

ALASKA LEGISLATURE COMMITTEE FILES 1999-2000 8672

10144 SENATE RESOURCES

HB

429

FISCAL NOTE

Bill Version: HB 100

(H) Publish Date: 3/20/00

**STATE OF ALASKA
2000 LEGISLATIVE SESSION**

Revision Date/Time (Note if correction) _____ Dept. Affected Fish and Game
 Title An Act extending the termination date for the BRU Commercial Fisheries Entry Comm
vessel permit moratoria for the Bering Sea Korean hair crab Component Commercial Fisheries Entry Comm
 Sponsor House Resources
 Requester House Resources Component No. 471

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
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						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2000) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 No fiscal impact

Prepared by: Roger Kolden Phone 790-6950
 Division Commercial Fisheries (Limited) Entry Commission Date/Time 3/7/00 3:12 PM
 Approved by Commissioner Mary McDowell Date 3/7/00
 Agency Fish and Game, Commercial Fisheries (Limited) Entry Commission

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Alaska State Legislature

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M/W/F 1 - 3 p.m.

Members: Vice Chair John Cowdery, Representatives: Ramona Barnes,
John Harris, Carl Morgan, Jim Whitaker, Reggie Joule, and Mary Kapsner

HB 429 Moratoria: Hair Crab & Scallop Fisheries

HB 429 extends the current vessel moratoria on the Korean hair crab (AS 16.43.901) and Weathervane Scallop (AS 16.43.906) fisheries for three years. These moratoria were enacted by the Legislature in 1996 and 1997, respectively.

These extensions are necessary because the Legislature has not yet created a viable limited entry or moratorium program for the Commercial Fisheries Entry Commission to use after these vessel moratoria expire. Without some type of program in place, these fisheries will likely have to be reopened to a potential influx of new participants or be closed entirely. In addition, the state risks federal preemption of state management of these fisheries.

When the Legislature enacted these moratoria, it recognized that these fisheries might not lend themselves to limited entry under existing state statute. With that in mind, the Legislature implemented the moratoria and directed CFEC to submit legislation for a vessel-based limited entry program the following year. Legislation authorizing a vessel permit limitation system was introduced in the House and Senate but neither bill has moved out of its first committee of referral. It appears that legislation will not be passed in time to implement vessel limitation programs in these two fisheries prior to the expiration of the moratoria.

The Weathervane scallop and Korean hair crab fisheries occur in both state waters and in adjacent federal waters of the Exclusive Economic Zone (EEZ) but the State has assumed management of both fisheries.

Frequently Asked Questions

HB 429 Moratoria: Hair Crab and Scallop Fisheries

1. Where do these fisheries occur?

The hair crab and weathervane scallop fisheries occur in both state water and in adjacent federal waters of the Exclusive Economic Zone (EEZ). The hair crab fishery occurs in the Bering Sea near St. Paul Island. The 1999 fishery began on October 30th and had a guideline harvest level of 283,000 pounds. The total harvest for 1999 was 230,000 pounds with an average ex-vessel price of \$4.00 therefore the total ex-vessel value was \$920,000.

The weathervane scallop fishery occurs in the Gulf of Alaska from the eastern Aleutian Islands to Yakutat. Product is harvested and processed (shucked) on board the vessel. The fishery opens on July 1 with each area or district having its own guideline harvest range and bycatch limits. The Cook Inlet fishery (Area H) is a separately managed fishery with the beds in federal waters. The guideline harvest level for Cook Inlet is between 10,000 and 20,000 pounds.

2. How are scallops harvested?

Fishing gear for scallops consists of a dredge made up of a rectangular metal frame approximately 12 feet wide. Steel rings connected together by chain links and webbing along the top form a net. Generally, a vessel will fish two such dredges, which may weigh around a ton each, and are towed through the beds. Due to the sea conditions associated with offshore scallop beds, vessels average around 83 feet in length. Mounted on the foremast are two booms, which are used in hauling the dredges. The statewide fishery has 100% observer coverage. The Cook Inlet fishery is a smaller fishery and its gear is limited to one six-foot dredge.

3. How many vessels are eligible to participate under the moratoria?

25 vessels are eligible to participate under the moratorium in the Korean Hair Crab fishery. In the Weathervane Scallop fishery, there are 10 vessels eligible statewide and 3 vessels eligible to participate specifically in the Cook Inlet fishery (Area H).

4. Why did the Legislature implement these moratoria?

Alaskan fishers petitioned the CFEC to limit entry in the two fisheries, but the commission was not authorized to implement a program that limited vessels in a fishery instead of persons. The Legislature responded to the fishers' requests by establishing a four-year vessel moratorium in each fishery. The vessel moratorium for the Bering Sea Korean hair crab fishery is due to expire on June 30, 2000. The vessel moratorium for the Weathervane scallop fishery expires on June 30, 2001.

5. Why is traditional limited entry not a good option for these fisheries?

Under the current limited entry statute, AS 16.43, the Commercial Fisheries Entry Commission (CFEC) issues limited entry permits to persons who are gear operators in a fishery, but not to vessels or vessel owners unless the vessel owner is also the gear operator. This type of limited entry system, based on an "owner-operator" model, is appropriate for such fisheries as salmon and herring where vessels are typically fished by only one person in

a season. Vessels in these fisheries tend to be small and are usually fished in near-shore waters and the fisherman is usually the vessel-owner.

Other fisheries in Alaska, especially those in the Gulf of Alaska and Bering Sea, are characterized by larger vessels that operate in offshore waters. In these fisheries, the gear operator may not own the vessel he fishes, but may be a skipper hired by the vessel owner. Larger vessels in these fisheries may move from area to area, hiring replacement skippers as necessary to continue fishing throughout the season.

A limited entry system under AS 16.43 may not be appropriate or workable for this kind of fishery because the number of vessels in the fishery could increase after the fishery was limited if each skipper, i.e. each limited entry permit holder, then decided to fish from his own vessel. Thus, limited entry under AS 16.43 could potentially increase the units of gear in such fisheries instead of limiting the number, and therefore would not achieve the resource conservation and economic viability purposes of the Limited Entry Act. Furthermore, under traditional limited entry, some permits would be issued to those who had been hired skippers (i.e. employees) while those who have made the financial investment in vessels which have actively participated in the fishery may be left owning vessels without legal fishing privileges

6. Why can't CFEC extend these moratoria?

Current statute does not authorize the CFEC to implement vessel-based moratorium or extend an existing moratorium. Last session, the House Fisheries Committee introduced legislation, HB 104, to give CFEC this authority. HB 104 passed the House unanimously but is unlikely to move out of the Senate.

7. What happens if the Legislature does not take action to extend these moratoria?

With no limitation action, these two fisheries will revert to open access at the end of the moratorium. Fisheries managers would then have two options. One would be to open the fishery knowing that there will likely be an influx of new participants with the possibility of a resource conservation concern. If managers feel the risk is too high, and that the fisheries cannot be managed to ensure sustained yield under open access, they could choose to not open the fisheries at all or significantly reduce fishing time. This would result in economic harm to the vessel owners, skippers, crew, processors and coastal communities. Additionally, closure of the fisheries would mean the loss of fisheries business tax revenue to the state's General Fund.

8. Are these permits transferable?

No. Moratorium permits are temporary or "interim use" permits that may not be transferred to another vessel owner. These temporary permits have no "value" beyond the ability of the vessel to continue participating during the moratorium.

JOHN WINTHER
P. O. BOX 1364
PETERSBURG, ALASKA 99833

March 30, 2000

The Honorable Brian Porter
Speaker, Alaska State Legislature
Capitol Building
Juneau, Alaska 99801

Re: HB - 429

Dear Representative Porter:

As a fifty-seven year resident of Alaska, I respectfully and strongly urge the Alaska House to pass HB - 429. This bill extends the current moratorium for hair crab and scallop fishermen that the legislature enacted several years ago.

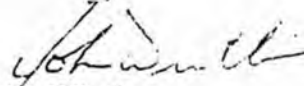
This extension is necessary due to the crisis that currently exists in the crab fisheries. With stocks depressed, the Alaskans participating in the hair crab fishery are threatened with a flood with new entrants from outside the state, who have been displaced from other crab fisheries.

While our home grown fishermen represent a small percentage of the hair crab participants, it is one crab fishery where resident participation comprises a significant portion of the participants.

If this moratorium extension is not passed, we will be disadvantaged by an infusion of out of state residents entering the fishery, due to their lost opportunity in other crab fisheries.

I urge you to move HB - 429 as expeditiously as possible.

Sincerely,


John Winther

**KODIAK FISH
COMPANY**

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March 29, 2000

The Honorable Bill Hudson
Alaska House of Representatives
Co-Chair, House Resources Committee

Dear Representative Hudson:

Thank you for introducing HB 429, a bill extending the termination date for the vessel permit moratorium for the weathervane scallop fishery in Alaska. As you know, this fishery is a small resource compared to others that exist in the North Pacific. However, it is the only fishery that our scallop vessel, the FV Provider, can participate in.

Allowing the moratorium to lapse would be unconscionable to those of us who depend on this resource. Moreover, the management of the fishery would be complex as the Department of Fish and Game would have to manage inside three miles differently than they manage federal waters. (The State of Alaska, since the reauthorization of the Magnuson Act, has been given responsibility for management of this fishery in federal waters.)

The resource is limited and subject to boom and bust cycles that have largely been eliminated by conservative management and the restriction on new entry. Required observer coverage on our vessels and experience have helped us to fish in a manner that reduces our impacts on non target species and on habitat. These gains would be lost if the scallop vessel moratorium were allowed to lapse into open access.

Our vessel and crew have no other options to try. We have been in poor financial shape since the Mt. Big incident that closed our fishery for 18 months in 1995 and 1996. We believe that a limited number of vessels and conservative management can make this a stable fishery and stable resource that supports dozens of crewmembers and supplies high quality scallops to high end restaurants and retailers. It is a very small volume fishery that we have worked hard to develop as a producer of premium scallops that compete in the upper echelon of the world market. However, derby fisheries and open access will move us backwards.

Please do not allow this fishery to return to open access in State waters. We urge that this bill be approved during this session. Thank you again for your introduction of HB 429.

Sincerely

Teressa Kandianis *Mark Kandianis*
Mark and Teressa Kandianis

Bill History/Action Display



BILL: HB 538 SHORT TITLE: HAIR CRAB VESSELS; LTD ENTRY FOR VESSELS
 BILL VERSION: CSHB 538(2D FSH)
 SPONSOR(S): COMMUNITY AND REGIONAL AFFAIRS

CURRENT STATUS: CHAPTER 126 SLA 96 STATUS DATE: 7/03/96
 EFFECTIVE DATE OF LAW 7/4/96

TITLE: "An Act relating to vessels participating in the Bering Sea Korean hair crab fishery; relating to a vessel permit limited entry system; and providing for an effective date."

[Full Text](#) Detailed 2000 fiscal note information currently not available on-line.

