

**ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672**

**8741 HOUSE RESOURCES**

Senator Steve Frank

March 22, 1996

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This bill has many problems and the biggest are simply not fixable. First and foremost, it creates Trust Land. That means say goodbye to 3% net income royalties and \$20/\$40/\$100 claim rentals as called for on State lands under Title 38. Inserting language suggesting that University Lands regulations be substantially similar to Title 38 will not fix it. These are Trust Lands and they must be managed in the best interest of the Trust. Did you know that the Mental Health Trust's new minimum standards call for a 5% net smelter return royalty and triple current State rentals? The minute the University asks for less on their Trust lands they will be sued for not acting in the best fiduciary interest of the Trust. If the economics of a project are not there and uncertain land tenure exists it matters little if the University will come to the permitting table as an ally. You only get to the permitting phase of a project if the economics are there and you can obtain secure land tenure.

Another inherent and unfixable problem with the bill relates to Section 6(J) of the Statehood Act. This bill conveys the State's mineral estate to a Trust, inconsistent with Section 6(I). This will subject these lands to forfeiture to the United States. And if you have been informed that this is not really a problem somebody is sandbagging you. At the very least it will be litigated and no mining company in its right mind will take on the risk of investing in lands that are subject to litigation.

Then there is the huge problem of unlimited selections until the year 2016! There is no limitation on the amount of acreage to be selected! I will present a very likely scenario that this bill will create: A major mining company makes a discovery on State lands and locates mining claims or prospecting sites. The University, being savvy in its search of choice lands to select takes notice of this and selects those lands. One might think that the mining company is protected with their locations but this is not true under this bill. As a practical matter, any major mine on State lands includes the conversion of mining claims or leasehold locations to an upland mining lease. This lease provides the secure tenure necessary to undertake such significant investment risk. However, under SB 250 the University must provide concurrence before any action is taken by the State on University-selected lands. That means in this case that if the major mining company wants to convert their claims to an upland mining lease at 3% net income royalty the University will step forward and say, "Sorry, but we do not provide concurrence for that. However, we'll concur at 5% net smelter return." If the mining company acquired its lands from a prospector or junior mining company, as is the case for much of Fort Knox and True North for example, these other lessors receive royalties too. The project immediately becomes uneconomic, even perhaps without the prospector/junior mining company lessor involved. And, as explained earlier, if the University does not ask for all they can get, they are going to get sued for not acting in the best interest of the Trust.

Now stretch the mining company's uncertainty about which State lands will be selected until the year 2016, with no total acreage limitation on selections, which this bill allows. This is a chilling investment climate!

Senator Steve Frank

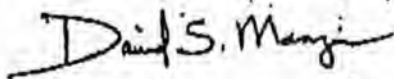
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As you know, and in part due to your support, we have a very vibrant and hopeful mining industry in the State today. This is due to a number of factors: the presence and potential of world-class mineral deposits, the mineral exploration incentive credits bill passed last session, the State's geophysical mapping program, the relative ease with which Port Knox was permitted and the resolution of the Mental Health Trust Lands issue being the most obvious. But believe me, the Mental Health lands issue is not completely resolved. Plaintiff attorneys Gottstein and Walker are to submit a brief to the Supreme Court by April 30. They have identified over 175 issues that may be raised on appeal. There are no Mental Health regulations yet, even in draft form. The Mental Health Trust Land Unit is working diligently towards implementing procedures and policies to allow exploration and development on their lands but it is not an easy, speedy or secure process at this time. This is not the fault of personnel, it is the nature of the beast. And the University Lands Bill will create another such beast just when we are on the verge of taming the last one.

There are many other problems with the University Lands Bill but I have already violated the one page letter rule so I'd better stop now. Again, I thank you for your strong support of our industry. Please however reconsider your position on this bill before it undoes all the positive things the legislature has accomplished to support our industry and encourage its investment and job creation! Please call if you wish to discuss these and other concerns that I and others in our industry have with the University Lands Bill. Thank you for considering my concerns and for your efforts in support of Alaska's mining industry.

Sincerely yours,



David S. Manzer

cc: via telefax

Senator Drue Pearce (465-3872)  
Representative Gail Phillips (465-3472)  
Representative Gene Therriault (465-3884)  
Representative Al Vezey (465-3258)  
Representative Brian Porter (465-3834)  
Steve Borell (278-7997)

**HOUSE CS FOR CS FOR SENATE BILL NO. 16(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**NINETEENTH LEGISLATURE - FIRST SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered: 5/9/95**

**Referred: Today's Calendar**

**Sponsor(s): SENATORS FRANK, Kelly, Sharp, Rieger, Miller**

**REPRESENTATIVES Williams, James**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the University of Alaska and university land, authorizing the  
2 University of Alaska to select additional state public domain land, and defining  
3 net income from the University of Alaska's endowment trust fund as 'university  
4 receipts' subject to prior legislative appropriation."

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

6 \* **Section 1. FINDINGS AND PURPOSE.** The legislature finds that

7 (1) as the beneficiary under the provisions of the Acts of August 30, 1890, and  
8 March 4, 1907, designating the Alaska Agricultural College and School of Mines as  
9 beneficiary, and of March 4, 1915, 38 Stat. 1214, transferring certain land for its location and  
10 support, the University of Alaska is a land grant university;

11 (2) under the Acts of March 4, 1915, 38 Stat. 1214, and January 21, 1929, 45  
12 Stat. 1091, the Congress of the United States granted to the Territory of Alaska certain federal  
13 land to be held in trust for the benefit of the predecessor of the University of Alaska;

14 (3) the Territory was unable to receive most of the land conveyed by the Act

1 of March 4, 1915, before repeal of that Act by Sec. 6(k) of the Alaska Statehood Act (P.L.  
2 85-508, 72 Stat. 339);

3 (4) the Congress of the United States granted the State of Alaska the right to  
4 select 102,500,000 acres of federal land under Sec. 6(b) of the Alaska Statehood Act;

5 (5) the land selection rights embodied in the Alaska Statehood Act reflect in  
6 part congressional recognition that the state would need the land to support its government and  
7 programs, and the Congress assumed that the State of Alaska would in turn devote some of  
8 the land or the income from it for the use and benefit of the University of Alaska;

9 (6) most land grant colleges in the western United States have obtained a larger  
10 land grant from the federal government than the University of Alaska has received;

11 (7) an academically strong and financially secure state university system is a  
12 cornerstone to the long-term development of a stable population and to a healthy, diverse  
13 economy in the state;

14 (8) it is in the best interests of the state and the University of Alaska that the  
15 university take ownership of a significant and substantial portfolio of income producing land  
16 in order to provide income for the support of public higher education in the state; and

17 (9) renewable resources should be managed on a sustained yield basis, taking  
18 into account the total land grant.

19 \* Sec. 2. LEGISLATIVE INTENT. It is the intent of the legislature that the University  
20 of Alaska encourage the development of in-state value-added industries to the maximum extent  
21 feasible when developing land conveyed under AS 14.40.365.

22 \* Sec. 3. AS 14.40.170(a) is amended to read:

23 (a) The Board of Regents shall

24 (1) appoint the president of the university by a majority vote of the  
25 whole board, and the president may attend meetings of the board;

26 (2) fix the compensation of the president of the university, all heads of  
27 departments, professors, teachers, instructors, and other officers;

28 (3) confer such appropriate degrees as it may determine and prescribe;

29 (4) have the care, control, and management of

30 (A) all the real and personal property of the university; and

31 (B) land

1 (i) conveyed to the Board of Regents by the  
2 commissioner of natural resources in the settlement of the claim of the  
3 University of Alaska to land granted to the state in accordance with the  
4 Act of March 4, 1915 (38 Stat. 1214), as amended, and in accordance  
5 with the Act of January 21, 1929 (45 Stat. 1091), as amended; and

6 (ii) selected by the University of Alaska and conveyed  
7 to it by the commissioner of natural resources under AS 14.40.365,  
8 except as provided in AS 14.40.368(2);

9 (5) keep a correct and easily understood record of the minutes of every  
10 meeting and all acts done by it in pursuance of its duties;

11 (6) under procedures to be established by the commissioner of  
12 administration, and in accordance with existing procedures for other state agencies,  
13 have the care, control, and management of all money of the university and keep a  
14 complete record of all money received and disbursed;

15 (7) adopt reasonable rules for the prudent trust management and the  
16 long-term financial benefit to the university of the land of the university;

17 (8) provide public notice of sales, leases, exchanges, and transfers of  
18 the land of the university or of interests in land of the university;

19 (9) report each year within the first 10 days of the convening of a  
20 regular session of the legislature on the expenditures made during the preceding fiscal  
21 year from the funds of the University of Alaska that are derived from sales, leases,  
22 exchanges, or transfers of the land of the university or of interests in land of the  
23 university

24 (A) that were conveyed to the University of Alaska in  
25 settlement of the claim of the University of Alaska to land granted to the state  
26 in accordance with the Act of March 4, 1915 (38 Stat. 1214), as amended, and  
27 in accordance with the Act of January 21, 1929 (45 Stat. 1091), as amended;  
28 and

29 (B) that were selected by and conveyed to the University of  
30 Alaska under AS 14.40.365.

31 \* Sec. 4. AS 14.40.280 is amended to read:

1           Sec. 14.40.280. ENDOWMENTS AND DONATIONS. All monetary gifts,  
2           bequests, or endowments that are made to the University of Alaska for the purpose of  
3           the separate trust fund created under AS 14.40.400 shall be held by the university.  
4           The university [TRANSFERRED TO THE DEPARTMENT OF REVENUE. THE  
5           DEPARTMENT OF REVENUE] shall manage that money in accordance with  
6           AS 14.40.400. Title to and control or possession of land, personal property, and all  
7           money [OTHER THAN] that [TRANSFERRED TO THE DEPARTMENT OF  
8           REVENUE, WHICH] is devised, bequeathed, or given to the university shall be taken  
9           by the university in its corporate capacity acting by and through the regents or an  
10          authorized agent, and shall be entered in the perpetual inventory of the university.

11       \* Sec. 5. AS 14.40.291 is amended to read:

12           Sec. 14.40.291. LAND OF THE UNIVERSITY OF ALASKA NOT PUBLIC  
13          DOMAIN LAND. (a) Notwithstanding any other provision of law, university-grant  
14          land, state replacement land that becomes university-grant land on conveyance to the  
15          university, land selected by and conveyed to the University of Alaska under  
16          AS 14.40.365, and any other land owned by the University of Alaska is not and may  
17          not be treated as state public domain land. Land conveyed to the University of  
18          Alaska under AS 14.40.365 shall be managed under AS 14.40.366 and policies of  
19          the Board of Regents of the University.

20           (b) Title to or interest in [TO] land described in (a) of this section may not  
21          be acquired by adverse possession, prescription, or in any other manner except by  
22          conveyance from the university.

23           (c) The land described in (a) of this section is subject to condemnation for  
24          public purpose in accordance with law.

25       \* Sec. 6. AS 14.40 is amended by adding a new section to read:

26           Sec. 14.40.365. UNIVERSITY LAND FROM STATEHOOD ACT LAND  
27          SELECTION CONVEYANCES. (a) The University of Alaska may select and, except  
28          as provided in (m) of this section, is entitled to receive the conveyance of 350,000  
29          acres of land conveyed to the state under sec. 6(b) of the Alaska Statehood Act (P.L.  
30          85-508, 72 Stat. 339). The Board of Regents of the University of Alaska and the  
31          commissioner of natural resources shall periodically and jointly submit to the

1 legislature, within 30 days of the beginning of a regular legislative session, a list of  
2 land proposed to be conveyed by the state to the University of Alaska under this  
3 section. Each list must contain not less than 25,000 acres of land, or the remaining  
4 entitlement under this subsection, whichever is less. The legislature may by law  
5 approve or disapprove the list. A list submitted shall be deemed approved for  
6 conveyance to the University of Alaska if the legislature neither approves nor  
7 disapproves the list during the legislative session during which the list was submitted.  
8 Land may be included in the list only if it, on the date of its selection by the  
9 university,

10 (1) has not been conveyed by the state;

11 (2) has not been reserved by law from the public domain;

12 (3) is not land

13 (A) included in a five-year proposed oil and gas leasing  
14 program under AS 38.05.180(b); or

15 (B) leased under, or for which a lease application is pending  
16 under, AS 38.05.180(d);

17 (4) is not subject to a possessory interest or encumbrance other than

18 (A) a lease that is not an oil or gas lease;

19 (B) a timber contract;

20 (C) a mining claim, a prospecting site, or a prospecting permit  
21 on tide or submerged land;

22 (D) a sale of materials under AS 38.05.110 - 38.05.120;

23 (E) a land use permit or right-of-way issued by the Department  
24 of Natural Resources under AS 38.05;

25 (5) is not necessary to carry out the purpose of an interagency land  
26 management agreement; or

27 (6) is not subject to conveyance under a land exchange or land  
28 settlement agreement.

29 (b) Notwithstanding AS 38.05.125(a), the transfer of ownership and  
30 management of land from the Department of Natural Resources to the Board of  
31 Regents of the University of Alaska under this section includes

1 (1) the interest of the state in the coal, ores, minerals, fissionable  
2 materials, geothermal resources, and fossils that may be in or on the land; and

3 (2) the interest of the state in the oil and gas that may be in or on the  
4 land, but only as to land that is selected by the University of Alaska under this section  
5 on and after the date that is the fifth anniversary of the effective date of this section.

6 (c) When the University of Alaska selects the land to which it is entitled under  
7 this section,

8 (1) selections must be made in parcels of 40 acres or larger, unless the  
9 commissioner of natural resources finds it is in the best interest of the state to convey  
10 less; and

11 (2) unless the commissioner of natural resources determines under (e)  
12 of this section that the land should not be included on the list of land submitted to the  
13 legislature under (a) of this section, the commissioner of natural resources shall, upon  
14 approval of the list submitted to the legislature, or upon failure of the legislature  
15 during the legislative session following submission of the list to disapprove the list,  
16 convey, subject to divestiture under (m) of this section, a document of interim  
17 conveyance under (j) of this section or a patent to land.

18 (d) Notwithstanding any other provision of law, on land selected by but not  
19 yet patented to the University of Alaska or for which a document of interim  
20 conveyance has not been issued to the University of Alaska under this section,

21 (1) the state is authorized to enter into contracts and grant leases,  
22 licenses, prospecting sites, claims, permits, rights-of-way, or easements and any interim  
23 conveyance or patent shall be subject to the contract, lease, license, prospecting site,  
24 claim, permit, right-of-way, or easement, except that the authority granted the state by  
25 this subsection

26 (A) is the authority that the state otherwise would have had  
27 under existing laws and regulations had the land not been selected by the  
28 University of Alaska; and

29 (B) may be exercised only if the University of Alaska has  
30 concurred before the action is taken by the state;

31 (2) 90 percent of the proceeds derived from contracts, leases, licenses,

1 prospecting sites, claims, permits, rights-of-way, or easements, or from trespasses,  
2 originating after the date of selection by the University of Alaska shall be held by the  
3 state until the land has been conveyed by the patent or by a document of interim  
4 conveyance; upon the issuance of a document of interim conveyance or a patent, the  
5 state shall pay to the University of Alaska the proceeds allocable to the land that were  
6 derived from the contracts, leases, licenses, prospecting sites, claims, permits, rights-of-  
7 way, or easements, or from trespasses, and subsequent to the issuance of a document  
8 of interim conveyance or a patent, the University of Alaska shall receive 100 percent  
9 of the proceeds derived from the contracts, leases, licenses, prospecting sites, claims,  
10 permits, rights-of-way, or easements, or from trespasses;

11 (3) responsibility for management of contracts, leases, licenses,  
12 prospecting sites, claims, permits, rights-of-way, or easements vests with the University  
13 of Alaska upon issuance of a patent or a document of interim conveyance

14 (e) The commissioner of natural resources may not include on a list of land  
15 submitted to the legislature under (a) of this section a land selection made by the  
16 University of Alaska under this section if the commissioner determines that the  
17 proposed selection

18 (1) includes land for which, at the time of its selection under this  
19 section,

20 (A) a municipality has made a selection under AS 29.65, unless  
21 the land selection is, at a later date, rejected by the commissioner of natural  
22 resources or relinquished by the municipality; or

23 (B) the commissioner reasonably believes the land may be  
24 selected by a municipality under AS 29.65.030, but the commissioner may not  
25 withhold under this subparagraph the conveyance of title to land selected by the  
26 university longer than three years after the date of the municipality's  
27 incorporation;

28 (2) includes land that, at the time of its selection under this section,

29 (A) is subject to an oil and gas exploration license; or

30 (B) the commissioner reasonably believes will be made part of,  
31 an oil and gas exploration license issued under AS 38.05.131 - 38.05.134; the

1 commissioner may not refuse to convey title to land to the University of Alaska  
2 under this subparagraph for more than three years after its first selection by the  
3 University of Alaska;

4 (3) is not in the best interests of the state.

5 (f) When land is conveyed to the University of Alaska under this section, the  
6 University of Alaska takes the land subject to any possessory interest held by another  
7 person on the effective date of the conveyance. Except as provided in  
8 AS 14.40.368(1), the University of Alaska is entitled to receive the consideration due  
9 under that interest for the duration of the interest.

10 (g) In conveying land to the University of Alaska under this section, the  
11 commissioner of natural resources shall give public notice under AS 38.05.945(b) and  
12 (c) and provide for access under AS 38.05.127, but other provisions of AS 38.04 and  
13 AS 38.05 do not apply.

14 (h) Land transferred or conveyed to the University of Alaska under this section

15 (1) is subject to

16 (A) section 6(i) of the Alaska Statehood Act (P.L. 85-508, 72  
17 Stat. 339);

18 (B) art. IX of the state constitution;

19 (C) AS 19.10.010;

20 (D) payment to the Alaska permanent fund of the amounts  
21 required by AS 37.13.010(a) and (b); and

22 (E) the rights of the state under former 43 U.S.C. 932 (sec. 8,  
23 Act of July 26, 1866, 14 Stat. 253);

24 (2) excludes any interest transferred to the state by quit claim deed  
25 dated June 30, 1959, under authority of the Alaska Omnibus Act, P.L. 86-70, 73 Stat.  
26 141;

27 (3) based on a land selection filed by the University of Alaska on or  
28 after the effective date of this section and until the day before the day that is the fifth  
29 anniversary of the effective date of this section is subject to reservation by the state  
30 in perpetuity of all oil and gas that may be in or on the land, together with the right  
31 to explore the land for oil and gas and to remove from the land all oil and gas located

1 in and on it.

2 (i) The University of Alaska shall bear all costs of selection, platting,  
3 surveying, and, except as provided in (k) of this section, conveyance of the land that  
4 it selects under this section and, subject to appropriation, shall reimburse the  
5 Department of Natural Resources for the reasonable costs incurred by that department  
6 relating to that selection, platting, surveying, and conveyance. As to land due the  
7 University of Alaska under (c) of this section,

8 (1) if the land has been surveyed, the boundaries of the land conveyed  
9 must conform to the public land subdivisions established by the approved survey;

10 (2) if the land is unsurveyed, the commissioner shall survey the exterior  
11 boundaries of the land to be conveyed without interior subdivision, and shall issue  
12 patent in terms of the exterior boundary survey within one year of the later of the  
13 effective date of the approval by the legislature of the list containing the land or the  
14 adjournment of the legislative session during which the list containing the land was not  
15 disapproved by the legislature.

