

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 8672

9728 SENATE RULES

**HB**

**472**



Anchorage Economic Development Corporation  
The Center of Opportunity

April 20, 1998

Honorable Tim Kelly  
Alaska State Senate  
State Capitol (MS 3101)  
Juneau, AK 99801-1182

Dear Tim:

The Anchorage Economic Development Corporation supports HB 472, An Act Relating to Apportionment of Business Income. This bill will overturn the recent decision of the State Supreme Court to allow the state to tax income from ships and aircraft owned by foreign corporations doing business in Alaska. The Alaska Corporation Net Income Tax would be applied to past, present and future net operating income. The State of Alaska depends on tourism and trade as its principal economic engines. Trade includes the export of oil and gas as well as seafood, timber and air cargo. The AEDC believes the implementation of business income taxes on foreign carriers selectively will have a significant deleterious effect on trade for the State of Alaska far in excess of any direct revenue obtained by the measure.

1. The State of Alaska would be the only state in the nation to impose such a tax. This would send a negative signal to some of Alaska's most important trading partners, such as Japan. The 1972 income tax treaty between Japan and the United States would be compromised. If any American state imposes such a tax, Japan would reciprocate against all American carriers. This principle has already been tested in New Jersey and New York several years ago.
2. Imposing this tax would negate the recently secured U. S. Department of Transportation ruling for Alaskan international airports to allow expanded cargo transfer among international and domestic carriers with traffic rights in Alaska. The recently concluded bilateral aviation agreement would be compromised by this action. The promotion of the air cargo industry and related logistics and value added manufacturing would suffer a severe set back at a crucial time. The market for international cargo trade is extremely competitive, with narrow margins determining the distinctions among competing locations. The imposition of a selective tax on international carriers would have a negative effect on some of Alaska's strongest contributors to cargo trade.
3. The imposition of this tax will discourage high value job development in Alaska. For each \$50 million generated in taxes, approximately 1,000 existing jobs would be lost. Such a tax discourages investment in Alaskan projects and operations because it raises the cost of transportation to foreign destinations. Alaska depends on foreign markets for the economic value of its export products. The Alaska market is not large enough to sustain the economy here alone, and the American domestic market is not the only destination of Alaskan goods.

April 20, 1998


Page 2

4. The imposition of this tax retroactively to 1992 connotes a punitive approach to international carriers. This sends the wrong message to foreign corporations and poses troubling questions for all business investors regarding the prospective taxation policies of Alaska toward business.

The growth and diversification of the Alaska economy is essential for the long term viability of the state. A prosperous future will only occur in an environment where taxation and revenue policies are fair and evenly distributed on a sound policy basis. The imposition of a tax on foreign carriers unfairly affects Alaska's most important trading partners. This measure will have a negative effect on Alaska's competitive standing in world trade. This selective foreign carrier tax must not be implemented unilaterally by Alaska. The AEDC urges your favorable action on HB 472 to remove this impending disaster.

Please contact me should you require further information on this matter.

Sincerely,



Patricia M. DeMarco, Ph.D.  
President





# Alaska Steamship Association

234 Gold Street • Juneau, Alaska 99801  
(907) 586-3107 • Fax (907) 586-1001

## TALKING POINTS OSG BULK SHIPS TAX ISSUE

### SUPPORT FOR HOUSE BILL 472

### RELATING TO ALASKA CORPORATE INCOME TAX

#### PROBLEM: RECENT SUPREME COURT RULING

The Alaska Supreme Court ruled on February 20, 1998 that an exemption from Corporate Income tax for foreign international air and sea carriers, that exists at the federal level in section 883 of the IRS code, no longer applies in Alaska.

At issue in the OSG case is whether or not the Legislature intended, when it adopted section 883 into the Alaska Tax Code in 1975, for the exemption to apply as written or whether the Legislature intended to "except to" or modify the exemption when it was adopted.

Many sections of the IRS Code are directly incorporated or adopted into the Alaska State Tax Statutes. Those incorporated provisions generally stand as written unless they are expressly "excepted to" or modified when they are adopted into the State Tax Law.

The Superior Court (lower court) found that the section 883 exemption on foreign international air and sea carrier income was in fact adopted into the Alaska Tax Statutes by the Legislature and that the plain language of the 883 exemption applies in Alaska.

When State DOR appealed the lower court's decision, the Supreme Court reversed, finding that the adoption of 883 was "impliedly" (without finding express language in the law) "excepted to" or modified by other sections of the Alaska Tax Code and therefore the 883 exemption is not applicable in Alaska. (See pages 10 and 15 of the Supreme Court decision.) This decision permits DOR to impose a new tax on every foreign airplane or ship that brings products to or from Alaska.

#### SOLUTION: PASSAGE OF HOUSE BILL 472

House Bill 472 amends the section of Alaska Net Income Tax Act (ANITA) that adopted section 883 into Alaska law to expressly state that nothing in the Alaska Tax Statutes may be construed as an exception to, or modification of, Section 883 of the IRS code.

## WHY PASS HOUSE BILL 472?

### Tax is Bad for Alaska

With the price of oil in the \$10 a barrel range and with Asian markets down, this is a particularly bad time to increase business taxes. Increasing the cost of getting our resources to market will have a serious negative impact on Timber, Mining, Fishing, Gas Exports, Tourism, Airport Development and a host of Support and Supply industries.

The impact of this tax will be borne by Alaskans, not foreign corporations. The tax will translate to higher transport fees or lower purchase prices for Alaskan resources. With the significant downturn in the Asian economies, Alaska's resource industries cannot afford increased shipping costs or lower market prices.

### Detriment to New Investment

An aggressive move to tax business income not only impacts the industries directly subject to the tax but also sends a negative message to prospective investors. A message that Alaska will seek to raise taxes on businesses before it considers other options will deter rather than encourage investment.

Foreign air and sea carriers will have incentive to move away from Alaska to jurisdictions that don't impose the tax. A mixed message will be sent in relation to the gas pipeline, with efforts to establish tax breaks on one hand while increasing costs on the other.

### Tax Policy Inconsistent with International Agreements

The purpose of section 883 is not only to prevent the double taxation of foreign income but to insure that income earned by U.S. companies is not taxed in other nations. Section 883 upholds a logical concept in international trade.

It says foreign companies doing business in the United States won't be taxed in the United States so long as the countries the foreign companies come from don't tax U.S. companies doing business there. These reciprocal tax agreements on the taxation of air and shipping income are in place between the United States and many other nations.

When a state or local government in the United States imposes a new tax on foreign international air and sea carriers, it exposes U.S. international shipping companies to the triggering of retaliatory taxes in other countries.

Recently, the states of New York, New Jersey and California rescinded their efforts to impose similar taxes. Alaska will be the ONLY state in the Union to impose a tax on international foreign air and sea carriers if it proceeds.



United States Department of State

Washington, D.C. 20520

April 13, 1998

Honorable Tony Knowles  
Governor, State of Alaska  
Third Floor, State Capitol  
P.O. Box 11001  
Juneau, Alaska 99811-0001

Dear Governor Knowles:

Action by the Alaska State Legislature to prevent the imposition of income taxes on foreign transportation companies has recently come to our attention. This move is consistent with United States policy. We and our international trading partners agree that such taxes are not in our mutual interests. By preventing the imposition of these taxes, Alaska will join other states, most recently, New York, New Jersey, and California, in recognizing that they work against economic growth. Currently, no States apply such taxes.

This is an active area of foreign policy. The U.S. Department of State is currently engaged in maritime and aviation income tax exemption treaty negotiations with several countries. At present, the U.S. Government exempts from federal income tax, on a reciprocal basis, maritime companies and airlines from over ninety countries that accord similar treatment to our transportation companies.

The U.S. Department of State and other government agencies will gladly provide information and other assistance to you, your tax authorities and state legislators who may wish to have more details on this important international trade issue.

Sincerely,

A handwritten signature in cursive script that reads "Joel S. Stiro".

Joel S. Stiro  
Deputy Assistant Secretary  
for Transportation Affairs

**HEB**

**473**

# ALASKA STATE LEGISLATURE



*Session*  
State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-3779 - Phone  
(907) 465-2833 - Fax

*Interim*  
145 Main St. Loop Suite 221  
Kenai, Alaska 99611  
(907) 283-7223 - Phone  
(907) 283-3075 - Fax

REPRESENTATIVE MARK D. HODGINS  
House District 9

## SPONSOR STATEMENT

**HB-473** "An act relating to training and certification of fire service personnel; and providing for an effective date."

This legislation creates, in the Department of Public Safety, the Alaska Fire Standards Council. Provides for appointment of members, selection of officers, meetings schedule, compensation and expenses of the Council and shall adopt minimum standards for, employment and curriculum requirements for fire service personnel and their certification and establishes and maintains fire service personnel training programs.

**HB**

**481**

# Alaska State Legislature

CHAIR:  
REPRESENTATIVE  
JEANNETTE JAMES

State Capitol  
Room 102  
Juneau, Alaska  
99801-1182  
(907) 465-3743  
FAX (907) 465-2381



House of Representatives  
HOUSE STATE AFFAIRS

MEMBERS:  
REPRESENTATIVES  
IVAN IVAN  
AL VEZEY  
FRED DYSON  
MARK HODGINS  
KIM ELTON  
ETHAN BERKOWITZ

## SPONSOR STATEMENT HOUSE BILL 481

"An Act relating to application for and payment of permanent fund dividends of certain deceased individuals; and providing for an effective date."

House Bill 481 corrects an inequity in the categories of individuals who may receive Permanent Fund Dividends (PFDs). Currently, eligible individuals fall under numerous categories. Besides those physically present in the state for the entire period of eligibility, categories include individuals absent from the state for military reasons, educational advancement or medical treatment. Additionally, individuals accompanying those who are absent from the state for medical treatment are also eligible to receive a dividend.

One category of eligible individuals, however, has been deprived of the opportunity to receive PFDs. Those are the individuals who, though eligible to receive a PFD, do not because they died during the application period before applying. In other words, they do not receive a permanent fund dividend simply because they died at the wrong time of the year.

The application deadline for permanent fund dividends is March 31 of the year following the year for which the dividend applies. This dividend is normally paid sometime the following October. If an eligible individual applies for and receives a dividend and then dies, the individual's estate has access to the permanent fund dividend. Similarly, although by regulation rather than statute, the PFD of an eligible individual who applies for a PFD but dies before receiving it, is also given to the individual's estate. However, if an eligible individual dies during the application period prior to applying, the estate's representative is unable to apply on the individual's behalf. This creates a class of individuals based solely on the date of their deaths.

House Bill 481 corrects this inequity. It puts into statute that the estate of an individual who applies for a PFD but dies before receiving it may keep the PFD. It also provides that as long as an individual was eligible for and would have received a permanent fund dividend had the individual continued to live, the individual's estate is eligible to apply for and receive the dividend. This correction could be a great assistance in many circumstances.

