

ALASKA LEGISLATURE COMMITTEE FILES

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SENATE LABOR & COMMERCE

LIST OF TOP 20 PROBLEMS GOVERNOR'S CONFERENCE ON SMALL BUSINESS

The top 20 small business priorities of the 1989 Governor's Conference on Small Business are:

- 1A. Alaska lacks a statewide long term economic development policy for human and natural resources.
- 1B. There is no safe way for many small businesses to dispose of waste products such as oil, hazardous wastes, and solid waste.
- 1C. Worker's compensation costs too much, is confusing, is difficult to obtain, has a classification system that is inaccurate and encourages lawsuits. This system also is also unfair to small businesses, which must compete with big businesses which can self-insure.
- 4A. Small businesses require better access to loans in the \$10,000 to \$100,000 range.
- 4B. Regulations are often difficult to read, hard to understand and contrary to legislative intent.
- 4C. Small businesses need better access to equity capital.
7. The increasing trend to mandate benefits, such as health insurance, increasing the minimum wage and parental leave, has a negative impact on small business.
8. Many public services could be provided better and less expensively by the private sector. Likewise, non-profits competing with small businesses is a problem.
9. There is a lack of networking between the education sector and the small business sector on such issues as what programs are needed.
10. The State does not have a transportation policy.
11. Small businesses can be put out of business by over-regulation.
12. There is inconsistency of bidding and contracting procedures between state-funded agencies.
13. The cost of health and other insurance/bonding is prohibitive for most small businesses.
14. The State does not have a central repository of business information, access to existing business information nor a mechanism to disseminate business information to small businesses.
15. Curriculum is lacking on basic skills and general business education in the schools.
16. There is an inadequate effort by the state to market both the natural and human resources of Alaska and to attract business to Alaska.
17. There is a lack of State government assistance to small businesses concerning international trade.
18. There are inadequate attractions, facilities and access to meet the demands of tourists in various regions of the state.
19. Small businesses have a hard time competing with wages and benefits offered by local and state governments.
20. The required use of Davis-Bacon wages causes conflicts and problems to small businesses.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY OF TOP 20 PROBLEMS

(Note that the top 3 problems tied for first place and the the next 3 problems tied for fourth place.)

1A. PROBLEM: ECONOMIC POLICY

Alaska lacks a statewide long-term economic development policy for human and natural resources. (93 votes)

RECOMMENDATIONS

1. Establish a statewide economic development planning process involving public and private sectors.
2. Increase the budget for business development.
3. Draft a statewide fisheries economic policy.
4. Develop more infrastructure.
5. Increase local hire.
6. Emphasize renewable resource development.

1B. PROBLEM: ENVIRONMENT/WASTE

There is no safe way for many small businesses to dispose of waste products such as oil, hazardous wastes, and solid waste. (93 votes)

RECOMMENDATIONS

1. Construct environmentally safe hazardous waste treatment, disposal and recycling facilities in various regions of the state.
2. Develop lower liability insurance rates.
3. Develop better technology to deal with solid and hazardous wastes.
4. Educate small business owners about all aspects of hazardous wastes and their effect on business.
5. Assist with underground storage tank construction.
6. Develop a policy on recycling and waste reduction.
7. The state should protect public wells and water systems.

1C. PROBLEM: INSURANCE AND BONDING

Worker's compensation costs too much, is confusing, is difficult to obtain, has a classification system that is inaccurate, and encourages lawsuits. This system also unfairly causes small businesses to compete with big businesses who can self-insure. (93 votes)

RECOMMENDATIONS

1. Develop an insurance pool specifically for small businesses.
2. Assure a safe work environment for small business employees.
3. Develop appropriate job classifications.
4. Have reasonable rates.
5. Change the classification system.

4A. PROBLEM: FINANCE

Small businesses require better access to loans in the \$10,000 to \$100,000 range. (92 votes)

RECOMMENDATIONS

1. State guaranteed loan program should be simplified and require less paperwork.
2. Get financial information out to small business people.
3. Provide incentives to banks to make more loans in rural areas.
4. Change the Alaska Industrial & Export Authority to allow greater flexibility for smaller loans.

4B. PROBLEM: REGULATION/PAPERWORK

Regulations are often difficult to read and hard to understand and contrary to legislative intent. (92 votes)

RECOMMENDATIONS

1. A Constitutional amendment allowing the legislature to repeal regulations should be presented to the voters.
2. There should be a sunset date on regulations.
3. Establish a Regulatory Review Commission with small business people as members specifically to review regulations as to their impact on small business.
4. Issue regulations within 90 days of passage of new laws.
5. Simplify forms, combine like forms, etc.
6. Coordinate federal, state, and local agencies to decrease duplication of services.
7. Use common sense in regulations.
8. The Ombudsman's office should deal with regulatory problems of small business.
9. Provide a clearinghouse to eliminate duplication and simplify regulations.

4C. PROBLEM: FINANCE

Small businesses need better access to equity capital. (92 votes)

RECOMMENDATIONS

1. The State should encourage investments in Alaska using state funds and the Permanent Fund as incentives.
2. Support the Science & Technology Foundation.
3. The State should implement an investment network.

7. PROBLEM: PAYROLL COSTS/BENEFITS

The increasing trend to mandate benefits, such as health insurance, increasing the minimum wage and parental leave, has a negative impact on small business. (91 votes)

RECOMMENDATIONS

1. Discourage mandated benefits.
2. The State should increase the deductible for state employees health insurance.
3. The State should take an active role in coordinating a group insuring pool for health care for its citizens.

8. PROBLEM: GOVERNMENT COMPETITION WITH THE PRIVATE SECTOR

Many public services could be provided better and less expensively by the private sector. Likewise, non-profits competing with small businesses is a problem. (89 votes)

RECOMMENDATIONS

1. Establish a private/public commission (Mini-Grace Commission) to review and evaluate commercial enterprises operated and services provided by the state government.
2. Income producing enterprises such as utilities and corrections should be privatized.
3. Stop government contracts with non-profits where the service could be provided by a for-profit business.
4. Stop government services that could be provided by the private sector - the State should not act as a surrogate business.

9. PROBLEM: EDUCATION/TRAINING

There is a lack of networking between the education sector and the small business sector as to what programs are needed, etc. (88 votes)

RECOMMENDATIONS

1. Provide funding and/or tax credits for an apprentice training program.
2. The Job Training Partnership Act (JTPA) program should be expanded.

10. PROBLEM: TRANSPORTATION/MARKETING

The state does not have a transportation policy. (87 votes)

RECOMMENDATIONS

1. Develop a transportation policy that includes highways, ports, airports, barge service and rail.

2. Establish one commission each for the Department of Transportation and Public Facilities, the Alaska Marine Highway System, and airports similar to the Alaska Rail Road to set policy and long range goals.
3. Provide year-round marine highway service to coastal communities.
4. Encourage more airline competition.
5. Expand the infrastructure at airports and ports.
6. Expand the ground transportation system.
7. Develop deep water port facilities throughout coastal regions.

11. PROBLEM: REGULATIONS/PAPERWORK

Small businesses can be put out of business by over- regulation. Helping businesses overcome regulatory problems does not seem to be the government's attitude. There is also inconsistent application of regulations. (86 votes)

RECOMMENDATIONS

1. Regulators should attempt to help businesses resolve problems.
2. The Ombudsman's office should assist small businesses with regulatory problems.
3. There should be a fixed time for agencies to decide permits.
4. An appeal process for regulatory decisions is needed.
5. The Governor's office should have people with authority to assist small businesses in resolving problems with agencies over regulations.

12. PROBLEM: PROCUREMENT

There is inconsistency of bidding and contracting procedures between state-funded agencies. (84 votes)

RECOMMENDATIONS

1. Stop advertising for services and products out of state.
2. Charge a handling fee for all out-of-state bid packets.
3. The State should adopt uniform bidding and contracting procedures.

13. PROBLEM: INSURANCE/BONDING

The cost of health and other insurance/bonding is prohibitive for most small businesses. (79 votes)

RECOMMENDATIONS

1. Organize and set up pools for self-insurance.
2. Enact risk pooling legislation.
3. Explore measures to help reduce health cost- shifting created by uncompensated care.
4. Discourage mandated insurance/benefits coverage.
5. Tort reform where appropriate.
6. Increase bond requirements to \$50,000 for a general contractors license.

7. Eliminate any requirement for bonding where no reason for bonding exists.
8. Small state and local construction projects (less than \$100,000) should allow exemption of contract bonding requirements.
9. Streamline the bonding process to reduce time and cost to small business.
10. Divide large State-funded jobs into phases in order that more Alaskan businesses can qualify for bonding.

14. PROBLEM: ECONOMIC POLICY

The State does not have a central repository of business information, access to existing business information nor a mechanism to disseminate business information to small businesses. (77 votes)

RECOMMENDATIONS

1. Establish a data base on regional basis for use statewide.
2. The State should develop a system to disseminate information relevant to small businesses in a timely manner.

15. PROBLEM: EDUCATION/TRAINING

Curriculum on basic skills and general business education is lacking in the school systems. (75 votes)

RECOMMENDATIONS

1. Hold a statewide conference on the development of the workforce within the next year.
2. Need training for employees on how to be employees.
3. Offer entrepreneurship courses in the schools.

16. PROBLEM: TRANSPORTATION/MARKETING

There is an inadequate effort by the state to market both natural and human resources of Alaska and to attract business to Alaska. (73 votes)

RECOMMENDATIONS

1. Provide sufficient funding for the Department of Commerce & Economic Development to develop a marketing plan.
2. Encourage better southbound freight rates.
3. Mount a major marketing effort to overcome the negative impact of the Prince William Sound oil spill.
4. The State should have a central place to distribute marketing information.
5. The Governor should name a task force to evaluate the competence of existing agencies to do marketing.
6. The State should more aggressively educate small businesses about available programs.

7. Where appropriate, the State should spend state dollars with Alaska film companies and talent.
8. Seek repeal of Jones Act.

17. PROBLEM: INTERNATIONAL TRADE

There is a lack of state government assistance to small businesses concerning international trade. (71 votes)

RECOMMENDATIONS

1. Implement a foreign trade information system.
2. There should be a central place for information on importing and exporting.
3. Regional customs offices are needed.
4. Increase funding and personnel for the existing State office on international trade.
5. Distribute more information on European trade.
6. The State should encourage more export trade of natural resources.
7. The State should include the private sector more in the international trade development process.
8. The State and Congressional delegation should be more forceful in getting high seas piracy stopped.
9. Enforce 200 mile limit.
10. Develop foreign trade zones.

18. PROBLEM: ECONOMIC POLICY

There are inadequate attractions, facilities and access to meet the demands of tourists in various regions of the state. (66 votes)

RECOMMENDATIONS

1. Seek cooperative ventures between public and private sector for developments.
2. Market Alaska as a year round destination.
3. Increase the state tourism marketing budget.

19. PROBLEM: PAYROLL COSTS/BENEFITS

Small businesses have a hard time competing with wages and benefits offered by local and state governments. (65 votes)

RECOMMENDATIONS

1. Put wage/benefit increases out for public vote.
2. Allow comp time as substitute for overtime pay.

3. Lengthen vesting requirements for retirement and health benefits for state employees.
4. The State should raise its deductible on health coverage and reduce the level of health coverage.

20. PROBLEM: PAYROLL COSTS/BENEFITS

The required use of Davis-Bacon wages causes conflicts and problems to small businesses. (64 votes)

RECOMMENDATIONS

1. Employees should not be allowed to collect back wages when they knowingly accept less than the prevailing wage.
2. The State should add more crafts/job classifications to reflect actual work being performed.
3. The State should require uniform interpretation for Dept. of Labor rules to be the same in all regions of the state.
4. The Department of Labor should modify the current Davis-Bacon system and average the wages from all sources of employment to determine current prevailing wages.

**TOP 20
PROBLEMS AND RECOMMENDATIONS**

TOP 20 PROBLEMS AND RECOMMENDATIONS ^{1,2}

1A. PROBLEM: ECONOMIC POLICY

Alaska lacks a long term economic development policy for both human and natural resources.

RECOMMENDATIONS

1. The State should establish and implement a statewide economic development planning process involving both the public and private sectors that will develop central and regional economic development plans for the highest and best use of resources. This process should:
 - a. Ensure the sustained future economic welfare of the entire state;
 - b. Help keep Alaska's wealth in the state;
 - c. Be all-inclusive for development of renewable and non-renewable resources; and
 - d. Serve as a guide to the Administration and Legislature.

The economic development plans produced by this process should be, to the extent possible, brief action documents, flexible enough to respond to changing conditions and new administrations, involve industry groups that will be affected, have regional components prepared by Alaska Regional Development Organizations (ARDORs), and be done as soon as possible.

The lead agency for development of the plans should be the Division of Business Development, Department of Commerce and Economic Development, in conjunction with a statewide Economic Policy Task Force appointed by the Governor.

2. Elements of an Economic Development Policy
 - a. Fisheries policy that would support management of the fisheries resource for the Alaska people. The policy would include increased state funding for fisheries enforcement and management agencies in addition to the domestic observer programs. The policy needs to emphasize the needs of coastal communities for capital to build infrastructure, so that products can be processed on shore in Alaska. The state policy should include the quick processing (mandatory time limit) of the raw fish tax to allow communities to continue to develop their infrastructure which results in the growth of fisheries activities. To implement this policy, there needs to be a cabinet level fisheries person who would be responsible for coordinating all government agencies, individuals and foreign nations in fisheries activities as well as involving Alaskans in the planning process at all levels. This economic policy should look at fishing areas as permanent industrial bases that can be developed and managed. Further, the state needs to develop policy that protects fisheries from impacts of oil, gas and mineral development.

- b. Transportation policy that would enhance economic development through infrastructure such as ports, roads, airports, docks and free trade zones. The state also has a huge investment in the Alaska Marine Highway System (AMHS) which it needs to market and operate for maximum use. There should be a mechanism in the policy for the state to allow or encourage the privatization of some of the profitable runs in the AMHS.
- c. Resource development policy that does not give away the state's resources without receiving any revenue from them (the current exception: oil). Emphasis should be on renewable resource development as a priority. For example: development of a policy on tourism that focuses on infrastructural support which in turn encourages investment in tourism in rural Alaska, such as grants to communities for Visitor Information Centers that campaign in favor of local attractions.
- d. Human resources policy that places emphasis on local hire, especially in rural areas.

1B. PROBLEM: ENVIRONMENT/WASTE

There is no safe way to dispose of waste products (including, but not limited to hazardous wastes, oily wastes, solid wastes, and waste products off boats) in the State of Alaska. Proper statutes of limitation are not in place, and we are at the mercy of the Court System. Liability insurance costs discourage small businesses from getting involved in the hazardous waste disposal business.

RECOMMENDATIONS

1. a. Design and construct environmentally safe hazardous waste treatment, disposal and recycling facilities in various regions of the State.
- b. Make it a policy that fishing vessels and processors and all other generators of large quantities of waste disposing of wastes in shoreside community landfills must certify (on approved Environmental Protection Agency (EPA) and/or Department of Environmental Conservation (DEC) approved containers prior to disposal; lack of certification as above may force denial of onshore landfill facilities, with subsequent penalties to be imposed on communities by the state or federal government.
2. Recommend that the state identify means to lower insurance rates because liability insurance costs discourage small businesses from getting involved with hazardous waste business.
3. The state and federal governments need to recognize and assume the responsibility for the disposal of solid and hazardous waste - this includes providing the facilities and the technology for dealing with solid and hazardous waste. For example, many small areas do not have adequate landfills to deal with waste products off boats as required by the Marpol Agreement.
4. The state needs to assist in the education of communities on various types of hazardous wastes, storage, and disposal such as outreach seminars, education for communities through training programs (CHME through the Alaska Health Project).

