

ALASKA LEGISLATURE COMMITTEES 1997-1998 00/2

9420 HOUSE RULES

56

1 June 30, 1998; and providing for an effective date."

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

3 * Section 1. AS 43.40.015(d) is amended to read:

4 (d) A certificate of use is not required

5 (1) for fuel exempted under AS 43.40.100(2)(C) [, (F),] or (J) [(K)];

6 and

7 (2) for fuel exempted under AS 43.40.100(2)(I) [AS 43.40.100(2)(J)]

8 other than fuel sold or transferred under this exemption to a person who is engaged in
9 construction or mining activity.

10 * Sec. 2. AS 43.40 is amended by adding a new section to read:

11 **Sec. 43.40.022. Exemption from motor fuel tax for certain fuel sold for use
12 in jet propulsion aircraft operating in flights that continue from foreign countries.**

13 (a) The provisions of this section apply to motor fuel sold for use in jet propulsion
14 aircraft operating in flights that continue from foreign countries if the fuel was
15 produced by a refiner and if, on or after the effective date of this section, the refiner
16 voluntarily commits by agreement entered into with the commissioner that, if the
17 refiner expands its oil refining capacity in order to produce additional supplies of fuel
18 for use in jet propulsion aircraft that qualify for the tax exemption, when the refiner
19 expands capacity, the refiner will

20 (1) use the refiner's best efforts to advertise for, recruit, and employ
21 qualified residents of the state in the construction activities associated with expanding
22 refinery capacity;

23 (2) contract with licensed Alaska firms to prepare materials that are
24 used in construction activities and to provide services in conjunction with activities
25 associated with expanded refinery capacity and, in contracting with those firms, to
26 encourage the refiner's contractors to employ and, when necessary, train state
27 residents; and

28 (3) enter into contracts with Alaska-licensed vendors, contractors, and
29 suppliers for the provision of supplies and services used in conjunction with activities
30 associated with expanding refinery capacity.

*Conforming
amendment!*

1 (b) The commissioner

2 (1) shall allow the tax exemption authorized by (a) of this section to
3 a person claiming that exemption on the basis of the voluntary agreement made under
4 (a) of this section;

5 (2) may not deny the tax exemption authorized by (a) of this section
6 to a dealer or user claiming that exemption for motor fuel acquired from a refiner who
7 has entered into an agreement under (a) of this section unless the commissioner of
8 revenue determines that the refiner has not complied with the requirements of the
9 agreement.

10 (c) For purposes of this section,

11 (1) the term "resident" means an individual who

12 (A) is physically present in the state with the intent to remain
13 in the state indefinitely and has a home in the state;

14 (B) demonstrates that intent by maintaining a residence in the
15 state;

16 (C) possesses a resident fishing, trapping, or hunting license, or
17 receives a permanent fund dividend; and

18 (D) may be required to state under oath that the individual is
19 not claiming residency outside of the state or obtaining benefits under a claim
20 of residency outside of the state;

21 (2) the phrases "Alaska-licensed contractors" and "Alaska firms" mean
22 a contractor or firm that

23 (A) has held an Alaska business license for one year before
24 performing any work in connection with the commitment described in (a) of
25 this section;

26 (B) has maintained for one year a place of business within the
27 state that deals in the supplies, services, or construction of the nature required
28 for the commitment described in (a) of this section; and

29 (C) is

30 (i) a sole proprietorship and the proprietor is an Alaska
31 resident;

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- (ii) a partnership and more than 50 percent of the partners are Alaska residents;
- (iii) a corporation that has been incorporated in the state or is authorized to do business in the state; or
- (iv) is a joint venture composed entirely of ventures that qualify under this subparagraph.

* Sec. 3. AS 43.40.100(2) is amended to read:

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

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

flights

(i) to foreign countries; or

(ii) that continue from foreign countries, to the extent provided in AS 43.40.022 authorizing execution of a voluntary agreement in order to secure the exemption;

*jet fuel exempt
to extent provided
in .022*

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

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

(E) fuel used by charitable institutions;

(F) [FUEL WHICH IS AT LEAST 10 PERCENT ALCOHOL BY VOLUME;

10% 1-1

(G)] fuel sold or transferred between qualified dealers;

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

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

(I) [(J)] fuel used to heat private or commercial buildings or

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facilities;

(J) [(K)] fuel used for other nontaxable purposes as prescribed by regulations adopted by the department; [OR]

(K) [(L)] fuel used in stationary power plants of 100 kilowatts [KW] or less that generate electrical power for commercial enterprises not for resale; or

(L) residual fuel oil used in and on watercraft if the residual fuel oil is sold or transferred in the state or consumed by a user; for purposes of this subparagraph, "residual fuel oil" means the heavy refined hydrocarbon known as number 6 fuel oil that is the residue from crude oil after refined petroleum products have been extracted by the refining process and that may be consumed or used only when sufficient heat is provided to the oil to reduce its viscosity rated by kinetic unit and to give it fluid properties sufficient for pumping and combustion;

* Sec. 4. Chapter 42, SLA 1994, is repealed.

Costab. diff tax rate for bunker fuel for passenger watercraft

* Sec. 5. AS 43.40.022 NOT SEVERABLE. Notwithstanding AS 01.10.030, the provisions of AS 43.40.022, enacted in sec. 2 of this Act, are not severable from the amendment to AS 43.40.100(2)(B), made by sec. 3 of this Act.

(allowing continuing flights

* Sec. 6. This Act takes effect July 1, 1997.



United Association of Journeymen and Apprentices of the
Plumbing and Pipe Fitting Industry of the United States and Canada

LOCAL NO 375

STREET ADDRESS 3568 Geraghty Street

FOUNDED 1888

CITY STATE, ZIP Fairbanks, Alaska 99709

MEMBER NUMBER

DATE

April 28, 1997

Sent Via FAX

Representative Therriault
State Capitol Bldg. Room 511
Juneau, Ak 99801-1182

Dear Representative Therriault:

This letter is to lend support to HB 63 Legislation that you sponsored.

As originally proposed this bill would level the field for international carriers fuel suppliers, encouraging additional production from interior refiners who intend to expand their production facilities. A proposed amendment to regulate resident hire and limit contractors is likely to negatively impact certain industrial contractors who have demonstrated excellent Alaska hire practices on previous projects inside the state.

I commend your initial proposal and thank you for your consideration on this issue.

Sincerely,

J. C. Wingfield, Business Manager
Financial Secretary-Treasurer

sia

MURVIN J BOEDF
General President

MARION A. LEE
General Secretary-Treasurer

DONALD F McNAMARA
Asst. General President

Letters should
be confined to
the subject

TOTAL P. 01

0-LS0262X
Chenoweth
4/29/97

**CS FOR HOUSE BILL NO. 63(2d RLS)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - FIRST SESSION**

BY THE HOUSE RULES COMMITTEE

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES THERRIAULT, Davies, Kelly, Brice

A BILL

FOR AN ACT ENTITLED

1 "An Act amending the definition of 'motor fuel' under the state's motor fuel
2 tax to add, as a part of the tax exemption set out in that definition, exemption
3 from the tax for fuel sold for use in jet propulsion aircraft operating in flights
4 that continue from foreign countries, subject to termination of the exemption for
5 that fuel if a refiner operating a refinery at which the fuel was produced fails
6 to comply with terms of a voluntary agreement entered into by the refiner to
7 use Alaska residents, contractors, and suppliers to provide goods and services
8 when the refinery's capacity is expanded, to add exemption from the tax for
9 certain number 6 'residual fuel oil,' also known as bunker fuel, and to delete the
10 exemption from the tax for fuel that is at least 10 percent alcohol by volume;
11 and repealing ch. 42, SLA 1994, the Act providing for the imposition of a
12 different tax levy on residual fuel oil used in and on certain watercraft until

1 June 30, 1998; and providing for an effective date."

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

3 * Section 1. AS 43.40.015(d) is amended to read:

4 (d) A certificate of use is not required

5 (1) for fuel exempted under AS 43.40.100(2)(C) [, (F),] or (J) [(K)];

6 and

7 (2) for fuel exempted under AS 43.40.100(2)(I) [AS 43.40.100(2)(J)]

8 other than fuel sold or transferred under this exemption to a person who is engaged in
9 construction or mining activity.