The dividend of an individual who died unexpectedly could be used by the family to help pay the funeral expenses and any medical expenses that may have been incurred. It could be used to pay for the support of an individual's offspring or to assist with other costs. The family of a deceased individual should not be deprived of the Permanent Fund Dividend simply because of the time of year during which the individual died. Nor, on a less compassionate note, should an individual's creditors be deprived if no heirs exist.

House Bill 481 requires no additional funding. Its effect on the amount of individual permanent fund dividends would be negligible; however the advantages to the family of the deceased individual would be great.

# Alaska State Legislature

**CHAIR:**  
**REPRESENTATIVE**  
**JEANNETTE JAMES**

State Capitol  
Room 102  
Juneau, Alaska  
99801-1182  
(907) 465-3743  
FAX (907) 465-2381



**House of Representatives**  
**HOUSE STATE AFFAIRS**

**MEMBERS:**  
**REPRESENTATIVES**  
IVAN IVAN  
AL VEZEY  
FRED DYSON  
MARK HODGINS  
KIM ELTON  
ETHAN BERKOWITZ

## **SECTIONAL ANALYSIS**

### **HOUSE BILL 481**

**"An Act relating to application for and payment of permanent fund dividends of certain deceased individuals; and providing for an effective date."**

- Section 1:** Adds a new subsection to AS 43.23.005, Eligibility, which provides that the permanent fund dividend of an individual eligible to receive a dividend who applied for, but died before receiving, the dividend may be paid to the deceased individual's estate. Also provides that the personal representative of the estate, or a successor claiming personal property under AS 13.16.680, Formal Testacy Proceedings Order, Foreign Will, may apply for the dividend of an individual eligible to receive a dividend who dies during the application period before applying for the dividend.
- Section 2:** Amends AS 43.23.025(a), Amount of Dividend, to specify that the number of estates and successors eligible to receive a dividend payment for the current year be included with the number of individuals eligible to receive a dividend for that year.
- Section 3:** Makes Section 1 retroactive to January 1, 1998.
- Section 4:** Provides an immediate effective date for Sections 1 and 3 of the bill.
- Section 5:** Section 2 of the legislation becomes effective January 1, 1999.

**HB**

**482**

# Alaska State Legislature

## Committees:

Transportation, Chairman

Resources

Economic Development

Rules



Representative William K. Williams

During Session:  
State Capitol  
Juneau, AK 99801-1182  
(907) 465-3424  
Fax (907) 465-3793

In Ketchikan:  
50 Front Street, Suite 203  
Ketchikan, AK 99901  
(907) 247-4672  
Fax (907) 225-7157

## **SPONSOR STATEMENT**

### **HB 482 MOTOR VEHICLE REGISTRATION**

HB 482, an act relating to the registration of motor vehicles, was introduced to make state government more efficient and user friendly.

Currently, the state issues thousands of vehicle registrations yearly to seniors and handicapped Alaskans. Although there is no charge for these vehicle registrations, considerable time and effort goes into issuing them on an annual basis. HB 482 would remove this burden from our seniors and those with disabilities by granting them a lifetime registration of one vehicle, and help shrink the lines at our D.M.V. offices while freeing up time for employees to do other tasks.

Adoption of House Bill 482 will increase efficiencies at D.M.V. and promote a user friendly atmosphere between the public and state government.

## **HB 482**

### **POSSIBLE QUESTIONS**

**If a senior/disabled person owns more than one vehicle, can they register them all for free?**

No

Under current law, a senior or handicapped Alaskan who owns more than one vehicle can receive only 1 free registration, but must register annually/biannually.

Under HB 482, a senior or handicapped Alaskan who owns more than one vehicle can receive only 1 free registration, but it is for his/her lifetime.

**How many transactions will this save D.M.V.?**

Currently 14,000 seniors and 6,000 handicapped Alaskans receive 1 free vehicle registration

**Will the lifetime free vehicle registration apply to a person who is temporarily disabled?**

No, there is a temporary handicapped placard that D.M.V. issues for those with temporary disabilities

**HB**

**484**

# ALASKA STATE LEGISLATURE

## House of Representatives

### COMMITTEE MEMBERS:

REPRESENTATIVE NORMAN ROKEBERG, CHAIRMAN  
REPRESENTATIVE JOHN COWDERY, VICE CHAIRMAN  
REPRESENTATIVE BILL HUDSON  
REPRESENTATIVE JOE RYAN  
REPRESENTATIVE JERRY SANDERS  
REPRESENTATIVE TOM BRICE  
REPRESENTATIVE GENE KUBIJA  
COMMITTEE AIDE, SHIRLEY ARMSTRONG  
COMMITTEE SECRETARY, CATHY WOOD  
COMMITTEE HEARING ROOM 17 STATE CAPITOL



INTERIM:  
716 WEST 4TH AVENUE, SUITE 643  
ANCHORAGE, AK 99501  
PHONE: (907) 258-8191  
FAX: (907) 258-2916

SESSION:  
STATE CAPITOL, ROOM 24  
JUNEAU, AK 99801-1182  
PHONE: (907) 465-4954  
FAX: (907) 465-2040

## Labor and Commerce Committee

### Sponsor Statement / Sectional

### HB 484 – Unemployment Exemption For Amateur Sports Officials

HB 484 would exempt Alaska's amateur sports officials from unemployment tax liabilities. It would not relieve them from income tax liability. This measure is predicated upon the successful passage of corresponding federal language, now being pursued by Senator Ted Stevens.

Recreational, nonprofessional sports are a large and expanding component of our state's athletic and social life, and the role of amateur sports officials is vital to its continuation and development. The essential character of this avocation will be adversely impacted if tax pressures on modest stipends is not relieved. Most amateur officials provide their own transportation, uniforms, protective gear, and other costs, without reimbursement from those non-profit organization and recreational units of local government which hire them.

Further, without the modest relief provided by HB 349, we may likely see a decline in the availability of qualified amateur sports officials as they pick up other work, or worse, force increase in costs to the many non-profit organizations which sponsor amateur sporting events. An increase in costs could lead to unfortunate reductions in amateur sports programs.

The Alaska legislature once exempted amateur sports official from employment tax liabilities, however the exemption was lifted a year later under threat of losing federal funds at the Department of Labor. Federal law did not correspondingly provide for the exemption.

# ALASKA STATE LEGISLATURE

## House of Representatives

### COMMITTEE MEMBERS:

REPRESENTATIVE NORMAN ROKEBERG, CHAIRMAN  
REPRESENTATIVE JOHN COWDERY, VICE CHAIRMAN  
REPRESENTATIVE BILL HUDSON  
REPRESENTATIVE JOE RYAN  
REPRESENTATIVE JERRY SANDERS  
REPRESENTATIVE TOM BRICE  
REPRESENTATIVE GENE KUBINA  
COMMITTEE AIDE, SHIRLEY ARMSTRONG  
COMMITTEE SECRETARY, CATHY WOOD  
COMMITTEE HEARING ROOM 17 STATE CAPITOL



INTERIM:  
716 WEST 4TH AVENUE, SUITE 640  
ANCHORAGE, AK 99501  
PHONE: (907) 258-8191  
FAX: (907) 258-2916

SESSION:  
STATE CAPITOL, ROOM 24  
JUNEAU, AK 99801-1182  
PHONE: (907) 465-4954  
FAX: (907) 465-2040

## Labor and Commerce Committee

SECTION 1 - adds amateur sports officials to the list of occupations exempted from unemployment liability under AS 23.20.526(a).

SECTION 2 - since the exact effective date is not known at this time, this reference states that HB 484 applies to officiating services performed after either possible effective date.

SECTION 3 - is the conditional language that provides for HB 484 tading effective only upon the passage of corresponding federal law. Senator Ted Stevens is currently working for passage of federal language this year.

SECTION 4 - is the effective date, indicating that the provisions of HB 484 apply whenever the federal law takes effect, and that can be one of the two identified possibilities.

House Bill 484 is supported by the Farthest North Umpires Assn., the Alaska School Activities Assn., and others. It is not opposed by the AFL-CIO, and the bill carries a zero fiscal note.

## Anchorage Amateur Softball Umpires Association

P. O. Box 210501  
Anchorage, Alaska  
99521-0501



To: Representative Norm Rokeberg

April 1, 1998

From: Bob Walker, President  
AASUA

Subj: Amateur Sports Officials

Dear Representative Rokeberg

On the advice of my fellow colleagues I'm writing you in the hope that you could introduce a piece of legislation in the House that will save all amateur sports officials here in Alaska and all amateur sports as well. In 1989 a bill sponsored by Rep Terry Martin was passed by the legislature (HB 147) recognizing amateur sports officials as independent contractors. This same law was promptly repealed in 1990 due to conflict with U.S. Dept of Labor law and the potential loss of millions of dollars in federal matching funds for unemployment insurance benefits. However no one bothered to tell the amateur sporting community of this minor little change. In 1991 we came under scrutiny for Workmen's Compensation requirements, not realizing all the while we were no longer covered by HB 117. We were successful in getting AS23.30.230(a) made into law in 1991 exempting us from Workmen's Comp.

What happened next was predictable. We along with all other amateur sports officials were told by our various non-profit officials groups that we were independent contractors and our taxes were our responsibility and were not entitled to unemployment or work comp benefits either. This relationship had gone that way for almost ten years until last summer in Fairbanks when a amateur umpire new to Alaska filed for unemployment at the end of the season based on perceived policy from their home state. Alaska Dept of Labor completed an investigation and based on the current law found Farthest North Umpires Association liable for the benefits. We all became painfully aware that we were not exempted by state law and that we could also be liable to the IRS for the same reasons.

Where are we now? Farthest North Umpires case is under appeal with the Alaska Dept of Labor. Senator Ted Stevens will introduce legislation that would exempt us from the Federal Unemployment Tax Act (FUTA) and the jurisdiction of the U.S. Dept of Labor. We have a bill before the Senate (SB 319) asking that state law be changed to match the new change to federal law. Senator Loren Leman is hearing testimony on April 7<sup>th</sup> by the Senate Labor and Commerce Committee

Post-it Fax Note	7671	Date	4-1-98	# of pages	2 of 2
To	Rep Norm Rokeberg	From	Bob Walker		
Company	Alaska House	City	FAIRBANKS		
Phone #		Phone #	694-5713		
Fax #	465-2040	Fax #	694-5113		

What are the potential consequences of failure? This could very well fold amateur sports at all levels. High school, recreational you name it. That is why legislation was introduced in 1989. We that officiate amateur sports are not here for the money. We are here because we love the game and the people that play them, most of us are "old" players ourselves. We all have regular full time jobs: we all receive 1099's for our game fees and pay the taxes on the money we receive. An average softball umpire makes \$15.00 a game, then take administrative fees and that drops it to about \$13.00. Almost all the money we earn is used to buy uniforms go to officiating clinics and pay for travel. If the various associations have to take on the expense of unemployment, work comp, the IRS and the costs of that administration, game fees will drop to the point where amateur officials will have to pay to call games. If these costs rise, as significantly as they appear, sports officials will just not be found or the user groups, those same amateur athletes or their parents will be paying even higher costs to have officials to call their games. Either of these situations could severely impact all Alaska amateur athletic programs.

