycled paper products by 50% by July 1993. (This simply means that if a department were purchasing recycled paper as 10 percent of its total paper purchases, by 1993 recycled paper would have to comprise 15 percent of the department's total paper purchases)

This same act allows state agencies to pay more for recycled products, at a limit specified by the Director of General Administration.

Contact: Lee Mitchell
Washington State Department of Ecology,
Division of Waste Reduction, Recycling, and Litter Control
206-438-7773

Administrative Rule: Price Preference: In December of 1990, the Department of General Administration ruled that state agencies and institutions could give up to a 10% price preference to products with recycled content. The amount of preference varies according to how the product contents meet EPA guidelines. If no guidelines exist for a specific product, then the state agency sets a percentage of recycled content when asking for bids, and that percentage can be no less than 15 percent.

Contact: Don Johnsen
Procurement Officer, Department of General Administration
206-753-6473

Other Regional Efforts

FOURTEEN STATE PAPER-BUYING COALITION

In an effort funded by the EPA, the purchasing divisions from 14 Western states, including Alaska, Idaho, Montana, Oregon, and Washington, plan to combine purchasing of recycled paper products to help stimulate demand for the products. The second meeting of the coalition will be in late January, to discuss specifications and further details.

Contact: Kay Hawley
Washington Office of State Procurement
206-753-0540

U.S. Environmental Protection Agency *Procurement Guidelines for Government Agencies* (EPA/530-SW-011, December 1990).

The following five guidelines apply to all federal, state, and local procuring agencies using appropriated federal funds, as well as to the contractors of these agencies. The guidelines apply only if the agency or contractor purchases more than \$10,000 worth of the specified item.

1. Paper and Paper Products (40 CFR part 250, 53 FR 23546 June 22, 1988):

<u>Product Type</u>	<u>Minimum Content Standard</u>
Newsprint	40% Post-consumer (pcn) recovered materials
Most types of high grade bleached printing & writing paper*	50% waste paper
Toilet tissue	20% pcn recovered materials
Paper Towels	40% pcn recovered materials
Paper napkins	30% pcn recovered materials
Facial tissue	5% pcn recovered materials
Doilies	40% pcn recovered materials
Corrugated boxes	35% pcn recovered materials
Fiber boxes	35% pcn recovered materials
Brown papers (e.g. bags)	5% pcn recovered materials
Recycled paperboard products	80% pcn recovered materials
Pad backing	90% pcn recovered materials

* Does not include paper for high speed copiers, form bond, or cotton fiber papers.

2. Lubricating Oils Containing Refined Oil (40 CFR Part 252, 53 FR 24699, June 30, 1988): Procuring agencies must "require the use of re-refined oils to the maximum extent possible without jeopardizing the intended end use of these items." Specific types of lubricating oils, hydraulic fluids, and gear oils are recommended.

3. Retread Tires (40 CFR Part 253, 53 FR 46558): Requires that agencies use retread tires to the maximum extent possible, and that agencies eliminate requirements that tires be manufactured from virgin materials.

4. Building Insulation Products Containing Recovered Materials (40 CFR Part 248, 54 FR 7328, February 17, 1989): Paper fibers can be used in cellulose loose-fill and spray-on insulation, as well as in perlite composite board. Mixed color waste-glass can be used in producing fiberglass insulation. Plastic rigid foams can reuse glass cullet as well as post-consumer PET. Some rock wool manufacturers use aluminum polliners as a fuel substitute and fluoride source.

<u>Material Type</u>	<u>Percent by Weight</u>
Cellulose loose fill & spray on	75% pcn recovered paper
Perlite composite board	23% pcn recovered paper
Plastic ridge foams:	
Polysocyanurate/polyurethane:	
Rigid foam	9% recovered material
Foam-in-place	6% recovered material
Glass fiber reinforced	6% recovered material
Phenolic rigid foam	5% recovered material
Rock wool	50% recovered material

5. Cement and Concrete Containing Fly Ash (40 CFR Part 249, 48 FR 4230, January 28, 1983): Allows agencies flexibility in developing their own policies, but encourages fly ash to be used as an ingredient in concrete and cement.

CANADIAN ENVIRONMENTAL CHOICE GUIDELINES

In 1988, Environment Canada, the national environmental agency, developed the Environmental Choice Program. This program is completely voluntary and is targeted to manufacturers and consumers. Products that meet the guidelines of the program are identified by the manufacturer through the use of an "ecologo symbol," and consumers may choose to buy products marked by this logo. Products must meet or exceed all Canadian governmental and industrial safety and performance standards, and all steps in the transport, manufacture and waste disposal during production of the product must meet the requirements of the Canadian Environmental Protection Act as well as the requirements of all other applicable regulations and policies.

Guidelines for at least 15 product categories have been finalized. Those guidelines relevant to recycled product procurement include:

1. Re-refined lubricating oil: 50 percent by volume re-refined oil in the base stock and less than 5ppm of chlorinated compounds and less than 25ppm metals.
2. Construction materials made from wood-based cellulose fiber: 100 percent of the fiber content of thermal insulation material must be post-consumer fiber.
3. Recycled plastic products: Construction materials must be 60 percent post-consumer plastic by weight. All other categories must be comprised of at least 90 percent post-consumer plastic by weight.
4. Fine paper made with recycled fiber: At least 50 percent by weight of recycled paper, of which at least five percent must be post-consumer fiber.
5. Miscellaneous products made from recycled paper: At least 50 percent by weight of recycled paper, of which at least five percent must be post-consumer fiber. This category currently includes only hobby and craft forms (e.g. components in handicraft work), but other sub-categories are expected to be added in the future.
6. Newsprint from recycled paper: Over 40 percent by weight of recycled paper, a minimum 25 percent of which must be old newspaper.

The Guidelines also cover cloth diapers, heat recovery ventilators, water based paints, solvent based paint, zinc air batteries, ethanol-blended gasoline, composting containers, diaper services, and reusable shopping bags.

Under review or awaiting final approval are energy efficient major appliances and lamps, sanitary paper made from recycled paper, detergents, non-rechargeable batteries, water-conserving products, and compost.

Copies of the guidelines can be obtained from:

Jack Poon or Ahmad Hussein
Canadian Standards Association
178 Rexdale Blvd.
Rexdale, Ontario, M9W 1R3
416-747-4000

FOR IMMEDIATE RELEASE

February 10, 1992
Contact: Caleb Stewart
465-4947

ULMER SPONSORS "RECYCLABLE PRODUCTS PROCUREMENT" BILL

Juneau - Rep. Fran Ulmer today introduced legislation to promote procurement of recycled products by state agencies. HB 465 authorizes the Depts. of Administration, Commerce & Economic Development, and Environmental Conservation to identify products that can be made from recycled material and promote the development of markets which produce and distribute those products.

"By encouraging the state to purchase more products made from recycled materials, Alaska can join with a number of other Northwest states in helping to develop a sustainable industry in recycled products," said Ulmer.

HB 465 would direct DEC to identify the origin and destination of recyclable wastes generated by government in Alaska. The Dept. of Commerce would be directed to examine ways to develop markets for recycled products in the Northwest. The Dept. of Administration would establish a procurement plan increasing purchases of recycled products by state agencies.

Ulmer said recycled products that may be suitable for purchase by the state include plastics, tires, paints, and motor oil. The state already purchases a sizable quantity of recycled paper products, and is experimenting with the purchase of retread tires.

The idea of encouraging development of regional markets for recycled goods grew out of Rep. Ulmer's participation in the Pacific NorthWest Economic Region (PNWER), a regional cooperative

effort aimed at increasing the competitive position of Alaska, Alberta, British Columbia, Idaho, Montana, Oregon, and Washington. "By increasing the demand for recycled products, we support the development of a regionally based industry manufacturing goods made from recycled materials," said Ulmer.

Resolution of the Alaska Municipal League

Resolution No. 92-9

A RESOLUTION MAKING RECOMMENDATIONS TO THE STATE OF ALASKA REGARDING POLLUTION PREVENTION

WHEREAS, the Alaska Municipal League, in cooperation with the Alaska Department of Conservation has created the Municipal Pollution Prevention Roundtable, and

WHEREAS, the Municipal Pollution Prevention Roundtable is a forum for local government officials to share and exchange information useful in making informed waste management decisions and in preventing pollution to the fullest extent possible, and

WHEREAS, the Municipal Pollution Prevention Roundtable's goals are to expand awareness and discussion on 1) waste management and pollution prevention policy issues affecting local governments; 2) federal, state, and local government roles in pollution prevention; 3) incentives to promote waste reduction and recycling and recycled product procurement; 4) waste reduction and recycling and pollution prevention economics and technologies; 5) waste management and pollution prevention activities at the local and state level in Alaska; 6) the management of special wastes such as batteries, household hazardous wastes, tires, and glass, and

WHEREAS, the Municipal Pollution Prevention Roundtable is comprised of municipal solid waste professionals and elected officials from cities and boroughs across Alaska, and

WHEREAS, the Municipal Pollution Roundtable has met four times to explore these topics and has heard from a variety of experts in the field of pollution prevention, and

WHEREAS, the Municipal Pollution Roundtable has arrived at a number of recommendations which, if implemented, would advance the environmental well-being of the State of Alaska and benefit Alaska's citizens;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League recommends that the State of Alaska continue its current Solid Waste Management Planning Program and expand the funding to municipalities to include implementation and community visits from the Alaska Department of Environmental Conservation to expand the state's understanding of communities' unique needs and situations.

BE IT FURTHER RESOLVED that the Alaska Municipal League urges the State of Alaska to initiate a waste characterization and feasibility study in coordination with municipalities that will assess, identify, and quantify solid waste and other pollution concerns for the purposes of implementing waste reduction and recycling activities.

pursuing an action-oriented cleanup program of specific problem wastes (such as batteries), promoting related business development, and developing a statewide solid waste management plan.

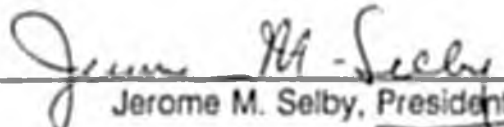
BE IT FURTHER RESOLVED that the Alaska Municipal League requests that the State of Alaska, Department of Commerce and Economic Development, Division of Business Development, encourage business development in recycling centers and manufacturing enterprises which use waste materials in their production process and pursue market development for use of recycled products.

BE IT FURTHER RESOLVED that the Alaska Municipal League recommends that the State of Alaska provide tax incentives for businesses to stimulate collection, handling, and final disposition of recyclables and other waste materials in rural and urban Alaska.

BE IT FURTHER RESOLVED that the Alaska Municipal League recommends that the State of Alaska, Department of Education, encourage schools to offer an environmental/earth sciences curriculum with an emphasis on pollution prevention.

BE IT FURTHER RESOLVED that the Alaska Municipal League recommends that the State of Alaska, Department of Environmental Conservation, continue to provide a forum for communication among municipalities regarding solid waste and pollution prevention issues.

Adopted this 15th day of November 1991 in Fairbanks, Alaska.



Jerome M. Selby, President

ATTEST:



Scott A. Burgess, Executive Director

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 463

Revision Date: 2/12/92
 Title: Relating to Recycling and the
Management of solid waste
 Sponsor: Ulmer, Davis
 Requestor: _____

Department Affected: Environmental
Conservation
 DRU: Environmental Quality
 Component: Solid and Hazardous Waste section

COMPONENT SERIAL NO.

--	--	--

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	60.00	61.00	66.00	69.00	72.00	75.00
TRAVEL	5.00	5.00	5.00	5.00	5.00	5.00
CONTRACTUAL	208.00	8.00	58.00	8.00	58.00	8.00
SUPPLIES	1.00	1.00	1.00	1.00	1.00	1.00
EQUIPMENT	5.00	5.00	5.00	5.00	5.00	5.00
LAND/STRUCTURES						
GRANTS/CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	279.00	82.00	135.00	88.00	141.00	94.00

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

REVENUE FUND SOURCE						
---------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	279.00	82.00	135.00	88.00	141.00	94.00
FEDERAL FUNDS						
OTHER FUND SOURCE						
TOTAL	279.00	82.00	135.00	88.00	141.00	94.00

POSITIONS:

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

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)

See Attached

Prepared by: Glen Miller
 Division: Solid and Hazardous Waste

Phone: 645-5150
 Date: 2/28/92

Approved by Commissioner: [Signature]
 Agency: Environmental Conservation

Date: 2/28/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

ANALYSIS - HB 465

The funds requested will be used to create a new full time Environmental Specialist III position in the Solid and Hazardous Waste Management Section. The new employee will work with all State agencies to plan for solid and hazardous waste management and implement the plans. Additional funding for contractual services is also requested. The selected contractors will collect technical information about the waste generation rates and composition of solid and hazardous waste generated by State agencies. Contractual services funds requested for future fiscal years are to provide plan updates as required by the bill.

Comments on the bill:

1. Our comments and fiscal note reflect only Section 46.06.025. The Procurement Recycling Plan would appear to be the responsibility of the Department of Administration.
2. Page 4, lines 10 and 16 imply that the plan applies to all wastes, not just those that are generated by State agencies. Our fiscal note assumes that we are preparing a management plan just for State agency generated wastes.



*Department of Transportation
and Public Facilities*

POSITION PAPER

BILL NO: CS HB 465

APPROVED:


Frank G. Turpin, Commissioner

TITLE: Recycling/Solid Waste
Management Plans

DATE: March 24, 1992

This bill, if enacted, would require this department to prepare plans for the procurement of recycled products including plastics, motor vehicle lubricants, tires, latex paints, paper products and compost products. For certain categories of products, such as paper, minimum recycled targets are established.