16 (j) For land due the University of Alaska under (c) of this section that is  
17 unsurveyed, pending the survey of exterior boundaries and issuance of patent, the  
18 commissioner of natural resources shall, within one year of the later of the effective  
19 date of the approval by the legislature of the list containing the land or the  
20 adjournment of the legislative session during which the list containing the land was not  
21 disapproved by the legislature, prepare and provide to the University of Alaska a  
22 document of interim conveyance for the land to be conveyed.

23 (k) Except as provided in AS 14.40.368(2), management of land conveyed to  
24 the University of Alaska by patent or by a document of interim conveyance vests with  
25 the University of Alaska from the date of recording of the patent or document of  
26 interim conveyance. The state shall pay the cost of recording all patents and  
27 documents of interim conveyance.

28 (l) The University of Alaska may not make a land selection under this section  
29 after December 31, 2009.

30 (m) When the commissioner of natural resources issues a document of interim  
31 conveyance under (j) of this section or a patent for land selected and held by the

1 University of Alaska, the commissioner of natural resources shall retain the right to  
2 reenter the land conveyed and recover title to it. The commissioner of natural  
3 resources shall reenter and recover title

4 (1) if, on the 10th anniversary of the execution of the conveyance, the  
5 commissioner finds that the University of Alaska is not actively managing the land to  
6 provide income for the support of its education programs; however, if at any time  
7 during the 10-year period, litigation, including any appeal, has prevented the University  
8 of Alaska from actively managing the land to provide income, the date on which the  
9 commissioner of natural resources shall make the finding required by this paragraph  
10 is extended by a period equal to the period attributable to the litigation during which  
11 the University of Alaska was prevented from actively managing the land to provide  
12 income; for purposes of this paragraph, "actively managing the land to provide  
13 income" means that the University of Alaska is deriving revenue from the land  
14 selection, or has in place a development program to derive income from the land  
15 selection; or

16 (2) if, before January 1, 2010, any land selected and conveyed to the  
17 University of Alaska under this section is conveyed, except in an acre-for-acre land  
18 exchange, directly by the University of Alaska or indirectly by third parties, to the  
19 United States; the reentry and recovery of title under this paragraph terminates the  
20 university's title or ownership interest in all land conveyed to it under this section and  
21 the University of Alaska may not thereafter make any other land selections under this  
22 section.

23 \* Sec. 7. AS 14.40 is amended by adding new sections to read:

24 Sec. 14.40.366. MANAGEMENT AND DISPOSITION OF UNIVERSITY  
25 LAND. (a) The Board of Regents shall, by policy, establish procedures for mineral  
26 entry or location and mineral leasing on university land selections made under  
27 AS 14.40.365 that are substantially similar to mineral entry, location, and leasing  
28 procedures for state land under AS 38.05.185 - 38.05.275.

29 (b) Notwithstanding other provisions of law, the University of Alaska shall  
30 seek public comment on proposals for development, exchange, or sale of university  
31 selections made under AS 14.40.365. The Board of Regents shall adopt policies which

1 provide that the university shall prepare an annual plan for management and  
2 disposition of university land under this section and shall, not less than 60 days before  
3 scheduled approval by the Board of Regents of the plan

4 (1) make copies of the plan available at all legislative information  
5 offices and at such other locations as the university may designate;

6 (2) publish a notice in newspapers of general circulation in the state  
7 which provides the public with information on the locations where the plan is available  
8 for public inspection;

9 (3) give notice to all legislators and to local governments with  
10 jurisdiction over the land affected by the proposal; and

11 (4) seek public comment on the annual plan prior to action by the  
12 Board of Regents approving the plan.

13 Sec. 14.40.368. MANAGEMENT AND DISPOSITION OF INCOME FROM  
14 EXISTING ENCUMBRANCES. For the land selected by and conveyed to the  
15 University of Alaska under AS 14.40.365 that is subject to a lease, contract,  
16 prospecting site, claim, sale, permit, or right-of-way identified in AS 14.40.365(a)(4)

17 (1) the state is entitled to receive the income obtained from the lease,  
18 contract, prospecting site, claim, sale, permit, or right-of-way for the duration of the  
19 term of the lease, contract, prospecting site, claim, sale, permit, or right-of-way, and  
20 during any renewal of it that is authorized by the lease, contract, prospecting site,  
21 claim, sale, permit, or right-of-way, or by law;

22 (2) the responsibility for the management of the land vests with the  
23 University of Alaska only upon conclusion of the term of the lease, contract,  
24 prospecting site, claim, sale, permit, or right-of-way, and any renewal authorized by  
25 the lease, contract, prospecting site, claim, sale, permit, or right-of-way, by law.

26 Sec. 14.40.369. CUSTOMARY AND TRADITIONAL USES TO BE  
27 CONTINUED. When land selected by the University of Alaska under AS 14.40.365  
28 has been conveyed to it, before conveying or disposing of an interest in land to a third  
29 party, the University of Alaska shall manage the land in a manner that permits  
30 customary and traditional uses of the resources of that land to the maximum extent  
31 practicable.

1 \* Sec. 8. AS 14.40 is amended by adding a new section to read:

2 Sec. 14.40.375. TORT IMMUNITY FOR PERSONAL INJURIES, DEATH,  
3 OR PROPERTY DAMAGE OCCURRING ON UNIVERSITY LAND. (a)  
4 Notwithstanding AS 09.65.200 and except as provided in (b) of this section, the  
5 University of Alaska is not liable in tort, except for an affirmative act that constitutes  
6 gross negligence or reckless or intentional misconduct, for damages for the injury to  
7 or death of a person, or for property damage to the property of a person, who enters  
8 onto or remains on land owned by the University of Alaska.

9 (b) The provisions of (a) of this section do not apply to damages for injury to  
10 or death of a person, or for property damage to the property of a person, that occurs  
11 on land of the University of Alaska that, after receipt of title to the land by the  
12 University of Alaska, has been improved and is actively maintained by the University  
13 of Alaska.

14 \* Sec. 9. AS 14.40.400(a) is amended to read:

15 (a) The University of Alaska [DEPARTMENT OF REVENUE] shall establish  
16 a separate endowment trust fund in which all net income derived from the sale or lease  
17 of the land granted under the Act of Congress approved January 21, 1929, and the  
18 land selected by and conveyed to the University of Alaska under AS 14.40.365, and  
19 in which all monetary gifts, bequests, or endowments made to the University of Alaska  
20 for the purpose of the fund, shall be held in trust.

21 \* Sec. 10. AS 14.40.400(b) is amended to read:

22 (b) The president of the University of Alaska [COMMISSIONER OF  
23 REVENUE] is the fiduciary of the trust fund and shall account for and invest the fund  
24 as set out for the commissioner of revenue in AS 37.14.110(c), 37.14.160, and  
25 37.14.170, except that the president of the university [COMMISSIONER] shall report  
26 the condition and investment performance of the fund to the Board of Regents and to  
27 the legislature.

28 \* Sec. 11. AS 14.40.491 is amended to read:

29 Sec. 14.40.491. DEFINITION OF UNIVERSITY RECEIPTS. In  
30 AS 14.40.120 - 14.40.491, "university receipts" includes

31 (1) student fees, including tuition;

- 1 (2) receipts from university auxiliary services;  
2 (3) recovery of indirect costs of university activities;  
3 (4) the net income of the trust fund established in AS 14.40.400 and  
4 receipts from sales and rentals of university property;  
5 (5) federal receipts;  
6 (6) gifts, grants, and contracts; and  
7 (7) receipts from sales, rentals, and the provision of services of  
8 educational activities.

9 \* Sec. 12. AS 29.45.030(a) is amended to read:

10 (a) The following property is exempt from general taxation:

11 (1) municipal property, including property held by a public corporation  
12 of a municipality, [OR] state property, or property of the University of Alaska,  
13 except that

14 (A) a private leasehold, contract, or other interest in the  
15 property is taxable to the extent of the interest;

16 (B) notwithstanding any other provision of law, property  
17 acquired by an agency, corporation, or other entity of the state through  
18 foreclosure or deed in lieu of foreclosure and retained as an investment of a  
19 state entity is taxable; this subparagraph does not apply to federal land granted  
20 to the University of Alaska under AS 14.40.380 or 14.40.390, [OR] to other  
21 land granted to the university by the state to replace land that had been granted  
22 under AS 14.40.380 or 14.40.390, or to land conveyed by the state to the  
23 University of Alaska under AS 14.40.365;

24 (C) an ownership interest of a municipality in real property  
25 located outside the municipality acquired after December 31, 1990, is taxable  
26 by another municipality; however, a borough may not tax an interest in real  
27 property located in the borough and owned by a city in that borough;

28 (2) household furniture and personal effects of members of a  
29 household;

30 (3) property used exclusively for nonprofit religious, charitable,  
31 cemetery, hospital, or educational purposes;

1 (4) property of a nonbusiness organization composed entirely of persons  
2 with 90 days or more of active service in the armed forces of the United States whose  
3 conditions of service and separation were other than dishonorable, or the property of  
4 an auxiliary of that organization;

5 (5) money on deposit;

6 (6) the real property of certain residents of the state to the extent and  
7 subject to the conditions provided in (e) of this section;

8 (7) real property or an interest in real property that is exempt from  
9 taxation under 43 U.S.C. 1620(d), as amended;

10 (8) property of a political subdivision, agency, corporation, or other  
11 entity of the United States to the extent required by federal law; except that a private  
12 leasehold, contract, or other interest in the property is taxable to the extent of that  
13 interest;

14 (9) natural resources in place including coal, ore bodies, mineral  
15 deposits, and other proven and unproven deposits of valuable materials laid down by  
16 natural processes, unharvested aquatic plants and animals, and timber.

17 \* **Sec. 13.** AS 36.30.850(b)(15) is amended to read:

18 (15) a contract that is a delegation, in whole or in part, of investment  
19 powers held by the commissioner of revenue under [AS 14.40.400,] AS 14.42.200,  
20 14.42.210, AS 18.56.095, AS 37.10.070, 37.10.071, or AS 37.14;

21 \* **Sec. 14.** AS 14.40.400(e) is repealed.

22 \* **Sec. 15.** UNIVERSITY OF ALASKA ENDOWMENT TRUST FUND: TRANSITION.

23 A contract, right, liability, or obligation in effect on the effective date of this Act remains in  
24 effect notwithstanding the amendments to AS 14.40.280 or 14.40.400 made in secs. 4, 9, 10,  
25 and 14 of this Act. Assets and liabilities of the University of Alaska endowment trust fund  
26 held by the Department of Revenue on the effective date of this Act shall be transferred by  
27 the Department of Revenue to the University of Alaska to implement this Act.

28 \* **Sec. 16.** APPLICABILITY OF UNIVERSITY SELECTION RIGHTS UNDER  
29 AS 14.40.365 TO CERTAIN LAND. In addition to the land that, under AS 14.40.365(e), the  
30 commissioner of natural resources may not convey to the University of Alaska, the  
31 commissioner of natural resources may not convey land that, at the time of its selection by

1 the university, is subject to designation for conveyance or conveyance to the Alaska Mental  
2 Health Trust Authority under sec. 40, ch. 5, FSSLA 1994, as amended by secs. 4 and 5,  
3 ch. 1, SSSLA 1994, and may not convey land that, at the time of its selection by the  
4 university, is land obtained under the Alaska Mental Health Enabling Act of 1956, P.L. 84 -  
5 830, 70 Stat. 709, redesignated by ch. 181, SLA 1978, as state general grant land, not later  
6 disposed of by the state, and not part of the mental health trust as reconstituted by ch. 66,  
7 SLA 1991, ch. 5, FSSLA 1994, and ch. 1, SSSLA 1994, until all litigation regarding  
C reconstitution of the mental health trust has been concluded.

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSSB 250(FIN)

- 1 Page 1, line 4, after "management":  
2       Insert "and the development of its resources"
- 3 Page 6, line 30:  
4       Delete "500,000 acres"  
5       Insert "350,000 acres"
- 6 Page 7, line 1, after "Act":  
7       Insert "and that has not been reserved by law from the state public domain land and  
8 designated as part of a state park, state forest, state game refuge, state wildlife refuge, state  
9 game sanctuary, state recreational area, state recreational river, state wilderness park, state  
10 marine park, state special management area, state public use area, critical habitat area, bald  
11 eagle preserve, bison range, or moose range"
- 12 Page 10, line 22, following "establish":  
13       Insert "(1)"
- 14 Page 10, line 24, following "AS 14.40.365":  
15       Delete "."  
16       Insert ";  
17               (2) procedures for mineral entry or location and mineral leasing on  
18 university trust land selections made under AS 14.40.365 that are substantially similar  
19 to mineral entry, location, and leasing procedures for state land under AS 38.05.185 -  
20 38.05.275.  
21       (c)"

1 Page 11, following line 5:

2 Insert a new subsection to read:

3 "(c) The policy set out in AS 44.99.100(b)(5) applies to management of the  
4 resources of university trust land. In carrying out this policy, the Board of Regents  
5 shall ensure that the provisions of AS 44.99.100(b)(5) apply to the development of the  
6 resources of university trust land."

7 Page 11, lines 16 - 20:

8 Delete all material and insert:

9 "(2) the responsibility for the management of the land vests with the  
10 University of Alaska only upon conclusion of the term, including any renewals, of the  
11 lease, license, contract, claim, prospecting site, sale, permit, or right-of-way that is  
12 authorized by law."

13 Page 11, line 30, after "resources":

14 Insert ", including hunting, fishing, and recreational opportunities,"

**CS House Bill 469 ( ) Workdraft 9-LS1627\F (3/12/96)**  
**Sectional Analysis**

**Section 1. FINDINGS AND PURPOSE.**

Defines the University of Alaska as a land-grant university. Establishes that under the Acts of March 4, 1915 Congress granted Alaska certain federal lands to be held in trust for the University. Upon Statehood the act was repealed and Congress assumed that the State would devote some of its 102,500,000 acres to the University. These lands were to be income producing lands to provide support to the University and its programs.

**Section 2. LEGISLATIVE INTENT.**

Establishes that the legislature's intent is that the UofA encourage the development of in-state value-added industries to the maximum extent feasible when developing conveyed land.

**Section 3. Amends 14.40.170. DUTIES AND POWERS OF BOARD OF REGENTS.**

Establishes guidelines that the board must abide by and amends the duties and powers of the Board of Regents under (4) to say that the Board has the care, control, and management of land selected by the UofA and conveyed to it by the commissioner of DNR under AS 14.40.365, except as provided in AS 14.40.368 (a)(2). Also requires that the board report to the legislature the status of selected and conveyed land.

**Section 4. Amends 14.40.190. REPORT TO LEGISLATURE.**

Includes the management of university public trust land in Board of Regents written report to legislature.

**Section 5. Amends 14.40.280. ENDOWMENTS AND DONATIONS.**

States that all monetary gifts, bequests, or endowments made to the UofA shall be held by the University and shall be managed by the University through the regents or an authorized agent. This section transfers the authority for management of the natural resources endowment fund from the Department of Revenue to the University of Alaska. The endowment fund is the fund in which all receipts from university land goes.

**Section 6. Amends 14.40.291. LAND OF THE UNIVERSITY OF ALASKA LAND SALE CONTRACTS; CONFIDENTIAL INFORMATION.**

Adds land selected by and conveyed to the UofA under AS 14.40.365 as land that may not be treated as state public domain land and designates it as university trust land.

**Section 7. Amends AS 14.40.291 by adding a new subsection**

Grants the university the right to terminate a breached contract for a sale of land at any time 31 days after delivering notice of breach to the purchaser. The purchaser may make payment of the sum of the amount in default and the larger of a fee of \$50 or 5% within 30 days after receipt of the breach notice or request, in writing, for a review of the facts. If the breach is determined to be caused on the administrative record, the university may terminate the contract and the purchaser is obligated to make payments under the contract through the date of the decision to foreclose. If the university fulfills its notification requirements and the purchaser does not satisfy the breach within 30 days, the decision forecloses and terminates all legal and equitable rights the purchaser has in the land. Provides confidentiality of certain proprietary information by the university.

**Section 8. Amends AS 14.40 to add a new section 14.40.365 SELECTION AND CONVEYANCE OF STATE LAND TO THE UNIVERSITY OF ALASKA.**

Authorizes the University to select and receive 500,000 acres of land from the state that, on the effective date of this section, is owned by the state, or has been tentatively approved or selected by the state under the AK Statehood Act. The director of the division of lands and the director of land management for the UofA shall compile, maintain and revise a list of lands to be conveyed. The list shall be maintained at the Anchorage office. If there is disagreement between the Univ. and DNR about lands available for conveyance, the disagreement must be submitted to the governor, who shall make the final decision. The Univ. will not be allowed to enter into litigation against DNR regarding the conveyance process. The director shall periodically submit to the legislature, within 30 days of the beginning of a regular session, a list of land proposed to be conveyed by the state to the UofA. Each list must contain not less than 25,000 acres of land or the remaining entitlement, whichever is less. The legislature may, by law, approve or disapprove the list but if no action is taken within 60 days by the legislature the list will be considered approved.

On land selected but not yet conveyed, the state may enter into contracts and grant leases, licenses, claims, prospecting sites, sales, permits, rights-of-way, or easement, except that the authority granted the state is the authority that the state otherwise would have had had the land not been selected and may be exercised only if the UofA concurs before the action is taken by the state. On said contracts, after approval by the legislature, and before the land has been conveyed by a quitclaim deed or by a document of interim conveyance, 90% of the proceeds derived from land after selection shall be held by the state. After the issuance of a document of interim conveyance or a quitclaim deed, the state shall pay to the UofA the proceeds held by the state and thereafter the University shall receive all proceeds.

Upon issuance of a patent or document of interim conveyance, the University is responsible for management of all contracts, leases, licenses, claims, prospecting sites, sales, permits, rights-of-way, or easements.

The University shall take possession of any tideland or submerged land adjacent to the land conveyed and takes the land subject to any possessory interest held by another person on the effective date of the conveyance and is entitled to receive the consideration due under that possessory interest.

Oil and gas development on university lands is subject to all provisions relative to moneys required to be deposited into the permanent fund.

When conveying land to the University, the commissioner of DNR shall give public notice under AS 38.05.945 (b) and (c) and provide access under 38.05.127 but other provisions of AS 38.04 and 38.05 do not apply.

The University shall bear all costs of selection, platting, surveying, and conveyance if the land it selects and, subject to appropriation, shall reimburse the DNR for the reasonable costs incurred by the dept. Patent for the land will be conveyed by the commissioner of DNR within one year of request. If the land is unsurveyed the Commissioner of DNR shall convey the land with exterior boundary survey within one year of request by the University.