Please help us if you can. Please call if you have any questions or if I can help in any way possible.

Sincerely



Bob Walker, President  
AASU.A. 691-5711

**HB**

**486**

# STATE OF ALASKA

## DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF BANKING, SECURITIES, AND CORPORATIONS

**TONY KNOWLES, GOVERNOR**

333 Willoughby Avenue, 9<sup>th</sup> Floor  
P.O. BOX 110807  
JUNEAU, ALASKA 99811-0807  
Banking & Securities (907) 465-2521  
Corporation Section (907) 465-2530

ANCHORAGE  
Corporation Information (907) 269-8140  
TDD (907) 465-5437

May 6, 1998

The Honorable Tim Kelly  
Alaska Senate  
State Capitol Room 101  
Juneau, AK 99801-1182

Dear Senator Kelly:

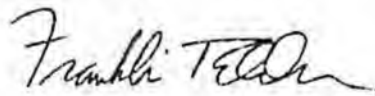
Re: CSHB 486(L&C) An Act relating to the Alaska Securities Act

We are asking for your support in passing CSHB 486(L&C) as it comes before you for a vote on the floor for the following reasons:

1. This bill brings the Alaska Securities Act into compliance with the federal law known as the National Securities Markets Improvement Act (NSMIA), thus preserving Alaska's authority to collect fees from mutual funds and investment advisers that currently amount to more than \$4 million in annual general fund revenues. A revenue source that has been growing at a 14% rate.
2. The language in the bill was drafted largely by the North American Securities Administrators Association (NASAA), an organization of state and provincial securities regulators which include every state, the District of Columbia, Puerto Rico, Mexico, and the provinces of Canada.
3. Thirty-nine other states have already passed similar legislation, and a fortieth has introduced legislation for passage this spring. Passing this bill will make Alaska the 41<sup>st</sup> state to pass it.
4. The bill is supported by the Investment Company Institute, representing the mutual fund industry, and by the Investment Counsel Association of America, representing investment advisers.
5. The bill improves access to capital markets by small businesses by adding new exemptions from registration, without compromising on investor protection.
6. The bill includes provisions that codify current filing requirements for certain ANCSA corporations, thus providing clearer statutory support for current regulations.
7. Investor protection is improved by the inclusion of language regulating investment advisers that will only be registered with the states due to NSMIA, and the provision of additional time for an investor to sue when a victim of fraud.

We ask for your support of this important legislation. Thank you.

Yours truly,



Willis F. Kirkpatrick  
Director

for

Franklin Terry Elder  
Senior Securities Examiner

**HB**

**488**

# Alaska State Legislature House of Representatives

## Committees

Rules Committee, Chair  
Legislative Council  
International Trade & Tourism  
Military & Veterans Affairs  
World Trade & State/Federal Relations



Interim:  
10928 Eagle River Rd. Suite 141  
Eagle River, AK 99577

Session:  
Alaska State Capitol  
Juneau, AK 99801

## SPONSOR STATEMENT

HB 488

### Alaska Royalty Oil & Gas Development Advisory Board

Hours of public testimony from the mining, logging, fishing, trucking and other Alaskan industries have left little doubt that high fuel prices have a definite retardant effect on the economic development and quality of living in the State of Alaska.

Alaska refiners strongly influence regional prices through company owned retail outlets and distributors. Refiners are attempting to replace independent retail outlets and distributors with company operated outlets to solidify their control over prices. Neither capacity nor availability of supply is a determining factor in the cost of fuel in Alaska. Refiners say, "We charge what the market will bear." Alaskans would not bear these high prices if they had any alternative.

The Alaska Royalty Oil & Gas Development Advisory Board is charged to protect the Alaskan public under Statutes 38.05.183 and 38.06.070 from obscenely high fuel prices.

HB488 changes the makeup of the board increasing public members. HB 488 has three main objectives:

1. Replace the Commissioner of Revenue with the Commissioner of DCRA on the board.
2. Raise the number of voting members from five to seven (the Commissioner of Natural Resources is a non-voting member).
3. Change the number of members with petroleum related backgrounds from three to one. This leaves on the board four members whom are not from a petroleum background or members of the administration.

The Alaska Royalty Oil and Gas Development Advisory Board under AS38.06.070 gives Alaskans the opportunity to receive all possible benefits from the sale of Alaska royalty oil. By switching the commissioner of the department of revenue to the commissioner of

Representative Pete Kott

Juneau Office (907) 465-3777 Toll Free 1-800-861-KOTT(5688) Fax (907) 465-2819  
Eagle River Office (907) 694-8944 Fax (907) 694-8945 E-Mail: representative\_pete\_kott@legis.state.ak.us



community & regional affairs, a broader range of Alaskans will be represented while still ensuring that revenue generated to the general fund is maintained.

Currently, all public members are required to have a petroleum-related background. This limits the number of people who wish to serve on the board. Allowing people who do not have a petroleum background will make the board more diversified. This will provide fairer representation to Alaskans.

**HCR**

**1**

SENATE RULES COMMITTEE

February 5, 1997

12:00 p.m.

MEMBERS PRESENT

Senator Tim Kelly, Chairman  
Senator Loren Leman, Vice Chairman  
Senator Robin Taylor  
Senator John Torgerson

MEMBERS ABSENT

Senator Jim Duncan

COMMITTEE CALENDAR

CS FOR HOUSE CONCURRENT RESOLUTION NO. 1 (WTR)  
Relating to a new Alaska liquefied natural gas project.

PREVIOUS SENATE COMMITTEE ACTION

HCR 1 - Resources minutes dated 2/3/97.

ACTION NARRATIVE

TAPE 97-1, SIDE A

#HCR 1

CHAIRMAN KELLY called the Senate Rules Committee meeting to order at 12:00 p.m. He brought CSHCR 1 (WTR) (NORTH SLOPE NATURAL GAS PROJECT) before the committee as the only order of business.

SENATOR LEMAN moved CSHCR 1 (WTR) be approved for calendaring at the Chair's discretion. Hearing no objection, it was so ordered.

There being no further business to come before the committee, CHAIRMAN KELLY adjourned the meeting at 12:01 p.m.

#



COMMITTEES  
Natural Resources  
Legislative Council

# Alaska State Legislature

## Office of World Trade And State/Federal Relations

REPRESENTATIVE  
**RAMONA L. BARNES**  
District 22

### SPONSOR STATEMENT

CS HCR 1 (WTR)

CS HCR 1 (WTR) urges the establishment of a stable fiscal and regulatory environment in order to provide the best opportunity for a new LNG project to be economically viable and attractive. To ensure economic viability, a huge volume of 14 million metric tons of gas must be sold per year. The proposed LNG project would transport and market the North Slope gas resource in the Asian Far East market. It is believed there exists an opportunity in 2005 when demand in that market will rise enough to accept the volume of gas which this project will provide. A critical element is the likelihood Alaska's huge volume of gas could be displaced from the market for many years if smaller, more easily placed projects come on line first.

CS HCR 1 (WTR) encourages the Governor to work with North Slope leaseholders as well as the Legislature, the federal government and Congress to develop and complete the LNG project.

The Governor is asked to work with leaseholders to develop a contract for execution with those who appear likely to become sponsors of the project. The contract would point out the nature, degree and duration of fiscal terms for the project and contractually guaranteeing the terms. The contract would be submitted to the Legislature for ratification. The Governor would also provide the Legislature with enabling legislation to authorize the State of Alaska to formally enter the contract.

The Legislature encourages potential sponsors of the LNG project to find suitable measures to support and encourage Alaska businesses and residents to participate in construction and operation of the project.

If built, the project would also be constructed so as to enable the marketing of gas to Alaska communities.

The Governor is asked to work with leaseholders and Alaska's Congressional delegation to identify appropriate federal action to help expedite the project. He is also asked to identify and report to the Legislature, the form of participation in the project by the State of Alaska.

Anchorage  
P.O. Box 103382  
Anchorage, AK 99510  
(907) 337-7737  
(907) 258-8163

State Capitol  
Juneau, AK 99801-1182  
(907) 465-3438

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: North Slope Natural Gas BRU: Administration and Support  
 Component: Commissioner's Office  
 Sponsor: Rep. Barnes  
 Requestor: (H) WTR COMPONENT SERIAL NO. 123

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	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	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ( )						

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

POSITIONS:

FULL-TIME					
PART-TIME					
TEMPORARY					

ANALYSIS: (Attach a separate page if necessary)

HCR 1, regarding the proposed North Slope gas project, requests that the Governor (1) identify fiscal terms that would best facilitate the proposed project, (2) work with the North Slope leaseholders to develop a proposed contract to lay out and guarantee those fiscal terms, (3) submit that proposed contract to the Alaska legislature for ratification along with enabling legislation, and (4) work with the Alaska Congressional delegation and the North Slope leaseholders to identify appropriate federal actions to facilitate advancement of the project. Currently, the Commissioner of Revenue is leading the Governor's efforts on the project.

The Commissioner of Revenue has already committed substantial resources, both financial and personnel, to gas line issues, and intends to do so in the future. As a result, no additional funding will be required under this resolution.

Prepared by: Tamar diFranco, Special Assistant  
 Division: Commissioner's Office  
 Approved by Commissioner: Wilson L. Condon  
 Agency: Revenue

Phone: (907) 465-2320  
 Date: January 17, 1997  
 Date: January 17, 1997

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

For further distribution information call the Governor's Legislative Office

Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: North Slope Natural Gas BRU: Administration and Support  
 Component: Commissioner's Office  
 Sponsor: Rep. Barnes  
 Requestor: (S) RES COMPONENT SERIAL NO. 123

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	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>

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

CSHCR 1 (WTR), regarding the proposed North Slope gas project, requests that the Governor (1) identify fiscal terms that would best facilitate the proposed project, (2) work with the North Slope leaseholders to develop a proposed contract to lay out and guarantee those fiscal terms, (3) submit that proposed contract to the Alaska legislature for ratification along with enabling legislation, and (4) work with the Alaska Congressional delegation and the North Slope leaseholders to identify appropriate federal actions to facilitate advancement of the project. Currently, the Commissioner of Revenue is leading the Governor's efforts on the project.

The Commissioner of Revenue has already committed substantial resources, both financial and personnel, to gas line issues, and intends to do so in the future. As a result, no additional funding will be required under this resolution.