5. Support House Bill 220 which would:
 - a. Assist the owners of underground storage tanks to comply with Federal and State requirements governing their tanks.
 - b. Provide a means for owners of underground storage tanks to obtain affordable liability insurance which currently is not available to small businesses.
 - c. Provide funding to assist owners of leaking underground storage tanks with the cost of upgrading or replacing their tanks and the costs of cleaning up contamination related to their tanks.
6.
 - a. The state should develop a recycling and waste reduction policy, economic incentives, financial assistance, and technical information, that will assist rural Alaska communities in disposing of wastes cost effectively.
 - b. Assist in funding transportation for recyclables.
 - c. Encourage businesses in a waste reduction program-Waste Reduction Assistance Program (WRAP).
7. Upon discovery of contaminants, the state shall take immediate steps to protect public wells and water systems at State expense.

1C. PROBLEM: INSURANCE/BONDING

Worker's Compensation:

1. Costs too much.
2. Small businesses are unable to self-insure, therefore, are locked into classification rates.
3. Lacks employee responsibility for an accident and does not allow the employer a defense and involvement in the claim process.
4. Difficult for small businesses to obtain information on the operations of the worker's compensation system.
5. Current rate classifications systems are often inaccurate and inappropriately determined.
6. Worker's compensation does not adequately address needs of many Alaskan occupations, i.e. self-employed boat owners as well as crew members.
7. Worker's compensation insurance does not preclude law suits of parties other than the employer to supplement or substitute for the relief available under the Workman's Compensation System.

RECOMMENDATIONS

1. Develop an insurance pool. Name a task force of small business owners to advise boards and review the process of setting rates.
2. Take care of our own problems by providing a safe work environment. A merit system should be initiated for the employer and employee. The State Division of Insurance shall review high rates in all areas of insurance and recommend and implement changes.
3.
 - a. Develop appropriate rating of all job classifications to allow for actual job performance while protecting insurance industry exposure to claims.
 - b. Increase funding for fraud investigations.
 - c. Require frequent and periodic medical reviews.

- d. Support tort reform.
 - e. Work to place disabled workers into vocational rehab programs at the earliest possible time. This may require increased funding to training programs.
 - f. Give incentives to industry for providing employee safety training; and
 - g. Increased training to prevent on the job injuries.
4. Develop workers' compensation rate system to more adequately classify workers' categories and review process to assure reasonable rates commensurate with risks and experience.
 5. Worker's Compensation Rate Classifications be clearly defined to represent the actual tasks performed and an appeal system be available to businesses. Total compensation for an on-the-job injury shall be limited to the amount established by the Workmen `s Compensation System for that injury regardless of the ultimate source of compensation.
 6. Reasonable coverage and rates need to be provided under Worker's Compensation. Coverage needs to be provided for work performed on or off the boat regardless of time frame, i.e. 24 hour fishing period and/or season.

4A. PROBLEM: FINANCE

Small business requires better access to loans from \$10,000 to \$100,000.

RECOMMENDATIONS

1. The State guaranteed loan program should be simplified and have less costly documentation process.
2. The State needs to provide for the dissemination of information broadly throughout the state. This can be done through:
 - a. Local workshops, seminars;
 - b. Low cost computer networking;
 - c. Use of local facilities, schools, libraries, etc.;
 - d. PSA announcements;
 - e. Mailings etc. through business license mailing; and
 - f. Installing an 800 number.
3. The State should provide incentives to banks to make \$10,000 - \$100,000 loans to small businesses in rural communities.
4. Support House Bill 123 which would:
 - a. Increase the current AIDA loan guarantees to 80%;
 - b. Require AIDA to share in 80% of the collection and foreclosure expenses;
 - c. Let the banks control the collection and foreclosure status of the loans; and
 - d. Raise the current 2% level for delinquency so the local banks can participate in the loan program.

4B. PROBLEM: REGULATIONS/PAPERWORK

Regulations, in general, are difficult to read and understand. Many times an agency implements regulations which are contrary to or fail to follow the apparent intent of the legislature. This often results in the formulation and establishment of regulations which respond to motivations and agendas contrary to or not in accordance to what the legislature had intended.

RECOMMENDATIONS

1. SJR3 proposes a constitutional amendment that would permit the legislature to repeal any regulations adopted by a state agency when the regulation does not reflect the intent of the law passed by the legislature. SJR3 should be brought out of committee and passed into law by the House, Senate and Governor before the end of the current session.
2. To ensure that all existing and new regulations will be scrutinized for their appropriateness and effectiveness, a sunset date of five to seven years should be applied to all regulations.
3. Establish a Regulatory Review Commission to review all existing regulations affecting small business in Alaska for appropriateness and effectiveness. The top 20 issues of this initial Governor's Conference on Small Business will provide the basis for the initial review process. This initial review process will complete its work by June 30, 1991, with the results presented to the second Governor's Conference on Small Business in September, 1991.
4. Regulations covering a new law should be issued within 90 days as some new laws are passed for a specific purpose and regulatory interpretation often impacts the small business for whom the law was passed.
5. Include in the regulatory review commission small business representatives composed of owners and representatives to:
 - a. Review existing rules, regulations and forms to suggest adaptations more appropriate to small businesses. Emphasis should be on simplification, combining related forms, simultaneous due dates, increased consistency between state and federal forms, and increased computer compatibility.
 - b. Each government agency must make a special effort to educate small business owners about existing state rules and regulations.
 - c. Mandate follow-up review of implemented rules by small business advisory group(s).
 - d. Interpretation of rules must be consistent where conditions are the same.
 - e. The number of regulations which must be followed in order to assure the communal health, safety, and welfare should be kept to an absolute minimum.
 - f. The legislature should, when drafting laws, determine the effect of the proposed law on small businesses; and
 - g. All agencies must, when promulgating regulations, review them for conflicts with other agency regulations prior to adoption. Regulations must also be reviewed in light of their effect on small business.

6.
 - a. Provide a clearinghouse/marketing center for small businesses.
 - b. Coordinate federal, state, regional and municipal agency service to eliminate undue duplication of services.
 - c. Simplify regulation and application procedures by streamlining operation and agency mandates.
7. Agencies and legislators need to use common sense in their approach to regulations.
8. A person will be assigned to each ombudsman's office to deal with regulatory concerns of small business and will only be assigned to tasks addressing small business concerns.
9.
 - a. Provide a clearinghouse/marketing center for small businesses.
 - b. Coordinate federal, state, regional and municipal agency service to eliminate undue duplication of services.
 - c. Simplify regulation and application procedures by streamlining operation and agency mandates.

4C. PROBLEM: FINANCE

Small businesses need better access to equity capital.

RECOMMENDATIONS

1. The state should try to maximize their contacts to influence and encourage investments in Alaska using state funds and Permanent Fund Investments as leverage.
2. The state should support the role of the Alaska Science & Technology Foundation in providing seed capital for economic development.
3. Use of Uniform Limited Offering Registration (U.L.) similar to Washington State.
4. The state should implement an investment network such as Washington State's investment network (WIN) to match businesses in need of capital with investors.

7. PROBLEM: PAYROLL COSTS/BENEFITS

There is an increasing trend in Congress and legislature to mandate benefits that will adversely affect small businesses. Small businesses will have a problem if the following occur:

1. Mandatory health insurance.
2. Increasing minimum wage.
3. Parental (men and women) leave and continuing medical benefits with extended leave/leave without pay benefits.

RECOMMENDATIONS

1. Impress on legislators that mandated benefits and insurance must be discouraged. The two types of mandated benefits involved are as follows:

- a. Those that require all employers to provide a certain level of benefits such as health insurance.
 - b. Those that require all employers to provide certain benefits such as health insurance (i.e. maternity, psychological health benefits, etc.)
2. The state needs to raise its deductible on health coverage and require employees to bear a portion of the cost of dependent coverage. The state needs to take an active role as coordinator in forming a group insuring pool for health care for its citizens.
 3. Mandated benefits must be discouraged. A 20% to 30% rate increase for health insurance in one year simply is prohibitive. Many small business employers would be put out of business if required to carry health insurance. Both are harmful to small business.

The first type is harmful to small business because of the onerous expense it creates for the employer with no lower cost alternatives. For example, in many cases employers would not be able to continue in business if required to provide health insurance for all of their employees. This is especially true for start-up businesses and business hit hard by economic difficulties.

The second type of mandated insurance coverage adds significantly to the cost of insurance. This in turn forces employers to drop coverage because the mandated coverage is so expensive, even though they may be willing and able to provide less comprehensive coverage.

Legislators and the administration should instead be encouraged to enact legislation which would help reduce the cost of benefits; which would encourage more employers to cover their employees. For example, measures should be explored which will help reduce health care costs shifting created by uncompensated care.

8. PROBLEM: GOVERNMENT COMPETITION WITH THE PRIVATE SECTOR

There are many public services that could be provided better and less expensively by the private sector. State financed non-profits compete with for-profit businesses on state, local, private and federal contracts. Also, non-profit organizations compete with private small business to provide services and goods.

RECOMMENDATIONS

1. Establish a private/public commission (Mini-Grace Commission) to review and evaluate commercial enterprises operated and services provided by the state government. This commission would then mandate the state to make public the cost of these various projects to see if the private sector can do them more economically by contracts with small business firms.

This commission should consist of at least 12 members with 6 representatives from the small business sector and 3 representatives from the financial community. It is recommended these 9 be appointed to the commission by the Governor from a list of representatives prepared by the delegates to the Governor's Conference on Small Business. The other 3 representatives

would be appointed by the Governor from various branches of the state government.

As the individual projects are studied, evaluated and selected as candidates for a cost comparison study, the approved projects would then be put out for competitive bidding by small business firms, with the state also submitting a sealed bid. The bids would be opened at a public bid opening and the low bidder, be it the state or a small business firm, being awarded the contract to provide the service. If the state is the low bidder, the service would continue to be performed by the state. Otherwise, it would be awarded to the small business firm. The specific details in implementing this procedure would be worked out within state guidelines and coordinated with the appointed representatives on the established commission.

This commission is a very fair and impartial means of reducing state in-house costs and letting private firms prove they can perform a service more efficiently than the state.

2. Privatization of potential income producing enterprises or portions thereof owned by State and local governments should be considered. Examples which should be considered are utilities, agriculture, housing, finance, transportation, printing, publishing, maintenance, human resource development training/and management, recreation, health care, mental health care, tourism, corrections, and real estate.
3. Federal and state governments should stop the practice of giving grants to non-profits rather than contract with existing businesses who can provide the same services.
4. Reinforce the need for the Federal Government to avoid issuance of grants that compete with private enterprises.
5. a. Recognize that geographic isolation and historically small private sector have created a situation in which state and local governments provide some services more typically filled by private businesses (e.g. document copying, FAX transmission, engine and machine repairs, etc.) We must adhere to the principle that state or local governments and agencies that derive their funding from such governments are put in place to provide necessary public services and not to act as surrogate businesses.
b. Limit and/or restrict government agencies from competing with small business, with oversight to be provided by a small business advocacy commission whose charge would be to:
 - (1) Prohibit unfair competition in which non-profit, tax-exempt organizations use their tax-exempt status and other advantages in selling products and services also offered by small business;
 - (2) Draft legislation to Congress forbidding direct competition by public agencies or public-funded agencies in providing unrelated services;
 - (3) Draft legislation with similar provisions in a state income tax bill;
 - (4) Review the nature and scope of commercial activities by public agencies and non-profit entities and determine the impact of these on small businesses in the state; and
 - (5) Draft regulations for the IRS with greater specificity.

- c. Definitively state in statutes that non-profit agencies providing services not directly related to their main purpose and which are identified as being in direct competition with an existing business or hindering the establishment of a new profit-making business, must either cease providing that particular service to the public or must pay taxes on those services as "unrelated profit-making ventures."
- 6. The state should stop competing and contract to private labs with the state being more aware of private services that are available and not duplicate.

9. PROBLEM: EDUCATION/TRAINING

There is a lack of networking between the education sector and the small business sector as to what programs are needed, the ability of businesses to train employees or have apprentice programs.

RECOMMENDATIONS

- 1. Provide funding and/or tax credits for an apprentice training program to assist small business to develop an effective and more productive work force.
- 2. The State Board of Education and State Vocational Education Board should be separated into two boards to better service Alaskan students.
- 3. The state funded SB191 program similar to the "Job Training Partnership Act" (JTPA) should be expanded with an emphasis on the private sector designing and delivering the training through the RFPO process.

10. PROBLEM: TRANSPORTATION/MARKETING

The state does not have a transportation policy.

RECOMMENDATIONS

- 1. a. Develop a transportation policy that includes highways, ports, airports, barge service and the railroad; and
 - b. Establish one commission each for DOT, Alaska Marine Highway System, and airports similar to the Alaska Railroad to set policy and long range goals. Each should have their own budget with income generated remaining in the department directly related - i.e. gas tax to DOT, airport feed to airports, etc.
- 2. The Alaska Marine Highway System serves as a vital link to the continental surface transportation network:
 - a. Provide year-round marine highway service to Kodiak, Prince William Sound, Dutch Harbor and all other coastal communities presently served in Southwest Alaska, without lapse.
 - b. The Alaska Marine Highway System should request proposals for emergency replacement vessels immediately upon scheduling of refurbishment.
 - c. Extend the AMHS to include service to Western Alaska.

- d. Transfer terminal operation leases and port powers to local government.
 - e. Seek repeal of the Jones Act.
3. Construct a direct transportation link between Nome and Fairbanks. Develop year-round barge service among Anchorage, Kenai Peninsula and Dutch Harbor.
 4. Airline competition to Southeast Alaska, specifically a Juneau/Vancouver link, opens the Vancouver market to all of Alaska and similar increased competition and service in rural Alaska.
 5. Local communities should work with state to develop infrastructure at airports, terminals, parking, cargo and cold storage facilities so that they can sell space with guaranteed availability.
 6. Expand and improve the ground transportation system to provide better access and resource development.
 7. Promote deep water port facilities throughout all coastal regions for expanded tourism, employment and resource development.

11. PROBLEM: REGULATIONS/PAPERWORK

Field regulators or low level personnel have the power to put constraints on permits or even put you out of business by over-regulation. Their attitude is not to help you solve problems but to create them. Regulators have too much control over businesses with regulations. They can tell you what you can and cannot do with your own business. There is too much "government regulation." There are often differences between regulations in various agencies in applying their regulations to the same situation.

RECOMMENDATIONS

1. Regulators should attempt to help businesses resolve problems. Their enforcement activities should be restricted to taking actions on those items specifically prohibited or restricted by a current valid regulation.
2. A person will be assigned to each ombudsman office to deal with regulatory concerns of small businesses and will only be assigned to tasks addressing small business concerns.
3. Each application for permit, regulatory decision or appeal should have a reasonable fixed time for completion by the agency.
4. An appeal process should be established for regulatory decisions. The body hearing the appeal should not be made up of only the regulators.
5. The governor should appoint staff in his office with the authority to facilitate and resolve any discrepancies or differences in the application of different regulations to a specific situation.

