

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 00/2

9502 SENATE • COMMUNITY & REGIONAL AFFAIRS •

139

**Table 5. Total Credits Applied 1986-88, Carryover, and Preliminary Approved Expenditures for 1989**

Regional Analysis Location	Number	Tax Credits Applied		Total 1986-88	Carryover	One-half	Maximum	Theoretical
		1987	1988			1989 App Expend	Theoretical Credits	Credits Outstanding
Southeast	24	\$1,435.8	\$2,014.9	\$3,480.7	\$1,909.1	\$4,228.4	\$9,618.1	\$6,137.5
Prince William Sd	10	\$1,733.1	\$1,860.3	\$3,593.4	\$3,237.8	\$2,377.6	\$9,208.8	\$5,615.4
Cook Inlet	17	\$1,131.5	\$1,660.1	\$2,791.6	\$1,324.6	\$2,433.5	\$6,549.7	\$3,758.1
Kodiak	15	\$1,985.6	\$3,062.8	\$5,048.4	\$4,163.2	\$4,538.2	\$13,749.7	\$8,701.3
Alutian Islands	11	\$903.8	\$4,712.1	\$5,615.9	\$7,898.3	\$30,443.2	\$13,957.4	\$38,341.5
Bristol Bay	9	\$683.9	\$886.1	\$1,570.0	\$1,411.4	\$1,384.5	\$1,365.9	\$2,795.9
Arctic-Yuk-Kusk	3	\$0.0	\$21.4	\$21.4	\$32.2	\$496.4	\$550.0	\$528.6
<b>Total</b>	<b>89</b>	<b>\$7,873.7</b>	<b>\$14,247.7</b>	<b>\$22,121.4</b>	<b>\$19,976.6</b>	<b>\$45,901.7</b>	<b>\$87,999.6</b>	<b>\$65,878.3</b>

**Table 6. Total Credits Applied 1986-88, Carryover, and Estimated Qualifying Expenditures for 1989\***

Ownership Analysis		Tax Credits Applied		Total 1986-88	1986-88 Carryover	One-half	Maximum	Max Est
Location	Number	1987	1988			1989 Est Qual Exp*	Estimated Credits	Credits Outstanding
Alaskan Owned	44	\$4,001.4	\$5,290.8	\$9,292.2	\$3,152.7	\$14,903.1	\$27,347.9	\$18,055.8
US Owned	21	\$1,489.2	\$4,795.8	\$6,285.0	\$1,675.1	\$5,431.4	\$13,391.5	\$7,106.5
Foreign Owned	24	\$1,989.3	\$4,161.1	\$6,150.4	\$15,148.8	\$9,501.6	\$30,800.8	\$24,650.4
<b>Totals</b>	<b>89</b>	<b>\$7,479.9</b>	<b>\$14,247.7</b>	<b>\$21,727.6</b>	<b>\$19,976.6</b>	<b>\$29,836.1</b>	<b>\$71,540.2</b>	<b>\$49,812.7</b>
Fac. > \$1 Million	28	\$5,164.8	\$10,131.7	\$15,296.5	\$18,548.3	\$25,346.8	\$59,191.5	\$13,895.0
Fac. > \$5 million	6	\$1,109.2	\$3,856.3	\$4,965.5	\$11,659.9	\$19,100.1	\$35,725.5	\$30,760.0
Firms > \$2 million	12	\$5,886.9	\$11,223.1	\$17,110.0	\$16,417.6	\$25,870.6	\$59,398.2	\$12,288.2

\*NOTE - The estimated '89 expenditures shown are 65% of the preapproved amount. See text for description.

### Credits Taken

While reported expenditures totaled \$83 million during the 1986-1988 period, only about \$23 million in actual credits were applied. Credits are limited to 50% of a firm's tax liability and to 50% of qualified expenditures. Generally, the credits taken by most major firms are limited by their tax liability and not by the size of their qualified expenditures. Qualified expenditures made in 1986-1988 generated potential credits of \$42 million, nearly twice as large as the amount actually applied. The credit carry forward is about \$19 million. See Table 5.

The Department of Revenue has preapproved expenditures in 1989 of \$92 million. Total theoretical credits potentially equal \$88 million (half of the 1989 preapproved amount plus the amount carried forward and the amount already claimed). However, based on past experience, qualified expenditures actually reported on tax returns will be about 65% of the amount preapproved (\$60 million), generating an estimated credit of \$30 million. Adding the 1989 estimated credit and the 1987 - 1988 carryover (\$19 million) gives a more probable maximum estimated credit outstanding of \$50 million. See Table 6.

### Anticipated Total Revenue Impacts

Investments in facilities and equipment placed in service during 1989 may be used to qualify for credit through 1991. However, credits actually applied will probably peak in 1988, with the smallest amounts taken in 1987 and 1991. The price and volume of fish and shellfish and thus tax receipts (and credits) are expected to be less in 1989 and 1990 than in 1988. By 1991 most firms with credits to carry forward will have exhausted their 3 year window. The overall credits actually applied during the life of the tax credit program are expected to total between \$48 and \$55 million, about 60% of the total credits potentially available (\$87 million).

### Plant Ownership

In order to show how the benefits of the tax credit program are distributed, an attempt was made to compare expenditures and credits applied according to the following ownership categories: U.S., Foreign and Alaska. There is no practical way to "officially" determine plant ownership and even arriving at consistent, meaningful definitions is difficult. However, ownership of most major facilities is common industry knowledge and it was felt that it would be more useful to do an imperfect comparison than to avoid the issue. Knowledgeable individuals, news reports and other sources were consulted to help arrive at the ownership designations used.

Firms are designated Alaskan owned if the president or general manager resides in the state, if it is owned by a resident corporation, or if it is generally thought of as a locally owned facility. There are instances where a firm may have begun operations in the state, has a significant proportion of resident stockholders and a substantial part of their management staff are residents, but for business

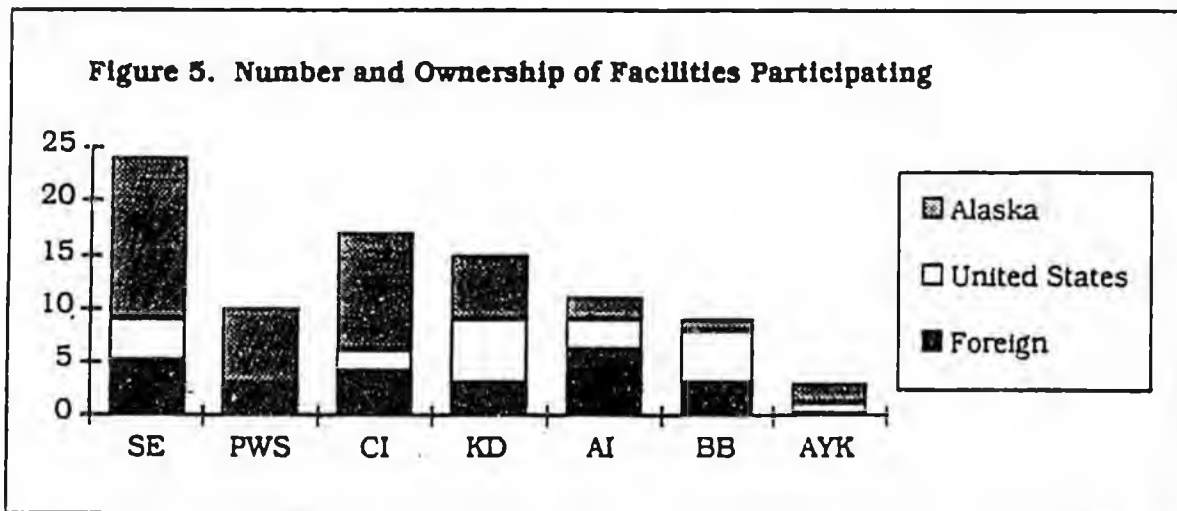
reasons the firm elected to move their corporate offices outside the state. Such firms are also termed Alaskan.

Firms are designated U.S. owned if they are known to be owned by outside corporations, if they have never had their headquarters in the state, if there are no known significant resident stockholders and if most management staff have their homes outside the state.

Firms are termed foreign owned if reports indicate that all or nearly all the company is held by foreign nationals or foreign corporations. In practice, foreign owners tend to have full ownership control of the firms in which they are heavily invested. Those firms classified as foreign in this paper are all thought to have 90% or more foreign ownership.

Of the 89 facilities where expenditures have or will be made under the tax credit program, on the order of 44 are owned by Alaska residents or Alaska-based corporations, 24 by foreign entities, and 21 by U.S. citizens or corporations headquartered outside of the state. See Table 6.

Forty-one percent of the credits actually applied through 1988 were taken by Alaskan firms, 29% by US firms, and 31% by foreign firms. Based on the tax liabilities of the companies involved, the 1989 approved expenditures and the amount of credits carried over from prior years, this ratio is not expected to change appreciably in the future.



### Concentration of Major Investments

Through 1988, 14 firms had made investments of more than \$1 million at 18 plants. These large investments amounted to \$65 million or about 77% of all investments made during the period. As a result of these investments, credits totaling \$18.2 million were actually applied. This amount represented 79% of all credits taken during the period. See Table 7.

Adding 65% of 1989 preapproved expenditures to those reported through 1988 gives an estimate of total expenditures through the life of the credit program. Through 1989, 22 firms will likely have made investments of more than \$1 million at each of 28 plants. This category of large investments will total about \$128 million or 89% of the total estimated expenditures of all participating firms.

Total expenditures by company for the life of the tax credit program are estimated below:

**Table 7. Company Expenditures by Size**

<u>Expenditures</u>	<u>Number of firms</u>	<u>Invested</u>	<u>% of Total</u>
Over \$1 million	22	\$128 million	89%
over \$2 million	12	\$114 million	79%
over \$5 million	8	\$99 million	69%
over \$10 million	5	\$75 million	52%
over \$15 million	2	\$43 million	30%
over \$20 million	1	\$26 million	17%

### Areas

Area designations used in this paper are:

- SE: Southeast, includes Yakutat
- PWS: Prince William Sound, includes Seward
- CI: Kodiak, includes Chignik
- AI: Aleutian Islands, includes Sand Point, King Cove
- BB: Bristol Bay, includes Port Moller, Togiak
- AYK: Arctic, Yukon, Kuskokwim - includes points north of Togiak and interior rivers.

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

TONY KNOWLES, GOVERNOR

PLEASE REPLY TO:

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January 30, 1997

The Honorable Jerry Mackie  
Alaska State Senate  
State Capitol, Room 427  
Juneau, AK 99801-1182

RE: Omission of landing tax, AS 43.77, from  
SB 52

Dear Senator Mackie:

I have been in touch with your staff to alert you to an omission regarding SB 52 that may have been inadvertently overlooked: the bill amends the Fisheries Business Tax, AS 43.75, but does not amend the complementary Fisheries Landing Tax, AS 43.77. Your staff asked me to state these concerns, as briefly as possible, in a letter. This letter will address only the concern raised by the omission of the landing tax from the credit provided by the bill.

As you know, the American Factory Trawlers Association (AFTA) has vigorously attacked the constitutionality of the landing tax. One of AFTA's arguments is that the tax discriminates against interstate commerce. The Departments of Law and Revenue have been defending the landing tax. We argue that the landing tax does not discriminate because in-state processors pay a complementary tax, the Fisheries Business Tax, AS 43.75.

We believe we have a very strong case under the complementary tax doctrine. Our argument requires, however, that the tax rate under landing tax "not exceed the amount of the tax on intrastate commerce." *Oregon Waste Sys. v. Dep't of Envtl. Quality*, 114 S. Ct. 1345, 1352 (1994) (citing *State of Alaska v. Arctic Maid*, 366, U.S. 199, 204-05 (1961)). Tax credits may affect the effective tax rates, and complementary taxes should be considered in tandem. As you may recall, last session the legislature retroactively amended the landing tax to provide credits previously available only under the fisheries business tax. Ch. 81, SLA 1996. The concern raised by SB 52 is that making credits available under the fisheries business tax that are not available under the landing tax is unfair and counter to the careful balance required under the complementary tax doctrine.

The Honorable Jerry Mackie  
January 30, 1997  
Page 2

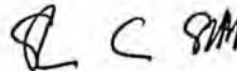
We understand from your staff that SB 52 is based on earlier legislation from the middle 1980's, adopted before the fisheries business tax had a sibling tax, and that no deliberate decision was made to exclude the landing tax from this credit provision. We recommend that the bill be amended to apply equally to AS 43.77 and that the provision limiting the credit to shore-based facilities be eliminated.

If you have any questions, feel free to call me.

Very truly yours,

BRUCE M. BOTELHO  
ATTORNEY GENERAL

By:



Stephen C. Slotnick  
Assistant Attorney General

cc: Pat Pourchot, Legislative Liaison, Office of the Governor  
Bruce Botelho, Attorney General, Department of Law  
Deborah Vogt, Deputy Commissioner, Department of Revenue  
Deborah Behr, Assistant Attorney General, Department of Law  
Chrystal Smith, Special Assistant, Department of Law

**S B**

**6 2**

# FISCAL NOTE

Revision Date: \_\_\_\_\_ Dept. Affected: Community & Regional Affairs  
 Title: An Act relating to payments in lieu of BRU: none  
taxes for cities in the unorganized... Component none  
 Sponsor: Sen. Lincoln  
 Requestor: Senate CRA Committee COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
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</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>

REVENUE FUND SOURCE:						
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FUNDING: (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>

POSITIONS:

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

Estimate of current (FY97) impact \$ none

**ANALYSIS:** (Attach a separate page if necessary)  
 This legislation provides for an administrative mechanism to distribute certain federal funds under the federal Payment In Lieu of Taxes (PILT) Program to cities located in Alaska's unorganized borough. We envision that the associated administrative duties, responsibilities and costs will be absorbed by the existing revenue sharing administrator position that currently administers the State Revenue Sharing, Municipal Assistance, State Shared Fisheries Business Taxes and federal National Forest Receipts programs.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708  
 Division: Division of Administrative Services Date: 1/30/97  
 Approved by Commissioner: *Steve D. Wain* Date: 1/30/97  
 Agency: Community & Regional Affairs

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# MEMORANDUM

State of Alaska  
Department of Law

TO: Lamar Cotten, Deputy Commissioner  
Department of Community and  
Regional Affairs

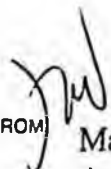
DATE: June 13, 1997

FILE NO.: 663-97-0417

TEL. NO.: 465-3600

SUBJECT: Payment in lieu of taxes;  
31 U.S.C. 6901 -- 31 U.S.C. 6902

FROM

  
Marjorie L. Vandor  
Assistant Attorney General  
Governmental Affairs - Juneau

You have requested our opinion whether a separate appropriation or substantive law<sup>1</sup> is necessary in order for the Department of Community and Regional Affairs (department) to have authority to disburse to cities in the unorganized borough money received from the federal government under 31 U.S.C. 6901 -- 31 U.S.C. 6902, the payment in lieu of taxes program (PILT).<sup>2</sup> In short, we do not believe a separate appropriation passed by the Alaska Legislature is necessary, as there is authority under section 8 of CCS HB 75 (state operating budget bill) for the state to receive and expend federal funds. PILT is clearly federal funds. Also, under AS 37.07.080(h), the department, through the governor's office, may receive and expend the PILT funds after submitting the decision to the Legislative Budget and Audit Committee for review. Finally, we believe the appropriation to receive and expend federal funds together with existing law is sufficient authority for the department to disburse the PILT funds and that a substantive bill is unnecessary.

We base our opinion on several grounds. One, the federal law authorizing the state to disburse the money appropriated under PILT provides the state with the necessary criteria and guidelines for the department to comply with the federal program. For example, 31 U.S.C. 6901 (2)(A)(ii) describes the unit of local government in Alaska that is entitled to a payment from PILT. Then, 31 U.S.C. 6902(a) directs that the State of Alaska "shall" distribute the payments to home rule and general law cities (as such cities are defined by the State, i.e., Title 29 of the Alaska Statutes), located within the boundaries of the unit of general local government for which the payment was received. In this instance, that would be home rule and general law cities located in the unorganized borough. And, the federal law states that the cities may use the money received under the program

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<sup>1</sup> HB 86 and SB 62 were introduced in the First Session of the Alaska Legislature, dealing with the federal payment in lieu of taxes program that is the subject of this opinion request, however, neither bill passed the legislature before adjournment.

<sup>2</sup> PILT was passed as part of the Omnibus Parks and Public Lands Management Act of 1996 (P.L. 104-333, sec. 1033).

for any governmental purpose. 31 U.S.C. 6902(a)(2). In sum, the federal law provides sufficient directive to the department to effectuate the distribution.<sup>3</sup>

Another reason we do not believe a substantive law is necessary here is due to the existence of the department's broad powers under AS 44.47.050(a), including, the power to

(14) administer state and, as appropriate, federal programs for revenue sharing, grants, and other forms of financial assistance to community and regional governments; [and]

(16) apply for, receive, and use funds from federal and other sources, public or private, for use in carrying out the powers and duties of the department.

Further, AS 44.47.020 states, "the purpose of the department is to render maximum state assistance to government at the community and regional level." In this instance, the department would be acting as a conduit between the federal government and the cities which are intended to benefit from the money provided by the federal government under PILT. Therefore, it is our opinion that the department's role in distributing PILT money is consistent with the department's broad statutory powers and that the federal law provides the necessary structure and authorization for the department to distribute the PILT funds received under 31 U.S.C. 6901 -- 31 U.S.C. 6902.

We hope this addresses your concerns. Please do not hesitate to call me if you have further questions.

MLV:clh

cc: Annalee McConnell  
Director  
Office of Management and Budget

✓ Honorable Ivan Ivan  
Representative, House of Representatives  
State of Alaska

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<sup>3</sup> The governor may consider signing an Administrative Order to specifically authorize the Department of Community and Regional Affairs to distribute the PILT money in a manner consistent with the federal law and provide for a method of distribution consistent with the department's statutory powers.

# MEMORANDUM

# STATE OF ALASKA

## Community and Regional Affairs


To: The Honorable Ivan Ivan  
Representative  
Alaska House of Representatives

Date: January 30, 1997

File

Thru:

Phone: 465-4733

From: Bill Rolfzen   
Program Administrator  
Municipal and Regional Assistance  
Division

Subject: PILT

As requested, following is a list of the organized boroughs (including unified home rule municipalities) in Alaska, their respective 1996 federal PILT payments and mill rates. Of the 16 boroughs that receive an annual PILT payment from the federal government, 4 levy no property taxes. You also requested a list of the cities in the unorganized borough that levy property taxes. We have attached a spreadsheet which shows the various taxes and tax rates levied by all Alaska communities.

As we discussed, the amount of money the State of Alaska will receive for distribution to the cities within each federal census area comprising the unorganized borough is not known. We were told by the BLM in Washington D.C. that it most likely will be mid-summer before those payments are calculated. In order to calculate the payments, the BLM must first determine several factors including the amount of eligible federal lands within each census area. Also, for the first time, several cities within the unorganized borough received a direct federal PILT payment from BLM. Those payments were made based upon an opinion from the Regional Solicitor's Office of the Department of the Interior. It is uncertain at this time under what formula those cities will receive future PILT payments given Senator Stevens' recent amendments to the federal PILT law.