10 * Sec. 2. AS 43.40 is amended by adding a new section to read:

11 **Sec. 43.40.092. Disallowance of exemption from motor fuel tax for certain**
12 **fuel sold for use in jet propulsion aircraft operating in flights that continue from**
13 **foreign countries.** (a) The provisions of this section apply to disallow the exemption
14 for motor fuel sold for use by a dealer or used by a user in jet propulsion aircraft
15 operating in flights that continue from foreign countries if, for motor fuel produced by
16 a refiner,

17 (1) the refiner determines, on or after the effective date of this section,
18 that the refiner will expand capacity or expand the refinery to produce more residual
19 fuel oil used in watercraft;

20 (2) on or after the effective date of this section, the refiner has
21 voluntarily committed by agreement entered into with the commissioner that, if the
22 refiner expands its oil refining capacity in order to produce additional supplies of fuel
23 for use in jet propulsion aircraft that qualify for the tax exemption, when the refiner
24 expands capacity, the refiner will

25 (A) use the refiner's best efforts to advertise for, recruit, and
26 employ in the construction activities associated with expanding refinery
27 capacity resident workers who have experience in the specific fields in which
28 they are hired to work;

29 (B) contract with licensed Alaska firms to prepare materials that
30 are used in construction activities and to provide services in conjunction with

1 activities associated with expanded refinery capacity and, in contracting with
2 those firms, to encourage the refiner's contractors to employ and, when
3 necessary, train state residents; and

4 (C) enter into contracts with Alaska-licensed vendors,
5 contractors, and suppliers for the provision of supplies and services used in
6 conjunction with activities associated with expanding refinery capacity; and

7 (3) the commissioner determines that a dealer or user claiming the
8 exemption for motor fuel acquired from a refiner who has entered into an agreement
9 described in (2) of this subsection acquired the motor fuel for which the exemption is
10 claimed from a refiner who has not complied with the requirements of the agreement
11 in completing expansion of its oil refining capacity under the agreement described in
12 (1) of this subsection.

13 (b) For purposes of this section,

14 (1) the term "resident worker" means an individual who

15 (A) is physically present in the state with the intent to remain
16 in the state indefinitely and has a home in the state;

17 (B) demonstrates that intent by maintaining a residence in the
18 state;

19 (C) possesses a resident fishing, trapping, or hunting license, or
20 receives a permanent fund dividend; and

21 (D) may be required to state under oath that the individual is
22 not claiming residency outside of the state or obtaining benefits under a claim
23 of residency outside of the state;

24 (2) the phrases "Alaska-licensed contractors" and "Alaska firms" mean
25 a contractor or firm that

26 (A) has held an Alaska business license for one year before
27 performing any work in connection with the commitment described in (a) of
28 this section;

29 (B) has maintained for one year a place of business within the
30 state that deals in the supplies, services, or construction of the nature required
31 for the commitment described in (a) of this section; and

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(C) is

(i) a sole proprietorship and the proprietor is an Alaska resident;

(ii) a partnership and more than 50 percent of the partners are Alaska residents;

(iii) a corporation that has been incorporated in the state or is authorized to do business in the state; or

(iv) a joint venture composed entirely of ventures that qualify under this subparagraph.

* Sec. 3. AS 43.40.100(2) is amended to read:

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

(A) fuel consigned to foreign countries;

(B) fuel sold for use in jet propulsion aircraft operating in flights

(i) to foreign countries; or

(ii) that continue from foreign countries, unless exemption of the motor fuel from taxation is disallowed because of the refiner's failure to comply with the provisions of a voluntary agreement under AS 43.40.092 in conjunction with expansion of refinery capacity;

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

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

(E) fuel used by charitable institutions;

(F) [FUEL WHICH IS AT LEAST 10 PERCENT ALCOHOL BY VOLUME;

(G)] fuel sold or transferred between qualified dealers;

1 (G) [(H)] fuel sold to federal, state, and local government
2 agencies for official use;

3 (H) [(I)] fuel used in stationary power plants that generate
4 electrical energy for private residential consumption;

5 (I) [(J)] fuel used to heat private or commercial buildings or
6 facilities;

7 (J) [(K)] fuel used for other nontaxable purposes as prescribed
8 by regulations adopted by the department; [OR]

9 (K) [(L)] fuel used in stationary power plants of 100 kilowatts
10 [KW] or less that generate electrical power for commercial enterprises not for
11 resale; or

12 (L) residual fuel oil used in and on watercraft if the residual
13 fuel oil is sold or transferred in the state or consumed by a user; for
14 purposes of this subparagraph, "residual fuel oil" means the heavy refined
15 hydrocarbon known as number 6 fuel oil that is the residue from crude oil
16 after refined petroleum products have been extracted by the refining
17 process and that may be consumed or used only when sufficient heat is
18 provided to the oil to reduce its viscosity rated by kinetic unit and to give
19 it fluid properties sufficient for pumping and combustion;

20 * Sec. 4. Chapter 42, SLA 1994, is repealed.

21 * Sec. 5. This Act takes effect July 1, 1997.

Alaska State Legislature

REPRESENTATIVE
GENE THERRIAULT


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119 N Cushman, Suite 101
Fairbanks, Alaska 99701
(907) 488-0857
FAX (907) 488-4271



While in Session
State Capitol
Juneau, Alaska
99801-1182
(907) 465-4797
Fax (907) 465-3884
House District 33

House Of Representatives

MEMORANDUM

DATE: April 16, 1997
TO: Representative Pete Kott, Chair
House Rules Committee
FROM: Representative Gene Therriault 
SUBJECT: Scheduling of HB 63

I respectfully request CSHB 63(FIN), "An Act relating to the motor fuel tax and to the definition of 'motor fuel' under that tax; and providing for an effective date" be scheduled for a hearing on the House floor.

Attached you will find a copy of CSHB 63(FIN) that I am submitting for your consideration.

Since 1995, 37.6 million gallons of tax exempt foreign-produced fuel has been brought into Alaska for use in foreign flights. Without new legislation, it is anticipated that the practice of using the foreign trade zone (FTZ) to import fuel will increase as airlines move to purchase tax exempt fuel for use in foreign flights.

CS HB 63 (FIN) will exempt all jet fuel used in international flights. This will provide a level playing field to Alaskan oil refiners and should stimulate growth for this Alaskan resource.

CSHB 63(FIN) was amended in the House Finance Committee to repeal the tax exemption for fuel that is at least 10 percent alcohol by volume. This action leaves the Federal tax exemption of 5.4 cents per gallon for this fuel in place. The Finance Committee Substitute also exempts residual fuel oil (bunker fuel) used in watercraft, if this fuel is sold or transferred within the State of Alaska, from motor fuel taxation.

Attachments include:

1. Bill copies
2. Sponsor Statement
3. Sectional Analysis
4. Current Fiscal Note

I appreciate your consideration of my request.

attachments (6)

Alaska State Legislature

REPRESENTATIVE
GENE THERRIault

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While in Session
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House Of Representatives

House District 33

CSHB 63(FIn)

Extending the motor fuel tax exemption of fuel sold for use in jet propulsion aircraft to fuel used in those aircraft for flights that continue from a foreign country, and exempting from motor fuel tax residual fuel oil used in and on watercraft if it is sold or transferred in the state; deleting the current tax exemption for fuel that is at least 10 percent alcohol by volume.

SPONSOR: Representative Gene Therriault

SPONSOR STATEMENT:

CSHB 63(FIN) extends the motor fuel tax exemption to include fuel used in aircraft for flights that continue from a foreign country. Currently, the State of Alaska provides a tax exemption for fuel used only in flights to foreign countries. Federal law preempts state taxation of imported aviation fuel transported through a foreign trade zone (FTZ) for use in aircraft during foreign flights. The federal definition of "foreign flight" includes flights originating from and flights continuing to a foreign country. As a result, jet fuel produced in Alaska is taxed 3.2 cents per gallon more than similar fuel produced at foreign refineries.

Two tankers filled with 20.7 million gallons of tax exempt foreign-produced fuel were brought into Alaska during 1995. Last year just under 38 million gallons were imported into the FTZ. Without new legislation, it is anticipated that the practice of using the FTZ to import fuel will increase as airlines move to purchase the tax exempt fuel for use in foreign flights.

CSHB 63(FIN) is needed to provide a level playing field to Alaskan producers by allowing the tax exemption for all fuel used in foreign flights.

The original version of HB 63 was amended by the House Transportation Committee to also exclude residual fuel oil (commonly known as bunker fuel) used on passenger watercraft from motor fuel tax. The committee substitute will also repeal the 1994 legislation (Ch 42 SLA 94) that established a two tiered tax structure on residual (bunker) fuel oil for passenger watercraft.