The University may not make a land selection after December, 31, 2011.

March 13, 1996

**Section 9. AS 14.40 is amended to add a new section AS 14.40.366 MANAGEMENT AND DISPOSITION OF UNIVERSITY LAND.**

States that trust land shall be held by the Board of Regents in trust for the UofA. The University shall manage trust land in accordance with applicable trust management principles, under provisions of law applicable to other university land; and may exchange other state land for university trust land under AS 38.50.

Establishes policies to provide for public notice and comment on proposals for development, exchange, or sale of land selected by and conveyed to the university. Regents shall adopt policies which provide that the university shall prepare an annual plan for management and disposition of land not less than 60 days before scheduled approval by the board and provides for ample public notification and comment period.

**Requires the University to establish procedures for mineral entry or location and mineral leasing on trust land made under AS 14.40.365 that are substantially similar to mineral entry, location, and leasing procedures for state land under AS 38.05.**

**Section 14.40.368. MANAGEMENT AND DISPOSITION OF INCOME FROM EXISTING ENCUMBRANCES ON UNIVERSITY PUBLIC TRUST LAND.**

On land selected by the University that is, as of the effective date, subject to a lease, license, contract, claim, prospecting site, sale, permit, or right-of-way the state is entitled to receive 50% of moneys due under said encumbrance. The University takes on responsibility for the management of the land only upon conclusion of the term of the contract, including any renewals, unless the state and the University mutually agree to transfer the management of the land at a date earlier, at which time the University is entitled to receive all income from contract.

**Section 14.40.369. CUSTOMARY AND TRADITIONAL USES TO BE CONTINUED.**

States that the University shall manage the land in a manner that permits customary and traditional uses of the resources of that land except for the commercial harvest of timber.

**Section 10. AS 14.40 is amended by adding a new section 14.40.375. TORT IMMUNITY FOR PERSONAL INJURIES, DEATH, OR PROPERTY DAMAGE OCCURRING ON UNIVERSITY LAND.**

States that the University is not liable in tort for damages for the injury or death of a person, or for property damage to the property of a person on unimproved university land except for an act that constitutes gross negligence or reckless or intentional misconduct.

**Section 11. Amends AS 14.40.400(a)**

States that the University will set up an endowment trust fund in which all net income derived from the sale or lease of the land granted or land selected or conveyed to the UofA under AS 14.40.365, and in which all other endowments shall be held in trust.

**Section 12. Amends AS 14.40.400(b)**

Says the President of the University is responsible for the trust and shall account for and invest the fund and report to the Board of Regents and to the legislature.

**Section 13. Amends AS 14.40.491. DEFINITION OF UNIVERSITY RECEIPTS.**

Amends existing statute to include net income of the trust fund established in AS 14.40.400.

**Section 14. Amends AS 29.45.030.**

Amends AS 29.45.030 (a) to include land conveyed by the state to the University.

March 13, 1996

Section 15. Amends AS 36.30.850(b)(15).  
Takes out reference to AS 14.40.400

Section 16. Repeals AS 14.40.400.

Section 17. UNIVERSITY OF ALASKA ENDOWMENT TRUST FUND: TRANSITION.

States that notwithstanding the amendments made to statutes regarding the transfer of the trust fund management from Dept. of Revenue to the University, the act remains in effect.

Section 18. APPLICABILITY OF LAND SALE CONTRACT REMEDY PROVISIONS.

States that AS 14.40.291 (c)-(g), added by section 7 of this bill apply to land sale contracts entered into by the UofA on or after the effective date of this act.

March 13, 1996

9-LS1627C ✓  
Chenoweth  
3/8/96

CS FOR HOUSE BILL NO. 469( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
NINETEENTH LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES THERRIault, Toohey, Kelly, Davies

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the University of Alaska and to assets of the University of  
2 Alaska; authorizing the University of Alaska to select additional state public  
3 domain land, designating that land as 'university trust land,' and describing the  
4 principles applicable to the land's management; and defining the net income from  
5 the University of Alaska's endowment trust fund as 'university receipts' subject  
6 to prior legislative appropriation."

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

8 \* Section 1. FINDINGS AND PURPOSE. The legislature finds that

9 (1) as the beneficiary under the provisions of the Acts of August 30, 1890, and  
10 March 4, 1907, designating the Alaska Agricultural College and School of Mines as  
11 beneficiary, and of March 4, 1915, 38 Stat. 1214, transferring certain land for its location and  
12 support, the University of Alaska is a land grant university;

13 (2) under the Acts of March 4, 1915, 38 Stat. 1214, and January 21, 1929, 45

1 Stat. 1091, the Congress of the United States granted to the Territory of Alaska certain federal  
2 land to be held in trust for the benefit of the predecessor of the University of Alaska;

3 (3) the Territory was unable to receive most of the land conveyed by the Act  
4 of March 4, 1915, before repeal of that Act by Sec. 6(k) of the Alaska Statehood Act (P.L.  
5 85-508, 72 Stat. 339);

6 (4) the Congress of the United States granted the State of Alaska the right to  
7 select 102,500,000 acres of federal land under Sec. 6(b) of the Alaska Statehood Act;

8 (5) the land selection rights embodied in the Alaska Statehood Act reflect in  
9 part congressional recognition that the state would need the land to support its government and  
10 programs, and the Congress assumed that the State of Alaska would in turn devote some of  
11 the land or the income from it for the use and benefit of the University of Alaska;

12 (6) most land grant colleges in the western United States have obtained a larger  
13 land grant from the federal government than the University of Alaska has received;

14 (7) an academically strong and financially secure state university system is a  
15 cornerstone to the long-term development of a stable population and to a healthy, diverse  
16 economy in the state;

17 (8) it is in the best interests of the state and the University of Alaska that the  
18 university take ownership of a significant and substantial portfolio of income producing land  
19 in order to provide income for the support of public higher education in the state; and

20 (9) renewable resources should be managed on a sustained yield basis, taking  
21 into account the total land grant.

22 \* Sec. 2. LEGISLATIVE INTENT. It is the intent of the legislature that the University  
23 of Alaska encourage the development of in-state value-added industries to the maximum extent  
24 feasible when developing land conveyed under AS 14.40.365.

25 \* Sec. 3. AS 14.40.170(a) is amended to read:

26 (a) The Board of Regents shall

27 (1) appoint the president of the university by a majority vote of the  
28 whole board, and the president may attend meetings of the board;

29 (2) fix the compensation of the president of the university, all heads of  
30 departments, professors, teachers, instructors, and other officers;

31 (3) confer such appropriate degrees as it may determine and prescribe;

- 1 (4) have the care, control, and management of  
2 (A) all the real and personal property of the university; and  
3 (B) land  
4 (i) conveyed to the Board of Regents by the  
5 commissioner of natural resources in the settlement of the claim of the  
6 University of Alaska to land granted to the state in accordance with the  
7 Act of March 4, 1915 (38 Stat. 1214), as amended, and in accordance  
8 with the Act of January 21, 1929 (45 Stat. 1091), as amended; and  
9 (ii) selected by the University of Alaska and conveyed  
10 to it by the commissioner of natural resources under AS 14.40.365,  
11 except as provided in AS 14.40.368(a)(2);  
12 (5) keep a correct and easily understood record of the minutes of every  
13 meeting and all acts done by it in pursuance of its duties;  
14 (6) under procedures to be established by the commissioner of  
15 administration, and in accordance with existing procedures for other state agencies,  
16 have the care, control, and management of all money of the university and keep a  
17 complete record of all money received and disbursed;  
18 (7) adopt reasonable rules for the prudent trust management and the  
19 long-term financial benefit to the university of the land of the university;  
20 (8) provide public notice of sales, leases, exchanges, and transfers of  
21 the land of the university or of interests in land of the university;  
22 (9) report each year within the first 10 days of the convening of a  
23 regular session of the legislature on the expenditures made during the preceding fiscal  
24 year from the funds of the University of Alaska that are derived from sales, leases,  
25 exchanges, or transfers of the land of the university or of interests in land of the  
26 university  
27 (A) that were conveyed to the University of Alaska in  
28 settlement of the claim of the University of Alaska to land granted to the state  
29 in accordance with the Act of March 4, 1915 (38 Stat. 1214), as amended, and  
30 in accordance with the Act of January 21, 1929 (45 Stat. 1091), as amended;  
31 and

1 (B) that were selected by and conveyed to the University of  
2 Alaska under AS 14.40.365.

3 \* Sec. 4. AS 14.40.190 is amended to read:

4 Sec. 14.40.190. REPORT. (a) The Board of Regents shall prepare a written  
5 report at the beginning of each first regular session of the legislature of

6 (1) the condition of [THE] university property;

7 (2) [, OF] all receipts and expenditures, including the administration  
8 and disposition of appropriated and restricted funds;

9 (3) the management of university trust land under  
10 AS 14.40.366(a)(1) and (2); and

11 (4) [, AND OF] the educational and other work performed during the  
12 preceding two fiscal years.

13 (b) The board shall notify the legislature that the report is available.

14 \* Sec. 5. AS 14.40.280 is amended to read:

15 Sec. 14.40.280. ENDOWMENTS AND DONATIONS. All monetary gifts,  
16 bequests, or endowments that are made to the University of Alaska for the purpose of  
17 the separate trust fund created under AS 14.40.400 shall be held by the university.  
18 The university [TRANSFERRED TO THE DEPARTMENT OF REVENUE. THE  
19 DEPARTMENT OF REVENUE] shall manage that money in accordance with  
20 AS 14.40.400. Title to and control or possession of land, personal property, and all  
21 money [OTHER THAN] that [TRANSFERRED TO THE DEPARTMENT OF  
22 REVENUE, WHICH] is devised, bequeathed, or given to the university for the  
23 purpose of the endowment trust fund established by AS 14.40.400(a) shall be taken  
24 by the university in its corporate capacity acting by and through the regents or an  
25 authorized agent, and shall be entered in the perpetual inventory of the university.

26 \* Sec. 6. AS 14.40.291 is amended to read:

27 Sec. 14.40.291. LAND OF THE UNIVERSITY OF ALASKA [NOT PUBLIC  
28 DOMAIN] LAND SALE CONTRACTS; CONFIDENTIAL INFORMATION. (a)  
29 Notwithstanding any other provision of law, university-grant land, state replacement  
30 land that becomes university-grant land on conveyance to the university, land selected  
31 by and conveyed to the University of Alaska under AS 14.40.365, and any other

1 land owned by the University of Alaska is not and may not be treated as state public  
2 domain land.

3 (b) Land conveyed to the University of Alaska under AS 14.40.365 is  
4 designated as university trust land.

5 (c) Title to or interest in [TO] land described in (a) of this section may not  
6 be acquired by adverse possession, prescription, or in any other manner except by  
7 conveyance from the university.

8 (d) The land described in (a) of this section is subject to condemnation for  
9 public purpose in accordance with law.

10 \* Sec. 7. AS 14.40.291 is amended by adding new subsections to read:

11 (e) If a contract for a sale of land of the university is breached, the president  
12 of the university or the president's designee, in addition to other remedies available  
13 under the law, may issue a decision to foreclose and terminate the contract at any time  
14 31 days after delivering by certified mail a written notice of the breach to the address  
15 of record of the purchaser. The purchaser may cure a breach caused by the failure to  
16 make payments required by the contract within 30 days after the notice of the breach  
17 has been received by the purchaser by payment of the sum in default together with the  
18 larger of a fee of \$50 or five percent of the sum in default. If there are material facts  
19 in dispute between the university and the purchaser, the purchaser may submit a  
20 written request to the president or the president's designee for the review of the facts  
21 within 30 days after the notice of the breach has been received.

22 (f) On a determination that there has been a breach of the contract based on  
23 the administrative record, the president of the university or the president's designee  
24 shall issue a decision foreclosing the interest of the purchaser and terminating the  
25 contract. The obligation to make payments under the contract continues through the  
26 date of the decision to foreclose.

27 (g) The president of the university or the president's designee shall deliver the  
28 decision to foreclose and terminate, either by personal delivery to the purchaser or by  
29 certified mail, return receipt requested, to the address of record of the purchaser. If  
30 the breach is a failure to make payments required by the contract, the decision must  
31 include a notice to the purchaser that, if within 30 days the purchaser pays to the

1 university the full amount of the unpaid contract price, including all accrued interest  
 2 and any fees assessed under (e) of this section, the university shall issue to the  
 3 purchaser a deed to the land. If full payment is not made within 30 days or the breach  
 4 is for other than failure to make payment, the decision forecloses and terminates all  
 5 legal and equitable rights the purchaser has in the land.

6 (h) Notwithstanding AS 09.25.100 - 09.25.220, on a determination that it is  
 7 in the best interest of the university or on the request of the person who has provided  
 8 the information, the president may keep the following confidential:

9 (1) the names of a person applying for the sale, lease, or other disposal  
 10 of university land or an interest in university land;

11 (2) before the announced time of opening of an offer to purchase, lease,  
 12 or obtain a disposal of university land, the names of the participants and the terms of  
 13 their offers;

14 (3) all geological, geophysical, engineering, architectural, sales,  
 15 appraisal, gross receipts, net receipts, or other financial information relating to  
 16 university land or an interest in university land considered for or offered for disposal  
 17 or currently subject to a contract;

18 (4) cost data and financial information submitted by an applicant in  
 19 support of applications for bonds, leases, or other information in offerings and ongoing  
 20 operations relating to management of university land;

21 (5) applications for rights-of-way or easements across university land;  
 22 and

23 (6) requests for information about or applications by public agencies  
 24 for university land that is being considered for use for a public purpose.

25 \* Sec. 8. AS 14.40 is amended by adding a new section to read:

26 Sec. 14.40.365. SELECTION AND CONVEYANCE OF STATE LAND TO  
 27 THE UNIVERSITY OF ALASKA. (a) For the purposes of providing support to the  
 28 state's public higher education system and for the purpose of generating responsible  
 29 and appropriate development of the state's land and resources, the University of Alaska  
 30 is authorized to receive the conveyance of 500,000 acres of land that, on the effective  
 31 date of this section, is owned by the state, or has been tentatively approved or selected

1 by the state under the Alaska Statehood Act.

2 (b) For purposes of making the selection and conveyance of state land to the  
3 university under (a) of this section, the director of the division of land, Department of  
4 Natural Resources, and the director of the University of Alaska's land management  
5 office shall compile and maintain and may revise a list of the land to be conveyed to  
6 the university under this section. The list shall be maintained at the Anchorage office  
7 of the director of the division of land. The director of the division of land and the  
8 director of the university's land management office shall periodically jointly submit  
9 to the legislature, within 30 days of the beginning of a regular legislative session, a list  
10 of land proposed to be conveyed by the state to the University of Alaska under this  
11 section. Each list must contain not less than 25,000 acres of land, or the remaining  
12 entitlement under (a) of this section, whichever is less. The legislature may by law  
13 approve or disapprove the list and must approve or disapprove the list within 60 days  
14 of its submission. A list submitted shall be deemed approved for conveyance to the  
15 University of Alaska if the legislature neither approves nor disapproves the list during  
16 the period of 60 days after the date on which the list was submitted.

17 (c) Notwithstanding any other provision of law, on land selected by but not  
18 yet patented to the University of Alaska or for which a document of interim  
19 conveyance has not been issued to the University of Alaska under this section,

20 (1) the state is authorized to enter into contracts and grant leases,  
21 licenses, claims, prospecting sites, sales, permits, rights-of-way, or easements, and any  
22 interim conveyance or patent shall be subject to the contract, lease, license, claim,  
23 prospecting site, sale, permit, right-of-way, or easement, except that the authority  
24 granted the state by this subsection

25 (A) is the authority that the state otherwise would have had  
26 under existing laws and regulations had the land not been selected by the  
27 University of Alaska; and

28 (B) may be exercised only if the University of Alaska has  
29 concurred before the action is taken by the state;

30 (2) until the land has been conveyed by patent or by a document of  
31 interim conveyance, 90 percent of the proceeds derived from contracts, leases, licenses,

1 claims, prospecting sites, sales, permits, rights-of-way, or easements, or from  
2 trespasses, originating after the date of selection by the University of Alaska shall be  
3 held by the state; upon the issuance of a document of interim conveyance or a patent,  
4 the state shall pay to the University of Alaska the proceeds held by the state under this  
5 paragraph, and subsequent to the issuance of a document of interim conveyance or a  
6 patent, the University of Alaska shall receive all of the proceeds derived from the  
7 contracts, leases, licenses, claims, prospecting sites, sales, permits, rights-of-way, or  
8 easements, or from trespasses;

9 (3) responsibility for management of contracts, leases, licenses, claims,  
10 prospecting sites, sales, permits, rights-of-way, or easements, vests with the University  
11 of Alaska upon issuance of a patent or a document of interim conveyance.

12 (d) When land is conveyed to the University of Alaska under this section, it  
13 shall be conveyed in fee simple. The state shall convey to the university any tideland  
14 or submerged land adjacent to the land conveyed under this section. The University  
15 of Alaska takes the land subject to any possessory interest held by another person on  
16 the effective date of the conveyance. Except as provided in AS 14.40.368(a)(1), the  
17 University of Alaska is entitled to receive the consideration due under that possessory  
18 interest for the duration of the possessory interest.

19 (e) In conveying land to the University of Alaska under this section, the  
20 commissioner of natural resources shall give public notice under AS 38.05.945(b) and  
21 (c) and provide for access under AS 38.05.127, but other provisions of AS 38.04 and  
22 AS 38.05 do not apply.

23 (f) Land transferred or conveyed to the University of Alaska under this section

24 (1) is subject to

25 (A) Sec. 6(i) of the Alaska Statehood Act (P.L. 85-508, 72 Stat.  
26 339);

27 (B) art. IX of the state constitution;

28 (C) AS 19.10.010;

29 (D) payment to the Alaska permanent fund of the amounts  
30 required by AS 37.13.010(a) and (b); and

31 (E) the rights of the state under former 43 U.S.C. 932 (sec. 8,

1 Act of July 26, 1866, 14 Stat. 253);

2 (2) excludes any interest transferred to the state by quit claim deed  
3 dated June 30, 1959, under authority of the Alaska Omnibus Act, P.L. 86-70, 73 Stat.  
4 141.

5 (g) The University of Alaska shall bear all costs of selection, platting,  
6 surveying, and, except for a cost specified in (i) of this section, conveyance of the land  
7 that it selects under this section and, subject to appropriation, shall reimburse the  
8 Department of Natural Resources for the reasonable costs incurred by that department  
9 relating to that selection, platting, surveying, and conveyance. Under this subsection,

10 (1) if the land has been surveyed,

11 (A) the boundaries of the land conveyed must conform to the  
12 public land subdivisions established by the approved survey; and

13 (B) the commissioner shall issue a patent to the land within one  
14 year of receiving a request for the land's conveyance from the university;

15 (2) if the land is unsurveyed, the commissioner shall

16 (A) survey the exterior boundaries of the land to be conveyed  
17 without interior subdivision; and

18 (B) issue a patent to the land in terms of the exterior boundary  
19 survey within one year of receiving a request for the land's conveyance by the  
20 university.