The Honorable Ivan Ivan  
January 30, 1997  
Page Two

<b>Borough</b>	<b>PILT Payment</b>	<b>Mill Rate</b>
Aleutians East Borough	\$141,082	None
Municipality of Anchorage	\$301,342	18.79
Bristol Bay Borough	\$65,984	8.50
Denali Borough	\$94,953	None
Fairbanks North Star Borough	\$264,564	13.49
Haines Borough	\$110,012	4.00
City & Borough of Juneau	\$225,386	12.49
Kenai Peninsula Borough	\$982,280	8.30
Ketchikan Gateway Borough	\$193,727	7.94
Kodiak Island Borough	\$456,929	6.75
Lake & Peninsula Borough	\$91,202	None
Matanuska-Susitna Borough	\$1,011,933	13.00
North Slope Borough	\$324,916	18.52
Northwest Arctic Borough	\$297,769	None
City & Borough of Sitka	\$197,745	6.00
City & Borough of Yakutat	\$29,590	9.00



# ALASKA STATE LEGISLATURE

## Senate Community & Regional Affairs Committee

State Capitol

Juneau, AK 99801-1182

(907) 465-4989

### COMMITTEE PACKET

SB 62, Cities: Payment in lieu of Taxes

1. Sponsor Statement
2. Bill
3. Bill Sectional
4. Fiscal Note Analysis
5. Back-up

# ALASKA STATE LEGISLATURE

*Senator Georgianna Lincoln*

State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-3732  
Fax (907) 465-2652

Committees:  
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Transportation  
Legislative Council  
Minority Caucus Chair  
Budget Subcommittees:  
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Corrections

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Alcan  
Allakaket  
Anvik  
Anvik  
Arctic Village  
Beaver  
Berthles  
Big Delta  
Birch Creek  
Boundary  
Canyon Village  
Central  
Chalkytok  
Chenega Bay  
Chicken  
Chistochina  
Chitina  
Chitahluksuk  
Circle  
Cold Foot  
Copper Center  
Copperville  
Cordova  
Crooked Creek  
Delta Junction  
Dot Lake  
Dry Creek  
Eagle  
Eagle Village  
Evanville  
Fort Greely  
Fort Yukon  
Galena  
Galena  
Georgetown  
Glennallen  
Grayling  
Gulkana  
Healy Lake  
Holy Cross  
Hughes  
Huslia  
Kaktovik  
Kenny Lake  
Koyukuk  
Lake Minchumina  
Lime Village  
Livingood  
Lower Kalslag  
Manley Hot Springs  
Marshall  
McCarthy  
McGrath  
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Telida  
Teluk  
Tuk  
Tuloma  
Tomsna  
Tulokuk  
Tyonek  
Upper Kalslag  
Valdez  
Venetie  
Whittier  
Wooman

To: Senator Jerry Mackie  
Chairman, Senate C&RA

From: Senator Georgianna Lincoln 

Date: January 28, 1997

Re: Scheduling hearing on SB 62

I am requesting a hearing on SB 62. This legislation provides a mechanism for the state to disperse new federal funds to municipalities in the unorganized borough resulting from changes in the federal Payment in Lieu of Taxes Program (PILT).

Attached is my sponsor statement. I look forward to a timely hearing on this bill which will facilitate the disbursement of much needed funding to many communities in the unorganized borough throughout the state.





# MEMORANDUM

# STATE OF ALASKA Community and Regional Affairs

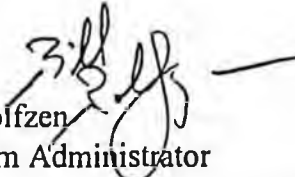
To: The Honorable Georgianna Lincoln  
Senator  
Alaska State Senate

Date: January 31, 1997

File

Thru:

Phone: 465-4733

From:  Bill Rolfzen  
Program Administrator  
Municipal and Regional Assistance  
Division

Subject: PILT

## PAYMENT IN LIEU OF TAXES PROGRAM SUMMARY

The federal Payment in Lieu of Taxes (PILT) Program provides payments to units of local government (typically counties or boroughs) containing certain federally-owned lands, also known as "entitlement lands". The PILT payments are intended to supplement other federal land payments local governments may be receiving. Federal law provides that PILT payments may be used by the local government for any governmental purpose.

The federal PILT formula provides payments to be calculated based upon the number of acres of "entitlement lands" located within the local government. "Entitlement lands" include lands in the National Forest System, National Park System, lands administered by the Bureau of Land Management (BLM), and certain National Wildlife Reserve areas.

The law also provides for a "population ceiling cap" for each local government. A PILT payment cannot exceed this ceiling cap. The payment "ceilings" are based upon a sliding scale (see attached table) starting at \$62 per capita for populations under 5,000 and increasing to a maximum of \$1,237,500 (50,000 X \$24.75).

The Honorable Georgianna Lincoln  
January 31, 1997  
Page Two

**Payment Formulas**  
**(Based Upon Federal Fiscal Year 1995 Criteria)**

The federal PILT law incorporates the "entitlement lands" and "population ceiling cap" into a formula consisting of two alternatives. The PILT payment to a local government is the **higher** of Alternative A or B, not to exceed the "payment ceiling cap". The funding formulas are as follows:

**Alternative A:**

The lesser of the "payment ceiling cap" or ninety-three (93) cents for each acre of "entitlement land" within the boundaries of the unit of local government, reduced by the amount of certain federal land payments (most notably National Forest Receipt payments) that were received by the local government during the preceding fiscal year.

or

**Alternative B:**

Twelve (12) cents for each acre of "entitlement land" within the unit of local government, with no reductions for other federal land payments that were received.

Again, the maximum amount that a local government can receive under either alternative is their "population ceiling cap". The per acre payments and population ceiling payments will be increased slightly over federal fiscal years 1995 - 1999.

**Senator Stevens' Amendments**

Historically, only the organized boroughs in Alaska were determined to be "units of local government" for purposes of the PILT program. Senator Stevens' amendments provide that the eleven federal census areas comprising the unorganized borough of Alaska are now to be considered "units of local government" for purposes of this program. His amendments also provide that the State of Alaska shall receive the federal PILT payments for each federal census area (unlike payments to the organized boroughs which are made directly to the borough from the BLM) and "shall distribute such payment to home rule cities and general law cities (as such cities are defined by the State) located within the boundaries of the unit of local government for which the payment was received".

Table 2: Fiscal Year 1995 Population Constraints for  
 Payments in Lieu of Taxes (Section 1)

If population is less than or equal to:	Payment shall not exceed the amount computed by multiplying such population by:
5,000	\$62.00
6,000	58.00
7,000	54.50
8,000	51.00
9,000	47.00
10,000	43.50
11,000	42.00
12,000	41.00
13,000	40.00
14,000	38.50
15,000	37.00
16,000	36.50
17,000	36.00
18,000	35.50
19,000	34.50
20,000	34.00
21,000	33.75
22,000	33.50
23,000	33.00
24,000	32.50
25,000	32.25
26,000	32.00
27,000	31.75
28,000	31.50
29,000	31.25
30,000	31.00
31,000	30.75
32,000	30.50
33,000	30.00
34,000	29.75
35,000	29.50
36,000	29.25
37,000	28.75
38,000	28.50
39,000	28.25
40,000	28.00
41,000	27.50
42,000	27.25
43,000	27.00
44,000	26.50
45,000	26.25
46,000	26.00
47,000	25.75
48,000	25.50
49,000	25.00
50,000	24.75

# STATE OF ALASKA

## DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

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January 31, 1997

The Honorable Georgianna Lincoln  
Senator  
Alaska State Senate  
State Capitol  
Juneau, AK 99801-1182

RE: SB 62

The legislation you have sponsored, Senate Bill 62, relating to Payment in Lieu of Taxes (PILT) for Cities in the Unorganized Borough represents the final step in Senator Stevens' lengthy endeavor to expand this federal program to all cities located within the unorganized borough of Alaska. During this past year, DCRA staff worked with Senator Stevens' staff in drafting the amendments to the federal PILT program which were signed into law by President Clinton as part of the Omnibus Parks and Public Lands Management Act of 1996.

Based upon discussions between DCRA staff and Senator Stevens' staff during the drafting process, it was clear that Senator Stevens intended PILT funds to be considered "pass through" by the State of Alaska. Senator Stevens' legislation provides that the State of Alaska will receive payment for each participating federal census area based upon the amount of eligible federal lands and population located within each census area. In turn, the State of Alaska will then pass through these funds to the cities located within each census area based upon a straightforward per-capita funding formula. In fact, it was discussed at one point of putting the State-to-cities funding mechanism (the per-capita formula) into the federal amendments to insure that the State of Alaska did not somehow tamper with these funds.

In testimony in support of his legislation, Senator Stevens stated:

Only 40 percent of the Federal lands in Alaska are located in organized boroughs. Over half of the Federal lands in Alaska, 60 percent are not currently considered in determining PILT payments to Alaska. Therefore, hundreds of poor rural Alaskan communities which are surrounded by Federal lands, but which are outside of organized boroughs, receive no PILT payments. Most of these villages lack adequate sewer and water systems and do not have health facilities within 200 or 300 miles.

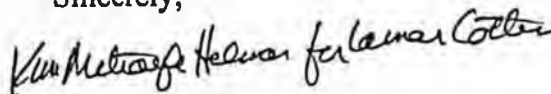
The Honorable Georgianna Lincoln  
Senator  
January 31, 1997

This bill will resolve a great injustice. The villages in Alaska that are surrounded by tax-exempt Federal lands should be compensated for loss of property tax revenues and for the inability to use the lands for any development. The increase in Alaskan PILT payments will directly benefit villages which are in desperate need of resources to sustain basic necessities for their remote existence.

The new amended federal legislation provides that "The State of Alaska shall distribute such payment to home rule cities and general law cities (as such cities are defined by the State) located within the boundaries of the unit of general local government for which the payment was received. Such cities may use monies received under this paragraph for any governmental purpose."

It is our determination that SB 62 accomplishes Senator Stevens' intent that the PILT payments be passed through the State to directly benefit the cities.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lamar Cotten".

Lamar Cotten  
Deputy Commissioner

Nov. 12

PARKS AND PUBLIC LANDS ACT

P.L. 104-333  
Sec. 1033

shall apply with respect to rights-of-way leases held on or after the date of enactment of this Act.

SEC. 1033. FEDERAL BOROUGH RECOGNITION.

(a) Section 6901(2) of title 31, United States Code, is amended to read as follows:

(2)(A) 'unit of general local government' means—

(i) a county (or parish), township, borough, or city where the city is independent of any other unit of general local government, that—

(I) is within the class or classes of such political subdivision in a State that the Secretary of the Interior,

in his discretion, determines to be the principal provider or providers of governmental services within the State; and

(II) is a unit of general government, as determined by the Secretary of the Interior on the basis of the same principles as were used by the Secretary of Commerce on January 1, 1983, for general statistical purposes;

(ii) any area in Alaska that is within the boundaries of a census area used by the Secretary of Commerce in the decennial census, but that is not included within the boundary of a governmental entity described under clause (i);

(iii) the District of Columbia;

(iv) the Commonwealth of Puerto Rico;

(v) Guam; and

(vi) the Virgin Islands.

(B) the term 'governmental services' includes, but is not limited to, those services that relate to public safety, the environment, housing, social services, transportation, and governmental administration."

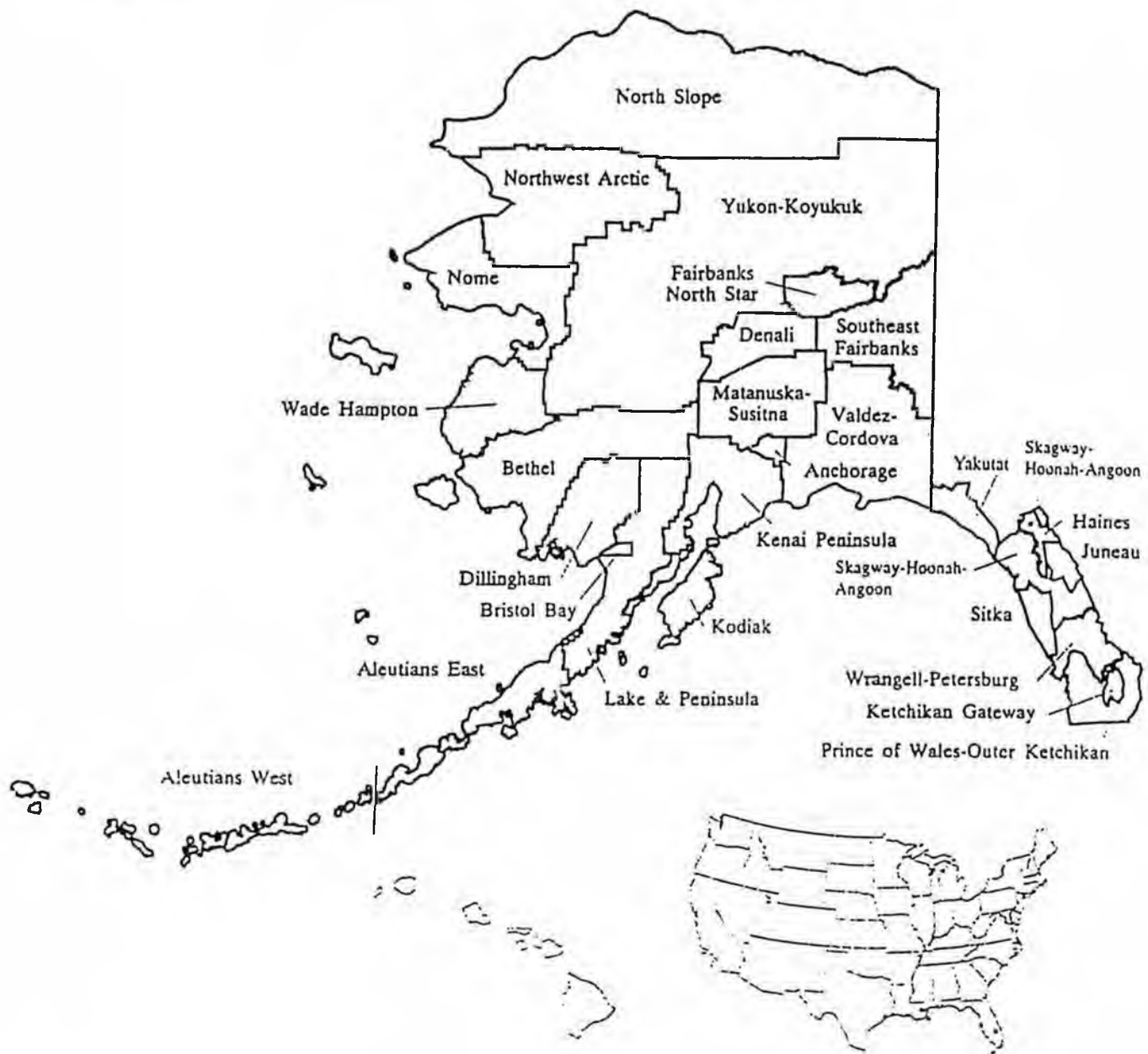
(b) PAYMENT IN LIEU OF TAXES.—Section 6902(a) of title 31, United States Code, is amended to read as follows:

(a)(1) Except as provided in paragraph (2), the Secretary of the Interior shall make a payment for each fiscal year to each unit of general local government in which entitlement land is located as set forth in this chapter. A unit of general local government may use the payment for any governmental purpose.

(2) For each unit of general local government described in section 6901(2)(A)(ii), the Secretary of the Interior shall make a payment for each fiscal year to the State of Alaska for entitlement land located within such unit as set forth in this chapter. The State of Alaska shall distribute such payment to home rule cities and general law cities (as such cities are defined by the State) located within the boundaries of the unit of general local government for which the payment was received. Such cities may use monies received under this paragraph for any governmental purpose."

FEDERAL LAW

# Alaska Boroughs and Census Areas

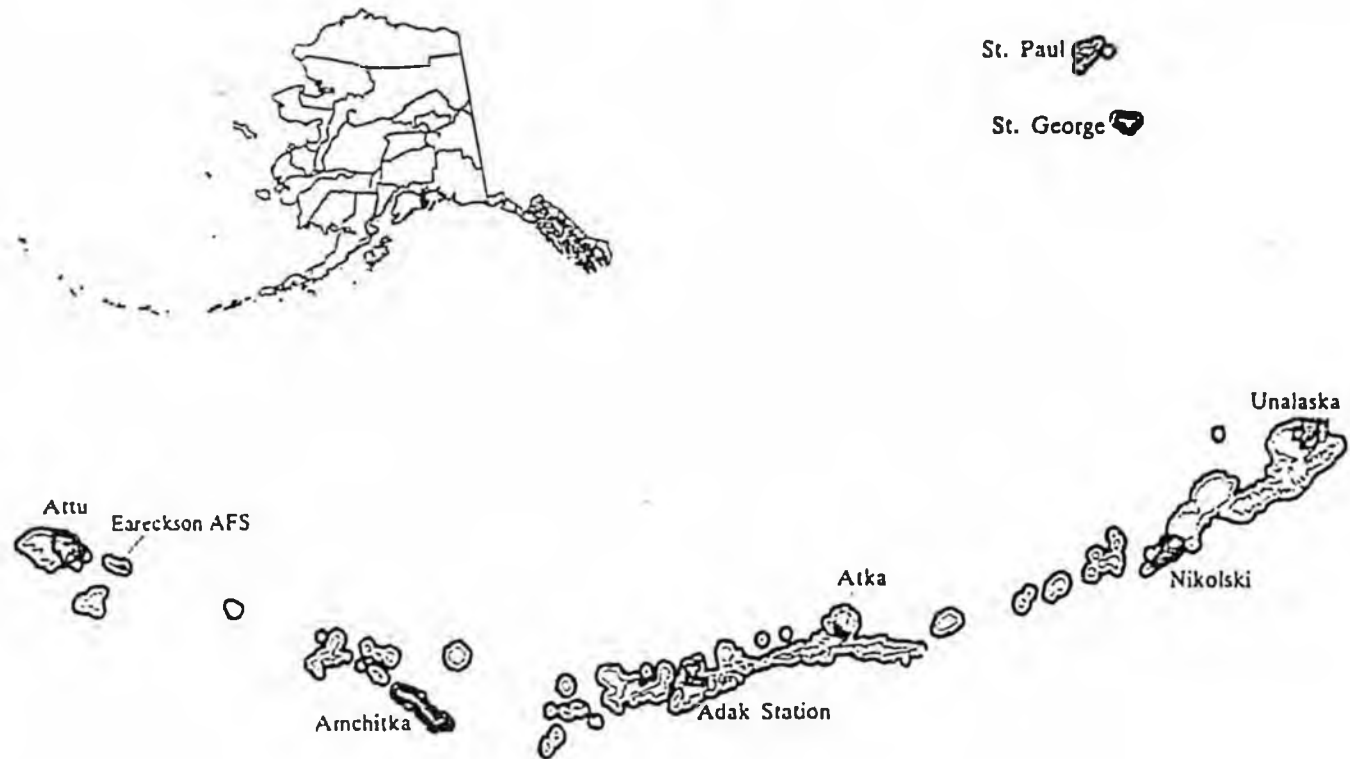


**Table 4.2**  
**Population of Places by Borough and Census Area 1990-1995**

Area Name	Year Incorporated	April 1, 1990	July 1, 1991	July 1, 1992	July 1, 1993	July 1, 1994	July 1, 1995
Alaska	1959	550,043	569,383	587,328	597,868	606,278	615,900

Source: Alaska Department of Labor, Research and Analysis Section, Demographics Unit.

# Aleutians West Census Area

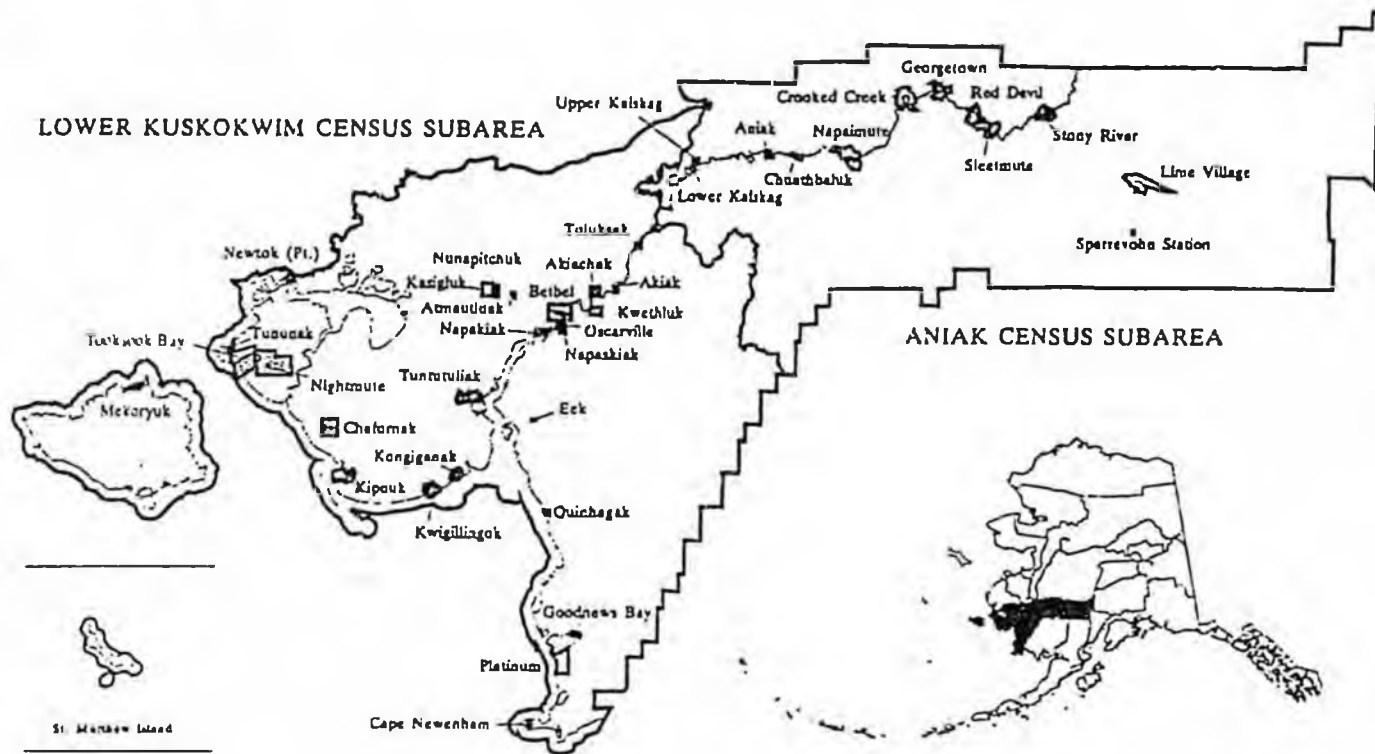


**Table 4.2**  
Population of Places by Borough and Census Area 1990-1995

Area Name	Year Incorporated	April 1, 1990	July 1, 1991	July 1, 1992	July 1, 1993	July 1, 1994	July 1, 1995
Aleutians West Census Area		9,478	9,668	9,781	9,404	5,934	6,086
Adak Station CDP		4,633	4,665	4,583	4,017	627	874
Amchitka CDP		25	88	15	15	0	0
Atka *		98	103	99	100	89	103
Atka city	1988	73	77	74	74	66	77
Attu CG Station		23	20	22	23	21	16
Eareckson AFS		664	542	513	534	275	48
Nikolski CDP *		35	35	38	32	27	27
St. George city *	1993	138	135	144	147	156	151
St. Paul city *	1971	763	680	711	702	756	767
Unalaska city *	1942	3,089	3,388	3,642	3,819	3,967	4,083
Remainder of Aleutians West census area		10	12	14	15	16	17

CDP-Census Designated Place \* Alaska Native Village Statistical Area  
Alaska Department of Labor, Research and Analysis Section, Demographics Unit.