Committee Action With Bill History

Jrn-Date	Jrn-Page	Action
3/06/96	<u>2995</u>	(H) READ THE FIRST TIME - REFERRAL(S)
3/06/96	<u>2995</u>	(H) FISHERIES
3/13/96	<u>3113</u>	(H) FSH RPT CS(FSH) 2DP 3NR
3/13/96	<u>3113</u>	(H) DP: AUSTERMAN, ELTON
3/13/96	<u>3113</u>	(H) NR: G.DAVIS, OGAN, MOSES
3/13/96	<u>3113</u>	(H) ZERO FISCAL NOTE (F&G)
4/17/96	<u>3826</u>	(H) RETURN TO FSH COMMITTEE
4/19/96	<u>3878</u>	(H) FSH RPT CS(2D FSH) NT 2DP 3NR
4/19/96	<u>3879</u>	(H) DP: ELTON, AUSTERMAN
4/19/96	<u>3879</u>	(H) NR: G.DAVIS, MOSES, OGAN
4/19/96	<u>3879</u>	(H) ZERO FISCAL NOTE (F&G) 3/13/96
4/24/96	<u>4000</u>	(H) RULES TO CALENDAR 4/24/96
4/24/96	<u>4000</u>	(H) READ THE SECOND TIME
4/24/96	<u>4001</u>	(H) 2D FSH CS ADOPTED UNAN CONSENT
4/24/96	<u>4001</u>	(H) ADVANCED TO THIRD READING UNAN CONSENT
4/24/96	<u>4001</u>	(H) READ THE THIRD TIME CSHB 538(2D FSH)
4/24/96	<u>4001</u>	(H) PASSED Y37 E2 A1
4/24/96	<u>4002</u>	(H) EFFECTIVE DATE(S) SAME AS PASSAGE
4/24/96	<u>4020</u>	(H) TRANSMITTED TO (S)
4/25/96	<u>3549</u>	(S) READ THE FIRST TIME - REFERRAL(S)
4/25/96	<u>3550</u>	(S) RESOURCES
4/29/96	<u>3704</u>	(S) RES RPT 2DP 2NR 1DNP
4/29/96	<u>3704</u>	(S) PREVIOUS H ZERO FN (F&G)
5/03/96	<u>3875</u>	(S) RULES TO CALENDAR 5/3/96
5/03/96	<u>3887</u>	(S) READ THE SECOND TIME
5/03/96	<u>3887</u>	(S) ADVANCED TO THIRD READING UNAN CONSENT
5/03/96	<u>3887</u>	(S) READ THE THIRD TIME CSHB 538(2D FSH)
5/03/96	<u>3888</u>	(S) PASSED Y13 N5 E2
5/03/96	<u>3888</u>	(S) EFFECTIVE DATE PASSED Y18 N- E1 A1
5/03/96	<u>3888</u>	(S) PEARCE NOTICE OF RECONSIDERATION
5/04/96	<u>3945</u>	(S) RECONSIDERATION NOT TAKEN UP
5/04/96	<u>3945</u>	(S) RETURN TO (H), TRANSMIT TO GOVERNOR NEXT
10/21/96	<u>4799</u>	(H) 10:10 AM 6/18/96 TRANSMITTED TO GOVERNOR
10/21/96	<u>4840</u>	(H) SIGNED INTO LAW 7/3 CHAPTER 126 SLA 96
10/21/96	<u>4840</u>	(H) EFFECTIVE DATE OF LAW 7/4/96

Similar Subject Match or Exact Subject Match

BOARDS & COMMISSIONS

FISH & GAME (FISH)

LICENSING

CS FOR HOUSE BILL NO. 538(2d FSH)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE SPECIAL COMMITTEE ON FISHERIES

Offered: 4/19/96

Referred: Rules

Sponsor(s): HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to vessels participating in the Bering Sea Korean hair crab
2 fishery; relating to a vessel permit limited entry system; and providing for an
3 effective date."

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

5 * **Section 1. LEGISLATIVE FINDINGS AND INTENT.** (a) The legislature finds that

6 (1) fishing effort in the Bering Sea Korean hair crab fishery has reached levels
7 that may threaten the economic welfare of the fishery, the overall efficiency of the fishery,
8 and the sustained yield management of the Bering Sea Korean hair crab resource;

9 (2) the conventional limited entry system under AS 16.43 will not adequately
10 protect the economic health and stability of the fishery or promote the sustained yield
11 management of the Bering Sea Korean hair crab fishery resource;

12 (3) the Bering Sea Korean hair crab fishery should provide for some entry
13 level opportunities for fishermen;

14 (4) establishment of a vessel permit system for the Bering Sea Korean hair

1 crab fishery that occurs beyond five miles from shore will promote the purposes of art. VIII,
2 sec. 15, Constitution of the State of Alaska, and of AS 16.43, if the system maintains the
3 current levels of fishing capacity in the fishery;

4 (5) establishment of a moratorium on the issuance of vessel permits to new
5 vessels seeking to enter the Bering Sea Korean hair crab fishery that occurs beyond five miles
6 from shore promotes the purposes of art. VIII, sec. 15, Constitution of the State of Alaska, and
7 of AS 16.43 while providing an opportunity to study and evaluate the feasibility of a
8 permanent vessel permit limited entry system for the Bering Sea Korean hair crab fishery and
9 other fisheries;

10 (6) a limitation on the size of vessels engaged in the near shore fishery for
11 Bering Sea Korean hair crab is necessary to provide an opportunity for the small boat fleet
12 of the state to participate in the fishery, allow increased participation in the fishery without
13 jeopardizing sustained yield management and viability of the Bering Sea Korean hair crab
14 resource and fishery, and foster economic development.

15 (b) It is the intent of the legislature that the Board of Fisheries maintain 100 percent
16 observer coverage for all vessels engaged in taking Bering Sea Korean hair crab.

17 * Sec. 2. AS 16.05.835 is amended to read:

18 Sec. 16.05.835. MAXIMUM LENGTH OF SALMON SEINE AND
19 CERTAIN KOREAN HAIR CRAB VESSELS. (a) A salmon seine vessel may not
20 be longer than 58 feet overall length except vessels that have fished for salmon with
21 seines in waters of the state before January 1, 1962, as 50-foot, official Coast Guard
22 register length vessels.

23 (b) A vessel engaged in the Bering Sea Korean hair crab fishery within
24 five miles of the shore may not be longer than 58 feet overall length.

25 (c) In this section, "overall length" means the straight line length between the
26 extremities of the vessel excluding anchor rollers.

27 * Sec. 3. AS 16.43 is amended by adding new sections to read:

28 ARTICLE 6A. VESSEL PERMITS FOR THE HIGH SEA BERING
29 SEA KOREAN HAIR CRAB FISHERY.

30 Sec. 16.43.901. VESSEL PERMITS. (a) The commission shall issue annual
31 vessel permits for commercial fishing vessels used in the Bering Sea Korean hair crab

1 fishery that occurs beyond five miles from shore. The commission shall issue vessel
2 permits to the vessel upon application by the vessel owner. The commission may
3 establish administrative areas for the Bering Sea Korean hair crab fishery that occurs
4 beyond five miles from shore and issue separate vessel permits for each administrative
5 area.

6 (b) A vessel permit is a use privilege authorizing the vessel to take Bering Sea
7 Korean hair crab beyond five miles from shore in the administrative area for which the
8 vessel permit is issued. The use privilege conveyed by a vessel permit may be
9 modified or revoked by the legislature without compensation.

10 (c) After July 1, 1996, a commercial fishing vessel may not be used to take
11 Korean hair crab in the Bering Sea beyond five miles from shore unless a vessel
12 permit has been issued under this section for the vessel.

13 (d) After July 1, 1996, and through June 30, 2000, the commission may not
14 issue a vessel permit under this section to a commercial fishing vessel, unless the
15 vessel either had legally participated in a directed Korean hair crab fishery in the
16 Bering Sea and landed Korean hair crab in at least one calendar year during 1993
17 through 1995, inclusive, or was acquired between 1993 and 1995, inclusive, as a
18 replacement for a vessel that would be eligible to receive a vessel permit but is no
19 longer used in the fishery. Use of a vessel in the Bering Sea Korean hair crab fishery
20 after July 1, 1996, may not be used to establish eligibility for a vessel permit for the
21 Bering Sea Korean hair crab fishery that occurs beyond five miles from shore that may
22 be issued after June 30, 2000. This subsection may be superseded by regulations
23 adopted by the commission under subsequent legislation enacted by the legislature
24 authorizing

25 (1) a permanent vessel permit limited entry system; or

26 (2) termination of the temporary moratorium on issuance of new vessel
27 permits established by this subsection.

28 (e) An application for a vessel permit under this section must contain the
29 names of the interim-use permit holders authorized to operate the vessel in the Bering
30 Sea Korean hair crab fishery that occurs beyond five miles from shore and other
31 information the commission may require to implement this section. The owner of a

1 vessel for which a vessel permit is issued shall notify the commission in writing of a
2 change in the interim-use permit holders who are authorized to operate the vessel in
3 the Bering Sea Korean hair crab fishery that occurs beyond five miles from shore.

4 (f) If a commercial fishing vessel that qualifies for a vessel permit under this
5 section is sunk, destroyed, or damaged to the extent that the vessel is inoperable for
6 a Bering Sea Korean hair crab fishing season, the commission may, upon the request
7 of the owner of the vessel, reissue the vessel permit to another commercial fishing
8 vessel with an overall length that does not exceed the overall length of the vessel that
9 was sunk, destroyed, or damaged.

10 (g) The fee for the use privileges conveyed by the vessel permit is \$1,000.

11 (h) The commission may adopt regulations to implement AS 16.43.901 -
12 16.43.911.

13 Sec. 16.43.911. APPLICABILITY OF OTHER STATUTES. (a) In addition
14 to the penalties imposed under AS 16.43.960, the commission may also revoke,
15 suspend, or transfer all vessel permits for violations under AS 16.43.960(a).

16 (b) In addition to the penalties imposed under AS 16.43.970(a), upon a first
17 or second conviction under AS 16.43.970, the court may in its discretion order a
18 forfeiture of vessel permits, as well as a loss of eligibility for future issuance of vessel
19 permits, or order a suspension of fishing rights under vessel permits held or to be held
20 for a period of not more than three years. Upon a third conviction under
21 AS 16.43.970, all vessel permits held are forfeited, and the vessels for which the
22 permits are issued lose eligibility for future issuance of vessel permits for a period of
23 three years.

24 (c) Notwithstanding AS 16.05.815 and AS 16.43.975, the commission may
25 release to the owner of a vessel information on the vessel's history of harvests in the
26 Korean hair crab fishery that is necessary to apply for a vessel permit.

27 (d) AS 16.43.901 - 16.43.911 do not alter the requirement for an interim-use
28 permit or entry permit under AS 16.43.140 or a vessel license under AS 16.05.490 -
29 16.05.530.

30 (e) Nothing in AS 16.43.901 - 16.43.911 limits the powers of the Board of
31 Fisheries or the Alaska Department of Fish and Game.

1 * **Sec. 4.** The Department of Law shall prepare on behalf of and under the policy direction
2 of the Alaska Commercial Fisheries Entry Commission draft legislation establishing a vessel
3 permit limited entry program that may be used for fisheries in which the current limited entry
4 program under AS 16.43 will not effectively achieve the purposes of that chapter. The draft
5 legislation shall be submitted to the resource committees of the Alaska Senate and the Alaska
6 House of Representatives on or before the 10th legislative day of the First Session of the
7 Twenty-First Alaska State Legislature.

8 * **Sec. 5.** AS 16.43.901 and 16.43.911, added by sec. 3 of this Act, are repealed July 1,
9 2000.