Adequate performance and safety standards for recycled tires and lubricants are established to protect both the safety of those within state vehicles for which these recycled products are used, and to the state's investment in these vehicles.

The bill correctly delegates the responsibility for recycling plans to the two departments which hold the primary authority for state procurement: Administration, and Transportation & Public Facilities. As written, this department would be responsible for recycling plans for construction and state equipment fleet procurements.

The department supports and endorses this bill. Government has an important role to play in fostering the development of markets for recycled products. This bill appears to be a workable law to encourage this process.

FISCAL NOTE

Revision Date: NA
Title: Recycling/Solid Waste Management Plans

Department Affected: DOT&PF
BRU: Statewide Engineering & Operations Standards

Sponsor: Ulmer, B. Davis, Brown, Koponen, Finkelstein
Requester: Resources

Component: Engeer. & Operations Stand.
Component Serial Number: 547

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY92	FY93	FY94	FY95	FY96	FY97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING:	0	0	0	0	0	0

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUNDS	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL FUNDING:	0	0	0	0	0	0

POSITIONS

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

Estimate of current year impact

ANALYSIS: (Attach a separate page if necessary)

See next page.

Prepared by: Roger W. Allington, Director

Phone: 465-2951

Division: Engineering and Operations Standards

Date: March 24, 1992

Approved by Commissioner: 
Frank G. Hopson

Phone: 465-3900

Agency: Department of Transportation and Public Facilities

Date: March 24, 1992

Distribution By Preparer: Legislative Finance, Legislative Sponsor, Requestor, OMB, Impacted Agency(ies).

ANALYSIS (cont. from page 1):

Introduction

This bill affects the department in three broad arenas:

- 1) State Equipment Fleet (motor vehicle lubricants and retreaded tires)
- 2) Capital project construction (paints, compost products and plastics)
- 3) Maintenance and Operations (paints, compost products and plastics)

Of these three areas we are only predicting a fiscal impact affecting Maintenance & Operations. The reasoning for this analysis is as follows:

State Equipment Fleet

The fleet manager is already knowledgeable about both recycled products in his area of operation. The fleet is currently using retreaded tires in many applications, thus the recycling plan will basically confirm current practice. As retreaded tires are generally less expensive than new tires, there could be minor savings if the recycling plan results in an increase in the used of retreaded tires. Any increase is likely offset by the higher cost of recycled lubricants. At present, recycled motor vehicle lubricants are generally more expensive than new lubricants, sometimes greatly so. The fleet manager can accommodate the preparation of the recycling plan as part of their normal work effort.

Capital Projects

In specifying the use of recycled products within a capital project the department may incur either higher or lower costs. We anticipate that these costs differences will offset or be insignificant relative to the budget of a given project. The recycling plan for capital construction would become part of the standards and operating procedures normally prepared by the Division of Engineering & Operations Standards; no additional staffing is required.

Maintenance & Operations

Given the current budget restraints facing the state, we would propose to build a recycling plan on a "zero fiscal impact" basis. That is, the goals for recycling would be structured to result in a net zero increase to department budgets. To the extent that one recycled products "saves" money, this would provide credit for another recycled product that "costs" an additional amount.

If the Legislature would prefer that we pursue higher recycling goals, in spite of additional costs, we could adopt recycling plans built upon an given level of additional funding. However, until the more detailed analysis has been done as to what specific products are available and how much they cost, an estimate of the cost difference is not possible. We believe a plan based on "zero fiscal impact" is attainable, though it may have different recycling goals than one that relies on some level of subsidy.

Preparation of the recycling plans would be tasked out to the various M&O regional offices thereby reducing the total workload to any one office. No funds for this effort are requested.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CSHB 465 (RFS)

Revision Date: _____ Department Affected: Administration
 Title: An Act relating to recycling and the management of solid and hazardous BRU: General Services
 Component: Purchasing
 Sponsor: Ulmer
 Requestor: _____ COMPONENT SERIAL NO.

		6	0
--	--	---	---

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

REVENUE FUND SOURCE:	-0-	-0-	-0-	-0-	-0-	-0-
----------------------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

See Attached

Prepared By: Duane Jerry *Duane Jerry* Phone: 465-2250
 Division: General Services Date: March 16, 1992
 Approved by Commissioner: Henry Bear Usch
 Agency: Administration Date: 3/23/92

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CSHB 465 (Res)

ANALYSIS:

This bill requires the department to prepare a procurement recycling plan which would set goals for purchases of recycled products. The plan can be prepared by the division with no fiscal impact. The monitoring and accounting of agency expenditures for recycled products must be tracked by the agencies.

Agency fiscal impacts result mostly from the additional costs of recycled paper. Under the committee substitute those costs are estimated to be no greater than what is currently required under AS 36.30.095, Recycled Products.

The remaining recycled products which could have potential impact are not possible to assess at this time. Recycled latex paint has no known source in-state at this time. Recycled plastics are finding new applications on an almost daily basis. Many of these products are replacing products made of other material at a comparable price or at a savings.

Vehicle lubricants, recycled tires, compost products and paints are bought almost exclusively by and for the Department of Transportation and Public Facilities. The committee substitute requires the Department of Transportation and Public Facilities to prepare a procurement recycling plan for the products purchased under their statutory purchasing authority.

STATE OF ALASKA

BILL NO. CSHB 465 (Re)

Revision Date 3/5/92
Title: Relating to Recycling and the Management of solid waste
Sponsor: Ulmer, Davis
Requestor: _____

Department Affected: Environmental Conservation
BRU: Environmental Quality
Componc Solid and Hazardous Waste section

COMPONENT SERIAL NO. 1 4 2 7

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	60.0	63.0	66.0	69.0	72.0	75.0
TRAVEL	5.0	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	108.0	8.0	8.0	8.0	8.0	8.0
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	5.0	5.0	5.0	5.0	5.0	5.0
LAND&STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	179.0	82.0	85.0	88.0	91.0	94.0

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

REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	179.0	82.0	85.0	88.0	91.0	94.0
FEDERAL FUNDS						
OTHER						
FUND SOURCE:						
TOTAL	179.0	82.0	85.0	88.0	91.0	94.0

POSITIONS:

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

Estimate of current year imp

ANALYSIS: (Attach a separate page if necessary.)

See Attached

Prepared by: Glenn Miller
Division: Solid and Hazardous Waste

Phone: 465-5150
Date: 3/12/92

Approved by Commissioner: Daniel Adams for Glenn Sanders
Agency: Environmental Conservation Date: 3/12/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

ANALYSIS - CSHB 465

The funds requested will be used to create a new full time Environmental Specialist III position in the Solid Waste Management program. The new employee will work with all State agencies to plan for solid waste management and implement the plans. Additional funding for contractual services is also requested. The selected contractors will collect technical information about the waste generation rates and composition of solid waste generated by State agencies.

In our fiscal note on the first draft of HB465 DEC requested \$208,000 in contract funds. The request has now been reduced to \$108,000. The reduction reflects the change in the bill which removes references to hazardous waste in AS 46.06.025. The DEC efforts will be limited to solid waste management planning under this funding request.

Comments on the bill:

1. Our comments and fiscal note reflect only section 46.06.025. The Procurement Recycling Plan would appear to be the responsibility of other agencies.
2. In general, this is a good concept. We expect industry to manage their wastes and promote use of recycled products. Therefore it is appropriate for State agencies to do the same.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 465

Revision Date: 2/26/92

Department Affected: Commerce & Econ. Dev.

Title: Solid and Hazardous Waste Management

BRU: Economic Development

Component: General Business

Sponsor: F. Ulmer

Requestor: F. Ulmer

COMPONENT SERIAL NO.

0	8	0	1
---	---	---	---

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	108.9	114.3	120.1	126.1	132.4	138.9
TRAVEL	15.0	17.5	20.0	20.0	20.0	20.0
CONTRACTUAL	80.0	5.0	5.0	5.0	100.0	5.0
SUPPLIES	5.0	2.5	2.5	2.5	2.5	2.5
EQUIPMENT	15.0	5.0	5.0	5.0	5.0	5.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	223.9	144.3	152.6	158.6	259.9	171.4
CAPITAL						

REVENUE FUND RESOURCE:

--	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	223.9	144.3	152.6	158.6	259.9	171.4
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL						

POSITIONS:

FULL-TIME	2.0	1.0	2.0	2.0	2.0	2.0
PART-TIME	1.0					
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS (Attach a separate page if necessary.)

Prepared By: M. G. Paulick, Development Specialist Phone: 465-2017

Division: Economic Development Date: 2/26/92

Approved by Commissioner: Glenn A. Olds *Glenn A. Olds*

Agency: Department of Commerce & Economic Development Date: 2-28-91

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Off., and Impacted Agency(ies).



House State Affairs Committee

Representative Gene Kubina, Chair

DATE: 3-25-92

PLACE: Capital Room #102

SB 337-Relating to Retirement Incentive Program

SUBJECT OF MEETING:

- HB 420-Relating to Contr'g for Care of Prisoners
- HB 465-Relating to Recycling/Solid Waste Mgt Plans
- HB 493-Relating to Reg'g to Vote at Polling Places
- HB 528-Relating to Public Works Contr/Wage Increases
- HB 565-Relating to Approp: Contr. Settlemnt Costs
- HJR 3-Relating to Change Term of Rep'n to 4 Years
- SB 185-Relating to Legislative Ethics

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Loren Rosmussen	DOT/PE	3132 Channel Drive	99501	789-9723	465-2960	(Y) N	To answer questions HB 528
JEFF OATSEN	DOT/PE	"	"	789-1076	"	(Y) N	Questions on HB 465
MICHAEL STARK	Dept of La.	Box KC	99811	789-1076	3428	(Y) N	HB 420
Aura Glaiser	Election	Box 11017 Juneau	99811		4611	(Y) N	HB 493
Trena Richardson	NEA-AK	Box 2278 S. Idlev.	99615	262-7400	1515	(Y) N	SB 337
Pat Jacobson	NLR-AK	Box 1313, Kodiak	99615	486-3954	-	(Y) N	SB 337
Kari Petty	DOT	P.O. Box 503			465-2250	(Y) N	IF NEEDED HB 465 HB 528
Mike McMullen	DOA	Box 110201	99811	465-4450	465-4450	(Y) N	HB 565
Kenneth Stark-Johnson	AEL	Box 2041, Kodiak	99615	465-4654	463326	(Y) N	HB 465
CALEB						(Y) N	
EJ Flanagan	Alaska Laborers	710 W 9th			586 3707	(Y) N	HB 528

Handwritten cursive letters 'R' and 'H'.

Handwritten cursive letters 'R' and 'H'.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 493

Revision Date: _____
Title: An Act Allowing Voters Who Register at Precinct
Polling Places to Vote in Current Election.
Sponsor: Representative Gruenberg
Requestor: House State Affairs

Department Affected: Office of the Governor-Elections
BRU: Division of Elections
Component: II Primary and General Elections

COMPONENT SERIAL NO.

0	0	2	2
---	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	159.7	2.7	157.0	2.7	157.0	2.7
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	159.7	2.7	157.0	2.7	157.0	2.7

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

REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	159.7	2.7	157.0	2.7	157.0	2.7
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	159.7	2.7	157.0	2.7	157.0	2.7

POSITIONS:

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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)
See Attached

Prepared By: Lynda B. Sigler, Project Coordinator Phone: 465-4611
Division: Elections Date: 5/25/92

Approved by Commissioner: _____ Date: _____
Agency: Office of the Governor

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/OSI, Gov. Legis. Ofc., & Impacted Agencies.

FISCAL ANALYSIS FOR HB 493

Allowing voters to register at the polls is not something new, but that those votes should be counted in that election will require additional election workers, temporary employees to enter the voter history (if a voter changes their registration for the Primary, they may be encouraged to change again before the General), and at least quadruple the necessary Question Ballot Review Board members.

It is estimated that there should be at least one additional Election Worker at each precinct (471 precincts) just to handle the Questioned Ballots.

$$1 \times 471 \times 15 \text{ hours} \times \$7.50 \text{ per hour} = \$52.987 \text{ (thousand)}$$

Regional Supervisors estimate that should there be approximately 40,000 voters who change their registration at the polls (estimated at less than 1/3 of the voters who voted in the last Primary) so they will have to hire temporaries simply to handle the additional input of voter information. A clerk can enter approximately 50 forms per hour, and each new clerk would require at least two weeks training before being able to process the forms at this level.

$$800 \text{ hours} \times \$10.00 \text{ per hour} = \$8. \text{ (thousand)}$$

The Question Ballot Review Board will obviously need additional workers. There were approximately 9,500 Questioned Ballots in the 1990 Primary. If we were to estimate that there would be 40,000 due to this change in statute then we would need to quadruple the number of Review Board members in order to process and count the ballots in the time mandated by statute (10 days after the Election). There are 4 Board members in each Region (and 4 regions).

$$12 \times 8 \text{ hours} \times 10 \text{ days} \times \$10.00 \text{ per hour} = \$96. \text{ (thousand)}$$

Finally, additional Oath and Affidavit Envelopes will need to be ordered. If we were to consider an additional 30,000 questioned ballots,

$$30,000 \times \$0.09 \text{ each envelope} = \$2.7 \text{ (thousand)}$$

The total estimated costs of implementing a change as suggested in HB 493 is \$159.687 (thousand).