Prepared by: Tamar diFranco, Special Assistant Phone: (907) 465-2300  
 Division: Commissioner's Office Date: January 31, 1997  
 Approved by Commissioner: Wilson L. Condon Date: January 31, 1997  
 Agency: Revenue

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE  
 For further distribution information call the Governor's Legislative Office



# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. CSHCR1 (WTR)

Revision Date: 2/3/97 Dept Affected: Natural Resources  
 Title: Relating to a new Alaska liquefied natural gas project BRU: Management & Administration  
 Component: Commissioner's Office  
 Sponsor: Rep(s) Barnes, Phillips, Rokeberg, Kubina, Kott...  
 Requestor: House Special Committee on World Trade... Component Serial No. #423

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<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)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY97) cost: \$ none

POSITIONS

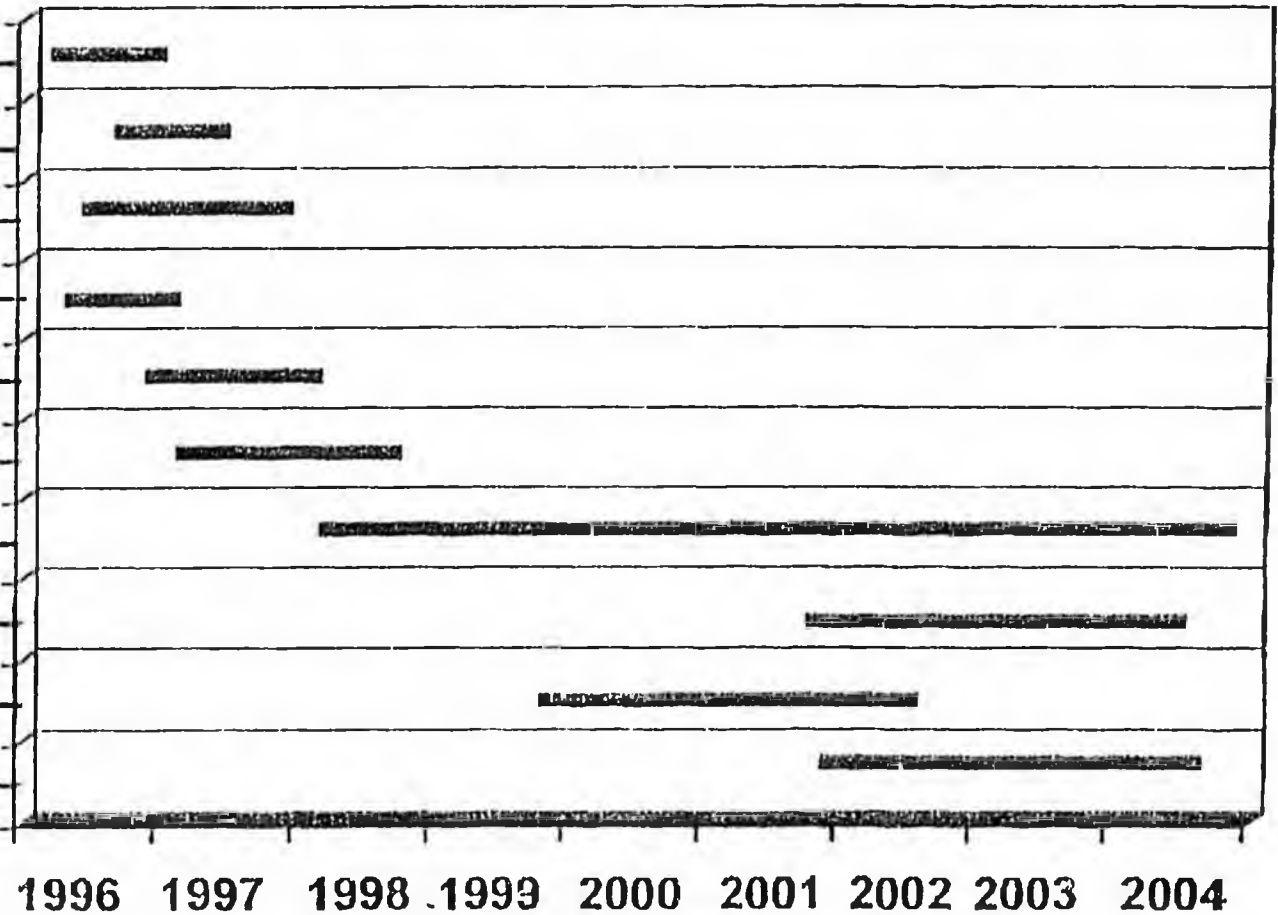
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Carol Carroll, Director *Carol Carroll* Phone: 465-2406  
 Division: Support Services Date: 3-Feb-97  
 Approved by Commissioner: *John Barnes* Date: 2-3-97  
 Agency: Natural Resources

# TAGS Best Case Development Scenario

- Negotiate commitments to sell North Slope gas
- Negotiate sales contracts w/Asian markets
- Negotiate TAGS equity ownership mix & financing
- Negotiate project labor agreement
- Complete final engineering
- Specialized training of Alaskans for construction
- Complete pipeline & liquefaction plant
- Construct LNG tankers
- Negotiate in-state use LNG contracts
- Construction of in-state LNG facilities & pipeline



BEST CASE DEVELOPMENT SCENARIO  
TRANS-ALASKA GAS SYSTEM  
PREPARED BY YUKON PACIFIC CORPORATION

The construction and operation of the Trans-Alaska Gas System and sales of Alaska's North Slope natural gas are critical to Alaska's future. State revenues, local government revenues, private sector jobs, contracts for Alaskan businesses, and use of the gas for residential and commercial purposes along the pipeline corridor all hinge upon conclusion of a unified proposal to present to the Asian markets.

Representatives of these Asian markets have recently substantiated that a market now exists for Alaskan gas and that if we do not move quickly to meet this market demand, they will have to make commitments to other competing projects.

The Alaska Legislature recently unanimously passed a resolution in support of the project which established an interim Legislative working group to "track progress and assist the transportation permit holder, the working interest owners of the Prudhoe Bay and Point Thompson units, and the administration in developing a unified proposal for presentation to the Asian market."

This resolution was supported by the Alaska Municipal League, the Alaska AFL-CIO, the Alaska Environmental Lobby, the Fairbanks North Star Borough, the Alaska Trucker's Association, the Fairbanks North Star Borough, the City and Borough of Juneau, the Bristol Bay Borough, the Southwest Marine Pilots and others throughout Alaska.

Korea and Taiwan have already signed letters of intent to purchase Alaskan gas and President Clinton also promoted Alaska North Slope gas sales in Japan on his recent mission to Asia.

**Many of the components of this project are already in place. What is the best case development scenario for the earliest completion of this project?**

**PERMITTING:**

Environmental permits are a major uncertainty in any large scale development project. Fortunately, in this instance, Yukon Pacific has already obtained all the permits and an export license within the existing pipeline corridor. This process took 10 years to accomplish. Any alternative to this route would have to start from scratch to seek permits which would delay beginning of this project for at least 5 years. The participation of Yukon Pacific Corporation is critical to any near term Alaska LNG project.

#### NEGOTIATION OF COMMITMENTS TO SELL GAS:

This is the most pressing component of the project at this time. Until the working interest owners on the North Slope actually agree to put Alaskan gas on the market this project cannot move forward. There are several options to conclude these agreements. First, the major oil companies could agree to let Yukon Pacific market the gas and agree to a sales price and production schedule.

As an alternative they could join as ownership partners with Yukon Pacific to jointly present this project to the Asian markets. Yukon Pacific has offered up to 75% ownership of TAGS to the oil companies or other investors.

If due to reinjection requirements, or the Issues Resolution Agreement, the oil companies cannot market their gas before 2005, Point Thomson could lead the production required for this project to begin, and the oil companies could agree to bring Prudhoe Bay production on line after 2005.

#### NEGOTIATE SALES CONTRACT WITH ASIAN MARKETS:

Korea and Taiwan have already signed letters of intent with Yukon Pacific to buy Alaskan gas. Representatives of Japan National Oil Corporation who recently visited Juneau indicated their interest in Alaskan gas and encouraged Alaskans to present a unified proposal to them for their consideration. President Clinton also promoted sales of Alaskan gas on his recent mission to Asia. Long term contracts (20 to 30 years) need to be negotiated to facilitate financing of the project.

#### NEGOTIATE TAGS OWNERSHIP AND FINANCING:

This component would involve establishing an ownership and management structure for the project. This will be partially determined by the investors of the project. Total costs and returns from the project need to be presented to potential financiers including Yukon Pacific, the oil companies, banks, and end users of the gas. Although it is not required to secure adequate project financing, the State of Alaska may want to consider investing in the project if it can be shown that the State can achieve a higher rate of return than its existing investments.

#### NEGOTIATE PROJECT LABOR AGREEMENT:

Yukon Pacific has stated its willingness to negotiate a project labor agreement for the project to ensure availability of qualified workers and to ensure maximum Alaskan hire. A no strike clause will be an essential part of this agreement.

#### COMPLETE FINAL ENGINEERING:

Preliminary engineering has been completed but final engineering and construction blueprints need to be completed. During this phase all opportunities for shared facilities

with existing pipeline operations need to be considered in an effort to lower costs of the project.

#### CONSTRUCT PIPELINE AND LIQUEFACTION PLANT:

Estimated construction schedule is five years from start to completion. This phase will overlap to some degree with the 2-3 years required for final engineering and design discussed above. The pipeline will be buried except for occasional stream crossings.

#### CONSTRUCT LNG TANKERS:

Construction of the initial vessels required is estimated to take 2 years. New tankers will be phased in as production ramp up occurs.

#### NEGOTIATE IN STATE USE OF NATURAL GAS:

This would include local distribution companies and potential industrial users including petrochemical production, etc.

#### CONSTRUCTION OF IN STATE NATURAL GAS FACILITIES AND PIPELINES:

This construction would be timed to coordinate with completion of the main gas line.