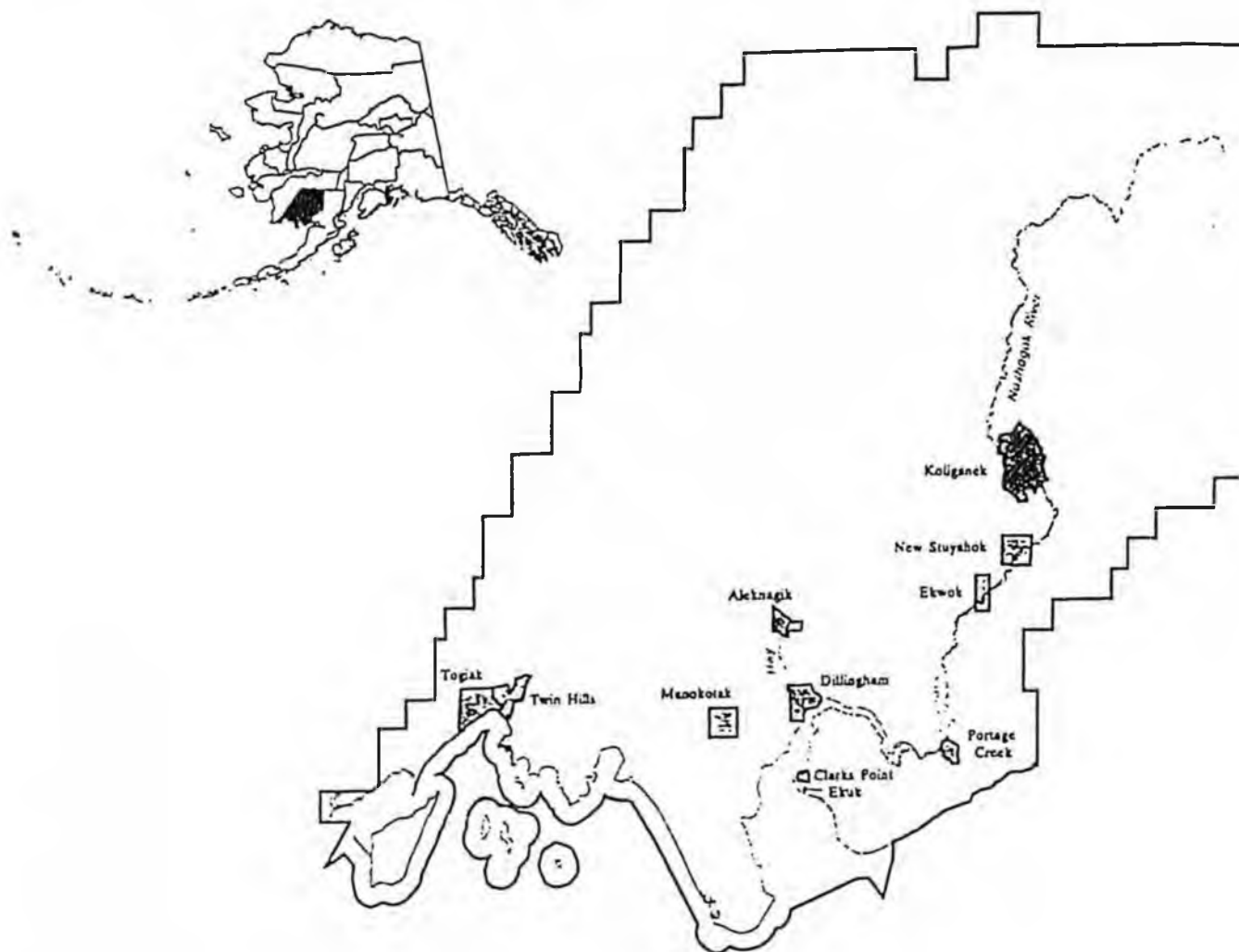
# Bethel Census Area



**Table 4.2**  
Population of Places by Borough and Census Area 1990-1995

Area Name	Year Incorporated	April 1, 1990	July 1, 1991	July 1, 1992	July 1, 1993	July 1, 1994	July 1, 1995
Bethel Census Area		13,656	14,008	14,275	14,533	15,014	15,367
Aniak census subarea		1,529	1,567	1,595	1,622	1,637	1,686
Aniak city *	1972	540	514	542	530	531	581
Chuathbaluk city *	1975	97	128	101	115	122	125
Crooked Creek CDP *		106	112	106	122	110	138
Georgetown *		0	0	0	0	0	0
Lime Village CDP *		42	49	45	49	56	61
Lower Kalskag city *	1969	291	307	315	301	314	308
Napaimute *		3	3	3	3	3	3
Red Devil CDP *		53	50	71	70	75	61
Sleetmute CDP *		106	100	103	117	116	116
Stony River CDP *		51	48	46	49	48	44
Upper Kalskag city (Kalskag *)	1975	172	198	202	205	201	184
Remainder of Aniak census subarea		68	58	61	61	61	65

# Dillingham Census Area



**Table 4.2**  
Population of Places by Borough and Census Area 1990-1995

Area Name	Year Incorporated	April 1, 1990	July 1, 1991	July 1, 1992	July 1, 1993	July 1, 1994	July 1, 1995
<b>Dillingham Census Area</b>		4,012	4,150	4,189	4,321	4,300	4,421
Aleknagik city *	1973	185	203	191	177	172	182
Clarks Point city *	1971	60	55	70	55	62	63
Dillingham city *	1963	2,017	2,125	2,113	2,186	2,173	2,243
Ekuk *		3	3	3	3	3	3
Ekwok city *	1974	77	76	78	95	89	86
Koliganek CDP *		181	191	192	196	206	208
Manokotak city *	1970	385	392	398	420	405	402
New Stuyahok city *	1972	391	387	406	413	421	421
Portage Creek *		5	5	5	6	6	6
Togiak city *	1969	613	610	637	669	660	700
Twin Hills CDP *		66	72	65	70	73	75
Remainder of Dillingham census subarea		29	31	31	31	30	32

CDP-Census Designated Place \* Alaska Native Village Statistical Area  
Source: Alaska Department of Labor, Research and Analysis Section, Demographics Unit.

# Nome Census Area

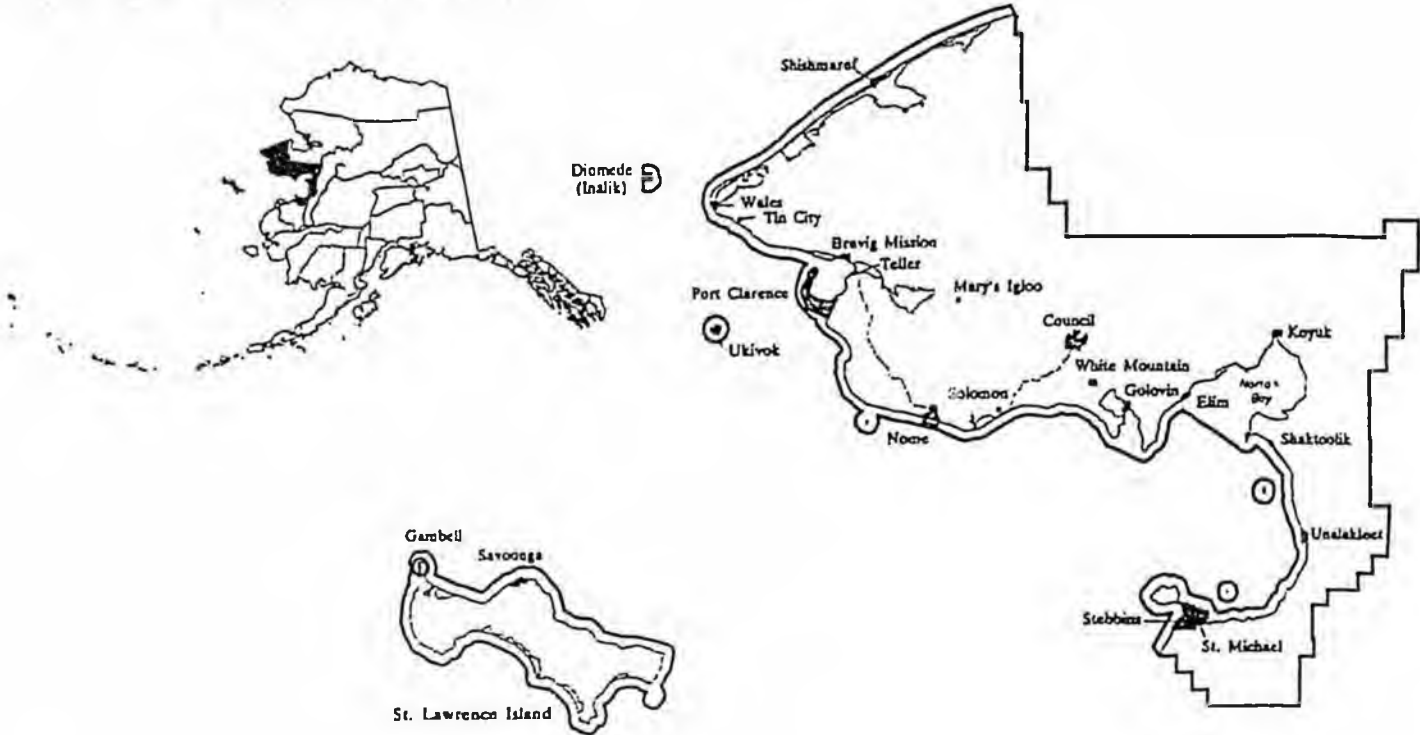
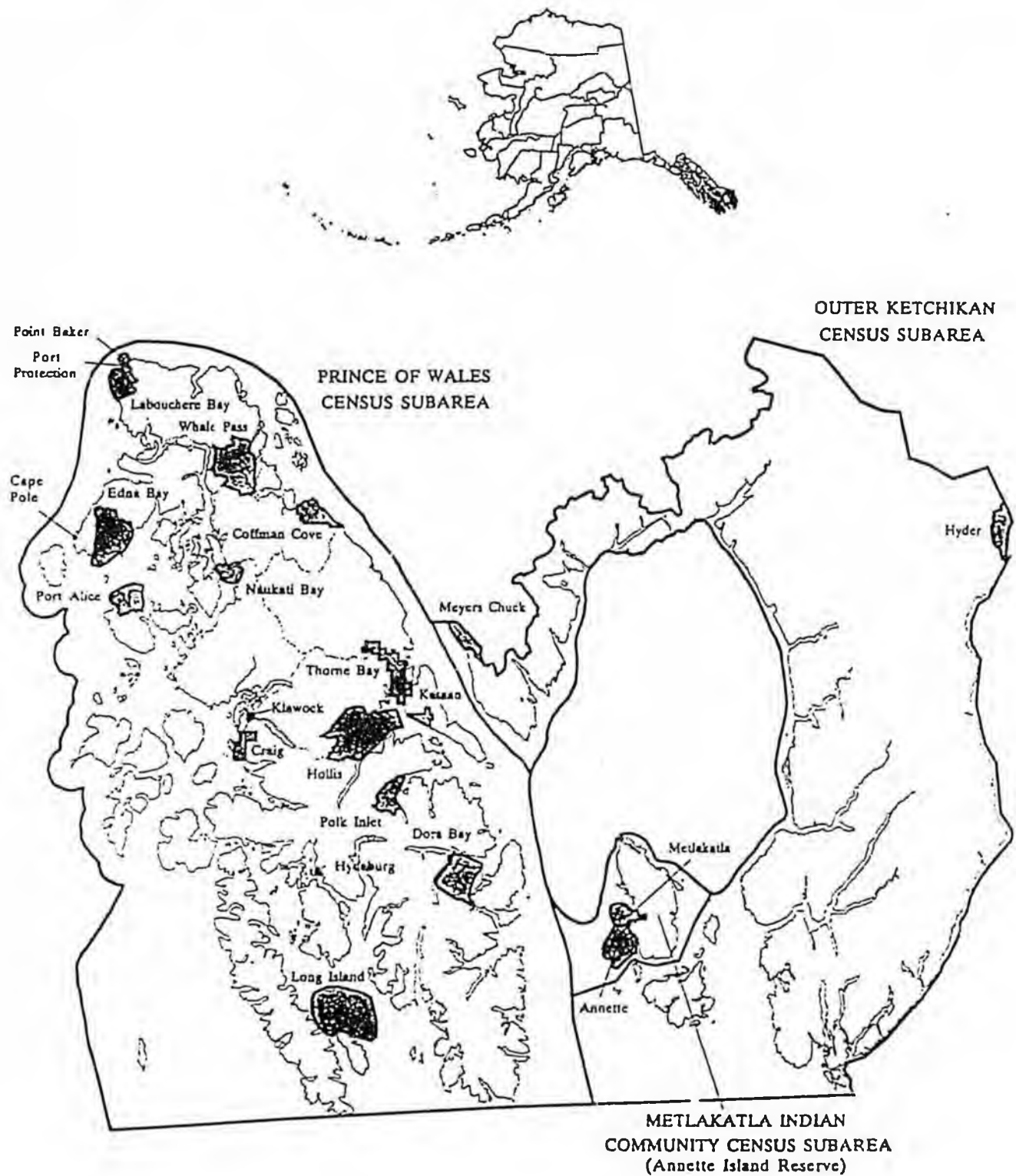


Table 4.2  
Population of Places by Borough and Census Area 1990-1995

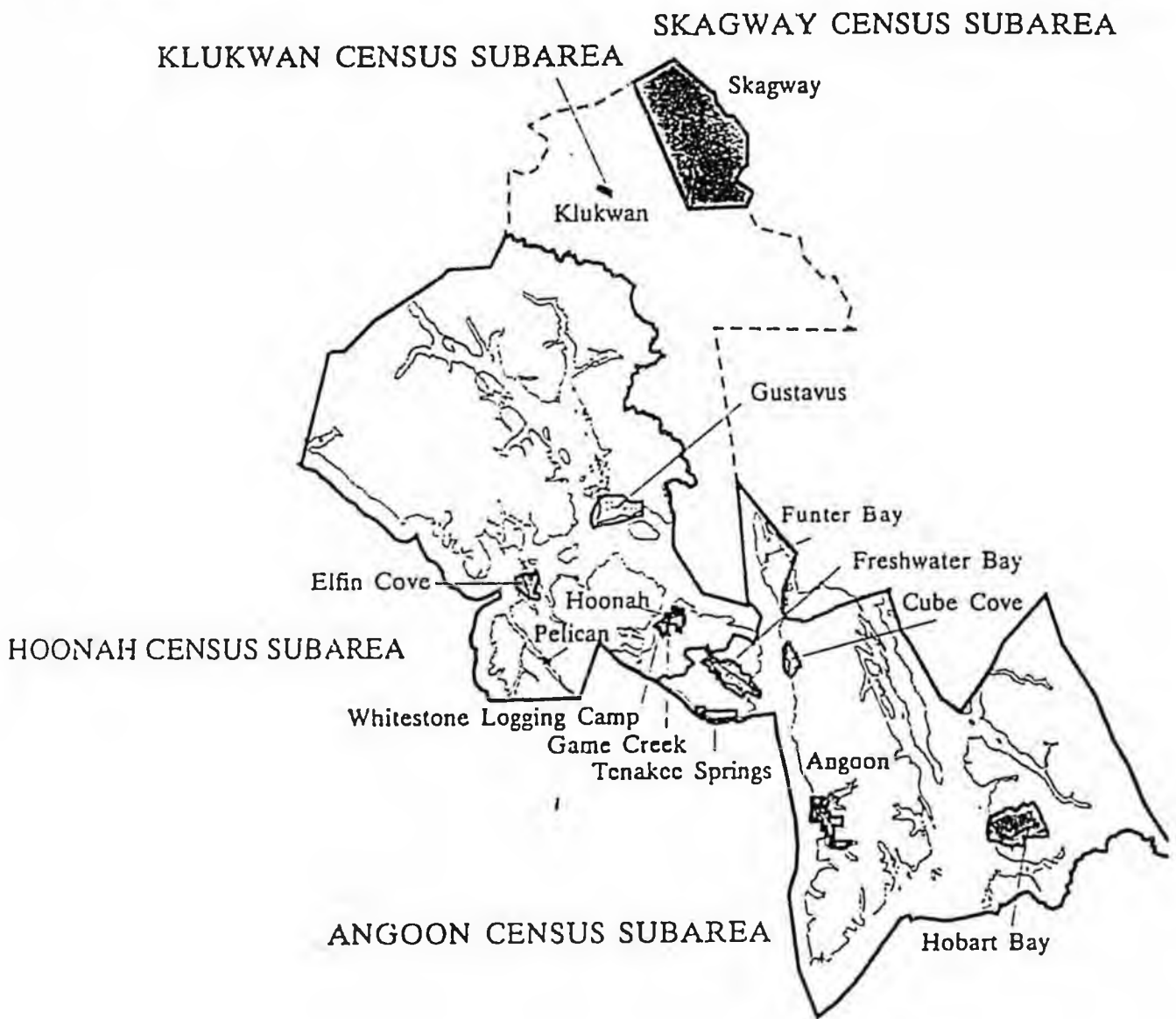
Area Name	Year Incorporated	April 1, 1990	July 1, 1991	July 1, 1992	July 1, 1993	July 1, 1994	July 1, 1995
<b>Nome Census Area</b>		8,288	8,544	8,807	8,849	8,933	8,991
Brevig Mission city *	1969	198	220	228	243	257	265
Council *		8	8	8	8	8	8
Diomedes city (Inalik *)	1970	178	176	181	178	169	154
Elim city *	1970	264	268	264	275	269	281
Gambell city *	1963	525	552	578	588	623	628
Golovin city *	1971	127	145	148	154	156	148
Koyuk city *	1970	231	248	271	284	265	258
Mary's Igloo *		0	0	0	0	0	0
Nome city	1901	3,500	3,556	3,652	3,598	3,564	3,576
Port Clarence CDP		26	23	28	28	23	24
St. Michael city *	1969	295	298	313	298	327	332
Savoonga city *	1969	519	544	562	574	578	604
Shaktoolik city *	1969	178	188	195	196	208	199
Shishmaref city *	1969	456	466	496	524	529	536
Solomon *		6	6	6	6	6	6
Stebbins city *	1969	400	435	453	459	464	475
Teller city *	1963	232	256	263	267	260	274
Ukivok *		0	0	0	0	0	0
Unalakleet city *	1974	714	728	744	746	781	764
Wales city *	1964	161	158	152	157	158	173
White Mountain city *	1969	180	180	175	178	204	209
Remainder of Nome census subarea		90	89	90	88	84	77

CDP-Census Designated Place \* Alaska Native Village Statistical Area  
Source: Alaska Department of Labor, Research and Analysis Section, Demographics Unit.