DIVISION OF LEGAL SERVICES

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

240 Main Street, Suite 500
Juneau, Alaska 99801-2101

MEMORANDUM

February 13, 1992

SUBJECT: Bill allowing voters to register and then vote at precinct polling places (Work Order No. 7-LS1995A)

TO: Representative Max Gruenberg
Attention: Stan Robbins

FROM: Robert Glennon Casey *RGC 2-13-92*
Legislative Counsel

This bill draft would allow a person otherwise qualified to vote to register at the precinct polling place and then immediately vote.

This bill draft does not, however, change AS 15.05.010(4)'s requirement that a voter be a resident of the state and voting district for at least 30 days before election.

So, a person who registered at the precinct polling place but whose name was not yet on the official registration list would vote a "questioned ballot." Voting officials would count the questioned ballot of such a voter, if the officials found that the voter was "otherwise qualified to vote" (including having resided in the state and election district for at least 30 days before election).

No longer would a voter be required to have registered 30 days or more before an election, however, in order to be "otherwise qualified."

RGC:pl
92-102.plm

State of Alaska

House Majority Leader
COMMITTEES
HOUSE JUDICIARY
HOUSE RULES
HOUSE STATE AFFAIRS
SPECIAL COMMITTEE
MILITARY AND VET AFFAIRS
LEGISLATIVE COUNCIL



Representative Max F. Gruenberg, Jr.
District II
Spennard, Upper Midtown Anchorage

P.O. BOX V
JUNEAU, AK 99811
(907) 465-3718
465-4968/4986
(SESSION)

311 C STREET, SUITE 440
ANCHORAGE, AK 99501
(907) 561-7621

MEMORANDUM

TO: All members House State Affairs Committee
FROM: Rep. Max Gruenberg *Max*
RE: Support for HB 493
DATE: March 23, 1992

I very much appreciate your support for HB 493, "An Act allowing voters who register at precinct polling places to vote in the current election".

HB 493 (1) Allows qualified voters to register in person before a registration official any time throughout the year. (2) Allows a voter to reregister if th voter's registration is cancelled for failure to vote in prior elections. (3) Provides that the person whose name does not appear on the registration list who votes a questioned ballot shall be counted if the person registers at the precinct polling place.

If you have any questions about this bill, please contact Stan Robbins in my office (4968) .

Thank you.

State of Alaska

House Majority Leader

COMMITTEES

HOUSE JUDICIARY

HOUSE RULES

HOUSE STATE AFFAIRS

SPECIAL COMMITTEE

MILITARY AND VET. AFFAIRS

LEGISLATIVE COUNCIL



Representative Max F. Gruenberg, Jr.

District II

Spenard, Upper Midtown Anchorage

P.O. Box V
JUNEAU, AK 99811
(907) 465-3718
465-4968/4986
(SESSION)

1111 C STREET, SUITE 443
ANCHORAGE, AK 99501
(907) 561-7621

MEMORANDUM

TO: All Representatives

FROM: Rep. Max Gruenberg *MFG*

RE: Bill Introduction
Allowing voters to register at polling place

DATE: February 17, 1992

I invite you to co-sponsor HB 493, which will be introduced tomorrow, Tuesday February 18, 1992.

HB 493 (1) Allows qualified voters to register in person before a registration official any time throughout the year. (2) Allows a voter to reregister if th voter's registration is cancelled for failure to vote in prior elections. (3) Provides that the person whose name does not appear on the registration list who votes a questioned ballot shall be counted if the person registers at the precinct polling place.

If you would like to co-sponsor this bill, please contact Stan Robbins in my office (4968) as soon as possible.

Thank you.

HOUSE BILL NO. 493

IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE GRUENBERG

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act allowing voters who register at precinct polling places to vote in the current
2 election."

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

4 * Section 1. AS 15.07.07(d) is amended to read:

5 (d) Qualified voters may register in person before a registration official at any time
6 throughout the year [, EXCEPT THAT A PERSON REGISTERING WITHIN 30 DAYS
7 PRECEDING AN ELECTION MAY NOT VOTE AT THAT ELECTION]. Upon receipt and
8 approval of the registration forms, the director or the election supervisor shall forward to the
9 voter an acknowledgment in the form of a registration card and the voter's name shall
10 immediately be placed on the master register located in the office of the director and on the
11 district register located in the office of the election supervisor. Names of persons registering 30
12 or more days before an election shall be placed on the official registration list for that election.

13 * Sec. 2. AS 15.07.090(b) is amended to read:

14 (b) A voter shall reregister if the voter's registration is cancelled for failure to vote in

1 prior elections as provided in AS 15.07.130. [THE REREGISTRATION MAY NOT BE MADE
2 LATER THAN 30 DAYS PRECEDING AN ELECTION.]

3 • Sec. 3. AS 15.15.198 is amended by adding a new subsection to read:

4 (c) The vote of a person whose name does not appear on the official registration list and
5 who votes a questioned ballot shall be counted if the person registers at the precinct polling place
6 and is otherwise qualified to vote.



House State Affairs Committee

Representative Gene Kubina, Chair

DATE: 3-25-92

PLACE: Capital Room #102

SB 337-Relating to Retirement Incentive Program

SUBJECT OF MEETING:

- HB 420-Relating to Contr'g for Care of Prisoners
- HB 465-Relating to Recycling/Solid Waste Mgt Plans
- HB 493-Relating to Reg'g to Vote at Polling Places
- HA 528-Relating to Public Works Contr/Wage Increases
- HB 565-Relating to Approp: Contr. Settlemt Costs
- ILP 1-Relating to Change Term of Reg's to 4 Years
- SB 185-Relating to Legislative Ethics

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Jorgen Rasmussen	DOT/PE	3732 Chumchal Drive	99501	789-972	465-2960	(Y) N	To answer question HB 528
JEFF CATSEEN	DOT/PE	"	"	789-072	"	(Y) N	Questions on HB 465
MICHAEL STARK	Dept of La	BOX KC	99811	789-972	3424	(Y) N	HB 420
Aura Glaizer	Electors	Box 11017 Juneau	99811		4611	(Y) N	HB 493
Trena Richardson	NEA-AK	Box 2777 S. Iditarod	99564	262-740	1515	(Y) N	SB 337
Pat Jacobson	NCA-AK	Box 1313 Kodiak	99615	486-3954	-	(Y) N	SB 337
Kenn Pettv	DoA	PUBLIC S-C B			76-2350	(Y) N	IF NEEDED HB 465 HB 528
Mike Mc Mullen	DoA	Box 110201	99811	465-4400	465-4400	(Y) N	HB 565
Heleen Sore-Johnson	AEL	Box 2041, Homer	99615	452-4654	463-3900	Y (N)	HB 465
CALERS						Y N	
EJ Flanagan	Alaska Laborers	710 W 9th			586 3707	(Y) N	HB 528

HB

494

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 494

Revision Date: _____
Title: an act relating to preliminary general elections, run-off general elections, special general elections...
Sponsor: Representative Swartzberg
Requestor: Home State Affairs

Department Affected: Office of the Governor-Elections
BPU: Division of Elections
Components: Primary and General Elections

COMPONENT SERIAL NO.

0	0	2	2
---	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

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

REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)
See Attached.

Prepared by: Laura A. Glaser, Projects Coordinator Phone: 465-6611
Division: Elections Date: 3/12/92

Approved by Commissioner: _____ Date: 3/17/92
Agency: Office of the Governor

Distribution (by preparer): Leg. Fin., Legislative Council, Requestor, CMB/DB, Gov. Legis. Ofc., & Impacted Agencies.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 494

ANALYSIS: (continued)

FISCAL ANALYSIS FOR HB 494/AMENDMENT TO HB 327 (COLUMBERG)

Additional costs related to the change in how we conduct the Primary which have been included in the FY 93 Budget request account for additional travel in the field and administrative travel to train pollworkers, increased costs in communication, advertising, voter education, printing and binding of new training and information manuals and other costs totaling \$573.5 (thousand).

It is estimated that those costs will not change if this new system of elections is implemented. There is some concern that there may in fact be additional costs related to increased voter education due to the radical change in the way the elections will be conducted.

The Division's previous data vote contractor estimated that this type of election system should not require additional funding for computer programming or reconfiguration.

Therefore, the fiscal note should reflect no additional costs anticipated in relation to the proposed change in the election system.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 494

Revision Date: _____
 Title: An Act relating to preliminary (general elections, run-off elections, special elections, declarations of affiliation with a political party)
 Sponsor: Quarberg
 Requestor: House State Affairs

Department Affected: Administration
 BRU: Alaska Public Offices Commission
 Component: Alaska Public Offices Commission

COMPONENT SERIAL NO.

		7	0
--	--	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

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

REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Karen Boomer, Director
 Division: Alaska Public Offices Commission

Phone: 278-4178
 Date: March 3, 1992

Approved by Commissioner: Nancy Bear Utter
 Agency: Administration

Date: 3/5/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/CBA, Gov. Legis. Off. & Impacted Agency(ies)

State of Alaska

House Majority Leader
COMMITTEES
HOUSE JUDICIARY
HOUSE RULES
HOUSE STATE AFFAIRS
SPECIAL COMMITTEE
MILITARY AND VET. AFFAIRS
LEGISLATIVE COUNCIL



Representative Max F. Gruenberg, Jr.
District II
Spenard, Upper Midtown Anchorage

P.O. Box V
JUNEAU, AK 99811
(907) 465-3718
465-4966/4986
(SESSION)

3111 C STREET, SUITE 440
ANCHORAGE, AK 99503
(907) 561-7671

MEMORANDUM

TO: Representative Gene Kubina
Chair House State Affairs

FROM: Rep. Max Gruenberg *Max*

RE: Scheduling of HB 494

DATE: February 19, 1992

I very much appreciate it if you would schedule HB 493, "An Act allowing voters who register at precinct polling places to vote in the current election", for a hearing as soon as possible.

HB 493 (1) Allows qualified voters to register in person before a registration official any time throughout the year. (2) Allows a voter to reregister if th voter's registration is cancelled for failure to vote in prior elections. (3) Provides that the person whose name does not appear on the registration list who votes a questioned ballot shall be counted if the person registers at the precinct polling place.

If you have any questions about this bill, please contact Stan Robbins in my office (4966) .

Thank you.

CORRECTION

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

State of Alaska

House Majority Leader
COMMITTEES
HOUSE JUDICIARY
HOUSE RULES
HOUSE STATE AFFAIRS
SPECIAL COMMITTEE
MILITARY AND VET AFFAIRS
LEGISLATIVE COUNCIL



Representative Max F. Gruenberg, Jr.
District II
Spenard, Upper Midtown Anchorage

P.O. Box V
JUNEAU, AK 99811
(907) 465-3718
465-4968/4986
(SESSION)

3111 C STREET, SUITE 440
ANCHORAGE, AK 99503
(907) 561-7621

MEMORANDUM

TO: Representative Gene Kubina
Chair House State Affairs

FROM: Rep. Max Gruenberg *Max*

RE: Scheduling of HB 494

DATE: February 19, 1992

I very much appreciate it if you would schedule HB 493, "An Act allowing voters who register at precinct polling places to vote in the current election", for a hearing as soon as possible.

HB 493 (1) Allows qualified voters to register in person before a registration official any time throughout the year. (2) Allows a voter to reregister if th voter's registration is cancelled for failure to vote in prior elections. (3) Provides that the person whose name does not appear on the registration list who votes a questioned ballot shall be counted if the person registers at the precinct polling place.

If you have any questions about this bill, please contact Stan Robbins in my office (4968) .

Thank you.

HB

497

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 497

Revision Date: _____

Title: Public Financing for State and Federal Campaigns

Sponsor: Finkelstein

Requestor: _____

Department Affected: Administration

BRU: Alaska Public Offices Commission

Component: Alaska Public Offices Commission

COMPONENT SERIAL NO.

0	0	7	0
---	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	3,450.0	0	2,200.0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	3,450.0	0	2,200.0	0

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

REVENUE FUND SOURCE: <small>Political Contributions Tax</small>	0	468.0	468.0	468.0	468.0	468.0
---	---	-------	-------	-------	-------	-------

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	2,514.0	0	1,264.0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE: <small>Political Contributions Tax</small>	0	0	936.0	0	936.0	0
TOTAL	0	0	3,450.0	0	2,200.0	0

POSITIONS:

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

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)

SEE ATTACHED PAGE

Prepared by: Karen Boorman, Executive Director
Division: Alaska Public Offices Commission

Phone: 276-4176
Date: March 2, 1992

Approved by Commissioner: Nancy Bear Ustera
Agency: Administration

Date: 3/11/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/O&A, Gov. Leg. Off., & Impacted Agency(ies)

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 497

ANALYSIS: (continued)

Introduction

This fiscal note covers only public funding to candidates ("grants, claims") and the tax on political contributions paid by candidates ("other fund source"). The legislative intent is that the tax be appropriated to provide public financing of campaigns. Thus the tax received in FY 94 would be appropriated in FY 95 as a grant to candidates eligible for public funding.

Contribution Tax Revenue

The political contributions tax, mandatory for all candidates who raise over \$5,000, will provide an annual estimated average revenue of \$468,000. The tax revenue will be greater in election years than in non-election years, but the size of the difference is unknown. This amount of revenue is based on the actual contributions received (in 1989 and 1990) by all state candidates for the 1990 elections and the actual contributions received (in 1989 and 1990) by the two candidates in the 1990 general election for U.S. House of Representatives and for the U.S. Senate.

FY 93 has no revenue because the effective date of HB 497 is January 1, 1993. As the tax is not due until a candidate files an Alaska Public Offices Commission (APOC) report covering a period after the effective date, no tax is due until January 15, 1994 (FY 94), as that is the due date for the year-end report.