CSHB 63(FIN) was amended by the House Finance Committee by expanding the definition of motor fuel tax and motor fuel; repealing the motor fuel tax exemption for fuel that contains an alcohol additive (gasohol), and deleting the word "passenger" as well as all references to "passenger watercraft".

Alaska State Legislature

REPRESENTATIVE
GENE THERRIAULT

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FAX: (907) 488-4271



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House Of Representatives

House District 33

CSHB 63(FIN) 04/04/97

Modifies the existing statutes regarding taxation of motor fuel products such as jet fuel sold for use by aircraft flying to foreign destinations to also apply to jet fuel use by flights of foreign origination continuing on to a U.S. destination; fuel at least 10 percent alcohol by volume; as well as any residual fuel oil sold or transferred in the state.

SPONSOR: Representative Gene Therriault

Sectional Analysis:

Expands the bill title to motor fuel tax and to the definition of 'motor fuel' under that tax.

Section 1: Amends AS 43.40.015(d) by deleting the reference to fuel which is at least 10 percent alcohol by volume.

Section 2: Amends AS 43.40.100(2)(B) to expand the current tax exemption for fuel sold for use by jet propulsion aircraft operating in flights that continue from foreign countries.

Deletes current tax exemption for fuel that is at least 10 percent alcohol by volume (AS 43.40.100(2)(F)).

Expands the description (KW) to its complete spelling of kilowatts in AS.43.40.100(2)(L).

Amends AS 43.40.100 by adding residual oil used in watercraft, if that same fuel is sold or transferred within the State, to the list of exemptions from motor fuel taxation.

Re-letters G to K under AS 43.40.100 Definitions, to adjust for changes.

Section 3: Repeals Chapter 42, SLA 1994. This legislation established a two tiered tax levied on residual oil that was sold for passenger watercraft use. This two tiered tax structure has proven to be ineffective.

Section 4: Establishes an effective date of July 1, 1997.



United Association of Journeymen and Apprentices of the
Plumbing and Pipe Fitting Industry of the United States and Canada

LOCAL NO

375

STREET ADDRESS

3568 Geraghty Street

FOUNDED 1884

CITY, STATE, ZIP

Fairbanks, Alaska 99709

SUBJECT MATTER

DATE

April 28, 1997

Sent Via FAX

Representative Therriault
State Capitol Bldg. Room 511
Juneau, Ak 99801-1182

Dear Representative Therriault:

This letter is to lend support to HB 63 Legislation that you sponsored.

As originally proposed this bill would level the field for international carriers fuel suppliers, encouraging additional production from interior refiners who intend to expand their production facilities. A proposed amendment to regulate resident hire and limit contractors is likely to negatively impact certain industrial contractors who have demonstrated excellent Alaska hire practices on previous projects inside the state.

I commend your initial proposal and thank you for your consideration on this issue.

Sincerely,

J. C. Wingfield, Business Manager
Financial Secretary-Treasurer

sia

MARVIN J. BOEDT
General President

MARION A. LEFF
General Secretary-Treasurer

DONALD F. McNAMARA
Asst. General President

Letters should
be confined to
one subject

TOTAL P. 01

Revision Date: _____ Dept. Affected: Revenue
Title: Aviation Fuel Tax Exemption BRU: Revenue Operations
Component: Income and Excise Audit
Sponsor: Representative Therriault
Requestor: (H) TRA COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()	4,575.0	4,575.0	4,575.0	4,575.0	4,575.0	4,575.0

FUND SOURCE (Thousands of Dollars)

	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY97) cost \$ 0.0

POSITIONS:

	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Robert Bartholomew, Assistant Director
Division: Income and Excise Audit
Approved by Commissioner: Wilson L. Condon
Agency: Revenue

Phone: 465-2320
Date: April 2, 1997
Date: April 2, 1997

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For further distribution information call the Governor's Legislative Office

HB 63 Amends the Motor Fuel Tax Statutes for Three Types of Fuel. Outlined Below is an Analysis for Each Change

ISSUE #1 Aviation Jet Fuel Amendments

The activation of a Foreign Trade Zone (FTZ) in Anchorage (Oct. 1995) allowed imported foreign aviation fuel to be sold preempted (by federal law) from state tax to aircraft flying directly or indirectly to a foreign country. Alaska oil refining industry believes that they will not be able to compete economically with FTZ (foreign import) fuel unless the current Alaska tax exemption for direct foreign flights is expanded to include indirect (i.e. flights that refuel in Alaska, stop in another U.S. city and then continue on to a foreign country). Current Alaska statutes provide only for an exemption for fuel sold on flights going directly to a foreign country.

Current Law

AS 43.40 (Alaska motor fuel tax) currently imposes a 3.2 cent per gallon tax on aviation jet fuel purchased in Alaska. Fuel purchased in Alaska for use in flights directly from Alaska to a foreign country is exempt from the Alaska tax. Fuel purchased for use in flights originating in a foreign country, refueling in Alaska and continuing to a U.S. destination prior to returning to foreign country (i.e. indirect foreign flight) is taxable.

Proposed Law

HB 63 would expand the above exemption to exempt from tax fuel purchased in Alaska for all flights to or from foreign countries.

Revenue Impact

This bill will result in approximately \$2.800 million in revenue loss for FY 98 and annually through FY 2003. (See note #2 under assumptions, below.)

This estimate considers the effect of the recent activation of Anchorage Foreign Trade Zones (FTZ). The FTZ allows international air carriers to use imported fuel without incurring customs duties. Under the rules and regulations of the U.S. Customs Service, the operation of the FTZ allows air carriers to place imported fuel in the FTZ and withdraw the fuel for use in flights to or from a foreign country. Under federal law, the State of Alaska cannot impose tax on fuel placed in the FTZ. Alaska will lose some tax revenues from the FTZ independently of HB 63.

The fiscal impact of HB 63 results from exempting fuel that could not otherwise qualify for FTZ treatment or the current foreign flight exemption. The fiscal impact is measured by the amount of domestic fuel that is used for flights that continue from foreign countries to a U.S. destination.

Fiscal Note Assumptions/Calculations

1) During calendar year 1996 169.4 million gallons of AVJET was imported into the Port of Anchorage. 37.6 million (22%) qualified as FTZ AVJET. For FY98 DOR assumes 37 million gallons of FTZ AVJET will be imported. Transportation costs and favorable crude price and supply will continue to make Alaska refined fuel most economical. West Coast imports will continue to be cheaper than imported foreign fuel. Alaska's growing AVJET demand and occasional favorable world market prices will support importation of some FTZ fuel.

2) Total estimated AVJET tax revenues to be collected in FY98 is \$7.2 million. Fuel used by carriers who fly primarily domestic routes accounts for \$3.2 million. Thus estimated revenues from indirect foreign flights is estimated at \$4.0 million. Estimated revenue loss due to import of FTZ fuel, based on 37 million gallons (calendar year 1996 actuals) is \$1.2 million. This assumes that 100% of all FTZ imports will be used on foreign flights, thus qualifying for tax preemption. Thus the remaining potential revenue loss from HB 63 is \$2.8 million for FY 98.

3) Actual revenue loss is dependent on the amount of foreign fuel that will be imported and placed in FTZ. Alaska is pre-empted from taxing this fuel.

Issue # 2 Marine Motor Fuel Amendment.

HB 63 removes the current 5 cents a gallon marine fuel tax on bunker fuel used in watercraft. Bunker fuel is defined as residual fuel oil (#6) that is the residue from crude oil after refined petroleum products have been extracted by the refining process.

Revenue Effect

DOR is receiving tax revenue on bunker fuel used in watercraft. But the amount could not be distinguished from the total \$8.5 million of FY96 marine fuel tax revenue. Industry provided information show 12.5 million gallons of bunker fuel were consumed in 1996 for a total tax revenue of \$625,000. By removing the tax on bunker fuel the state this would lose this revenue.

Issue #3 - Repeal the motor fuel tax exemption for fuel that contains an alcohol additive (gasohol).

HB 63 repeals the exemption from motor fuel tax for gasohol. DOR estimates that 100 million gallons of gasohol will be sold in FY98. \$8 million in tax revenues will be collected if the exemption is repealed.