## TAGS PERMITS AND AUTHORIZATIONS

---

Over the past twelve years YPC has secured or satisfied all of the necessary legal approvals and requirements to export North Slope natural gas to Asia. These include:

1. *Presidential Approval: Presidential Finding Concerning Alaska Natural Gas: Removes impediment to Alaska natural gas exports required by Section 12 of the Alaska Natural Gas Transportation Act (15 U.S.C. 719f), January 13, 1988;*
2. *Project-Wide Environmental Impact Statement<sup>1</sup>: Trans-Alaska Gas System Final Environmental Impact Statement, June 1988 (21 federal and State agencies);*
3. *Ahtna Right-of-Way<sup>1</sup>: Grants to Yukon Pacific Corporation the right to designate and acquire certain rights in any and all lands acquired by or otherwise available to Ahtna under the Alaska Native Claims Settlement Act of 1971 which are reasonably necessary to construct, maintain operate or terminate the pipeline, October 14, 1988;*
4. *Federal Right-of-Way<sup>1</sup>: Right-of-Way Grant for the Trans-Alaska Gas System from The United States of America to The Yukon Pacific Corporation, October 17, 1988;*
5. *State Right-of-Way<sup>1</sup>: Trans-Alaska Gas System Conditional Right-of-Way Lease, December 10, 1988;*
6. *DOE's Authorization for Export of Gas<sup>1</sup>: DOE/FE Opinion and Order No. 350, Order Granting Authorization to Export Liquefied Natural Gas From Alaska; Limiting of FERC's jurisdiction, November 16, 1983;*
7. *Confirmation of Order 350<sup>1</sup>: DOE/FE Opinion and Order No. 350-A, Order Denying Requests for Rehearing and Modifying Prior Order for Purpose of Clarification, March 8, 1990;*
8. *Anderson Bay Final Environmental Impact Statement<sup>1</sup>: Yukon Pacific Corporation LNG Project: Final Environmental Impact Statement, March 1995;*
9. *Order Granting NGA Section 3 Authorization for the Siting, Construction and Operation of LNG Facility: Federal Energy Regulatory Commission's approval of Anderson Bay, Port Valdez, Alaska as the Place of Export, May 22, 1995.*

10. Prevention of Significant Deterioration (PSD) application in progress: Reserves critical Port Valdez airshed "space" for future LNG plant and marine terminal emissions.<sup>4</sup>

<sup>4</sup>These assets are exclusive property rights of Yukon Pacific Corporation currently held through its interest in Yukon Pacific Company L.P. and represent over 12 years of effort. It is important to note that the majority of these property rights were obtained before the *Exxon Valdez* oil spill and it is highly unlikely that they could be duplicated in a reasonable period of time, if ever.

Taken together, these authorizations and agreements give YPC the exclusive right to construct TAGS and export Alaska's North Slope natural gas to Asia.

# Grass Roots LNG Projects Cost Comparison

Project	Production (MMTPA <sup>*</sup> )	Estimated Cost \$ Billions	Cost in \$ Billions per MMTPA	Capital <sup>**</sup> per MMBTU
Alaska TAGS	15	13.6	0.91	0.70
TAGS at higher cost	15	15.0	1.00	0.77
Qalargas	6	6.0	1.00	0.77
Natuna Island	15	21.3	1.42	1.03
Sakhalin	6	7.9	1.32	1.01

\* million metric tons per annum

\*\* does not reflect capitalized interest, cost of gas, time value of money or operating expense

# TAGS Competition is Other Undeveloped Gas Fields in:

	<u>Start-up Date</u>	<u>Annual Volume</u>
▲ Qatar (Qatargas & Rasgas) - Mobil	2003	6-10 MMTA
▲ Indonesia (Natuna Island) - Exxon	2004	15 MMTA
▲ Sakhalin (Russia) - Exxon x2, Marathon/Shell	2004	6 MMTA
▲ Yemen - Exxon	??	??
▲ Papua New Guinea - BP	??	??
▲ Oman - Shell	2005	6 MMTA
▲ Australia - Shell, BP	2003	16 MMTA

*Each host country (together with the private gas producers shown above) is actively promoting its project as the next post-2000 LNG supplier to Asia.*

# CORRECTION

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



Rev. 6/98

Central Microfilm Services  
Department of Education  
State of Alaska

# TAGS Competition is Other Undeveloped Gas Fields in:

	<u>Start-up Date</u>	<u>Annual Volume</u>
▲ Qatar (Qatargas & Rasgas) - Mobil	2005	6-10 MMTA
▲ Indonesia (Natuna Island) - Exxon	2004	15 MMTA
▲ Sakhalin (Russia) - Exxon x2, Marathon/Shell	2004	10 MMTA
▲ Yemen - Exxon	??	20 MMTA
▲ Papua New Guinea - BP	??	20 MMTA
▲ Oman - Shell	2005	6 MMTA
▲ Australia - Shell, BP	2003	16 MMTA

*Each host country (together with the private gas producers shown above) is actively promoting its project as the next post-2000 LNG supplier to Asia.*

**Morrison/Canadian 88** *(Continued from p. 1)*

Canadian 88 stock. Morrison closed Jan 27 at \$10.30/share, down 5 cents, in Toronto Stock Exchange trading.

While the prospect of success for Canadian 88's bid is uncertain, several analysts said one thing appeared clear: Morrison will soon not resemble the company it was at the start of the year. "The company has to do something," said Smith Barney's Kurt Wulff, whether it is taken over, merges with another producer, or makes a big change in its capital structure.

A "white knight" has yet to show itself, and analysts said time is getting short as Canadian 88's bid expires Feb 7. Rumors have centered on another Alberta producer stepping to the table. "It's a strong market for companies and for properties, and there's a big company on the table," said Wood Gundy analyst Peter Linder. "So there's a lot of interest."

Canadian 88 president Greg Noval said the company has no intention of extending its offer past the original 21 days or increasing the cash price. "Ten dollars is a clear knock-out punch, and that's our offer," said Noval, who has just wrapped up a tour of major US and Canadian cities presenting the offer to institutional shareholders. Canadian 88 has control of 8% of Morrison shares.

Noval said Morrison's statement rejecting the takeover offer acknowledges the compatibility of the two companies. "They've admitted what a nice couple we'd make walking down the aisle," Noval said. He referred in particular to a statement that read: "The offer does not reflect the strategic value of Morrison's assets to Canadian 88, especially in view of Morrison's large land holdings located near Canadian 88's Waterton property and Morrison's nearby Coleman gas plant."

Noval also calls the bid "opportunistic. It seeks to exploit the recent technical difficulties encountered at Morrison's Racehorse Creek property and the fact that new drilling and test results are not expected until early March 1997."

The option of creating a royalty trust, which would deliver the bulk of earnings and cash flow directly to shareholders, is a viable alternative to the Canadian 88 offer, analysts said. Scott Inglis of FirstEnergy Capital Corp said there are few better ways of maximizing the value of the company, if the market is able to absorb the trust.

He estimated Morrison could be worth at least \$12/share (\$8.90) as a royalty trust, even though some of its reserves have a relatively short lifespan. Morrison has already spun off a natural gas processing plant and a British Columbia pipeline into an income-trust, a transaction that will net it \$180-million (\$133.4-million) when it closes Jan 28.—Peter Zipf, with Gary Park in Calgary

**Alaska LNG warning: pick up the pace**

Anchorage—State Rep. Ramona Barnes (Republican-Anchorage) is warning North Slope oil and gas producers not to drag their feet on a gas pipeline project to Valdez as she pushes for the Alaska legislature to officially back the project.

Barnes, who chairs the House Special Committee on World Trade and State/Federal Relations, said Alaska might miss opportunities to sell gas to Asian countries if projects elsewhere are developed first.

Last week, Barnes' committee passed House Concurrent Resolution 1, which calls for Alaska officials to provide a fiscal and regulatory environment that would give the proposed new LNG project the best chance to become economically viable in time to bring product to market by 2005. The project would include a gas pipeline for transporting more than 26 Tcf of natural gas from Alaska's North Slope to tidewater and a liquefaction plant to prepare the gas for transport to market by tanker.

"We see a window of opportunity existing for Alaska gas by 2005 and 2007 at the latest," Barnes said in an interview Jan 24. "We feel those commitments must be in place and signed so consumers in Japan, Korea and Taiwan know the gas will be coming in a timely manner."

The resolution essentially urges holders of the North Slope gas leases, Arco Alaska Inc, BP Exploration (Alaska) Inc and Exxon Co USA, to sign an agreement developed by the Knowles administration several weeks ago for all the parties to work together on the LNG project.

Barnes said the House Resources and Special Oil & Gas committees will take up the resolution in a joint hearing Jan 28, and hopefully, it will come to the House floor for a vote by Jan 31.

Meanwhile, Barnes is researching whether the state could take back Alaska gas leases from companies that dawdle on the project. Barnes made the comments at a Jan 22 legislative hearing where the state unveiled the latest drafts of agreements between the state and companies involved in

the gas project.

Barnes said she was directing her remarks at Exxon representatives at the hearing. "Arco is ready to sign and BP has indicated to expect the go-ahead in two to three weeks," Barnes said. "But Exxon has indicated that they have problems with certain aspects of the agreement."

"From time to time, people have to be motivated," Barnes said. "I just know there's a time for us to get into the gas market, and if we don't get there, we're in serious trouble."

Exxon spokesman Bob Davis said the company is working with Alaska on the project and has fulfilled all its lease obligations and duties. The problem with the proposed pipeline and LNG facility, Davis said, is that the project is not yet commercially viable.

"It may become viable, through a combination of improved fiscal terms, improved market terms and reduced costs," Davis said. "We've been, and continue to be, prudent in seeking ways to commercialize North Slope oil and gas." Project costs have been estimated at \$15-billion.

Barnes accused Exxon of holding up the deal in favor of other Exxon projects.

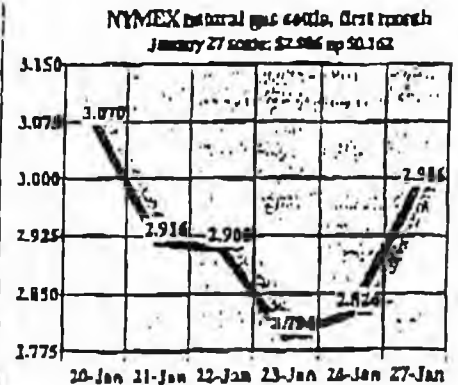
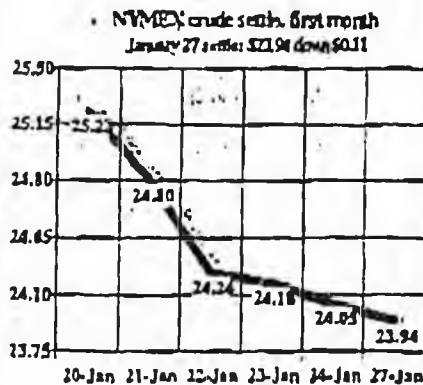
"The Alaska Constitution provides that Alaska's resources be used for the maximum benefit of the people," she said. "Gas sitting in the ground is not benefiting the people of Alaska. If Exxon chooses to continue on this path, then we would have to look for ways of taking those gas leases away from Exxon to maximize their use for the people of Alaska."

Davis said Exxon has other gas projects elsewhere that could compete with Alaska and that each project has to stand on its own.

Yukon Pacific Corp, a company owned by CSX Corp, has most of the major permits needed for the pipeline, but still needs to work out deals with producers and buyers. Jeff Lowentfels, Yukon Pacific's president, said he believes Barnes' efforts are likely to help move the project along.