12. PROBLEM: PROCUREMENT

There is inconsistency of bidding and contracting procedures between state-funded agencies, for example, Legislative Affairs, Alaska Housing Finance Corporation, Alaska Energy Authority, line agencies, University of Alaska, school districts.

RECOMMENDATIONS

1. All state funded agencies charge a handling fee to out-of-state bidders requesting bid packets.
2. All state funded agencies stop advertising outside Alaska--local (in Alaska) advertising only.
3. Bid prices must be FOB destination to show full price of item with shipping costs.

Concern was expressed about the State procurement procedures often having the state taking delivery of goods in an area convenient for out-of-state vendors, for example, a Seattle warehouse, even though the final destination is in Alaska. This procedure works to the benefit of out-of-state vendors since they can make local deliveries very easily. In-state vendors have no opportunity to use their expertise in expediting the goods to Alaska destinations.

If the cost of getting the goods to final destination were included in the bid prices, then in-state vendors could be more competitive. The state would also save money since the freight cost would be part of the competitive bids.

4. The state should adopt consistent bidding and contracting procedures for all state funded agencies.

13. PROBLEM: INSURANCE/BONDING

The cost of health and other insurance and bonding is prohibitive for most small businesses. At the same time, the level of health care coverage provided by the state sets an unrealistic expectation for the work force and causes a high level of turnover for small businesses.

RECOMMENDATIONS

1. Organize and set up pools for self-insurance.
2. Risk pooling legislation should be encouraged.
3. Measures should be explored which help reduce health cost-shifting created by uncompensated care.
4. Mandated insurance benefits/coverage must be discouraged.
5. Tort reform should be encouraged where appropriate to help lower costs.
6. Increase bond requirements to \$50,000 for a general contractors license.

7. Require the principal(s) of a company to pass a written competency test to obtain a general contractors license.
8. Eliminate the requirement for bonding where no reason for bonding exists.
9. Small state and local construction projects (less than \$100,000) should allow exemption of contract bonding requirements.
10. Streamline the bonding process to reduce time and cost to small business.
11. Divide large state funded jobs into phases in order that more Alaskan businesses may qualify for bonding.

14. PROBLEM: ECONOMIC POLICY

The State of Alaska does not have a central repository of business information, access to existing business information nor a mechanism to disseminate business information to small businesses. The lack of information and business data on finance, marketing, international trade and other business topic hampers small business development and success.

RECOMMENDATIONS

1. Establish a data base on regional basis for use statewide.
2. The state must make a concerted effort to information relevant to small businesses. Suggestions include mailings enclosed with business renewals licenses, worker's compensation forms, PSA's, etc.

15. PROBLEM: EDUCATION/TRAINING

Curriculum is lacking on basic skills and general business education. Employees do not always know how to be good employees. They lack good work habits like getting to work on time, writing, math skills, etc. There is not always a positive and productive employer/employee relationship. There is a lack of entrepreneurial education in the schools. Young people are not understanding business and self-employment.

RECOMMENDATIONS

1. A statewide conference entitled "The Development of Alaska's Workforce - A Course of Action" should be undertaken within the coming year (before November 30, 1990). The conference should address:
 - a. School curriculum, offerings and expectations for our young people;
 - b. Professional training, in-service training and qualifications of our educators;
 - c. Network public institutional and private educators (trainers, consultants, private training organizations and professional organizations) to address human resource development on a macro-level. Address the need to educate, prepare, train, develop and support the need for improved human resource development in Alaska;
 - d. The role of business in education;

- e. Training and development of Alaska's workforce by non-public institutions, resources, consultants and trainers. Regulatory guidelines, fiscal responsibility and institutional needs, among many other topics to be addressed;
 - f. The training and development of entrepreneurs in Alaska; and
 - g. Distance delivery of business education, economic development, plus knowledge about Alaska's diverse economic conditions, role in the economy of the US, Pacific Rim, and the international trade scene.
2. Training programs must be developed for the following:
 - a. For employees on how to be employees;
 - b. For employers on how to build a positive and productive employee/ employer relationship; and
 - c. Continuous skill training and human development.
 3. Entrepreneurship and small business development courses should be offered in schools. These should include implementing model curriculum and school-based enterprises and include appropriate in-service education.
 4. Information on existing programs should be more accessible.

16. PROBLEM: TRANSPORTATION/MARKETING

There is an inadequate effort by the State to market both the natural and human resources of Alaska and to attract business to Alaska.

RECOMMENDATIONS

1. Need sufficient funding for the Department of Commerce and Economic Development to develop a marketing plan designed to market both natural and human resources in Alaska.
2. Need to develop favorable southbound freight rates between Anchorage and the Seattle area to help market Alaska goods.
3. Recommend aquaculture/mariculture be allowed in Alaska.
4. To market Alaska as a tourism destination to overcome the negative impact of the oil spill:
 - a. Market the strengths of the affected and unaffected areas;
 - b. Accommodations for tourists and prevent loss of visitors (whose spaces were taken by clean-up crews);
 - c. Return rental, gas, and grocery prices back to "normal" (pre-oil spill);
 - d. Periodic inspections of impacted areas;
 - e. Promote awareness through litter clean-up;
 - f. Correspond with news media from affected areas.
5. The state needs to have a central position to distribute information to small businesses.

6. a. Involve people with knowledge in a specific regional market; and
b. "Buy Alaska" and "Alaska Grown" are good examples of good marketing.
7. a. Make sorted labels available to everyone;
b. The brochure rack at the Anchorage airport should be available to everyone, not just Anchorage Visitor and Convention Board members; and
c. Name a task force to evaluate the competence of existing agencies and to look at combining services pertaining to small businesses to assist with finance and marketing.
8. The state needs to educate small business about programs that are available.
9. State dollars are being spent in the Lower 48, not in Alaska with Alaskan film companies and Alaskan talent.
10. Once marketing has attracted a company to Alaska business plan review by regulatory agencies must be faster so the project can start in a timely manner.
11. Seek repeal of the Jones Act to facilitate development and transportation from foreign ports utilizing foreign bottoms.

17. PROBLEM: INTERNATIONAL TRADE

There is a lack of State government assistance in support of aggressively promoting awareness, marketing, and facilitating international trade. Information is not being disseminated in a timely and useful manner. Small businesses are not being made aware of the sources and types of assistance available from both State and Federal agencies. Small business is not involved in the planning and implementation of foreign trade missions. The activities and destinations of foreign vessels within the 200 mile zone are not being monitored and made available to small business. The infrastructure necessary to engage in foreign trade is not being developed.

RECOMMENDATIONS

1. Implement foreign trade information system as developed by Washington State.
2. The central places in state government (Anchorage and elsewhere in Alaska) where small businesses can get information on import/export needs to be more aggressively advertised.
3. Promote a state-wide regional customs office to provide better training opportunities for resources and services.
4. The existing State Office of International Trade needs more funding for overseas offices and personnel.
5. The State Trade Office needs to develop more information on European trade.

6. The state should encourage export trading of natural resources that have no value added. The state should encourage imports from Europe and Asia to our trade zones for value added assembly and manufacture of products destined for us consumers.
7. The state must include the private sector in the international trade development process.
8. a. The Governor, Legislature and Alaska Congressional delegation must be more forceful about getting high seas fish interception piracy stopped; and
b. Funding for enforcement must be increased.
9. The 200 mile limit should be more forcefully monitored by the Coast Guard, including advising port of call of each ship and to which country and port it will return.
10. Use Alaskan cities as receiving, storage and transport areas for goods. Develop foreign trade zones.

18. PROBLEM: ECONOMIC POLICY

Attractions, facilities and access are inadequate to meet the demands of tourists to various regions of our State. In addition, there is a lack of marketing to attract visitors to these regions as destinations.

RECOMMENDATIONS

1. The State should provide additional:
 - a. turnouts, camping areas;
 - b. restrooms, reststops;
 - c. historic markers;
 - d. access to rivers, lakes and other attractions;
 - e. accessibility for the physically handicapped; and
 - f. land available for private development of tourist accommodations.
2. Seek cooperative ventures between the public and private sectors to develop and improve tourism opportunities in the various regions of Alaska and market them.
3. Market Alaska as a year round destination with increased emphasis on shoulder and winter seasons.
4. Alaska needs an increase in the state tourism marketing budget, implemented by Alaskan advertising and marketing agencies.

19. PROBLEM: PAYROLL/BENEFITS

Small businesses have a hard time competing with wages and benefits offered by local and state governments and agencies funded by those governments, such as school districts and grant recipient agencies. This makes it difficult to get and keep good employees.

RECOMMENDATIONS

1. a. Policy setting bodies need to be educated with "hard-number" charts and valid examples of employees and their training lost to public sector jobs; and
 - b. State and local wage negotiators must put any wage/benefit increase for state employees to voter approval.
 - c. Comp time should be allowed as a substitute for overtime pay for small business.
 - d. State employees should be paid wages and benefits based upon the prevailing wages and benefits in the local area to private sector employees doing similar work.
2. Lengthen the vesting requirements for retirement and health benefits for state employees.
 3. State needs to raise its deductible on health coverage and reduce its level of health coverage.

20. PROBLEM: PAYROLL COSTS/BENEFITS

The required use of Davis-Bacon (Title 36) wages cause a conflict between employees paid D-B wages and employees who are not and do not reflect the reality of wages paid at the private, state and federal levels at the same job classifications. These wages make it impossible for small businesses to hold employees.

RECOMMENDATIONS

1. Employees knowingly accepting less than the prevailing wage should not be allowed to collect back wages, and all certified payroll should include employee's signature on the first payroll that they in fact, are receiving wages as stated;
2. The State of Alaska should add more crafts/job classification to reflect actual work being performed;
3. The State of Alaska should require uniform interpretation for Department of Labor rules to be the same in all regions of the state; and
4. The Department of Labor should modify the current Davis-Bacon system and average wages from all sources of employment to determine current prevailing wages.

-
1. It should be noted that some of these problems might have previously been addressed by either the administration or legislature. But they were voted in the top 20 because Delegates felt that the previous whole or partial solution did not fully address or solve the problem.
 2. Text in parentheses after a problem or recommendation is added for clarification of intent.

RESOLUTIONS

RESOLUTIONS

PASSED BY DELEGATES TO THE GOVERNOR'S CONFERENCE ON SMALL BUSINESS SEPTEMBER 30, 1989

RESOLUTION 89-1

WHEREAS, All Alaskans wish to see stable and continued growth in the Alaska economy rather than the Boom and Bust cycles of the past, and because we believe in the future of Alaska, and because we feel the government and the private sector should work in harmony,

THEREFORE, The Delegates of the 1989 Governor's Conference on Small Business desire that this Conference be held on a continuing basis every two years to promote the economic growth of Small Business in the State of Alaska; and ask for legislation to authorize funds to continue this conference.

RESOLUTION 89-2

WHEREAS, Without follow-through, the Governor's Conference on Small Business will essentially have been in vain,

THEREFORE, The Fairbanks Delegation requests the formation of an ongoing organization to implement the final recommendations of the Governor's Conference on Small Business.

RESOLUTION 89-3

WHEREAS, The small business community from all regions of the State of Alaska have dedicated much time and effort to resolve problems facing small business,

THEREFORE, We propose that the Governor appoint a cabinet level task force to implement and carry forth the final recommendations from the Governor's Conference on Small Business.

RESOLUTION 89-4

WHEREAS, A continuing organization is necessary to ensure implementation of the Governors Conference on Small Business agenda,

THEREFORE, Be it resolved, that the delegates establish an association and each Delegation shall comprise a chapter of the association and Chapter chairs comprise the statewide Board of Directors. Present Steering Committee members shall automatically become members of their regional chapter. Chairs shall be the liaison to the Administration and the Legislature, and with the small business and other organizations in the region. The name of the Association shall be the ALASKA SMALL BUSINESS CONFERENCE.

RESOLUTION 89-5

WHEREAS, Small business needs a strong consistent policy voice in this administration, and

WHEREAS, The conference has made it clear that many programs desired by small businesses are already in existence, but have not been communicated to the public, and

WHEREAS, There has been no Director of the Division of Business Development for over 11 months,

THEREFORE, Be it resolved, that the Governor appoint a small business person to be Director of the Division of Business Development by November 1, 1989.

RESOLUTION 89-6

WHEREAS, Small businesses have unique public policy considerations which are not adequately addressed at present,

THEREFORE, Be it resolved that the Governor's Conference on Small Business ask the Legislature to adopt a resolution expressing its intent that all relevant boards and commissions contain at least one small business person, and that the Governor appoint a small business advisory commission for the Division of Business Development.

RESOLUTION 89-7

WHEREAS, The Administrative staff, Steering Committee, and Volunteers have worked hard to produce the Governor's Conference on Small Business and have produced a successful conference,

THEREFORE, Be it resolved that the Delegates express their appreciation to the staff, Steering Committee and assistants of the Governor's Conference on Small Business, with particular thanks to the Executive Director.

RESOLUTION 89-8

WHEREAS, The March 24, 1989, Exxon Valdez oil spill in Prince William Sound has been described as the largest man made disaster since Hiroshima, and

WHEREAS, The entire State of Alaska has been adversely affected by the oil spill, and

WHEREAS, Alaskan coastal communities have suffered ecological, social, and economical losses due to the Exxon oil spill, and

WHEREAS, Coastal municipalities absorbed a tremendous financial responsibility due to the lack of fund availability, and

WHEREAS, The State of Alaska needs to be able to respond immediately to containment and defense of such spills, and

WHEREAS, The local municipalities are the ones closest to the problems and are the best able to deal with the issues resulting from spills of oil and other hazardous wastes,

THEREFORE, Be it resolved that the Governor's Conference on Small Business support the passage of legislation that would provide funding for any oil or hazardous waste spill, in the form of a contingency fund, which would allow local municipalities to have the immediate ability to defend and clean up any future spills if they occur.

RESOLUTION 89-9

WHEREAS, Small business persons throughout the State have dedicated their time and efforts to identify, prioritize, and propose solutions to problems experienced by small businesses, and

WHEREAS, The only reward for time and efforts spent will be for the betterment of small business and government relations throughout the State of Alaska, and

WHEREAS, Legislative consideration and action is necessary for this betterment,

THEREFORE, We request that the administration make administrative bills in 1990, and if not passed in 1990 to encourage legislative consideration beyond the current administration term.