21 (h) For land due the University of Alaska under this section that is unsurveyed,  
22 pending the survey of exterior boundaries and issuance of patent, the commissioner of  
23 natural resources shall, within one year of request by the university, prepare and  
24 provide to the University of Alaska a document of interim conveyance for the land to  
25 be conveyed.

26 (i) Except as provided in AS 14.40.368(a)(2), management of land conveyed  
27 to the University of Alaska by patent or by a document of interim conveyance vests  
28 with the University of Alaska from the date of recording of the patent or document of  
29 interim conveyance. The state shall pay the cost of recording all patents and  
30 documents of interim conveyance.

31 (j) The University of Alaska may not make a land selection under this section

1 after December 31, 2011.

2 \* Sec. 9. AS 14.40 is amended by adding new sections to read:

3 Sec. 14.40.366. MANAGEMENT AND DISPOSITION OF UNIVERSITY  
4 TRUST LAND. (a) University trust land selected and conveyed under AS 14.40.365  
5 shall be conveyed to the Board of Regents and held by the Board of Regents in trust  
6 for the University of Alaska. The University of Alaska

7 (1) shall manage university trust land in accordance with applicable  
8 trust management principles;

9 (2) shall manage university trust land under provisions of law  
10 applicable to other university land; and

11 (3) may exchange other state land for university trust land under the  
12 procedures set out in AS 38.50.

13 (b) The University of Alaska shall establish

14 (1) policies to provide for public notice and comment on proposals for  
15 development, exchange, or sale of university trust land; and

16 (2) procedures for mineral entry or location and mineral leasing on  
17 university trust land selections made under AS 14.40.365 that are substantially similar  
18 to mineral entry, location, and leasing procedures for state land under AS 38.05.185 -  
19 38.05.275.

20 (c) The Board of Regents shall adopt policies that provide that the university  
21 shall every second year prepare a plan for management and disposition of university  
22 trust land under this section and shall, not less than 60 days before scheduled approval  
23 by the Board of Regents of the plan,

24 (1) make copies of the plan available at all legislative information  
25 offices and at such other locations as the university may designate;

26 (2) publish a notice in newspapers of general circulation in the state  
27 that provides the public with information on the locations where the plan is available  
28 for public inspection;

29 (3) give notice to all legislators and to local governments with  
30 jurisdiction over the land affected by the plan; and

31 (4) seek public comment on the plan prior to action by the Board of

1 Regents approving the plan.

2 Sec. 14.40.368. MANAGEMENT AND DISPOSITION OF INCOME FROM  
3 EXISTING ENCUMBRANCES ON UNIVERSITY TRUST LAND. (a) For the land  
4 selected by and conveyed to the University of Alaska under AS 14.40.365 that is, as  
5 of the effective date of the conveyance, subject to a lease, license, contract, claim,  
6 prospecting site, sale, permit, or right-of-way

7 (1) the state is entitled to receive 50 percent of the income obtained  
8 from the lease, license, contract, claim, prospecting site, sale, permit, or right-of-way  
9 for the duration of the term of the lease, contract, claim, prospecting site, sale, permit,  
10 or right-of-way, and during any renewal of it that is authorized by the lease, license,  
11 contract, claim, prospecting site, sale, permit, or right-of-way, or by law;

12 (2) the responsibility for the management of the land vests with the  
13 University of Alaska only upon conclusion of the term, including any renewals, of the  
14 lease, license, contract, claim, prospecting site, sale, permit, or right-of-way that is  
15 authorized by law.

16 (b) If the state and the university mutually agree that the responsibility for the  
17 management of land may be transferred to the university at a date earlier than the date  
18 described in (a)(2) of this section, then, notwithstanding (a)(1) of this section, the  
19 university is entitled to receive all income described in (a)(1) of this section on or after  
20 the effective date of the transfer of the management responsibility.

21 Sec. 14.40.369. CUSTOMARY AND TRADITIONAL USES TO BE  
22 CONTINUED. (a) When land selected by the University of Alaska under  
23 AS 14.40.365 has been conveyed to it, before conveying or disposing of an interest in  
24 land to a third party, the University of Alaska shall manage the land in a manner that  
25 permits customary and traditional uses of the resources of that land to the maximum  
26 extent practicable.

27 (b) The provisions of (a) of this section do not apply to authorize the  
28 commercial harvest of timber from the land conveyed to the university.

29 \* Sec. 10. AS 14.40 is amended by adding a new section to read:

30 Sec. 14.40.375. TORT IMMUNITY FOR PERSONAL INJURIES, DEATH,  
31 OR PROPERTY DAMAGE OCCURRING ON UNIVERSITY LAND. (a)

1 Notwithstanding AS 09.65.200 and except as provided in (b) of this section, the  
2 University of Alaska is not liable in tort, except for an affirmative act that constitutes  
3 gross negligence or reckless or intentional misconduct, for damages for the injury to  
4 or death of a person, or for property damage to the property of a person, who enters  
5 onto or remains on land owned by the University of Alaska.

6 (b) The provisions of (a) of this section do not apply to damages for injury to  
7 or death of a person, or for property damage to the property of a person, that occurs  
8 on land of the University of Alaska that, after receipt of title to the land by the  
9 University of Alaska, has been improved and is actively maintained by the University  
10 of Alaska.

11 \* Sec. 11. AS 14.40.400(a) is amended to read:

12 (a) The University of Alaska [DEPARTMENT OF REVENUE] shall establish  
13 a separate endowment trust fund in which all net income derived from the sale or lease  
14 of the land granted under the Act of Congress approved January 21, 1929, and the  
15 land selected by and conveyed to the University of Alaska under AS 14.40.365 that  
16 under AS 14.40.291(b) is designated university trust land, and in which all  
17 monetary gifts, bequests, or endowments made to the University of Alaska for the  
18 purpose of the fund [,] shall be held in trust.

19 \* Sec. 12. AS 14.40.400(b) is amended to read:

20 (b) The president of the University of Alaska [COMMISSIONER OF  
21 REVENUE] is the fiduciary of the trust fund and shall account for and invest the fund  
22 as set out for the commissioner of revenue in AS 37.14.110(c), 37.14.160, and  
23 37.14.170, except that the president of the university [COMMISSIONER] shall report  
24 the condition and investment performance of the fund to the Board of Regents and to  
25 the legislature.

26 \* Sec. 13. AS 14.40.491 is amended to read:

27 Sec. 14.40.491. DEFINITION OF UNIVERSITY RECEIPTS. In  
28 AS 14.40.120 - 14.40.491, "university receipts" includes

- 29 (1) student fees, including tuition;  
30 (2) receipts from university auxiliary services;  
31 (3) recovery of indirect costs of university activities;

- 1 (4) the net income of the trust fund established in AS 14.40.400 and  
2 receipts from sales and rentals of university property;  
3 (5) federal receipts;  
4 (6) gifts, grants, and contracts; and  
5 (7) receipts from sales, rentals, and the provision of services of  
6 educational activities.

7 \* Sec. 14. AS 29.45.030(a) is amended to read:

8 (a) The following property is exempt from general taxation:

9 (1) municipal property, including property held by a public corporation  
10 of a municipality, [OR] state property, or property of the University of Alaska,  
11 except that

12 (A) a private leasehold, contract, or other interest in the  
13 property is taxable to the extent of the interest;

14 (B) notwithstanding any other provision of law, property  
15 acquired by an agency, corporation, or other entity of the state through  
16 foreclosure or deed in lieu of foreclosure and retained as an investment of a  
17 state entity is taxable; this subparagraph does not apply to federal land granted  
18 to the University of Alaska under AS 14.40.380 or 14.40.390, [OR] to other  
19 land granted to the university by the state to replace land that had been granted  
20 under AS 14.40.380 or 14.40.390, or to land conveyed by the state to the  
21 University of Alaska under AS 14.40.365;

22 (C) an ownership interest of a municipality in real property  
23 located outside the municipality acquired after December 31, 1990, is taxable  
24 by another municipality; however, a borough may not tax an interest in real  
25 property located in the borough and owned by a city in that borough;

26 (2) household furniture and personal effects of members of a  
27 household;

28 (3) property used exclusively for nonprofit religious, charitable,  
29 cemetery, hospital, or educational purposes;

30 (4) property of a nonbusiness organization composed entirely of persons  
31 with 90 days or more of active service in the armed forces of the United States whose

1 conditions of service and separation were other than dishonorable, or the property of  
2 an auxiliary of that organization;

3 (5) money on deposit;

4 (6) the real property of certain residents of the state to the extent and  
5 subject to the conditions provided in (e) of this section;

6 (7) real property or an interest in real property that is exempt from  
7 taxation under 43 U.S.C. 1620(d), as amended;

8 (8) property of a political subdivision, agency, corporation, or other  
9 entity of the United States to the extent required by federal law; except that a private  
10 leasehold, contract, or other interest in the property is taxable to the extent of that  
11 interest;

12 (9) natural resources in place including coal, ore bodies, mineral  
13 deposits, and other proven and unproven deposits of valuable materials laid down by  
14 natural processes, unharvested aquatic plants and animals, and timber.

15 \* Sec. 15. AS 36.30.850(b)(15) is amended to read:

16 (15) a contract that is a delegation, in whole or in part, of investment  
17 powers held by the commissioner of revenue under [AS 14.40.400,] AS 14.42.200,  
18 14.42.210, AS 18.56.095, AS 37.10.070, 37.10.071, or AS 37.14;

19 \* Sec. 16. AS 14.40.400(e) is repealed.

20 \* Sec. 17. UNIVERSITY OF ALASKA ENDOWMENT TRUST FUND: TRANSITION.

21 A contract, right, liability, or obligation in effect on the effective date of this Act remains in  
22 effect notwithstanding the amendments to AS 14.40.280 or 14.40.400 made in secs. 5, 11,  
23 12, and 16 of this Act. Assets and liabilities of the University of Alaska endowment trust  
24 fund held by the Department of Revenue on the effective date of this Act shall be transferred  
25 by the Department of Revenue to the University of Alaska to implement this Act.

26 \* Sec. 18. APPLICABILITY OF LAND SALE CONTRACT REMEDY PROVISIONS.  
27 AS 14.40.291(e) - (g), added by sec. 7 of this Act, apply to land sale contracts entered into  
28 by the University of Alaska on or after the effective date of this Act.

# Alaska State Legislature

REPRESENTATIVE  
GENE THERRIALT  
P O Box 55326  
North Pole, Alaska 99705  
(907) 488-0862


While in Juneau  
State Capitol  
Juneau, Alaska  
99801-1182  
(907) 465-4797

House District 33

## House Of Representatives

### MEMORANDUM

**TO:** Representative Joe Green, Co-Chair  
Representative Bill Williams, Co-Chair  
House Resources Committee

**FROM:** Representative Gene Therriault 

**DATE:** February 29, 1996

**SUBJECT:** Scheduling of HB 469

---

I respectfully request House Bill 469, "An Act relating to the University of Alaska and to assets of the University of Alaska; authorizing the University of Alaska to select additional state public domain land, designating that land as 'university trust land', and describing the principles applicable to the land's management; and defining the net income from the University of Alaska's endowment trust fund as 'university receipts' subject to prior legislative appropriation" be scheduled for a hearing in the House Resources Committee.

House Bill 469 would allow the University of Alaska to select 500,000 acres of unencumbered land from the State of Alaska. In this era of declining state funds, endowing the university with additional lands will allow it to develop those lands to produce income for university programs. HB 469 is the companion bill to SB 250.

On February 28th, HB 469 was waived out of the Health Education and Social Services committee. Similar legislation passed both houses last year and was subsequently vetoed by the Governor. Changes have been made in HB 469 and SB 250 to address the administration's concerns.

The sponsor statement and sectional analysis are attached. I appreciate your consideration of my request.

attachments (2)

# Alaska State Legislature

REPRESENTATIVE  
GENE THERRIAULT  
P.O. Box 55326  
North Pole, Alaska 99705  
(907) 488-0862

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State Capitol  
Juneau, Alaska  
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House District 33

## House Of Representatives

**HB 469** "An Act relating to the University of Alaska and to assets of the University of Alaska; authorizing the University of Alaska to select additional state public domain land, designating that land as 'university trust land', and describing the principles applicable to the land's management; and defining the net income from the University of Alaska's endowment trust fund as 'university receipts' subject to prior legislative appropriation."

**Sponsor:** Representative Gene Therriault

House Bill 469 would allow the University of Alaska to select 500,000 acres of unencumbered land from the State of Alaska. In this era of declining state funds, endowing the university with additional lands will allow it to develop those lands to produce income for university programs. HB 469 is the companion bill to SB 250.

Under the Congressional Morrill Act of 1862, each state was entitled to receive a grant for public lands, the income from which would provide the financial base of operation for at least one college or university. The University of Alaska received about 112,000 acres of land, less than any other western public land state and less than the national average entitlement of over 300,000 acres. Some universities in states with much smaller state land grants, such as New Mexico and Oklahoma, have received up to one million acres.

An additional grant of land would bring Alaska up to the level of other western states and follows through with the original purpose of land grant colleges.

Similar legislation passed both houses last year and was subsequently vetoed by the Governor. Changes have been made in HB 469 and SB 250 to address the administration's concerns.

**UNIVERSITY LAND GRANT BILL**  
**SECTIONAL ANALYSIS**  
**9-LS1394\K**  
**1-31-96**

**Section 1. FINDINGS AND PURPOSE.**

Defines the University of Alaska as a land-grant university. Establishes that under the Acts of March 4, 1915 Congress granted Alaska certain federal lands to be held in trust for the University. Upon Statehood the act was repealed and Congress assumed that the State would devote some of its 102,500,000 acres to the University. These lands were to be income producing lands to provide support to the University and its programs.

**Section 2. LEGISLATIVE INTENT.**

Establishes that the legislature's intent is that the UofA encourage the development of in-state value-added industries to the maximum extent feasible when developing conveyed land.

**Section 3. Amends 14.40.170. DUTIES AND POWERS OF BOARD OF REGENTS.**

Establishes guidelines that the board must abide by and amends the duties and powers of the Board of Regents under (4) to say that the Board has the care, control, and management of land selected by the UofA and conveyed to it by the commissioner of DNR under AS 14.40.365, except as provided in AS 14.40.368 (a)(2). Also requires that the board report to the legislature the status of selected and conveyed land.

**Section 4. Amends 14.40.190. REPORT TO LEGISLATURE.**

Includes the management of university public trust land in Board of Regents written report to legislature.

**Section 5. Amends 14.40.280. ENDOWMENTS AND DONATIONS.**

States that all monetary gifts, bequests, or endowments made to the UofA shall be held by the University and shall be managed by the University through the regents or an authorized agent. This section transfers the authority for management of the natural resources endowment fund from the Department of Revenue to the University of Alaska. The endowment fund is the fund in which all receipts from university land goes.

**Section 6. Amends 14.40.291. LAND OF THE UNIVERSITY OF ALASKA LAND SALE CONTRACTS; CONFIDENTIAL INFORMATION.**

Adds land selected by and conveyed to the UofA under AS 14.40.365 as land that may not be treated as state public domain land and designates it as university trust land.

**Section 7. Amends AS 14.40.291 by adding a new subsection**

Grants the university the right to terminate a breached contract for a sale of land at any time 31 days after delivering notice of breach to the purchaser. The purchaser may make payment of the sum of the amount in default and the larger of a fee of \$50 or 5% within 30 days after receipt of the breach notice or request, in writing, for a review of the facts. If the breach is determined to be caused on the administrative record, the university may

terminate the contract and the purchaser is obligated to make payments under the contract through the date of the decision to foreclose. If the university fulfills its notification requirements and the purchaser does not satisfy the breach within 30 days, the decision forecloses and terminates all legal and equitable rights the purchaser has in the land. Provides confidentiality of certain proprietary information by the university.

**Section 8. Amends AS 14.40 to add a new section 14.40.365 SELECTION AND CONVEYANCE OF STATE LAND TO THE UNIVERSITY OF ALASKA.**

Authorizes the University to select and receive 500,000 acres of land from the state that, on the effective date of this section, is owned by the state, or has been tentatively approved or selected by the state under the AK Statehood Act. The director of the division of lands and the director of land management for the UofA shall compile, maintain and revise a list of lands to be conveyed. The list shall be maintained at the Anchorage office. The director shall periodically submit to the legislature, within 30 days of the beginning of a regular session, a list of land proposed to be conveyed by the state to the UofA. Each list must contain not less than 25,000 acres of land or the remaining entitlement, whichever is less. The legislature may, by law, approve or disapprove the list but if no action is taken within 60 days by the legislature the list will be considered approved.

On land selected but not yet conveyed, the state may enter into contracts and grant leases, licenses, claims, prospecting sites, sales, permits, rights-of-way, or easement, except that the authority granted the state is the authority that the state otherwise would have had had the land not been selected and may be exercised only if the UofA concurs before the action is taken by the state. On said contracts, before the land has been conveyed by patent or by a document of interim conveyance, 90% of the proceeds derived from land after selection shall be held by the state. After the issuance of a document of interim conveyance or a patent, the state shall pay to the UofA the proceeds held by the state and thereafter the University shall receive all proceeds.

Upon issuance of a patent or document of interim conveyance, the University is responsible for management of all contracts, leases, licenses, claims, prospecting sites, sales, permits, rights-of-way, or easements.

The University shall take possession of any tideland or submerged land adjacent to the land conveyed and takes the land subject to any possessory interest held by another person on the effective date of the conveyance and is entitled to receive the consideration due under that possessory interest.

Oil and gas development on university lands is subject to all provisions relative to moneys required to be deposited into the permanent fund.

When conveying land to the University, the commissioner of DNR shall give public notice under AS 38.05.945 (b) and (c) and provide access under 38.05.127 but other provisions of AS 38.04 and 38.05 do not apply.

The University shall bear all costs of selection, platting, surveying, and conveyance if the land it selects and, subject to appropriation, shall reimburse the DNR for the reasonable costs incurred by the dept. Patent for the land will be conveyed by the commissioner of DNR within one year of request. If the

land is unsurveyed the Commissioner of DNR shall convey the land with exterior boundary survey within one year of request by the University.

The University may not make a land selection after December, 31, 2011.

**Section 9. AS 14.40 is amended to add a new section AS 14. 40.366 MANAGEMENT AND DISPOSITION OF UNIVERSITY LAND.**

States that trust land shall be held by the Board of Regents in trust for the UofA. The University shall manage trust land in accordance with applicable trust management principles, under provisions of law applicable to other university land; and may exchange other state land for university trust land under AS 38.50.

Establishes policies to provide for public notice and comment on proposals for development, exchange, or sale of land selected by and conveyed to the university. Regents shall adopt policies which provide that the university shall prepare an annual plan for management and disposition of land not less than 60 days before scheduled approval by the board and provides for ample public notification and comment period.