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

Bill History/Action Display



BILL: HB 141 SHORT TITLE: SCALLOP FISHERY/ VESSEL MORATORIUM
 BILL VERSION: SCS CSHB 141(RES)
 SPONSOR(S): REPRESENTATIVES(S) AUSTERMAN

CURRENT STATUS: CHAPTER 97 SLA 97 STATUS DATE: 6/20/97
 EFFECTIVE DATE OF LAW 6/21/97

TITLE: "An Act relating to a vessel permit moratorium for the Alaska weathervane scallop fishery; relating to management of the scallop fisheries; and providing for an effective date."

[Full Text](#) Detailed 2000 fiscal note information currently not available on-line.

Committee Action With Bill History

Jrn-Date	Jrn-Page	Action
2/17/97	<u>374</u>	(H) READ THE FIRST TIME - REFERRAL(S)
2/17/97	<u>374</u>	(H) FSH, RESOURCES
2/27/97	<u>508</u>	(H) FSH RPT CS(FSH) 5DP
2/27/97	<u>508</u>	(H) DP: AUSTERMAN, KUBINA, HODGINS, IVAN,
2/27/97	<u>508</u>	(H) OGAN
2/27/97	<u>508</u>	(H) ZERO FISCAL NOTE (F&G)
4/01/97	<u>895</u>	(H) RES RPT CS(RES) 3DP 4NR
4/01/97	<u>895</u>	(H) DP: DYSON, GREEN, HUDSON
4/01/97	<u>895</u>	(H) NR: MASEK, OGAN, NICHOLIA, JOULE
4/01/97	<u>896</u>	(H) ZERO FISCAL NOTE (F&G) 2/27/97
4/11/97	<u>1081</u>	(H) RULES TO CALENDAR 4/11/97
4/11/97	<u>1081</u>	(H) READ THE SECOND TIME
4/11/97	<u>1081</u>	(H) RES CS ADOPTED UNAN CONSENT
4/11/97	<u>1081</u>	(H) AM NO 1 ADOPTED UNAN CONSENT
4/11/97	<u>1081</u>	(H) ADVANCED TO THIRD READING UNAN CONSENT
4/11/97	<u>1081</u>	(H) READ THE THIRD TIME CSHB 141(RES) AM
4/11/97	<u>1082</u>	(H) PASSED Y35 E3 A2
4/11/97	<u>1082</u>	(H) EFFECTIVE DATE(S) SAME AS PASSAGE
4/11/97	<u>1086</u>	(H) TRANSMITTED TO (S)
4/14/97	<u>1122</u>	(S) READ THE FIRST TIME - REFERRAL(S)
4/14/97	<u>1122</u>	(S) RESOURCES
5/08/97	<u>1818</u>	(S) RES RPT SCS 2DP 3NR SAME TITLE
5/08/97	<u>1818</u>	(S) DP: TORGERSON, LEMAN
5/08/97	<u>1818</u>	(S) NR: HALFORD, GREEN, LINCOLN
5/08/97	<u>1818</u>	(S) (H) ZERO FN APPLIES TO SCS (F&G)
5/09/97	<u>1892</u>	(S) RULES TO CALENDAR 5/9/97
5/09/97	<u>1899</u>	(S) READ THE SECOND TIME
5/09/97	<u>1900</u>	(S) RES SCS ADOPTED UNAN CONSENT
5/09/97	<u>1900</u>	(S) ADVANCE TO THIRD READING FLD Y14 N5 E1
5/09/97	<u>1900</u>	(S) THIRD READING 5/10 CALENDAR
5/10/97	<u>1957</u>	(S) READ THE THIRD TIME SCS CSHB 141(RES)
5/10/97	<u>1957</u>	(S) PASSED Y17 N- E1 A2
5/10/97	<u>1958</u>	(S) EFFECTIVE DATE(S) SAME AS PASSAGE
5/10/97	<u>1971</u>	(S) TRANSMITTED TO (H) AS AMENDED
5/10/97	<u>1832</u>	(H) CONCUR AM OF (S) Y37 A3
5/10/97	<u>1833</u>	(H) EFFECTIVE DATE(S) SAME AS PASSAGE
7/10/97	<u>1966</u>	(H) 11:50 AM 6/9/97 TRANSMITTED TO GOVERNOR
7/10/97	<u>1983</u>	(H) SIGNED INTO LAW 6/20 CHAPTER 97 SLA 97
7/10/97	<u>1983</u>	(H) EFFECTIVE DATE OF LAW 6/21/97

Similar Subject Match or Exact Subject Match



SENATE COMMITTEE REPORT

DATE: 4/3/00

FURTHER:

DATE TURNED IN TO OFFICE: 4/10/00

Resources Committee considered

HOUSE BILL NO. 429

"An Act extending the termination date for the vessel permit moratoria for the Bering Sea Korean hair crab fishery and the weathervane scallop fishery; and providing for an effective date."

and recommends:

be replaced with _____ CS _____ (_____)

adopt previous _____ CS _____ (_____)

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to the _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Christ Taylor</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
CHAIR:		CHAIR: <i>[Signature]</i>	<input checked="" type="checkbox"/>		

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

Department	Date	Zero	Fiscal

HOUSE PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

Department	Date	Zero	Fiscal
DFSG	3/7/00	<input checked="" type="checkbox"/>	

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

HB

432

SENATE COMMITTEE REPORT

DATE: 4/10/00

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 4/18/00

Resources Committee considered

CS FOR HOUSE BILL NO. 432(FIN)

BOARD OF STORAGE TANK ASSISTANCE

and recommends:

be replaced with _____ CS _____ (_____)

adopt previous _____ CS _____ (_____)

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to the _____ Committee

Senate Bill:

same title

new title

House Bill:

same title

technical title

new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>William Taylor</i>	<input checked="" type="checkbox"/>	<i>Lynda Green</i>	<input checked="" type="checkbox"/>		
		<i>Christina Finch</i>	<input checked="" type="checkbox"/>		
CHAIR:		CHAIR: <i>Mike Halford</i>	<input checked="" type="checkbox"/>		

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

Department	Date	Zero	Fiscal
DEC	3/17/00		51.4

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HB 432

Revision Date/Time (Note if correction) _____ Dept. Affected Environmental Conservation
 Title Board of Storage Tank Assistance BRU Contaminated Sites Program
 Component Contaminated Sites Program
 Sponsor House Resources Committee
 Requester House Resources Committee Component No. 2386

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel	11.2	11.2	11.2	11.2		
Contractual	40.2	40.2	40.2	40.2		
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	51.4	51.4	51.4	51.4	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
-----------------------------	------------	------------	------------	------------	------------	------------

CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------	------------	------------	------------	------------	------------	------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1079 Storage Tank Assistance Fund	51.4	51.4	51.4	51.4		
TOTAL	51.4	51.4	51.4	51.4	0.0	0.0

Estimate of any current year (FY2000) 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:

Travel – The Board is likely to hold one meeting in Juneau and three in Anchorage each year. Approximately five people will travel to each meeting, including Department staff, at an average cost of \$560 per person.
 Contractual – Executive administration of the Board will be privatized, as it was during FY 00. Costs to organize the Board meetings and interact with stakeholders and the Department are based on past Board activities while recognizing that the program was cut significantly in FY 00. Board administration during FY 00 was approximately 100.0. The work to revise the program as required by the FY 00 cuts as well as completion of new loan regulations has been accomplished. It is anticipated that work for the Board in FY 01 will be minimal and focused on the four meetings that will be held throughout the year. The administrator will interact with the Department and tank owners and operators concerning questions and appeals on eligible costs and new appeals under the new authority for review of the Department's cleanup decisions.

Prepared by: Larry Dietrick Phone (907) 465-5250
 Division Spill Prevention and Response Date/Time 3/17/00 10:32 AM
 Approved by: [Signature] Date 3-17-00
 Agency Department of Environmental Conservation

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Alaska State Legislature

House Resources Committee

Co-Chair Beverly Masek
(907) 465-3715
FAX (907) 465-4822
Capitol Building, Room 124
Juneau, Alaska 99801



Co-Chair Bill Hudson
(907) 465-6890
FAX (907) 465-2273
Committee Meetings
M/W/F 1 - 3 p.m.

Members: Vice Chair John Cowdery, Representatives: Ramona Barnes, John Harris, Carl Morgan, Jim Whitaker, Reggie Joule, and Mary Kapsner

SPONSOR STATEMENT

CSHB 432(FIN) Board of Storage Tank Assistance

The Board of Storage Tank Assistance was created in 1990 in response to a clean up program initiated by increased federal regulations and aggressive Environmental Protection Agency (EPA) enforcement actions. Many Alaska underground storage tank owners were forced out of business because they could not afford the high cost of cleanup of contamination from their leaking tanks.

The Storage Tank Assistance Program was established to protect Alaska's drinking water supplies and to help Alaska's regulated underground storage tank owners and operators meet EPA's tough new environmental laws and regulations pertaining to underground petroleum storage tanks. The goals of the program were simple: cleanup existing leaks, prevent future leaks, and help Alaska's tank owners and operators through educational, technical, and financial assistance. Although originally established as a financial assistance grant program, the program was restructured in 1999 as predominately a loan program.

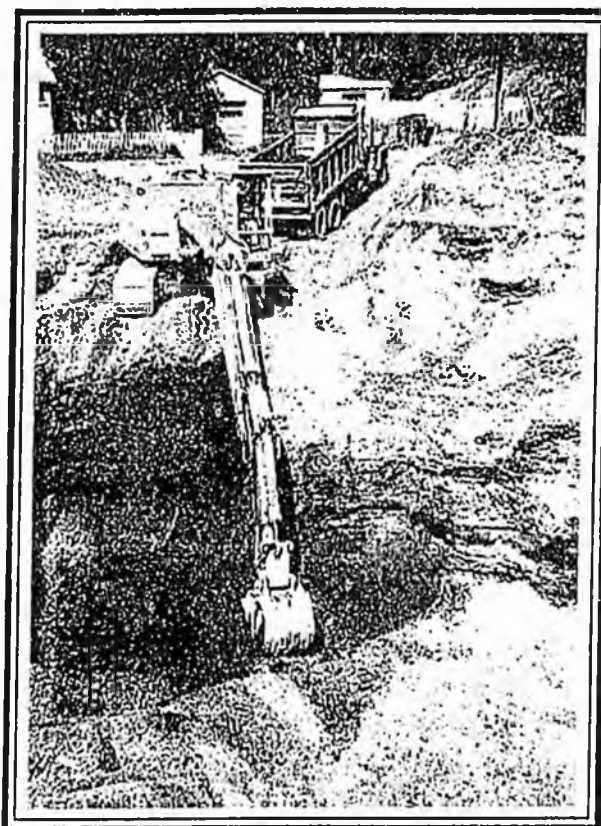
HB 432 extends the termination date of the Board of Storage Tank Assistance to June 30, 2003. It is necessary to extend the termination date because many sites have just initiated cleanup or are in the midst of a long term cleanup process which are not expected to be completed for a few years. Furthermore, as the new loan program is expected to be implemented this upcoming construction season, it is imperative that the Board remain available to mediate and resolve disputes between the Department of Environmental Conservation (DEC) and Alaska's underground storage tank owners.