—Rose Ragsdale

**What crude and natural gas markets are doing...**





Anchorage Economic Development Corporation  
The Center of Opportunity

**Date:** January 28, 1997

**To:** Representative Ramona Barnes

**Subject:** Support for CS-1:  
A Resolution Concerning a New Alaska Natural Gas Pipeline

The Anchorage Economic Development Corporation (AEDC) supports House Concurrent Resolution No.1 relating to a new Alaska liquefied natural gas project (CS-1). The AEDC is a private, non-profit corporation whose mission is to expand and diversify the Anchorage economy, provide a favorable business climate and improve the standard of living for Anchorage residents by creating permanent jobs. Over 160 businesses support the organization.

Alaska operates in a global economy from an economic base currently driven by extraction and export of natural resource commodities. Through the process of developing the oil resources in Prudhoe Bay over the last twenty years, natural gas co-located with oil has been discovered, and reinjected to existing fields. As a competitive market position, Alaska enjoys greater certainty of the availability and size of gas reserves. The competitive nature of the gas business requires a lengthy process of negotiation for contract sales in advance of development. Alaska has a long term presence anticipated in the natural gas market. However, the window of opportunity for entering the market and establishing a solid presence is narrowing as other fields progress toward market.

The proposed Resolution CS-1 addresses the need to begin the process of establishing the commitment of Alaska to enter the gas production arena and capture a share of the market. The AEDC supports this resolution for three reasons:

First, the resolution is a means of providing a background of policy stability against which negotiations can proceed in good faith. Removing governmental and regulatory uncertainty contributes significantly to Alaska's advantage in the market.

Second, the AEDC supports the creation of jobs and business opportunities that will follow development of a new gas pipeline. Following initial construction, operation of the gas development facilities will provide jobs directly proportional to the flow of gas to international markets. The AEDC is active in promoting the retention of qualified and skilled businesses and workers in gas exploration, development and production. This is a key, high value component of the economy of our state.

Third, it is important for any development of gas resources to provide for use of natural gas in Alaskan communities along the pipeline route. Alaskan businesses and development needs can be significantly enhanced by the availability of natural gas both as an energy source and as a potential process feedstock.

The State of Alaska's ownership of a portion of the natural gas resource should be brought to bear as leverage to achieve resolution of the prevailing impediments to market entry.

AEDC urges expeditious action to implement the provisions of Resolution CS-1.

Respectfully submitted,



Patricia M. DeMarco, Ph.D.  
President



**HCR**

**7**

LEGISLATIVE REFERENCE LIBRARY

LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3808  
FAX (907) 465-2029  
Mail Stop 3101

130 Seward Street, Suite 400  
Juneau, Alaska 99801-2105

Copies of minutes listed below were originally included in this file. The minutes are available on the legislative computer database. In order to save space copies of minutes have not been left in the files.

Mary Pagenkopf

Senate Rules Committee 5/8/97 1:10 PM

# Alaska State Legislature

WHILE IN SESSION  
CAPITOL BUILDING  
JUNEAU ALASKA 99801-1102  
(907) 465-4931  
1-800-670-4931  
(907) 465-4310 FAX

INTERIM ADDRESS  
216 WEST 4TH AVENUE  
ANCHORAGE ALASKA 99501  
(907) 258-8198  
(907) 258-8171 FAX



CHAIRMAN JUDICIARY COMMITTEE  
VICE CHAIRMAN HEALTH EDUCATION  
& SOCIAL SERVICES COMMITTEE  
MEMBER RESOURCES COMMITTEE  
FINANCE SUBCOMMITTEES  
DEPT. OF COMMERCE & ECONOMIC  
DEVELOPMENT  
ALASKA COURT SYSTEM

Representative Joe Green  
District 10

## Sponsor Statement

### HCR 7 - Amending Rule 23(a) of the Uniform Rules

HCR 7 addresses the problem of meeting the public notice requirement of the Uniform Rules during the first week of the first legislative session.

**Problem:** Uniform Rule 23 (a) states that "the person who chairs the committee" shall provide public notice of a meeting "by 4:00 p.m. on the preceding Thursday." Under this requirement it is technically impossible for a chairman to hold a meeting during the first week of the first legislative session. A member is selected to chair (or co-chair) a committee by the Committee on Committees. Under normal circumstances the Committee on Committees report is in effect until the members of the next legislature are sworn in. So the previous chairman has no authority beyond his/her term as chairman, and the new chairman has already missed the preceding Thursday deadline and can therefore not meet during the first week.

In order to mobilize the committee, prospective new chairmen have for some years dutifully noticed meetings planned for the first week of session by the preceding Thursday deadline, even though they do not yet preside over the committee. The alternative, of course, would be to give notice on the first day of session, and then wait until the following week to hold the first meeting.

**Solution:** HCR 7 amends the Uniform Rules to allow for a hearing during the first week of the first session to be held after 24 hours notice. Under such a rule, a meeting could be held on the second day of session if notice was given immediately after swearing in and approval of the Committee on Committees report. Such a hearing could only be held for the purpose of an overview or committee organization, as the requirement in Rule 23(a) that a bill or resolution be noticed for a least five days before the first public hearing would still apply.

**HCR 7 - Amend Uniform Rule 23 (a)** by Representative Joe Green

**Problem #1:** Notice for a committee meeting must be given on the preceding Thursday. The member who is chairman on the preceding Thursday CEASES to be the chairman on Legislative Day 1, when the new legislature is sworn in.

**Problem #2:** The chairman selected on Legislative Day 1 had no authority to notice the meeting on the preceding Thursday.

**Result:** Under strict adherence to the rule, meetings scheduled during the first week of the first session fail to meet the public notice requirement.

**Solution:** HCR 7 allows organizational and informational meetings to be held during the first week of session, upon 24 hour notice. The 5-day rule still applies for hearings on bills and resolutions.

<b>S</b>	<b>M</b>	<b>T</b>	<b>W</b>	<b>Th</b> Preceding Thursday	<b>F</b>	<b>S</b>
<b>S</b>	<b>M</b> Legislative Day 1	<b>T</b> Legislative Day 2	<b>W</b> Legislative Day 3	<b>Th</b> Legislative Day 4	<b>F</b> Legislative Day 5	<b>S</b> Legislative Day 6

HCR

8

LEGISLATIVE REFERENCE LIBRARY

LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3808  
FAX (907) 465-2029  
Mail Stop 3101

130 Seward Street, Suite 400  
Juneau, Alaska 99801-2105

Copies of minutes listed below were originally included in this file. The minutes are available on the legislative computer database. In order to save space copies of minutes have not been left in the files.

Mary Pagenkopf

Senate Rules Committee 3/24/97 11:32 am

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

No. 1  
Bill Version: HCR 8  
(H) Publish Date: 2/26/97

Revision Date: \_\_\_\_\_  
Title: Creating the Deferred Maintenance Task Force.  
Sponsor: Representative Phillips  
Requestor: House State Affairs

Department Affected: Legislative Affairs Agency  
BRU: All  
Component: All

COMPONENT SERIAL NO:

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

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE FUND SOURCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER FUND SOURCE						
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**POSITIONS:**

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

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary)

The costs for this task force will be absorbed within existing legislative budgets.

Prepared By: Karla Schofield, Deputy Director  
Division: Administrative Services

Phone: 465-3852  
Date: 2/24/97

Approved By: Pamela A. Varni, Executive Director  
Agency: Legislative Affairs Agency

Date: 2/24/97

# Alaska State Legislature



Official Business  
Fax: (907) 465-3472

State Capitol  
Juneau, AK 99801-1182  
(907) 465-3720  
(907) 465-2689

Speaker of the House of Representatives

## SPONSOR STATEMENT DEFERRED MAINTENANCE TASK FORCE

Deferred maintenance is the result of years of unmet maintenance on Alaska's public facilities.

Meeting our maintenance needs is not about building a skywalk from the court building to the capitol. It is about a capitol building that leaks when it rains and ruins documents. It is about docks that are rotting and falling into harbors. It is about an infrastructure that needs mending. Some cost estimates place Alaska's unmet maintenance needs at well over \$1 billion.

HCR8 will establish a legislative task force to make recommendations to the Governor and the legislature on how to address Alaska's unmet maintenance needs. The Task Force will be made up of five members from the House and five members from the Senate. The Speaker of the House and the President of the Senate will also serve as non-voting members.

The Task Force will be specifically charged with:

- reviewing and evaluating existing reports and publications about deferred maintenance recommendations previously made
- identifying and evaluating all current and deferred maintenance needs
- soliciting public comment about this topic
- submitting a report of its findings and recommendations to the Governor and legislature by the convening of the second regular session.
- forwarding recommendations about funding all deferred maintenance needs.

The Task Force will begin work as soon as members are appointed.

# Alaska State Legislature



Official Business  
Fax: (907) 465-3472

State Capitol  
Juneau, AK 99801-1182  
(907) 465-3720  
(907) 465-2689

Speaker of the House of Representatives

## Memorandum

To: Senator Tim Kelly, Chair *Tim*  
Senate Rules Committee

Fr: Representative Gail Phillips *Gail*  
SPEAKER OF THE HOUSE

Re: HCR 8 Deferred Maintenance Task Force

Date: March 18, 1997

I respectfully request that a hearing for my resolution, HCR 8, be scheduled in the Senate Rules Committee for placement on the Senate calendar at your earliest possible convenience.

HCR 8 will establish a legislative task force to analyze Alaska's deferred maintenance needs and present recommendations to the Governor and the legislature for consideration in the next legislative session. As soon as the Senate approves the measure, we can appoint the task force and begin working on this pressing matter.

I have attached a packet of backup information related to this resolution. Your assistance with this matter is appreciated.

If you have any questions about HCR 8, please contact Mike Heatwole of my staff at 465-3721.

Thank you in advance for your consideration.

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION  
AND PUBLIC FACILITIES  
OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

3132 CHANNEL DRIVE  
JUNEAU, ALASKA 99801-7899

TEXT: (907) 465-3652

FAX: (907) 586-8365

PHONE: (907) 465-3900

February 25, 1997

The Honorable Gail Phillips  
Alaska State Legislature  
State Capitol, Room 203  
Juneau AK 99801-1182

RECEIVED

FEB 26 1997

KHS'd.....

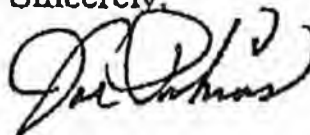
Dear Speaker Phillips:

I was very pleased that you have decided to convene a legislative task force to review the problem of deferred maintenance.

As you are aware, I consider maintenance deficiencies on Alaska's highways, harbors, airports, and state-owned facilities to be the biggest problem facing the Department of Transportation and Public Facilities. The creation and work of the Task Force will be a positive step in finding solutions to our problems.