APPENDICES

APPENDIX A

AGENDA

Thursday, Sept. 28, 1989

- 3:00 pm and on - Check-in to Sheraton Hotel
 - 4:00 - 5:00 pm - Training session for Moderators, Resource People #308
 - 5:00 - 6:00 pm - Executive Committee, Governor's Conference on Small Business, #308
 - 5:00 - 7:00 pm - Pre-registration - Hospitality Suite #315
Regional Caucuses #308, #311
 - 7:00 - 7:30 pm - Rules Committee #311
 - 7:00 - 9:00 pm - Informal Reception for Delegates #303
Ham & Cheese Croissants, Veggies, Cheese
No-Host Bar
-

Friday, Sept. 29, 1989

- 8:00 - 9:00 pm - Exhibits (Atrium)
- 8:00 - 8:30 am - Registration (will continue until 10)
Coffee/Tea/Muffins/Croissants/Fruit
- 8:30 - 9:30 am - General session - Ballroom A
Welcome: Jack Jessee, Chairman, Steering
Committee, Governor's Conference
on Small Business
Welcome to Anchorage: Mayor Tom Fink
Remarks: Larry Mercurieff, Commissioner,
Dept. of Commerce & Economic
Development

Keynote Address: Honorable Steve Cowper,
Governor, State of Alaska
Goals/Process: Rosie Porter, Steering
Committee
- 9:30 - 9:45 am - Break
Coffee/Tea
Brief Regional Caucuses

9:45 - 11:45 am - ISSUE SESSIONS

- # 1 FINANCE
Moderator: Jack Jessee, Chairman, COMRIM
Yukon Rm. Resource: Tom Broderson, SBDC, Ed Watkins,
Div. of Banking, C&ED, David
Dougherty, Wash. Bus. Ctr.
Recorder: Lisa Short, C&ED
- # 2 PROCUREMENT
Moderator: Dennis Hanoski, Marquis Furn.
#308 Resource: Ben Milem, SBDC, Wally Carlo,
Doyan Native Corp.
Recorder: Wendy Cucullu, SBDC
- # 3 REGULATIONS/PAPERWORK
Moderator: Ernie Hall, Limited Editions
Ballroom A Resource: Britt Lively, Mapmakers, Janet
Nye, SBDC
Recorder: Penny Graber, SBDC
- # 4 ENVIRONMENT/WASTE
Moderator: Frank Thomas-Mears, MRM
#311 Resource: Irene Anderson, Sitnasuak, Russ
McCurdy, SBA, Seattle
Recorder: Heather McQueen, SBDC

11:45 - 12:00 - Break

12:00 - 1:00 - Luncheon - Ballroom A

Welcome: Jack Jessee, Chairman
Remarks: Russ McCurdy, SBA Regional Advocate
Speaker: David Dougherty, Director
Washington Business Assistance
Center, Olympia, Wash.
"How Can the State Make Small
Businesses Stronger - How can
Small Businesses Make the State
Stronger?"

1:00 - 1:15 - Break
Brief Regional Caucuses

1:15 - 3:15 - ISSUE SESSIONS

- # 5 INTERNATIONAL TRADE
Moderator: Irene Anderson, Sitnasuak
#308 Resource: Gary Jenkins, Jenkins Ent., Earl
Romans, Alaskan Battery
Recorder: Chuck McGee, C&ED

- # 6 INSURANCE/BONDING
 Moderator: Vern Craig, Northland Systems
 Ballroom A Resource: Earlene Caress, S&S Welding, Jim
 Jordan, Div. of Insurance, C&ED
 Recorder: Frank Thomas-Mears, MRM
- # 7 TRANSPORTATION/MARKETING
 Moderator: Rosie Porter, Tundra Drums
 #311 Resource:
 Recorder: Wendy Cucullu, SBDC
- # 8 ECONOMIC POLICY
 Moderator: Jack Jessee, COMRIM
 Yukon Resource: Stan Steadman, KEDD, Walter
 Rm. Nayokpuk
 Recorder: Lisa Short, C&ED
- 3:15 - 3:45 Break
 Coffee/Tea/Iced Tea/Soft Drinks/Chocolate
 Chip Cookies
 Brief Regional Caucuses
- 3:45 - 5:45 ISSUE SESSIONS
- # 9 EDUCATION/TRAINING
 Moderator: Ernie Hall, Limited Editions
 Ballroom A Resource: Linda Van Ballenberg, Office of
 Adult & Vocational Education, DOE, Janet
 Nye, State Director, SBDC, Josie Roetto,
 JTPA, C&RA
 Recorder: Chuck McGee, C&ED
- # 10 PAYROLL COSTS/BENEFITS
 Moderator: Frank Thomas-Mears, MRM
 #308 Resource: Dick Ford, SBDC
 Recorder: Joanne McDowell, SBDC
- # 11 TAXATION
 Moderator: Ellen Greenberg, BBNA
 #311 Resource: Larry Meyers, Cooper's & Lybrand
 Recorder: Wendy Cucullu, SBDC
- # 12 GOVERNMENT COMPETITION WITH PRIVATE SECTOR
 Moderator: Britt Lively, Mapmakers
 Yukon Resource: Wally Carlo, Doyan, Jack Jessee,
 Rm. COMRIM Systems, Inc.
 Recorder: Lisa Short, C&ED
- # 13 OTHER
 Moderator: Irene Anderson, Sitnasuak
 Resource: Earl Romans, Alaskan Battery
 Ballroom A Recorder:

5:45 - 6:00 Break
Regional Caucuses

6:00 - 6:45 GENERAL SESSION
Issue Sessions summaries
Distribution of ballots (#1 ballot - yellow)
for First Conference Vote to determine
the top 50 recommendations
Ballots must be turned in by 9:15 pm

Our thanks to Cooper's & Lybrand for their
assistance with the vote count.

7:00 - 9:00 RECEPTION/BUFFET - Ballroom B
Sponsored by: AK. State Chamber of Commerce
ARCO ALASKA, Inc.

Saturday, Sept. 30, 1989

7:00 Results of First Vote available

7:00 - 8:15 am - Meeting of Regional Delegation Chairs,
Sheraton Bistro Restaurant

8:00 - 2:00 pm - Exhibits (Atrium)

8:00 - 8:30 am - Coffee/Tea/Muffins/Croissants/Fruit

8:30 - 9:00 am - GENERAL SESSION - Ballroom A
Results of First Vote - Top 50

9:00 - 10:00 am - ISSUE SESSIONS

1 FINANCE
Moderator: Jack Jessee, COMRIM
Yukon Resource: Tom Broderson, SBDC, Ed Watkins,
Rm. C&ED
Recorder: Lisa Short, C&ED

2 PROCUREMENT
Moderator: Dennis Hanoski, Marquis Furn.
Kuskokwim Resource: Ben Milem, SBDC, Wally Carlo,
East Doyan
Recorder: Wendy Cucullu, SBDC

3 REGULATION/PAPERWORK
Moderator: Ernie Hall
Ballroom A Resource: Britt Lively, Mapmakers, Janet
Nye, SBDC
Recorder: Penny Graber, SBDC

4 ENVIRONMENT/WASTE
Moderator: Frank Thomas-Mears, MRM
Kuskokwim Resource: Irene Anderson, Sitnasuak, Russ
West McCurdy, SBA
Recorder: Heather McQueen, SBDC

10:00 - 10:15 Break
Coffee/Tea
Brief Regional Caucuses

10:15 - 11:15 ISSUE SESSIONS

5 INTERNATIONAL TRADE
Moderator: Irene Anderson, Sitnasuak
Kuskokwim Resource: Gary Jenkins, Jenkins Ent.
East Recorder: Chuck McGee, C&ED

6 INSURANCE/BONDING
Moderator: Vern Craig, Northland Systems
Ballroom A Resource: Earlene Caress, S&S Welding, Jim
Jordan, Div. of Ins., C&ED
Recorder: Frank Thomas-Mears, MRM

7 TRANSPORTATION/MARKETING
Moderator: Rosie Porter, Tundra Drums
Kuskokwim Resource:
West Recorder: Wendy Cucullu, SBDC

8 ECONOMIC POLICY
Moderator: Jack Jessee, COMRIM
Yukon Resource: Stan Stedman, KEDD, Walter
Rm. Nayokpuk
Recorder: Lisa Short, C&ED

11:15 - 12:15 ISSUE SESSIONS

9 EDUCATION/TRAINING
Moderator: Ernie Hall, Limited Editions
Ballroom A Resource: Linda Van Ballenberg, DOE, Janet
Nye, SBDC, Josie Roetto, JTPA
Recorder: Chuck McGee, C&ED

10 PAYROLL COSTS/BENEFITS
Moderator: Frank Thomas-Mears, MRM
Kuskokwim Resource: Dick Ford, SBDC
East Recorder: Joanne McDowell, SBDC

11 TAXATION
Moderator: Ellen Greenberg, BBNA
Kuskokwim Resource: Larry Meyers, Cooper's & Lybrand
West Recorder: Wendy Cucullu, SBDC

12 GOVERNMENT COMPETITION WITH PRIVATE SECTOR

Yukon
Rm.

Moderator: Britt Lively, Mapmakers
Resource: Wally Carlo, Doyan, Jack Jessee,
COMRIM Systems, Inc.
Recorder: Lisa Short, C&ED

- 12:15 - 12:30 Break
Brief Regional Caucuses
- 12:30 - 1:00 General Session - Ballroom A
Brief Summary of Issue Sessions
Final Vote (#2 ballot - green)
on top 20 recommendations
- 1:00 - 3:00 Lunch - Ballroom B
RESOLUTION SESSION - Frank Thomas-Mears
Top 20 Announcement
Conference Wrap-up
- 3:00 - 4:00 Steering Committee, Governor's Conference on
Small Business, #315

APPENDIX B
RULES OF THE
GOVERNOR'S CONFERENCE ON SMALL BUSINESS

I. Rules Committee

A. Objective.

It is the objective of the Rules Committee to encourage maximum Delegate participation, discussion, and deliberation, within a procedural framework that guarantees fairness and equity to all Delegates.

B. Membership.

The Rules Committee will be composed of seven members. The Chair shall be a member of the Steering Committee. The Chair shall appoint six members consisting of one Delegate from each of the following areas:

Anchorage	Fairbanks
Southeast	Kenai/Mat-Su
Northwest/Arctic	Aleutian Chain

- C. The members of the Rules Committee shall interpret, and enforce the rules and procedures governing the Statewide Governor's Conference on Small Business. The Rules Committee will approve the Conference Calendar, the List and petitions. It will direct petitions to the appropriate Issue Sessions and oversee Delegate voting. Although the primary responsibility for certification of the Delegates lies with the Regional Chairs, a Credentials Subcommittee of the Rules Committee shall be appointed by the Rules Chair to resolve any certification disputes that cannot be resolved by the Regional Chairs. The Rules Committee will also establish the following subcommittees:**

Petitions Subcommittee
Resolutions Subcommittee.

D. Participation

Each member of the Rules Committee may attend any Issue Session, and may be an active Issue Session participant. Members of the Rules Committee will receive official ballots for Conference voting and may vote. Members of the Steering Committee will be appointed by the Rules Committee Chair to act as assistant parliamentarians for the Rules Committee during the Issue Sessions and to provide such parliamentary assistance as may be needed.

E. Organization.

The Rules Committee shall elect a Vice Chair. The spokesperson for the committee shall be the Chair. The Rules Committee shall have the right to designate and appoint subcommittees other than those in C. to assure that the business of the committee is carried out. The members of such subcommittees shall be Delegates.

II. Parliamentarian

A conference Parliamentarian shall be appointed by the Chair of the Rules Committee to provide such parliamentary assistance as may be needed. If circumstances arise which are not covered by these rules, ROBERT'S RULES OF ORDER shall be in force.

III. Issue Sessions

A. Purpose of the Issue Sessions shall be to:

1. Refine problems;
2. Prioritize problems to discuss; and
3. Discuss, debate and amend the recommendations.

B. Delegate Participation.

1. Session Leadership.

Issue Sessions will be led by Moderators who have substantial expertise and experience in the relevant issue area. Each Moderator will be assisted by a Resource person or persons who have been active in their fields and have demonstrated expertise in a particular issue area, and by a Recorder.

2. Attendance at Issue Sessions.

Delegates may attend any Issue Session of the State Conference. They shall enjoy free access in and out of any Issue Session.

3. Speaking Rights.

Delegates will have equal right to express opinions or make recommendations in any issue Session. Only those individuals accredited as Delegates will be recognized to speak. Alternates or observers may be recognized by the Moderator to take part in the discussion at the request of a Delegate. In order to accommodate everyone, a Delegate's remarks in the Issue Sessions will be limited to three minutes. After a Delegate has spoken to a particular issue, the Moderator will call on all other Delegates who wish to speak on that topic before recognizing the same Delegate again. Any Delegate may offer an amendment to any recommendation as long as, in the judgement of the Moderator, it is timely and germane to the recommendation being discussed.

4. Delegate Credentials.

All delegates will receive credentials upon registration at the Conference. Should a Delegate resign, his or her credentials may be transferred to an authorized Alternate as designated by the Regional Chair. After the Chair has certified the transfer with the Credentials Subcommittee of the Rules Committee, the Alternate will take a position as a Delegate for the remainder of the Conference. There will be no change in the registration fee. Any dispute regarding an individual's credentials will be resolved by the Regional Chair within his or her delegation. Should there be a dispute among the Regional delegation that cannot be resolved by the Chair, the Rules Committee shall resolve the dispute.

C. Amendments.

1. Sponsorship.

Only Delegates may offer amendments to recommendations. Upon introduction of an amendment, the Delegate sponsoring the amendment shall deliver to the Rules Chair or their designee, a copy of said amendment.

2. Forms.

Amendment forms are available by contacting the GCSB office. Blank amendment forms will also be available in each of the Issue Session areas during the Conference. Only the approved GCSB form will be accepted.

3. Submission.

Amendments to the recommendations listed on the initial Issue/Recommendation List will be accepted prior to the State Conference and at the Issue Sessions taking place on September 29/30, 1989.

- D. Voting.
Voting on amendments in Issue Sessions. Passage or failure of amendments to issues/recommendations under consideration in the various Issue Sessions shall be by simple majority vote of Delegates present.
- E. Issue/Recommendation List.
The List is the comprehensive listing of all recommendations under active consideration. Any of these recommendations may be amended in the appropriate Issue Session of the Conference. Recommendations on the Initial List will be ordered by the Rules Committee within each of the 13 issue areas and will be presented on the List in alphabetical order by issue area.
- F. Petitions.
1. Format.
Recommendations not appearing on the initial List may be placed before the Conference in the form of petitions. Each petition must have at least twenty Delegate signatures with no more than five coming from one Region. A recommendation which the petition is intended to bring forward must be stated exactly as the sponsor wishes it to be considered. If more than one form is used to obtain the required signatures, the wording of the recommendation must be exactly the same on each form.
 2. Submission Date.
All petitions must be submitted to the Rules Committee for validation under the criteria set forth in the Format section above, no later than 9:00 pm on Friday September 29, 1989. They may be submitted to the GCSB office any time prior to the aforementioned due date. Petitions turned into the GCSB office prior to the start of the Conference will be turned over to the Rules Committee for validation.
 3. Consideration of Petitions.
Petitions validated by the Rules Committee will be added to the List and discussed in the appropriate Issue Sessions on Friday September 29, 1989. Each validated petition will be assigned to an Issue Session and given a number for consideration in Conference votes. Petitions may be amended.
 4. Definition of a Sponsor.
For purposes of this section, sponsor is defined as the person whose name appears in the section of the GCSB petition which is labeled "circulated by". If a Region or other organization appears in the "circulated by" section, the chair of the Region shall be considered the sponsor of the petition.

IV. Conference Votes

- A. The Two (2) Conference Votes.
Each Delegate may vote for up to 50 items at the first conference vote and up to 20 items on the second and final conference vote from the Issue/Recommendation List. The List is the comprehensive listing of all recommendations under active consideration. On Friday September 29, 1989, Delegates will receive an updated List that includes amendments adopted in the Friday Issue Sessions. The vote on Friday evening will reduce the list to the top 50 items. Results of the Friday vote will be made available early Saturday September 30. Saturday September 30, 1989, the second and final vote will then produce an overall ranking order list from all recommendations of the top 20. These shall constitute the Final Recommendations of the 1989 Governor's Conference on Small Business.
- B. Voting Procedures for Conference Votes.
Votes will be cast by means of ballots. Vouchers for these ballots will be distributed to each Delegate at Registration and will not be replaced if lost or

stolen. Vouchers will be exchanged for a ballot at the time of voting. Voting times and locations will be announced in the Conference Agenda distributed at Registration.