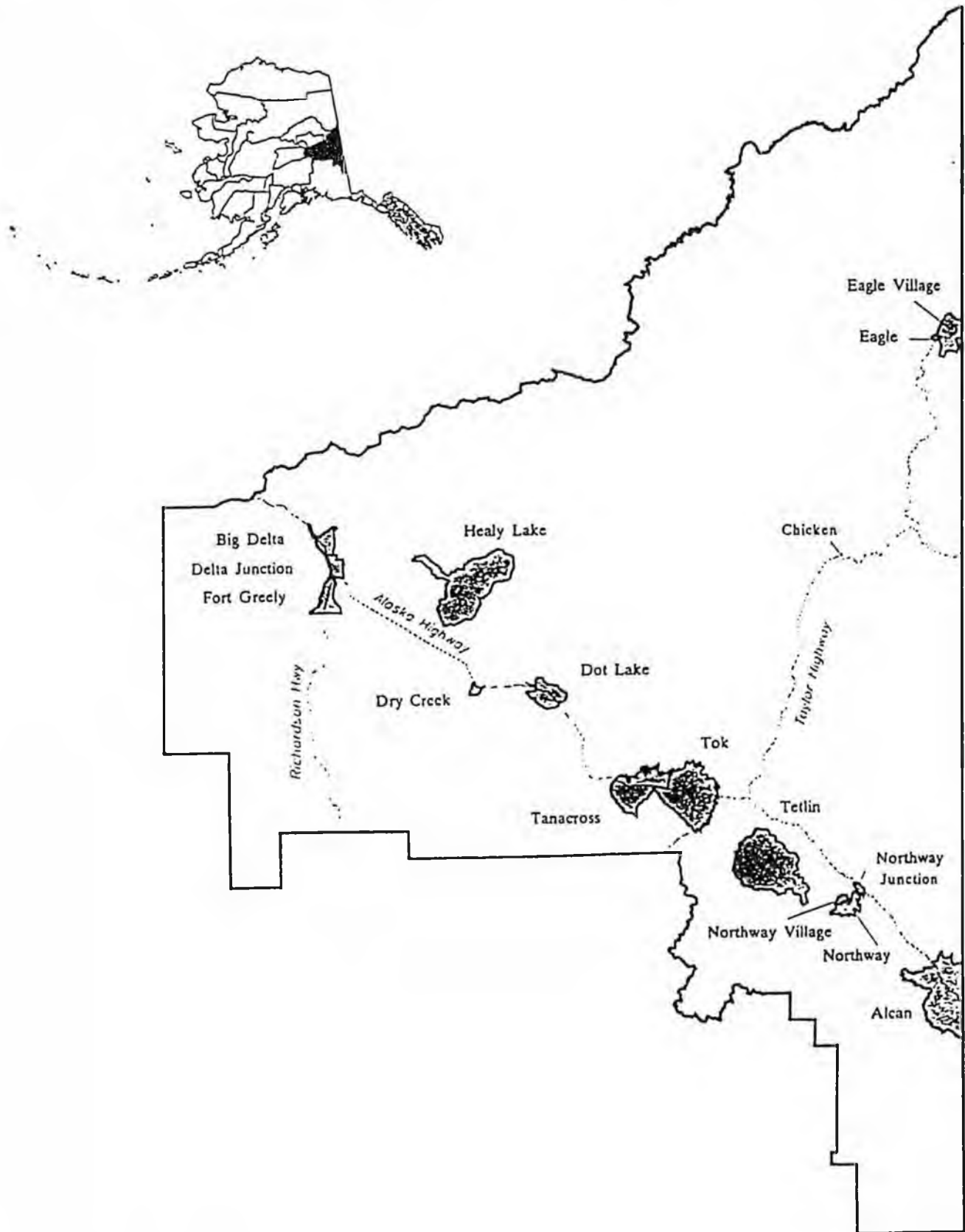
# Prince of Wales-Outer Ketchikan Census Area



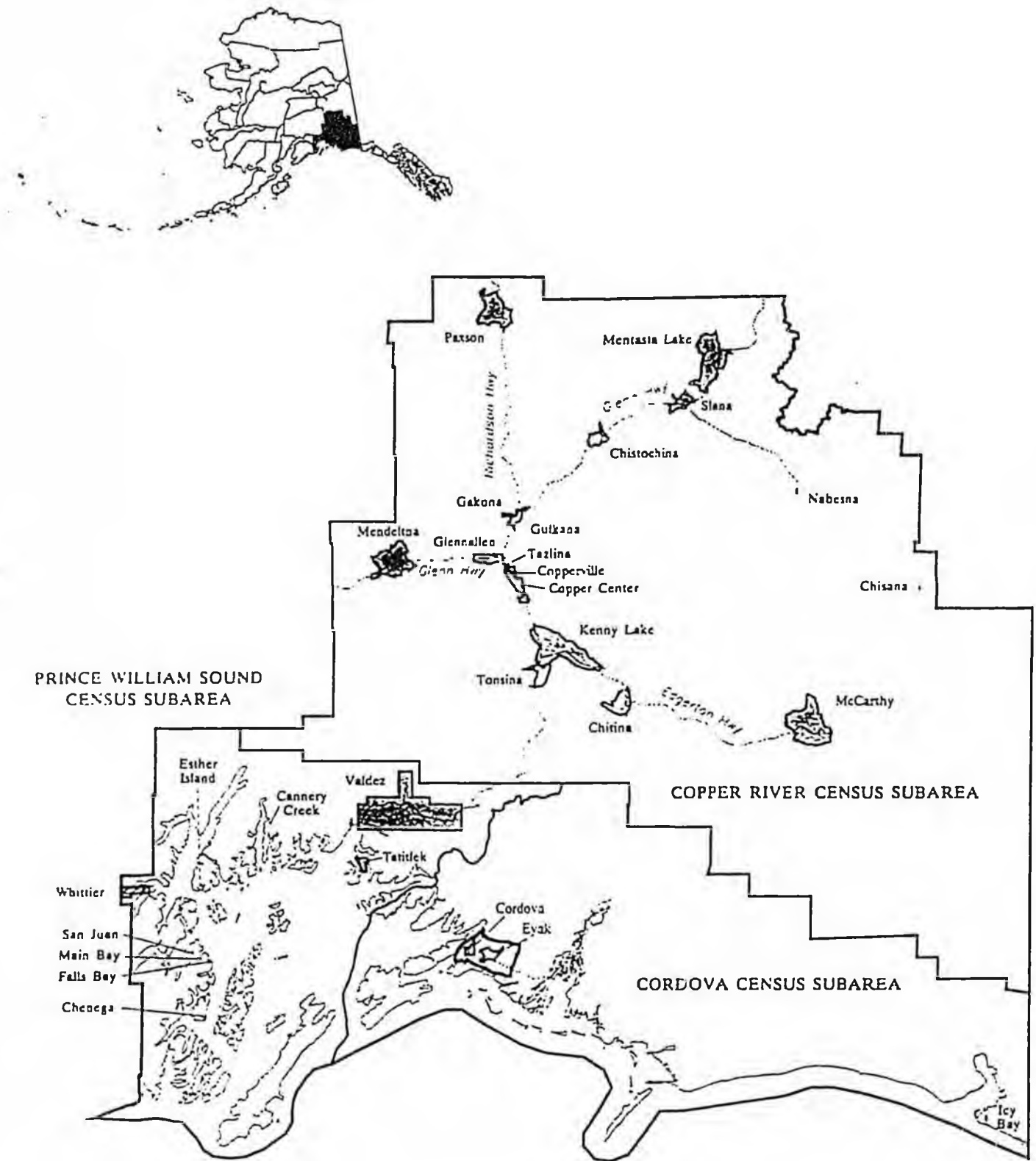
# Skagway-Hoonah-Angoon Census Area



# Southeast Fairbanks Census Area



# Valdez-Cordova Census Area



# Wade Hampton Census Area



# Wrangell-Petersburg Census Area

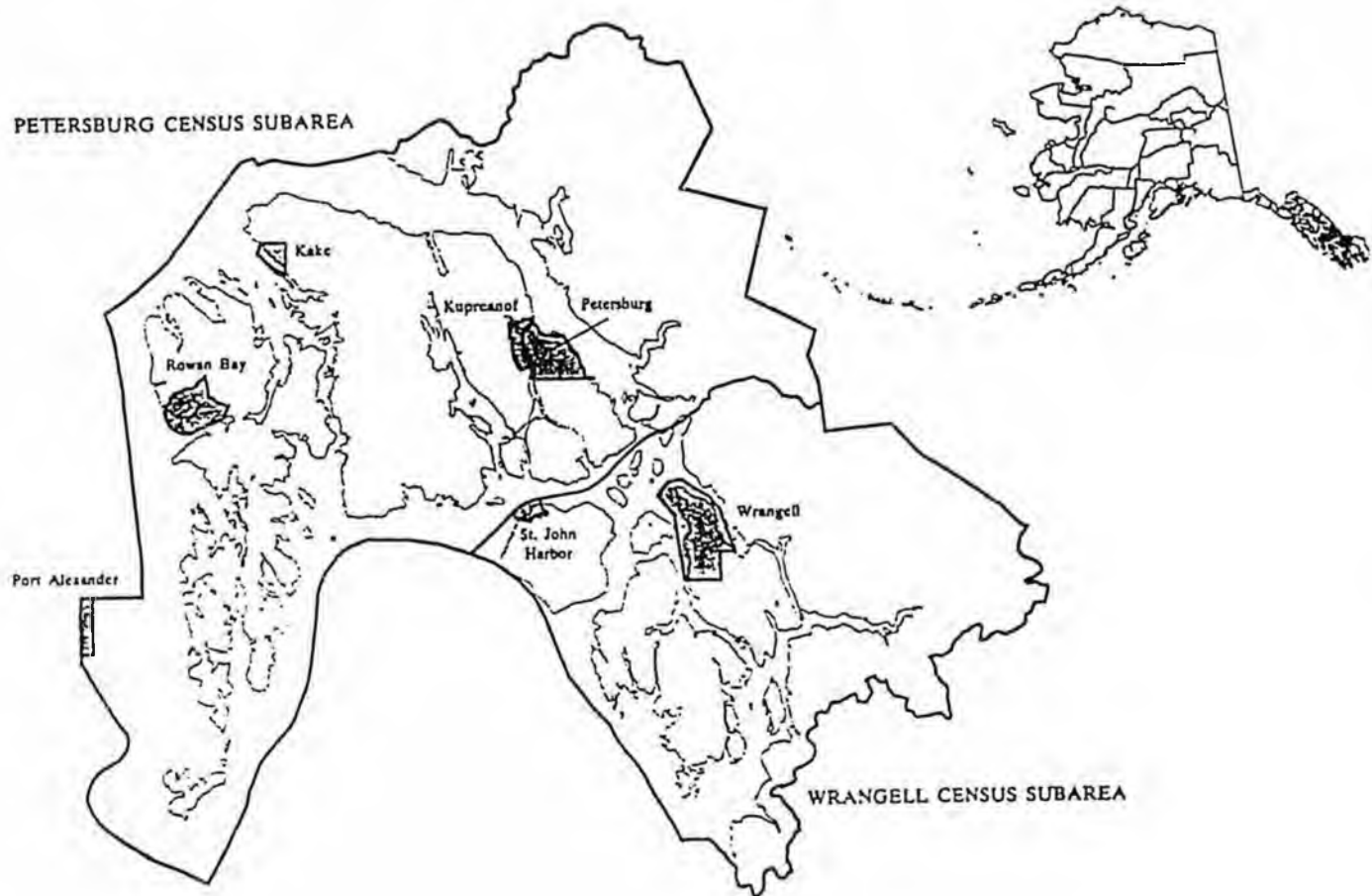


Table 4.2  
Population of Places by Borough and Census Area 1990-1995

Area Name	Year Incorporated	April 1, 1990	July 1, 1991	July 1, 1992	July 1, 1993	July 1, 1994	July 1, 1995
Wrangell-Petersburg Census Area		7,042	7,200	7,297	7,272	7,221	7,303
Petersburg census subarea		4,407	4,509	4,509	4,497	4,384	4,451
Kake city *	1952	700	713	724	725	684	696
Kupreanof city	1975	23	24	24	24	24	24
Petersburg city	1910	3,207	3,293	3,292	3,297	3,271	3,350
Port Alexander city	1974	119	115	115	113	103	98
Rowan Bay CDP		133	137	126	110	79	55
Remainder of Petersburg census subarea		225	227	228	228	223	228
Wrangell census subarea		2,635	2,691	2,788	2,775	2,837	2,852
St. John Harbor CDP		69	0	0	0	0	0
Wrangell city	1903	2,479	2,602	2,696	2,683	2,744	2,756
Remainder of Wrangell census subarea		87	89	92	92	93	94

CDP-Census Designated Place \* Alaska Native Village Statistical Area  
Source: Alaska Department of Labor, Research and Analysis Section, Demographics Unit.

# Yukon-Koyukuk Census Area

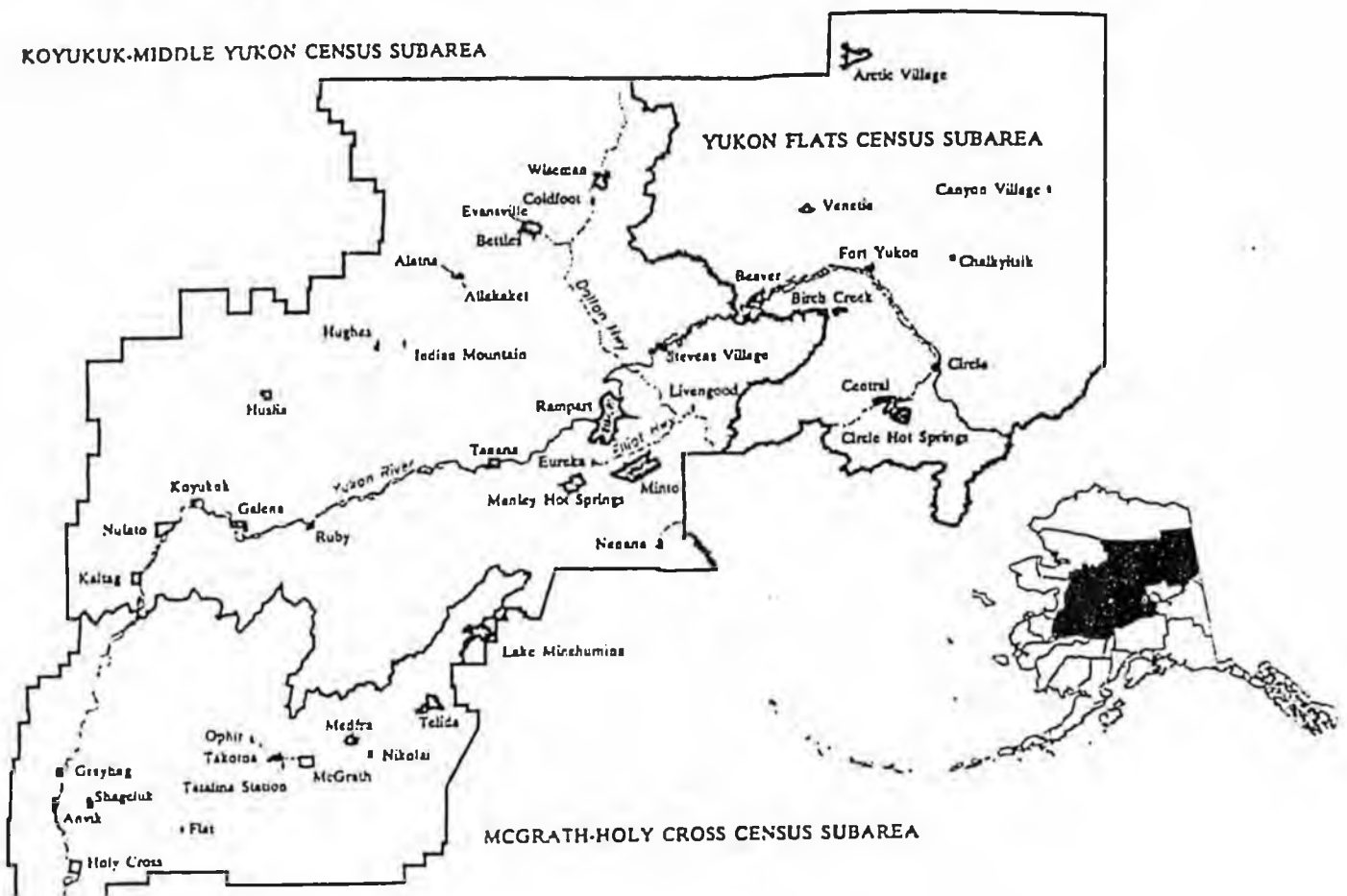


Table 4.2  
Population of Places by Borough and Census Area 1990-1995

Area Name	Year Incorporated	April 1, 1990	July 1, 1991	July 1, 1992	July 1, 1993	July 1, 1994	July 1, 1995
<b>Yukon-Koyukuk Census Area</b>		6,714	6,693	6,794	6,689	6,529	6,516
<b>Koyukuk-Middle Yukon census subarea</b>		3,928	3,886	3,922	3,843	3,693	3,597
Allakaket city	1975	170	171	171	171	171	147
Alatna *		31	31	31	31	31	31
Allakaket *		140	140	140	140	140	116
Evansville*		69	54	49	48	59	64
Bettles city	1985	36	28	26	25	31	34
Evansville CDP		33	26	23	23	28	30
Galena city *	1971	833	852	838	711	520	527
Hughes city *	1973	54	51	61	59	61	62
Huslia city *	1969	207	198	207	220	244	255
Kaltag city *	1969	240	238	258	245	247	234
Koyukuk city *	1973	126	123	123	124	141	125
Lake Minchumina CDP *		32	31	23	32	37	36

P007/012

**PAGE THREE  
PILT ENTITLEMENT**

	A	B	C	D	E	F	G
Calculations for Payments in Lieu of Taxes							
	"Unorganized Borough" (Census Area)	Total Census Area Acres	Eligible Federal Acres	Population	POP \$ Rate	Prior Year Pay	Ceiling \$ NTE Cap (D*B)
1	Alcutians West	2,817,344		9,478	35		\$350,000
2	Bethel	26,295,936		13,656	31		434,000
3	Dillingham	11,818,816		4,012	50		200,600
4	Nome	14,728,064		8,288	41		328,000
5	Prince of Wales-Outer Ketchikan	4,687,680		6,278	47		282,000
6	Stagway-Yukutat-Angoon	8,243,584		4,385	50		219,250
7	Southeast Fairbanks	16,636,224		5,913	47		282,000
8	Valdez-Cordova	23,645,056		9,952	35		350,000
9	Wade Hampton	10,959,424		5,791	47		282,000
10	Wrangell-Petersburg	3,717,440		7,042	44		308,000
11	Yukon-Koyukuk	100,557,632		8,478	38		342,000
	Totals	224,107,250		83,273			\$3,377,850

**Reference:**

U.S. Department of Commerce, Economic and Statistics Administration, Bureau of the Census; 1990 Census of Population and Housing, Population and Housing Unit Counts - Alaska; 1990 CPH-2-3; Land Area, Population, and Housing Units: 1990, Table 4; Issued March 1993

Alaska Department of Labor, Research & Analysis Section, Demographic Unit; Alaska Population Overview - 1991 Estimates; Population and Group Quarters for Boroughs and Census Areas by Labor Market Regions: 1990, 1991; Table 2.2

**Explanation of Table:**

Column A - Unorganized Borough. Name and geographic boundaries provided by the Bureau of the Census. Eleven units listed on the above table are recognized as official census areas.

Column B - Total Census Area Acres. The number represents the total acres within the census area unit. The acreage has been derived from the square mile figures provided by the Bureau of the Census.

Column C - Eligible Federal Acres. This column has not been developed because it would require a detailed township by township analysis, which would not be essential except to implement the legislation.

Column D - Population. Bureau of the Census statistic for 1990 population in census units.

Column E - Population Dollar Rate. Allowable rate for calculating entitlement payments based upon population. This rate is established by 31 U.S.C. § 6903, (P.L. 94-565).

Column G - Ceiling Dollars, Not to Exceed Cap. This figure is the product of the census area population and the allowable population dollar rate (column D x column E). According to the statute, no entitlement payment can exceed the rate determined by this cap on payments.

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Potential PILT Payments  
ESTIMATES ONLY!!