Summary of the Changes in tax Revenue from HB 63

ISSUE #1 Aviation Jet Fuel Amendments	(\$2,800,000)
Issue # 2 Marine Motor Fuel Amendment	(625,000)
Issue #3 - Repeal the gasohol tax exemption	<u>\$8,000,000</u>
 Net New Revenue	 <u>\$4,575,000</u>

HJR

14

FISCAL NOTE

No.
 Bill Version: HJR 14
 (H) Publish Date: 2/19/97

STATE OF ALASKA
 997 LEGISLATIVE SESSION

Title: Supporting the American Land Sovereignty
Protection Act
 Sponsor: James
 Requestor: H. WTR

Dept. Affected: _____
 BRU: _____
 Components: _____
 Serial #: _____

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants, Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
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FUNDING: (THOUSANDS OF DOLLARS)

General Fund	0.0	0.0	0.0	0.0	0.0	0.0
Federal Fund	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

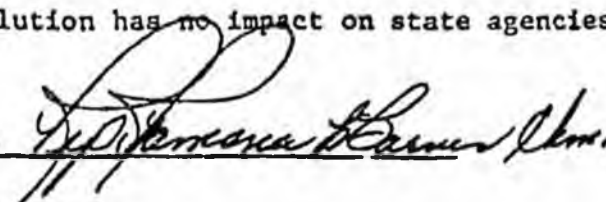
Full-Time	0	0	0	0	0	0
Part-Time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

see attached analysis This resolution has no impact on state agencies.

Prepared by:

H. WTR



Date: 2-17-97

Phone: 465-6585

Phone: _____

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: February 19, 1997

FURTHER REFERRALS:

Date of Committee Action: 3/13/97

The STATE AFFAIRS Committee considered:

HJR

HOUSE JOINT RESOLUTION NO. 14

SUPPORT AMERICAN LAND SOVEREIGNTY AC

Relating to supporting the "American Land Sovereignty Protection Act."

recommends it be replaced
with the following committee substitute

CSHR 14 (STA)

the same title
 a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) _____

fiscal note(s) _____

zero fiscal note(s) _____

zero fiscal note(s) H.WTR CMTE

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Garnette James</i>	✓			
<i>Mark H. ...</i>	✓			
<i>...</i>	✓			
<i>...</i>	✓			
<i>...</i>			✓	

CHAIR'S SIGNATURE Garnette James



ALASKA MINERS ASSOCIATION, INC.

501 W Northern Lights Blvd., Suite 203, Anchorage, Alaska 99503 FAX. (907) 275-1997 Telephone (907) 276-0347

March 18, 1997

Honorable Pete Kott
Chairman, House Rules Committee
Alaska State House of Representatives
Capitol Building
Juneau, AK 99801

RE: CSHB-68(L&C), An Added Exemption for Payment of Overtime

Dear Representative Kott,

Thank you for the opportunity to comment on House Bill 68 for which the current reading is CSHB-68(L&C). The Alaska Miners Association wishes to go on record strongly supporting this bill.

House Bill 68 will provide surface metal mines the same schedule flexibility as is already in statute for at least 16 industries including agriculture, health care, trucking, telephone utilities, fishing, and forestry. This flexibility is to work up to 12 hour shifts without paying overtime except that overtime is always paid for all hours over 40 hours per week as required by federal law. It must also be noted that mines represented by a bargaining unit already have this flexibility. However, even if non-represented employees petition management for this flexibility, it is not possible unless the proposed change is made to the statute. It is blatantly wrong that such a provision cannot also apply to workers who do not wish to be represented by a bargaining unit.

It is important that this flexibility be changed in statute. If such a change is not made, companies developing the economics for new mines will have to assume the current requirements. This will add a significant burden to the economics of any affected project.

I would also note that several areas of the state have projects that would be directly impacted if HB-68 is not changed. The areas of Nome, Tok, Paxson, Delta, and Fairbanks all have major projects now in exploration that, if they become mines, would allow the employees to live in these cities, drive to work and be home with their families each night. These are the kind of jobs Alaskans dream about and passage of HB-68 will improve the chances that they become a reality.

We urge passage of this bill.

Sincerely,

Steven C. Borell, P.E.
Executive Director

cc: Speaker Gail Phillips
Representative Gene Therriault

February 25, 1997

FAX TO: Myrna/Office of Representative James

via Paul Richards

FROM: Steve Borell

SUBJECT: World I Heritage Sites

Here are some more "Whereas" statements for your consideration:

WHEREAS former Assistant Secretary of Interior George Frampton and President Clinton used the fact that Yellowstone National Park had been designated as a World I Heritage Site as justification for intervening in the EIS process and blocking possible development of an underground mine on private lands in Montana outside of the park; and

WHEREAS recent designation of a portion of Kamchatka as a World I Heritage Site was followed immediately by efforts from environmental groups to block investment insurance for development projects on Kamchatka that are supported by the local communities; and

WHEREAS environmental groups and the National Park Service have been working to establish an International Park, a World I Heritage Site and a Marine Biosphere Reserve covering parts of western Alaska, eastern Russia and the Bering Sea between them; and

WHEREAS, as occurred in Montana, such designations could be used to block development projects on State and private lands in western Alaska; and

WHEREAS foreign companies and countries could use such international designations in western Alaska to block economic development that they perceive as competition; and

WHEREAS animal rights activists could use such international designations to generate pressure to harass or block harvesting of marine mammals by Alaska Natives; and

WHEREAS such international designations could be used to harass or block any commercial activity including pipelines, railroads, power transmission lines, etc.

Keep in touch - if you want more please call.

Steve Borell

FILE h901.ih

HR 901 IH
105th CONGRESS
1st Session

To preserve the sovereignty of the United States over public lands and acquired lands owned by the United States, and to preserve State sovereignty and private property rights in non-Federal lands surrounding those public lands and acquired lands.

IN THE HOUSE OF REPRESENTATIVES
February 27, 1997

Mr. YOUNG of Alaska (for himself, Mr. CONDIT, Mr. SOLOMON, Mr. PICKETT, Mr. COBURN, Mr. TRAFICANT, Mr. POMBO, Mr. STENHOLM, Mr. HILLEARY, Ms. DANNER, Mrs. CHENOWETH, Mr. ORTIZ, Mrs. CUBIN, Mr. PETERSON of Minnesota, Mr. HASTINGS of Washington, Mr. NETHERCUTT, Ms. DUNN, Mr. HOSTETTLER, Mr. HERGER, Mr. STUMP, Mr. BONO, Mr. SMITH of Oregon, Mr. TAYLOR of North Carolina, Mr. DOOLITTLE, Mr. DICKEY, Mr. DUNCAN, Mr. NORWOOD, Mr. HAYWORTH, Mr. MCINTOSH, Mr. CUNNINGHAM, Mr. BARR of Georgia, Mr. SKEEN, Mr. WELDON of Florida, Mr. CANADY of Florida, Mr. COMBEST, Mr. SENSENBRENNER, Mr. BACHUS, Mr. LEWIS of California, Mr. MCKEON, Mr. GEKAS, Mrs. SMITH of Washington, Mr. COLLINS, Mr. STEARNS, Mr. LARGENT, Mr. MILLER of Florida, Mr. HUTCHINSON, Mr. KIM, Mr. CALVERT, Mr. KNOLLENBERG, Mr. GILLMOR, Mr. METCALF, Mr. TAUZIN, Mr. TALENT, Mr. CRANE, Mr. BRYANT, Mr. ARCHER, Mr. BILBRAY, Mr. BLILEY, Mr. HILL, Mrs. EMERSON, Mr. RADANOVICH, Mr. GOODLATTE, Mr. GIBBONS, Mr. MANZULLO, Mr. SPENCE, Mr. BARTLETT of Maryland, and Mr. HULSHOF) introduced the following bill; which was referred to the Committee on Resources

A BILL

To preserve the sovereignty of the United States over public lands and acquired lands owned by the United States, and to preserve State sovereignty and private property rights in non-Federal lands surrounding those public lands and acquired lands.

(Italic->) Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [<-Italic]

SECTION 1. SHORT TITLE.

This Act may be cited as the 'American Land Sovereignty Protection Act'.

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS- Congress finds the following:

(1) The power to dispose of and make all needful rules and regulations governing lands belonging to the United States is vested in the Congress under article IV, section 3, of the Constitution.

(2) Some Federal land designations made pursuant to international agreements concern land use policies and regulations for lands belonging to the United States which under article IV, section 3, of the Constitution can only be implemented through laws enacted by the Congress.