V. Resolution Session: "Small Business Futures Session".

A. Purpose.

The Resolution Session will be devoted to areas of concern not specifically addressed by recommendations in the Issue Sessions. The session will be for discussion of issues such as, but not limited to:

1. Small business's place in the economy of the next decade;
2. Changes in the labor force which will affect small business;
3. Changes in technology which will affect small business; and
4. Determining the role of the private sector in strengthening small business and increasing public awareness of its contributions to our economy.

This session will not be for the purpose of further amendments to others. Thus, resolutions must not repeat recommendations discussed and voted on in the Issue Sessions. Resolutions must be submitted on prescribed forms.

B. Attendance at the Resolution Session.

The time of the Resolution Session will be announced on the Conference Agenda and will be open to any Delegate. Only Delegates may offer Resolutions or speak to Resolutions. Alternates and observers may attend.

C. Voting at the Resolution Session.

In order to hold a Resolution Session, at least 66 Delegates must be present. Voting will be after discussion on each Resolution. Delegates may vote on as many Resolutions as are presented. All Resolutions passed by this session will be forwarded to the Governor in the Final Report. In order to pass as a Conference Resolution, a Resolution must receive a minimum of two thirds (44) of the minimum of 66 Delegates present.

VI. General Sessions

A. Session Leadership.

Each General Session will be chaired by the GCSB Steering Committee Chair or their designee with the assistance of the Parliamentarian.

B. Purpose.

General Sessions will be scheduled for the purpose of presenting speakers to the Delegates as well as to make housekeeping and procedural announcements.

C. Attendance at General Sessions.

General Sessions are open to all Conference participants. Delegates will be seated by Regional delegations in designated sections of the floor. Observers, alternates and others will be seated in other designated areas.

VII. Definitions

A. Amendment: a proposal for addition or modification to an item on the Issue/Recommendation List.

B. Delegate: a person who is an owner, partner, corporate officer or employee of a for-profit small business with 100 or fewer permanent employees and that grosses less than \$10 million per year. There cannot be more than one person per business. Delegates must have been elected at a Regional Conference or appointed by the Steering Committee. Delegates shall be apportioned as follows:

Anchorage	36
Barrow	3
Bethel	3
Dillingham	3
Dutch Harbor	3
Fairbanks	15
Juneau	10
Kenai	7
Ketchikan	5
Kodiak	3
Kotzebue	3
Mat-Su	5
Nome	3
<u>TOTAL</u>	<u>99</u>

- C. Petition: a formal request, needing at least 20 Delegate signatures, asking that an additional recommendation be considered that is not on the Issue/Recommendation List.
- D. Recommendation: an issue area developed at a Regional Conference or by petition that identifies a problem area and suggests how it can be addressed by the private sector, regulatory or administrative changes or by legislation.
- E. Resolution: a formal proposal for consideration that concerns small business and that has not been considered in any Issue Session.

APPENDIX C
DELEGATES TO THE CONFERENCE

Michael Aamodt
Chairman, Barrow Delegation
Pausan Arctic Adventures
P.O. Box 68
Barrow, AK 99723
852-7780

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Intergroup Development Corporation
P.O. Box 32976
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789-1871

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Marketing Express
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Soldotna, AK 99669
262-7370

Frank Arriaga
Marine Construction & Engineering
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Dutch Harbor, AK 99692
581-1476

Vernon Bavilla
Kuitsarak Store
P.O. Box 10
Goodnews Bay, AK 99589
967-8520

Allen Bingham
Ernst & Whinney
301 W Northern Lights #601
Anchorage, AK 99503
279-1411

Harry Brod
Brod & Associates
1102 W. 30th
Anchorage, AK 99503
277-2897

Roger C. Burggraf
Happy Hill Mining Co.
830 Sheep Creek Rd.
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479-2596

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Chairman, Bethel Delegation
Pacific Rim Services
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543-2484

Dr. Naz Chaudhry
NPC Management Consultants
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786-4834

C. L. Cheshire
Chairman, Ketchikan Delegation
Cheshire & Haeskayld
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Ketchikan, AK 99901
225-6171

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Valley Transport
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Palmer, AK 99645
745-7733

John Cook
C & R Enterprises
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262-5969

Carolyn Cornelius
Alaska Bush Service
201 E Dimond
Anchorage, AK 99515
344-6690

William J. Cullinane
Cullinane Corp.
455 S. Franklin
Juneau, AK 99801
586-2323

Bruce Davison
Davison & Davison
1407 W 31st, 5th Fl
Anchorage, Ak 99503
276-6555

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PHD - Affiliates Training
& Development
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479-5747

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Chairman, Juneau Delegation
Jensen/Douglas Architects Inc.
P.O. Box 310
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586-1070

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277-0288

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443-5296

Joe Fields
Alaska International Group
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451-7906

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235-5248

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337-7775

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561-0143

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Framed By Annie
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586-2050

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Linc
P.O. Box 72315
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White Mountain Lodge
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638-3431
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Mary Johnson Court
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276-3090

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Rentals
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278-4488

* Served on the Rules Committee

APPENDIX D

STEERING COMMITTEE MEMBERS AND REGIONAL COORDINATORS

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443-5296

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C. L. Cheshire
University of Alaska, Southeast
7th & Madison
Ketchikan, AK 99901
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Frank Thomas-Mears
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345-7181

Al Williams
1577 C St. Plaza, Suite 200
Anchorage, AK 99501
274-5400

SJR

13

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SJR 13

Revision Date: _____ Department Affected: Office of the Governor-Elections
 Title: Amendment to the Constitution BRU: Division of Elections
creating an economic development fund Component: II - Primary and General Elections
 Sponsor: Senator Rodey
 Requestor: L&C COMPONENT SERIAL NO.

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

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		2.2*				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		2.2*				

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND		2.2*				
FEDERAL FUNDS						
OTHER						
TOTAL		2.2*				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: -0-

ANALYSIS: (Attach a separate page if necessary.) * This figure covers cost of inclusion of information about this issue in the Official Election Pamphlet as required by AS 15.58, and programming for DataVote counting of votes cast on this measure. However, only 4 measures can be printed on a single ballot card. Should this measure require printing an additional ballot card, the fiscal impact would be: 53.4.

Prepared By: Elizabeth Ziegler, Deputy Director Phone: 465-4611
 Division: Division of Elections Date: 2-7-91
 Approved by Commissioner: *Charles E. Thickett*
 Agency: Division of Elections Date: 2-7-91

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

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SJR 13

Revision Date: March 26, 1991

Department Affected: Revenue

Title: Economic Development Fund

BRU: Operation

Component: Treasury

Sponsor: Rodey

Component Serial No.

Requestor: _____

	1	2	1
--	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

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

REVENUE	(10,741.4)	(12,1717.1)	(12,964.5)	(13,348.7)	(13,174.4)	(13,557.3)
---------	------------	-------------	------------	------------	------------	------------

FUNDING: (Thousands of Dollars)

GENERAL FUND	(10,741.4)	(12,1717.1)	(12,964.5)	(13,348.7)	(13,174.4)	(13,557.3)
FEDERAL FUNDS						
OTHER						
TOTAL	(10,741.4)	(12,1717.1)	(12,964.5)	(13,348.7)	(13,174.4)	(13,557.3)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: There is no operational impact on Treasury. Unrestricted general fund revenues will be reduced by 1% of oil and gas tax revenues as projected by scenario B of the department's revenue forecast.

Prepared by: Brian C. Andrews *BCA*

Phone: 465-2350

Division: Treasury *DR*

Date: March 26, 1991

Approved by Commissioner: *[Signature]*

Agency: Revenue

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

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERENCE

DATE: 1/30/91

FURTHER: Judiciary
Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
INTO OFFICE: _____

L&C Committee considered SJR 13

Proposing amendments to the Constitution of the State of Alaska creating an economic development fund.

and recommended:

- replace with _____ CS _____ same title
- attached amendment(s) new title
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) _____

zero fiscal note(s) _____

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

McElverson

OTHER RECOMMENDATIONS:

Original letter No Rec
White Hallford NO REC

Paula Proenca - No Rec
Chair: Signature and Recommendation

SENATE LABOR & COMMERCE COMMITTEE
BILL FILE

BILL NUMBER: SJR 13

BILL TITLE: ECONOMIC DEVELOPMENT FUND

SPONSOR: RODNEY

RECEIVED: 1/30/91

WRITTEN REQUEST TO SCHEDULE: DATE _____ FROM _____

SECTIONAL ANALYSIS RECEIVED: DATE _____ FROM _____

FISCAL NOTE REQUESTED: DATE _____ FROM _____

FISCAL NOTE RECEIVED: DATE 2/17 FROM SELECTIONS

FISCAL NOTE CS REQUESTED: DATE _____ FROM _____

FISCAL NOTE CS RECEIVED: DATE _____ FROM _____

FISCAL NOTE CS REQUESTED: DATE _____ FROM _____

FISCAL NOTE CS RECEIVED: DATE _____ FROM _____

FISCAL NOTE CS REQUESTED: DATE _____ FROM _____

FISCAL NOTE CS RECEIVED: DATE _____ FROM _____

FIVE DAY NOTICE GIVEN:

COMMITTEES OF REFERRAL: FIRST: _____ SECOND: _____ THIRD: _____

DATE

COMMITTEE ACTION

DATE	COMMITTEE ACTION
_____	_____
_____	_____
_____	_____
_____	_____

HEARING NOTIFICATION LIST

- | | |
|------------|-----------|
| 1. SPONSOR | 6. _____ |
| 2. AGENCY | 7. _____ |
| 3. _____ | 8. _____ |
| 4. _____ | 9. _____ |
| 5. _____ | 10. _____ |

Patrick M. Rodey
Senator

Alaska State Legislature



Senate

3111 C. St., Suite 510
Anchorage, Alaska 99503
(907) 561-7618

During Session:
P.O. Box V
Juneau, Alaska 99811
(907) 465-3793

DATE : March 5, 1991

TO : Senator Drue Pearce, Chair
Senate Labor and Commerce Committee

FROM : Senator Patrick Rodey *Pat*

RE : **Scheduling Senate Joint Resolution 13 -
Proposing amendments to the Constitution of
the State of Alaska creating an economic
development fund**

I respectfully request that the Senate Labor and Commerce Committee schedule SJR 13 for a hearing as soon as convenient.

The purpose of this constitutional amendment is to expand opportunities for new development and redevelopment that would have a positive impact on the State of Alaska.

SJR 13 authorizes one percent of the annual receipts of state taxes on oil and gas to be placed into the Economic Development Fund. Along with the annual deposits to the fund, any earnings or repayments from fund activity would go back into the fund enabling the fund to develop a stable and ongoing source of investment dollars.

The fund would be managed by a Board of Directors similar to the Permanent Fund Corporation. The Board would establish guidelines for a prudent investment policy with the guidance of the legislature.

If passed by the legislature, the proposed amendments would go before the voters in the 1992 general election. If passed, the Act would take effect 30 days after the election is certified by the Lt. Governor.

The proposal has a fiscal note of \$2,200.



SJR 13 - ECONOMIC DEVELOPMENT FUND

FIGURES IN MILLIONS

<u>YEAR</u>	<u>CORPORATE</u>	<u>SEVERANCE</u>	<u>PROPERTY</u>	<u>TOTAL</u>
FY 89	166.	698.8	89.7	\$ 954.
FY 90	117.1	1001.6	89.8	\$1,208.

In FY 89, the state collected about \$950 million in oil and gas taxes which would have resulted in about \$9.5 million available if the fund had been in existence.

In FY 90, about \$1.208 billion was collected by the state from oil and gas taxes. (This does not include any monies received from settlements and reflects pure taxes, no royalties.) This would have resulted in over \$12 million being deposited into the fund.

LAA Legal indicated the way the measure is currently worded the economic development fund would benefit from any oil and gas litigation money awarded the state. Language in Sec. 2, line 11-12, states "annual receipts of State taxes on oil and gas that are received..." The phrase "that are received" legal believes would necessitate placing money into the economic development fund.

As currently written, the Act would take effect 30 days after the election was certified by the Lt. Gov.

3/27/91

CORRECTION

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

Alaska State Legislature



Senate

3111 C. St., Suite 510
Anchorage, Alaska 99503
(907) 561-7618

During Session:
P.O. Box V
Juneau, Alaska 99811
(907) 465-3793

SJR 13 - ECONOMIC DEVELOPMENT FUND

FIGURES IN MILLIONS

<u>YEAR</u>	<u>CORPORATE</u>	<u>SEVERANCE</u>	<u>PROPERTY</u>	<u>TOTAL</u>
FY 89	166.	698.8	89.7	\$ 954.
FY 90	117.1	1001.6	89.8	\$1,208.

In FY 89, the state collected about \$950 million in oil and gas taxes which would have resulted in about \$9.5 million available if the fund had been in existence.

In FY 90, about \$1.208 billion was collected by the state from oil and gas taxes. (This does not include any monies received from settlements and reflects pure taxes, no royalties.) This would have resulted in over \$12 million being deposited into the fund.

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As currently written, the Act would take effect 30 days after the election was certified by the Lt. Gov.

3/27/91



Alaska Permanent Fund Corporation

P.O. Box 4-1000 Juneau, Alaska 99802-4100

(907) 465-2047

MEMORANDUM

DATE: March 26, 1991

TO: Senator Pat Rodey

FROM: Jim Kelly
Research & Liaison Officer

SUBJECT: Senate Joint Resolution No. 13, "Proposing amendments to the Consitution of the State of Alaska creating an economic development fund."

In response to a request from Katie Drennen of your office, I have reviewed SJR 13 and find that it has no impact on the Alaska Permanent Fund. As you know, the Permanent Fund receives dedicated oil revenues, but they are based solely on mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and lease bonuses received by the State — not on taxes.

The proposed Economic Development Fund, on the other hand, would be capitalized by a portion of the annual receipts of State oil and gas taxes. Thus, any money that would be deposited in the Economic Development Fund would not have been deposited in the Permanent Fund.

If I may be of further assistance, please let me know.

CSR 13

1) PASSED Y20 N-
2) TRANSMITTED TO (H)
3) READ THE FIRST TIME - REFERRAL(S)
4) LABOR & COMMERCE
5) L&C RPT 6DP
6) -PREVIOUS SEN ZERO FN (DH&VA) 2/13/90
7) CROSS SPONSOR: DONLEY

SJR 70

Proposing amendments to the Constitution of the State of Alaska to establish an Alaska environmental trust fund.

PRIME SPONSOR: HALFORD
CO-SPONSORS: ELIASON, COGHILL, JONES, ZHAROFF, RODEY, KERITULA, FISCHER, DUNCAN, KELLY, PEARCE, FRANK, STURGULEWSKI

CURRENT STATUS: (S) FIN

STATUS DATE: 03/12/90

JRN-DATE	JRN-PG		ACTION
02/08/90	2376	(S)	READ THE FIRST TIME - REFERRAL(S)
02/08/90	2376	(S)	JUD, THEN FINANCE
03/12/90	2800	(S)	JUD RPT CS 3DP 1NR SAME TITLE
03/12/90	2800	(S)	FN TO SJR & CS PUBLISHED (ELECTIONS)
03/12/90	2800	(S)	REFERRED TO FINANCE

to the Constitu-
Alaska relating to
al jury in a

STATUS DATE: 02/07/90

ACTION
READ THE FIRST TIME - REFERRAL(S)
JUD, THEN FIN

SJR 71

Encouraging Savoonga, Alaska, and Sereniki, U.S.S.R., to be sister cities.