Census Area	City	1995 DCRA Pop	Proportion of Census Area Pop	PILT Payment
Aleutians West	Atka	97	1.89%	\$6,602.49
	Saint George	195	3.79%	\$13,273.05
	Saint Paul	767	14.92%	\$52,207.31
	Unalaska	4,083	79.40%	\$277,917.15
		5,142	100%	\$350,000.00
Bethel	Akiak	320	2.91%	\$12,615.13
	Aniak	581	5.28%	\$22,904.35
	Bethel	5,195	47.19%	\$204,798.80
	Chefornak	371	3.37%	\$14,625.67
	Chuathbaluk	125	1.14%	\$4,927.79
	Eek	283	2.57%	\$11,156.51
	Goodnews Bay	254	2.31%	\$10,013.26
	Kwethluk	688	6.25%	\$27,122.54
	Lower Kalskag	308	2.80%	\$12,142.07
	Mekoryuk	212	1.93%	\$8,357.53
	Napakiak	326	2.96%	\$12,851.67
	Napaskiak	404	3.67%	\$15,926.61
	Nightmute	189	1.72%	\$7,450.81
	Nunapitchuk	456	4.14%	\$17,976.56
	Platinum	44	0.40%	\$1,734.58
	Quinhagak	549	4.99%	\$21,642.84
Toksook Bay	520	4.72%	\$20,499.59	
Upper Kalskag	184	1.67%	\$7,253.70	
		11,009	100%	\$434,000.00
Dillingham	Aleknagik	182	4.38%	\$8,780.47
	Clark's Point	63	1.52%	\$3,039.39
	Dillingham	2,243	53.94%	\$108,212.07
	Ekwok	102	2.45%	\$4,920.92
	Manokotak	402	9.67%	\$19,394.23
	New Stuyahok	421	10.13%	\$20,310.87
	Togiak	745	17.92%	\$35,942.04
		4,158	100%	\$200,600.00

Potential PILT Payments  
ESTIMATES ONLY!!

Census Area	City	1995 DCRA Pop	Proportion of Census Area Pop	PILT Payment
Nome	Brevig Mission	265	2.84%	\$9,324.18
	Diomedede	154	1.65%	\$5,418.58
	Elim	281	3.01%	\$9,887.15
	Gambell	628	6.74%	\$22,096.55
	Golovin	156	1.67%	\$5,488.35
	Koyuk	279	2.99%	\$9,816.78
	Nome	3,984	42.74%	\$140,179.36
	Saint Michael	341	3.66%	\$11,998.28
	Savoonga	604	6.48%	\$21,252.09
	Shaktoolik	199	2.13%	\$7,001.93
	Shishmaref	536	5.75%	\$18,859.47
	Stebbins	475	5.10%	\$16,713.15
	Teller	274	2.94%	\$9,640.85
	Unalakleet	764	8.20%	\$26,881.79
	Wales	173	1.86%	\$6,087.11
White Mountain	209	2.24%	\$7,353.79	
		9,322	100%	\$328,000.00
Prince of Wales	Coffman Cove	254	6.26%	\$17,659.76
	Craig	1,946	47.98%	\$135,298.82
	Hydaburg	406	10.01%	\$28,227.81
	Kasaan	41	1.01%	\$2,850.59
	Klawock	759	18.71%	\$52,770.71
	Thorne Bay	650	16.03%	\$45,192.31
		4,056	100%	\$282,000.00
Skagway/Yakutat	Angoon	601	22.81%	\$50,007.31
	Hoonah	903	34.27%	\$75,135.77
	Pelican	209	7.93%	\$17,390.23
	Skagway	811	30.78%	\$67,480.74
	Tenakee Springs	111	4.21%	\$9,235.96
		2,635	100%	\$219,250.00
Southeast Fairbanks	Delta Junction	828	85.01%	\$239,728.95
	Eagle	146	14.99%	\$42,271.05
		974	100%	\$282,000.00
Valdez/Cordova	Cordova	2,568	35.08%	\$122,770.11
	Valdez	4,469	61.04%	\$213,652.51
	Whittier	284	3.88%	\$13,577.38
		7,321	100%	\$350,000.00

Potential PILT Payments  
ESTIMATES ONLY!!

CENSUS Area	City	1995 DCRA Pop	Proportion of Census Area Pop	PILT Payment
Wade Hampton	Alakanuk	604	9.23%	\$26,036.07
	Chevak	682	10.42%	\$29,398.35
	Emmonak	762	11.65%	\$32,846.84
	Hooper Bay	996	15.22%	\$42,933.66
	Kotlik	548	8.38%	\$23,622.13
	Marshall	298	4.56%	\$12,845.61
	Mountain Village	758	11.59%	\$32,674.41
	Pilot Station	523	7.99%	\$22,544.48
	Russian Mission	295	4.51%	\$12,716.29
	Saint Mary's	479	7.32%	\$20,647.81
	Scammon Bay	434	6.63%	\$18,708.04
	Sheldon Point	163	2.49%	\$7,026.29
		6,542	100%	\$282,000.00
Wrangell/Petersburg	Kake	696	10.03%	\$30,897.67
	Kupreanof	24	0.35%	\$1,065.44
	Petersburg	3,350	48.28%	\$148,717.21
	Port Alexander	110	1.59%	\$4,883.25
	Wrangell	2,758	39.75%	\$122,436.44
		6,938	100%	\$308,000.00
Yukon Koyukuk	Allakaket	187	3.83%	\$13,102.64
	Anvik	96	1.97%	\$6,726.49
	Bettles	34	0.70%	\$2,382.30
	Fort Yukon	663	13.58%	\$46,454.82
	Galena	527	10.80%	\$36,925.63
	Grayling	212	4.34%	\$14,854.33
	Holy Cross	289	5.92%	\$20,249.54
	Hughes	78	1.60%	\$5,465.27
	Huslia	255	5.22%	\$17,867.24
	Kaltag	257	5.27%	\$18,007.38
	Koyukuk	125	2.56%	\$8,758.45
	McGrath	479	9.81%	\$33,562.38
	Nenana	490	10.04%	\$34,333.13
	Nikolai	125	2.56%	\$8,758.45
	Nulato	359	7.36%	\$25,154.27
	Ruby	210	4.30%	\$14,714.20
	Shageluk	144	2.95%	\$10,089.74
	Tanana	351	7.19%	\$24,593.73
			4,881	100%
TOTAL PILT PAYMENTS				\$3,377,850.00

HOUSE BILL NO. *86*

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE IVAN, *Foster*

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the payments in lieu of taxes program for cities in the  
2 unorganized borough; and providing for an effective date."

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

4 \* Section 1. AS 29.10.200 is amended by adding a new paragraph to read:

5 (54) AS 29.60.710(c) (payments in lieu of taxes).

6 \* Sec. 2. AS 29.60 is amended by adding new sections to read:

7 Article 9. Payments in Lieu of Taxes for Cities in the Unorganized Borough.

8 Sec. 29.60.700. Payments in lieu of taxes program. The payments in lieu  
9 of taxes program for cities in the unorganized borough is established in the department.  
10 Payments received by the state from the federal government under 31 U.S.C. 6901 -  
11 6903 (Payments in Lieu of Taxes Act) for federally designated areas in the  
12 unorganized borough and appropriated for the program shall be fully distributed  
13 annually by the department to eligible home rule and general law cities located in the  
14 unorganized borough.

1           **Sec. 29.60.710. Distribution of payments.** (a) Subject to appropriation, each  
2 payment received by the state under 31 U.S.C. 6901 - 6903 for a federally designated  
3 area in the unorganized borough shall be distributed by the department to each eligible  
4 home rule and general law city located in that area on the basis of population. The  
5 population of a city for the purpose of this subsection shall be the population certified  
6 by the commissioner during the state fiscal year immediately preceding the state fiscal  
7 year in which the payment is made.

8           (b) Distributions under this section shall be made by the department on  
9 November 1 of the state fiscal year in which the department receives the payment for  
10 a federally designated area.

11           (c) A distribution received by a city under this section may be used for any  
12 purpose authorized by federal law for which the city otherwise has the power to  
13 expend funds. This subsection applies to home rule and general law cities.

14           **Sec. 29.60.720. Eligibility for distributions.** A city in the unorganized  
15 borough is eligible for a distribution under AS 29.60.710 if

16           (1) the city was incorporated before October 1 of the state fiscal year  
17 in which the distribution is requested by the city;

18           (2) the city has submitted a resolution to the department that requests  
19 the distribution and verifies that

20           (A) the city has conducted a regular election during the state  
21 fiscal year preceding the state fiscal year in which the distribution is requested  
22 and has reported the results of the election to the commissioner;

23           (B) regular meetings of the governing body are held in the city  
24 and a record of the proceedings is maintained; and

25           (C) local ordinances adopted by the city have been codified in  
26 accordance with AS 29.25.050;

27           (3) the city has adopted and submitted to the department a municipal  
28 budget for the city's fiscal year in which the distribution is requested;

29           (4) for a home rule or first class city, the city has filed with the  
30 department a copy of the city's audit for the city's fiscal year immediately preceding  
31 the city's fiscal year in which the distribution is requested; and

1 (5) for a second class city, the city has filed with the department a copy  
2 of the city's audit or statement of annual income and expenditures for the city's fiscal  
3 year immediately preceding the city's fiscal year in which the distribution is requested.

4 **Sec. 29.60.750. Definition.** In AS 29.60.700 - 29.60.750, "unorganized  
5 borough" means the areas of the state established in AS 29.03.010.

6 \* **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).

CHAPTER 69, 31 UNITED STATES CODE  
PAYMENTS IN LIEU OF TAXES ACT  
31 U.S.C. 6901-6907

This paper briefly discusses the Payments in Lieu of Taxes Act of 1976, as amended. It describes eligibility for "in-lieu" payments, gives examples of how the payments are computed, and summarizes "entitlement" acres.

The Act authorizes the Secretary of the Interior to make two types of annual payments to eligible units of local government. The Secretary has delegated the responsibility for administering the Act to the Bureau of Land Management.

In October of 1976, Congress passed Public Law 94-565, commonly referred to as the "Payments in Lieu of Taxes Act". This Act provides for payments to local units of government containing certain federally-owned lands. These payments are designed to supplement other Federal land receipt sharing payments local governments may be receiving. Payments received under the Act may be used by the recipients for any governmental purpose. The Act was amended in September, 1982 and recodified at Chapter 69, 31 U.S.C.

On July 30, 1983, the PILT Act (31 U.S.C.) was amended by P.L. 98-63 which refined the definition of "unit of general local government" and added a new section (31 U.S.C 6907) that authorized State governments to enact legislation to reallocate PILT payments in whole or in part to other smaller units of general purpose government. The amendment further provides that where States Enact such legislation, the PILT funds would be paid to State governments for redistribution to the appropriate unit of general local government. The State of Wisconsin is presently the only State to enact legislation (Wisconsin Act 470) under section 6907.

On October 22, 1994, the PILT Act (31 U.S.C.) was amended by P.L. 103-397 which called for increases to the \$.75/\$.10 variables used to compute section 6902 payments and to the population table used to determine each unit of local governments population ceiling. The increases will begin October 1, 1994 and will continue to be made on an annual basis thereafter. A more detailed understanding of the changes implemented by P.L. 103-397 may be found by reviewing the law itself which is contained in Enclosure 8.

I. Section 6902 "Entitlement Land" Payments

Section 6902 authorizes payments to local units of government (generally counties, or the equivalent) under one of two alternatives, based on the number of acres of "entitlement lands" within the county. "Entitlement lands" consist of lands in the National Forest System and the National Park System, lands administered by the Bureau of Land Management, and lands dedicated to

the use of Federal water resource development projects. Also included are dredge disposal areas under the jurisdiction of the Army Corps of Engineers, National Wildlife Reserve Areas withdrawn from the public domain, inactive and semi-active Army installations used for non-industrial purposes, and certain lands donated to the United States Government by State and local governments. The Act specifically prohibits payments for tax exempt lands (but not donated lands) acquired from State or local governments.

The 75 cents for each acre of entitlement land provision is amended to 93 cents during fiscal year 1995, \$1.11 during fiscal year 1996, \$1.29 during fiscal year 1997, \$1.47 during fiscal year 1998, and \$1.65 during fiscal year 1999.

The 10 cents for each acre of entitlement land provision is amended to 12 cents during fiscal year 1995, 15 cents during fiscal year 1996, 17 cents during fiscal year 1997, 20 cents during fiscal year 1998, and 22 cents during fiscal year 1999.

The increase in population cap dollar amount during fiscal year 1994 will change from \$50 if population is less than or equal to 5,000 to \$62, \$74 during fiscal year 1996, \$86 during fiscal year 1997, \$98 during fiscal year 1998 and \$110 during fiscal year 1999.

Beginning in Fiscal Year 1996 all of the variables mentioned above and the population cap dollar amounts will be adjusted for inflation on an annual basis.

#### Fiscal Year 1995 Entitlement Land Payment Formula

The amount be paid to each unit of general local government is the higher of:

A. Ninety-three cents for each acre of "entitlement land" within the boundaries of the unit of government, reduced by the amount of certain Federal land payments (See Table 1) that were received by the unit of government in the preceding fiscal year. 1/

-OR-

B. Twelve cents for each acre of "entitlement land" within the unit of government. Here, no deductions are made for the Federal land payments received by the unit of government in the preceding fiscal year.

Entitlement land payments to each unit of general local government are subject to population payment limitations or ceilings. Payment ceilings are based on a sliding scale, starting at \$62 per capita (for population under 5,000) and rising to a maximum of \$1,237,500 (Table 2). Under Alternative A, if the total calculated payment (93 cents x entitlement acres) exceeds the ceiling, deductions for other Federal land payments received are made from the ceiling, not from the 93 cents per acre figure.

The following examples show how the section 1 payment is computed.

Example 1 - Payment Alternative A Greater than B:

Population limitation (19,000 x \$34.50)	<u>\$655,500</u>
A. 88,442 acres x 93 cents per acre	82,251
Deduction for prior year payments	<u>-36,435</u>
Payment to county - Alternative A	<u>\$45,816</u>
B. 88,442 acres x 12 cents per acre	<u>\$10,613</u>
No deduction under this alternative	<u>- 0</u>
Payment to county - Alternative B	<u>\$10,613</u>

In this case, \$45,816 would be the payment to the county. If the population limitation had been \$50,000, the payment calculated under Alternative A would be \$13,565 (\$50,000 - \$36,435).

\* \* \* \* \*

1/ Only the amount of Federal land payments actually received by units of government in the prior fiscal year are deducted. If a unit of government receives a Federal land payment, but is required by State law to pass all or part of this payment to financially and politically independent school districts, or other single or special purpose district, such redistributed payments are considered to have not been received by the unit of local government and are not deducted from the section 1 in-lieu payment. The amounts to be deducted are reported to the Bureau of Land Management each year by the Governor of each State or his delegate.

Example 2 - Payment Alternative B greater than A:

Population limitation (12,000 x \$41)	<u>\$492,000</u>
A. 81,391 acres x 93 cents per acre	75,694
Deduction for prior year payments	<u>-82,792</u>
Payment to county - Alternative A	<u>\$ 0</u>
B. 81,391 acres x 12 cents per acre	\$9,767
No deduction under this alternative	<u>- 0</u>
Payment to county - Alternative B	<u>\$9,767</u>

In this case, \$9,767 would be the payment to the county.

Example 3 - ceiling in effect - payment limited to population ceiling:

Population limitation (3,000 x \$62)	<u>\$186,000</u>
A. 1,700,000 acra x 93 cents per acre	<u>\$1,581,000</u>
Population ceiling limit	186,000
Deduction for prior year payments	<u>-750,000</u>
Payment to county - Alternative A	\$ <u>0</u>
B. 1,700,000 acres x 12 cents per acre	<u>\$204,000</u>
No deduction under this alternative	<u>0</u>
Payment to county - Alternative B	<u>\$204,000</u>
Payment to county - allowed by ceiling	<u>\$186,000</u>

In the case of this county with high Federal land ownership and a small population, the ceiling is applied to both alternatives with that ceiling amount being paid to the county under Alternative B.

## II. Section 6904 Payments

Section 6904 of the Act authorizes payments for any lands or interest therein which were acquired after December 31, 1970, as additions to the National Park System or National Forest Wilderness Areas. These lands must have been subject to local real property taxes within the five year period preceding the acquisition by the Federal government. Payments under this section are made in addition to payments under section 1. They are based on 1% of the fair market value of the lands at the time of acquisition, but may not exceed the amount of real property taxes assessed and levied on the property during the last full fiscal year before the fiscal year in which acquired. Section 6904 payments for each acquisition are to be made annually for five years following each acquisition.

Federal payments of \$100 or more made under section 6904 must be distributed by the recipient unit of local government to those units of local government and affected school districts which have incurred losses of real property taxes due to the acquisition of these lands or interests therein. Distribution shall be in proportion to the tax revenues assessed and levied by the affected units of local governments and school districts in the year prior to the acquisition of these lands by the Federal government.

### III. Section 6905 Payments

Section 6905 of the Act authorizes payments for any lands or interest in land owned by the Government in the Redwood National Park or acquired in the Lake Tahoe Basin under the Act December 23, 1980 (P.L. 96-586, 94 Stat. 3383). Section 6905 payments will continue beyond the five year limitation. These payments will continue until the total amount paid equals 5% of the fair market value of the lands at the time of acquisition. However, the payment for each year cannot exceed the actual property taxes assessed and levied on the property during the last full fiscal year before the fiscal year in which the property was acquired by the Federal government.

TABLE 1

CHAPTER 69, 31 U.S. CODE  
 PAYMENTS IN LIEU OF TAXES  
 FEDERAL LAND PAYMENTS (SECTION 6903(a)(1))

<u>Provisions of Law</u>	<u>Agency Making Payment</u>	<u>Types of Receipts</u>	<u>Disposition of Receipts</u>
(1) Act of 5/23/08; Dept. of Agriculture Appropriation Act; 35 Stat. 251; 16 U.S.C. 500	U.S. Forest Service	Monies received from each National Forest	65% to U.S. Treasury 25% of gross to State for counties 10% to Forest Roads Appropriation
(2) Act of 6/20/10; Enabling Act of Arizona and New Mexico; 36 Stat. 557	U.S. Forest Service	Proceeds from all Nat'l Forests as area of land for schools bears to area of all Nat'l Forests in State	100% to States for schools
(3) Act of 2/25/20 (Sec 35); Mineral Lands Leasing Act; 41 Stat. 450; 30 U.S.C. 191.	Bu. of Land Management	Monies received from mineral leasing	50% to States 40% to Bur. of Reclamation 10% to U.S. Treasury
(4) Federal Power Act (Section 17); 41 Stat. 1072; 16 U.S.C. 810	Federal Energy Regulatory Commission	Occupancy and use of National Forests and Public Lands	50% to Bur. of Reclamation 37.5% to States 12.5% U.S. Treasury
(5) Taylor Grazing Act (Sec 10); 43 U.S.C. 315i	Bu. of Land Management	Proceeds from section 3 grazing receipts	50% to Range Improvement Fund 37.5% to U.S. Treasury 12.5% to States for counties
		Proceeds from section 15 grazing receipts	50% to States for counties 50% to Range Improvement Fund
(6) Bankhead-Jones Farm Tenant Act (Section 33); 50 Stat. 526; 7 U.S.C. 1012	Bu. of Land Management	Revenues from use of the lands	50% to Range Improvement Fund 25% to counties 25% to U.S. Treasury
(7) Act of 6/22/48; Superior Nat'l Forest State of Minn.; 62 Stat. 570; 16 U.S.C. 577g	U.S. Forest Service	Percentage of fair appraised value	.75% of appraised value paid in addition to Act of 5/23/08 ((1) above)
(8) Act of 6/22/56 to amend Act of 6/22/48; 70 Stat. 328; 16 U.S.C. 577g-1	U.S. Forest Service	Same as (7) above	Same as (7) above
(9) Mineral Leasing Act for Acquired Lands (Sect. 6); 61 Stat. 915; 30 U.S.C. 355	Bu. of Land Management U.S. Forest Service	Monies received from mineral leasing	50% to States 40% to Bureau of Reclamation 10% to U.S. Treasury
(10) Material Disposal Act (Section 3); 61 Stat. 681;	Bu. of Land Management U.S. Forest Service	Net revenues from sale of land and materials	varies depending upon type of receipt and agency
(11) Refuge Revenue Sharing Act, as amended; 92 Stat. 1321; 16 U.S.C. 715s(c)(2)	U.S. Fish and Wildlife Service	Revenues from sale of timber, grazing and minerals on reserve area lands and sale of carcasses of certain animals	25% of net receipts to counties 75% to Revenue Sharing Fund

Alaska State House of Representatives  
House District 39

Session  
Alaska State Capital  
Juneau, Alaska 99801-1182  
Phone: (907) 465-4942



Interim  
P.O. Box 137  
Akiak, Alaska 99552  
Phone: (907) 765-7526

**Representative Ivan M. Ivan**

**SPONSOR STATEMENT - HOUSE BILL 86**

House Bill 86 establishes the payment in lieu of taxes program within the Department of Community and Regional Affairs for home rule and general law cities located in the unorganized borough within federally designated areas of Alaska.