(3) Some international land designations, such as those under the United States Biosphere Reserve Program and the Man and Biosphere Program of the United Nations Scientific, Educational, and Cultural Organization, operate under independent national committees, such as the United States National Man and Biosphere Committee, which have no legislative directives or authorization from the Congress.

(4) Actions by the United States in making such designations may affect the use and value of nearby or intermixed non-Federal lands.

(5) The sovereignty of the States is a critical component of our Federal system of government and a bulwark against the unwise concentration of power.

(6) Private property rights are essential for the protection

FAX TO: Rep. James (Attn: Myrna)
FROM: Royce

1 of 4

of freedom.

(7) Actions by the United States to designate lands belonging to the United States pursuant to international agreements in some cases conflict with congressional constitutional responsibilities and State sovereign capabilities.

(8) Actions by the President in applying certain international agreements to lands owned by the United States diminishes the authority of the Congress to make rules and regulations respecting these lands.

(b) PURPOSE- The purposes of this Act are the following:

(1) To reaffirm the power of the Congress under article IV, section 3, of the Constitution over international agreements which concern disposal, management, and use of lands belonging to the United States.

(2) To protect State powers not reserved to the Federal Government under the Constitution from Federal actions designating lands pursuant to international agreements.

(3) To ensure that no United States citizen suffers any diminishment or loss of individual rights as a result of Federal actions designating lands pursuant to international agreements for purposes of imposing restrictions on use of those lands.

(4) To protect private interests in real property from diminishment as a result of Federal actions designating lands pursuant to international agreements.

(5) To provide a process under which the United States may, when desirable, designate lands pursuant to international agreements.

SEC. 3. CLARIFICATION OF CONGRESSIONAL ROLE IN WORLD HERITAGE SITE LISTING.

Section 401 of the National Historic Preservation Act Amendments of 1980 (Public Law 96-515; 94 Stat. 2987) is amended--

(1) in subsection (a) in the first sentence, by--

(A) striking 'The Secretary' and inserting 'Subject to subsections (b), (c), (d), and (e), the Secretary'; and

(B) inserting '(in this section referred to as the 'Convention')' after '1973'; and

(2) by adding at the end the following new subsections:

'(d) (1) The Secretary of the Interior may not nominate any lands owned by the United States for inclusion on the World Heritage List pursuant to the Convention, unless--

'(A) the Secretary finds with reasonable basis that commercially viable uses of the nominated lands, and commercially viable uses of other lands located within 10 miles of the nominated lands, in existence on the date of the nomination will not be adversely affected by inclusion of the lands on the World Heritage List, and publishes that finding;

'(B) the Secretary has submitted to the Congress a report describing--

'(i) natural resources associated with the lands referred to in subparagraph (A); and

'(ii) the impacts that inclusion of the nominated lands on the World Heritage List would have on existing and future uses of the nominated lands or other lands located within 10 miles of the nominated lands; and

'(C) the nomination is specifically authorized by a law enacted after the date of enactment of the American Land Sovereignty Protection Act and after the date of publication of a finding under subparagraph (A) for the nomination.

'(2) The President may submit to the Speaker of the House of Representatives and the President of the Senate a proposal for legislation authorizing such a nomination after publication of a finding under paragraph (1)(A) for the nomination.

'(e) The Secretary of the Interior shall object to the inclusion of any property in the United States on the list of World Heritage

FAX TO: Rep. James (ATTN: Myrwa)
FROM: Royce
2 of 4

in Danger established under Article 11.4 of the Convention, unless--

(1) the Secretary has submitted to the Speaker of the House of Representatives and the President of the Senate a report describing--

- (A) the necessity for including that property on the list;
- (B) the natural resources associated with the property;

and

(C) the impacts that inclusion of the property on the list would have on existing and future uses of the property and other property located within 10 miles of the property proposed for inclusion; and

(2) the Secretary is specifically authorized to assent to the inclusion of the property on the list, by a joint resolution of the Congress after the date of submittal of the report required by paragraph (1).'

(f) The Secretary of the Interior shall submit an annual report on each World Heritage Site within the United States to the Chairman and Ranking Minority member of the Committee on Resources of the House of Representatives and of the Committee on Energy and Natural Resources of the Senate, that contains for the year covered by the report the following information for the site:

- (1) An accounting of all money expended to manage the site.
- (2) A summary of Federal full time equivalent hours related to management of the site.
- (3) A list and explanation of all nongovernmental organizations that contributed to the management of the site.
- (4) A summary and account of the disposition of complaints received by the Secretary related to management of the site.'

SEC. 4. PROHIBITION AND TERMINATION OF UNAUTHORIZED UNITED NATIONS BIOSPHERE RESERVES.

Title IV of the National Historic Preservation Act Amendments of 1980 (16 U.S.C. 470a-1 et seq.) is amended by adding at the end the following new section:

SEC. 403. (a) No Federal official may nominate any lands in the United States for designation as a Biosphere Reserve under the Man and Biosphere Program of the United Nations Educational, Scientific, and Cultural Organization.

(b) Any designation on or before the date of enactment of the American Land Sovereignty Protection Act of an area in the United States as a Biosphere Reserve under the Man and Biosphere Program of the United Nations Educational, Scientific, and Cultural Organization shall not have, and shall not be given, any force or effect, unless the Biosphere Reserve--

- (1) is specifically authorized by a law enacted after that date of enactment and before December 31, 2000;
- (2) consists solely of lands that on that date of enactment are owned by the United States; and
- (3) is subject to a management plan that specifically ensures that the use of intermixed or adjacent non-Federal property is not limited or restricted as a result of that designation.

(c) The Secretary of State shall submit an annual report on each Biosphere Reserve within the United States to the Chairman and Ranking Minority member of the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate, that contains for the year covered by the report the following information for the reserve:

- (1) An accounting of all money expended to manage the reserve.
- (2) A summary of Federal full time equivalent hours related to management of the reserve.
- (3) A list and explanation of all nongovernmental organizations that contributed to the management of the reserve.
- (4) A summary and account of the disposition of the complaints received by the Secretary related to management of the reserve.'

FAX TO: Rep. James (Attain Myer)
FROM: Royce
3 of 4

SEC. 5. INTERNATIONAL AGREEMENTS IN GENERAL.

Title IV of the National Historic Preservation Act Amendments of 1980 (16 U.S.C. 470a-1 et seq.) is further amended by adding at the end the following new section:

'SEC. 404. (a) No Federal official may nominate, classify, or designate any lands owned by the United States and located within the United States for a special or restricted use under any international agreement unless such nomination, classification, or designation is specifically authorized by law. The President may from time to time submit to the Speaker of the House of Representatives and the President of the Senate proposals for legislation authorizing such a nomination, classification, or designation.

'(b) A nomination, classification, or designation, under any international agreement, of lands owned by a State or local government shall have no force or effect unless the nomination, classification, or designation is specifically authorized by a law enacted by the State or local government, respectively.

'(c) A nomination, classification, or designation, under any international agreement, of privately owned lands shall have no force or effect without the written consent of the owner of the lands.

'(d) This section shall not apply to--

'(1) sites nominated under the Convention on Wetlands of International Importance Especially as Waterfowl Habitat (popularly known as the Ramsar Convention);

'(2) agreements established under section 16(a) of the North American Wetlands Conservation Act (16 U.S.C. 4413); and