HB 432 also expands the authority of the Board. Historically, there has been a delay by DEC in sending final cleanup decisions to businesses. Cleanup decisions, (no further action) provide evidence that the contaminated site has been cleaned up. Many sites are pending sale or are waiting on bank financing. The transactions cannot proceed until final cleanup decision letters are distributed by DEC. By expanding the Board's authority to issue recommendations concerning cleanup decisions it is expected that many new cleanup decisions will be issued that in the past have been delayed or simply overlooked. This expansion of authority will not be binding authority; it will simply provide a forum for the Board, businesses, and DEC to discuss final decision letters.

The Storage Tank Assistance Fund

and the
Alaska Storage Tank Program

Questions and Answers



Cleanup activities at an Anchorage gas station.

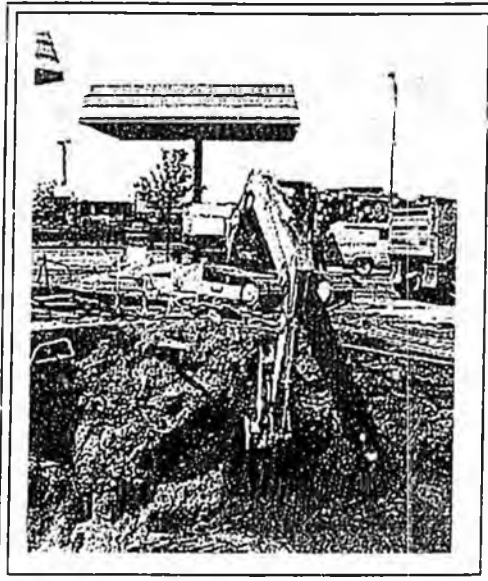
During the years 1986 through 1990, increased federal regulations and aggressive EPA enforcement action forced numerous Alaska underground storage tank owners out of business. Many of these tank owners could not afford the high cost of cleanup of contamination from their leaking tanks. The 1990 Legislature determined that the State should have an assistance-based tank program to keep these affected businesses "in business" as productive members of the Alaska economic community.



The Problem

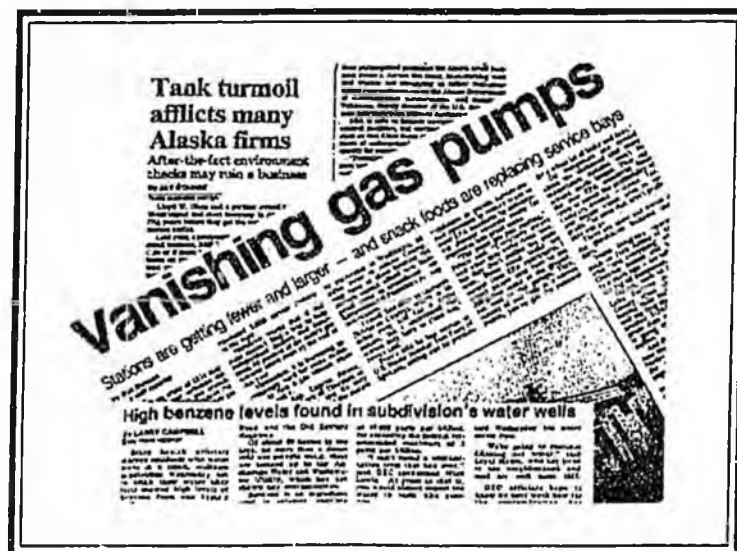
Headlines are commonplace throughout the state concerning underground storage tank owner problems and pollution resulting from leaking underground storage tanks. Many tank owners are reducing their liability and cutting back on services while others have simply gone out of business altogether.

The Storage Tank Assistance Program was established to protect Alaska's drinking water supplies and to help Alaska's regulated underground storage tank owners and operators meet EPA's tough new environmental laws and regulations pertaining to underground petroleum storage tanks.



The goals of the program were simple:

- * cleanup existing leaks,
- * prevent future leaks, and
- * help Alaska's tank owners and operators through educational, technical and financial assistance.



Questions and Answers

WHAT IS A REGULATED UNDERGROUND STORAGE TANK?

- * Regulated tanks are predominantly motor fuel tanks.
- * In general, gasoline, diesel and waste oil tanks greater than 110 gallons are regulated, although there are exemptions.
- * Heating oil tanks are NOT regulated.
- * Residential motor fuel tanks less than 1100 gallons for farm or residential use are NOT regulated.
- * Several other types of tanks are not regulated depending upon their use.

WHO REGULATES UNDERGROUND STORAGE TANKS?

- * EPA regulates tanks under 40 CFR 280 and 40 CFR 281.
- * State of Alaska regulates tanks under Title 46 and 18 AAC 78 and 18 AAC 75.
- * Local governments may regulate tanks under the Uniform Fire Code and the National Fire Protection Association.

WHO IS ELIGIBLE FOR FINANCIAL ASSISTANCE?

- * Any commercial or private owner or operator of underground storage tanks regulated by the Underground Storage Tank Regulations, 18 AAC 78, is eligible for some form of financial assistance. Essentially, if a tank owner pays into the program, through a registration fee, then the tank is eligible for assistance. Only certain owners and operators qualify for grants, while all owners and operators can qualify for loans.
- * Village, City, Borough or municipally owned tanks are NOT eligible, although specific appropriations can be legislatively granted to these entities from the Fund.
- * State and Federal owned tanks are NOT eligible.

WHAT KIND OF TANKS ARE ELIGIBLE?

- * Industrial, Contracting, Auto Dealerships, Car Rental Agencies, Trucking and Transportation firms comprise 26% of the eligible tanks.
- * Nearly 20% of the eligible tanks are used for aircraft refueling, both commercial and private.
- * Utilities, Fire Stations, Police and Ambulance services total another 19% of the eligible tanks.
- * Less than 30% of the eligible tanks are fuel retailers such as gas and service stations.

WHAT KIND OF ASSISTANCE IS AVAILABLE?

- * Technical assistance is available through the Department of Environmental Conservation. Staff provide guidance documents and technical assistance on the proper handling of stored products, system upgrading or closing and cleanup of contamination resulting from leaking tanks.
- * Educational Assistance is provided by both the Department of Environmental Conservation and the Board of Storage Tank Assistance. Workshops are conducted annually and staff are provided to assist nationally recognized training courses for presentation in Alaska. A quarterly newsletter "Alaska Underground", is published by the Department to provide timely information on technical and regulatory aspects of tank ownership and maintenance, installation and closure, as well as the latest developments in cleanup and remediation techniques. The newsletter also provides information to contractors and consultants actually conducting tank work.
- * Financial Assistance is provided in the form of grants and loans to offset the high cost of tank upgrades to meet EPA standards and to cover proper closure and release investigation, corrective action and cleanup costs.

WHAT TYPE OF FINANCIAL ASSISTANCE DOES THE PROGRAM PROVIDE?

- * The Storage Tank Assistance Fund provides grants for upgrading or closing up to 60% of the eligible costs with a maximum combined grant of \$60,000 per facility for owners for operators that can demonstrate total assets of \$250,000 after deducting the estimated cost to upgrade and cleanup their tanks.
- * Grants for cleanup of petroleum contamination are provided for a maximum of \$250,000 for owners or operators that can demonstrate total assets of \$1,000,000 after deducting the estimated cost to upgrade and cleanup their tanks. The owner is responsible for 10% of the cost up to a maximum of \$25,000.
- * Loans are available for the 10% not covered by the cleanup grant up to a maximum of \$25,000. Owners receiving loans must pay back the loan to the state over five years.
- * For owners and operators that cannot qualify for a cleanup grant, a loan may be obtained to a maximum of \$500,000. Owners and operators that exceed the cleanup grant cap may also apply for loans. The total allowable combined grant and loan cannot exceed \$500,000.

DOES THE PROGRAM ENCOURAGE PRIVATE PARTICIPATION?

- * Most upgrades involve multiple tanks and costs usually range from \$120,000 to well over \$200,000. Typically a grant from the Storage Tank Assistance Fund actually covers only 30% to 40% of the owners cost. The owner must pay the majority of costs involved.
- * The balance of the upgrading cost is provided by banks in the form of direct loans to the tank owner or operator. Many banks require that an owner or operator be eligible to receive funds from the Storage Tank Assistance Fund and that a letter be provided from the Department stating that the owner will be receiving financial assistance. The banks are then assured that the work will be conducted according to standard practice and in compliance with applicable laws and regulations.

* The tank owner or operator actually receives the funds and is directly responsible for supervising the funded activity and for insuring that the work is conducted in accordance with applicable laws and regulations. The Department of Environmental Conservation only provides guidance and oversight to insure all work is completed properly and consistent with customary practice and costs. Private sector consulting firms that are approved by the Department or contractors certified by the State conduct work for the owners and operators. The owner or operator contracts directly with the contractors and consultants.

DON'T LARGE FIRMS GET MOST OF THE FUNDS THAT ARE AVAILABLE?

* No. Since the program was changed in 1999, only small companies are eligible for grants from the program. Larger companies with assets exceeding \$1,000,000 are only eligible for Cleanup Loans. Upgrade grants are only issued to those owners and operators that can demonstrate total assets under \$250,000. All applicants are priority ranked for funding according to regulations and criteria established by the Board of Storage Tank Assistance. The ranking system emphasizes public health threat foremost followed by numerous other considerations such as nearest alternative fuel source and whether the facility is in a rural location. Several other criteria are used to rank applications with an emphasis on small rural tank owners that pose an imminent public health threat and have acted in good faith to undertake as much of the work as possible on their own. This usually means that unless an imminent public health threat exists, larger companies tend to rank lower on priority ranking lists.

WHY CAN'T OWNERS AND OPERATORS JUST GET A BANK LOAN?

* Banks do provide loans for certain activities such as closure or upgrading of a facility. The cost of an upgrade ranges from \$120,000 to \$200,000 or more to meet the federal standards. Banks will provide loans to cover that portion of the upgrade that is not covered by a grant from the Storage Tank Assistance Fund. Without assistance from the state, many small tank owners would not have sufficient resources to undertake an upgrade even with bank financing.

* Banks do not generally provide loans for cleanup purposes. The total cost of a cleanup is not known until the actual cleanup is complete and extremely difficult to estimate. Most Alaska tank owner's principal asset is the actual property that requires cleanup. A parcel of land that is contaminated essentially has no value until clean and actually represent a significant liability. Since collateral is required for nearly all loans, tank owners with contaminated sites normally cannot provide sufficient collateral to back a loan large enough to undertake the cleanup. The average cost of cleanup in Alaska is presently \$140,000 per site with some cleanups currently approaching \$500,000. These very high cleanup costs are virtually impossible to cover for the average Alaska tank owner.

* Joint and several liability laws also provide a detriment to bank financing for cleanup activities. Banks that foreclose on contaminated property become liable for completion of the cleanup. Many times the cost of the cleanup will be 3 or 4 times the clean site value of the property. Banks also will not provide a loan to a tank owner if the business itself must be shutdown to conduct the cleanup. If a business has no income, it cannot repay a loan. Many businesses have been closed for a year or more while cleanup activities are completed. In numerous cases, the loss of revenues has caused bankruptcy and foreclosure, a fact that banks understand all too well.

WHY DO TANK OWNERS HAVE TO UPGRADE THEIR TANKS?

* In 1984, federal law (Subtitle I of the Resource Conservation and Recovery Act) mandated that owners of certain kinds of underground storage tanks (USTs) containing petroleum products and other regulated substances meet standards which would prevent leaks and assure adequate cleanup where leaks occurred. That law was followed by federal UST regulations in December of 1988.