**Section 14.40.368. MANAGEMENT AND DISPOSITION OF INCOME FROM EXISTING ENCUMBRANCES ON UNIVERSITY PUBLIC TRUST LAND.**

On land selected by the University that is, as of the effective date, subject to a lease, license, contract, claim, prospecting site, sale, permit, or right-of-way the state is entitled to receive 50% of moneys due under said encumbrance. The University takes on responsibility for the management of the land only upon conclusion of the term of the contract unless the state and the University mutually agree to transfer the management of the land at a date earlier, at which time the University is entitled to receive all income from contract.

**Section 14.40.369. CUSTOMARY AND TRADITIONAL USES TO BE CONTINUED.**

States that the University shall manage the land in a manner that permits customary and traditional uses of the resources of that land except for the commercial harvest of timber.

**Section 10. AS 14.40 is amended by adding a new section 14.40.375. TORT IMMUNITY FOR PERSONAL INJURIES, DEATH, OR PROPERTY DAMAGE OCCURRING ON UNIVERSITY LAND.**

States that the University is not liable in tort for damages for the injury or death of a person, or for property damage to the property of a person on unimproved university land except for an act that constitutes gross negligence or reckless or intentional misconduct.

**Section 11. Amends AS 14.40.400(a)**

States that the University will set up an endowment trust fund in which all net income derived from the sale or lease of the land granted or land selected or conveyed to the UofA under AS 14.40.365, and in which all other endowments shall be held in trust.

**Section 12. Amends AS 14.40.400(b)**

Says the President of the University is responsible for the trust and shall account for and invest the fund and report to the Board of Regents and to the legislature.

Section 13. Amends AS 14.40.491. DEFINITION OF UNIVERSITY RECEIPTS.  
Amends existing statute to include net income of the trust fund established in AS 14.40.400.

Section 14. Amends AS 29.45.030.  
Amends AS 29.45.030 (a) to include land conveyed by the state to the University.

Section 15. Amends AS 36.30.850(b)(15).  
Takes out reference to AS 14.40.400

Section 16. Repeals AS 14.40.400.

Section 17. UNIVERSITY OF ALASKA ENDOWMENT TRUST FUND: TRANSITION.  
States that notwithstanding the amendments made to statutes regarding the transfer of the trust fund management from Dept. of Revenue to the University, the act remains in effect.

Section 18. APPLICABILITY OF LAND SALE CONTRACT REMEDY PROVISIONS.  
States that AS 14.40.291 (e)-(g), added by section 7 of this bill apply to land sale contracts entered into by the UofA on or after the effective date of this act.

## HICKEY &amp; ASSOCIATES

Planning • Management • Lobbying

211 Fourth Street, Suite 108, Juneau, Alaska 99801  
Telephone 907-586-2263, Fax 907-586-1097

## FAX TRANSMITTAL MEMO

DATE: 3/19/96

TO: JEFF LOGAN

FROM: MARK S. HICKEY

SUBJECT: AMENDMENT FOR HB 469

COMMENTS: PER OUR DISCUSSION - I SET

IT UP AS A NEW SUBSECTION.

IT'S THE SAME LANGUAGE AS

CONTAINED IN OLD SB 16 EXCEPT

LAST PHRASE IN (C)(2), WHICH

COVERS MY BOROUGH'S SITUATION. LAKE

TOTAL PAGES (INCLUDING THIS SHEET): 2 + PENINSULA  
BOROUGH RECEIVED.ITS ENTITLEMENT IN 1994, WITH  
INCORPORATION OCCURRING IN 1989.PLEASE CALL OR FAX THE TELEPHONE NUMBERS ABOVE IF ANY  
PROBLEMS ARISE WITH THIS TRANSMISSION.

CALL IF WE NEED TO TALK

THANKS.

586-2263

## Proposed Amendment to HB 469 (University Lands Bill)

On page 7, line 17, insert the following as a new subsection (c) and renumber remaining subsections accordingly:

- "(c) The list to be prepared under (b) of this section may not include a land selection made by the University of Alaska under this section if the commissioner of natural resources determines the proposed selection includes lands for which, at the time of its selection under this section,
- (1) a municipality has made a selection under AS 29.65, unless the land selection is, at a later date, rejected by the commissioner of natural resources or relinquished by the municipality; or
  - (2) the commissioner of natural resources reasonably believes the land may be selected by a municipality under AS 29.65.030, but the commissioner may not withhold under this subparagraph the conveyance of title to land proposed for selection by the university longer than three years after the date of the municipality's incorporation or creation of the municipality's land entitlement, whichever is later."

\*\*\*\*\*

**FACT SHEET**

**CSHB 469 (RES) - Enhancing UA Land Grant**

\*\*\*\*\*

HB 469 is similar to SB 16 that passed the Alaska Legislature in the first session of the Nineteenth Alaska Legislature and was subsequently vetoed by Governor Knowles. The bill is intended to grant 500,000 acres of state land to the University of Alaska to provide income to support the research, instructional and public service programs of the state's public land grant university. The current University of Alaska land grant is 112,000 acres; only Delaware, with 90,000 acres, has a smaller university land grant than Alaska.

In 1915, the University was granted 250,000 acres to support the programs of the university. This land grant, which had not been conveyed pending survey, was extinguished at the time of statehood with the assumption that the state would fulfill the commitment from the conveyance of over 100 million acres in undesignated federal lands. The First Alaska Legislature appropriated 1 million acres to establish the University of Alaska land grant. Governor Bill Egan vetoed that appropriation because he believed that the state's lands could, and should, be managed by the Department of Natural Resources for the benefit of all Alaskans. In keeping with this philosophy, the Department of Natural Resources retained the management of the 100,000 acres of existing University lands for the next 30 years. While Governor Egan's rationale may have made sense in the optimistic dawn of statehood, the fact is that DNR has never had the resources necessary to manage the vast inventory of state lands. During the 30 years that DNR managed the University lands, \$590,000 in income was generated. In 1986, the University successfully sued the state to regain the management of its lands and in the ensuing eight years has generated over \$30 million in revenue. These funds have gone into a Land Grant Trust Fund, established in statute, to provide a perpetual fund to support public post-secondary programs for the people of Alaska.

HB 469 will provide that:

1. 500,000 acres of state land will be conveyed to the University of Alaska by the year 2016. [Page 6, Sec. 8, Sec. 14.40.365 (a)]
2. the Department of Natural Resources will determine what lands are available for conveyance based on their determination of what is in the best interests of the state. [Page 7, Sec. 8, Sec. 14.40.365(b)]
3. the University will not be allowed to sue the state over disagreements relating to conveyance; all disputes will be resolved by the Governor. [Page 7, Sec. 8, Sec. 14.40.365(b)]
4. municipal land selections will have priority . [Page 7, Sec. 8, Sec. 14.40.365 (b)]
5. land transfers are subject to:
  - \* Forest Practices Act
  - \* 6(l) of Alaska Statehood Act
  - \* Permanent Fund requirements for oil, gas and mineral royalties and bonuses
  - \* Other rights of the state [Page 8, Sec. 8, Sec. 14.40.365(f)]
6. the University pays the costs of land conveyance and surveying. [Page 9, Sec. 8, Sec.14.40.365(g)]
7. existing leases and encumbrances will be honored throughout the term, including any provisions for lease extensions. [Page 11, Sec. 9, Sec. 14.40.368]

8. the legislature approve final selections in lists of not less than 25,000 acres. [Page 7, Sec. 8, Sec. 14.40.365(b)]
9. mineral entry or location and mineral leasing on UA land will be substantially similar to provisions currently provided on state lands. [Page 10, Sec. 9, Sec. 14.40.366(b)(2)]
10. customary and traditional uses of resources on UA land, including hunting and fishing, will be permitted to the maximum extent practicable. [Page 11, Sec. 9, Sec. 14.40.369]
11. additional requirement for UA regarding public notification and comment on land management plans. [Page 10, Sec. 9, Sec. 14.40.366(a), (b) & (c)]
12. the responsibility for the management of the UA Land Grant Trust Fund be transferred from the Department of Revenue to the University of Alaska. [Page 2, Sec.3; Page 4, Sec. 5; and Page 12, Sec. 11 & Sec.12]
13. net income from University trust lands will be designated as "university receipts" and appropriated by the Legislature. [Page 12, Sec.13, Sec. 14.40.491(4)]
14. proceeds made on land, originating after selection, but prior to final conveyance, from land leases, license, contracts, claims, sales, permits, prospecting sites, or rights of way will be held in escrow. Upon final conveyance, 90% of the proceeds will be distributed to the University. [Page 8, Sec. 8, Sec. 14.40.365(c)(2)]
15. proceeds on land selected and conveyed that is subject to a possessory interest at the time of conveyance, shall be split evenly between the state and the University until the conclusion of the interest, including all available renewals. [Page 11, Sec. 9, Sec. 14.40.368(a)]
16. proprietary information provided by private companies is protected. [Page 6, Sec. 7, Sec. 14.40.291(h),]
17. process for foreclosure if a contract for a sale of land, or interest in land is breached. [Page 5, Sec. 7, Sec. 14.40.291(e), (f) & (g)]

During the First Session of the Nineteenth Legislature, SB 16 had six substantive hearings in the House and Senate. During this, the Second Session, the companion bill to HB 469 has had one hearing in Senate Finance. The substantive changes to the bill include:

#### Senate Finance Committee

- \* provides that no lands can be conveyed that have been selected by municipalities under the Municipal Entitlement Act.
- \* provides that all disagreements between the University and DNR regarding the selection of lands for conveyance will be made by the Governor.

#### Changes proposed in House Resources Committee Substitute:

- \* provides that no lands can be conveyed that have been selected by municipalities under the Municipal Entitlement Act.
- \* provides that all disagreements between the University and DNR regarding the selection of lands for conveyance will be made by the Governor.
- \* provides that mineral entry or location and mineral leasing on UA land will be substantially similar to provisions currently provided on state lands.

# University of Alaska

## Statewide System

### HB 469 EXPANDING UNIVERSITY OF ALASKA LAND GRANT

By Representatives Therriault, Toohey, Kelly, Davies

The University of Alaska is called a "Land Grant University" in the tradition of American land grant universities, providing teaching, research and public service to the people of Alaska. While the University has attempted to mold itself in the land grant tradition, one piece of that tradition is lacking -- a sufficient land grant.

In 1915, Congress provided a land grant of approximately 250,000 acres -- every section 33 in the Tanana Valley -- to support the Territorial Agricultural College and School of Mines, together with a site for the institution itself. In 1929 Congress granted an additional 100,000 acres of public lands for the use and benefit of the Agricultural College and School of Mines.

In 1959, the Alaska Statehood act extinguished the University's right to receive the unsurveyed sections 33 of the Tanana Valley, leaving the University with 100,000 acres. Congress so acted because its land grant to the state was by far the most generous of all state land grants. Supporters of the extinguishment said the state clearly was receiving enough land that it could provide necessary land to support the University. The State of Alaska has never kept this moral obligation to the University of Alaska.

Forty-nine of the states received land grants to support their universities. In all but one, the universities received more land than the University of Alaska, notwithstanding the fact that Alaska's state land grant is 16 times the size of the average state land grant. In eighteen of the lower 48 states, the entire federal land grants -- 100% -- went to support the universities. In Alaska, less than one percent -- 0.11% -- went to the University.

The State of Alaska did not manage what land the University received well. In 1978, following legislative appropriation of the University's most valuable acreage, the University sued, eventually winning a legislative settlement that reconstituted the University land trust. Later litigation brought replacement land for the legislatively-appropriated acreage. The University's total land grant holdings today total 140,000 acres. Still, nearly 50,000 acres of limited timber cutting rights west of Icy Bay remains tied up in litigation.

Alaskans look to the University of Alaska to provide for some of its financial needs by earning income from the federal land grant, yet Alaskans do not realize the paucity of lands managed by the university.

If the University of Alaska received the average percentage of the total federal grant to the state -- 42.01% of the State of Alaska grant -- the University would be managing 43 million acres, and would probably need no further state support. If the University of Alaska received a proportional share of the total federal grant to universities -- 5.09% of the State of Alaska grant -- the University would be managing 5.3 million acres. Even bringing the University of Alaska's federal grant up to the average of the smaller states -- 340,000 -- would triple the size of the University's federal grant.

Passage of this legislation will allow expansion of the University of Alaska land grant, and allow the University to generate additional revenue in support of its programs. The lands would be responsibly managed to generate income. The University is currently involved in a wide range of projects including commercial leasing, development and sale of residential and remote subdivisions, oil and gas lease sales, timber and gravel sales and mineral leasing.

**contact :**

Wendy Redman  
University Relations  
463-3086/474-7582

Position Paper

## State Land Grant Rankings

Ranked by the amount of federal land given to Higher Education	
1 New Mexico	1,346,546
2 Oklahoma	1,050,000
3 New York	990,000
4 Arizona	849,197
5 Pennsylvania	780,000
6 Ohio	699,120
7 Utah	556,141
8 Illinois	526,080
9 Indiana	436,080
10 Montana	388,721
11 Idaho	386,686
12 Alabama	383,785
13 Missouri	376,080
14 South Dakota	366,080
15 Massachusetts	360,000
16 Mississippi	348,240
17 Washington	336,080
18 North Dakota	336,080
19 Wisconsin	332,160
20 Kentucky	330,000
21 Tennessee	300,000
22 Virginia	300,000
23 Iowa	286,080
24 Michigan	286,080
25 Georgia	270,000
26 North Carolina	270,000
27 Louisiana	256,292
28 Minnesota	212,160
29 Maine	210,000
30 Maryland	210,000
31 New Jersey	210,000
32 California	196,080
33 Arkansas	196,080
34 Florida	182,160
35 Connecticut	180,000
36 South Carolina	180,000
37 Texas	180,000
38 Kansas	151,270
39 New Hampshire	150,000
40 Vermont	150,000
41 West Virginia	150,000
42 Colorado	138,040
43 Oregon	136,165
44 Nevada	136,080
45 Nebraska	136,080
46 Wyoming	136,080
47 Rhode Island	120,000
48 Alaska	112,054
49 Delaware	90,000
50 Hawaii	0
<b>TOTAL</b>	<b>16,707,787</b>

Average 334,156

Ranked by the percentage of the state grant given to Higher Education	
1 New York	100.00%
2 Pennsylvania	100.00%
3 Massachusetts	100.00%
4 Tennessee	100.00%
5 Virginia	100.00%
6 Georgia	100.00%
7 North Carolina	100.00%
8 Maine	100.00%
9 Maryland	100.00%
10 New Jersey	100.00%
11 Connecticut	100.00%
12 South Carolina	100.00%
13 Texas	100.00%
14 New Hampshire	100.00%
15 Vermont	100.00%
16 West Virginia	100.00%
17 Rhode Island	100.00%
18 Delaware	100.00%
19 Kentucky	93.06%
20 Oklahoma	33.92%
21 Ohio	25.34%
22 Washington	11.04%
23 Indiana	10.79%
24 South Dakota	10.66%
25 North Dakota	10.62%
26 New Mexico	10.52%
27 Idaho	9.09%
28 Illinois	8.44%
29 Arizona	8.05%
30 Alabama	7.67%
31 Utah	7.41%
32 Montana	6.52%
33 Mississippi	5.71%
34 Missouri	5.07%
35 Nevada	4.99%
36 Nebraska	3.93%
37 Iowa	3.55%
38 Wisconsin	3.26%
39 Wyoming	3.13%
40 Colorado	3.09%
41 Michigan	2.36%
42 Louisiana	2.24%
43 California	2.22%
44 Kansas	1.94%
45 Oregon	1.94%
46 Arkansas	1.64%
47 Minnesota	1.29%
48 Florida	0.75%
49 Alaska	0.11%
50 Hawaii	0.00%
<b>TOTAL</b>	<b>5.09%</b>

Average 42.01%

Ranked by the amount of federal land given to the States	
1 Alaska	104,569,251
2 Florida	24,214,366
3 Minnesota	16,422,051
4 New Mexico	12,794,718
5 Michigan	12,142,846
6 Arkansas	11,936,834
7 Louisiana	11,441,343
8 Arizona	10,543,753
9 Wisconsin	10,179,804
10 California	8,825,508
11 Iowa	8,061,262
12 Kansas	7,794,669
13 Utah	7,501,737
14 Missouri	7,417,022
15 Oregon	7,032,847
16 Illinois	6,234,655
17 Mississippi	6,097,997
18 Montana	5,963,338
19 Alabama	5,006,883
20 Colorado	4,471,604
21 Wyoming	4,342,520
22 Idaho	4,254,448
23 Indiana	4,040,518
24 Nebraska	3,458,711
25 South Dakota	3,435,373
26 North Dakota	3,163,552
27 Oklahoma	3,095,760
28 Washington	3,044,471
29 Ohio	2,758,862
30 Nevada	2,725,226
31 New York	990,000
32 Pennsylvania	780,000
33 Massachusetts	360,000
34 Kentucky	354,607
35 Tennessee	300,000
36 Virginia	300,000
37 Georgia	270,000
38 North Carolina	270,000
39 Maine	210,000
40 Maryland	210,000
41 New Jersey	210,000
42 Connecticut	180,000
43 South Carolina	180,000
44 Texas	180,000
45 New Hampshire	150,000
46 Vermont	150,000
47 West Virginia	150,000
48 Rhode Island	120,000
49 Delaware	90,000
50 Hawaii	0
<b>TOTAL</b>	<b>328,426,536</b>

Average 6,568,531

**HB**

**511**

# Alaska State Legislature

Resources, Vice Chair  
State Affairs, Vice Chair  
House Special Committee on Oil & Gas, Vice Chair  
House Special Committee on Fisheries



State Capitol  
Room 409  
Juneau, Alaska 99801-1182  
(907) 465-3878

Representative Scott Ogan  
House District 27

## Sponsor Statement HB 511 Amendments to Titles 16 and 22

In cooperation with the Departments of Fish & Game and Public Safety HB 511 was prepared because Alaskans are concerned over the fisheries resource and its ability to be renewed and regenerated for future generations. Fisheries is important to our state for a few of the following reasons:

- \* It's estimated that 1.5 million tourist will visit our state annually by the year 2006. Many of these tourist come here with hopes of participating in a successful fishing trip.
- \* In 1995 there were 234,695 nonresident sport fishing licenses sold compared to the 1984 figure of 120,702.
- \* Alaska's fishing industry accounts for 1/6 of the state's entire economic base and payroll.

With Statehood, the Alaska Department of Fish and Game was formed. Alaska law states:

*"The Commissioner shall manage, protect, maintain improve, and*

*extend the fish, game and aquatic plant resources of the state in the interest of the economy and general well-being of the state...to accept money from any person under conditions requiring the use of the money for specific purposes in the furtherance of the protection, rehabilitation, propagation, preservation, or investigation of the fish and game resources of the state or in settlement of claims for damages to fish and game resources."*

Prosecuting the people responsible for illegally removing fish from Alaskan waters in effort to discourage this type of action is important to preserve the vital fisheries industry for law abiding citizens. Alaska has made a strong commitment to preserving and protecting important fish habitat in other ways. Currently, there are regulations governing development activities that protect our vital salmon spawning and rearing streams with requirements such as buffer zones.