The payment in lieu of taxes program or PILT is financed by funds the state will receive annually from the federal government under 31 U.S.C. 6901 - 31 U.S.C. 6902, which was passed as part of the Omnibus Parks and Public Lands Management Act of 1996 (P.L. 104-333, sec. 1033). The particular section (sec. 1033) of this federal legislation was sponsored by Senator Stevens to allow cities in the unorganized borough to receive payment.

The main purpose of this bill is to provide a method for the Department of Community and Regional Affairs to distribute the annual funding and to establish criteria to determine whether a city is eligible to receive payment under the program as intended by federal law. The amount of money to be distributed to each eligible home rule and general law city in the unorganized borough will be based upon the population of the city as certified by the commissioner of the department for the fiscal year preceding the year in which payment is made to the city. This bill establishes an annual payment date of November 1 of the state fiscal year. The money received by the cities from this program may be used for any general purpose for which a city is authorized under federal, state or local law. Finally, the bill is given an immediate effective date in order to meet the first year's application and payment schedule set out in the bill.

**S B**

**64**

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 7, 1997

FURTHER REFERRALS:

Date of Committee Action: 4/16/97 am

The FINANCE Committee considered:

CSSB 64(FIN)

CS FOR SENATE BILL NO. 64(FIN)

SHUYAK ISLAND STATE PARK

“An Act relating to the Shuyak Island State Park.”

recommends it be replaced with the following committee substitute \_\_\_\_\_ [ ] 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) DNR 2/4/97

[ ] zero fiscal note(s) \_\_\_\_\_

[  ] zero fiscal note(s) DPS 2/4/97

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i> Thernault			X	
<i>[Signature]</i> Mulder			X	
<i>[Signature]</i> Martin	X			
<i>[Signature]</i> Arussendorf	X			
<i>[Signature]</i> Moses	X			
<i>[Signature]</i> Kelly			✓	

↻

CHAIR'S SIGNATURE

*[Signature]*  
Thernault

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. SB64

Revision Date: \_\_\_\_\_ Dept Affected: Natural Resources  
 Title: An Act relating to the Shuyak Island BRU: Parks & Recreation Management  
State Park Component: Parks Management  
 Sponsor: Mackie  
 Requestor: (S)CRA Component Serial No. 452

Expenditures/Revenues	(Thousands of Dollars)					
	FY98	FY99	FY00	FY01	FY02	FY03
<b>OPERATING EXPENDITURES</b>						
PERSONAL SERVICES	5.0	7.0				
TRAVEL	5.0	3.0				
CONTRACTUAL						
SUPPLIES	5.0	3.0	4.0	5.0	5.0	6.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	15.0	13.0	4.0	5.0	5.0	6.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES ( )</b>	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
	FY98	FY99	FY00	FY01	FY02	FY03
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	15.0	13.0	4.0	5.0	5.0	6.0
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	15.0	13.0	4.0	5.0	5.0	6.0

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

POSITIONS	FY98	FY99	FY00	FY01	FY02	FY03
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)

Day-to-day management of the expanded park can be handled by existing staff and volunteer levels with some additional supply monies to pay for boat gas and other supplies. These costs are necessary for expanded patrol areas. A new park brochure would need to be designed and printed in FY98.

\$10.0 is needed in FY98 and FY99 to revise the Shuyak Island State Park Master Plan. The first year is \$5.0 each for personnel and travel to gather baseline information on use patterns in the new park area. Second year is \$7.0 for personnel and \$3.0 for travel to prepare the written update and hold the requisite public meetings and public comment period leading to adoption of a revised park plan.

Prepared by: Jim Stratton, Director *[Signature]* Phone: 269-8700  
 Division: Parks Date: 29-Jan-97  
 Approved by Commissioner: *[Signature]* Date: 1-29-97  
 Agency: Natural Resources



# ALASKA STATE LEGISLATURE

## Senate Community & Regional Affairs Committee

State Capitol

Juneau, AK 99801-1182

(907) 465-4969

### COMMITTEE PACKET

SB 64, Shuyak Island State Park

1. Sponsor Statement
2. Bill & Amendment
3. Bill Sectional
4. Fiscal Note Analysis
5. Backup: Maps  
AS 41.21.174, Management  
Responsibilities  
Legislative Budget & Audit  
Report

# SENATOR JERRY MACKIE

ALASKA STATE LEGISLATURE

## SPONSOR STATEMENT

### SB 64, Shuyak Island State Park

I introduced SB 64 at the request of Mayor Jerome Selby and the Kodiak Island Borough Assembly. It presents one of the final actions of a long and complex effort by state and federal authorities and locally affected municipalities to compensate for the effects of the Valdez oil spill. The bill adds specific land and water areas to the Shuyak State Park. Shuyak Island was the first part of the borough that was heavily impacted by the westward streaming oil patches and tar balls from the 1989 accident.

The two large land owners on Shuyak Island are the state and the Kodiak Island Borough. Previous litigation had imposed management restrictions that required the state to maintain wildlife habitat and public recreation values while the borough was partially prohibited from commercial or industrial uses on its lands. In 1984 the Shuyak State Park was established from part of the state's holdings to protect the area's fish and wildlife habitat and public recreation opportunities, while maintaining customary hunting and fishing uses.

One of the provisions of the spill settlement was the establishment of a joint federal and state council to manage remediation and recovery efforts. These responsibilities include the replacement of lost fish and wildlife habitat with the acquisition and protection of other high value habitat. It is for this purpose that the Oil Spill Trustee Council selected the borough's Shuyak Island lands and purchased them in 1996. The final part of this effort is the consolidation of all public lands under the management of the Shuyak Island State Park. The responsibilities for fish and wildlife management, however, is retained in the department of fish and game.

SB 62 completes the transaction by formally incorporating all state lands on the island into the Shuyak Island State Park. The expanded park retains the management goals, purposes, and allowed uses of the original park.

SENATE DISTRICT C  
KODIAK ISLAND  
SOUTHEAST ISLANDS



STATE CAPITOL  
JUNEAU, ALASKA 99801-1182  
(907) 465-4925  
800 521-4925 (TOLL FREE)  
(907) 465-3517 (FAX)

# SENATOR JERRY MACKIE

ALASKA STATE LEGISLATURE

## SECTIONAL

### SB 64, Shuyak Island State Park

**Section 1.** The purpose section, AS 41.21.170, is amended to broaden the description of lands and waters that constitute the park.

**Section 2.** The current description of park lands and waters is replaced with a new description that adds new lands and waters to the existing park lands and waters.

**Sections 3 and 4.** Section 1 conforming amendments.

**Section 5.** Technical change.

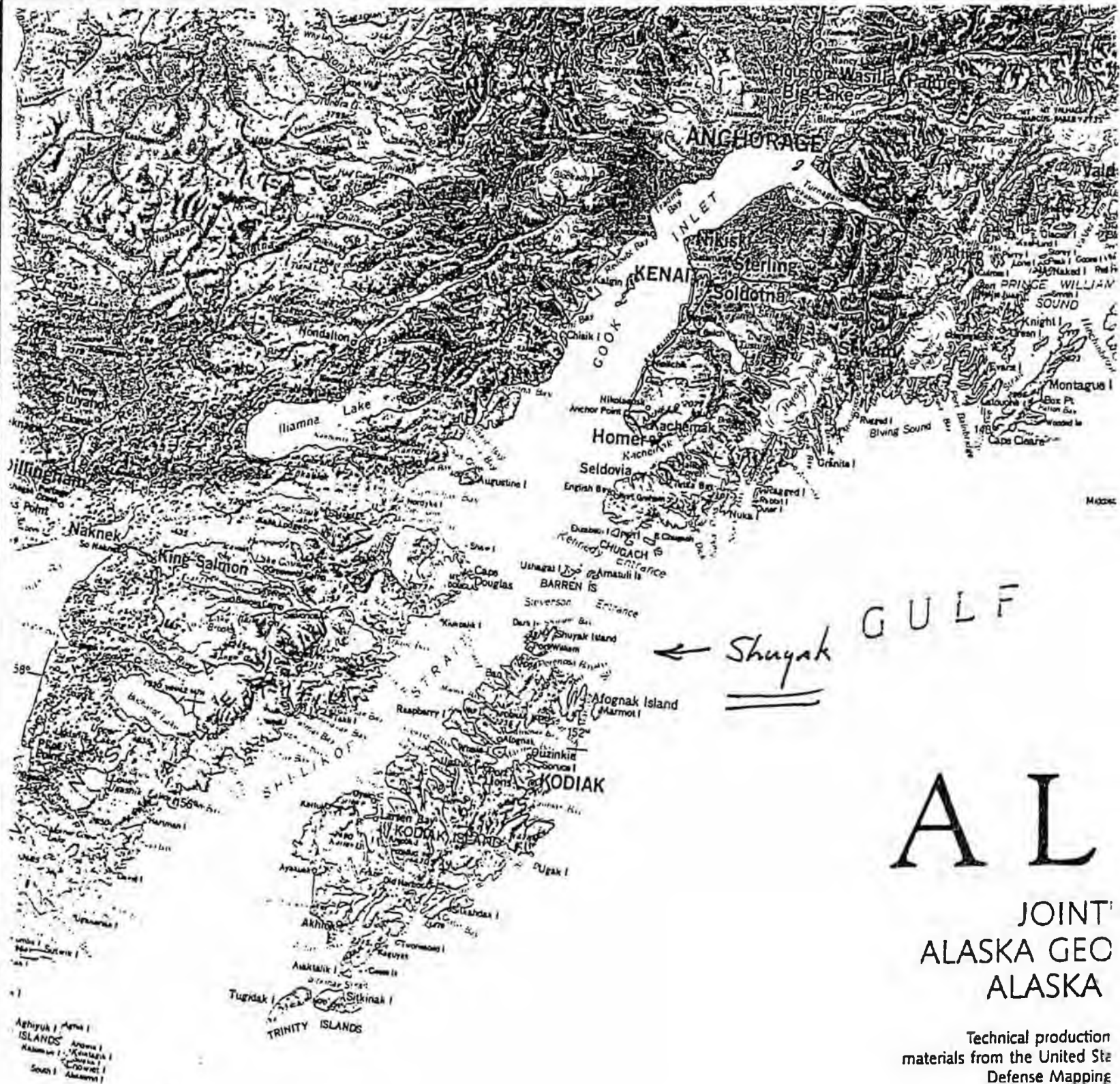
**Section 6.** Section 1 conforming amendment and restatement of eminent domain prohibition.

A M E N D M E N T

OFFERED IN THE SENATE

TO: SB 64

- 1 Page 1, line 10, following "fishing,":
- 2       Insert "commercial fishing."

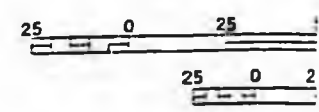
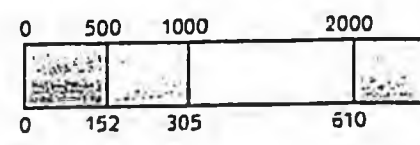


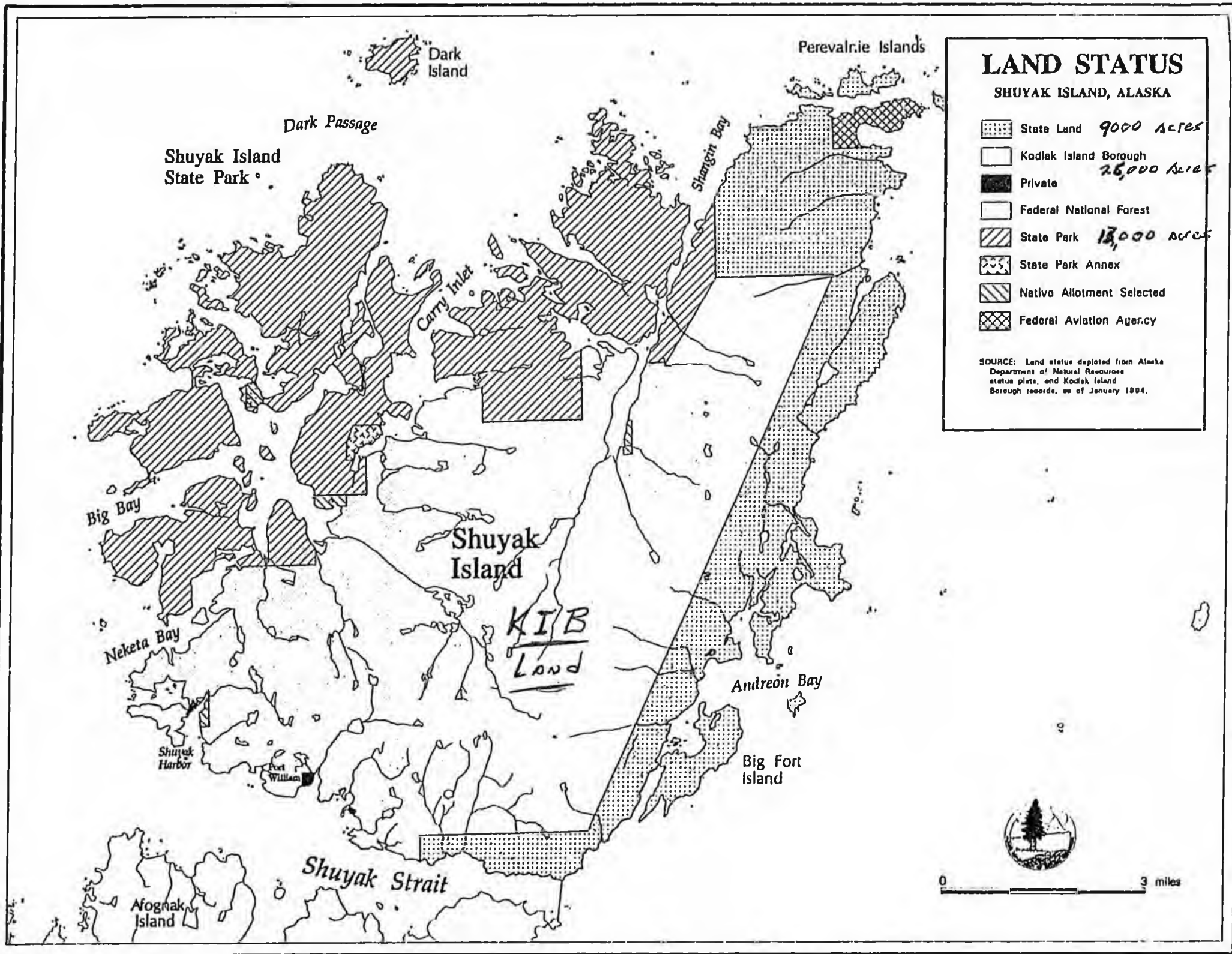
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JOINT  
ALASKA GEO  
ALASKA

Technical production  
materials from the United States  
Defense Mapping

Base Map ©





# LAND STATUS

SHUYAK ISLAND, ALASKA

-  State Land 9000 acres
-  Kodiak Island Borough 26,000 acres
-  Private
-  Federal National Forest
-  State Park 18,000 acres
-  State Park Annex
-  Native Allotment Selected
-  Federal Aviation Agency

SOURCE: Land status depleted from Alaska Department of Natural Resources status plats, and Kodiak Island Borough records, as of January 1984.



S.M.; then east along the N 1/4th line of Sections 32 and 33 approximately 0.3 miles to the NW 1/4th corner of Section 33, T18S, R19W, S.M.; then northeasterly approximately 1.5 miles to the section corner common to Sections 22, 27, 28, and 21, T18S, R19W, S.M.; then north along the west boundary of Sections 22 and 15, T18S, R19W, S.M., to the point of mean high tide in Shangin Bay. (§ 1 ch 167 SLA 1984)

**Sec. 41.21.174. Designation of management responsibility.** (a) The state uplands and freshwater bodies described in AS 41.21.172 are assigned to the department for control, maintenance, and development consistent with the purposes and provisions of AS 41.21.170 — 41.21.178.

(b) The Department of Fish and Game is responsible for the management of fish and game resources in the Shuyak Island State Park, consistent with the sustained yield principle and the purposes and provisions of this chapter. The Board of Fisheries, the Board of Game and the commissioner of fish and game are responsible for adopting regulations governing uses of fish and game in accordance with AS 16. The fish and game habitat and breeding areas shall be managed to ensure that the fish and game resources of the park continue on a sustained yield basis.

(c) The department shall consult with the Department of Fish and Game before adoption of regulations governing public use of the Shuyak Island State Park.

(d) The Department of Fish and Game shall consult with the department before adoption of regulations governing fish and game management in Shuyak Island State Park.

(e) The regulations established under this section shall be adopted in accordance with AS 44.62 (Administrative Procedure Act).

(f) The commissioner shall permit reasonable camping within the Shuyak Island State Park on an extended basis on request.

(g) Nothing in AS 41.21.170 — 41.21.178 prohibits the Department of Fish and Game from engaging in stream rehabilitation enhancement and development under AS 16.05.092 on land within the Shuyak Island State Park.

(h) The Department of Public Safety and the Department of Fish and Game shall have necessary access for fish and game management, research, and enforcement purposes. (§ 1 ch 167 SLA 1984)

**Editor's notes.** — Section 3, ch. 167, SLA 1984, provides: "Subject to the availability of funds, the Department of Natural Resources shall construct public use cabins within the Shuyak Island State Park."

Section 4, ch. 167, SLA 1984, provides: "The commissioner of natural resources shall identify the

boundaries of the Shuyak Island State Park by posting each inland boundary described in AS 41.21.172 as enacted in sec. 1 of this Act or as added under sec. 2 of this Act at its beginning and its end and not less often than each one-eighth of a mile."

**Sec. 41.21.176. Incompatible uses.** (a) The commissioner may designate by regulation incompatible uses within the park uplands and freshwater bodies.

(b) Use of a weapon in the Shuyak Island State Park shall be allowed except in unique areas that may be closed for purposes of public safety by regulation by the commissioner.

(c) The regulations governing public use of the Shuyak Island State Park shall provide ample access for legal sport and subsistence hunting and fishing, trapping, and recreational uses. Except to protect public safety the commissioner may not restrict the exercise of sport or subsistence fishing or hunting, or trapping permitted under law or under a regulation of the Board of Fisheries or the Board of Game within the Shuyak Island State Park. (§ 1 ch 167 SLA 1984)

**Sec. 41.21.178. Additions to park.** Land may be added to the Shuyak Island State Park only by an act of the legislature. The commissioner may not acquire land within the boundaries of the Shuyak Island State Park by eminent domain. (§ 1 ch 167 SLA 1984)

Revisor's no: 1984, the follow Island State Par — 36: T18S, R1

**Sec. 41.21.180 —** acquired lan purposes of ational and for hunting .

(b) The le the Point Br further reco to the reside private land land to seek

Legislative letter of intent (Res)), see 198

**Sec. 41.2** water withi 41.21.182 a

All state Township Section 1 Section 1. Section 1: A-061005

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Revisor's : numbered in

**Sec. 41..** land, the c purchase o or otherwi acquired b State Park

Revisor's Renumbered

**Sec. 41.** land and mainten- 41.21.180

# Exxon Valdez Oil Spill Trustee Council

Restoration Office

645 G Street, Suite 401, Anchorage, Alaska 99501-3451

Phone: (907) 278-8012 Fax: (907) 276-7178



## MEMORANDUM

*L.B.A. Request*

**TO:** Nancy Slagle  
Director  
Division of Budget Review  
Office of Management and Budget

**FROM:** Molly McCammon  
Executive Director

**DATE:** December 20, 1995

**RE:** Exxon Valdez Oil Spill RPL <sup>10-6-4011</sup> ~~11-6-8893~~

In accordance with Chapter 1, FSSLA 1992, the Department of Natural Resources requests authority to receive and expend \$42,000,000 from Exxon Valdez oil spill settlement trust funds to purchase 26,665.62 acres of surface estate on Shuyak Island from the Kodiak Island Borough.

This parcel of land was evaluated as part of the Trustee Council's Comprehensive Habitat Protection Process - Large Parcel Evaluation and Ranking (November, 1993) and found to be among the highest ranked parcels in the spill area.