PRIME SPONSOR: KERTTULA

CURRENT STATUS: LEGIS RESOLVE 93 STATUS DATE: 05/16/90

JRN-DATE	JRN-PG		ACTION
02/12/90	2414	(S)	READ THE FIRST TIME - REFERRAL(S)
02/12/90	2415	(S)	COMMUNITY AND REGIONAL AFFAIRS
03/30/90	3125	(S)	CRA RPT 4DP
3/30/90	3125	(S)	ZERO FISCAL NOTE PUBLISHED (KERTTULA)
4/04/90	3211	(S)	RULES TO CALENDAR 4/4/90
4/04/90	3220	(S)	READ THE SECOND TIME
04/04/90	3220	(S)	ADVANCED TO THIRD READING UNAN CONSENT
04/04/90	3221	(S)	READ THE THIRD TIME SJR 71
04/04/90	3221	(S)	PASSED Y20 N-
04/04/90	3226	(S)	TRANSMITTED TO (H)
04/05/90	3156	(H)	READ THE FIRST TIME - REFERRAL(S)
04/05/90	3156	(H)	STATE AFFAIRS
04/19/90	3334	(H)	STA RPT 3DP 2NR
04/19/90	3334	(H)	-PREVIOUS SEN ZERO FN (S.CRA) 3/30/90
04/30/90		(H)	RULES TO CALENDAR 4/30/90
04/30/90	3726	(H)	READ THE SECOND TIME
04/30/90	3726	(H)	ADVANCED TO THIRD READING UNAN CONSENT
04/30/90	3726	(H)	READ THE THIRD TIME SJR 71
04/30/90	3726	(H)	PASSED Y30 N3 A7
04/30/90	3726	(H)	RETURN TO (S), TRANSMIT TO GOVERNOR NEXT
05/07/90	4155	(S)	2:00 PM 5/7/90 TRANSMITTED TO GOVERNOR
06/01/90	4306	(S)	SIGNED BY GOVERNOR 5/16 LEGIS RESOLVE 93

tion of federal
ion of the devel-
: Wrangell-St.
Preserve.

L. KELLY

114 STATUS DATE: 07/07/90

ACTION
READ THE FIRST TIME - REFERRAL(S)
RESOURCES
RES RPT 7DP
ZERO FISCAL NOTE PUBLISHED (DNR)
RULES TO CALENDAR 3/19/90
READ THE SECOND TIME
ADVANCED TO THIRD READING UNAN CONSENT
READ THE THIRD TIME SJR 69
PASSED Y17 N- X1 A2
TRANSMITTED TO (H)
READ THE FIRST TIME - REFERRAL(S)
RESOURCES, FINANCE
RES RPT 5DP
-PREVIOUS SEN ZERO FN (DNR) 3/1/90
FIN REFERRAL WAIVED
RULES TO CALENDAR 5/6/90
READ THE SECOND TIME
ADVANCED TO THIRD READING 5/7 CALENDAR
READ THE THIRD TIME SJR 69
PASSED Y40 N-
RETURN TO (S), TRANSMIT TO GOVERNOR NEXT
2:35 PM 5/24/90 TRANSMITTED TO GOVERNOR
SIGNED BY GOVERNOR 7/7 LEGIS RESOLVE 114

SJR 72

CSSJR 72(FIN) AM
Proposing amendments to the Constitution of the State of Alaska relating to an economic development fund.

PRIME SPONSOR: RODEY
CO-SPONSORS: FAIKS, KELLY, SZYMANSKI, PEARCE, STURGULEWSKI, FAHRENKAMP, UEHLING

CURRENT STATUS: (H) JUD
THEN FIN

STATUS DATE: 05/04/90

JRN-DATE	JRN-PG		ACTION
02/12/90	2415	(S)	READ THE FIRST TIME - REFERRAL(S)
02/12/90	2415	(S)	L&C, THEN JUD, FIN
02/26/90	2585	(S)	L&C RPT CS 4DP INR SAME TITLE
02/26/90	2585	(S)	FN TO SJR & CS PUBLISHED (ELECTIONS)
03/07/90	2752	(S)	JUD RPT CS 3DP 2NR SAME TITLE
03/07/90	2752	(S)	FN TO CS PUBLISHED (ELECTIONS)
03/07/90	2760	(S)	CO-SPONSOR ADDED: FAIKS
04/17/90	3395	(S)	FIN RPT CS 1DP 6NR NEW TITLE
04/17/90	3395	(S)	FN TO FIN CS PUBLISHED (ELECT)
05/02/90	3807	(S)	RULES TO CALENDAR 5/2/90
05/02/90	3831	(S)	READ THE SECOND TIME
05/02/90	3832	(S)	FIN SCS ADOPTED UNAN CONSENT
05/02/90	3832	(S)	ADVANCED TO THIRD READING UNAN CONSENT
05/02/90	3832	(S)	READ THE THIRD TIME CSSJR 72(FIN)
05/02/90	3832	(S)	CO-SPONSORS ADDED: KELLY, SZYMANSKI,
05/02/90	3832	(S)	PEARCE, STURGULEWSKI, FAHRENKAMP, UEHLING
05/02/90	3832	(S)	RETURN TO SECOND FOR AM 1 UNAN CONSENT
05/02/90	3832	(S)	AM NO 1 MOVED BY HALFORD
05/02/90	3833	(S)	AM NO 1 Y13 N7
05/02/90	3833	(S)	AUTOMATICALLY IN THIRD READING
05/02/90	3833	(S)	FAILED PASSAGE Y13 N7
05/02/90	3833	(S)	KERTTULA NOTICE OF RECONSIDERATION
05/03/90	3888	(S)	RECON TAKEN UP - IN THIRD READING
05/03/90	3889	(S)	PASSED ON RECONSIDERATION Y16 N3 A1
05/03/90	3893	(S)	TRANSMITTED TO (H)
05/04/90	3883	(H)	READ THE FIRST TIME - REFERRAL(S)
05/04/90	3883	(H)	JUDICIARY, FINANCE

SJR 73

Relating to safety measures applicable
to oil tankers and other vessels, and to
oil spill prevention and response.

PRIME SPONSOR: ZHAROFF

CO-SPONSORS: ELIASON

CURRENT STATUS: (S) RES
THEN JUD

STATUS DATE: 02/12/90

JRN-DATE	JRN-PG		ACTION
02/12/90	2415	(S)	READ THE FIRST TIME - REFERRAL(S)
02/12/90	2415	(S)	RES, THEN JUD

SJR 74

Relating to high seas drift net fisher-
ies.

PRIME SPONSOR: ZHAROFF

CO-SPONSORS: ELIASON, BINKLEY, KELLY, STURGULEWSKI, JONES

CURRENT STATUS: (S) RES
THEN FIN

STATUS DATE: 02/12/90

JRN-DATE	JRN-PG		READ TH
02/12/90	2415	(S)	RES. T
02/12/90	2415	(S)	CO-SPON
02/14/90	2459	(S)	

SJR 75

HCS CSSJR 75(RES) AM H

Relating to reauthorization and a
ment of the Magnuson Fishery Con-
servation and Management Act.

PRIME SPONSOR: SZYMANSKI

CO-SPONSORS: KERTTULA, ELIASON, JONES, R

FISCHER, ZHAROFF, DONLEY, KUBINA

CURRENT STATUS: LEGIS RESOLVE 118

JRN-DATE	JRN-PG		READ T
02/12/90	2415	(S)	RES. T
02/12/90	2415	(S)	FIN RE
02/26/90	2648	(S)	RES RE
03/01/90	2659	(S)	ZERO F
03/01/90	2660	(S)	RULES
03/16/90	2886	(S)	READ C
03/16/90	2990	(S)	RES C
03/16/90	2890	(S)	CO-SP
03/16/90	2890	(S)	JONES
03/16/90	2890	(S)	COGMI
03/19/90	2915	(S)	READ
03/19/90	2915	(S)	CO-SF
03/19/90	2916	(S)	PASSE
03/19/90	2919	(S)	TRANS
03/21/90	2849	(H)	READ
03/21/90	2850	(H)	RESOL
04/30/90	3716	(H)	RES F
04/30/90	3716	(H)	-PRE
05/03/90		(H)	RULES
05/04/90	3958	(H)	READ
05/04/90	3958	(H)	RES
05/04/90	3959	(H)	MOVE
05/04/90	3970	(H)	AMEN
05/04/90	3971	(H)	AM N
05/04/90	3971	(H)	AMEN
05/05/90	3971	(H)	AM N
05/04/90	3971	(H)	ADV
05/04/90	3971	(H)	ADV
05/04/90	3980	(H)	CROS
05/05/90	4029	(H)	REA
05/05/90	4029	(H)	PAS
05/05/90	4029	(H)	TAY
05/06/90	4102	(H)	REC
05/07/90	4102	(H)	TRA
05/07/90	4143	(S)	CON
05/07/90	4144	(S)	DUT
05/07/90	4144	(S)	REC
05/07/90	4145	(S)	COM
06/01/90	4350	(S)	2:3
07/27/90	4511	(S)	SIC

1 IN THE SENATE

2 CS FOR SENATE JOINT RESOLUTION NO. 72 (FINANCE) AM

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 PROPOSING AMENDMENTS TO THE CONSTITUTION
6 OF THE STATE OF ALASKA RELATING TO AN
7 ECONOMIC DEVELOPMENT FUND.

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

9 * SECTION 1. ARTICLE IX, CONSTITUTION OF THE STATE OF ALASKA, IS AMEND-
10 ED BY ADDING A NEW SECTION TO READ:

11 SECTION 17. ECONOMIC DEVELOPMENT FUND. (A) THE ECONOMIC DEVEL-
12 OPMENT FUND IS ESTABLISHED. NOTWITHSTANDING SECTION 7 OF THIS ARTI-
13 CLE, THE ECONOMIC DEVELOPMENT FUND CONSISTS OF ONE PERCENT OF THE
14 ANNUAL RECEIPTS OF

15 (1) MINERAL LEASE RENTALS, ROYALTIES, ROYALTY SALE PRO-
16 CEEDS, AND NET PROFIT SHARES FROM OIL AND GAS LEASES ON STATE LAND.

17 (B) NOTWITHSTANDING SECTION 7 OF THIS ARTICLE, THE LEGISLATURE
18 MAY APPROPRIATE FROM THE FUND ESTABLISHED BY (A) OF THIS SECTION ONLY
19 TO MAKE LOANS FROM THE ECONOMIC DEVELOPMENT FUND FOR ECONOMIC DEVELOP-
20 MENT PURPOSES THAT ARE AUTHORIZED BY LAW, AND MONEY RECEIVED AS REPAY-
21 MENT OF PRINCIPAL AND INTEREST ON LOANS FROM THE ECONOMIC DEVELOPMENT
22 FUND SHALL BE DEPOSITED INTO THE FUND. THE LEGISLATURE SHALL PROVIDE
23 BY LAW FOR THE MANAGEMENT AND INVESTMENT OF THE FUND BALANCE.

24 (C) IN ADDITION TO AMOUNTS REQUIRED TO BE DEPOSITED UNDER (A) OF
25 THIS SECTION, THE LEGISLATURE MAY APPROPRIATE FROM THE TREASURY TO THE
26 ECONOMIC DEVELOPMENT FUND.

27 * SEC. 2. ARTICLE XV, CONSTITUTION OF THE STATE OF ALASKA, IS AMENDED
28 BY ADDING A NEW SECTION TO READ

29 SECTION 29. RECONSIDERATION OF AMENDMENT ESTABLISHING ECONOMIC
30 DEVELOPMENT FUND. (A) NOTWITHSTANDING SECTION 1 OF ARTICLE XIII, THE
31 LICUTENANT GOVERNOR SHALL PLACE ON THE BALLOT OF THE GENERAL ELECTION

3 IN THE YEAR 2000 THE QUESTION: "SHALL THE ECONOMIC DEVELOPMENT FUND
4 ESTABLISHED BY SECTION 17 OF ARTICLE IX, CONSTITUTION OF THE STATE OF
5 ALASKA, BE INDEFINITELY EXTENDED?"

6 (B) IF A MAJORITY OF THE VOTES CAST ON THE BALLOT QUESTION
7 SUBMITTED TO THE VOTERS UNDER (A) OF THIS SECTION ARE IN THE NEGATIVE,
8 THE PROVISIONS OF SECTION 17 OF ARTICLE IX ARE REPEALED JULY 1, 2001,
9 AND THE BALANCE OF THE ECONOMIC DEVELOPMENT FUND ESTABLISHED UNDER
10 SECTION 17 OF ARTICLE IX AS IT EXISTS ON JULY 1, 2001, AND ALL MONEY
11 THEREAFTER RECEIVED AS REPAYMENT OF PRINCIPAL AND INTEREST ON LOANS
12 FROM THAT FUND SHALL BE DEPOSITED IN THE STATE TREASURY UNLESS OTHER-
13 WISE APPROPRIATED BY THE LEGISLATURE.

14 * SEC. 3. THE AMENDMENTS PROPOSED BY SECS. 1 AND 2 OF THIS RESOLUTION
15 SHALL BE PLACED BEFORE THE VOTERS OF THE STATE AT THE NEXT GENERAL ELECTION
16 IN CONFORMITY WITH ART. XIII, SEC. 1, CONSTITUTION OF THE STATE OF ALASKA,
17 AND THE ELECTION LAWS OF THE STATE.

SJR

28



Alaska State Legislature

SENATE

Official Business

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

MEMORANDUM

TO: Senator Cotten, Chair
Oil and Gas Committee

SUBJ: SJR 28 --
TAPS Task Force

FROM: Senator Kerttula

DATE: April 29, 1991

Thank you for scheduling SJR 28.

The Oil Pollution Act of 1990 created a Presidential Task Force to conduct a two-year audit of the Trans Alaska Pipeline System. Three members of the TAPS task force are to be appointed by Governor Hickel.

Given the importance to the State of Alaska in ensuring environmentally sound oil development in the North Slope, I believe that it is important to encourage Governor Hickel to appoint the Alaska members of the task force as soon as possible.

JK:kh

From DEC Marilyn Heinman 10/30/90

- X plans and site specific regulations governing the activities and actions of terminal facilities and tankers.

The Citizens Advisory Council is appointed by the Governor and shall represent fishing, aquaculture, native corporations, environmental organizations, recreational organizations, state chamber of commerce (tourism), and specific representatives from local communities, and non-voting members including EPA, Coast Guard, NOAA, Forest Service, BLM, DEC, F&G, DNR, DES. Duties include: provide advice and recommendations to the Association on policies, permits and regulations relating to operation and maintenance of facilities and tankers which may effect the environment; monitor environmental impacts of the operations of facilities and terminals; review the adequacy of oil spill prevention and contingency plans for tankers and facilities; provide recommendations to the Association on Port Operations, policies and practices; recommend standards for permits and regulations, modifications of terminal facility and tanker operations; and modifications to prevention and contingency plans; and create additional committees.