One area that needs to be pursued in an effort to save our fishing industry is the prosecution of criminal cases involving violations that damage or present a damage to a fishery resource of the state. At this time, the Department of Law is unable to assign a prosecutor to pursue these criminal cases due to a lack of funds.

The purpose of HB 511 is to allow fines and forfeitures in criminal cases involving violations that damage or present a threat of damage to a fishery resource of the state, to the extent permitted by applicable state and federal law, to be deposited in the fish and game fund with the intent that these fines and forfeitures support fisheries law enforcement activities.

# Alaska State Legislature

Resources, Vice Chair  
State Affairs, Vice Chair  
House Special Committee on Oil & Gas, Vice Chair  
House Special Committee on Fisheries



State Capitol  
Room 409  
Juneau, Alaska 99801-1182  
(907) 465-3878

Representative Scott Ogan  
House District 27

## Sectional Analysis HB 511 Amendments to Titles 16 & 22

Section 1 of this bill sets out the purpose of the bill. To the extent permitted by applicable state and federal law, fines and forfeitures received by the state in criminal cases involving violations that damage or present a danger of damage to fishery resources of the state may be deposited into the fish and game fund.

Section 2 of this bill amends AS 16.05.190 to provide that proceeds received by the state from the sale of fish forfeited to the state for violation of AS 16.05 or a regulation adopted by the Department of Fish and Game that damages or presents a threat of damage to a fishery resource of the state shall be deposited into the fish and game fund.

Section 3 of the bill makes a technical amendment to AS 22.15.250 to make the section conform to the new provision added by sec. 4 of the bill.

Section 4 of the bill adds a new subsection to AS 22.15.250 providing that fees, fines, forfeitures, or penalties collected by a district or magistrate court for violations of AS 16 or regulations adopted by the Board of Fisheries or the Department of Fish and Game that damages or presents a threat of damage to fisheries resources shall be transmitted to the fish and game fund.

## A Proposal to Prevent Illegal Fishing in Bristol Bay

Recently, after many years of frustration, a number of Bristol Bay driftnetters have formed a group with the goal of ending the common practice of closed-water fishing. Closed-water fishing results in the theft of salmon before they are available for legal fishers to compete for them in open waters. Last year \$185 million worth of salmon were harvested in Bristol Bay. Many millions of dollars worth of these fish were stolen.

After considering 46 different ideas for the prevention of these thefts a proposal to augment the current ADF&G Enforcement budget for Bristol Bay garnered the most votes. We know that, with sufficient personnel, training and equipment ADF&G can prevent illegal fishing. A \$250.00 enforcement surcharge on the 1900 drift licenses would yield \$475,000.00 annually. A smaller fee for setnetters would yield additional funds. This proposal would be counted as a bad deal for a large number of illegal fishers as they would be paying a tax to have their "special fishing areas" closed. For the honest majority, however, this tax represents a great bargain they would pay a pittance to have legal access to many more fish.

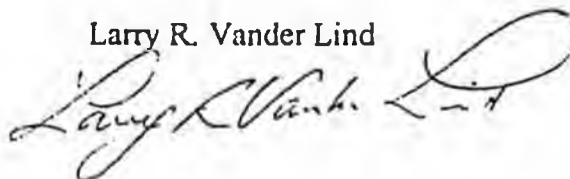
In return for this self imposed tax we would ask that;

1. All enforcement surcharges be solely used to prevent illegal fishing from occurring in the Bristol Bay salmon fishery.
2. Bristol Bay permit holders are represented when major expenditures from a segregated enforcement fund are contemplated.
3. That enforcement fees are annually adjusted to fit anticipated requirements for the prevention of illegal fishing and that significant surpluses are avoided.
4. That we have an opportunity to co-review, with ADF&G, the performance of seasonal enforcement personnel and equipment after each season.

As permit holders we believe it is our right to have fair access to all commercially available salmon without being preempted by fish thieves. We would like to take responsibility for fairness in our fishery by funding the hiring and training of seasonal personnel. When significant numbers of fish are being caught we want ADF&G to be constant in their presence and consistent in their enforcement of the law. Please help us ;in realizing our goal of making the Bay a legal, law-respecting fishery.

The above is a working paper. Any number of methods may be acceptable in the attainment of our mission which is to enable ADF & G Enforcement to be as consistent in the prevention of illegal fishing throughout Bristol Bay during the entire salmon season as they have been in their most successful efforts to date.

Larry R. Vander Lind



Background; Bristol Bay Salmon Fishery

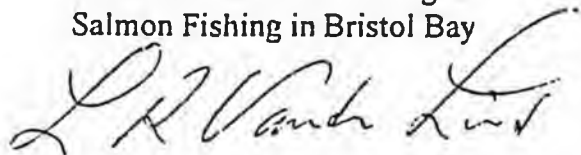
Bristol Bay has a 1900 vessel fishing fleet and just four small river mouth area to illegally harvest fish in. It undoubtedly has more boats per square mile of open fishing area than any other fishery in the state of Alaska. With a huge, and highly efficient fleet the in-district fish are quickly mopped up in the first hour or two of a typical 10 to 12 hour opening. For the remainder of the opening the great majority of the fish are caught as they move, usually with the tide, into the districts. During this time vessels intensely vie for the best exposure of their nets to incoming fish. A net fully exposed to incoming fish will catch many times the fish that the second net back from the line will catch. The fierce competition for the "pole position" and the temptation to leapfrog out into closed waters in quest of exposure time is great.

Today's highly evolved fishing vessels can illegally deploy and retrieve their nets very quickly...before they can be overflowed by an enforcement plane or even be caught by a nearby skiff. Presently, a crafty fish thief makes a good business decision when he or she steals fish in closed waters as the possibility of being ticketed is small. If they do garner the odd ticket from time to time they will still be money ahead and thus richly rewarded for their illegal activities.

If violators are caught legal fishers still lose as those fish caught illegally are still not available to them. Additionally, while the ticket is being written Enforcement must leave the line. It is axiomatic that when Enforcement is gone line fishing moves into closed waters...the longer they are gone the more blatant it gets.

Legal fishing in Bristol Bay must be proactively maintained by having a constant enforcement presence wherever fish are being caught along district boundaries. In this way it is exactly like important competitions the world over; it requires umpires, referees or line judges to insure fair play for all involved.

Larry R. Vander Lind  
Committee to Prevent Illegal  
Salmon Fishing in Bristol Bay



Dear,

Thought you might be interested in what has transpired so far in terms of our efforts to prevent illegal fishing in the Bay - These 6 pages have been sent to Bob King as per his request - waiting for his suggestions in terms of where to next  
LRL

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. HB 511

Revision Date: \_\_\_\_\_ Dept. Affected: Department of Law  
 Title: "An Act relating to deposits into the fish and game fund." BRU: Criminal Division  
 Component: Criminal Division  
 Sponsor: Representative Ogan  
 Requester: Governor's Office COMPONENT SERIAL NO. 2085

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	82.0	82.0	82.0	82.0	82.0	82.0
TRAVEL	10.0	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	6.0	6.0	6.0	6.0	6.0	6.0
SUPPLIES	3.3	3.3	3.3	3.3	3.3	3.3
EQUIPMENT	6.5					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>107.8</b>	<b>101.3</b>	<b>101.3</b>	<b>101.3</b>	<b>101.3</b>	<b>101.3</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1007 I/A Receipts	107.8	101.3	101.3	101.3	101.3	101.3
<b>TOTAL</b>	<b>107.8</b>	<b>101.3</b>	<b>101.3</b>	<b>101.3</b>	<b>101.3</b>	<b>101.3</b>

Estimate of any current year (FY96) cost: \$ 0.0

**POSITIONS**

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

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

This bill amends AS 16.05.190 and AS 22.15.250 to provide that the proceeds of the sale of fish, or parts of fish forfeited to the state for the violation of a fish and game law or regulation, that damages or presents the threat of damage to a fishery resource of the state shall be deposited in the fish and game fund. The bill further provides that for fines, forfeitures, or penalties levied for a violation of a fish and game law or regulation, that damages or presents a threat of damage to a fishery resource shall be deposited in the fish and game fund. The bill anticipates greatly increased criminal prosecution of fishing violations, and this fiscal note requests the addition of an Attorney IV to make such prosecution possible. Funding for the prosecutor will be made available from the fish and game fund from some of the additional proceeds generated by the stepped-up prosecution of fish and game violations.

Prepared by: Richard I. Pegues, Director Phone: 465-3672  
 Division: Administrative Services Division Date: 3/7/96  
 Approved by Commissioner: Bruce M. Botelho, Attorney General Date: 3/7/96  
 Agency: Department of Law

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03/07/96

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PERSONAL SERVICES EXPENDITURES NEW POSITION DETAIL REPORT

PAGE: 1

DEPARTMENT OF LAW

SCENARIO: 1

COMPONENT #: 6501020300 NAME: SOUTHCENTRAL/SOUTHWEST ALASKA

BRU NAME: CRIMINAL DIVISION

PCN	UNAUTH PCN	JOB CLASS TITLE	T S	LOCATION NAME	R C	B U	S	R&S	MOS	SALARY BUDG	PREM PAY	BENEF	PER.SERV. COSTS	G. F. AMOUNT
-----	---------------	-----------------	--------	---------------	--------	--------	---	-----	-----	----------------	-------------	-------	--------------------	-----------------

~~02/002~~ ~~ATTORNEY IV~~ ~~F ANCHORAGE~~ ~~A~~ ~~XE~~ ~~AA~~ ~~24A~~ ~~12~~ ~~61923~~ ~~0~~ ~~20100~~ ~~82023.52~~

\*\*\*\* JUSTIFICATION:

~~Additional Budget~~

TRAVEL COSTS	0.00
CONTRACTUAL COSTS	0.00
SUPPLIES COSTS	0.00
EQUIPMENT COSTS	0.00
OTHER COSTS	0.00
=====	
TOTAL COSTS	92917.09
	92917.09

\*\*\* FUNDING DETAIL:

~~1007 GENERAL FUND RECEIPTS~~ ~~92917.09~~  
 =====  
~~TOTAL FUNDING~~ ~~92917.09~~

03/041	ATTORNEY IV	F ANCHORAGE		A	XE	AA	24A	12	61923	0	20100	82023.52	
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\*\*\*\* JUSTIFICATION:

This attorney IV prosecutor will be needed to implement the provisions of HB511, which provides that the proceeds of the sale of fish or parts of fish, forfeited to the state for a violation of the state's fish and game laws and regulations, that damages or presents a threat of damage to a fishery resource of the state shall be deposited in the fish and game fund. The bill also provides that all fines, fees, forfeitures and penalties levied for the same violations shall also be deposited in the fish and game fund. The bill anticipates greatly increased criminal prosecution of fish and game violations, and the addition of this position will make such prosecution possible. Funding for the position will be made available from the fish and game fund from some of the additional proceeds generated by the stepped-up prosecution of fish and game violations.

TRAVEL COSTS	10000.00
CONTRACTUAL COSTS	6000.00
SUPPLIES COSTS	3300.00
EQUIPMENT COSTS	6500.00
OTHER COSTS	0.00
=====	
TOTAL COSTS	107823.52
	0.00

\*\*\* FUNDING DETAIL:

1007 INTER-AGENCY RECEIPTS 82023.52  
 =====  
 TOTAL FUNDING 82023.52

1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Public Safety  
 Title: Deposits into the Fish and Game Fund Fish and Wildlife Protection  
 Component: Enforcement & ISU  
 Sponsor: Representative Ogan  
 Requestor: H. Resources COMPONENT SERIAL NO. 0490

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES ( )	-0-	-0-	-0-	-0-	-0-	-0-
Code Revenue						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

Estimate of current year (FY 96) impact: \$ \_\_\_\_\_

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)  
 No fiscal impact is anticipated to Fish and Wildlife Protection .

Prepared By: Captain Richard L. Graham Phone: 269-5589  
 Division: Fish & Wildlife Protection Date: March 6, 1996  
 Approved by Commissioner: *Ronald L. Otte* Date: 3/7/96  
 Agency: Ronald L. Otte, Dept. of Public Safety

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# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO.                      HB 511

Revision Date: \_\_\_\_\_ Dept. Affected: Fish and Game  
 Title: Deposits into the Fish and Game Fund BRU: CFMD  
 Component: Fisheries Management  
 Sponsor: Rep. Ogan  
 Requester: House Resources COMPONENT SERIAL NO.                      1941

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	107.8	101.3	101.3	101.3	101.3	101.3
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>107.8</b>	<b>101.3</b>	<b>101.3</b>	<b>101.3</b>	<b>101.3</b>	<b>101.3</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match	(200.0)					
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other ( Fish and Game Fund 1024)	400 +	*	*	*	*	*
<b>TOTAL</b>	<b>200 +</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>

Estimate of any current year (FY96) cost: \$                     0                    

**POSITIONS**

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

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

This bill amends AS 16.05.190 and AS 22.15.250 so that criminal fines from commercial fishing violations that damage the resource can be deposited into the Fish and Game Fund. They currently are deposited in the General Fund. The Department of Fish and Game would then make available funds through a RSA for an Attorney IV within the Department of Law who would be devoted to prosecuting criminal cases resulting from commercial fishing violations. It is expected that the dedication of an attorney to criminal prosecutions will in turn result in significantly more fines being collected than the cost of the prosecutor, but the precise figure is impossible to estimate. We expect that in the first year it will double fines collected. Beyond that we cannot estimate. This is represented by an \* in the cell for change in revenues FY98-02.

Prepared by: Bob Clasby Phone: 485-6100  
 Division: Commercial Fisheries Management and Development Date: 3/7/96  
 Approved by Commissioner: Frank Rue *Frank Rue* Date: 3/7/96  
 Agency: Fish and Game

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**HB**

**537**



# Fairbanks Industrial Development Corporation

March 12, 1996

To: Interior Delegation  
Alaska State Legislature

## THE INTERIOR MINING PROJECT — ONE MORE TIME

In the last two years the airborne geophysical mapping program, which was completed for the Fairbanks and Richardson Mining Districts, and commenced in the Rampart-Manley area, has exceeded our expectations in terms of the mining activity stemming from publication of these maps.

This year the Governor's budget includes \$200,000 to continue this program. However, the fact is that we need at least \$400,000 more to permit the Rampart-Manley project to be completed within three years from its start — otherwise we will be looking at a four-year project, with attendant delay in exploration and development efforts by the industry. Thus, once again I ask that you amend the Capital Improvement Project budget of the Department of Natural Resources, Division of Geological and Geophysical Surveys, to increase the total earmarked for Rampart-Manley to \$600,000.

I understand that there may not be the broad support necessary to obtain approval of this request. Consequently, I suggest that consideration might be given to expanding the mapping program to include the Mat-Su region, specifically the Petersville/Chulitna area, and possibly also more mapping in the Eastern Nome area. This would presumably result in a broader base of support for the overall program by bringing legislators from those areas into the picture. Perhaps \$200,000 could be obtained for each of those two districts.

I will be pleased to supply additional information and discuss this matter further at your request.

Respectfully submitted,

Ronald L. Ricketts  
Executive Director

Addresses: Senator Mike Miller  
Senator Steve Frank  
Senator Bert Sharp  
Representative Tom Brice  
Representative John Davies  
Representative Jeannette James  
Representative Pete Kelly

RGreen  
Dp Ogan  
Rep Kohnig  
Rep Mosen

Representative Al Vezy

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515 Seventh Avenue, Suite 320, Fairbanks, Alaska 99701 (907) 452-2185 Fax: (907) 451-9534

**THOMAS E. SMITH**

P.O. Box 81071  
Fairbanks, Alaska 99708  
(907) 455-6860

March 11, 1996

The Honorable Jeannette James  
Alaska House of Representatives  
Room 102, State Capitol  
Juneau, Alaska 99801-1182

Dear Representative James:

I am writing to ask your help in resolving the unfortunate confusion concerning qualifications and administrative home of the State Geologist and Division of Geological and Geophysical Surveys (DGGS). This small geology group has seen successive budget cuts since 1986 that have reduced staff size from about 150 to 24 at present, and a budget decline from about \$20 million to \$2.5 million over the same period. Clearly they are very near the limit of critical mass.

With this in mind, when I retired last year from the State Geologist's post, I suggested that the Alaska Geology Board convene a special task force to examine the whole issue of public geologic studies in Alaska--how they should be funded with shrinking revenues, who should do the studies, how various geology groups could be coordinated, etc. And after some nine or ten months of discussion and work sessions throughout the geological community, talking with professionals from industry, government and academia (some thousand or more people), they came forward with a thoughtful set of recommendations that make a lot of sense for a state like Alaska which literally lives from its geologic resources.

After considering the Geology Board's recommendations, the Knowles Administration proposed a merger between DGGS and the Division of Oil and Gas that would have answered most of the Board's priorities by placing geoscientists from both divisions together under the leadership of a Director who is himself a professional geoscientist (letter to Alaska Geological Society attached). This proposed merger might also have saved a little money, but more importantly it followed the wise course of action set forth by Alaska's geoscience community.

Well, as you know, for unrelated reasons, the legislature rejected the proposal and substituted HB 537, a merger with the Mining and Water Management regulation division--a merger that completely strips any professional requirements from both State Geologist and a separate director. Under HB 537, the state's geology division (the same group responsible for choosing

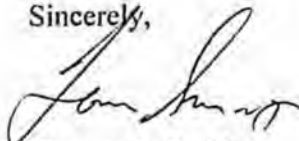
Prudhoe Bay, Valdez Creek, Fort Knox, much of our statehood entitlement, etc.) is submerged as minor bureaucratic staff in a politically-driven regulatory division. Clearly at best HB 537 is ill-conceived; at worst it is symptomatic of a "ready-fire-aim" approach to understanding and managing Alaska's resources. I ask that you give HB 537 the attention it deserves--referral to the bottom drawer of at least 20 committees.

What can be done that is wise and positive? For openers, lets ~all go back to the recommendations of the Alaska Geology Board. Within the framework of their findings, there are several possibilities for synergistic alliances between geology groups--maybe even some mergers--which will preserve Alaska's ability to understand its geological resources, and also save some money in the process. What is needed now is a little time to develop an implementation plan around their recommendations, a plan that is acceptable to all parties, i.e., the industry, the geological community, the legislature, and the administration. In the interim, while an implementation plan is being developed, I suggest that DGGS be left as it is; they are a small low-cost and high-benefit group currently operating under an acting director. There is really no benefit and very little savings to forcing an unworkable structure on them in the immediate future.

In short, Alaska's dependence on its geologic resources is far too critical for us to eliminate our only in-house source of professional information on these resources. It is worth a little more time to arrive at a correct decision on the geology issue.

I appreciate your consideration of these thoughts; please contact me if I can be of help in your deliberations.