Public Financing of Campaign

The public funding of grants to candidates will occur only in election years. The first election after HB 497 takes effect January 1, 1993, is the primary election in August 1994 (FY 95), at which candidates for Governor, Lieutenant Governor, 30 State Legislative seats, and one U.S. House seat will be eligible for public funding. In FY 97, 30 State Legislative seats, the U.S. House, and one U.S. Senate seat will be up for reelection. The amount of public funding APOC will distribute is based on the assumption that 50 percent of the state candidates, both major candidates for U.S. House, and one challenger to the U.S. Senate will qualify.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 497

Revision Date: _____

Department Affected: Administration

Title: Public Finance for State and Federal Campaigns

BRU: Alaska Public Offices Commission

Sponsor: Tinkelman

Component: Alaska Public Offices Commission

Requestor: _____

COMPONENT SERIAL NO.

		7	0
--	--	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	155.7	148.9	153.5	156.1	162.6	166.3
TRAVEL	5.0	2.0	2.0	2.0	2.0	2.0
CONTRACTUAL	8.2	24.4	24.4	24.4	24.4	24.4
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	5.7	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	174.6	175.3	179.9	184.5	189.0	192.7

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

REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	174.6	175.3	179.9	184.5	189.0	192.7
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	174.6	175.3	179.9	184.5	189.0	192.7

POSITIONS:

FULL-TIME	3	3	3	3	3	3
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary)

This represents the Alaska Public Offices Commission's (APOC's) administrative costs only. See separate fiscal note for campaign costs.

SEE ATTACHED PAGE

Prepared by: Karen Boyman, Executive Director
Division: Alaska Public Offices Commission

Phone: 276-4176
Date: March 2, 1992

Approved by Commissioner: Nancy Rose Utter
Agency: Administration

Date: 3/1/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Off. & Impacted Agency(ies)

ANALYSIS: (continued)

Administration

This bill creates a mechanism for financing eligible state and federal Alaskan campaigns with a tax on contributions. The Alaska Public Offices Commission (Commission) would administer the program. The Department of Revenue would collect the campaign contribution tax. The Commission would determine candidate eligibility, amount of public financing, and transmit funds to the candidate.

The implementation would result in start-up costs as the Commission develops this new program. Staff must develop reporting forms, manuals, review procedures to determine eligibility and amount of public funding, training and educational materials, and new regulations. Efforts will need to be made to inform prospective candidates and incumbents that public financing is available.

The Commission will receive many requests for advice and interpretation of the law, including initial eligibility, what contributions are eligible for matching public funds, and how much has been dispensed to whom. The Commission will have to coordinate closely with the Division of Elections on state candidates and the Federal Elections Commission on federal candidates. Education and training sessions about the public financing program will have to be conducted before and during the election cycle.

It is expected that several complaints will be filed each year alleging that a candidate has violated one of these provisions. Potential complaints include allegations that a candidate's campaign is not eligible for funds, a campaign received too much public financing, or did not comply with the expenditure or contribution cap.

The Commission will need to hold a hearing in FY 93 to adopt regulatory changes. The expenses of a hearing are not funded with the current FY 93 budget.

In order to meet the statutory requirements of the new law, the Commission will need to add a professional staff member (Associate Coordinator, Range 15) to investigate complaints, draft regulations, develop procedures, and provide compliance advice. For the first year only, a paraprofessional staff member (Regulations Specialist II, Range 16) will be necessary to help draft regulations, develop manuals and forms, develop procedures, and conduct education and training. Beginning in the second year, an Accounting Technician I (Range 12) will be needed to set up accounting procedures, compare and examine reports, determine eligibility and amount of tax and public financing. A Clerk IV (Range 9) will be needed to handle the additional paperwork and typing that cannot be absorbed by current clerical staff in the Anchorage office.

The Commission's current office in Anchorage is too small to house these new positions. Modest sized space is available in the building and could be made functional with minor remodeling. Two desks, chairs, and telephones will be required as well.

The Juneau office will require additional staff as well to provide assistance to candidates and to coordinate with the Anchorage office in administering the program. The Juneau office has one clerical support staff person for 20 hours per week, six months of the year (January through June) to assist the lobbying administrator. Upgrading this position to year-round 20 hours per week (January through December) would provide the additional assistance necessary.

A detailed breakdown of the costs associated with administration of this bill is attached.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 497

HB 497
APOC Estimated Costs

	FY 93	FY 94
Personnel:		
Associate Coordinator, Range 16A	\$ 99,705	\$81,456
*Regulations Specialist, Range 16A	52,422	-
**Accounting Technician I, Range 12A (Anchorage)	-	42,518
Clerk IV, Range 9A (Anchorage)	35,281	36,319
Clerk III, Range 8C (Juneau) (additional six months, 20 hours per week)	<u>8,261</u>	<u>8,612</u>
TOTAL	\$155,749	\$148,945
Travel:		
*Regulations Hearing	\$3,000	
Training	<u>2,000</u>	2,000
TOTAL	\$5,000	
Contractual Services:		
Instruction/Educational materials (design, print, postage for amended forms and manuals)	\$4,000	\$4,000
Office Space: 350 square feet @ \$1.00 sq ft./month	4,200	4,200
**Legal Fees-Hearings, Witness Fees, Subpoenas, Transcripts	<u>-</u>	<u>16,250</u>
TOTAL	\$8,200	\$24,450
Equipment:		
*Desk and Chairs (2)	\$1,200	-
*Telephone Installation Equipment (2)	500	-
*1 Computer	<u>4,000</u>	-
TOTAL	\$5,700	

* Funding for Regulations Specialist, travel for regulations hearing, and equipment required for FY 93 only.

** Complaint investigation funds (legal fees) and accounting position will be necessary after FY 93.

Personal Services projected to increase at three percent per year for merit increases.

Position Title Associate Coordinator		No. of Positions 1	Range / Step 18A	Barg. Unit PX
Time Status Permanent Full-Time	Staff Months 12	Location Anchorage		
TYPE OF EXPENDITURE		Election District 99		
Salary		Justification		
Benefits		HB 497 creates a new system of taxing political contributions and providing public financing grants to candidates. It imposes new reporting requirements and provides for civil and criminal penalties for violations. The Alaska Public Offices Commission (APOC) would determine the candidate's eligibility, the amount of public financing, and transmit funds to the candidates.		
Premium Pay		The Associate Coordinator is necessary to investigate complaints, draft regulations, develop and implement procedures for the program including coordination with the Division of Elections, the Federal Elections Commission, and the Department of Revenue, and provide ongoing compliance advice. This position would be responsible for training and education of the public and candidates about the public financing program.		
Other				
Total Personal Services				
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost				
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I.A. Receipts	1007			
CIP Receipts	1061			
Other				

4/16/req/0605a.kp/1

Request For New Position

AGENCY ADMINISTRATION

BU Alaska Public Offices Commission

COMMENT Alaska Public Offices Commission

FY 93

Page 1 of 3
Revised Date _____

Position Title	Regulations Specialist	Staff Months	12	AMOUNT	No. of Positions	1	Range / Step	16A	Election District	99	Reg. Unit	PX
TYPE OF EXPENDITURE					Location	Anchorage						
Salary				35.3	Justification	<p>HB 497 creates a new system of taxing political contributions and providing public financing grants to candidates. It imposes new reporting requirements and provides for civil and criminal penalties for violations. The Alaska Public Officers Commission (APOC) would determine the candidate's eligibility, the amount of public financing, and transmit funds to the candidates.</p> <p>The Regulations Specialist is necessary to help draft regulations, develop manuals, forms, and internal office procedures, and conduct regulation hearings. This position is necessary only for the first year.</p>						
Benefits				17.1								
Premium Pay				0								
Other				0								
Total Personal Services				52.4								
T. Avail				3.0								
Contractual				2.1								
Commodities												
Equipment				.9								
Other												
Total Cost				58.4								
FUNDING SOURCE FOR TOTAL COST												
Federal Receipts	1002											
G.F. Match	1003											
General Fund	1004			58.4								
LA Receipts	1007											
CIP Receipts	1061											
Other												

6/16/99/10:00a kg/2

**Request For
New Position**

AGENCY ADMINISTRATION

REU Alaska Public Officers Commission

COMPONENT Alaska Public Officers Commission

Page 2 of 3

Revised Date: _____

FY 93

Position Title Clerk IV		No. of Positions 1	Range / Step 9A	Borg. Unit
Time Status Permanent Full-Time	Staff Months 12	Location Anchorage		Election District
TYPE OF EXPENDITURE		AMOUNT		
Salary		227		
Benefits		174		
Premium Pay				
Other				
Total Personal Services		353		
Travel				
Contractual		21		
Commodities				
Equipment		8		
Other				
Total Cost		382		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.P. Match	1003			
General Fund	1004	382		
I-A Receipts	1007			
CIP Receipts	1061			
Other				
<p>Justification</p> <p>HB 497 creates a new system of taxing political contributions and providing public financing grants to candidates. It imposes new reporting requirements and provides for civil and criminal penalties for violations. The Alaska Public Offices Commission (APOC) would determine the candidate's eligibility, the amount of public financing, and transmit funds to the candidates.</p> <p>The new Clerk in the Anchorage office is necessary to handle the additional paperwork and typing that current clerical staff would not be able to absorb under the public financing program.</p>				

6/16/req/0460ba hp/3

Request For New Position

AGENCY ADMINISTRATION

BRU Alaska Public Offices Commission

COMPONENT Alaska Public Offices Commission

FY 93

Page 3 of 3
Revised Date: _____

HB

506

HOUSE COMMITTEE REPORT

(7)

Date Referred: February 18, 1992

FURTHER REFERRALS:

Finance

Date of Committee Action: 2/23/92

The STATE AFFAIRS Committee considered:

HB 506

HOUSE BILL NO. 506

PF DIVIDEND CHECK-OFF FOR ANWR SUPPORT

"An Act relating to contributions from permanent fund dividends to be used for generating national support for the development of natural resources in the Arctic National Wildlife Refuge; and providing for an effective date."

RECOMMENDATIONS: [X] the same title
be replaced with CSHB 506 (STA) [] a new title

[] have attached amendments(s)

[X] do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dep't)

APPROVES PREVIOUS: (Dep't/Dir)

[X] fiscal impact: Revenue

[] fiscal note(s)

[] zero fiscal note

[] zero fiscal note(s)

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Eugene A. Klebansky	✓				
Eric Reardon	✓				
Sam Wilson	✓				
Mike Miller	✓				
W. G. Lundberg	✓				

Eugene A. Klebansky
CHAIRMAN'S SIGNATURE

HOUSE COMMITTEE REPORT

(7)
 Date Referred: February 18, 1992 FURTHER REFERRALS: Finance

Date of Committee Action: 2/23/92

The STATE AFFAIRS Committee considered: HB 506

HOUSE BILL NO. 506 PF DIVIDEND CHECK-OFF FOR ANWR SUPPORT

"An Act relating to contributions from permanent fund dividends to be used for generating national support for the development of natural resources in the Arctic National Wildlife Refuge; and providing for an effective date."

- RECOMMENDATIONS:**
- be replaced with CSHB 506 (STA) the same title
 - a new title
 - have attached amendments(s)
 - do pass
 - do not pass
 - no recommendations
 - individual recommendations
 - additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Date) APPROVES PREVIOUS: (Date)

fiscal impact Revenue fiscal note(s) _____

zero fiscal note _____ zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Eugene A. Kubera</i>	✓				
<i>Yvonne Negette</i>	✓				
<i>Janice White</i>	✓	<i>[Signature]</i>			
<i>Mike Phillips</i>	✓				
<i>W. J. Gumbert</i>	✓				

Eugene A. Kubera
 CHAIRMAN'S SIGNATURE

Alaska State Legislature



Chairman
State Affairs
Committee

Legislative Council

Transportation
Committee

During Session
State Capitol
P.O. Box V
Juneau, Alaska 99811
(907) 465-4859

During Interim
P.O. Box 2463
Valdez, Alaska 99686
(907) 835-2111

Representative Eugene Kubina

March 1, 1992

MEMORANDUM

TO: House Finance Committee Members

FROM: Rep. Gene Kubina, Chairman
House State Affairs Committee *E. Kubina*

RE: CSHB 506

On Friday, February 28, 1992, the House State Affairs Committee held a hearing on HB 506 - relating to Permanent Fund Dividend Check-Off for ANWR Support. The Committee adopted a committee substitute which lowered the \$50.00 amount to \$25.00 and added the year of 1994 to the program.

One major concern that the Committee had with HB 506 was the administrative cost of the program. The initial cost was \$16,600. for FY 93 and an additional \$16,200. for FY 94. Due to this factor, over 600 Alaskans will need to contribute funds from their dividends each year before any support for ANWR will be realized. We strongly recommend that the House Finance Committee consider taking these costs out of the General Fund rather than taking them out of the Permanent Fund Dividend program. In this way, the people who choose to donate their money to support ANWR will be able to do just that rather than paying for the administration of the program. Thank you very much for your attention to this matter.

— DISTRICT SIX —

• Chenega Bay • Chitina • Cooper Landing • Cordova • Hope • Moose Pass • Seward • Tazewell • Valdez • Whittier •





Alaska State Legislature

Session
State Capitol
Juneau, AK 99801
(907) 465-4949

Member

Randy Phillips
State Representative
House District 15

Interim
P.O. Box 142
Eagle River AK 99577
(907) 694-4949

House Finance Committee

A

Memorandum

EB 1 0 1992

TO: Representative Gene Kubina, Chairman

FROM: Representative Randy Phillips *REP*

DATE: February 19, 1992

RE: House Bill 506, "An Act relating to contributions from permanent fund dividends to be used for generating national support for the development of natural resources in the Arctic National Wildlife Refuge; and providing for an effective date."