This land provides important habitat for several species of fish and wildlife for which significant injury has been documented. These include harlequin ducks, black oystercatchers, marbled murrelets, pigeon guillemots, river and sea otters, harbor seals, Pacific herring, pink salmon, and Dolly Varden. Restoration of these injured species will benefit from acquisition of this important habitat through protection from activities and disturbances which may adversely affect their recovery. The area has exceptional scenic qualities and supports wilderness-based recreation activities including sport hunting and fishing. The area also possesses significant cultural resource values with fifteen documented historical/archaeological sites.

These lands will be managed by the Alaska Department of Natural Resources, with protection of fish and wildlife habitat and populations as the highest management

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### Trustee Agencies

State of Alaska: Departments of Fish & Game, Law, and Environmental Conservation  
United States: National Oceanic and Atmospheric Administration, Departments of Agriculture and Interior

priority. Under the terms of the agreement, public use of these lands must be allowed and must include sport, personal use, and subsistence hunting, fishing, trapping and recreational uses, consistent with public safety and permitted under law or regulations of the Board of Fisheries and Board of Game. Limited commercial use may be allowed if consistent with state and federal laws and the goals of restoration.

As reflected in the Trustee Council resolution, the Trustee Council's appraisal process resulted in a finding that the Shuyak parcel has a fair market value in the range of \$27 million to \$33.32 million. Taking into account the basis for the various appraisal numbers, the position of the landowner as to its minimum selling price, and given the exceptional restoration values of the Shuyak lands, the Council felt an offer at the upper end of that range was appropriate. The appraised value is based upon a single cash payment of \$33.32 million. Because the payments will be over a period of eight years, in lieu of interest, the purchase price has been adjusted to a total purchase price of \$42 million. It should be noted here that the Kodiak Island Borough commissioned three separate appraisals on their own, and these ranged in value from \$36 million to \$54 million.

There has been widespread support for this acquisition. The Kodiak Island Borough has committed \$6 million to be received through this sale to expand the existing Fisheries Technology Center. This expansion, referred to as the Near Island Research Facility, will provide for the consolidation of federal and state fisheries agencies in Kodiak, which will greatly increase their ability to respond to fisheries management and research needs. Borough Mayor Jerome Selby has provided additional information on this facility in his enclosed letter of endorsement.

Additional documentation supporting this request is also being provided:

- Trustee Council Resolution dated December 11, 1995
- Restoration Benefits Report
- Map
- Appraisal Information (selections)
- Endorsement from Kodiak Island Borough
- Photos
- Letters of support

Since this is a capital project, authority to receive and expend subject to AS 37.25.020 is requested. If you have any questions about this RPL, please do not hesitate to contact me at 278-8012.

Department of Natural Resources

OK - NO OBJECTION

RPL # 10-6-4011

CIP

Exxon Valdez Trustee Council Projects

\$42,000,000 Exxon Valdez Oil Spill Settlement Trust Funds

*Statutory Authority: AS 37.14.405*

The Department of Natural Resources requests authority to receive and expend \$42,000,000 in EVOSS trust funds for purchase of approximately 26,665.6 acres of surface estate on Shuyak Island from the Kodiak Island Borough.

The Exxon Valdez Trustee Council adopted a resolution in December, 1995 finding that purchase of the Shuyak Island land is consistent with its final restoration plan for natural resources injured by the Exxon Valdez oil spill. The land was found to include habitat for injured species that will benefit from protection from activities that might adversely impact habitat and water quality. In addition, the Trustee Council found that the land has significant scenic, cultural resource, and recreational values.

An appraisal of the land prepared for the Trustee Council determined that the present fair market value was from \$27,000,000 to \$33,320,000. Appraisals prepared for the Kodiak Island Borough determined the fair market value to range from \$36,000,000 to \$54,000,000. The lowest price the Borough will accept is \$33,320,000, based on a single cash payment. A purchase price of \$42,000,000 has been agreed upon which is to be paid over a seven year period, as follows: \$8,000,000 at closing; \$2,194,266 on October 1, 1996; \$4,000,000 on October 1, 1997; \$4,000,000 on October 1, 1998; \$4,000,000 on October 1, 1999; \$4,000,000 on October 1, 2000; \$4,000,000 on October 1, 2001; and \$11,805,734 on October 1, 2002. This payment schedule is predicated on a rate of approximately 6.45% on the unpaid balance due, assuming a closing date of October 1, 1995. The payment schedule will conform with the cash flow requirements of the EVOSS trust fund, which cannot provide a single cash payment of \$33,320,000.

If the sale is completed, the Kodiak Island Borough will use at least \$6,000,000 of the sale proceeds for construction of its proposed Near Island Research Facility. Remaining sale proceeds will be deposited in the Borough's facilities fund, the earnings on which will provide funding for maintenance of Borough facilities.

✓  
**Legislative Fiscal Analyst's recommendation: Approval of the request.**

7

To: <i>DeVetoray</i>	From: <i>Carley</i>
Co. <i>1</i>	Co. <i>Leg. Audit</i>
Dept.	Phone #
Fax # <i>3517</i>	Fax #

The meeting  
that evening

at 5:00 p.m.

Chairman Terry Martin RECONVENED the January 8, 1996 meeting of the Legislative Budget and Audit Committee at approximately 5:02 p.m.

REVISED PROGRAMS

10-6-4011            Natural Resources            Requesting \$42,000,000 of EVOS Trust Funds to Purchase Shuyak Island. Approved

Sen. Adams MOVED to approve the action and discussion ensued.

Sen. Zharoff explained that the project would entail one month and that the EVOS Trustee Counsel had completed a number of appraisals and approved of the investment for the State. Sen. Zharoff described the area as rich in fish and wildlife. Chairman Martin requested clarification regarding the agreement with the Trustee Counsel, in view that a number of special interest groups in the past have requested State monies to purchase land, and then have subsequently resold the land to another special interest group. Sen. Zharoff expressed his concern that the agreement would also allow for public use to continue.

JEROME SELBY, Mayor of the Kodiak Island Borough, expressed his view that the land acquisition is the best land purchase that the Exxon Valdez Trustee Counsel will consider, and the best investment that the State of Alaska could make with the \$900 million settlement. He further explained that the State of Alaska owns the rest of Shuyiak Island, with the exception of the parcel in question; with the acquisition of the parcel, the State of Alaska will own the entire island, enabling the implementation of a comprehensive land management plan.

In terms of land restoration, Mr. Selby described the parcel as a prime habitat in terms of impact on species damaged by the Exxon Valdez oil spill, thereby maximizing the opportunity for recovery. The parcel is also a heavily used recreational property for the State of Alaska, with a great deal of hunting and fishing activity on Shuyiak Island from residents of Anchorage, the Kenai Peninsula, and Kodiak. Therefore, the acquisition presented a unique opportunity whereby the State may forward the recovery of fish and wildlife species, while encouraging public activities, and implement land management. One third of the island is a state park; one quarter of the island is a state wildlife refuge. The parcel is situated to the southwest of those two parcels and completes the island.

Mr. Selby expressed his view that the acquisition is in full keeping with the Municipal Lands Act as a means to convert a capital asset. He further explained that \$6 million of the funds will be used to develop the Near Island Research Facility, which is a part of a \$16 million dollar facility planned to provide fisheries research in the Gulf of Alaska. Scientists from Federal National Fisheries, Alaska Fish and Game, and the University of Alaska will be co-located into the facility, where they will share research efforts to produce "world class" fisheries data to be used to managed fisheries in the Gulf of Alaska. Mr. Selby expressed his concern that if a research project was not implemented, fisheries in Alaska would face long-term jeopardy. The Near Island facility would be completed at no additional cost to the State. The balance of the funds would then be placed in a Facilities Fund by the Kodiak Island Borough, in order to maintain school facilities, thereby preventing future appropriation requests for the purpose. Mr. Selby reiterated that the acquisition would convert a capital asset, an island parcel worth \$42 million, into programs which would benefit the State in many areas.

Sen. Frank recalled an earlier purchase of property of the Exxon Valdez Trustee Counsel that required its conversion into a State Park, and questioned if there were any such restrictions placed on the State in the current acquisition agreement.

**MOLLY MC CAMMON, Executive Director of the Exxon Valdez Oil Spill Trustee Counsel,** explained that the current acquisition proposal contained no such language as was put forth in the Seal Bay Acquisition, to which Sen. Frank referred. Ms. McCammon explained the intent of the Department of Natural Resources to manage the Shuyak Island parcel as State land for recreation and wildlife habitat, with no "blackmail clause" stating that if is not placed in a State Park that it will be reverted to the Nature Conservancy or the Federal Government. In response to a question by Sen. Phillips, Ms. McCammon explained that the current acquisition proposal takes into account the legislature's response to language in the prior agreement.

Sen. Davis requested clarification as to whether there was written agreement guaranteeing that the balance of the funds, minus \$6 million for fisheries research, will be placed in a facilities fund, and whether annual earnings on the fund will be known to the public. Mr. Selby explained that the fund has already been established to manage the \$36 million, and that an ordinance restricted spending to interest only for the following uses: maintaining existing facilities, renovating existing facilities, and repaying bonded debt on existing facilities. In addition, he explained that 15% of the interest would return to the principal each year to keep the fund up with inflation. Responding to a question by Sen. Phillips, Mr. Selby explained that the ordinance required a public bill in order to be changed.

In response to a question by Sen. Phillips, Ms. McCammon pointed out that the Counsel was currently committed to spend approximately \$450 million, roughly half of the total settlement. Of that expenditure, close to \$200 million was spent on land acquisition. She further noted that in September, during her presentation on the Counsel's overall work plan, it was discovered that many people desired to spend the entire \$900 million on land acquisition, while others wanted to spend the entire amount on research projects. The Counsel adopted a plan three years ago committing approximately one third of the funds toward habitat protection. Following the commitment, they met with Federal counterparts to determine the priorities for Federal and State acquisitions. She explained that the Counsel continues to proceed according to the restoration plan.

Providing further clarification for Sen. Phillips, Ms. McCammon explained that approximately 60% of the settlement funds would be placed in research efforts. The Counsel has adopted a restoration reserve, in anticipation of further development over the next 15 to 20 years; currently \$36 million are placed in the restoration reserve earning interest, with a commitment of to place \$12 million in the reserve. By the year 2000, this amount would reach a total of \$150 million, and, if inflation-proofed, could provide \$5 to \$6 million a year of revenue for the Counsel.

Addressing Sen. Phillips' concern that the Counsel would once again approach the Legislature to request funding for land acquisition, Ms. McCammon confirmed the Counsel's intention to request a state, joint venture acquisition of a large parcel on Frog Neck Island. In addition, she explained that there are smaller, discreet areas which the Department of Natural Resources would like to use for marine parks and recreation. She also referenced the small parcel program for lands under one thousand acres, through which the Counsel has authorized agencies to make offers on approximately \$16 million's worth of small properties, in areas such as Seward, Palmer, and other locations along the Kenai River, which are key habitat areas. As the transaction progress, the Counsel intends to approach the Legislature for approval.

In response to a question by Sen. Bunde, Ms. McCammon explained the restrictions on the use of the land acquisition. Since the main purpose for the acquisition was to ensure protection of habitation, commercial timber harvest is restricted. Other activities on State Lands, such as hunting and fishing, would still be allowed.

**CRAIG TILLERY, Assistant Attorney General, Civil Division, Environmental Section, Alaska Department of Law,** responded to Sen. Halford's question about the language of these restrictions by referring to the Conservation Easement, on page 9 of Exhibit B. He also referenced the Warranty Deeds themselves, containing a covenant which states that "public use of land shall

be so guaranteed: hunting, fishing, trapping" etc. Mr. Tillery explained that all the language was subject to existing rights.

In response to a concern voiced by Sen. Phillips regarding restriction of motorized vehicles, Ms. McCammon clarified the use of motorized boats or planes was not prohibited. Mr. Tillery explained that the tide lands are not part of the acquisition, and therefore airplanes or boats would not be able to reach the acquired parcel. All access to the island is salt water borne; no ATV's or snow machines have ever gained access to the area.

Sen. Rieger raised a question as to how heavily the Near Island fisheries research project figured into the Trustees justification for the \$42 million acquisition. Mr. Tillery confirmed that the \$6 million for fisheries technology was a consideration in deciding to proceed with the current acquisition, since the State trustees viewed the research as a valid restoration benefit. Regarding the Federal Trustees, Ms. McCammon explained that they considered the fisheries facility as an added benefit, and not a driving factor in the acquisition. Mr. Tiller noted that the resolution adopted by all EVOS Trustees contains a statement that the Near Island Research Facility will have a positive benefit on natural resources injured by the Exxon Valdez oil spill.

Rep. Bunde expressed his concern regarding inflated appraisals which occurred in the past, and their reflection on future land acquisitions proposals. Rep. Bunde questioned whether the Conservation Easements applied to other state land already in the state park, and Mr. Tiller explained that it the defined terms applied only to the land transferred from the Kodiak Islands.

Chairman Martin raised a concern regarding the cost of managing these lands, and requested a list of long range and immediate cost to the State of land management. Ms. McCammon explained that the majority of current land acquisitions exist within Federal or State land holdings, thereby facilitating better quality and ease of land management. State Trustees believe that the proposed acquisition should be managed by personnel currently managing adjacent state lands, and would not increase management costs.

In response to Chairman Martin's suggestion that a portion of settlement funds be set aside for land management costs, it was pointed out that during 1995 such a motion was made regarding Seal Bay State Park, and was defeated; Federal Trustees did not agree to allocating such funds. The Department of Natural Resources do not believe that there will be any additional management costs with the proposed acquisition. Mr. Tiller agreed to inquire about language which would guarantee that, in the case that management costs did increase in the future, these monies would come from the settlement fund and not from the state.

In response to a question by Sen. Frank, Jerome Selby clarified that it was a unanimous decision by the Kodiak Island Assembly to approve the acquisition plan. He went on to explain that they did not consider a local designation of the land, because Shuyak is

not located near enough to Kodiak Island in order to adequately manage the land, making it more effective to delegate the management to state park personnel. Sen. Adams questioned whether current cash flow necessitated the payment plan proposed in the RPL, and it was explained that it was difficult to ascertain cash flow demands over the next eight years, and payment over time appears to be a more conservative course. Funds are currently earning interest, and there are plans to move them to a higher interest bearing account.

Rep. Kohring expressed concern over the intent behind the proposed acquisition, whether that be to assist programs for Kodiak Island or for the benefit of the entire State, and questioned whether there was an impending threat to the land or resources of the island that necessitated the proposed purchase. Mayor Selby pointed out that some of the greatest bird losses resulting from the oil spill occurred on the Barons Island to the north of Shuyak Island, making it critical habitat for these bird species, as well as for sea mammals in that area which were hard hit by the spill. From the standpoint of restoration of species damage, the area is a priority.

Regarding the fishing industry, it was pointed out that the area contains excellent salmon streams for preservation. Mayor Selby conceded that while Kodiak Island stood to benefit from the acquisition, the benefits clearly impact the entire state of Alaska. He also pointed out the opportunity for tourism development in the Kodiak archepeglio, which would benefit the economy of Kodiak and the State. In addition, Mayor Selby reiterated the benefit of adequate facilities to fisheries researchers in the State and University. Molly McCammon pointed out that the Seward research facility would be used predominantly for marine mammals, sea bird and fisheries genetics, while the facility in Kodiak is oriented toward commercial fisheries technology, byproducts, processing techniques, etc. Rep. Zharoff pointed out that the research facility in Kodiak is one of only five of its kind in the nation.

Molly McCammon explained that the Trustees have examined the expenditure of funds in order not only to address restoration needs, but to leave lasting benefit to communities within the spill area. Therefore, any major acquisitions and research projects implement not only restoration benefits, but also community benefits.

**CARL ROSIER**, retired Trustee Member and member of the Alaska Outdoor Council, explained that the Council believes there to be many benefits from the land acquisition. The benefits include state management of lands, hunting and fishing resources, restoration of wildlife species, and conservation of habitat. The Council believes that the benefits will be clarified during the years to come and strongly supports passage of the RPL.

Sen. Adam's MOTION on RPL 10-6-4011 to approve appropriation of \$42 million for the purchase of Shuyak Island was continued. No

objections being raised, the motion was APPROVED by unanimous consent.

Discussion Regarding Anchorage Data Center

Motion to Conduct Special Audit of Department of Information Systems, Amended to include Statewide Analysis of customer service.

Approved.

MARK BOYER, Commissioner, Department of Administration, supported by KAREN MORGAN, Deputy Director of Division of Information Services, and RON HENSLING, addressed concern over the decision to realign data processing in the State of Alaska. He explained that the realignment was a business decision, based on economics, and referenced two studies conducted relating to state data processing, pointing to the direction of consolidating into one center that utilized a client/server format for accessing data.

Mr. Boyer referred to a study reportedly done by an earlier administration, which indicated that a shift away from Anchorage to Juneau would cost millions of dollars; he and his staff have been unable to locate such a study in their research. Rep. Bunde requested that the search for the study be continued and offered the assistance of an outside auditor, questioning the long term operating expense involved in the realignment.

Mr. Boyer pointed out cost savings in the near term, stating that the long term situation was difficult to determine due to the nature of change in the computer industry. In the next fiscal year, the Department of Administration (DOE) anticipates cost savings of nearly \$1 million, manifested through a combination of factors -- not purchasing duplicate licenses, nor additional software caused by redundant operations in Anchorage, in addition to reducing four vacant PCNs in the 1997 budget. A total \$925,000 in anticipated savings would be reflected in the budget introduced by the Governor.

In addition to direct savings, Mr. Boyer noted costs avoided by a change in business methods, such as adding additional disc drive space which would cost \$250,000, and adding uninterrupted power supply to the Anchorage facility which would cost \$150,000, as well as ongoing hardware maintenance costs of \$21,000 per month, and \$48,000 per month of software expenses.

Rep. Bunde expressed concern over the Governor's increase in the budget of \$5.8 million for telecommunications. Chairman Martin clarified that the figure refers to the Department of Administration's increase of software and enhancement of telecommunication.

1997 LEGISLATIVE SESSION

Revision Date: 3/11/97 Dept. Affected: Public Safety  
 Title: An act relating to Shuyak Island State Park Fish and Wildlife Protection  
 Component: Detachments  
 Sponsor: Rules Committee  
 Requestor: S. Resources COMPONENT SERIAL NO. 0490

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

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
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 97) 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 the Department of Public Safety

Prepared By: Capt. Joel Hard Phone: 746-9139  
 Division: Fish and Wildlife Protection Date: 3/11/97  
 Approved by Commissioner: *Joel Smith* Date: 3/11/97  
 Agency: Ronald L. Otte, Dept. of Public Safety

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# FISCAL NOTE

STATE OF ALASKA

BILL NO. CSSB64(RES)

**1997 LEGISLATIVE SESSION**

Revision Date:	<u>11-Mar-97</u>	Dept Affected:	<u>Natural Resources</u>
Title:	<u>An Act relating to the Shuyak Island State Park</u>	BRU:	<u>Parks &amp; Recreation Management</u>
Sponsor:	<u>Mackie</u>	Component:	<u>Parks Management</u>
Requestor:	<u>(S)RES</u>	Component Serial No.	<u>452</u>

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES	5.0	7.0				
TRAVEL	5.0	3.0				
CONTRACTUAL SUPPLIES	5.0	3.0	4.0	5.0	5.0	6.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>15.0</b>	<b>13.0</b>	<b>4.0</b>	<b>5.0</b>	<b>5.0</b>	<b>6.0</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	15.0	13.0	4.0	5.0	5.0	6.0
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	<b>15.0</b>	<b>13.0</b>	<b>4.0</b>	<b>5.0</b>	<b>5.0</b>	<b>6.0</b>

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

Day-to-day management of the expanded park can be handled by existing staff and volunteer levels with some additional supply monies to pay for boat gas and other supplies. These costs are necessary for expanded patrol areas. A new park brochure would need to be designed and printed in FY98.

\$10.0 is needed in FY98 and FY99 to revise the Shuyak Island State Park Master Plan. The first year is \$5.0 each for personnel and travel to gather baseline information on use patterns in the new park area. Second year is \$7.0 for personnel and \$3.0 for travel to prepare the written update and hold the requisite public meetings and public comment period leading to adoption of a revised park plan.