Funding provided by the oil industry, contingency plans will not be approved if these Environmental monitoring and oversight programs are not funded. \$2 million in FWS, \$1 million in Cook Inlet.

- 3) The Transportation Secretary is required to establish special requirements for Prince William Sound including:
- a) an improved vessel traffic service system for the Port of Valdez and a Bligh Reef warning light
 - b) pre-positioned oil spill containment and removal equipment in strategic locations
 - c) establishment of an oil spill clean up force sufficient to clean up a 200,000 barrel spill
 - d) training in oil removal techniques for fishermen and fishing industry employees in the area
 - e) spill drills twice a year
 - f) Tankers that have spilled more than 1 million gallons are prohibited from operating in Prince William Sound

TITLE VI - Miscellaneous

TITLE VII - Research and Development

1) \$28.5 million annually for a new research and development program coordinated by an Interagency Coordinating Committee on Oil Pollution Research. The Committee would coordinate efforts by federal agencies, industry, universities, research institutions, states and other nations. The Committee will investigate technologies to prevent and clean up spills, ways to improve industry and government response to spills, ways to restore damaged natural resources, the environmental effects of spills and other topics.

TITLE VIII - Trans-Alaska Pipeline System

- 1) Pipeline ROW holders are responsible for paying all costs and are strictly liable for \$350 million in damages.
- 2) Presidential Task Force - Composed of an appointee of the EPA, Interior, and Transportation, 3 members appointed by the Governor (one from DEC and one from DNR), one member nominated by OTA. The Task Force will conduct a comprehensive 2 year audit of the TAPS and terminal operations and make recommendations concerning prevention of oil spills, and health and environmental damage. The audit includes a review of whether Alyeska is in compliance with laws, regulations and right of way agreements. \$5 million annually is authorized from the fund.

3) Penalties

TITLE IX - Amendments to Oil Spill Liability Trust Fund, ETC.

OIL POLLUTION ACT OF 1990
TITLE I--OIL POLLUTION LIABILITY AND COMPENSATION

Sec. 1001. Definitions.	Page 3
Sec. 1002. Elements of liability.	Page 6
Sec. 1003. Defenses to liability.	Page 8
Sec. 1004. Limits on liability.	Page 8
Sec. 1005. Interest.	Page 10
Sec. 1006. Natural resources.	Page 11
Sec. 1007. Recovery by foreign claimants.	Page 13
Sec. 1008. Recovery by responsible party.	Page 14
Sec. 1009. Contribution.	Page 14
Sec. 1010. Indemnification agreements.	Page 15
Sec. 1011. Consultation on removal actions.	Page 15
Sec. 1012. Uses of the Fund.	Page 15
Sec. 1013. Claims procedure	Page 18
Sec. 1014. Designation of source and advertisement.	Page 18
Sec. 1015. Subrogation.	Page 19
Sec. 1016. Financial responsibility.	Page 19
Sec. 1017. Litigation, jurisdiction, and venue.	Page 21
Sec. 1018. Relationship to other law.	Page 22
Sec. 1019. State financial responsibility.	Page 23
Sec. 1020. Application.	Page 23

TITLE II--CONFORMING AMENDMENTS

Sec. 2001. Intervention on the High Seas Act.	Page 23
Sec. 2002. Federal Water Pollution Control Act.	Page 24
Sec. 2003. Deepwater Port Act.	Page 24
Sec. 2004. Outer Continental Shelf Lands Act Amendments of 1978.	Page 24

TITLE V--PRINCE WILLIAM SOUND PROVISIONS

Sec. 5001. Oil spill recovery institute.	Page 59
Sec. 5002. Terminal and tanker oversight and monitoring.	Page 61
Sec. 5003. Bligh Reef light.	Page 70
Sec. 5004. Vessel traffic service system.	Page 70
Sec. 5005. Equipment and personnel requirements under tank vessel and facility response plans.	Page 70
Sec. 5006. Funding.	Page 71
Sec. 5007. Limitation.	Page 71

TITLE VI--MISCELLANEOUS

Sec. 6001. Savings clause.	Page 71
Sec. 6002. Annual appropriation.	Page 72
Sec. 6003. Outer Banks protection.	Page 72
Sec. 6004. Cooperative development of common hydrocarbon-bearing areas.	Page 75

TITLE VII--OIL POLLUTION RESEARCH AND DEVELOPMENT PROGRAM

Sec. 7001. Oil pollution research and development program.	Page 76
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TITLE VIII--TRANS-ALASKA PIPELINE SYSTEM

Sec. 8001. Short title.	Page 81
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Subtitle A

Improvements to Trans-Alaska Pipeline System

Sec. 8101. Liability within the State of Alaska and cleanup efforts.	Page 82
Sec. 8102. Trans-Alaska Pipeline Liability Fund.	Page 82
Sec. 8103. Presidential task force.	Page 84

State due to injury, destruction, or loss of real property, personal property, or natural resources, or diminished economic activity due to a discharge of oil; and

"(B) the net cost of providing increased or additional public services during or after removal activities due to a discharge of oil, including protection from fire, safety, or health hazards, incurred by a State or political subdivision of a State.

"(14) Paragraphs (1) through (13) shall apply only to claims arising from incidents occurring before the date of enactment of the Trans-Alaska Pipeline System Reform Act of 1990. The Oil Pollution Act of 1990 shall apply to any incident, or any claims arising from an incident, occurring on or after the date of the enactment of that Act."

(d) **PAYMENT OF CLAIMS BY FUND.**—Section 204(c)(3) of the Trans-Alaska Pipeline Authorization Act (43 U.S.C. 1653(c)(3)) is amended by adding at the end the following: "The Fund shall expeditiously pay claims under this subsection, including such \$14,000,000, if the owner or operator of a vessel has not paid any such claim within 90 days after such claim has been submitted to such owner or operator. Upon payment of any such claim, the Fund shall be subrogated under applicable State and Federal laws to all rights of any person entitled to recover under this subsection. In any action brought by the Fund against an owner or operator or an affiliate thereof to recover amounts under this paragraph, the Fund shall be entitled to recover prejudgment interest, costs, reasonable attorney's fees, and, in the discretion of the court, penalties."

(e) **OFFICERS OR TRUSTEES.**—Section 204(c)(4) of the Trans-Alaska Pipeline Authorization Act (43 U.S.C. 1653(c)(4)) is amended—

(1) by inserting "(A)" after "(4)"; and

(2) by adding at the end the following:

"(B) No present or former officer or trustee of the Fund shall be subject to any liability incurred by the Fund or by the present or former officers or trustees of the Fund, other than liability for gross negligence or willful misconduct.

"(C)(i) Subject to clause (ii), each officer and each trustee of the Fund—

"(I) shall be indemnified against all claims and liabilities to which he or she has or shall become subject by reason of serving or having served as an officer or trustee, or by reason of any action taken, omitted, or neglected by him or her as an officer or trustee; and

"(II) shall be reimbursed for all attorney's fees reasonably incurred in connection with any claim or liability.

"(ii) No officer or trustee shall be indemnified against, or be reimbursed for, any expenses incurred in connection with, any claim or liability arising out of his or her gross negligence or willful misconduct."

SEC. 8103. PRESIDENTIAL TASK FORCE.

(a) ESTABLISHMENT OF TASK FORCE —

(1) **ESTABLISHMENT AND MEMBERS.**—(A) There is hereby established a Presidential Task Force on the Trans-Alaska Pipeline System (hereinafter referred to as the "Task Force") composed of the following members appointed by the President:

(i) Three members, one of whom shall be nominated by the Secretary of the Interior, one by the Administrator of

the Environmental Protection Agency, and one by the Secretary of Transportation.

(ii) Three members nominated by the Governor of the State of Alaska, one of whom shall be an employee of the Alaska Department of Natural Resources and one of whom shall be an employee of the Alaska Department of Environmental Conservation.

(iii) One member nominated by the Office of Technology Assessment.

(B) Any member appointed to fill a vacancy occurring before the expiration of the term for which his or her predecessor was appointed shall be appointed only for the remainder of such term. A member may serve after the expiration of his or her term until a successor, if applicable, has taken office.

(2) COCHAIRMEN.—The President shall appoint a Federal cochairman from among the Federal members of the Task Force appointed pursuant to paragraph (1)(A) and the Governor shall designate a State cochairman from among the State members of the Task Force appointed pursuant to paragraph (1)(B).

(3) COMPENSATION.—Members shall, to the extent approved in appropriations Acts, receive the daily equivalent of the minimum annual rate of basic pay in effect for grade GS-15 of the General Schedule for each day (including travel time) during which they are engaged in the actual performance of duties vested in the Task Force, except that members who are State, Federal, or other governmental employees shall receive no compensation under this paragraph in addition to the salaries they receive as such employees.

(4) STAFF.—The cochairman of the Task Force shall appoint a Director to carry out administrative duties. The Director may hire such staff and incur such expenses on behalf of the Task Force for which funds are available.

(5) RULE.—Employees of the Task Force shall not, by reason of such employment, be considered to be employees of the Federal Government for any purpose.

(b) DUTIES OF THE TASK FORCE.—

(1) AUDIT.—The Task Force shall conduct an audit of the Trans-Alaska Pipeline System (hereinafter referred to as "TAPS") including the terminal at Valdez, Alaska, and other related onshore facilities, make recommendations to the President, the Congress, and the Governor of Alaska.

(2) COMPREHENSIVE REVIEW.—As part of such audit, the Task Force shall conduct a comprehensive review of the TAPS in order to specifically advise the President, the Congress, and the Governor of Alaska concerning whether—

(A) the holder of the Federal and State right-of-way is, and has been, in full compliance with applicable laws, regulations, and agreements;

(B) the laws, regulations, and agreements are sufficient to prevent the release of oil from TAPS and prevent other damage or degradation to the environment and public health;

(C) improvements are necessary to TAPS to prevent release of oil from TAPS and to prevent other damage or degradation to the environment and public health;

(D) improvements are necessary in the onshore oil spill response capabilities for the TAPS; and

(E) improvements are necessary in security for TAPS.

(3) **CONSULTANTS.**—(A) The Task Force shall retain at least one independent consulting firm with technical expertise in engineering, transportation, safety, the environment, and other applicable areas to assist the Task Force in carrying out this subsection.

(B) Contracts with any such firm shall be entered into on a nationally competitive basis, and the Task Force shall not select any firm with respect to which there may be a conflict of interest in assisting the Task Force in carrying out the audit and review. All work performed by such firm shall be under the direct and immediate supervision of a registered engineer.

(4) **PUBLIC COMMENT.**—The Task Force shall provide an opportunity for public comment on its activities including at a minimum the following:

(A) Before it begins its audit and review, the Task Force shall review reports prepared by other Government entities conducting reviews of TAPS and shall consult with those Government entities that are conducting ongoing investigations including the General Accounting Office. It shall also hold at least 2 public hearings, at least 1 of which shall be held in a community affected by the Exxon Valdez oil spill. Members of the public shall be given an opportunity to present both oral and written testimony.

(B) The Task Force shall provide a mechanism for the confidential receipt of information concerning TAPS, which may include a designated telephone hotline.

(5) **TASK FORCE REPORT.**—The Task Force shall publish a draft report which it shall make available to the public. The public will have at least 30 days to provide comments on the draft report. Based on its draft report and the public comments thereon, the Task Force shall prepare a final report which shall include its findings, conclusions, and recommendations made as a result of carrying out such audit. The Task Force shall transmit (and make available to the public), no later than 2 years after the date on which funding is made available under paragraph (7), its final report to the President, the Congress, and the Governor of Alaska.

(6) **PRESIDENTIAL REPORT.**—The President shall, within 90 days after receiving the Task Force's report, transmit a report to the Congress and the Governor of Alaska outlining what measures have been taken or will be taken to implement the Task Force's recommendations. The President's report shall include recommended changes, if any, in Federal and State law to enhance the safety and operation of TAPS.

(7) **EARMARK.**—Of amounts in the Fund, \$5,000,000 shall be available, subject to appropriations, annually without fiscal year limitation to carry out the requirements of this section.

(c) **GENERAL ADMINISTRATION AND POWERS OF THE TASK FORCE.**—

(1) **AUDIT ACCESS.**—The Comptroller General of the United States, and any of his or her duly appointed representatives, shall have access, for purposes of audit and examination, to any books, documents, papers, and records of the Task Force that are pertinent to the funds received and expended by the Task Force.

(2) **TERMINATION.**—The Task Force shall cease to exist on the date on which the final report is provided pursuant to subsection (b)(5).

(3) **FUNCTIONS LIMITATION.**—With respect to safety, operations, and other matters related to the pipeline facilities (as such term is defined in section 202(4) of the Hazardous Liquid Pipeline Safety Act of 1979) of the TAPS, the Task Force shall not perform any functions which are the responsibility of the Secretary of Transportation under the Hazardous Liquid Pipeline Safety Act of 1979, as amended. The Secretary may use the information gathered by and reports issued by the Task Force in carrying out the Secretary's responsibilities under that Act.

(4) **POWERS.**—The Task Force may, to the extent necessary to carry out its responsibilities, conduct investigations, make reports, issue subpoenas, require the production of relevant documents and records, take depositions, and conduct directly or, by contract, or otherwise, research, testing, and demonstration activities.

(5) **EXAMINATION OF RECORDS AND PROPERTIES.**—The Task Force, and the employees and agents it so designates, are authorized, upon presenting appropriate credentials to the person in charge, to enter upon, inspect, and examine, at reasonable times and in a reasonable manner, the records and properties of persons to the extent such records and properties are relevant to determining whether such persons have acted or are acting in compliance with applicable laws and agreements.

(6) **FOIA.**—The information gathered by the Task Force pursuant to subsection (b) shall not be subject to section 552 of title 5, United States Code (commonly referred to as the "Freedom of Information Act"), until its final report is issued pursuant to subsection (b)(6).

Subtitle B—Penalties

SEC. 8201. AUTHORITY OF THE SECRETARY OF THE INTERIOR TO IMPOSE PENALTIES ON OUTER CONTINENTAL SHELF FACILITIES.

Section 24(b) of the Outer Continental Shelf Lands Act (43 U.S.C. 1350(b)) is amended—

(1) by striking out "If any" and inserting in lieu thereof "(1) Except as provided in paragraph (2), if any";

(2) by striking out "\$10,000" and inserting in lieu thereof "\$20,000";

(3) by adding at the end of paragraph (1) the following new sentence: "The Secretary shall, by regulation at least every 3 years, adjust the penalty specified in this paragraph to reflect any increases in the Consumer Price Index (all items, United States city average) as prepared by the Department of Labor."; and

(4) by adding at the end the following new paragraph:

"(2) If a failure described in paragraph (1) constitutes or constituted a threat of serious, irreparable, or immediate harm or damage to life (including fish and other aquatic life), property, any mineral deposit, or the marine, coastal, or human environment, a civil penalty may be assessed without regard to the requirement of expiration of a period allowed for corrective action."

April 19, 1991

Drue -

RE: PWS Science Center

Dr. G. L. Thomas the new director of the Science Center came by at the urging of Johanna.

He is looking for grant money from the state to conduct scientific studies in the sound. A portion of the center will be the Oil Spill Institute. They are looking to create an endowment for perpetual funding. I suggested he speak with Science & Technology Foundation, Fish & Game for a contract and contact the trustees after a settlement is adopted.

Do they get federal \$?
SIXON \$?