Sincerely,



Thomas E. Smith  
Former State Geologist

Enclosures

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## FINDINGS AND RECOMMENDATIONS ON THE ROLE AND STRUCTURE OF THE ALASKA DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS

*by the Committee on Public Geology: David Hite (Chairman), Marty Rutherford, John Eichelberger, Teresa Imm, Sue Karl, Al Clough, Chuck Hawley, and Dan Young*

### Executive Summary

At the request of the Commissioner of the Department of Natural Resources (DNR), the Alaska Geologic Mapping Advisory Board established a committee to assess the role and function of the Division of Geological and Geophysical Surveys (DGGS) and the Director/State Geologist. The report would provide recommendations regarding responsibilities, staffing, and type and interaction with partners and clients.

The committee met twice a month, commencing on March 10, 1995, and continuing to May 26, 1995. These meetings served to clarify issues, develop priorities, and gather input from the scientific community. External commentary was solicited from Alaskan geoscientists and a sampling of geological survey directors from other states. The committee recessed for the summer to prepare the final report. The final draft was approved by the committee on September 15, 1995.

### The report's principal findings and recommendations are:

- The existence of a strong and committed geological survey is essential to a state as dependent on natural resources and as subject to recurring hazards as is Alaska. The mission and functions of the survey are those prescribed in the statutes which established the Alaska Division of Geological and Geophysical Surveys and the position of Director/State Geologist. To fulfill the mission of the Survey, the basin analysis and hydrogeological functions should be reassigned to the Survey.
- To maintain the activities of the Survey at a level that fulfills the charges put forth in the statutes, the state must sustain the Survey by providing adequate core funding, for which the current level is inadequate. This funding will provide for permanent staff salaries, facilities, and critical long-term programs and services. The committee recommends that the Survey be strongly encouraged to seek out external funding and support for expanded and additional high priority programs.
- The Survey should actively pursue and develop partnerships with those working toward a common goal - federal and state agencies, the Geophysical Institute, Native Corporations, etc. The Survey is encouraged to solicit clients who will provide funding for programs that are mutually beneficial and provide a specific product.
- The committee concludes that the Survey should remain within the Department of Natural Resources, where it can most effectively interact with its primary clients and be most responsive to its partners.
- The committee recommends that the Director/State Geologist should, at the discretion of the Commissioner, be located in Anchorage, with a minimum of a five year term. The committee further recommends that the position be filled through a national recruitment effort, with a screening panel, appointed by the Geologic Mapping Advisory Board, to identify the best qualified candidates for final selection by the Commissioner.
- The Staffing level of the Survey should reflect the responsibilities put forth in the statutes. Appropriate staff additions should be reinstated in the areas of basin analysis (oil and gas related function) and hydrogeology. These staffing moves can be accomplished by filling recently and soon to be vacant positions or by transfer of full-time divisions within DNR. A core staffing level should be determined, subject to change with changing needs. The Survey should have the option to employ or contract temporary personnel, when necessary for specific programs.
- The committee recommends that, at the discretion of the Commissioner, the Survey locate a second office in Anchorage, to enhance communications with key Anchorage-based client groups. These needs will be best served if the Director/State Geologist, basin analysis function, hydrogeologic function, and appropriate support are located in the Anchorage office.

These recommendations are intended to increase the Survey's efficiency, provide greater access to clients and the public, improve communication with state agencies and legislators, and broaden and strengthen the Survey's ability to meet its mission and serve the state of Alaska.

The following is reprinted from the original letter from Marty Rutherford, DNR Deputy Director, to Sue Karl, AGS President-Elect:

**STATE OF ALASKA  
DEPARTMENT OF NATURAL RESOURCES  
OFFICE OF THE COMMISSIONER**

January 31, 1996

Dear Sue Karl:

I am happy to respond to your request for information regarding the Department's implementation of the recommendations contained within the report *Findings and Recommendations on the Role and Structure of the Alaska Division of Geological and Geophysical Surveys* by the Committee on Public Geology submitted to the Commissioner by the Geologic Mapping Advisory Board. We have tried to address, in a positive way, as many of the committee's recommendations as possible, given the constraints of shrinking base funding. As you are aware, in the case of DGGGS, declining budgets have an exceptionally onerous impact because the Division's base budgets have been underfunded in personnel services for many years.

Our review of the Committee's recommendations identified the following points:

1. The continued existence of a strong and committed geological survey is important to the state.
2. The survey should remain within the Department of Natural Resources.
3. The state should maintain the mission of the survey as it is stated in AS 48.01.
4. More base-level state funding should be provided for the survey to cover staff salaries, facilities, and long-term programs and services.
5. The Division should be encouraged to seek external funding for additional high priority programs.
6. The Division should actively pursue and develop partnerships with those working towards common goals (state and federal agencies and the UA-Geophysical Institute, Native Corporations, etc.).
7. The Division should solicit clients who will provide funding for specific products.
8. A second Division office should be located in Anchorage.
9. The Director/State Geologist should be located in Anchorage.
10. The Director should have a tenured term of five years.
11. The Director's position should be filled through a national recruitment effort and applicants screened by a panel appointed by the GMAB.
12. The Department of Natural Resources should reassign [oil] basin analysis and hydrogeology functions to the survey.
13. The Department of Natural Resources should reinstate staff for oil and gas basin analysis and hydrogeology.
14. The Division's basin analysis function, hydrogeology function, and appropriate support should be located in the Anchorage office.
15. The geological survey should employ additional contract or temporary personnel, when necessary for specific programs.

Of all these recommendations, we believe that the most important factor in preserving a functional, relevant, and objective geological survey is the preservation of Alaska Statute AS 41.08. That statute clearly mandates the mission and functions of an Alaskan geological survey, and in our implementation of the Board's recommendations the statute is preserved unaltered except for a name change from Division of Geological and Geophysical Surveys to Division of Oil, Gas, and Geology (DOGG). AS 41.08 thus becomes a part of the DOGG mission and is codified in the law.

The decision to address the Board's recommendations by a consolidating DGGGS and DOG was arrived at after careful consideration of two overriding constraints: 1) the report is clear on its desire that the geological survey remain in DNR; and 2) there simply is no new money to add to the geological survey's base budget. Therefore,

*continued on page 6*

*continued from page 5*

if DGGGS were to remain in DNR as an independent division, funds would have to be generated from the dismissal and transfer of up to 6 incumbent staff members currently in Fairbanks in order to hire and support a new Director/State Geologist in Anchorage. We believe that the survey is staffed with a marginal number of geologists now, and that the concept of "critical mass" for a scientific agency is a real concern. To further reduce the number of geologists in the survey to create funds for a Director would severely damage its ability to implement geologic investigations. Our choice has been to preserve all the current staff and funds of DGGGS in Fairbanks so that the survey can continue to devote all of its existing resources to accomplish useful geologic work.

So how does the consolidation of DGGGS and DOG address the above list of recommendations? We believe that it accomplishes many of them in both letter and spirit. Consider:

16. The state's geological functions continue to be headquartered in DNR and are mandated by statute.
17. Bringing together all the oil geologists of DGGGS and DOG strengthens the ability of DNR to conduct strategic basin analysis as a stimulus to new oil and gas discovery and will provide a greater insight for sediment-hosted mineralization. Ongoing mineral and hazards studies are protected from loss of scientific staff.
18. The full spectrum of geological activities, as specified by statute, continue to be supported and implemented (water excepted, though the new division will continue to publish reports written by DNR hydrogeologists at present).
19. The State Geologist's office will be located in Anchorage at no additional expense or reallocation of geological survey resources.
20. An active geological survey office will be staffed and maintained in Anchorage as well as Fairbanks, to facilitate relationships with industry, government, and statewide interest groups.
21. The new State Geologist, Ken Boyd, is fully qualified in terms of geologic education and experience to represent Alaska in challenging and diverse geological issues on both the state and national level in keeping with the letter and spirit of AS 48.01.
22. The consolidated Division will continue to enter cooperative agreements with the University of Alaska, the U.S. Geological Survey, and other agencies to advance the knowledge of geology in Alaska.
23. The consolidated Division will continue to pursue external funding from federal, state, and private sector sources to accomplish work that is pertinent to the state and its citizens.
24. The consolidated Division will continue to use inter-agency reciprocal service agreements, contracts, student interns, volunteers, and temporary hires when necessary to meet specific project objectives.

Decisions on only who recommendations are not implemented. A decision on the screening mechanism for selecting the new Division's Director is deferred, as is the issue of a guaranteed five year tenure.

Although changes mandated by external forces are often cause for concern, we are well aware of the importance of a functional scientific geological survey, both to the process of informed resource management and to the private sector of Alaska. The strategic role that the geological survey plays in public safety and economic diversification is also clearly recognized. It is our intent that these functions not be degraded or endangered and with this in mind we [exempted] the Division of Geological and Geophysical Surveys from any FY97 budget cuts in this years Governor's proposed budget. We believe that our solution for reconciling the competing demands of a shrinking state government with the continued need for a viable and objective state geological survey are met by the DGGGS-DOG consolidation. We are committed to making it succeed.

Please feel free to call if you'd like to discuss this further.

Sincerely yours,

Marty Rutherford  
Deputy Commissioner, DNR

HOUSE BILL NO.  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Introduced:  
Referred:

A BILL  
FOR AN ACT ENTITLED

1 "An Act renaming the division of geological and geophysical surveys in the  
2 Department of Natural Resources as the department's division of mining and  
3 geology, and revising the duties of the state geologist within that division; and  
4 providing for an effective date."

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

6 \* Section 1. AS 39.25.110(14) is amended to read:

7 (14) petroleum engineers and petroleum geologists employed in a  
8 professional capacity by the Department of Natural Resources and by the Oil and Gas  
9 Conservation Commission, except for those employed in the division of mining and  
10 geology [GEOLOGICAL AND GEOPHYSICAL SURVEYS] in the Department of  
11 Natural Resources;

12 \* S. c. 2. AS 41.08.010 is amended to read:

13 Sec. 41.08.010. DIVISION OF MINING AND GEOLOGY [GEOLOGICAL  
14 AND GEOPHYSICAL SURVEYS]. There is established in the department a division

1 of mining and geology [GEOLOGICAL AND GEOPHYSICAL SURVEYS UNDER  
2 THE DIRECTION OF THE STATE GEOLOGIST].

3 \* Sec. 3. AS 41.08.015 is amended to read:

4 Sec. 41.08.015. STATE GEOLOGIST. The commissioner shall appoint the  
5 state geologist [, WHO MUST BE QUALIFIED BY EDUCATION AND  
6 EXPERIENCE TO DIRECT THE ACTIVITIES OF THE DIVISION].

7 \* Sec. 4. AS 41.08.020 is amended to read:

8 Sec. 41.08.020. POWERS AND DUTIES. (a) Under the supervision of the  
9 director of the division of mining and geology, the [THE] state geologist shall  
10 conduct geological and geophysical surveys to determine the potential of Alaskan land  
11 for production of metals, minerals, fuels, and geothermal resources; the locations and  
12 supplies of groundwater and construction materials; the potential geologic hazards to  
13 buildings, roads, bridges, and other installations and structures; and shall conduct such  
14 other surveys and investigations as will advance knowledge of the geology of the state.  
15 With the approval of the director of the division of mining and geology  
16 [COMMISSIONER], the state geologist may acquire, by gift or purchase, geological  
17 and geophysical reports, surveys, and similar information.

18 (b) In addition, the division of mining and geology [GEOLOGICAL AND  
19 GEOPHYSICAL SURVEYS] shall [:]

20 (1) collect, record, evaluate, and distribute data on the quantity, quality,  
21 and location of underground, surface, and coastal water of the state;

22 (2) publish or have published data on the water of the state;

23 (3) require the filing with it of the results and findings of surveys of  
24 water quality, quantity, and location;

25 (4) require of water well contractors, the filing with it of basic water  
26 and aquifer data normally obtained, including but not limited to well location,  
27 estimated elevation, well driller's logs, pumping tests and flow measurements, and  
28 water quality determinations;

29 (5) accept and spend funds for the purposes of this section,  
30 AS 41.08.017, and 41.08.035 and enter into agreements with individuals, public or  
31 private agencies, communities, private industry, state agencies, and agencies of the

1 federal government;

2 (6) collect, evaluate, and distribute geologic data on seismic events and  
3 engineering geology of the state;

4 (7) identify potential seismic hazards that might affect development in  
5 the state;

6 (8) inform public officials and industry about potential seismic hazards  
7 that might affect development in the state.

8 \* Sec. 5. AS 41.08.030 is amended to read:

9 Sec. 41.08.030. PRINTING AND DISTRIBUTION OF REPORTS. The  
10 division of mining and geology [STATE GEOLOGIST] shall print and publish an  
11 annual report and such other special and topical reports and maps as may be desirable  
12 for the benefit of the state, including the printing or reprinting of reports and maps  
13 made by other persons or agencies, where authorization to do so is obtained. Reports  
14 and maps may be sold and all money received from these sales shall be paid into the  
15 general fund.

16 \* Sec. 6. AS 41.08.040 is amended to read.

17 Sec. 41.08.040. COOPERATION WITH OTHER AGENCIES. The state  
18 geologist, with the consent of the director of the division of mining and geology  
19 [COMMISSIONER], may enter into cooperative agreements with federal, state, and  
20 local governmental agencies to perform geological and geophysical surveys, studies,  
21 investigations, and services.

22 \* Sec. 7. TRANSITION. (a) Litigation, hearings, investigations, and other proceedings  
23 pending under a law amended by this Act, or in connection with functions transferred by this  
24 Act, continue in effect and may be continued and completed notwithstanding a transfer or  
25 amendment provided for in this Act.

26 (b) Regulations adopted by the Department of Natural Resources that refer to the  
27 former division of geological and geophysical surveys in that department remain in effect and  
28 may be implemented and enforced until the department makes changes to those regulations  
29 that reflect this Act.

30 (c) Contracts, rights, liabilities, and obligations created by or under a law amended  
31 by this Act and in effect on the effective date of this Act remain in effect notwithstanding this

1 Act's taking effect. Records, equipment, appropriations, and other property of agencies of the  
2 state whose functions are transferred under this Act shall be transferred to implement the  
3 provisions of this Act.

4 \* Sec. 8. This Act takes effect only if the changes proposed by Executive Order 92 do not  
5 take effect.

6 \* Sec. 9. This Act takes effect July 1, 1996.

# Mixing oil, geology divisions offers recipe for poor service

The Alaska Legislature is trying to prove that anything Gov. Tony Knowles can do, it can do worse.

The governor issued an executive order earlier this year merging the Fairbanks-based Division of Geological and Geophysical Surveys with the Anchorage-based Division of Oil and Gas, both members of the Department of Natural Resources.

The Legislature killed that merger with its authority to disapprove executive orders by joint resolution.

This may seem to some as an obscure bureaucratic tiff over who gets put where in an organization chart. In reality it's a major change in a state office that plays a large role in the economic future of the Interior.

The DGGS staff surveys geology on state-owned lands that have a potential for interest by mining companies. The results of these surveys is quickly available for purchase by the general public, and everyone has an even chance to stake claims on land open to mineral entry.

Regular readers of this page will recall how DGGS contracts for aerial geophysical surveys in the Seward Peninsula and Interior that have brought a flood of interest and new claim staking by large and small mining companies. A new geophysical map of the Manley and Rampart areas was released Monday, and is selling like beer at Gold Kings games.

That's cheap for what DGGS costs. Its annual budget, once over \$10 million, has been relentlessly cut to less than \$5 million in recent years.

DGGS is a curious creature in state government. When created in 1972, its legal charter mandated that it be headed by a director known as the state geologist who must be qualified



Fred Pratt

by both education and experience for the position.

The position of state geologist is vacant, and there's not enough in the budget to advertise nationally for a solid field of applicants for the job without cutting some of the few remaining staff, which numbers less than a couple dozen.

The DGGS staff felt the only way to survive was to merge their division with the Division of Oil and Gas, which oversees oil leasing. The director of the Division of Oil and Gas would become the new state geologist as well. Knowles and DNR commissioner John Shively bought the idea.

But the merger is an odd idea itself. It would take a division of state government that is firmly committed to doing meaningful research and making the results of that research fully public at nominal cost, and place it under another division that does no research, publishes no technical data and thinks anyone who wants to find out about oil in Alaska should just buy into an oil well.

The governor would take a division that encourages economic participation by all companies and individuals, regardless of size or origin, and merge it with a division that favors only a few large companies. The geologists would be merged into a division that has broken its own laws to limit its consideration of the public interest and bar new players in the oil industry.

The governor would take a division that works quietly, competently and cheaply, and place its

employees under a division rife with corruption; a division that has cost the state millions in legal expenses defending its misdeeds.

Looking at it this way, stopping the governor's executive order would be the right thing. But then the legislators began to tailor their own solution; a proposal to divide the job of director and state geologist, and turn both into bureaucratic posts with no professional geological background.

This leaves the division on its own, as a cripple.

The Legislature could solve the problem in a much easier fashion. All it would have to do is raise the DGGS operating budget back to a level where it can do its job again.

This could be accomplished smoothly by adding \$2 million or \$2.5 million to next year's DGGS budget. Then a new state geologist could be hired who would know that his division wouldn't be strangled the following year. After he's on board, their budget could be raised another \$2 million or so.

And don't let the Legislature or the governor tell you we're in hard times and money is hard to find. The governor is proposing paying many times that in legal settlements for misdeeds by his incompetent help in other agencies. The governor proposes spending \$148 million for prisons, for crying out loud, with not a thought to an agency that creates jobs and expands the tax base.

DGGS could double its staff on the millions we waste to lobby Congress on the ANWR bill the president will veto if it ever passes. We could double the DGGS budget with the money wasted every year by the agencies that wouldn't even miss it.

Or is that too simple?

Fred Pratt, a Fairbanks freelance writer, is a long-time reporter and observer of Alaska politics.

file  
HB 537

7th March 1996

To all members of the House Finance and Resources Committees:

I should like to express concern on behalf of the Quaternary Geology community in Fairbanks about the consequences of passing HB 537. If this bill passes, it will likely lead to the elimination of the state geologist as a professional policy-maker and thus reduce the effectiveness and credibility of the unit he/she leads. Furthermore, the probable reduction of the State geological branch to a mere regulatory body would result in a considerable loss of benefits to the State, some of which may not be immediately apparent.

The current Alaska Division of Geological and Geophysical Surveys performs a valuable series of functions within the state that complement activities at the University and in industry. There is much valuable collaboration between UAF and state geologists on projects that benefit the state on one hand and offer valuable educational opportunities to graduate and undergraduate students on the other. For example, a Geology graduate currently working as an intern on a regional hydrology project has access to certain University facilities and faculty advice; working on the project with professional geologists is invaluable experience for her, and ADGGS benefits from the contact with the University. If the state were no longer to undertake research, university students would lose valuable experience, and much critical work would either not get done or would have to be done much more expensively by consultants. Furthermore, University researchers and ADGGS scientists often share the use of expensive lab equipment, thus avoiding unnecessary duplication and saving costs at both institutions.