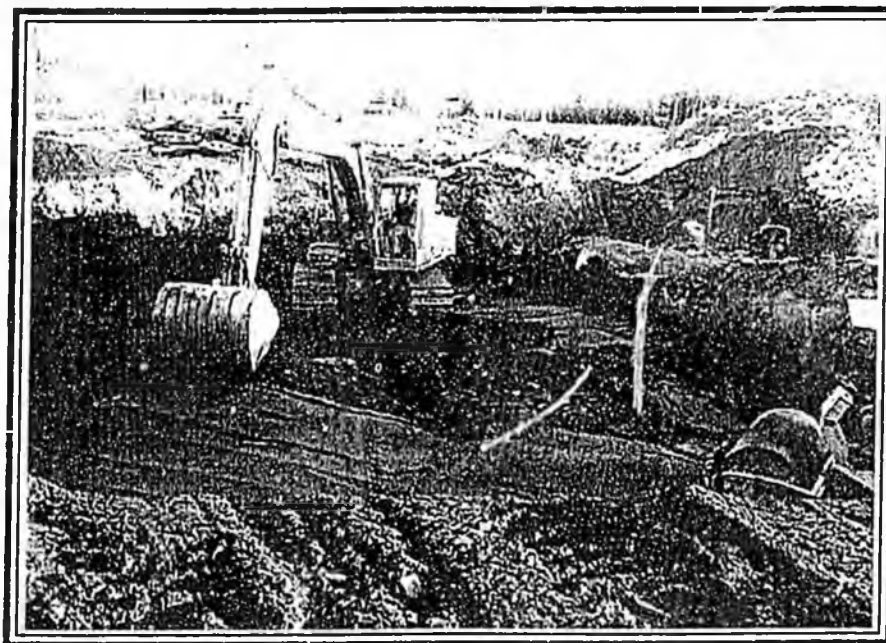
* 7,247 underground petroleum storage tanks have been identified in the State of Alaska. Of that total, 1,193 tanks are currently in use. Other tanks probably exist which have not been reported. Most of these tanks are not protected from leaks and spills. These tanks may be unknowingly damaging the State's drinking water supplies. Since groundwater provides drinking supplies for nearly 70% of the population in Alaska, any contamination that reaches groundwater could cause a serious public health threat. Additionally, the vapors from leaks may seep into basements of homes and buildings and may cause other safety and health hazards.

WHY DO WE HAVE CONTAMINATION FROM TANKS?

* Piping leaks, overfills and spillage during deliveries are common problems.

* Leaking tanks or piping can be nearly impossible to detect without special equipment. A considerable number of leaks occur due to failed fittings between the tank and piping, spillage during filling, overfilling or corrosion.

* Corrosion holes in steel tanks cannot be seen until the tank or piping has been removed or exposed. A corrosion hole that causes a tenth of a gallon per hour leak would release over 300 gallons of fuel per year into the lands of the state. The leak could go unnoticed for years, slowly percolating through the soil and possibly into the water table. This leaking fuel can eventually migrate toward a private or municipal drinking water well.



Stirling facility undergoing cleanup activities.

AREN'T THESE PROBLEMS THE TANK OWNERS FAULT?

* Although the leak originates from an owner's facility, the leak is very rarely caused by negligence on the owners part. The facility was usually installed and operated to a standard of practice that was considered sound and conscientious at the time of installation. Many times the facility owner or operator is treated as a criminal, when in fact the leak or spill might have been caused by natural processes such as corrosion over time or by an accident caused by a passerby. Just a simple case of accidentally spilling waste oil on the ground or repeated overfilling of vehicle gas tanks by customers can add up to a serious contamination problem for a facility owner.

* It is worth noting that petroleum contamination was not considered a serious health hazard until just a few years ago, long after these facilities had been installed. The State of Alaska only recently halted routine oiling of roads, now considered dangerous to public health and critical habitats. The underground storage tank rules imposed by EPA are "after the fact" environmental regulations that have caused a notable and detrimental economic impact to small businesses.

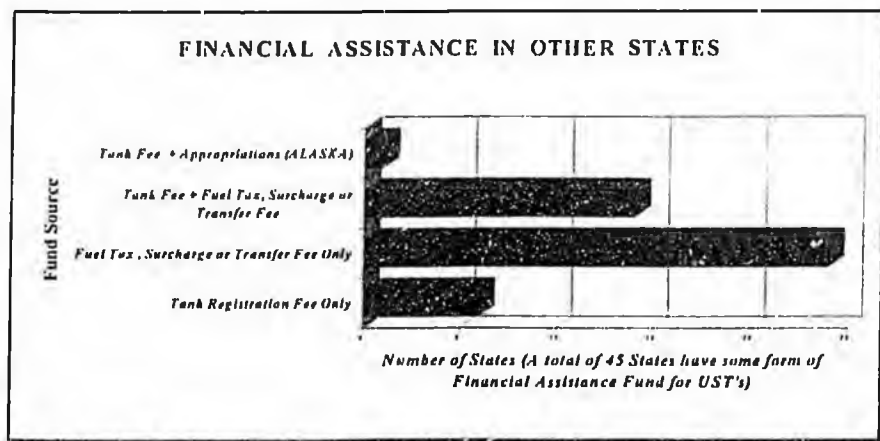


AREN'T THESE PROBLEMS JUST THE "COST OF DOING BUSINESS"?

* The requirements to upgrade or clean up contamination from leaking tanks are relatively new "after the fact" regulations from EPA that did not exist when these businesses started nor during most of their existence. Many businesses acquired facilities with existing contamination. These owners are now faced with the formidable task of "making right what wasn't a problem before". The cost to clean these contaminated sites has skyrocketed beyond the reach of an average business in Alaska. The cost can easily reach several hundred thousand dollars per site. Investigating the extent of contamination, soil and water sampling, excavation, contaminated soil disposal, total tank and piping system replacement, interim business shutdown, loss of revenues and threats of penalties regarding contamination that occurs through natural corrosion, customer negligence and accidents were not a consideration when these businesses began.

WHY DID THE STATE GET INVOLVED?

- * During the years 1986 through 1990, increased federal regulations and aggressive EPA enforcement action forced numerous Alaska tank owners out of business. Many of these tank owners could not afford the high cost of cleanup of contamination from their leaking tanks. If an owner cannot pay the cost of cleanup, the State actually undertakes the task using Response Funds. The 1990 Legislature determined that the State should have an assistance-based tank program to keep these affected businesses "in business" as productive members of the Alaska economic community.
- * Many of the facilities affected by the EPA requirements are in outlying areas of the State, on the Alaska Highway, remote lodges, rural community airstrips and remote fishing villages. Although protecting drinking water supplies in urban areas such as Anchorage and Fairbanks is critical, maintaining essential fuel services for the State is undeniably an important consideration for stable economic growth, tourism and access.
- * Since December 31, 1993, most tank owners have been required to demonstrate \$1 million of financial responsibility per occurrence and \$2 million aggregate. Failure to comply may result in \$10,000 daily fines from EPA. Alaskan tank owners can meet the financial responsibility requirement by purchasing pollution liability insurance. Pollution liability insurance is available but very expensive for most small tank owners. The problem still involves the question of eligibility for insurance. Is a facility actually insurable? Many insurance plans call for a clean site to be demonstrated. However, most of these facilities have had numerous incidents of overfilling and spillage during fuel deliveries or in some cases, actual leaks. The Storage Tank Assistance Fund helps owners help themselves by assisting owners of contaminated sites to undertake proper cleanup and become insurable. Insurance policies can then be purchased from the private sector, thereby allowing a tank owner to meet the federal financial responsibility requirement.
- * Developing an assistance-based program was considered to be the best way to promote strong pollution prevention practices to avoid future contamination of drinking water supplies. By providing assistance to tank owners to cleanup contamination and to promote the upgrade of their facilities to federal standards, the regulated community was more willing to step forward and report old spills or leaks without the fear of fines and penalties from the EPA. Although the "big stick" approach from EPA got attention, the State's "white hat" approach got results.
- * Alaska was not the only state that recognized the problem tank owners were facing with the new federal requirements. Currently, forty-five states have financial assistance programs for underground storage tanks. Seventeen of these states have recently expanded their programs to include aboveground tanks as well.



AREN'T MOST OF THE LEAKING TANKS OWNED BY BIG COMPANIES?

* Just because a facility is named "Alaska Chevron" does not mean it is owned by Chevron. The name usually signifies the brand of product sold. Most businesses covered by the EPA's underground storage tank regulations are small, "Mom-and-Pop" businesses. DEC estimates that of the 7,247 tanks that have been identified in Alaska, there are 1,193 presently in use of which most are privately owned. It is estimated that over two-thirds of the privately owned tanks in Alaska are owned by small, independent companies.

IS THERE MUCH DEMAND FOR FINANCIAL ASSISTANCE?

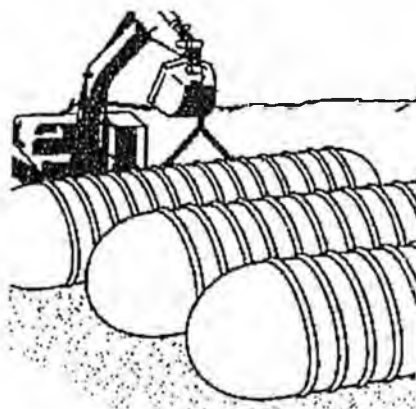
* Presently, there are nearly 60 unfunded requests for financial assistance for testing, closure, upgrade or cleanup activities in the State of Alaska.

* Over \$27 million has been expended, encumbered or obligated through fiscal year 99.

HOW MUCH MONEY HAS THE PROGRAM RECEIVED SO FAR?

* The Storage Tank Assistance Fund received an initial capitalization of \$6 million in fiscal year 1991. In fiscal year 1992, no new monies were appropriated to the Fund. For fiscal year 1993, the Alaska Legislature appropriated \$5 million to the Storage Tank Assistance Fund. The Alaska Legislature appropriated \$4.5 million to the UST Financial Assistance Program for fiscal year 1994 and \$2.9 million for fiscal year 1995. For fiscal years 1996 & 1997 the Program received \$1.9 million each year and in Fiscal Year 1998 the Fund received \$ 5 million. In FY 99, the program received \$5 Million and a statutory change directing the department and the Board to establish a Cleanup Loan program as well as new standards for eligibility for grants.

* Funds appropriated by the Alaska State Legislature to the Storage Tank Assistance Fund are allocated annually by the Board of Storage Tank Assistance to different financial assistance programs, the tank cleanup program, the tank cleanup Loan program the tank upgrading program and the tank closure program. The Board of Storage Tank Assistance makes the annual allocations after taking into consideration the amount of money in the Fund, the money required to meet the needs for each program, as supported by approved applications and the requirement that the greatest priority be given to funding UST's that present the greatest threat or potential threat to human health.



WHAT AGENCY ADMINISTERS THE STORAGE TANK ASSISTANCE FUND?