House Bill 506 has been referred to the State Affairs Committee.

Please consider this as my formal request that H.B. 506 be scheduled before your committee for an early hearing.

If you have any questions or comments do not hesitate to call me at 4949. Your cooperation is appreciated.



Alaska State Legislature

Session
State Capitol
Juneau, AK 99801
(907) 465-4949

Member

Randy Phillips

State Representative
House District 15

Interim
P.O. Box 142
Eagle River AK 99577
(907) 694-4949

House Finance Committee

Memorandum

TO: Representative Gene Kubina, Chairman

FROM: Representative Randy Phillips *Rep*

DATE: February 19, 1992

RE: Sponsor Statement in Support of;
House Bill 506, "An Act relating to contributions from permanent fund dividends to be used for generating national support for the development of natural resources in the Arctic National Wildlife Refuge; and providing for an effective date."

House Bill 506 would provide that each Alaska resident who applies for a permanent fund dividend be given the option of donating \$50 of that dividend to a special fund to be used for generating national support for the development of natural resources in the Arctic National Wildlife Refuge.

The coastal plain of the Arctic National Wildlife Refuge (ANWR) may hold a deposit of oil and natural gas that is nearly equal to that which has been found at Prudhoe Bay. As oil production declines in the existing North Slope fields, it is critical for new fields to be brought on line. ANWR holds the best chance of any area in Alaska to hold a significant quantity of oil and gas.

When U.S. Senator Ted Stevens addressed the joint session of the Alaska Legislature on February 13, 1992, he proposed that Alaskans be allowed to contribute a portion of their permanent fund dividend to a fund to be used to promote the opening of ANWR. House Bill 506 would provide a mechanism for individual Alaskans to show their support for the opening

of ANWR and at the same time provide funding for a grassroots campaign to move national public opinion toward supporting the opening of ANWR.

The Alaska State Legislature recognizes the value of opening ANWR to oil and gas development. For FY92 the Legislature authorized the expenditure of \$3.1 million, in the Governor's budget, for the promotion of oil and gas exploration in ANWR. Also in 1991, both houses of the Legislature passed their own version of SJR21, *Relating to oil and gas exploration and production within, and the state's royalty shares in the development of, the Arctic National Wildlife Refuge*. While the two houses have not agreed to the final form of SJR21, both houses have passed a version of SJR21 that clearly shows support for exploratory drilling and, if practical, oil production in ANWR.

House Bill 506 provides a simple mechanism for individuals to express their support.

If you have any questions or comments do not hesitate to call me at 4949. Your cooperation is appreciated.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 506

Revision Date: _____
Title: Contributions from permanent fund dividends
Sponsor: Phillips, Miller, MacLean
Requestor: House State Affairs

Agency Affected: Revenue
BRU: Permanent Fund Dividend Division
Components: Permanent Fund Dividend Division
COMPONENT SERIAL NO. 9 8 1

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
OPERATING						
PERSONAL SERVICES	14.1	13.7				
TRAVEL						
CONTRACTUAL	2.5	2.5				
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	16.6	16.2				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (SPECIAL ANHR ACCOUNT)	16.6	16.2				
TOTAL	16.6	16.2				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: See attached.

Prepared By: Thomas C. Williams Phone: 465-2323
Division: Permanent Fund Dividend Division Date: February 20, 1992

Approved by Commissioner: Daniel R. ... Date: 2/20/92
Agency: Revenue

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & impacted Agency(ies).

page 1 of 3

ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION
HB 506 ANALYSIS
As of February 20, 1992

Assumptions:

1. This bill is the only Permanent Fund Dividend checkoff bill that will become law. This fiscal note would change if other PFD checkoff bills are introduced and become law.
2. The Department of Administration will charge the Department of Revenue for the required additional computer time.
3. The cost of programming changes will be a one-time cost. Ongoing maintenance of new programs would be accomplished by existing staff. The computer system will need to be changed to account for the change in the program, to establish new accounting controls and to provide for the transfer of funds to the trust account. The following tasks will require the following programming hours.

	<u>Hours</u>
a. <u>Wang Data Entry Processing Updates</u>	75.0
(1) Data entry	
(2) Batch lists	
(3) Corrections	
(4) Wang to IBM transfer	
b. <u>IBM File Processing Updates</u>	30.0
(1) Edits	
(2) Batch listings	
(3) Worksheets	
c. <u>CICS Online Programs for Lookup and Changes</u>	37.5
d. <u>Nightly Update of Changes</u>	22.5
e. <u>Warrant Jobs</u>	90.0
(1) Printing warrants with different amounts. Include check stub messages.	
(2) Modify warrant registers as needed for balancing.	
(3) Create new program for transferring accumulated decisions to trust account and to account for the reserve necessary due to returned and cancelled PFD warrants.	
f. <u>Miscellaneous</u>	45.0
(1) Setting up test files on IBM	
(2) Systems testing	
 <u>Total Hours</u>	 <u>300.0</u>

ALASKA DEPARTMENT OF REVENUE
 PERMANENT FUND DIVIDEND DIVISION
HB 506 ANALYSIS
 As of February 20, 1992

4. One Document Processor I position would be required for three months to assist in the manual review and coding of 525,000 applications. One Data Processing Clerk I position would be required for two months to assist in data capture.
5. Garnishments and assignments will take precedence over contributions in the order established by statute. The PFD Division will only honor contributions to the extent that an individual's permanent fund dividend has not otherwise been assigned or garnished.
6. The PFD Division will be responsible for electronically transferring contributions to the special fund account.
7. The Treasury Division will be responsible for the accounting and management of the special account.

Cost Summary:

1. Personal Services

	<u>FY 93</u>	<u>FY 94</u>
1 PPT Analyst/Programmer V, R21 @ \$7,057.40/Mo including salary and benefits for 2 months. PCN 04-6011 would be funded for an additional 2 months.	\$ 14.1	\$ -0-
1 PPT Document Processor I, R7 @ \$2,660.39/Mo including salary and benefits for 3 months. This position represents the equivalent of the additional time and effort.	-0-	8.0
1 PPT Data Processing Clerk I, R8 @ \$2,867.86/Mo including salary and benefits for 2 months. This position represents the equivalent of the additional time and effort.	<u>-0-</u>	<u>5.7</u>
Total Personal Services	<u>14.1</u>	<u>13.7</u>

2. Contractual Services

a. Data Processing Chargeback	<u>2.5</u>	<u>2.5</u>
TOTAL COST	<u>\$ 16.6</u>	<u>\$ 16.2</u>

Alaska State Legislature

Legislative Research Agency



P.O. Box Y
Juneau, AK 99811-3100
Phone: (907) 163-3991
Fax: (907) 163-3331

June 18, 1990

MEMORANDUM

TO:

FROM:

RE: Economic Prospects of ANWR versus Marginal Fields
Research Request 90.147

You asked if the state's economic interests might be best served by promoting the development of known marginal fields on the North Slope rather than urging the federal government to open the Arctic National Wildlife Refuge (ANWR) to drilling.

There may be valid social and environmental reasons for the state of Alaska not to promote petroleum exploration in ANWR; indeed, to attempt to block the federal government from authorizing further exploration. However, from a strictly economic perspective, it is hard to develop a case against penetration of ANWR by the oil industry. This is because 1) the geologic structures in ANWR hold the potential of very large discoveries; 2) there is very little the state can reasonably do to promote the development of known marginal fields elsewhere on the North Slope; 3) development of a discovery in ANWR, even a major discovery, should not be an obstacle to development of marginal fields elsewhere; 4) development of a commercial discovery in ANWR would stimulate the exploration for additional fields and make possible the development of new marginal fields; and 5) development of a commercial discovery in ANWR would help maintain throughput of the trans-Alaska pipeline, and thereby lower the cost of pipeline transportation for all North Slope production (and increase state royalty and severance tax revenue).

Potential of ANWR

On the basis of information obtained from surface studies and seismic surveys, the coastal plain of ANWR is underlain by some very large geologic structures that could contain quantities of oil comparable to the Prudhoe Bay field. Of course, whether they do or not can be known only by drilling. There have been many promising structures in Alaska that were found to be dry by drilling. The Mukluk formation in federal waters of the Beaufort Sea is the best-known recent example of these, but there have been others as well. Indeed, approximately 75 wells have been drilled in federal off-shore lands in the last decade, and only one (in the Beaufort Sea) may prove to have oil of commercial significance.

March 5, 1990

Page 2

The U.S. Department of the Interior estimates that in the coastal ANWR plain there is a 19 percent probability of discovering hydrocarbons that are economic to produce. The department's geologists believe that a field of about 450 million barrels of recoverable oil is the economic threshold. They estimate that, if a commercial field is found, it has a roughly 50-50 chance of containing 3.23 billion recoverable barrels, and a five percent chance of containing over nine billion recoverable barrels. Estimates by the state of Alaska's geologists are somewhat more pessimistic, but impressive nonetheless.

The economic impact on the state of a multi-billion barrel discovery, under any conceivable revenue-sharing formula that might be adopted by Congress, would eclipse the impact of developing known marginal fields on the North Slope today.

Most North Slope marginal fields are economically marginal because of their small size in relation to the high cost of development in the arctic. The most recent discovery on the North Slope, at Pt. McIntyre, is estimated to contain about 300 million barrels of recoverable oil. (If this field were discovered in West Texas, it would be considered a major find.) What makes this field commercial in the arctic is its proximity to the Prudhoe Bay infrastructure. Like other North Slope marginal fields, it is comparatively small: Pt. McIntyre is thought to contain only three percent of the recoverable reserves of Prudhoe Bay.

Attached to this memorandum is an excerpt from *Historical and Projected Oil and Gas Consumption, January, 1990*, by the Division of Oil and Gas of the Department of Natural Resources. Table 2.1 shows the estimated productive capacity, under three progressively optimistic scenarios, of known oil fields in Alaska. Note that West Sak is potentially a very large producer. However, West Sak oil is heavy and contained in sands that make it very expensive to produce. Development of this field demands robust oil prices. Royalty and severance tax concessions by the state might encourage the field owners to begin production sooner than they ordinarily would, but the economic return to the state under these conditions may not be great. (See discussion below.)

Policy Options for Marginal Fields

It is not clear what the state of Alaska can prudently do to encourage the development of more North Slope marginal fields. The recent economic limit factor (ELF) revision virtually eliminated severance taxes on most of the smaller fields (or that was its intent, in any case). For the most part, the development of these fields hinges on the price of oil (more precisely, expectations of the future price of oil). While further state economic subsidy might tip the scales toward development, the net long-term benefits of granting such subsidy is not clear. In any case, whether or not there is a net economic benefit to the state by granting, for example, royalty and/or severance tax concessions to promote the development of marginal fields, the potential benefit is insignificant in comparison to the potential benefit to the state of pursuing ANWR development.

March 5, 1990

Page 3

Simultaneous Development of ANWR and Marginal Fields

While a major development effort in ANWR might delay the development of some marginal fields for a time, there is no reason to believe that development of both resources would not occur simultaneously if economic conditions were favorable for putting marginal fields into commercial production. While a company with commercial ANWR acreage preoccupied with developing it might postpone development of a small field elsewhere, generally speaking marginal fields will be produced when it is economically feasible to do so. It seems unlikely that a shortage of capital or manpower, for example, would be created by the demands of ANWR development and thereby impede development of marginal fields.

Commercial development of discoveries in ANWR will require strong oil prices. Department of the Interior estimates of production in ANWR are based on prices of \$22 per barrel and higher, plus constantly escalating real prices throughout the life of the field. These price assumptions would doubtless be sufficient to bring known marginal fields on the North Slope into production.

ANWR and Development of New Marginal Fields

From the state's economic point of view, development of a major field in ANWR is desirable because it would stimulate more exploration and make the production of smaller fields in the vicinity feasible. Small fields in the arctic must share infrastructure that is justifiable by huge fields. All of the smaller fields on the North Slope combined, including Kuparuk, could not support construction of the trans-Alaska pipeline. Prudhoe Bay made possible the development of the Kuparuk field and the other producing fields on the North Slope. Development of a major discovery in ANWR would lead to additional exploration in the vicinity (as did the discovery at Prudhoe Bay), and improve the economics of developing smaller local fields that could not bear the cost of a connecting pipeline and other facilities on their own.

Lower Transportation Costs

ANWR production would help rather than hinder the development of known marginal fields because it would lower pipeline tariffs for all oil produced on the North Slope. The trans-Alaska pipeline currently has a throughput capacity of about two million barrels per day. Approximately 1.85 million barrels per day are currently being transported by the pipeline. This daily throughput will fall as production from the Prudhoe Bay and Kuparuk fields declines. As throughput declines, the charge per barrel of oil going through the pipeline will increase because this oil must pay operating costs of the pipeline, which will not decline significantly as volumes decline. New production from ANWR

March 5, 1990

Page 4

field(s) would help sustain throughput levels, and thereby improve the economics of production from marginal fields. Also, to the extent ANWR production lowered pipeline tariffs, the state's royalty and severance tax returns from all North Slope production would increase.

I hope this information is useful to you. If you would like further analysis of the question, please contact this agency.

Attachment

CHAPTER 2

RESERVE ESTIMATES AND ROYALTY SHARE

Introduction

This chapter discusses estimates of Alaska's oil and gas reserves and the state's royalty share of these reserves. The reserve estimates have been developed for three different cases. Analysts used the specific royalty terms of individual oil and gas lease contracts to calculate the state's royalty share of the reserves in each field. The low-range estimates assume falling oil and gas prices and/or poorer-than-predicted reservoir performance. The mid-range estimates assume relatively stable oil and gas prices and anticipated reservoir performance. The high-range estimates assume rising oil and gas prices and/or better-than-predicted reservoir performance.