Alaska is still largely unexplored geologically. Opportunities for resource development and potential environmental hazards both await discovery. Again, the ADGGS is ideally positioned to work in this area, which presumably is important to the State, given our dependence on extractive industry and the vulnerability of our environment. Exploration of unknown areas is hard to justify to academic research agencies and is often not possible for industry, but yet it is from such exploration that new discoveries, both in basic science and in resource development, come to be made. For example, recent collaborative work between ADGGS and UAF personnel on Seward Peninsula has revealed important new information about past glacial and climate history that are relevant to current goals in Arctic research, and which include the possible discovery of placer mineral resources.

It seems unlikely that a coherent policy of geological exploration, research, and development within the State geological branch can be maintained if direction of the unit no longer lies with a professional geologist. The productive network of geologists (State/University) will be seriously disrupted by the effective loss of ADGGS, and Alaska will be the worse for it.

Please do not support HB 537.

Yours sincerely,



Mary Edwards, Director, Alaska Quaternary Center, University of Alaska.



DEPARTMENT OF NATURAL RESOURCES  
 OFFICE OF THE COMMISSIONER  
 400 WILLOUGHBY AVENUE  
 JUNEAU, ALASKA 99801-1796  
 PHONE: (907) 465-2400  
 FAX: (907) 465-3886

Please deliver to: Jeff Logan

Location: Rep. Green's FAX: 4316

Date: 3/18/96 Time: 7:00 AM

From: Nico

Number of pages 3  
 Including cover sheet

Comments: DNR opposes HB 537.  
Attached is our sectional analysis  
The Division of Mining & Water is still  
struggling (budgetarily & organizationally)  
from its merger -  
call w/questions.

DNR'S

## SECTIONAL ANALYSIS OF HB537

Sec. 2. AS 41.08.010 is amended to read:

Sec. 41.08.010. DIVISION OF MINING AND GEOLOGY [GEOLOGICAL AND GEOPHYSICAL SURVEYS] There is established in the department a division of mining and geology [GEOLOGICAL AND GEOPHYSICAL SURVEYS UNDER THE DIRECTION OF THE STATE GEOLOGIST].

*This amendment changes the name of DGGS and strips the State Geologist of Division Director status. It thus removes the entire geological community's policy level spokesperson in state government.*

Sec. 3. AS 41.08.015 STATE GEOLOGIST. The commissioner shall appoint the state geologist [WHO MUST BE QUALIFIED BY EDUCATION AND EXPERIENCE TO DIRECT THE ACTIVITIES OF THE DIVISION].

*This amendment strips all technical expertise and professional qualification criteria from the position of State Geologist and opens the door for making a pro-forma appointment of an unqualified person to this important office. By virtue of this amendment, virtually anyone of unspecified qualification could be designated as State Geologist. This amendment also strips the geological survey of its Division status so there would no longer be a statutory requirement to have a staff of geological survey personnel--in its extreme, DNR's geological survey could consist of one single staff regulator called the "State Geologist."*

Sec. 4. AS 41.08.020 POWERS AND DUTIES. (a) Under the supervision of the director of the division of mining and geology, the [THE] state geologist shall conduct geological and geophysical surveys to determine the potential of Alaskan land for production of metals, minerals, fuels, and geothermal resources; the locations and supplies of groundwater; construction materials; the potential geologic hazards to buildings, roads, bridges, and other installations and structures; and...With the approval of the director of the division of mining and geology [COMMISSIONER], the state geologist may acquire, by gift or purchase, geological and geophysical reports, surveys, and similar information...

*This amendment strips all policy making powers and duties from the State Geologist and makes the position of State Geologist completely subservient to the Director of a regulatory agency. Neither the State Geologist nor the Director need meet any academic, professional, or experiential criteria demonstrating his/her fitness or ability to judge the geologic needs of the state or direct programs of objective unbiased scientific investigation. It also inserts at least one, and maybe two, entire bureaucratic layers between a State Geologist, of indeterminate background, and the Commissioner of the Department of Natural Resources.*

Sec. 5. AS 41.08.030 PRINTING AND DISTRIBUTION OF REPORTS. The division of mining and geology [STATE GEOLOGIST] shall print and publish an annual report and such other special and topical reports as may be desirable for the benefit of the state,...

*This amendment severs the geological expertise link to the various reports of the geological survey. As a consequence of this amendment no qualified geologist need have any part at all in producing the division's annual or other technical reports.*

Sec. 6. AS 41.08.040 COOPERATION WITH OTHER AGENCIES. The state geologist, with the consent of the director of the division of mining and geology [COMMISSIONER], may enter into cooperative agreements with federal, state, and local governmental agencies to perform geological and geophysical surveys, studies, investigations, and services.

*This amendment strips another policy level authority from the State Geologist and introduces at least one, and perhaps more, layers of bureaucratic permission that must be obtained prior to initiating cooperative programs. This amendment creates a profound disincentive to solicit or attract offers of cooperative agreements and will lead to increased costs and lost opportunities to advance the knowledge of Alaska geology. The amendment thus hampers the development of the state and adds to governmental inefficiencies. For more than two decades the authority to initiate and enter into cooperative programs has been delegated by the Commissioner to the State Geologist/Director of DGGS who, because he could act from a policy level position, has used this authority to increase the effectiveness of his division, leverage state program funds, and acquire otherwise unobtainable geologic knowledge for the citizens of Alaska.*

# Alaska State Legislature

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FINANCE SUBCOMMITTEES  
DEPT. OF NATURAL RESOURCES  
DEPT. OF COMMERCE & ECONOMIC DEVELOPMENT  
DEPT. OF ENVIRONMENTAL CONSERVATION

## Representative Joe Green

District 1C

### Sponsor Statement

#### HB 537 - Establishing a new Division of Mining & Geology

The Division of Geological and Geophysical Surveys collects, analyzes, interprets, and publishes data on Alaska's geologic resources. The DGGS also maintains records of volcanic activity and seismic hazards, it establishes and maintains data on quality, quantity, and location of ground waters that are in the public interest for the orderly domestic and industrial development of the state. The division responds each year to an estimated 30,000 public inquiries about geologic resources in the state and provides cartographic and technical report editing services for other state agencies.

In recent years, members of the geologic and mining community have expressed concern about the role of the survey and the level of state funding necessary to carry out that role. At the request of Commissioner John Shively the Alaska Geologic Mapping Advisory Board established a committee earlier this year to study the role and function of the survey. I agree with, and support, nearly every finding and recommendation put forth by that group.

HB 537 establishes in the Department of Natural Resources a Division of Mining and Geology. Earlier this year an attempt was made to transfer DGGS into the Division of Oil & Gas. While I concur that costs of state government can be effectively accomplished by combinations of certain agencies, combining DGGS with DOG would have been inappropriate. Use of DGGS personnel to perform DOG oil and gas pre-sale analyses, as indicated by recent testimony of the DOG, would have been an improper use of DGGS personnel. I believe such activities through that proposed combination would not only violate state statute but lead to ultimate dissolution of the DGGS functions through absorption into DOG.

Because budget reductions have reduced funding to the DGGS, combining it with another division is appropriate, but only if its functions are preserved and its personnel are appropriately confined to the functions delineated in statute AS 41.03. Combining DGGS with the Division of Mining and Water not only ensures statutory compliance of its activities but also, its survival.

# FISCAL NOTE

STATE OF ALASKA

BILL NO. HB 537

**1996 LEGISLATIVE SESSION**

Revision Date:	<u>Original</u>	Dept Affected:	<u>Natural Resources</u>
Title:	<u>An Act renaming the division of geological</u>	BRU:	<u>Resource Development</u>
	<u>and geophysical surveys in the Department of Natural ...</u>	Component:	<u>Mining Development</u>
Sponsor:	<u>House Resources</u>		
Requestor:	<u>House Resources</u>	Component Serial No.	<u>442</u>

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL	5.7	5.7	5.7	5.7	5.7	5.7
CONTRACTUAL	1.0	1.0	1.0	1.0	1.0	1.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF	6.7	6.7	6.7	6.7	6.7	6.7
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>

Estimate of any current year (FY96) cost: \$ none

POSITIONS	FY97	FY98	FY99	FY00	FY01	FY02
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

The proposed merger will require a significant commitment of time by the management teams of DGGs and Mining and Water Management. Since the merger involves one unit in Fairbanks and one in Anchorage, travel and communications expenses will be required that were not in the Division's budget as submitted by the Administration. In addition to the identified actual fiscal cost, there will be a potential significant cost by diverting high priority goals and objectives of both units. This cost will be in the delay of priority program objectives to balance the water allocation program with expected budgets, revisions to the coal program to make it more efficient, and delays in responding to mining issues as well as potential delay to the geographical program for next Fiscal Year.

Prepared by:	Jules Tileston, Director <i>[Signature]</i>	Phone:	269-8625
Division:	Mining and Water Management	Date:	15-Mar-96
Approved by Commissioner:	<i>[Signature]</i>	Date:	15-Mar-96
Agency:	Natural Resources		

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

# FISCAL NOTE

STATE OF ALASKA

BILL NO. HB537

1996 LEGISLATIVE SESSION

Revision Date: Original Dept Affected Natural Resources  
 Title: An Act renaming the division of geological BRU: Resource Development  
and geophysical surveys in the Department of Natural ... Component: Geological Development  
 Sponsor: House Resources  
 Requestor: House Resources Component Serial No. 1031

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL	5.0	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	1.0	1.0	1.0	1.0	1.0	1.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	6.0	6.0	6.0	6.0	6.0	6.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	6.0	6.0	6.0	6.0	6.0	6.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	6.0	6.0	6.0	6.0	6.0	6.0

Estimate of any current year (FY96) cost: \$ none

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

At the time the FY97 budget was written, it was proposed that this agency be merged with the Division of Oil & Gas under Executive Order 92. EO92 was voted down with HSSC1 and House Bill 537 was introduced which proposes, among other things, to merge this division with the Division of Mining & Water Management. The merger of DMWM and DGGs would cost the state the saving that would have been realized with EO92, which would have combined the functions of State Geologist with the Director of the DOG, and eliminated the Director of DGGs.

This proposed merger will require a significant commitment of time by the management teams of DGGs and Mining and Water Management. Additional travel and communication expenses will be required that were not included in the Division's original budget submission.

Prepared by: Milt Wiltse, Acting Director Phone: 451-5005  
 Division: Geological and Geophysical Surveys Date: 15-Mar-96  
 Approved by Commissioner: [Signature] Date: 15-Mar-96  
 Agency: Natural Resources

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

Sec. 41.08.010. Division of geological and geophysical surveys. There is established in the department a division of geological and geophysical surveys under the direction of the state geologist. (§ 1 ch 93 SLA 1972)

Sec. 41.08.015. State geologist. The commissioner shall appoint the state geologist, who must be qualified by education and experience to direct the activities of the division. (§ 1 ch 93 SLA 1972)

Sec. 41.08.017. Hydrological and seismic hazard data declared to be of public interest. (a) Systematic collection, recording, evaluation, and distribution of data on the quantity, location, and quality of water of the state in the ground, on the surface of the ground, or along the coasts, are in the public interest and necessary to the orderly domestic and industrial development of the state.

(b) Systematic collection, evaluation, archival, and distribution of geologic data and information on earthquakes, volcanic eruptions, and engineering geology and identification of potential seismic, volcanic, and other geological hazards throughout the state are in the public interest and necessary to orderly, safely, and cost-effective development in the state. (§ 1 ch 41 SLA 1977; am § 1 ch 101 SLA 1983; am § 3 ch 36 SLA 1987)

Sec. 41.08.020. Powers and duties. (a) The state geologist shall conduct geological and geophysical surveys to determine the potential of Alaskan land for production of metals, minerals, fuels, and geothermal resources; the locations and supplies of groundwater and construction materials; the potential geologic hazards to buildings, roads, bridges, and other installations and structures; and shall conduct such other surveys and investigations as will advance knowledge of the geology of the state. With the approval of the commissioner, the state geologist may acquire, by gift or purchase, geological and geophysical reports, surveys, and similar information.

(b) In addition, the division of geological and geophysical surveys shall:

(1) collect, record, evaluate, and distribute data on the quantity, quality, and location of underground, surface, and coastal water of the state;

(2) publish or have published data on the water of the state;

(3) require the filing with it of the results and findings of surveys of water quality, quantity, and location;

(4) require of water well contractors, the filing with it of basic water and aquifer data normally obtained, including but not limited to well location, estimated elevation, well driller's logs, pumping tests and flow measurements, and water quality determinations;

(5) accept and spend funds for the purposes of this section, AS 41.08.017, and 41.08.035 and enter into agreements with individuals, public or private agencies, communities, private industry, state agencies, and agencies of the federal government;

(6) collect, evaluate, and distribute geologic data on seismic events and engineering geology of the state;

(7) identify potential seismic hazards that might affect development in the state;

(8) inform public officials and industry about potential seismic hazards that might affect development in the state. (§ 1 ch 93 SLA 1972; am § 2 ch 41 SLA 1977; am § 7 ch 175 SLA 1980; am § 2 ch 101 SLA 1983; am § 4 ch 36 SLA 1987)

**Cross references.** — For declaration of sources, see § 1, ch. 175, SLA 1980, in the legislative policy on geothermal resources. Temporary and Special Acts

*Sec. 41.08.025. Accounting and disposition of receipts. [Repealed, § 28 ch 90 SLA 1991. For current law, see AS 37.05.142 — 37.05.144.]*

**Sec. 41.08.030. Printing and distribution of reports.** The state geologist shall print and publish an annual report and such other special and topical reports and maps as may be desirable for the benefit of the state, including the printing or reprinting of reports and maps made by other persons or agencies, where authorization to do so is obtained. Reports and maps may be sold and all money received from these sales shall be paid into the general fund. (§ 1 ch 93 SLA 1972)

**Sec. 41.08.035. Regulations.** The department may adopt regulations relating to and providing for the systematic collection, recording, and distribution of data on the water of the state. (§ 3 ch 41 SLA 1977)

**Sec. 41.08.040. Cooperation with other agencies.** The state geologist, with the consent of the commissioner, may enter into cooperative agreements with federal, state, and local governmental agencies to perform geological and geophysical surveys, studies, investigations, and services. (§ 1 ch 93 SLA 1972)

# FISCAL NOTE

## STATE OF ALASKA 1996 LEGISLATIVE SESSION

Revision Date: Original Dept Affected Natural Resources  
 Title: Consolidation of DNR Divisions BRU: Resource Development  
 Component: Oil & Gas Development  
 Sponsor: Rules Committee Geological Development  
 Requestor: Governor Knowles Component Serial No. 439/1031

Expenditures/Revenues (Thousands of Dollars)

	FY97	FY98	FY99	FY00	FY01	FY02
<b>OPERATING EXPENDITURES</b>						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY96) cost. \$ none

POSITIONS

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

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

Anticipated fiscal savings through consolidation of the Division of Oil & Gas with the Division of Geological and Geophysical Surveys has been included in the Governor's FY97 operating budget. The Oil & Gas Development component shows an anticipated savings of \$25.0 in general fund, and the Geological Development component shows an anticipated savings of \$25.0 in general fund/program receipts.

Prepared by: Nico Bus Phone: 465-2406  
 Division: Support Services Date: 4-Jan-96  
 Approved by Commissioner: Nico Bus Date: 4-Jan-96  
 Agency: Natural Resources

## THE THIRD SEASON OF DETAILED AIRBORNE GEOPHYSICAL DATA OF SELECTED MINING DISTRICTS

by  
Geophysical Survey Project Manager Laurel E. Burris  
Division of Geological & Geophysical Surveys

The Division of Geological & Geophysical Surveys has released detailed airborne geophysical data for the Rampart-Manley Hot Springs mining districts. Funded by State of Alaska Capital Improvement Project (CIP) appropriations, this will be the third season we have been able to produce geophysical data for a geological and geophysical program that concentrates on historical mining districts. During the previous two years, we released geophysical data for parts of the Nome, Circle, Valdez Creek, Nyc, Fairbanks, and Richardson districts. These geophysical data have produced a flurry of activity in the exploration and mining sector, and we anticipate similar interest in the Rampart-Manley area.

A primary objective of these airborne geophysical surveys is to catalyze mineral development investment in Alaska by providing a better understanding of the geologic framework in areas of high mineral potential. The geophysical surveys provide a third, subsurface, dimension to standard geological mapping and geochemical surveys, and often provide the only indication of "blind" ore bodies that have no surficial expression. The data are acquired by instrumentation flown at an altitude 200 feet above ground along survey lines spaced one-quarter mile apart. The surveys yield detailed information about geologic and mineral trends. The data generated by this program will continue to be useful for decades.

In 1991 the Alaska Mineral Commission recommended that the state invest about \$5 million a year each year for a decade to acquire this kind of state-of-the-art airborne geophysical data. Geologic mapping was recognized as an integral part of the geophysical program. Funding has never reached the recommended level but has been enough to begin geophysical surveys of parts of mining districts. In 1992 the legislature began appropriating money (\$450,000) to begin the joint geophysical and geological survey program. The 1992 money was combined with additional funds appropriated in 1993 (\$750,000) to begin the first state-funded detailed geophysical surveys of Alaska lands.

### CRITERIA FOR CHOOSING AN AREA

Candidate lands for this project are identified from review of existing geologic data, land ownership, and responses to solicited nominations from Alaska's mineral industry and Native Regional Corporations. Three important criteria are reasonable access, high mineral potential, and a local population that desires, or at least is truly tolerant of, mineral development. An additional factor is whether the funds available are adequate for the size and potential value of the mineral district(s) to be surveyed.

In this Capital Improvement Project program, our practice has been to have the community of Alaskans concerned with fostering mineral development guide the order in which candidate areas are surveyed. We have looked to organizations that represent a broad spectrum of Alaska's mineral industry for this kind of input. Their participation has served the objectives of the program well.

### DATA ACQUISITION AND RESULTS

Requests for proposals from qualified vendors to provide the geophysical surveys in specific areas were published by DGGS in 1993, 1994, and 1995. The work to date has been contracted to WGM Mining and Geological Consultants Inc. of Anchorage, and its subcontractor, Dighem Surveys, a division of CGG Canada Ltd. ERA Aviation Inc. of Anchorage has provided the Aerospatiale AS350B-1 helicopter that is used as the airborne survey's instrument platform.

Data and maps from these surveys are available to the public about seven months after acquisition of the data. Releasing the data in a timely manner before the next summer's field season has enabled companies and individuals to plan their next season and is a high priority performance milestone for the program.

The aeromagnetic and electromagnetic data are available in a variety of formats, ranging from very inexpensive paper maps to data on computer disks and CD-ROM. Custom processing to produce unique maps of specific areas is also available. Public release of the geophysical and geological data collected from these surveys has had a rapid and profoundly positive effect on private sector exploration investments in the Nome, Circle, and Fairbanks areas.

# CORRECTION

THE FOLLOWING DOCUMENT(S)  
HAVE BEEN REFILMED TO  
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

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State of Alaska

## THE THIRD SEASON OF DETAILED AIRBORNE GEOPHYSICAL DATA OF SELECTED MINING DISTRICTS

by  
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Division of Geological & Geophysical Surveys

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