- * The Department of Environmental Conservation administers the Storage Tank Assistance Fund. The Department is responsible for advertising the application periods, receiving the applications, processing the requests, administering the grants and auditing the project costs. The Division of Investments in the Department of Commerce and Economic Development works in partnership with the DEC to provide cleanup loans for eligible UST owners and operators.
- * The Department of Environmental Conservation has a staff of three Environmental Specialists in Anchorage to process the actual grant applications. A Grants Administrator and a Clerk Typist provide additional support for the program.
- * The 1990 Legislature established the seven-member Board of Storage Tank Assistance with one government member and six public members. Members are appointed by the Governor and serve without compensation other than per diem and expenses when traveling. They have an Executive Director, contracted from the private sector, who is their sole employee. The first duty of the Board was to write regulations relating to financial assistance for UST owners and operators. The Board also jointly developed regulations with DEC pertaining to cleanup standards and allowable technologies to be used in the cleanup of contamination resulting from leaking tanks.
- * The Board is an Appeal Board to mediate disputes between the Department of Environmental Conservation and regulated underground petroleum storage tank owners and operators. In regard to disputes arising over eligibility, priority rankings and eligible costs, the Board's decisions are binding upon the department and the owner or operator. For corrective action plan disputes the board may only issue recommendations.
- * Although the Board developed the financial assistance regulations, the Department of Environmental Conservation actually implements those regulations by physically processing each applicant's request for financial assistance. This enables the Board to remain objective and unbiased when a dispute arises. The Board is then tasked with resolving the matter in a prompt and conscientious manner.



For Further Information Contact the Board of Storage Tank Assistance at (907)364-2514 or the Department of Environmental Conservation, Storage Tank Program, at (907) 465-5203.

Key Factors in the Development of the Storage Tank Assistance Fund

- Federal Mandates from Congress / EPA
- Significant Environmental Impact
- Specific Deadlines for Upgrading to New Tank Standards
- High Visibility Enforcement by EPA on Small Business Owners
- Major Leaks from UST's in Anchorage and Fairbanks
- Response Fund Actions on UST Owners Forcing Owners Out of Business
- Essential Services Threatened
- Major Economic Impact on Small Companies
- Strong Private Sector Voice (Alaska Underground Tank Owners & Operators Assoc.)



Cleanups from leaking tanks can be traumatic on Alaska's small businesses, such as this "mom and pop" facility on the Kenai Peninsula.

Key Factors in the Success of the Storage Tank Assistance Fund

- State Regulatory and Enforcement Program
- State UST Registration Program
- Program Linked to State & Federal UST/LUST Programs through DEC
- Emphasis and Priorities on Environmental Concerns
- Strong Public Outreach Program - Bulletins, Quarterly Newsletter, Workshops
- Cost Controls & Detailed Project Oversight and Auditing Practices
- Active Board to Mediate Disputes and Provide Oversight to the Program
- UST Worker Certification Program
- Consulting Firm Approval Program (QAPP)
- Joint Public & Private Sector Technical Working Groups
- Strong Private Sector Voice (Alaska Underground Tank Owners & Operators Assoc.)



THE STORAGE TANK ASSISTANCE PROGRAM

The Storage Tank Assistance Fund -- What is it all about?

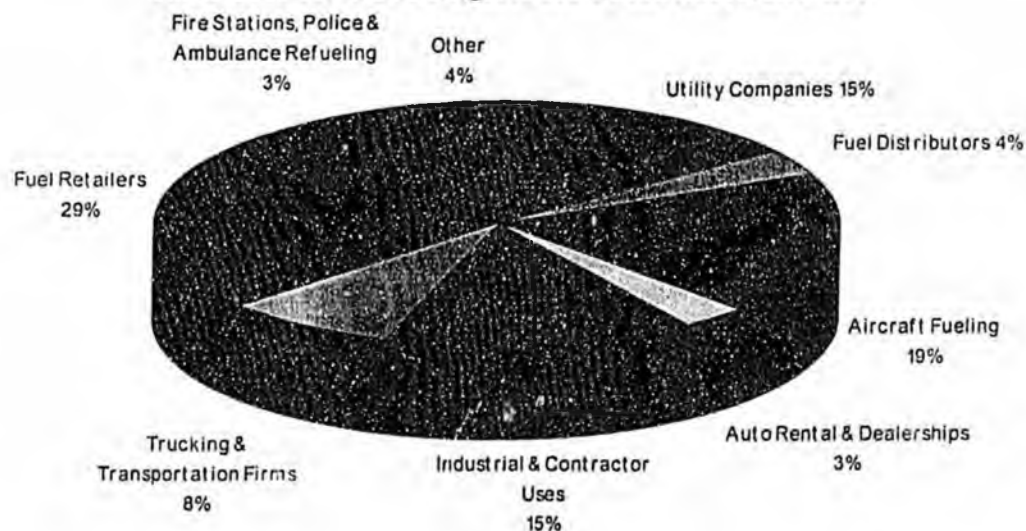
- * AN ENVIRONMENTAL CLEANUP PROGRAM RESTORING ALASKA'S DRINKING WATER SUPPLIES.
- * Providing grants and loans to Alaskan businesses to offset the high cost of environmental cleanups to keep Alaskan businesses in business.
- * A POLLUTION PREVENTION PROGRAM FOR UNDERGROUND PETROLEUM STORAGE TANKS.
- * Providing incentives and grants to tank owners and operators to upgrade or close their tanks to prevent future leaks.
- * AN ALASKAN BUSINESS ASSISTANCE PROGRAM.
- * Providing relief to Alaskan businesses and private individuals faced with the high cost of environmental compliance.



Since Program Inception in 1991

- * Over \$27 Million has been expended, encumbered or obligated for financial assistance grants and loans through Fiscal Year 00.
- * Over 1000 financial assistance requests for tank tightness testing, site assessments, soil or groundwater cleanup or to upgrade tanks to new EPA standards and prevent future leaks have been funded or encumbered.
- * Over 2000 Financial Assistance Requests have been received to-date.

Tank Uses for USTs Eligible for Financial Assistance



How the *Storage Tank Assistance Fund* affects environmental cleanups in Alaska

*** Because there is an Assistance Program -**



Public Health Threats from petroleum contamination are addressed through not only a Priority Ranking System that is based primarily upon the Alaska Hazard Ranking Model but also through a unique Emergency Grant system that provides for emergency cleanup assistance almost immediately after an imminent public health threat is identified.

*** Because there is an Assistance Program -**



UST owners and operators do not fear legal action and have stepped forward to cooperate with DEC to undertake soil and groundwater cleanup.

*** Because there is an Assistance Program -**

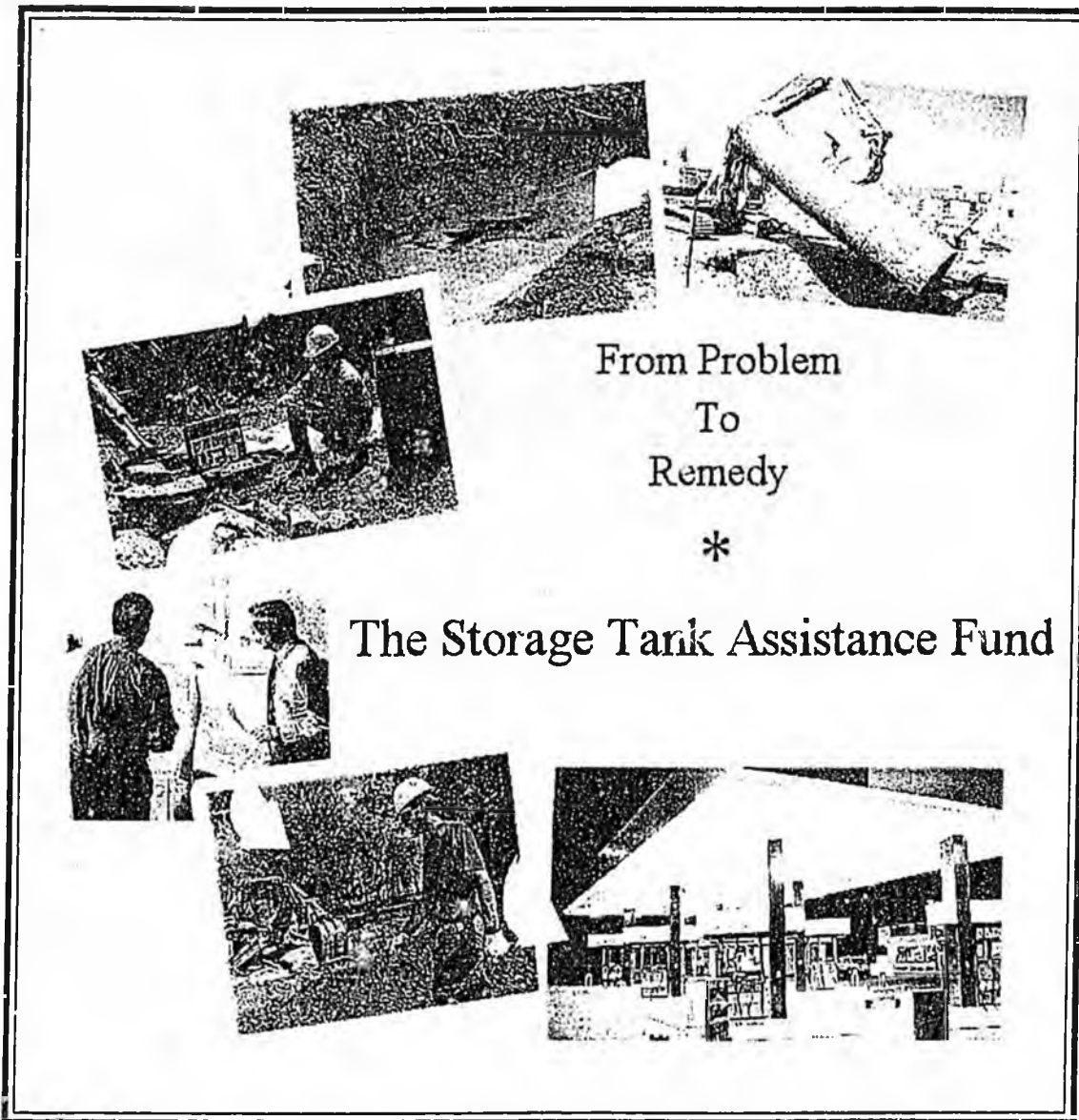


Litigation has been avoided thereby saving the State of Alaska millions of dollars in legal costs.

*** Because there is an Assistance Program -**



Cleanup activities directly involve the owner or operator and reduce the need for State lead actions and oversight. This approach further reduces both higher cost State contractors as well as the number of State staff required to oversee the cleanup activities.



From Problem
To
Remedy

*

The Storage Tank Assistance Fund

The Storage Tank Assistance Fund

*Board of Storage Tank Assistance
410 Willoughby Ave.
Juneau, Alaska 99801
Phone (907) 364-2514
Fax (907) 364-2518
cresolve@eagle.ptialaska.net*

Web: http://www.state.ak.us/dec/dspar/stp_home.htm

HCR

9

SENATE COMMITTEE REPORT

DATE: 5/12/99

FURTHER:

DATE TURNED
IN TO OFFICE: 2/21/00

Resources Committee considered CS FOR HOUSE CONCURRENT RESOLUTION NO. 9(RES) am
Relating to Take a Young Person Hunting Week.