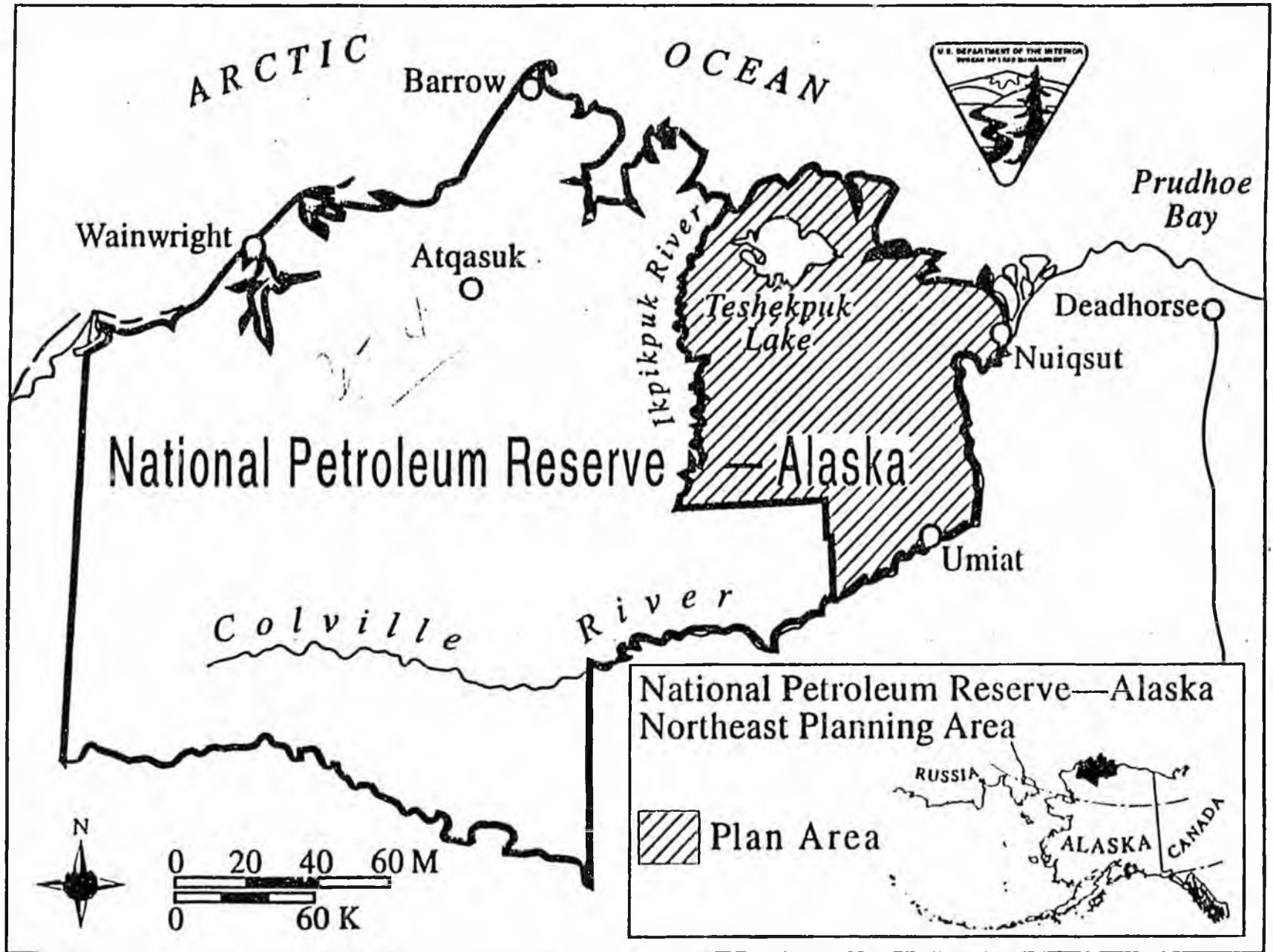
'(3) conventions referred to in section 3(h)(3) of the Fish and Wildlife Improvement Act of 1978 (16 U.S.C. 712(2)).

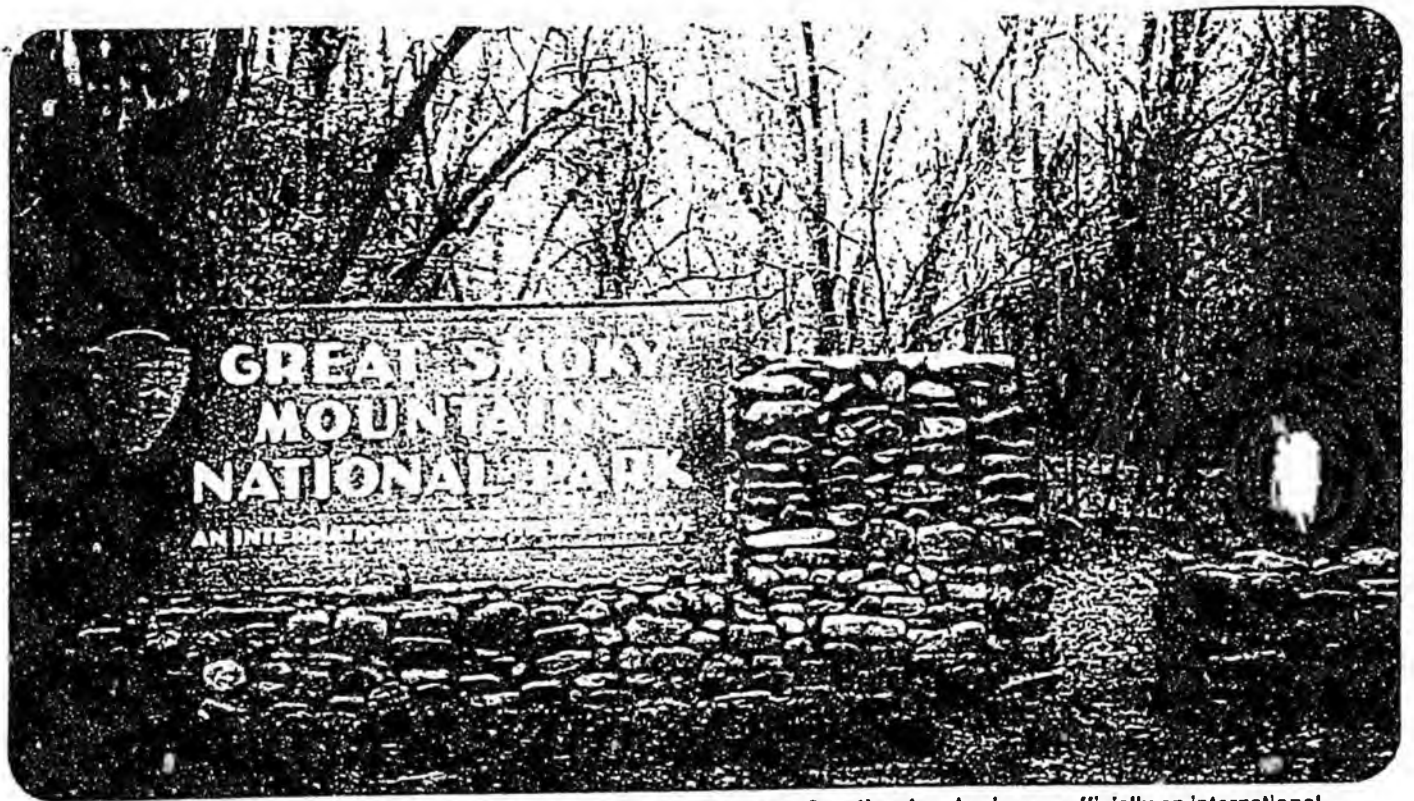
'(e) In this section, the term 'international agreement' means any treaty, compact, executive agreement, convention, bilateral agreement, or multilateral agreement between the United States or any agency of the United States and any foreign entity or agency of any foreign entity, having a primary purpose of conserving, preserving, or protecting the terrestrial or marine environment, flora, or fauna.'

SEC. 6. CLERICAL AMENDMENT.

Section 401(b) of the National Historic Preservation Act Amendments of 1980 (16 U.S.C. 470a-1(b)) is amended by striking 'Committee on Natural Resources' and inserting 'Committee on Resources'.