Estimated oil and gas reserves and royalty share are shown in Table 2.1. Cook Inlet and the North Slope estimates were derived from different information sources, and within each region reserves are classed as 'proven and developed' or 'proven but undeveloped or shut-in.' These sub-categories distinguish those volumes of oil and gas which are readily marketable from those which need additional investment in facilities and transportation systems which, in turn, will delay their development.

Cook Inlet

Considerable information exists about the oil and gas reserves and potential in the Cook Inlet area. While there has been renewed interest in Cook Inlet exploration, infill drilling programs, and remedial field work, we do not anticipate that significant new reserves will be added in the near future. Recent changes in working interest ownership of several Cook Inlet gas fields have resulted in the development of some of these previously shut-in fields. The reserves are assumed to remain constant for low-, mid- and high-range estimates. Cook Inlet reserves account for about 1.8% of the low, 1.2% of the mid, and 0.8% of the high estimates of statewide total oil and gas reserves.

North Slope

Oil and gas reserve estimates shown in Table 2.1 are for currently leased state lands. Operators produce North Slope oil from the Sadlerochit and the Lisburne reservoirs in the Prudhoe Bay Unit, the Kuparuk River reservoir in the Kuparuk River Unit, and the Endicott reservoir in the Duck Is-

land Unit. Production from the Kuparuk River reservoir in the Milne Point Unit which was shut in January 1987, resumed in April of 1989. Average production in 1989 has been 12,000 barrels per day, but is expected to rise to 30,000 barrels per day in 1990.

Additional enhanced oil recovery operations at Prudhoe Bay Unit, over and above those already in operation, recovery of additional gas condensate and gas liquids from the Sadlerochit and Lisburne gas caps and enhanced oil recovery from the Kuparuk and Lisburne reservoirs represent an oil resource (versus oil reserves) of about two billion additional barrels of liquids which may or may not be economically recoverable sometime in the future.

The economics of enhanced oil recovery operations are extremely sensitive to incremental capital costs, changing markets and expected wellhead crude oil prices (which are influenced in part by pipeline tariffs, royalties and taxes). Systematic recovery of liquids from the Sadlerochit and Lisburne gas caps (and absent major gas sales, simultaneous reinjection of the dry gas back into the reservoirs) would require additional investment by the respective gas cap owners.

Depending on the nature of the liquids recovered and intended for sale, the owners of the Trans-Alaska Pipeline System (TAPS) may also have to invest in additional infrastructure, as well as retrofit existing pipeline, storage and shipping facilities to ship portions of these gas liquids. In the fall of 1988, the three major gas owners in the Prudhoe Bay Unit (ARCO, Exxon and BP America) announced that a major new gas project they were reviewing (called "Super Spike") did not appear to be economically feasible at that time. Prospects for the Super Spike project do not look favorable at this time.

Installation and start up of the world's largest central gas facility at Prudhoe Bay in 1986 was designed to separate gas liquids and gas condensate from the produced gas stream, and it is a major step in establishing the infrastructure that will be needed to proceed with any future large-scale gas sales or expanded gas cycling or gas cap liquid recovery projects. The currently configured plant separates propane, butane and heavier

hydrocarbon liquids from the produced gas stream and it could be modified to recover ethane. In addition to the heavier hydrocarbon liquids being shipped through TAPS today, significant ethane, propane and butane could be shipped through TAPS if the pipeline system and the storage and loading facilities at Valdez were modified. However, until a long term market can be identified for some or all of these three products, no major new gas liquids sale project will proceed.

Conversion of any of the above 'resources' to the 'proven reserves' category and the timing of that conversion must be viewed with extreme caution at this point. However, because billions of barrels of oil will remain in the ground at the Prudhoe Bay and Kuparuk River Units after completion of existing primary and secondary oil recovery operations, sufficient economic incentives to develop additional economic means of enhanced oil

recovery will exist well into the future. For instance, Prudhoe Bay Sadlerochit Reservoir's ultimate recovery was originally estimated to be 9.6 billion barrels but has slowly risen to 11 to 12 billion barrels. If this current estimate holds true, some 11 to 12 billion barrels will remain in place. However, new enhanced oil recovery technologies, increased infill drilling and horizontal drilling technology may increase the 11 to 12 billion barrel recovery figure even further.

Various North Slope leaseholders are continuing their experiments to economically produce the vast amounts of "heavy," low gravity oil in the shallow Tertiary and Cretaceous age sands primarily located west of Prudhoe Bay field in the Kuparuk River Unit area. Technology and equipment already exist to produce these types of oil deposits in more temperate, less costly operating and marketing climates. However, permafrost considerations, surface-related permitting, construc-

ESTIMATED REMAINING RESERVES AND ROYALTY SHARE

TABLE 2.1

	OIL (MILLIONS OF BARRELS)						GAS (BILLIONS OF CUBIC FEET)					
	RESERVES			ROYALTY SHARE			RESERVES			ROYALTY SHARE		
	LOW	MID	HIGH	LOW	MID	HIGH	LOW	MID	HIGH	LOW	MID	HIGH
NORTH SLOPE												
DEVELOPED												
East Barrow	---	---	---	---	---	---	7	7	7	---	---	---
Endicott	215	750	415	30	30	55	151	752	1,142	81	130	165
Kuparuk River Unit	545	895	1,055	65	111	130	205	520	870	49	80	84
Ludlum reservoir	80	130	250	10	10	15	75	125	245	58	111	123
Millie Forks Area	30	90	80	0	0	0	---	---	---	---	---	---
Prudhoe Bay Unit	4,420	4,700	5,400	550	561	675	25,840	25,840	25,840	3,230	3,230	3,230
South Barrow	---	---	---	---	---	---	0	0	0	---	---	---
UNDEVELOPED												
Beaufort Sea	0	100	200	0	20	80	---	---	---	---	---	---
P. Thompson/Fleetsman 10	0	0	200	0	0	30	---	---	8,000	0	0	825
West Sak	0	300	3,000	0	0	370	---	---	---	---	---	---
Natak	0	90	80	0	0	10	---	---	---	---	---	---
Point Barrow	150	200	200	10	21	30	---	---	---	---	---	---
SUBTOTAL	5,360	6,390	11,310	700	848	1,447	27,617	28,647	33,863	3,430	3,610	4,220
COOK INLET												
PROVEN AND DEVELOPED												
Beaver Creek	---	1	1	---	---	---	---	152	---	---	---	0
Beluga River	---	---	---	---	---	---	---	801	---	---	---	0.5
Cannery Loop	---	---	---	---	---	---	---	148	---	---	---	0
Gratte Point	---	10	10	---	---	---	---	12	---	---	---	0
Islet River, Leave River	---	---	---	---	---	---	---	---	---	---	---	---
Pelly Creek, Shung Lake	---	---	---	---	---	---	---	428	---	---	---	62
Katai	---	---	---	---	---	---	---	377	---	---	---	1.3
McArthur River	---	60	---	---	---	---	---	300	---	---	---	7.0
North Star/Brundage	---	0	---	---	---	---	---	---	---	---	---	---
North Cape area	---	---	---	---	---	---	---	---	---	---	---	8.0
South Star	---	---	---	---	---	---	---	148	---	---	---	0
Troing Bay	---	---	---	---	4.0	---	---	30	---	---	---	0
PROVEN BUT UNDEVELOPED OR SHUT-IN												
Brigh Creek	---	---	---	---	---	---	---	11	---	---	---	0
Foto Creek	---	---	---	---	---	---	---	---	---	---	---	0.7
Grande Creek	---	---	---	---	---	---	---	13	---	---	---	0.1
Kupuk River	---	---	---	---	---	---	---	---	---	---	---	0.1
Shilling	---	---	---	---	---	---	---	27	---	---	---	0.1
West Forks	---	---	---	---	---	---	---	20	---	---	---	0.1
West Star	---	---	---	---	---	---	---	---	---	---	---	0.1
SUBTOTAL	---	---	---	---	---	---	---	388	---	---	---	2.0
STATE TOTAL	9,820	12,780	22,620	1,400	1,697	1,447	31,210	31,667	37,913	3,730	3,610	4,220

RESERVES AND ROYALTY SHARE ARE ESTIMATED ON THE BASIS OF THE BEST AVAILABLE INFORMATION AND ARE SUBJECT TO CHANGE AS MORE INFORMATION BECOMES AVAILABLE. THE RESERVES AND ROYALTY SHARE ARE ESTIMATED ON THE BASIS OF THE BEST AVAILABLE INFORMATION AND ARE SUBJECT TO CHANGE AS MORE INFORMATION BECOMES AVAILABLE.

tion and operating constraints, and the projected wellhead price of the produced oil have stymied commercial development of these relatively shallow (but very large) resources.

ARCO completed one major pilot production project in the Kuparuk River Unit and laboratory research continues in an effort to improve project performance and economics. ARCO has drilled one well in a proposed 25 well program as part of a second major "West Sak" pilot production project in the Kuparuk River Unit. The operator will use a well spacing pattern which is less dense than was used in the first pilot project and will test various well bore completion techniques again in an attempt to improve individual well production rates. ARCO will also conduct a water flood program to test the influence of the larger well spacing on oil recovery and well performance. Unfortunately, the second West Sak pilot is currently suspended, and it is not known when, or if, ARCO will resume its West Sak testing program.

During 1989 Conoco drilled four test wells in Milne Point Unit to test the extensive shallow oil sands in that unit. With the resumption of production operations at Milne Point Unit, Conoco hopes to also begin commercial production from the shallow oil sands in the very near future.

Technology exists to produce in the range of 300,000 barrels per day of oil from the shallow north slope oil sands, but current economics do not appear to favor any type of full-scale development. In the Kuparuk River Unit, the Kuparuk River reservoir owners and the West Sak reservoir owners are discussing facilities-sharing agreements because they would greatly reduce the future West Sak development costs. As unused production and processing capacity in the Kuparuk oil production facilities become available in the late 1990s, the West Sak reservoir may be brought on line to offset some of the declining production. Development of the West Sak reserves will also require drilling many hundreds of additional wells and the construction of many more drillsites and pipelines. These costs cannot be avoided by use of facility sharing agreements.

Tables 2.2 and 2.3 list production forecasts for some of the fields listed in Table 2.1. Figure 2.1 graphs the estimates of total production and Figures 2.2 and 2.3 graph the estimates of the royalty share. North Slope oil production will decline further in 1990. The decline is beginning earlier and will be deeper than earlier forecasts

indicated. Total oil production from state-owned lands will decline through the 1990s.

Currently, North Slope natural gas is not exported. Both the Alaska Natural Gas Transportation System (ANGTS) and the Trans-Alaska Gasline System (TAGS) are proposed means of moving North Slope gas to market. To date, neither project has secured financing or a guaranteed market. The continued volatility and uncertainty in oil and gas prices, the relatively abundant worldwide supplies of natural gas, and the sheer magnitude and cost of the proposed pipeline projects combine to make the prospective purchasers of the gas, the financial institutions, and the projects' sponsors all very cautious at this time. Efforts to secure markets for the gas continue. However, start up of the ANGTS or TAGS project cannot be expected until financing for one or both projects is arranged, and financing likely will not be finalized until long-term sales agreements for the gas are guaranteed. In addition, the lessees (primarily ARCO, Exxon and BP (Alaska) Inc.) have not agreed to sell the gas to either pipeline company.

Esso Resources Canada, Gulf Canada Resources and Shell Canada applied to the Canadian National Energy Board in 1988 for permission to export gas from the Canadian Beaufort Sea and MacKenzie River Delta to the United States. In October 1989 these companies received conditional approval for the export. Foothills Pipe Lines (the Canadian sponsor of the ANGTS project) has filed an application with the Canadian National Energy Board to build the MacKenzie Valley gas pipeline. This project would be in direct competition with Alaska North Slope gas for potential U. S. markets, but it might also be an incentive to re-evaluate the once-proposed gas pipeline from Prudhoe Bay east across the Arctic National Wildlife Refuge to the Canadian MacKenzie River Delta area. Such a pipeline probably would be much cheaper to build than either ANGTS or TAGS. At this time no estimates of construction or transportation costs are available for this type of proposal. In addition, ANWR legislation under consideration by Congress would expressly prohibit the construction of a pipeline eastward across wilderness areas in ANWR to the U.S. - Canada border.