NOAA HAS TIED UP ALL FUNDS FOR IN-HOUSE USE BY NOAA

Why should we give them a grant?

NO ARGUMENT FROM ME

Letter saying nice to meet him. w/ settlement in question, don't know what to say re: funding. We'll certainly try to work w/ PWSSC -

say #3506 (look at legislation) Protocol stuff slb done by his type institution. Work w/ SZRC to make sure it gets instituted



PRINCE WILLIAM SOUND
SCIENCE CENTER
CORDOVA ALASKA

G. L. Thomas, Ph.D.
Director

P.O. Box 705
Cordova, AK 99574
(907) 424-5800
FAX: (907) 424-5820

P.O. Box 6009
Lynnwood, WA 98036
(206) 543-6475
(206) 745-6547

SJR

30



SENATOR FRED F. ZHAROFF

ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:


P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 485-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

MEMORANDUM

TO: Senator Sam Cotten
Chairman
Senate Special Committee on Oil and Gas

FROM: Senator Fred F. Zharoff 

DATE: May 7, 1991

RE: Senate Joint Resolution 30 - "Relating to federal oil leases in the North Aleutian Basin section of Bristol Bay."

SJR 30 places the Alaska Legislature on record in support of the repurchase of the oil and gas leases that have been sold in the North Aleutian Basin section of Bristol Bay. It also requests the governor to represent the state in the negotiations for the repurchase.

Bristol Bay is one of the world's richest fisheries, with abundant and commercially-valuable quantities of salmon, crab, halibut, and groundfish. The North Aleutian Basin oil and gas lease sale has been controversial ever since it was first proposed. Alaska's previous three Governors all strongly opposed the sale. Despite their best administrative and legal efforts, the sale was held and, in October, 1988, the bids were opened.

In the aftermath of the Exxon Valdez disaster, Congress in September, 1989 passed a one year moratorium on exploration and development activities in the North Aleutian Basin. In October, 1990, Congress extended this moratorium.

A campaign is now underway to build support for a repurchase of the OCS Sale 92 oil and gas leases in order remove the risk to this resource-rich region once and for all. The passage of SJR 30 would support these efforts.

SJR 30 was drafted in consultation with the Department of Natural Resources and with groups advocating a buyback.

The following backup information is attached:

1. Resolution from the Bristol Bay Native Association.
2. Solicitation notice for the Bristol Bay Protection

Fund.

3. Letter from the Bristol Bay Buyback Coalition to Gov. Walter Hickel, dated Dec. 13, 1990.
4. Bristol Buy Buyback Coalition news release regarding Minerals Management Service study on oil spill response capabilities for the North Aleutian Basin, dated April 19, 1991.
5. Minerals Management Service map of the North Aleutian Basin and Bristol Bay.
6. Oct. 28, 1990 news article on Congressional extension of North Aleutian Basin moratorium.
7. Sept. 7, 1990 letter from Gov. Steve Cowper to Rep. Jamie Whitten in support of the moratorium extension.
8. Feb. 9, 1990 letter from Sen. Ted Stevens with a copy of the language from the FY 90 federal appropriations bill that implemented the first moratorium.
9. Sept. 29, 1989 news article on Congressional approval of moratorium.
10. April 26, 1989 news release announcing Gov. Cowper's support for a Bristol Bay buyback.

RESOLUTION 91 - 10
BY
FULL BOARD OF DIRECTORS

A RESOLUTION URGING A REPURCHASE OF
OIL AND GAS LEASES IN OUTER BRISTOL BAY (LEASE SALE 92)

- WHEREAS, The Department of the Interior has sold oil and gas leases in outer Bristol Bay (Lease Sale 92), despite overwhelming objections to this sale by the people of Bristol Bay, the State of Alaska, fishing organizations, and other groups, and
- WHEREAS, Concern for subsistence resources and the environment is a precondition of Bristol Bay Native Association for any development activities within the Bay, and
- WHEREAS, Despite its long history of supporting oil and gas development, the State of Alaska, in recognition of both the environmental sensitivity and unparalleled productivity of the region's marine resources has called for a federal buy-back of the leases from Sale 92.

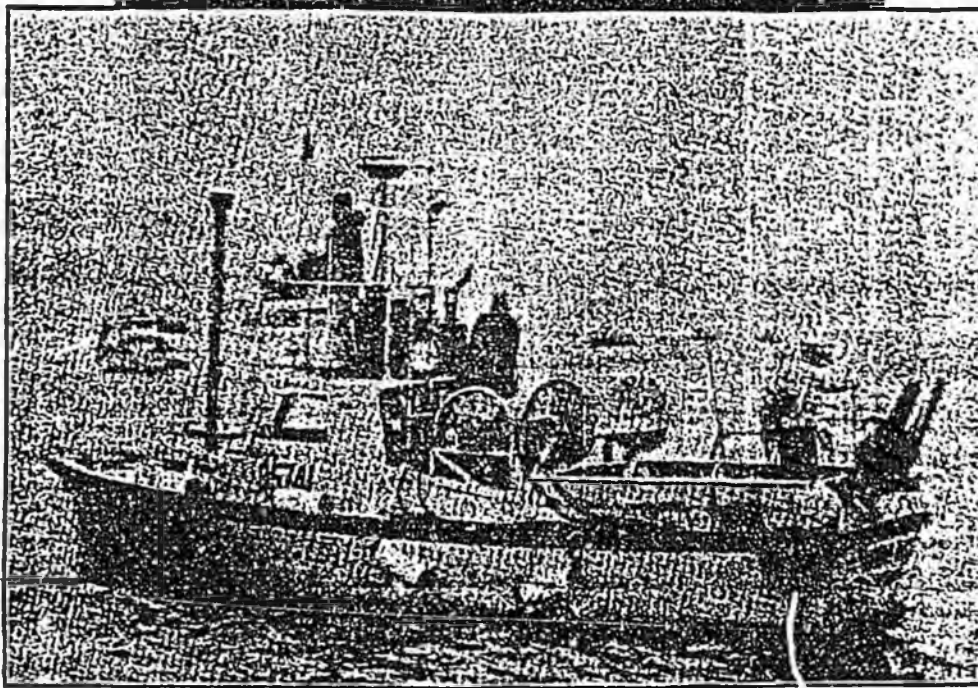
NOW THEREFORE BE IT RESOLVED that the Bristol Bay Native Association Full Board of Directors join with the State of Alaska in calling for a continuation of the moratorium on drilling in Bristol Bay and in support of the State's position that the federal government should repurchase the leases sold in Sale 92.

Dated this 12th day of October, 1990, at Dillingham, Alaska.

Signed: *William P. Johnson*
President

ATTEST:

Signed: *[Signature]*
Secretary



Jon Zuck

You can help save Bristol Bay from oil and gas leasing

In cooperation with the Bristol Bay Buyback Coalition and your fishing association, the Alaska Conservation Foundation announces its Bristol Bay Protection Fund to support cancellation and repurchase of oil and gas lease sale #92. This effort is endorsed by the United Fishermen of Alaska.

Your contribution is needed immediately to help:

- Educate federal and state politicians about your concerns and the importance of this buyback effort for the economic well being of the Bristol Bay region.
- Build national support for the buyback option by educating Americans in all 50 states about the wildlife and fishery values of Bristol Bay and the Bering Sea.

In the wake of the Exxon Valdez, the U.S. House Interior Appropriations Subcommittee placed a moratorium on development of Bristol Bay pending a federal study to examine buyback options. That study is due out this spring and the moratorium will likely be lifted. With a presidential ban on drilling in coastal waters of the contiguous 48 states, pressure is intense to increase Alaska offshore drilling opportunities. Your help is needed to permanently protect the bay's \$1 billion fishery and other marine resources from the threat of oil and gas development.

Yes, I want to support the Bristol Bay Protection Fund. Please use my contribution to support the efforts of the Bristol Bay Buyback Coalition and others working to permanently protect the bay from oil and gas development.

\$100 \$50 \$250 \$500 \$1000 Other _____

Name _____

Address _____

City _____ State _____ Zip _____

Please make your check payable to Alaska Conservation Foundation. Contributions are tax deductible.



Alaska Conservation Foundation

430 W. 7th Ave. #215 • Anchorage, AK, 99501 • (907) 276-1917

BRISTOL BAY BUYBACK COALITION

725 Christensen Drive, Suite 6 Anchorage, AK 99501 (907) 279-6519

December 13, 1990

The Honorable Walter Hickel
Governor of Alaska
P.O. Box A
Juneau, AK 99811-0101

Dear Governor Hickel:

Congratulations on your recent inauguration as the new Governor of Alaska. The Bristol Bay Buyback Coalition looks forward to working with you, the Lieutenant Governor Jack Coghill, and your staff on the important issue of securing a buyback of the OCS leases in Bristol Bay.

The Bristol Bay Buyback Coalition was formed in the fall of 1990 to organize groups who are in favor of a buyback of the OCS leases in Bristol Bay (North Aleutian Shelf Sale 92). At present, the Buyback Coalition consists of over thirty member groups representing commercial and subsistence fishermen, Native groups, local governments, and Alaskan environmental groups. Many of these groups have been deeply involved in the issue of Bristol Bay OCS leasing and development, most notably in achieving moratoria on exploratory oil and gas drilling in the North Aleutian Shelf Sale 92 Area.

As you well know, Bristol Bay and its surrounding environs are vital to Alaska's economy and environment. The region supports fisheries valued at over one billion dollars, including Alaska's most lucrative commercial salmon fishery as well as fisheries for pollock, crab, cod, halibut, and herring. The Bay's bountiful marine environment is a critically important feeding and migration habitat for a variety of marine mammals, marine fish, and migratory waterfowl. These resources in turn provide the backbone of the subsistence economy for the coastal villages and towns of western Alaska. Simply put, we feel the proven fisheries and bountiful marine ecosystem of the region are too valuable to risk for the relatively small amount of recoverable oil estimated to be contained in the Sale 92 Area.

Governor, we know that you have long advocated a buyback of those OCS leases in the Bristol Bay region. After all, the Federal Government ignored the wishes of the Alaskan people when it offered the leases for sale. We appreciate and strongly endorse your position, and your willingness to carry on the long tradition of opposition by the State of Alaska to this lease sale. We have been able to stave off unwise development in this region so important to Alaskans and their economy. However, we must seek a permanent solution to this problem.

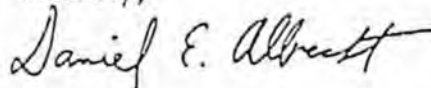
We believe that it is vital to advocate for a Bristol Bay Buyback now. Otherwise, federal bureaucrats will continue to make decisions that affect Alaskans' daily lives. Please do not misunderstand us, Governor. We understand the need for oil development in Alaska, both to provide energy security for our country and to promote Alaska's economy; however, oil development should not threaten already established economies like the Bristol Bay and Bering Sea fisheries which are worth upwards of one to two billion dollars on an annual basis.

Over these past years, we've received strong support on this issue from the Alaska Governor's office in Washington, D.C. We hope that our groups, now organized into the Buyback Coalition, will continue to receive the support of the Washington office. Alaskans, both individuals and government, must continue to present a united front for a buyback of the Bristol Bay OCS leases.

We would like to meet with you and your staff at your earliest convenience so we can jointly plan a strategy to achieve a federal buyback or cancellation of those leases. By working together in a partnership, we can achieve this goal so vital to Alaskans.

We look forward to hearing from you.

Sincerely,



Daniel E. Albrecht
Coordinator

cc: Coalition members
Senator Ted Stevens
Senator Frank Murkowski
Congressman Don Young
Senator Richard Eliason

Representative Ben Grussendorf
Senator Fred Zharoff ✓
Senator Lyman Hoffman
Representative George Jacko
Representative Martin Ivan

RECEIVED APR 22 1991

(4)

BRISTOL BAY BUYBACK COALITION

725 Christensen Drive, Suite 6 Anchorage, Alaska 99501

April 19, 1991

NEWS RELEASE For more information, contact: Dan Albrecht, (907) 279-6519

Buyback Coalition challenges MMS studies on Bristol Bay oil leases

The Bristol Bay Buyback Coalition is contesting the conclusions of a recent government study on the Bristol Bay OCS oil leases. The Coalition says that the study overestimates the industry's ability to cleanup a major oil spill in the subarctic waters of the region. The Coalition's thirty-two member groups are pushing for Congressional action to authorize a cancellation and repurchase of the Bristol Bay or Sale 92 leases.

The Minerals Management Service (MMS) study, entitled "Oil Spill Response Capabilities for North Aleutian Basin Sale 92", examines cleanup response to a hypothetical worst-case oil well blowout during exploration and is based on a preliminary plan prepared by Shell and Chevron. It concludes that although well blowouts are an extremely rare occurrence, a blowout in the Sale 92 area could spew an estimated 495,000 barrels of oil into the Bay, a discharge more than twice the size of the Exxon Valdez spill. Using the Shell/Chevron response Plan, the MMS estimates that 53 percent of the spilled oil would be burned offshore and that evaporation and mechanical cleanup would further limit the effects of the spill leaving 28 percent of the oil to either naturally disperse or contact the shoreline.

The Buyback Coalition points out several weakpoints in the assumptions by MMS. The spill scenario used in the report is assumed to occur during excellent weather conditions of 10 miles visibility and 3-foot seas. However, Jon Zuck of the Bering Sea Fishermen's Association notes that "the waters off the north shore of the Alaska Peninsula are usually much rougher than that; most of the time the seas are higher than three feet, and during the fall, winter and spring ten foot seas are common. They sure picked a rosy scenario to judge their response capabilities."

The MMS's major strategy appears to be in situ burning which the study claims is effective in seas up to 6 to 8 feet. "Burning may work," Zuck said, "but heaven help us if a storm kicks up during a blowout."

The MMS report estimated a 0.5 to 19 percent chance that commercial salmon fisheries habitat would be contacted within 30 days of a hypothetical blowout. It identifies the coastline from Izembek Lagoon to Port Heiden as the most likely area to be contacted by spilled oil. Deming Cowles, Washington D.C. representative for the Buyback Coalition, points out that the MMS study completely ignores the potential impacts to non-salmon fisheries; "as soon as any oil is spilled in the Sale 92 area, it's impacting many other fisheries besides salmon such as the harvest of yellowfin sole, rock sole, flounder, pollock and red king crab. Either the fish are directly contacted by the oil or the fisheries will have to shut down to avoid having their gear oiled." Longliners are also concerned about oil drilling in the region since the lease area (located northeast of Unimak Island) has been identified by the National Marine Fisheries Service as a vital juvenile halibut nursery area.

The study was one of two reports prepared by the MMS at the request of Congress when it imposed the first of two one-year moratoria on exploratory drilling in the Sale 92 leases after the March 1989 Exxon Valdez spill. A second report by the MMS estimated the costs to repurchase the 23 leases that were sold to nine companies in October of 1988 for 95.4 million dollars. That report estimates that in 1994 (after the required 5-year period of lease suspension) a buyback would cost between \$141 million and \$186 million. However, bills recently submitted by Senator Bob Graham and Representative Larry Smith of Florida and Representative Leon Panetta of California would amend the OCS Lands Act to allow a buyback after only one year of lease suspension. Congress also ordered the Fish and Wildlife Service to analyze the likely impacts of a spill in the Bay on the region's wildlife. That report, originally due in March, is now being delayed until sometime between this coming September and January of 1992.