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

Senate Bill:

- same title
- new title
- House Bill:**
- same title
- technical title
- new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Adrian Taylor</i>	✓	<i>Adrian Taylor</i>			✓
<i>Rita K. H. [unclear]</i>	✓				
<i>[unclear]</i>	✓				
<i>[unclear]</i>					
<i>[unclear]</i>					
CHAIR: <i>Rick Halford</i>	✓	CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
Senate Resources	2/18	✓	

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CS HCR 9 (RES) am

Revision Date/Time (Note if correction) _____ Dept. Affected _____
 Title Take A Kid Hunting Week BRU _____
 _____ Component _____
 Sponsor Representative Phillips _____
 Requester Senate Resources Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
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 (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This resolution is anticipated to have no fiscal impact on state agencies.

Prepared by: Juli Lucky  Phone 465-4907
 Division Senate Resources Committee Date/Time 2/18/00 11:14 AM
 Approved by _____ Date _____
 Agency _____

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

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Alaska State Legislature



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State Capitol
Room 411
Juneau, Alaska 99801-1182

Representative Gail Phillips

SPONSOR STATEMENT

CS HCR 9 (RES) am – “Take a Young Person Hunting Week”

**Offered before the
Senate Resources Committee**

CS HCR 9 (RES) am seeks to name the second week in September each year as “Take a Young Person Hunting Week”. Such an event would greatly assist in preserving our hunting heritage and to encourage Alaskan hunters to become knowledgeable in the areas of sportfishing and hunting. Naming a special week would greatly compliment the Hunter Education and Shooting Sports program funded last year by the legislature.

I am hopeful that the members of this committee are willing to dedicate a special week where experienced hunters can pass along to our children hunting skills, gun safety awareness and the contributions of responsible and ethical hunter behavior.

Thank you.

STATE OF ALASKA



Executive Proclamation *by* *Tony Knowles, Governor*

Hunting is an important part of the Alaska heritage, and for many Alaskans, an important part of their lifestyles.

To perpetuate the honored traditions of hunters, gatherers, and conservationists, it is essential to educate children on gun safety, hunting skills, and hunting ethics. Experienced hunters have an obligation to pass along their wealth of knowledge to ensure future generations respect the natural world around them, and make smart, and safe decisions when choosing to hunt.

Alaska's hunting heritage is essential to the state's well-being and embedded in the spirit of the people who live here.

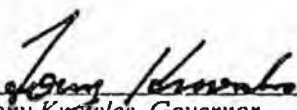
NOW, THEREFORE, I, Tony Knowles, Governor of the State of Alaska, do hereby proclaim September 5-12, 1999, as:

Take A Young Person Hunting Week

in Alaska, and encourage experienced hunters to teach young Alaskans the outdoor tradition of hunting and to educate them on the importance of gun safety.

DATED: September 8, 1999




Tony Knowles, Governor
who has also authorized the seal
of the State of Alaska to be affixed
to this proclamation.

Representative Gail Phillips
State Capital
Juneau AK

5/5/99

Dear Representative Phillips,

I appreciate the attention you have given to the idea of a "Take A Kid Hunting Weekend" for the state of Alaska. It can not be denied that hunting is an important part of our heritage and lifestyle here in Alaska. It is crucial to meeting the management goals and strategies set forth by the Department of Fish and Game to provide for sustained yield of fish and game resources. You must be aware that hunter's numbers are declining nationwide and particularly in Alaska. Only an estimated ten- percent or less of our U.S. population hunts. A large portion of our wildlife conservation funding comes through Pittman-Robertson Act money. This money is collected through a Federal excise tax that hunters pay when they purchase firearms and ammunition. As hunter numbers continue to decline, so will revenue for wildlife conservation. This does not bode well for the future of our hunting heritage.

I feel it is vitally important that we actively recruit and mentor our kids in our hunting heritage. I am a volunteer hunter education instructor that believes it is better to hunt with your kids than to hunt for them. In the last statewide election, the youth of Alaska voted in their mock election, "The Kid's Vote", to pass Ballot Initiative Nine. Ballot Initiative Nine would have disallowed the use of snares for the taking of wolves. It was because of that mock vote that I became aware of the turning tide of opinion among the majority of our youth regarding wildlife management issues. Our Alaskan kids need to be taught the importance of hunting as part of our traditions, heritage and lifestyle. We owe it to them to teach them the important role hunting plays in wildlife management. Only then can they make informed choices. Many other states encourage the mentoring and education of their youth through an annual event such as "Take a Kid Hunting Weekend." I feel we, as Alaskans, deserve the same. Once again, thank you for your support.

Sincerely,

L. L. Lewis
Larry L. Lewis
PO Box 403
Kasilof AK 99610
262-9368 work
262-1370 home



P. O. Box 2988 • Soldotna, Alaska 99669

March 25, 1999

Senator John Torgerson
State Capitol
Juneau, AK 99801-1182

FAX: (907) 465-4779

Dear Senator Torgerson:

My name is Keith Phillips and I am president of Alaska's Kenai Peninsula Chapter of Safari Club International. I'm writing this letter in support of the "Take a Kid Hunting Weekend" proposal Larry Lewis has discussed with you.

Too many of today's young people have been brain washed into believing that hunting is unnecessary and that hunters enjoy inflicting pain. It's time to tell them the truth!

Animal rights activists have shaped the minds of our youth through television, movies and schools as indicated by the results of a youth vote on the wolf snaring initiative during the last election. If the majority of the voting public felt the same way these young people feel we would have already lost our rights to hunt, trap, and bear arms.

One of the problems is that the majority of hunters don't fully realize the danger of not taking a proactive position in teaching our young people the importance of hunting in wildlife conservation. If we don't start doing something about protecting and preserving our hunting heritage now - that means giving young people equal time with our viewpoints - the animals rights activists will gain the control they've always dreamed of. That's when the youngest generation of Americans turns voting age and eventually gets the majority vote. This day is fast approaching.

It's our obligation - not our option - to teach as many young people as we can about how enjoyable, character building, and essential the right to hunt is. We need to teach hunting's importance as a game management tool to every child whose life we touch. If each one of us doesn't do that right now, the very near future may see all of us, including our children and grandchildren, lose the right to hunt - forever!

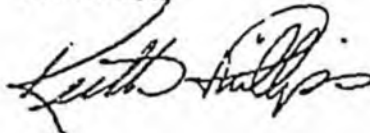
Individual interaction with our youth is the only way of reversing the damage already done. Proof of this is the success of SCI's educational moose hunts. The past two years we've taken high school kids, with very little chance of ever having an opportunity to hunt, and taught them about gun safety, hunters education/ethics, and actual "hands on experience with packing, field dressing and butchering a permitted moose kill. All of these young people

thoroughly enjoyed the experience and if they never hunt again, they have at least learned an appreciation for hunting.

If you consider yourself an outdoorsman and you truly cherish our hunting heritage, an important moment has come. You are in the enviable position of being able to help hunters throughout this state turn back the tide of lies, and twisted misinformation generated by the animal rights movement. By introducing legislation as proposed by Larry Lewis, for a state sanctioned "Take a Kid Hunting Weekend" you would be giving us a tremendous tool for generating awareness of the importance of hunting to our youth. The rest of it is up to us.

Thank you for your attention to this critical issue.

Sincerely,

A handwritten signature in cursive script, appearing to read "Keith Phillips".

Keith Phillips, President
Alaska's Kenai Peninsula Chapter SCI

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

P.O. BOX 25526
JUNEAU, ALASKA 99802-5526
PHONE: (907) 465-4100
FACSIMILE: (907) 465-2332

January 7, 1999

The Honorable John Torgerson
145 Main St. Loop, Ste. 226
Kenai, AK 99611

Dear Senator  Torgerson:

Thank you for your letter of December 23 suggesting that we consider legislation creating a "Take a Kid Hunting Weekend" in Alaska. I agree this concept has merit, and I have asked staff in the Wildlife Division to review the attached statutes from Minnesota to see what might be the best approach to take. I concur exemptions from license requirements may not make as much sense here as it may in Minnesota.

As you probably know, both the Division of Sport Fish and the Division of Wildlife are investing considerable resources in outreach efforts to youth in Alaska through hunting and sport fishing education programs. Last year, the legislature funded a mobile Hunter Education and Shooting Sports program that we plan to have operational this spring in time for the Anchorage and Fairbanks sport shows. This program will be on the road through the summer and will reach thousands of Alaska's youth who have an interest in developing their skills in the shooting sports and learning safe responsible firearms handling. It would be a good vehicle to use to generate participation in a "Take a Kid Hunting Weekend" program if it is introduced and passed this session.

My staff and I are available to discuss this further at your convenience.

Sincerely,



Frank Rue
Commissioner

R

C

H

S

F

SENATE COMMITTEE REPORT

DATE: 5/11/99

FURTHER:

DATE TURNED
IN TO OFFICE: 5/12/99

Resources Committee considered

HOUSE CONCURRENT RESOLUTION NO. 12 am

Relating to the state's interest in oil and gas company mergers and establishing a Joint Special Committee on Mergers as a joint committee of the legislature.

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
<i>[Signature]</i>					
<i>[Signature]</i>	✓				
<i>[Signature]</i>	✓				
CHAIR: <i>[Signature]</i>	✓	CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
SRES	5/12		X

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HCR 12 am

Revision Date 5/11/99 Dept. Affected _____
 Title Joint Special Committee on Mergers BRU _____
 Component _____
 Sponsor Porter _____
 Requester SRES Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services						0.0
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						
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CHANGE IN REVENUES []						
----------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

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

This resolution is anticipated to have no fiscal impact on state agencies.

Prepared by Senate Resources Committee
 Division _____
 Approved by Senator Rick Halford, Chairman
 Agency _____

Phone 465-4907
 Date 5/12/99
 Date _____

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HCR 12 am

Revision Date 5/11/99 Dept. Affected _____
 Title Joint Special Committee on Mergers BRU _____
 Component _____
 Sponsor Porter _____
 Requester SRES Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services						0.0
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						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This resolution is anticipated to have no fiscal impact on state agencies.

Prepared by Senate Resources Committee Phone 465-4907
 Division _____ Date 5/12/99
 Approved by Senator Rick Halford, Chairman Date _____
 Agency _____

ALASKA STATE LEGISLATURE

SPEAKER OF THE HOUSE BRIAN PORTER

SPONSOR STATEMENT HOUSE CONCURRENT RESOLUTION 12

House Concurrent Resolution 12 establishes a Joint Committee on Mergers to study issues relating to the proposed merger of BP Amoco and Atlantic Richfield Co. Since the Federal Trade Commission will begin its own investigation in the near future, input from the state will need to be developed within the next few months. The committee will closely examine both the state and federal laws that influence the acquisition.

Committee members, appointed by the Senate President and Speaker of the House, will analyze the complex information associated with the merger. Members will also work to minimize any adverse effects the acquisition may have on Alaska. The primary issues to be reviewed include:

- Revenues generated through oil production and transport;
- Employment opportunities for Alaskans;
- Environmental impacts;
- Future oil and gas exploration and development;
- Sale of natural gas from the North Slope; and
- Fostering a healthy competitive environment for industry in Alaska.

The committee may meet during and between sessions of the 21st State Legislature and will be terminated when the Twenty-second Legislature convenes.