BP (Alaska) Inc. proposes to develop the Nishab reservoir, located about one mile offshore in the Beaufort Sea just south of Prudhoe Bay. BP estimates that the reservoir could produce up to 25,000 barrels per day of oil beginning in 1992 and

TABLE 2.2

PRODUCTION FORECAST AND AVAILABLE ROYALTY OIL
THOUSANDS OF BARRELS PER DAY

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL	
PRODUCTION FORECAST																																						
NORTH SLOPE																																						
Fracture Day [1]	1,251	1,146	1,052	1,014	929	857	789	726	661	614	563	514	463	414	365	317	274	237	215	187	163	136	110	86	64	47	33	21	12	7	4	2	1	0	0	4,882,510		
Koparruk	300	300	290	250	270	280	31	34	31	28	25	21	19	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	154,500		
Lithonia	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	14,700	
Endicott	100	100	88	78	70	64	60	56	51	46	41	36	31	26	21	16	11	6	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	432,810		
Mine Point	30	30	25	18	15	10	0	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	237,750		
West Sea	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	170,000		
Plant McIntyre	0	0	20	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	
Beachel Sea	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Fracture	0	0	0	20	20	20	17	14	12	10	9	8	7	6	5	4	3	2	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,201,700	
SUBTOTAL	1,801	1,666	1,542	1,401	1,307	1,251	1,148	1,067	968	893	823	761	696	642	585	547	511	466	426	379	329	290	250	200	170	140	124											
COOK INLET																																						
Granite Point	7.0	7.0	6.0	6.0	6.0	6.1																																
McArthur River	10.0	10.0	10.0	10.0	10.0	10.0																																
Trading Bay	7.0	7.0	7.0	7.0	7.0	7.0																																
Mobile Ground Sheet	7.0	7.0	7.1	6.4	6.0	6.0																																
SUBTOTAL	30.7	30.7	30.0	31.4	29.0	29.0																																
STATE TOTAL	1,831	1,700	1,572	1,432	1,336	1,279	1,148	1,067	968	893	823	761	696	642	585	547	511	466	426	379	329	290	250	200	170	140	124											
AVAILABLE ROYALTY OIL																																						
NORTH SLOPE																																						
Fracture Day [1]	146	135	126	117	117	107	88	81	74	67	60	53	46	39	32	25	19	13	8	4	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Koparruk	36	36	36	31	29	26	22	19	16	13	10	7	5	3	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		
Lithonia [2]	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Endicott [3]	14	14	12	11	10	9	7	6	5	4	3	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		
Mine Point [4]	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
West Sea [5]	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Plant McIntyre	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Beachel Sea	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Fracture	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
SUBTOTAL	226	214	187	167	173	160	148	133	121	112	100	88	87	76	71	64	56	48	41	34	28	23	19	15	11	8	6	5	4	3	3	2	2	2	2	2		
COOK INLET																																						
Granite Point	0.0	0.0	0.0	0.0	0.0	0.0																																
McArthur River	2.0	2.0	2.0	2.1	1.9	1.7																																
Trading Bay	0.0	0.0	0.0	0.0	0.0	0.0																																
Mobile Ground Sheet	0.0	0.0	0.0	0.0	0.0	0.0																																
SUBTOTAL	2.0	2.0	2.0	2.1	1.9	1.7	1.48	1.33	1.21	1.12	1.00	.88	.87	.76	.71	.64	.56	.48	.41	.34	.28	.23	.19	.15	.11	.8	.6	.5	.4	.3	.3	.2	.2	.2	.2	.2		
STATE TOTAL	228	216	189	169	174	161	149	135	122	113	100	88	87	76	71	64	56	48	41	34	28	23	19	15	11	8	6	5	4	3	3	2	2	2	2			
IN-KIND ROYALTY OIL SALES																																						
Meyo	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	
GVA [7]	0	0	0	0	0	0																																
Tascon (Old) [8]	0	0	0	0	0	0																																
Tascon (New) [9]	0	0	0	0	0	0																																
Chascon [10]	0	0	0	0	0	0																																
Palms [11]	0	0	0	0	0	0																																
Cook Inlet	0	0	0	0	0	0																																
STATE TOTAL	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36		
IN-VALUE ROYALTY OIL																																						
	134	130	122	114	107	100	88	80	72	65	58	51	44	37	30	23	17	11	6	3	2	1	1	1														

**PRODUCTION FORECAST AND AVAILABLE ROYALTY OIL,
FOR PRODUCING NORTH SLOPE FIELDS**

TABLE 2.3

THOUSANDS OF BARRELS PER DAY

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL			
PRODUCTION FORECAST																														
PRINCE OF WALES BAY (1)	1,351	1,100	1,100	1,014	922	847	790	770	680	614	563	480	440	405	363	326	294	267	218	187	163	126	110	90	66	77	4,202,316			
Amaroak	0.04%	7	0	0	0	0	4	4	4	3	3	3	3	3	2	2	2	2	1	1	1	1	1	1	1	1	24,379			
Arco	21.75%	293	241	240	221	203	187	172	150	145	130	120	108	98	88	79	70	62	54	47	41	36	30	26	22	19	10	1,087,722		
BP	30.84%	415	367	360	314	272	254	200	180	160	142	127	114	104	94	85	76	67	58	50	43	37	30	26	21	18	10	2,464,730		
Chevron	0.87%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	30,000		
Esso	21.75%	293	241	240	221	203	187	172	150	145	130	120	108	98	88	79	70	62	54	47	41	36	30	26	22	19	10	1,087,722		
EAAC	0.04%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,000		
Marathon	0.01%	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,448	
Medco	1.00%	14	12	12	10	9	8	7	6	5	4	3	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	50,731	
Phillips	1.85%	25	23	21	19	18	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1	1	1	1	1	1	1	50,166	
Shell	0.10%	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	8,700	
Tecoco	0.02%	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	24,866	
RUPARUK		300	300	290	290	290	190	170	160	170	100	80	70	60	50	40	30	20	10	10	10	10	10	10	10	10	10	300,300		
Arco	63.01%	190	190	180	180	180	110	100	100	100	60	50	40	30	20	10	10	10	10	10	10	10	10	10	10	10	10	300,300		
BP	37.04%	110	110	110	110	110	80	70	60	70	40	30	20	10	10	10	10	10	10	10	10	10	10	10	10	10	10	1,000		
Chevron	0.11%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,041	
Esso	0.27%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,427	
Midcon	0.37%	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	30,790	
Uncon	4.25%	13	13	12	11	10	0	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	164,000	
LILJURNE		60	60	60	60	60	37	34	31	28	25	21	19	17	15	13	11	10	9	8	7	6	5	4	3	2	1	0	0	0
Arco	40.00%	18	18	18	18	18	10	14	12	11	10	9	8	7	6	5	4	3	2	1	1	1	1	1	1	1	1	1	1	1
BP	20.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Esso	40.00%	10	10	10	10	10	15	14	12	11	10	9	8	7	6	5	4	3	2	1	1	1	1	1	1	1	1	1	1	1
ENDICOTT		100	100	90	70	70	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
Arco	10.00%	10	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Arco	10.00%	10	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BP	87.81%	80	80	90	70	70	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
CNO	0.00%	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Esso	0.10%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Esso	21.07%	21	21	10	10	10	14	10	12	11	10	9	8	7	6	5	4	3	2	1	1	1	1	1	1	1	1	1	1	1
NANA	0.30%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Uncon	10.07%	11	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MILNE POINT		30	30	30	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Chevron	17.37%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conoco	72.10%	20	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Esso	10.64%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL		1,861	1,602	1,627	1,380	1,278	1,160	1,088	948	877	794	730	617	530	473	413	361	314	272	230	202	173	140	110	90	77	4,300,100			
AVAILABLE ROYALTY OIL																														
Prince of Wales (1)	100	100	100	127	117	107	90	81	64	77	60	67	58	50	40	30	21	27	20	20	17	10	10	10	11	0	0	0	0	
Ruparuk (2)	30	30	30	31	29	24	22	18	18	13	11	9	8	7	6	5	4	3	3	3	3	3	3	3	3	3	3	3	3	
Liljurne (3)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Endicott (3)	10	10	12	11	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Milne Point (4)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL	70	71	102	170	147	140	120	123	111	100	90	79	67	58	47	36	26	34	29	26	22	16	16	13	11	0	0	0		
IN-KIND ROYALTY OIL SALES																														
Medco	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	
GVLA (5)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Taxco (Old) (6)	41	37	34	31	29																									
Taxco (New) (7)	20	21	19	18	18																									
Chevron (8)	10	10	10	10	10																									
Phillips (9)	0	0	0	0	0																									
TOTAL	101	119	100	102	97	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	
IN-VALUE ROYALTY OIL																														
	101	96	84	74	64	100	100	97	70	61	55																			

OIL PRODUCTION FORECAST

(Thousands of Barrels per Day)

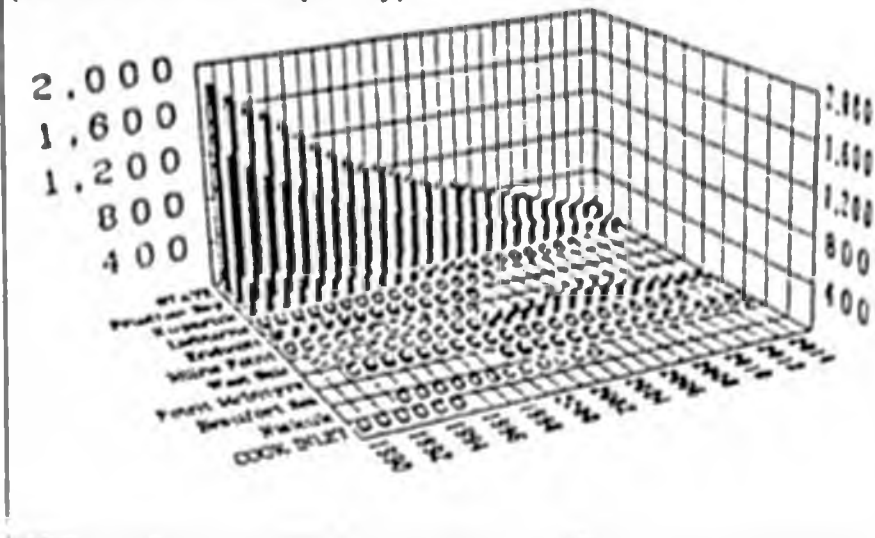


FIGURE 21

1993 if development plans are approved in a timely manner. The proposal includes a 6,600-foot, gravel-fill causeway which state and federal agencies are now reviewing. The U. S. Army Corps of Engineers had issued a preliminary finding that the causeway was unacceptable as proposed but has since withdrawn that finding. Permit applications are also still pending with state agencies. The North Slope Borough has approved the application. State agencies might not approve the project, or BP may be required to substantially modify its design.

In early 1988, Alaska became the number one oil producing state in the nation. However, with the ongoing decline in production at Prudhoe Bay, Texas has again regained the number one producing spot.

Prudhoe Bay's current production rate of 1.40 million barrels per day of crude oil and condensate is expected to continue its slow decline in 1990. The actual rate of the decline will be influenced by the level of infill development drilling, rate of development of the field's West End and P Pad, scheduling of well workovers and equipment repairs, water and miscible gas injection rates, and the capabilities of the installed and to-be-installed gas handling and water handling facilities.

The Prudhoe Bay owners have approved the construction of GHX-1, a major new gas handling expansion project, and construction is underway at this time. The project is designed to boost the amount of gas that can be produced, handled, and

re-injected from about 3.5 billion cubic feet per day to just over 5 billion cubic feet per day. Bottlenecks in gas processing facilities and insufficient gas compressor capacity are causing a gas overload in the field production facilities as gas production from the field increases. Operators are reducing oil production rates because the gas processing facilities cannot handle the increased amount of gas associated with

the higher oil production rates. The average oil production rate in 1990 might not reach the allowed annual average 1.5 million barrels of oil per day. Start up of the GHX-1 facilities in late 1990 will alleviate some of the gas overload. The producers are already studying a second project, GHX-2, which would boost the gas handling capacity in the field to about 7.5 billion cubic feet per day.

Start-up of the GHX-1 project (and the potential for the GHX-2 project) will help slow the decline of oil production at Prudhoe Bay. If additional gas handling facilities are not installed, the decline will be much more rapid than currently anticipated. In relative terms, more and more gas will be produced along with each barrel of oil as oil production continues over the years. If this additional gas cannot be processed and re-injected, the oil production rate will have to be cut back even further.

Expansion of the Prudhoe Bay field water handling facilities is also underway. Major construction projects are planned for 1990 to boost water handling capacity. These improvements will also help to keep the oil production decline rate from rapidly escalating.

Even with these major gas and water handling improvements, the oil production rate will continue to drop. Facility and pipeline down time is increasing year to year as corrosion and mechanical wear take their toll. The TAPS pipeline requires significant maintenance and repair in 1990.

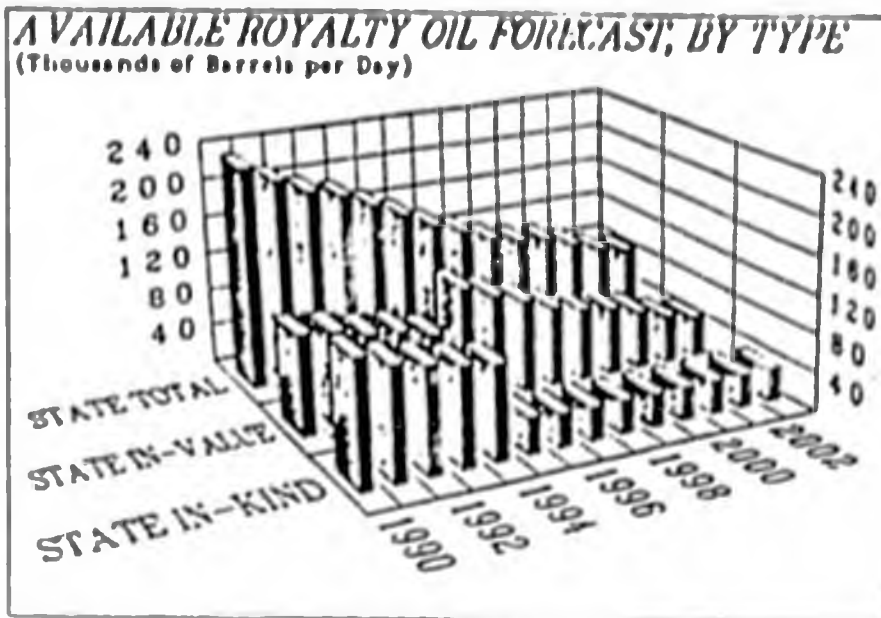


FIGURE 22

and operators plan major corrosion related work for 1990, including the replacement of a nine-mile segment of the TAPS line.