Prepared by:	<u>Jim Stratton, Director</u>	Phone:	<u>269-8700</u>
Division:	<u>Parks</u>	Date:	<u>11-Mar-97</u>
Approved by Commissioner:	<u>[Signature]</u>	Date:	<u>3-11-97</u>
Agency:	<u>Natural Resources</u>		

COMMITTEE PACKET

CS SB 64( <sup>FIN</sup>~~RES~~), Shuyak Island State Park

1. Sponsor Statement
2. Bill Sectional
3. Bill
4. Fiscal Note Analysis
5. Backup: Maps  
AS 41.21.174. Designation of  
Management Responsibilities  
Legislative Budget & Audit  
Report

# SENATOR JERRY MACKIE

ALASKA STATE LEGISLATURE

SECTIONAL

CS SB 64 (FIN), Shuyak Island State Park

**Section 1.** The purpose section for the park, AS 41.21.170, is amended to broaden the description of lands and waters that constitute the park. It also acknowledges the covenant and deed restrictions of former Kodiak Island Borough lands being added to the park which protect traditional access and usage of the lands and waters. Sport, commercial, and subsistence fishing are specifically identified as traditional activities that are protected.

**Section 2.** The current description of park lands and waters is replaced with a new description that adds new lands, waters, and tidelands to the existing park lands and waters, including land previously owned by the Kodiak Island Borough.

**Section 3.** Section 1 conforming amendments.

**Section 4.** The commissioner of fish and game, the Board of Fisheries, and the Board of Game are prohibited from permanently closing hunting, fishing, or trapping activities unless it is necessitated by a biological emergency. The closure can only be maintained as long as the biological emergency exists.

**Section 5.** The Department of Fish and Game's ability to rehabilitate, enhance, and develop habitat within the park is broadened.

**Section 6.** Possession and use of weapons in the park is protected and use of weapons can only be restricted in areas where public safety is threatened. In addition, the commissioner of natural resources is prohibited from restricting lawful hunting, fishing, and trapping activities in the park

**Section 7.** Adds new subsections to the existing statute on incompatible uses which protects public access to park lands and private land in-holdings. The commissioner of natural resources is further required to specifically state and justify any incompatibility determinations.

**Section 8.** The water estate is included in the prohibition of eminent domain acquisitions.

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cc:Mail for: david gray

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Subject: Fw: Shuyak mining claims

From: stratto@dnr.state.ak.us at CC2MHS1 3/11/97 3:42 PM

To: David Gray at JNU\_CAPITOL

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David - here are the descriptions of the two mining claims as provided by Claire.

--- On Tue, 11 Mar 1997 14:44:08 -0800 Kodiak State Parks <kodsp@ptialaska.net> wrote:  
Here's the descriptions of the claims, maps are being faxed this afternoon.

The mining claim that is currently within the state park is owned by Knox and Loreena Christie. The ADL # is 320911. the claim was originally made by Loreen's Dad, Willie Lopez, in 1980. The legal description is:  
Seward Meridian, T 18S, R 20W, Section 36, a total of 19 acres.

Access to this claim has been via floatplane and skiff from the SE arm of Carry Inlet. The Christies and their friends cross state tidelands for approximately 200 yards to get to the upland trail (which starts at the high tideline) to their claim.

The mining claim on Big Fort Island belongs to Deb Nielsen and the ADL # for that one is 302680. The legal description is T 19S, R 19W, Section 28, a total of 39 acres. This claim was originally made by Red Nieptuski (sp?) in 1977. Access to her claim is across state tidelands and directly onto her acreage.

-----End of Original Message-----

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Name: Jim Stratton  
E-mail: stratto@dnr.state.ak.us  
Date: 03/11/97  
Time: 15:42:37  
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Alaska State Parks  
Kodiak District  
SR Box 3800  
Kodiak, AK 99615

Phone: 907 486-6339  
FAX: 907 486-3320

Date: MARCH 12 1997

To: DAVE GRAY % Senator  
Machie's  
Office

FAX #: 465-3517

From: CLAIRE HOWARD

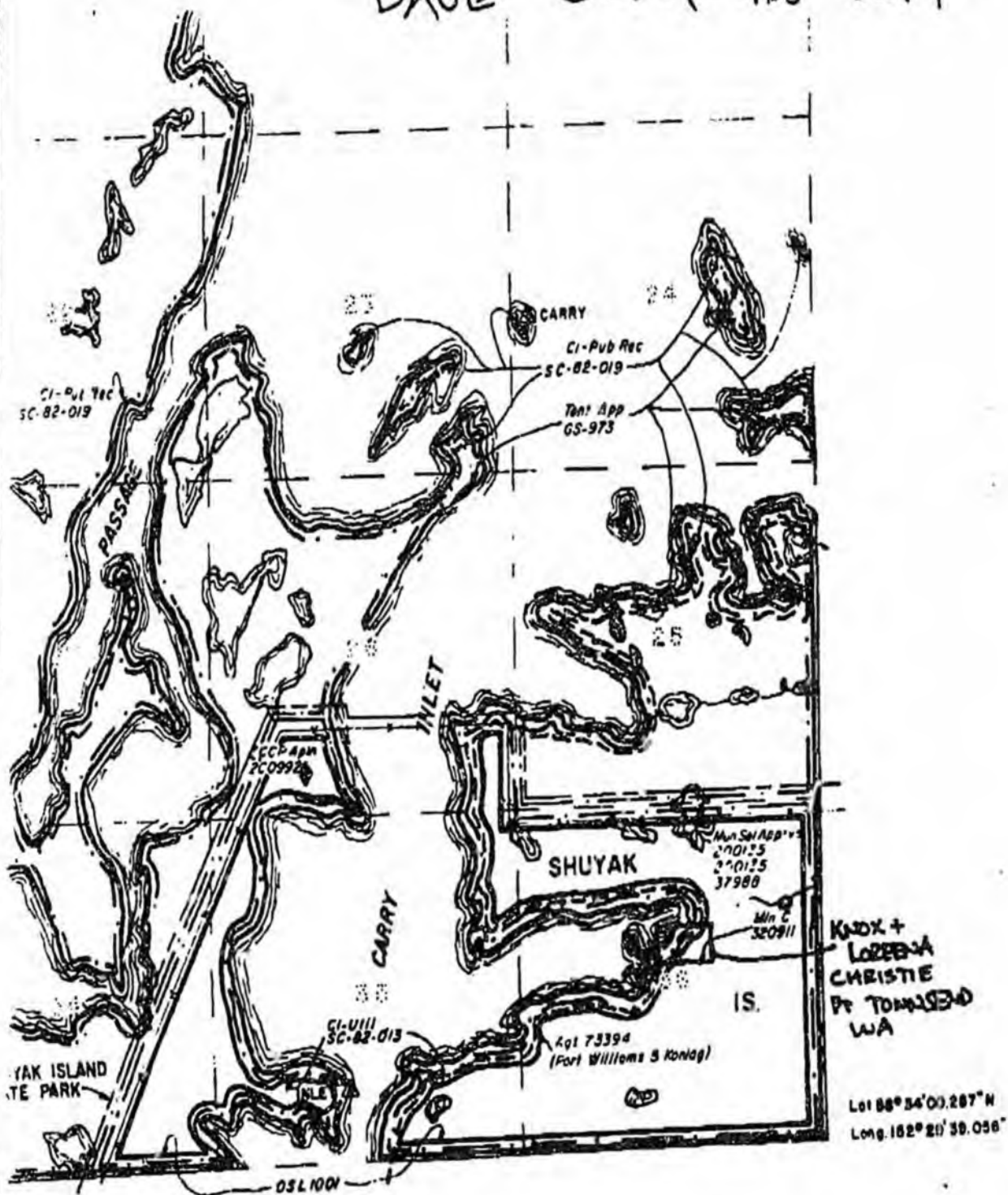


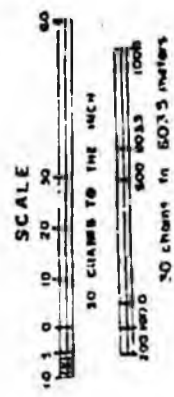
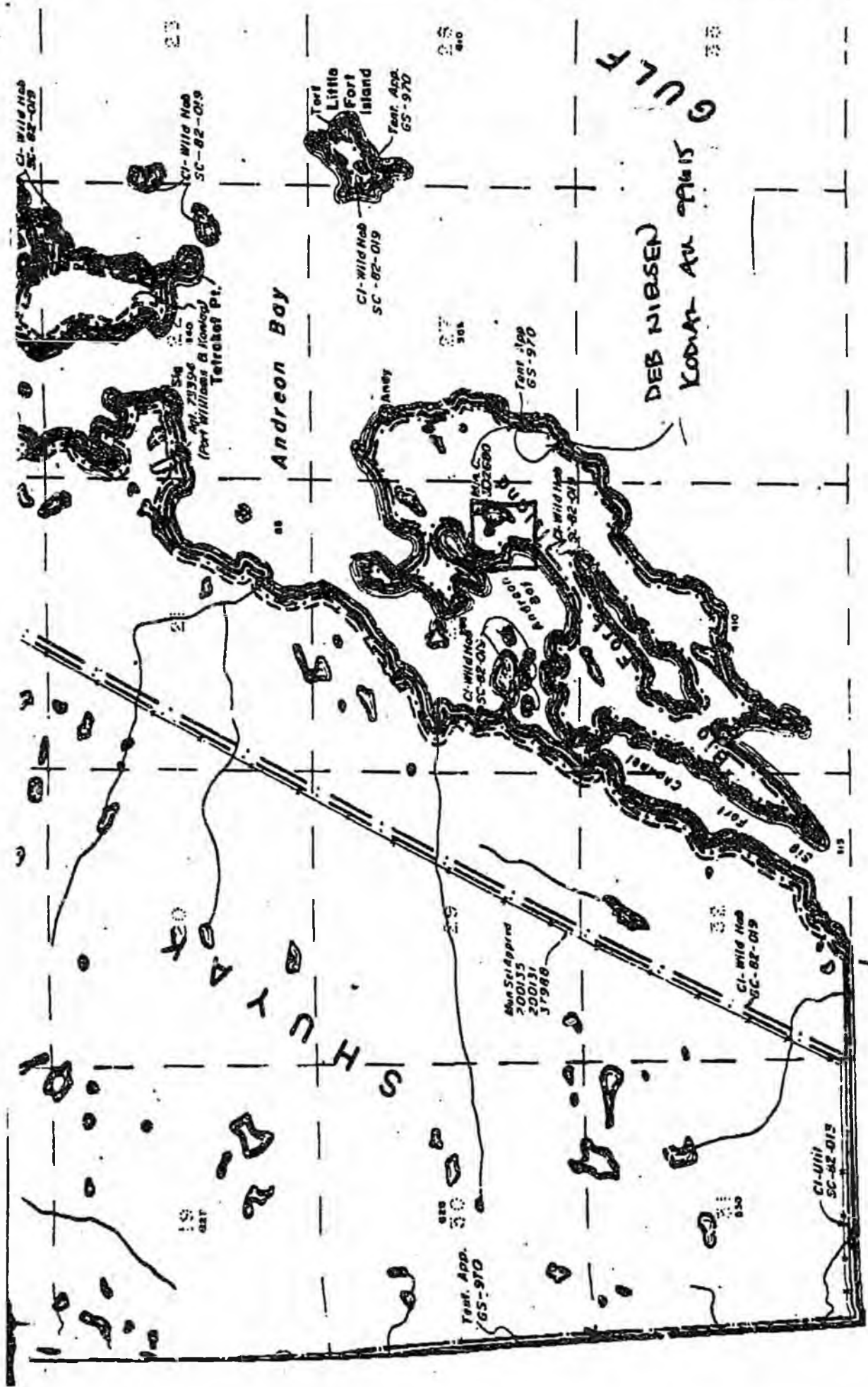
Total # pages (include cover sheet): 4

**Message:**

Dave - There are two living claims on Shuyah  
Island. One is under Knox & Loreena Christie,  
who live in Pt Townsend, WA. Their claim  
encompasses 19 acres at the head of the  
SE arm of Carey Inlet.  
The other claim is on Big Fort Island -  
39 acres; belongs to Debra Nielsen of  
Kodiak.  
Call me at 486-6352 if you  
have any questions.

DAVE GRAN 465 3517





SENATE FINANCE  
COMMITTEE  
Amendment Number: 1  
Bill Number: CSSB 64 (RES)  
Sponsor: Sharp Date:         
Logged In By: P. Spaulding

0-LS0417AF.1  
Luckhaupt  
3/13/97

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR SHARP

TO: CSSB 64(RES)

- 1 Page 4, line 7, following "emergency.":
- 2       Insert "A closure implemented because of a biological emergency (1) may continue
- 3 in effect only as long as the biological emergency continues to exist, and (2) must be
- 4 reevaluated on a regular basis, not less than annually, to justify that the closure
- 5 continues to be necessary."

AMENDMENT

#2

OFFERED IN THE SENATE

BY SENATOR SHARP

TO: CSSB 64(RES)

- 1 Page 1, line 1, following "Park":
- 2       Insert "and to the McNeil River State Game Refuge"
  
- 3 Page 5, following line 15:
- 4       Insert a new bill section to read:
- 5       "\* Sec. 9. AS 16.20.041 is repealed."

26' 29'' curve to the right a distance of approximately 201' to the intersection with the section line common to Sections 3 and 4 T1S R1W Fairbanks Meridian, and the start of the easement, the easement being 20' wide entirely to the left of the line being now described: continue easterly on a 2° 26' 29'' curve to the right 272', thence S27° 52' b 30'' W 10', thence S62° 07' 30'' E 275.16', thence on a 2° 17' 26'' curve to the left 402.96', thence N11° 01' E 75.62', thence S71° 38' 30'' E 965.11', thence S89° 52' 58'' E approximately 378.00' to the end of the easement, being a point of the boundary of the land and water described in (a)(1) of this section.

(c) The Creamer's Field Migratory Waterfowl Refuge is established to provide the following:

(1) protection and enhancement of habitat for migratory birds with special emphasis on waterfowl;

(2) opportunity to view, photograph and study various species of plants, wildlife and geological features typical to interior Alaska.

(d) The department shall develop a management plan for the land described in (a) of this section to promote the purposes described in (c) of this section. Recreational and agricultural activity is expressly permitted within the land described in (a) of this section if consistent with the management plan adopted by the department. (§ 1 ch 21 SLA 1979; am §§ 1, 2 ch 7 SLA 1991)

**Effect of amendments.** — The 1991 amendment, introductory language and paragraphs (1) and (2) and effective May 30, 1991, in subsection (a), rewrote the added paragraph (3); and rewrote subsection (b).

*Sec. 16.20.040. [Renumbered as AS 16.20.075.]*

**Sec. 16.20.041. McNeil River State Game Refuge.** (a) The following state-owned land and water, including the tideland but exclusive of marine water and submerged land, lying within the parcels described in this subsection is established as the McNeil River State Game Refuge:

Township 10 South, Range 29 West, Seward Meridian

Section 19: S½

Section 20: SW¼

Section 29: W½

Sections 30 — 31

Township 10 South, Range 30 West, Seward Meridian

Section 3: SW¼

Section 4: SE¼

Sections 10 — 11

Sections 14 — 16

Section 17: E½

Sections 20 — 23

Sections 25 — 29

Section 30: SE¼

Section 31: NE¼, S½

Sections 32 — 36

Township 11 South, Range 29 West, Seward Meridian

Sections 1 — 35

Section 36, except Nordyke Island and its tideland

Township 11 South, Range 30 West, Seward Meridian

Sections 1 — 36

Township 11 South, Range 31 West, Seward Meridian

Sections 1 — 36

Township 11 South, Range 32 West, Seward Meridian

Sections 1 — 36, except land within Katmai National Park and Preserve

95,760 acres

Township 12 South, Range 31 West, Seward Meridian

Sections 1 — 36

Township 12 South, Range 32 West, Seward Meridian

Sections 1 — 36, except land within Katmai National Park and Preserve

Township 13 South, Range 33 West, Seward Meridian

Section 1, except land within Katmai National Park and Preserve.

(b) The McNeil River State Game Refuge is established to

(1) provide permanent protection for brown bear and other fish and wildlife populations and their habitats, so that these resources may be preserved for scientific, aesthetic, and educational purposes;

(2) manage human use and activities in a way that is compatible with (1) of this subsection and to maintain and enhance the unique bear viewing opportunities in the McNeil River State Game Sanctuary established under AS 16.20.160;

(3) provide opportunities that are compatible with (1) of this subsection for wildlife viewing, fisheries enhancement, fishing, hunting, and trapping, for temporary safe anchorage, and for other activities.

(c) The Board of Game shall determine whether hunting of brown bears within the McNeil River State Game Refuge should be prohibited.

(d) The use and enjoyment of valid rights and interests in mineral claims, including the right of access, within the McNeil River State Game Refuge is protected. This subsection does not affect the power of the commissioner of natural resources to open or close land within the McNeil River State Game Refuge to new mineral entry under AS 38.05.185 — 38.05.275.

(e) The department and the Department of Natural Resources

(1) may not enter into sales of land within the McNeil River State Game Refuge;

(2) may enter into leases within the McNeil River State Game Refuge if the commissioner finds that activity conducted under the lease is compatible with the purposes for which the refuge is established.

(f) The commissioner shall prepare a report and notify the legislature of its availability by January 30 of each year on

(1) the status of the brown bears and other fish and wildlife resources within the McNeil River State Game Refuge; and

(2) the effect of hunting, fishing, and trapping, fishery enhancement activity, and mineral resource development on these resources. (§ 2 ch 56 SLA 1991; am § 21 ch 21 SLA 1995)

**Delayed repeal.** — Under §§ 7 and 9, ch. 56, SLA 1991, this section is repealed upon entry of a final order permanently enjoining the operation of the Paint River fish ladder and the expiration of any time for appeal of the order. The commissioner of fish and game shall certify to the revisor of statutes the date determined under § 9, ch. 56, SLA 1991.

**Cross references.** — For legislative findings in connection with the enactment of this section, see § 1, ch. 56, SLA 1991 in the Temporary and Special Acts.

**Effect of amendments.** — The 1995 amendment, effective August 8, 1995, substituted the present introductory language of subsection (f) for "The commissioner shall report to the legislature by January 30 of each year."

**Editor's notes.** — Under §§ 2 and 8, ch. 56, SLA 1991, this section was to take effect on the date the Paint River fish ladder begins operation. Under § 8, ch. 56, SLA 1991 the commissioner of fish and game was to certify to the revisor of statutes the date the fish ladder began operation. That certification was given on December 29, 1992, and this section took effect on January 1, 1993.

Under § 8, ch. 56, SLA 1991, the enactment of this section by § 2, ch. 56, SLA 1991 was to become effective on the date the Paint River fish ladder began operation. The commissioner of fish and game certified that the fish ladder began operation on January 1, 1993. Consequently, this section became effective on that date.

**Sec. 16.20.050. Multiple land use.** Where the use, lease, or disposal of real property in state game refuges created by AS 16.20.010 — 16.20.080 is under the control or jurisdiction of the state, whether through federal permit or state ownership, the responsible state department or agency shall notify the commissioner of fish and game

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR SHARP

TO: CSSB 64(RES)

Page 4, line 7 following "emergency."

INSERT new language to read:

Insert: " A closure implemented because of a biological emergency (1) may continue in effect only so long as the biological emergency continues to exist, and (2) is submitted to the legislature for approval at the next regular session of the legislature. In no case may the closure be repeated in subsequent years unless the closure is approved by the legislature under (2) of this subsection. If the legislature fails to approve a closure under (2) of this subsection by the last day of that regular session, the closure ends and cannot be enforced after the last day of that regular session.

SENATE DISTRICT C  
KODIAK ISLAND  
SOUTHEAST ISLANDS



STATE CAPITOL  
JUNEAU, ALASKA 99801-1152  
907-465-2925  
1-800-425-7000 FREE  
907-465-3517 FAX

## SENATOR JERRY MACKIE

ALASKA STATE LEGISLATURE

March 13, 1997

Mr. John Shively, Commissioner  
Department of Natural Resources  
400 Willoughby Ave.  
Juneau, Ak 99801-1724

Re: SB 64, Shuyak Island State Park.

Dear Commissioner Shively,

I have had several questions from other senators regarding the proposed additions to Shuyak Island State Park as presented in SB 64. Basically, the bill adds three large blocks of land to the existing state park. They are the Kodiak Island Borough's holdings on the island that were purchased with EVOS funds, approximately 9,000 acres of unreserved state land on the island's east side, and the surrounding state tide lands. The questions concern the subsurface mineral estate of these lands. What is their status if SB 64 is enacted?

Secondly, I believe there are two mining claims in the area. One was grandfathered into the existing park and the other is on the state land that will be added to the park. What is the status of these claims and what is the department's intentions for their future.

Thank you for your prompt response.

Sincerely,

  
Jerry Mackie