Rep. James (Att. Myron)
Royce
FAX TO:
FROM:
4 of 4





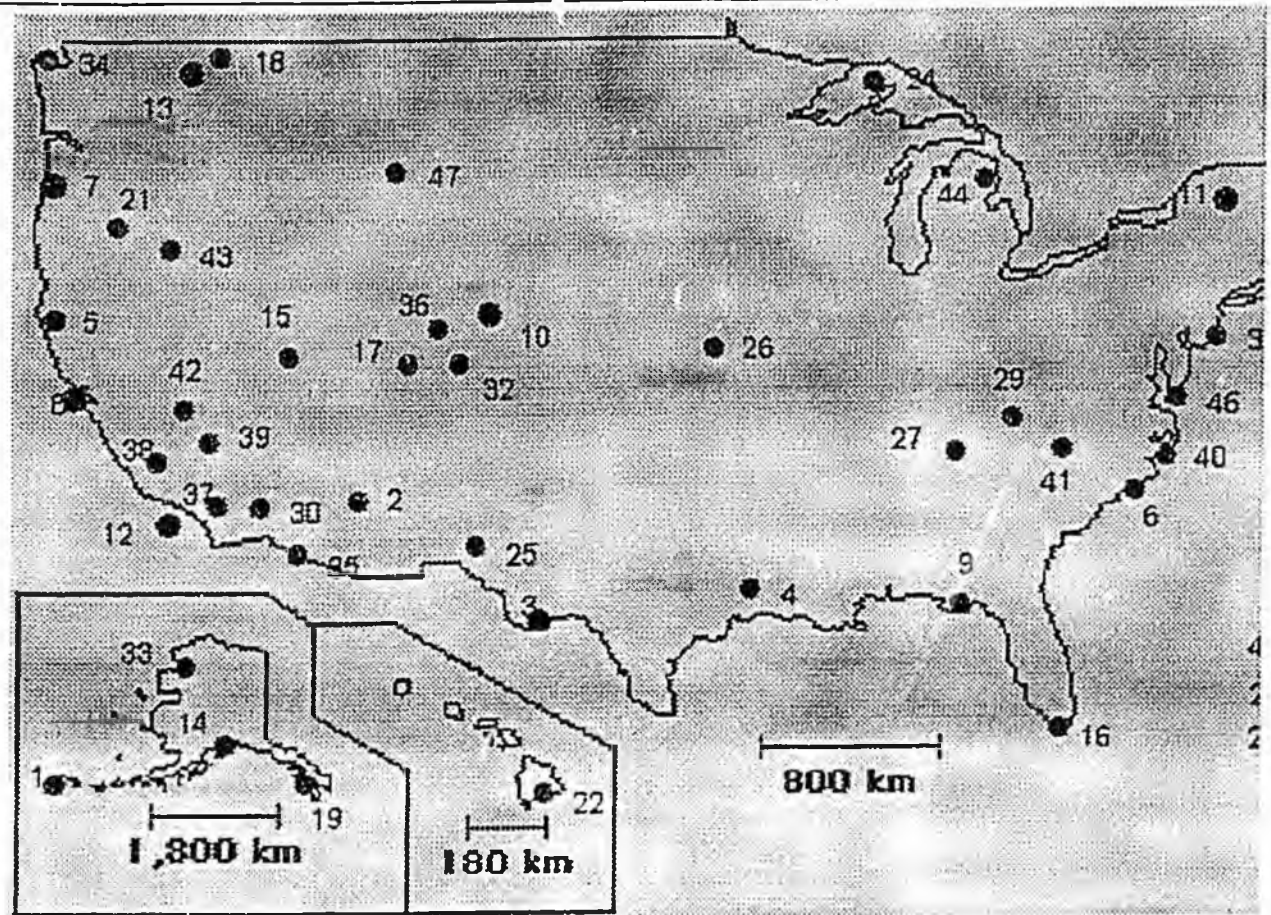
Great Smoky Mountains National Park, along with dozens of other U.S. national parks, is now officially an international biosphere reserve area administered by a United Nations committee whose authority supersedes the U.S. government.



U.S. Man and the Biosphere

Biological Resources Division - USGS

Map of U.S. Biosphere Reserves



1. Aleutian Islands
2. Beaver Creek
3. Big Bend
4. Big Thicket
5. California Coast Ranges
6. Carolinian-South Atlantic
7. Cascade Head
8. Central Gulf Coastal Plain
10. Central Plains
11. Champlain-Adirondack
12. Channel Islands
13. Coram
14. Denali
15. Desert
16. Everglades
17. Fraser

The Biosphere Reserve Concept

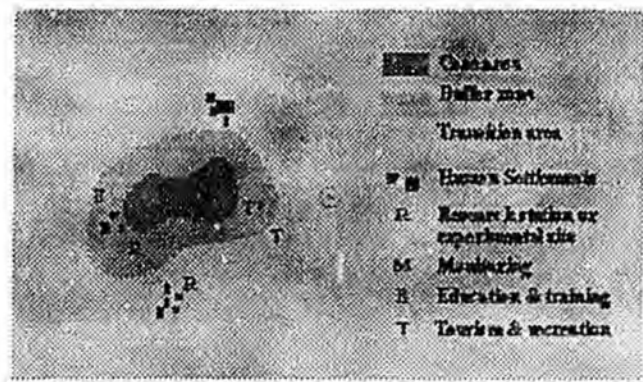
In 1968, the UNESCO Conference on the Conservation and Rational Use of the Biosphere gave rise to the Man and the Biosphere (MAB) Programme within UNESCO. The biosphere reserve concept was key to achieving MAB's objective of striking a balance between conserving biodiversity, encouraging economic and social development, and preserving cultural values.

Biosphere reserves are areas of terrestrial and coastal/marine ecosystems where, through appropriate zoning patterns and management mechanisms, the conservation of ecosystems and their biodiversity is ensured. Each biosphere reserve has three basic functions:

- *a conservation function:* to contribute to the conservation of landscapes, ecosystems, species and genetic variation;
- *a development function:* to foster economic and human development which is socially and ecologically sustainable;
- *a logistic function:* to provide support for research, monitoring, education and information exchange related to local, national and global issues of conservation and development.

For management purposes, each reserve is divided into three zones:

- *core zone:* strictly protected areas with very little human influence, which are used to monitor natural changes in representative ecosystems and serve as conservation areas for biodiversity;
- *buffer zone:* areas surrounding the core zone where only low impact activities are allowed, such as research, environmental education, and recreation;
- *transition zone:* the outer zone where sustainable use of resources by local communities is encouraged and these impacts can be compared to zones of greater protection.



While traditional parks often attempt to form small protected areas in a world increasingly dominated by severe human impacts, biosphere reserves are designed to bring people and nature together to demonstrate how to both use and preserve nature.

The Global Picture

A primary goal of UNESCO-MAB is the exchange of scientific knowledge and management experience. There are currently more than 335 biosphere reserves in 85 countries, forming a global network of scientists and natural resource managers working to maintain the long-term survival of fragile ecosystems. Because of its unique structure, this biosphere reserve network has the ability to serve as a medium for the worldwide exchange of ideas and information on conserving biodiversity and monitoring ecological changes in the environment.

A major international conference held in Seville, Spain in 1995 refined and strengthened the strategy for this global cooperative effort. By recognizing the value of partnerships among local communities, government institutions, non-governmental organizations and private enterprises -- such as that between UNESCO, CI, Intel, and NEC -- the network is capitalizing on the shared strengths and needs among each of its participants.

[Biosphere Reserves FAQ](#)





ALASKA MINERS ASSOCIATION, INC.

501 W. Northern Lights Blvd., Suite 203, Anchorage, Alaska 99503 FAX: (907) 278-7997 Telephone: (907) 276-0347

March 10, 1997

Honorable Jeannette James
Alaska House of Representatives
Capitol Building
Juneau, AK 99801

RE: HJR-14, Supporting the American Land Sovereignty Protection Act

Dear Representative James,

The Alaska Miners Association wishes to go on record in support of House Joint Resolution 14 which urges the U.S. Congress to pass, H.R.901, the American Land Sovereignty Protection Act of 1997. We have also reviewed the proposed Committee Substitute for HJR-14 and this CS makes several beneficial additions to the resolution that will help educate the public to the dangers presented by World Heritage Sites and Biosphere Reserves.

We are aware of at least two instances where World Heritage Sites have been used to block development projects. In one instance, affecting the New World Mining District in Montana, both domestic and international environmental groups used the fact that Yellowstone National Park is a World Heritage Site to oppose the development of a mine located outside the park. Some details of the proposed mine include: that it would be located about three miles north of the park boundary on a drainage that flows away from the park; it would be an underground mine with limited surface facilities; it would utilize modern mining and recovery technologies; it would, as part of its operating plan, clean up and correct environmental problems that had been left by historical mining which occurred before current environmental laws were in place.

In another instance, U.S. and European based environmental groups have used the newly established "Volcanoes of Kamchatka World Heritage Site" in an effort to block mine development projects that would create jobs and economic development for the extremely depressed economy of Kamchatka. The current economy of Kamchatka is mainly commercial fishing with some limited tourism. These are important industries but both are seasonal, relatively low paying, and highly impacted by outside forces. Mining would provide badly needed economic diversification and stability for the area.

These examples show how World Heritage Sites and Biosphere Reserves can be used to stop and/or harass mineral development. The same thing would most certainly occur if the system proposed as "Beringia International Park, World Heritage Site, and Marine Biosphere Reserve" were to be established covering "existing national parks, refuges, and monuments" in western Alaska, an area in eastern Russia, and the Bering Sea between them.