Infill drilling and development of peripheral drill sites continues in the Kuparuk River field. In addition, leases will expand an enhanced oil recovery project (miscible gas injection) in the field. Supplies of sufficient volumes of miscible gas injectant limit the area in the field that can be affected at any one time.

Exploration Activity

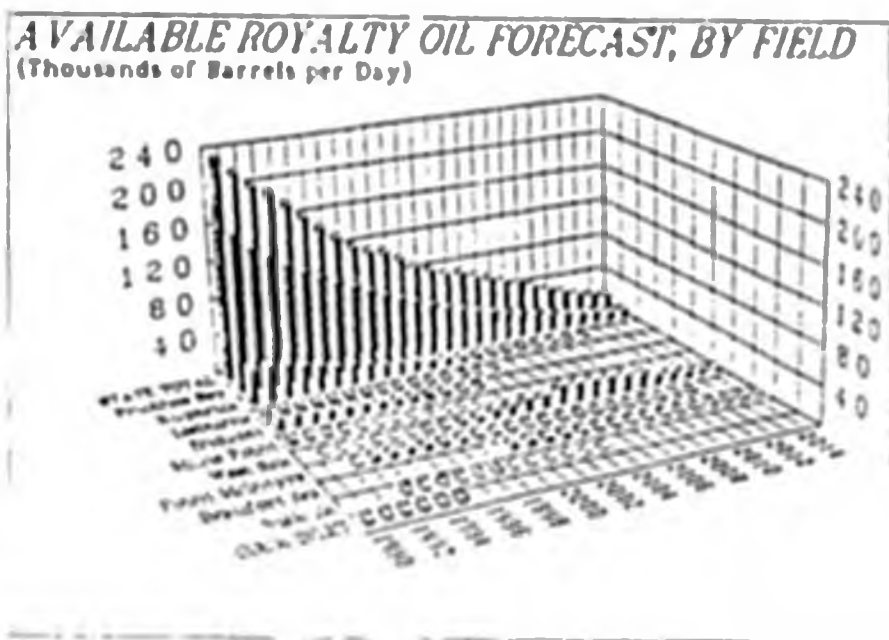
Exploratory drilling activity in 1989 showed a marked increase over the past few years. On the North Slope, primary operations were onshore drilling south of the Kuparuk River Unit and in the Point McIntyre/Gwydyr Bay area. Offshore in the Beaufort Sea, Chevron's Karluk #1 was the only exploratory well completed. In the federal OCS portion of the Beaufort Sea Amoco completed its Belcher #1 well. Meanwhile, in the Chukchi Sea,

Shell was active drilling one well and starting two others.

South of the Kuparuk River Unit, three leases (BP, Texaco and Unocal) conducted drilling operations in 1989, and Texaco and BP have acquired permits to drill additional wells in the area. No results have been released for those wells drilled in 1989. In the Point McIntyre area, ARCO drilled three wells and announced a major oil discovery. Press reports stated

that the reservoir may hold up to 300 million barrels of recoverable oil. Because of the reservoir's close proximity to the existing Prudhoe Bay/Lisburne infrastructure, development of the Point McIntyre reservoir should proceed rather quickly. The reservoir could be producing as early as 1992. ARCO also drilled an exploratory well just west of the Point McIntyre area but did not release any results from that well. Three more delineation wells are scheduled for the Point McIntyre area this winter as well as one more well immediately west of that area.

FIGURE 23



In the Duck Island/Endicott area, BP is conducting a long term production test at its Sag Delta #9 location and is planning to drill an exploratory well (Sag Delta #12) just southwest of the Endicott reservoir. ARCO plans to drill at least two delineation wells in the Kuparuk River Unit this winter and one well in the Hemi Springs Unit area. In addition, ARCO commenced drilling of the Stinson well #1 offshore in the Camden Bay area in the fall of 1989.

Numerous exploration activities are scheduled for 1990. In addition to the planned wells mentioned above, Shell intends to return to the Chukchi Sea, Amoco has a well approved for the eastern Beaufort Sea Outer Continental Shelf, Exxon has a well planned for the Point Thomson Unit, Conoco has a well planned in the Mikkelson Bay area

and ARCO has a well planned in the Kavik area. Overall, the pace of exploratory drilling activity on the north slope is encouraging for 1990.

In the Cook Inlet area, remedial well work and infill drilling at currently producing fields continue at a good pace. While no new exploratory wells were drilled in 1989, collection of seismic data continued and lessees plan up to four exploratory wells in 1990. The recent sales or trades of lease interests and operatorships in the Cook Inlet area have resulted in better lease positions for certain companies, which are now planning new exploration activities. In addition, leases issued in the early 1980s are about to expire; some additional drilling activity is anticipated as these leases approach the end of their primary term.



Anchorage - Star of the North
Chamber of Commerce

**ANCHORAGE CHAMBER OF
COMMERCE**
1992 Legislative Priorities
January 24, 1992

Anchorage Chamber of Commerce Mission
Make Anchorage a better place to live, work and
do business profitably through the promotion of
economic, civic and social development of our
city.

STATEWIDE AND FEDERAL ISSUES

The Anchorage Chamber of Commerce recognizes the need to support legislation and issues that are of Statewide benefit. The following is a list of Statewide/Federal issues and legislation that the Chamber supports for study and/or passage.

1. Finding Solutions to the Fiscal Gap (see attached)
 - a) No new state capitol building in Juneau/sell the land
 - b) Study privatization opportunities
 - c) Study cap on dividends
 - d) Don't spend the undistributed income from the Permanent Fund this year
2. Active promotion of the opening of ANWR and other Alaska resource development opportunities
3. Continue study of State Legislative term limits
4. Federal Term Limits by U.S. Constitutional Amendment as authorized by 38 states.
5. Legislative session limit to 90 days
6. Constitutional Amendments By Initiative
7. Support Congressional delegation as needed to keep Alaska Military facilities open and at current or greater levels of personnel
8. Crime Related Issues/Legislation (see attached)
 - Support current funding level of violent crime compensation
 - Continued pressure on the court system to prioritize compensation from convict to victim
 - State conspiracy law
 - SB 192-State seizure in drug crimes
 - HB102- Legal intoxication levels
 - Parental responsibility legislation
 - HB101-Juvenile Waiver
 - Review of the juvenile justice system and implementation of boot camps for juvenile offenders
 - Statute of limitations for sexual assault offenders
 - Tougher probation follow-up
 - Prosecutor appeal of sentencing
 - Jail overcrowding

**ADDRESS OF SENATOR TED STEVENS
TO THE 17TH ALASKA STATE LEGISLATURE, SECOND SESSION
JUNEAU, ALASKA
THURSDAY, FEBRUARY 13, 1992**

1991 WAS A MEMORABLE YEAR. THE COLD WAR ENDED WITH THE APPARENT COLLAPSE OF COMMUNISM. WITH THE UNITED NATIONS, WE FOUGHT AND WON A WAR IN THE PERSIAN GULF TO PROVE THAT NAKED AGGRESSION WOULD NOT RULE IN THE POST-COLD WAR WORLD.

THEN, THE NATION ENTERED A RECESSION THAT WE STILL ARE STRUGGLING TO OVERCOME. IT WAS ALSO A YEAR OF CHANGE FOR ME. I SUCCEEDED IN A PERSONAL BATTLE AGAINST PROSTATE CANCER. I'M DEEPLY GRATEFUL FOR THE PRAYERS AND SUPPORT THAT ALASKANS, INCLUDING MANY OF YOU IN THIS CHAMBER, PROVIDED MY FAMILY AND ME DURING THAT DIFFICULT TIME. IT'S THE SORT OF EXPERIENCE THAT TEACHES WHAT IS REALLY IMPORTANT IN LIFE.

AMERICA'S CHALLENGES ARE ALSO ALASKA'S CHALLENGES.

THE NORTH PACIFIC FISHERY MANAGEMENT COUNCIL'S INSHORE-OFFSHORE ALLOCATION DECISION IS GOOD BIOLOGY AND SOUND ECONOMICS.

FACTORY TRAWLERS ARE EXTRAORDINARILY WASTEFUL IN HARVESTING GROUND FISH. UP TO TWENTY-TWO PERCENT -- MORE THAN 189 MILLION POUNDS A YEAR -- OF THE POLLOCK HARVESTED BY FACTORY TRAWLERS GO OVER THE SIDE WITHOUT EVER BEING PROCESSED. SHOREBASED TRAWLERS DISCARD ONLY ABOUT ONE PERCENT.

IN ADDITION, FACTORY TRAWLERS ALSO WASTE INCIDENTALLY CAUGHT SPECIES -- AT LEAST ONE HUNDRED AND TWENTY FOUR THOUSAND HALIBUT AND TWENTY THOUSAND CHINOOK SALMON. SHORESIDE PLANTS AND THE VESSELS SUPPLYING THEM USE THE RESOURCE MORE EFFECTIVELY AND PROVIDE MORE JOBS AND PAY TAXES TO COASTAL COMMUNITIES.

FULL UTILIZATION OF HARVESTED FISH MUST BE THE

RALLYING CRY OF ALASKANS IN THE 1990'S JUST AS AMERICANIZATION WAS IN THE 1980'S. IT IS AN ISSUE ON WHICH WE CAN JOIN FORCES WITH NATIONAL ENVIRONMENTAL GROUPS.

FACTORY TRAWLERS HAVE HIRED THE MOST AGGRESSIVE LOBBYISTS IN WASHINGTON TO DEFEAT THE COUNCIL'S POSITION. THOSE LOBBYISTS WORK ON ADMINISTRATIVE AGENCIES AS WELL AS CONGRESS.

THE COUNCIL IS RECONSIDERING INDIVIDUAL FISHING QUOTAS. THE IFQ CONCEPT MAY HAVE SOME MERIT BUT I HOPE THAT THE COUNCIL WILL FIND WAYS TO INCLUDE, IN A MORE MEANINGFUL FASHION, THE YOUNG MEN AND WOMEN WHO PUT THEIR LIVES AT RISK WORKING IN COMMERCIAL FISHING -- WE NEED A SYSTEM THAT NEW GENERATIONS OF ALASKANS CAN AFFORD TO ENTER AND DOES NOT ALLOW ANY GROUP TO CONTROL OUR FISHERY BY AGGREGATING IFQs.

RESOLVING THE SUBSISTENCE CONTROVERSY IS NECESSARY TO PROTECT ALASKA'S ABILITY TO MANAGE UPLAND GAME, SALMON AND OTHER FISH IN STATE WATERS.

UNLESS WE ACT SOON, BY THE END OF THE YEAR THE FEDERAL GOVERNMENT WILL BE MANAGING ALL FISH AND WILDLIFE -- INCLUDING OUR SALMON FISHERIES -- UNDER COURT ORDER.

THERE IS ONLY ONE SOLUTION; WORKING TOGETHER TO RESTORE UNIFIED STATE MANAGEMENT OF ALL FISH AND GAME.

THE GOVERNOR'S SUBSISTENCE PLAN IS A STEP IN THE RIGHT DIRECTION. I BELIEVE A CONSTITUTIONAL AMENDMENT IS REQUIRED WHILE THE GOVERNOR BELIEVES THE ALASKA LANDS ACT MUST BE CHANGED.

IF THE USER GROUPS -- AFN, UFA, AND THE ALASKA OUTDOOR COUNCIL -- CAN COME TO SOME CONSENSUS ON A PLAN, I AM WILLING TO ASK CONGRESS TO CONSIDER ADJUSTMENTS TO ANILCA IF YOU AND THE GOVERNOR ARE WILLING TO PRESENT A CONSTITUTIONAL AMENDMENT TO THE VOTERS OF ALASKA. IF WE CANNOT COME TO SOME AGREEMENT HERE AT HOME, EVERYONE EXCEPT DIEHARD OPPONENTS OF ALL HUNTING AND FISHING WILL LOSE.

MANY OF YOU HAVE RIGHTFULLY EXPRESSED CONCERN ABOUT THE POTENTIAL IMPACT OF REDUCED DEFENSE SPENDING AND FORCE REDUCTIONS ON ALASKA.

IN MY JUDGMENT, AS THE UNITED STATES MOVES TO FILL THE POWER VACUUM CAUSED BY THE DEMISE OF THE SOVIET UNION, ALASKA'S STRATEGIC LOCATION SHOULD GET EVEN GREATER RECOGNITION BY PENTAGON PLANNERS.

EVEN SO, IT'S GOING TO BE A BUMPY RIDE OVER THE NEXT FEW YEARS AS RECONFIGURATION AND REDEPLOYMENT OF OUR FORCES WORLDWIDE CONTINUES.

FRANK MURKOWSKI AND I CAME HOME LAST WEEK TO SEEK THE ADVICE OF ALASKANS ABOUT PURSUING ANWR THIS YEAR. THEY URGED US NOT TO PRESS ANWR ON THE ENERGY BILL UNLESS WE COULD GET AN UP OR DOWN VOTE THAT WOULD TEST OUR TRUE STRENGTH. AS FRANK EXPLAINED YESTERDAY THAT WAS IMPOSSIBLE.

DON AND FRANK CONVINCED THE PRESIDENT TO INCLUDE AN ANWR PROVISION IN THE PRESIDENT'S ECONOMIC GROWTH PROPOSAL WHICH IS NOW BEFORE CONGRESS. AS A JOBS