You can count on the Department and my personal support for the Task Force's activities.

Sincerely,

Joseph L. Perkins, P.E.  
Commissioner



RECEIVED

FEB 24 1997

Ans'd.....

**ASSOCIATED GENERAL CONTRACTORS of ALASKA**

4041 B STREET • ANCHORAGE, ALASKA 99503  
P.O. BOX 240609 • ANCHORAGE, ALASKA 99524-0609  
TELEPHONE (907) 561-5354 • FAX (907) 562-6118

24. February 1997

To  
State Legislature  
House of Representatives

Subject: "Deferred Maintenance" Taskforce

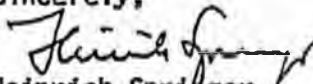
"Deferred maintenance" has the appearance of a "planned program", however, it is nothing but a lack of attention to prudent upkeep activities.

The State of Alaska has neither a "PREVENTIVE MAINTENANCE" program for its infrastructure and public facilities nor sufficient attention and funding for a regular upkeep and repair program. One possible exception is the State equipment fleet for the State's rolling stock under the "Working Capital Fund" (WCF).

One mechanism to overcome the lack of maintenance has been the accelerated reconstruction of facilities with capital funding. This is an unwise use of funds because the facilities could reach design-life with a lot less maintenance expenditures. In most cases our situation is getting worse and a higher percentage of our facilities are becoming deficient.

We support a TASKFORCE to address this problem and to determine a viable solution. I personally have been involved in the maintenance of public facilities, including highways, airports, structures and buildings in Alaska for over 15 years and I make myself available to participate if so desired. Addressing this problem has been long overdue and we are glad that you are working on it.

Sincerely,

  
Heinrich Sprüger

FAIRBANKS  
P.O. BOX 60005 • FAIRBANKS, AK 99706  
(907) 452-1809

SOLDOTNA  
P.O. BOX 350 • SOLDOTNA, AK 99669  
(907) 262-2485

# ALASKA STATE DISTRICT COUNCIL OF LABORERS

Laborers International Union of North America, AFL-CIO

2501 Commercial Drive, Suite 140  
Anchorage, Alaska 99501 • 907/276-1640

Public Employee Local 71  
Don Valesko, Business Manager  
Laborers Local 942  
Joe Thomas, Business Manager  
Laborers Local 341  
Mano Frey, Business Manager

Don Valesko  
President

Andrew J. "Bear" Piekarski  
Business Manager/Secretary Treasurer

February 24, 1997

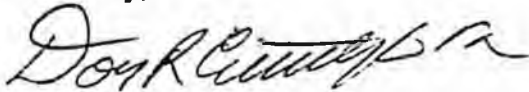
Representative Gail Phillips  
State Capitol  
Juneau, Alaska

Dear Representative Phillips:

The District Council of Laborers would like to go on record as supporting House Concurrent Resolution #8. We believe that the lack of maintenance of some of the state's facilities has brought us to a critical point. It is a known fact that if this maintenance is not addressed soon, the costs will be too prohibitive.

The District Council would also be interested in helping out with the Task Force's study and plans where possible.

Sincerely,



Don Etheridge, Business Agent

**HCR**

**25**



Alaska State Legislature

- Interim (May-Dec) -  
10928 Eagle River Rd., Suite 140  
Eagle River, Alaska 99577  
☎ (907) 694-6683  
FAX (907) 694-1015

- Session (Jan-May) -  
Alaska State Capitol  
Juneau, Alaska 99801-1182  
☎ (907) 465-2199  
FAX (907) 465-4587

Toll free (800) 342-2199

## REPRESENTATIVE FRED DYSON

### SCS SSHCR 25 Sponsor Statement

#### A Resolution relating to Step Families Day, September 16th

July 28 is National Parents Day and the structure of the American family is changing. Everyday in America, a new family is born through the marriage of couples who have children from another relationship.

According to The Stepfamily Foundation, Inc., of the 83.5 million households in America, close to 70% of them are stepfamilies. By the year 2000, according to the U.S. Census Bureau, more than half of Americans will be living in step-families versus the nuclear family.

This day would be a monumental observation for all the couples and their children who believe in marriage; who are committed to the success of their family, even though the nuclear family may have been dissolved by death or divorce.

The purpose of this resolution is to support and recognize the step family. The ultimate goal is to set aside a national day to recognize the men, women and children who are blended together by marriage. To encourage this move, each state has been asked to offer its support by creating a Step Families Day. So far, over half of all 50 states have committed September 16th, many others are considering legislation.

The Sponsor Substitute reflects only a change to the address found on the last two lines of the resolution.

- E-mail -  
representative\_fred\_dyson  
@legis.state.ak.us

- Internet -  
<http://www.akrepublicans.org>

**HCR**

**35**

# Alaska State Legislature House of Representatives

## Committees

Rules Committee, Chair  
Legislative Council  
International Trade & Tourism  
Military & Veterans Affairs  
World Trade & State/Federal Relations



Interim:  
10928 Eagle River Rd. Suite 141  
Eagle River, AK 99577

Session:  
Alaska State Capitol  
Juneau, AK 99801

## Sponsor Statement

HCR 35

**"Establishing a Joint Task Force on the Census and Redistricting."**

Recent polling data indicate that a majority of Alaskans supports changing the way Alaska redraws its election district lines after the decennial census. Yet, whether that change takes place or not, it is in the public's and the legislature's best interest to make sure we have available to us the most current information on the census and redistricting.

This information comes from several sources, primarily the US Census Bureau and through the meetings of the NCSL Redistricting Task Force. The staff of the Department of Labor research and analysis section, as Alaska's main source of technical expertise in mapping and demographics, provides critical assistance in the redistricting process.

As we proceed to the Census of 2000 and the redistricting effort that will follow, it is imperative that the Alaska Legislature stay abreast of the most current information, including: Census Bureau plans and programs; redistricting case law; and technological advances.

HCR 35 will establish a four-member legislative task force to track and disseminate census and redistricting information. It is the intention of the leadership that the task will not require additional funding.

**Representative Pete Kott**



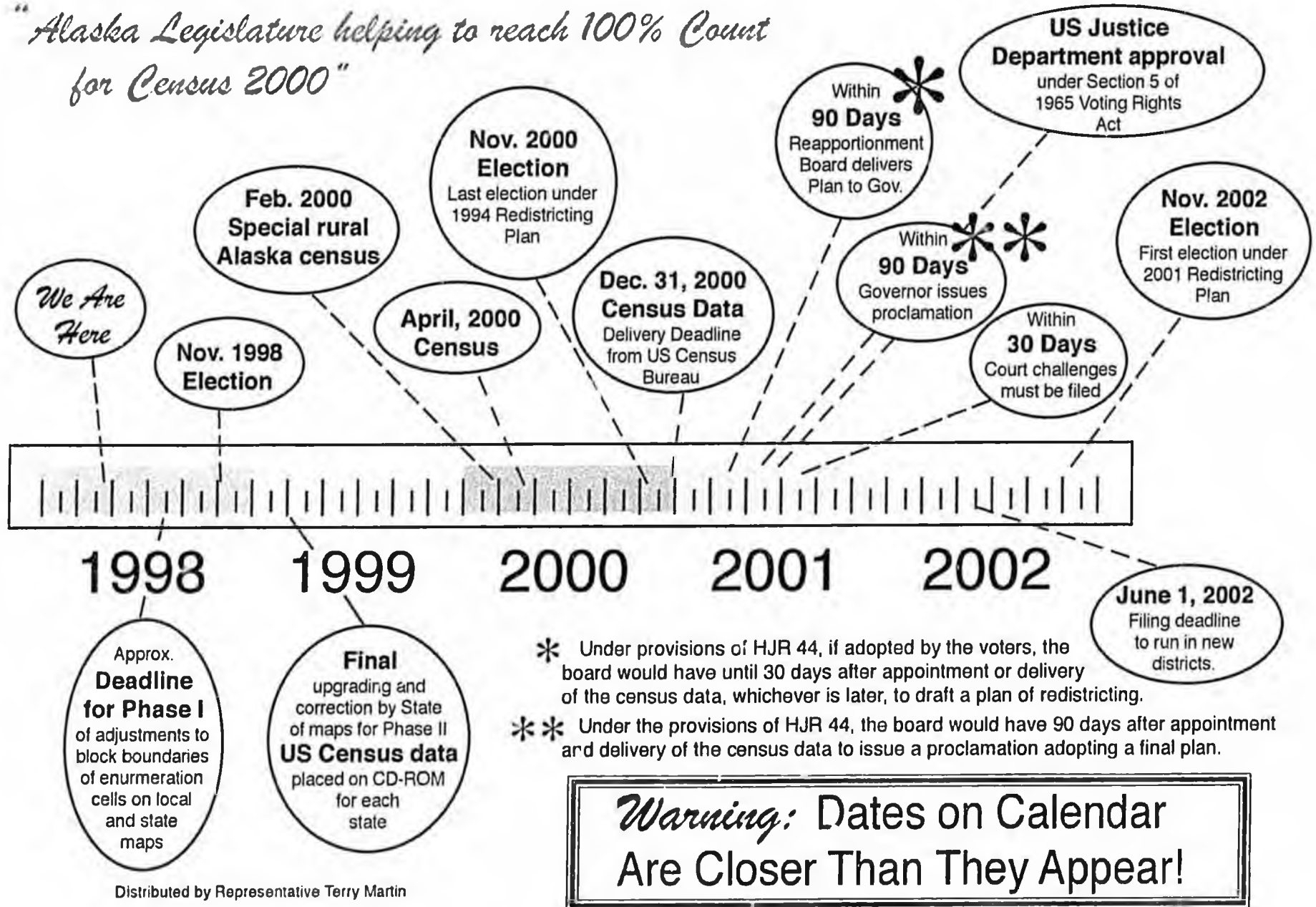
Juneau Office (907) 465-3777 Toll Free 1-800-861-KOTT(5688) Fax (907) 465-2819  
Eagle River Office (907) 694-8944 Fax (907) 694-8945 E-Mail: representative\_pete\_kott@legis.state.ak.us



# TimeLine of Census and Redistricting Events State of Alaska - 1998-2002

## HCR 35

*"Alaska Legislature helping to reach 100% Count  
for Census 2000"*





**COURT ACTION ON  
REDISTRICTING PLANS**

**1991-94**

	<u>HOUSE</u>	<u>SENATE</u>	<u>CONGRESSIONAL</u>
Drew Plan after Legislative Impasse	6	7	11
Rejected or Corrected Plan	14	10	5
Approved Plan Drawn by Another	11	12	4
Plan not Challenged	18	21	23
No Plan Needed	<u>1</u>	<u>0</u>	<u>7</u>
	50	50	50
Success Rate	59% (29 of 49)	66% (33 of 50)	63% (27 of 43)
Legislatures	60% (21 of 35)	58% (21 of 36)	59% (23 of 39)
Commissions	67% (8 of 12)	83% (10 of 12)	100% (4 of 4)
Governors	0% (0 of 2)	50% (1 of 2)	