Experience has shown that every possible means is used to stop development in Alaska and these designations would be one more avenue. In most of western Alaska, mineral development has the greatest opportunity to provide new jobs and the basis for economic opportunities. This is the

same for State lands, federal lands, and Native and other private lands. National and international environmental groups would be expected to use Heritage and Biosphere designations to block and harass mineral development.

The most obvious example would be for these groups to target mineral development on State and Native lands adjacent to designated areas. Another example would be to block development of a railroad from the northwest Arctic coalfields, southern NPRA, or the Ambler Mining District to either a deep water port site on Norton Sound or to connect with the Alaska Railroad at Nenana. Such a railroad will be necessary if large volumes of coal and concentrates are to ever be developed in this part of the state. The right-of-way for such a railroad would have to cross as many as three of the "existing national parks, refuges, or monuments."

A third example is that a Marine Biosphere Reserve is not defined by Congress and the impacts of such a designation are unknown. It is likely that animal rights advocates would use such a designation in an attempt to stop the harvesting of marine mammals. And that it would be used to block an undersea pipeline from western Alaska or the Chukchi Sea down to Saint Lawrence Island. And that it would be used to block any attempt to load coal ships in the Chukchi Sea or to increase the 110 day open water shipping season for Red Dog mine by a few weeks using an ice breaker.

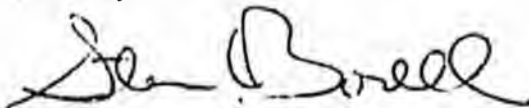
A fourth and even more-troubling example is that World Heritage Sites and Biosphere Reserves could be used by international competitors or foreign nations to affect any of the items above. Monies could be channeled through international environmental groups to fund the harassment of Alaska projects. We would expect that if zinc producers in other parts of the world had known that Red Dog would, in 1997, be producing 8% of the world's zinc concentrate, they would have done everything possible to block the right-of-way across Cape Krusenstern National Monument, one of the areas now being proposed for inclusion in a World Heritage Site.

As a final example, the rules and management guidelines for World Heritage Sites and Biosphere Reserves are established by a committee of the United Nations. They are therefore subject to change without control or consent by either the U.S. Congress or the President.

Any one of the above examples should be sufficient for every member of Congress to vote in favor of the American Land Sovereignty Protection Act of 1997.

Thank you for introducing this resolution and for the opportunity to comment on this extremely important issue.

Sincerely,



Steven C. Borell, P.E.
Executive Director

cc: Congressman Don Young
Senator Ted Stevens
Senator Frank Murkowski

Alaska State Legislature

REPRESENTATIVE
JEANNETTE JAMES
P.O. Box 56622
North Pole, Alaska 99705
(907) 488-1546
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While in Juneau
State Capitol
Juneau, Alaska
99801-1182
(907) 465-3743
FAX (907) 465-2381

House Of Representatives House District 34

Sponsor Statement

HJR 14 A Resolution relating to supporting the "American Land Sovereignty Protection Act."

I have proposed this legislation on the premise that my greatest responsibility as an Alaskan and as a State Legislator is to protect and defend the sovereignty of our Great State, and, further, to support protection of sovereignty of our Great Nation.

A little known fact is that, in 1971, the United States joined a U.N. program calling for establishing "biosphere reserves" around the world. These reserves are surrounded by buffer zones that restrict human behavior. Forty-seven national parks, which cover 51 million acres of land, are classified as these sanctuaries. Sixty-eight percent of our national parks, preserves and monuments have been designated to the United Nations Educational, Scientific, and Cultural Organization (UNESCO), Biosphere Reserves and World Heritage Sites without any legislative or congressional direction.

Most disturbing is that 40.7 million acres of this land designated to Biosphere Reserves, the World Heritage Foundation, and UNESCO are in the State of Alaska. A World Heritage Site in Alaska is the Wrangell-St. Elias National Park and Preserve (13.2 million acres). There are six Biosphere Reserves: Admiralty Island National Monument (921,000 acres); Aleutian Islands National Wildlife Refuge (2.7 million acres); Denali National Park and Preserve (6.5 million acres); Gates of the Arctic National Park and Preserve (7.5 million acres); Glacier Bay National Park and Preserve (3.3 million acres); and Noatak National Preserve (6.6 million acres).

There is legitimate concern about some possible international interference during the decision-making processes on domestic lands. Too often, we

Alaskans have found ourselves under federal oversight with no recourse. Soon, we may find ourselves under International oversight! We must not let this happen. This legislation will reaffirm the constitutional authority of the Congress as elected representatives of the people over the land of the United States. We want the Congress to make these decisions with a public process, not the President, or his appointees.

So, please join with me in supporting the "American Land Sovereignty Protection Act of 1997" introduced to the United States House of Representatives by Congressman Don Young in the 105th Congress.

0-LS0355F
Luckhaupt
3/17/97

CS FOR HOUSE JOINT RESOLUTION NO. 14(RLS)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES JAMES, Barnes, Hodgins, Sanders, Masek, Martin, Kemplen, Phillips, Cowdery, Vezey, Ryan, Porter, Ogan

A RESOLUTION

1 Relating to supporting the "American Land Sovereignty Protection Act."

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

3 WHEREAS the United Nations has designated 67 sites in the United States as "World
4 Heritage Sites" or "Biosphere Reserves," which altogether are about equal in size to the State
5 of Colorado, the eighth largest state; and

6 WHEREAS art. IV, sec. 3, United States Constitution, provides that the United States
7 Congress shall make all needed regulations governing lands belonging to the United States;
8 and

9 WHEREAS many of the United Nations' designations include private property
10 inholdings and contemplate "buffer zones" of adjacent land; and

11 WHEREAS some international land designations such as those under the United States
12 Biosphere Reserve Program and the Man and Biosphere Program of the United Nations
13 Scientific, Educational, and Culture Organization operate under independent national
14 committees such as the United States National Man and Biosphere Committee that have no
15 legislative directives or authorization from the Congress; and

16 WHEREAS these international designations as presently handled are an open invitation
17 to the international community to interfere in domestic economies and land use decisions; and

1 **WHEREAS** local citizens and public officials concerned about job creation and
2 resource based economies usually have no say in the designation of land near their homes for
3 inclusion in an international land use program; and

4 **WHEREAS** former Assistant Secretary of the Interior George T. Frampton, Jr., and
5 the President used the fact that Yellowstone National Park had been designated as a "World
6 Heritage Site" as justification for intervening in the environmental impact statement process
7 and blocking possible development of an underground mine on private land in Montana
8 outside of the park; and

9 **WHEREAS** a recent designation of a portion of Kamchatka as a "World Heritage Site"
10 was followed immediately by efforts from environmental groups to block investment insurance
11 for development projects on Kamchatka that are supported by the local communities; and

12 **WHEREAS** environmental groups and the National Park Service have been working
13 to establish an International Park, a World Heritage Site, and a Marine Biosphere Reserve
14 covering parts of western Alaska, eastern Russia, and the Bering Sea; and

15 **WHEREAS**, as occurred in Montana, such designations could be used to block
16 development projects on state and private land in western Alaska; and

17 **WHEREAS** foreign companies and countries could use such international designations
18 in western Alaska to block economic development that they perceive as competition; and

19 **WHEREAS** animal rights activists could use such international designations to
20 generate pressure to harass or block harvesting of marine mammals by Alaska Natives; and

21 **WHEREAS** such international designations could be used to harass or block any
22 commercial activity, including pipelines, railroads, and power transmission lines; and

23 **WHEREAS** the President and the executive branch of the United States have, by
24 Executive Order and other agreements, implemented these designations without approval by
25 the Congress; and

26 **WHEREAS** actions by the President in applying international agreements to lands
27 owned by the United States may circumvent the Congress; and

28 **WHEREAS** Congressman Don Young introduced House Resolution No. 901 in the
29 105th Congress entitled the "American Lands Sovereignty Protection Act of 1997" that
30 required the explicit approval of the Congress prior to restricting any use of United States land
31 under international agreements;

1 **BE IT RESOLVED** that the Alaska State Legislature supports the "American Lands
2 Sovereignty Protection Act" that reaffirms the constitutional authority of the Congress as the
3 elected representatives of the people over the federally owned land of the United States.

4 **COPIES** of this resolution shall be sent to the Honorable Ted Stevens and the
5 Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S.
6 Representative, members of the Alaska delegation in Congress.