Peter S. Wattson  
Senate Counsel  
Minnesota

## LEGISLATIVE AND CONGRESSIONAL REDISTRICTING PLANS 1991-96

	HOUSE PLAN						SENATE PLAN						CONGRESSIONAL PLAN					
	Leg	Comm	Gov	State Ct	Fed Ct	Sup Ct	Leg	Comm	Gov	State Ct	Fed Ct	Sup Ct	Leg	Comm	Gov	State Ct	Fed Ct	Sup Ct
AL				D						D			D				D	A
AK			D	R/D					D	R/D			1					
AZ	D		A		A	A	D		A		A	A					D	A
AR		D		A	A			D			A		D		A		A	A
CA	D		V	D	A/A	A	D		V	D	A/A	A	D		V	D	A/A	A
CO		D		C	A/R			D		A			D		A			
CT		D		A				D						D				
DE	D		A				D		A				1					
FL	D			A	C	A	D			C	A	A					D/R/D	
GA	D		A				D		A				D		A		R/D	R/P
HI		D						D						D				
ID	D		A		A	A	D		A		A	A	D		A			
IL		D		R/A	A	A/A		D		R/A	A	A/A						
IN	D		A				D		A				D		A			
IA	D		A				D		A				D		A			
KS	D		A	A	A		D		A	A	A		D		A		C	
KY	D		A	R			D		A	R					A			
LA	D		A				D		A				D/D		A/A		R/R/D	
ME				D						D						D		
MD			D	A	R/A				D	A	A		D		A		A	A
MA	D		A	A			D		A				D		A			
MI				D	A					D	A						D	
MN	D		N	C	R/D	A	D		N	C	R/D	A	D		V	D	D	A/R
MS	D/D				R		D/D				R		D					
MO		D			A	A				D			D		A			
MT		D						D					1					

	HOUSE PLAN						SENATE PLAN						CONGRESSIONAL PLAN					
	Leg	Comm	Gov	State Ct	Fed Ct	Sup Ct	Leg	Comm	Gov	State Ct	Fed Ct	Sup Ct	Leg	Comm	Gov	State Ct	Fed Ct	Sup Ct
NE							D		A	R			D		A			
NV	D		A				D		A				D		A			
NH	D		A				D		A				D		A			
NJ		D						D						D		A		
NM	D		A				D		A				D		A			
NY	D		A	A	C	A	D		A	A	A		D		A	D	D	A/R
NC	D						D						D				A/A	A/R
ND	D		A				D		A				1					
OH		D		A	R/R	A/A		D		A	R	A	D		A			
OK	D		A				D		A				D		A			
OR		D		C				D					D					
PA		D		A	A	A		D		A	A/A	A				D	A	A
RI	D		A				D		A				D		A			
SC	D		V		D/R	R	D		V		D/R	R					D	R
SD	D		A				D		A				1					
TN	D		A		R	R	D		A		R	R	D		A			
TX	D		A	C/A	C		D		A	C	C/A	A	D		A		A/A/D	R
UT	D		A				D		A				D		A			
VT	D		A	R			D		A	A			1					
VA	D		A		A		D		A	A			D		A			
WA		D						D						D				
WV	D		A		A		D		A		A		D		A		A	
WI	D		V		D		D		V		D		D					
WY	D		A		R/A		D		A		R/A		1					

A = Approved plan drawn by another  
C = Corrected plan  
D = Drew plan

N = Became law notwithstanding veto attempt  
P = Pending decision  
R = Rejected plan

V = Veto  
1 = One seat

J. GERALD HEBERT  
Attorney at Law  
800 Parkway Terrace  
Alexandria, Va. 22302  
(703) 684-3585  
(703) 684-3586(fax)

Unresolved Questions for the 1990's:

- \* How can the law accommodate the competing interests of different minority groups, e.g., African Americans and Latinos, in the same districts?
- \* How far will State and local governments be required to go in drawing districts for protected minority groups when these clash with other traditional redistricting criteria, such as compactness or the desire to keep municipalities together?
- \* Does the Voting Rights Act require a State or local government, which cannot draw a district or district where minority voters can elect their preferred candidate, to draw districts that provide for the maximum degree of influence?
- \* How will the Department of Justice, which has expressed disagreement with the decision in Shaw v. Reno, interpret and enforce Section 5 in light of that decision? In other words, will the Department of Justice, during preclearance deliberations, consider alternative plans that contain "bizarre" or "highly irregular" districts?
- \* Are single-member districts necessarily the best remedy for at-large vote dilution, or should other remedies, like limited or cumulative voting systems, be considered?
- \* In the year 2000, it is likely that redistricting plans will be drawn on personal computers. How will state legislatures or local governments (or courts) be able to make rational decisions when there are literally hundreds of plans being drawn, all with a variety of benefits and shortcomings?
- \* Should minority leaders or minority legislators push for creating more minority districts when it will jeopardize or reduce their political party's strength in the legislature?
- \* What role will party affiliation play in voting rights suits? Or, put differently, what will the courts do if a minority candidate's lack of success can be shown to be attributable to party affiliation?

# Alaska Redistricting Case: The 1990's

*Hickel v. Southeast Conference*, 846 P.2d 38 (Alaska 1992)

The Alaska Supreme Court found that the Governor's reapportionment plan for Southeast Alaska violated the anti-gerrymandering provisions of the Alaska Constitution by failing to observe existing municipal boundaries and ignoring natural geographic boundaries by splitting all of the major islands of the Alexander Archipelago. The court reasoned that municipalities in the state are *per se* socio-economic areas. The court found that a desire to increase Native representation in a specific district did not justify departure from the anti-gerrymandering provisions. A reapportionment plan may minimize the anti-gerrymandering provisions when minimization is the only means available to satisfy Voting Rights Act requirements.

The court found that the Governor's plan for the Mat-Su Borough violated the anti-gerrymandering provisions when it divided up excess borough population among five other election districts. The court concluded that excess population should, to the maximum extent possible, be kept together and added to another socio-economically and compact district.

The court found that the governor's plan violated the anti-gerrymandering provision by combining populations of Inupiaq and Athabaskan Natives in a single district. The court found that the combination of these tribal groups did not create a district that encompasses as nearly as practicable a relatively integrated socio-economic area.

The court found *sua sponte* that the division of the Aleutian Islands into two districts violates the anti-gerrymandering provisions.

The court found that determination of the population base for redistricting purposes did not require adjustment of the census population to delete non-resident military personnel if there was an adequate showing that it was not possible to accurately identify those military personnel who are non-residents and that failure to adjust for military personnel did not introduce an urban/rural bias.

The Supreme Court directed the Superior Court to formulate an interim plan for the approaching general election.

**HJR**

**12**

LEGISLATIVE REFERENCE LIBRARY

LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3808  
FAX (907) 465-2029  
Mail Stop 3101

130 Seward Street, Suite 400  
Juneau, Alaska 99801-2105

Copies of minutes listed below were originally included in this file. The minutes are available on the legislative computer database. In order to save space copies of minutes have not been left in the files.

Mary Pagenkopf

*Senate Rules Committee 2/21/97 10:50 a.m.*

# MEETING AGENDA

I. CALL TO ORDER: Senate Rules Committee on Friday, February 21st, 1997 in Room 203 of the Capitol Building at 10:45am.

II. ROLL CALL:

Kelly.....Leman.....Taylor.....

Torgerson.....Duncan.....

III. AGENDA ITEMS:

- 1) SB 19 - Repealing the power of the commissioner of Fish & Game to enforce federal laws relating to fish & game.
- 2) SB 22 - Relating to qualifications for appointment to the Board of Game.
- 3) HJR 12 - Urging the Sec. of Interior to conduct competitive oil & gas leases in the National Petroleum Reserve in Alaska.

IV. MOTION:

Move to pass SB 19, SB 22, and HJR 12 from committee with individual recommendations, and to calendar them for a Senate floor votes at the discretion of the chairman.

# Alaska State Legislature

Representative Joe Green

## Sponsor Statement

### HJR 12

#### **Supporting oil & gas lease sales in the National Petroleum Reserve Alaska**

HJR 12 is a statement by the 20th Alaska Legislature urging the Secretary of the U.S. Department of the Interior to re-institute an oil and gas leasing program in the National Petroleum Reserve Alaska (NPRA).

**Leasing in the NPRA is in the state's best interest for three reasons:** 1) The economic activity associated with oil and gas leasing, exploration, and production benefits Alaskans; 2) oil produced in the NPRA would be transported through the Trans-Alaska Pipeline, helping to keep the pipeline open, and potentially enhancing the commercial viability of existing and future oil development projects on the North Slope; 3) the State of Alaska will receive 50% of the revenues from oil and gas production in the NPRA.

**There were four oil and gas lease sales in the NPRA during the early 1980's.** In January 1982 Sale # 821 offered 59 tracts. 52 bids were submitted on 29 tracts for a total of \$86,575,537. In May of 1982 Sale # 822 offered 212 tracts. 14 bids were submitted on 12 tracts for a total of \$11,747,131. In July of 1983 Sale # 831 offered 84 tracts. 23 bids were submitted on 18 tracts for a total of \$20,309,208. In July of 1984 Sale # 841 offered 64 tracts but no bids were submitted. Sale # 841 scheduled for August 1985 was canceled due to lack of interest.

With advances in technology new interpretations are being developed from the data collected during the past several decades by both the private sector and the federal government. These new evaluations are generating renewed interest, and oil companies with considerable experience in Alaska have indicated that they would like to utilize new interpretations of it to resume exploration.

I believe the federal government should resume lease sales and allow - no, encourage - the industry to explore for oil and gas in the NPRA. I also believe it is important that the Alaska Legislature send a unified message to the Department of the Interior that we support lease sales being scheduled. I would appreciate your support of this measure.

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

No. 1  
Version: HJR 12  
(1) Publish Date: 1/24/97

Revision Date: \_\_\_\_\_  
Title: Urging the Secretary of the Interior to  
conduct competitive oil and gas lease sales...  
Sponsor: Representative Green  
Requestor: Representative Green

Department Affected: Legislative Affairs Agency  
BRU: All  
Component: All

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER FUND SOURCE						
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

POSITIONS:

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

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary)

Zero fiscal impact.

Prepared By: Karla Schofield, Deputy Director *Karla Schofield* Phone: 465-3852  
Division: Administrative Services Date: 1/11/97

Approved By: Pamela A. Varni, Executive Director *Pamela A. Varni*  
Agency: Legislative Affairs Agency Date: 1/17/97

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