HJR

11

SENATE COMMITTEE REPORT

DATE: 3/18/99

FURTHER:

DATE TURNED IN TO OFFICE: 4/1/99

Resources Committee considered

HOUSE JOINT RESOLUTION NO. 11

Urging the United States Congress to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge, Alaska, to oil and gas exploration, development, and production.

and recommends:

- be replaced with S CS HR 11 (RES)
- adopt previous CS ()
- attached amendment(s)
- adopt Letter of Intent by Committee
- further referral to the Committee

- Senate Bill: same title
- new title
- House Bill:**
- same title
- technical title
- new: SCR#

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Alan Parrish</i>	✓	<i>George ...</i>	X		
<i>Ludy Dress</i>	✓				
<i>Pete Kelly</i>	✓				
CHAIR: <i>Rick Halford</i>	✓	CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
<i>H 016</i>	<i>2/9</i>	X	

APPLY TO CS

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

No: 1

Bill Version: CSHJR 11 (O&G)

(H) Publish Date: 2/17/99

STATE OF ALASKA
1999 LEGISLATIVE SESSION

Revision Date: _____
Title: Endorsing ANWR Leasing
Sponsor: Representative Phillips
Requester: _____

Dept. Affected: _____
BRU: _____
Component: _____
Component Serial No.: _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
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						
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CHANGE IN REVENUES []						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: _____

POSITIONS

Full-time					
Part-time					
Temporary					

ANALYSIS: (Attach a separate page if necessary)

No Fiscal Impact

Prepared by House Oil and Gas Committee
Shannon Grynkewich, Aide
Shannon Grynkewich

Phone: _____
Phone: 465-2283
Date: 02/09/99

Sierra Club

Alaska Field Office

241 E. Fifth Avenue, Suite 205, Anchorage, Alaska 99501
(907) 276-4048 • FAX (907) 258-6807



by Wilbur Mills

Sara Callaghan

March 31, 1999

Testimony to Senate Resources Committee

I would like to testify in opposition of the resolution supporting drilling in the Arctic National Wildlife Refuge (HJR 11).

The Arctic Refuge is the heart of a thriving ecosystem that hosts thousands of migratory birds, polar bears, muskox and caribou. It was originally established as the Arctic Wildlife Range in 1960 because Alaskans like Mardy Murie and Celia Hunter recognized the importance of protecting a piece of Alaska's Arctic. In fact, the initial proposal for the establishment of the Range was made by the Tanana Valley Sportsmen's Association in 1957 and the Fairbanks Daily News Miner editorialized in favor of its creation.

The Arctic Refuge coastal plain makes up a mere 5% of Alaska's vast North Slope. And there is plenty of land available for leasing. With the recent Interior Department announcement to lease 4 million acres in the NPRA, and the prospect of millions of acres being offered in the state's Beaufort Sea Area-wide sale, the 1.5 million acres of the coastal plain is tiny in comparison.

Alaskans believe that there is room for balance between oil development and wilderness in the Arctic. A poll conducted by Ivan Moore Research in June, 1998, showed that 47 percent of Alaskans believe the Arctic Refuge coastal plain should be protected from oil drilling, only 46 percent favored development.

A recent study by the U.S. Geological Survey estimates there is no commercially recoverable oil at today's oil prices or anything less than \$15 per barrel. At \$20 per barrel, USGS says there may be 3.2 billion barrels of recoverable oil, not the 10 billion barrels that the resolution claims.

The study also confirmed that the Arctic Refuge does not contain the super-giant fields of Prudhoe Bay. What they expect is that the oil which lies under the coastal plain is contained in small pools. Recent dry holes at "Warthog" and complications at "Badami" also make clear the chances of a elephant sized discovery in the Arctic Refuge are vanishingly small.

Recent oil industry estimates find that the life and the Trans-Alaska pipeline far extends original plans. The pipeline was designed to transport oil until about 2012- now estimates show that there is enough oil to keep the pipeline running until at least 2040.

Although the people of the North Slope have come out in favor of oil development, the Gwich'in people who depend on the Porcupine caribou herd are united in their support for wilderness designation of the coastal plain. Just last summer, Gwich'in people gathered from Alaska and Canadian villages to reaffirm their support for the Arctic Refuge coastal plain because it is the birthplace of the caribou herd that sustains their life and culture.

Protecting the Arctic Refuge from oil drilling would keep the area open to all -- for subsistence and sport hunting, fishing, hiking, trapping and rafting. By contrast, Prudhoe Bay and other North Slope oil developments are closed to the public. Alaskans who used to enjoy the entire Arctic for hunting have found themselves locked out of the lands around Prudhoe Bay. Many Alaskans make their livelihood bringing paying guests into the Arctic Refuge from all over the world to enjoy the unique wilderness and wildlife opportunities. Hunting and wilderness guides use the wild nature of the Arctic Refuge as a selling point for their trips.

The oil industry has consistently demonstrated their lack of regard for the environment. Although drilling operations have reduced their "footprint" in the Arctic, operations lead to air and water quality problems, toxic waste sights, and oil spills. According to DEC records, there are hundreds of sizable spills each year on the North Slope. The Endicott case, when Doyon was caught injecting hazardous waste into the tundra, and the Alpine incident, where millions of gallons of drilling muds were lost, further illustrate the environmental hazards that the oil industry places on the Arctic.

Low oil prices have forced Alaskans to consider alternatives to the oil industry as our main source of revenue. It is time for us all to focus our energies on an economic plan that will benefit all Alaskans, without harming our environment.

AMENDMENT

By Senator Lincoln

Page 2, following line 31, insert:

WHEREAS, the state will ensure the continued health and productivity of the Porcupine Caribou herd and the protection of land, water, and wildlife resources during the exploration and development of the coastal plain of the Arctic national Wildlife Refuge;
and

North Slope Borough OFFICE OF THE MAYOR



P.O. Box 69
BARROW, ALASKA 99723
☎ 907 852-2611 or 0200
Fax: 907 852-0337
email: bnageak@co.north-slope.ak.us

Benjamin P. Nageak, Mayor

March 23, 1999

The Honorable William J. Clinton
President of the United States
Executive Office of the President
1600 Pennsylvania Ave., NW
Washington DC 20500

Dear Mr. President,

I was quite dismayed to hear that Secretary of the Interior Bruce Babbitt is proposing wilderness designation for the coastal plain of the Arctic National Wildlife Refuge. This is being proposed with complete disregard for the people who live in the Arctic and their needs. Once again the Great White Father in Washington is telling Native Americans what will be done with their land whether they agree or not; whether it will hurt them or not; whether it will cripple their ability to provide for their people or not.

What most of this country, and certainly Secretary Babbitt, does not seem to understand is that people live in the Arctic, my people, the Inupiat people. The Arctic is not an untouched wilderness never visited by man. My people have called it home for as long as the caribou have calved on the coastal plains. It has provided for our families since the days you refer to as pre-history. And in all that time, we have made every effort to be good stewards of our resources because we truly believe that we hold our land in trust from our parents to give to our children. In fact, I was born in the village of Kaktovik, the nearest village to these coastal plains and they are part of my heritage to my children.

Every time I see ANWR in ads, whether on TV or in print, I find myself insulted by the glaring absence of the people of the Arctic, the Inupiat Eskimos who have every right to be part of that picture because they have been here since the beginning. By keeping us out of the picture, it is easier to present a vision of ANWR as some virgin wilderness that has never felt the hands of man. And that is simply a lie. But it is an effective lie because it enables people to support Secretary Babbitt's proposed designation without feeling that they are harming or displacing any people.

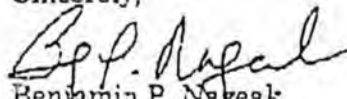
Page 2
Letter to President Clinton
March 23, 1999

I am requesting that you seriously review the erroneous thought process that led to this proposed bill and pull your support for it. The Inupiat people have never spoiled this land and won't allow it to happen now. The oil industry has been a good friend to the environment here while providing us with money and jobs so that we could be productive members of American society. This wilderness designation will cripple our continued efforts to bring our people the benefits most Americans take for granted. It will cripple our ability to wean ourselves away from the federal government's subsidies and destroy our attempts at self-reliance.

No decision of this magnitude, no decision that will so affect our lives, should be made without our input. This is our land. We have a right to be consulted. You might be pleasantly surprised if you do consult us at the depth of our knowledge and love of this land. We know how to use it without abusing it and would gladly offer to work with federal agencies on how best to both protect it and allow the Inupiat people to continue to use it to benefit themselves and their families. We have lived here all our lives. So did our ancestors. Bruce Babbitt has spent maybe 24 hours altogether here. And he conveniently chooses to forget that the major polluter of the Arctic was, and still is, the federal government through its military.

Please put my people, the Inupiat Eskimo people, into the picture of ANWR. Stop airbrushing us out.

Sincerely,


Benjamin P. Nageak
Mayor

Alaska State Legislature



Official Business
Phone: (907)465-2689
Fax: (907)465-3472

State Capitol
Room 411
Juneau, Alaska 99801-1182

Representative Gail Phillips

SPONSOR STATEMENT

HJR 11 -- ENDORSING A.N.W.R. LEASING

Senate Resources Committee

HJR 11 encourages the United States Congress to pass legislation for oil and gas exploration, development and production on the coastal plain of the Arctic National Wildlife Refuge. A similar resolution in support of the opening of A.N.W.R. has received strong support in the past. In addition, it is strongly supported by the North Slope Borough and the majority of Alaskans.

The coastal plain of the Arctic National Wildlife Refuge contains an estimated 10 billion barrels of recoverable oil. Development of this resource will help Alaska offset its declining oil revenues and reduce our country's reliance on imported oil. It would bring us many jobs for Alaskans and help restore the declining employment in the oil industry. In addition, it would positively impact the number of jobs available to workforces in many other states.

Copies of this resolution will be sent to the President, Vice-President, all members of the House and Senate serving in the 106th US Congress, and the Secretary of the Interior. I am hopeful that the current legislature will be willing to re-enforce our previous support for developing A.N.W.R by passing this resolution. Thank you.

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HJR 11

Revision Date: _____
Title: Endorsing ANWR Leasing
Sponsor: Representative Phillips
Requester: _____

Dept. Affected _____
BRU _____
Component _____
Component Serial No. _____

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
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						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: _____

POSITIONS						
Full-time						
Part-time						
Temporary						

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

No Fiscal Impact

Prepared by House Oil and Gas Committee
Shannon Grynkewich, Aide
Shannon Grynkewich

Phone _____
Phone 465-2283
Date 02/09/99

HJR

13

Alaska State Legislature

REPRESENTATIVE
GENE THERRIAULT

Mailing Address:
119 N. Cushman, Suite 101
Fairbanks, Alaska 99701
(907) 488-0857
Fax: (907) 488-4271



House Of Representatives

While in session
State Capitol
Juneau, Alaska
99801-1182
(907) 465-4797
Fax: (907) 465-3884

House District 33

CS HJR 13 (FIN)

Sponsor: Representative Gene Therriault

Sponsor Statement

House Joint Resolution 13, "Relating to using oil spill settlement funds to create a long-term research and monitoring endowment," supports the recent action of the Exxon Valdez Oil Spill Trustees to create a long-term research and monitoring endowment using \$115,000,000 of the expected reserve. The resolution also encourages the Trustee Council to endow chairs in the sciences at the University of Alaska and supports Trustee efforts to work with the Congressional delegation to obtain the necessary investment authority to increase the earnings on remaining settlement funds.

The EVOS Trustee Council allocates money obtained from settlement of the Exxon Valdez spill litigation. Over the years, EVOS funds have largely been used to purchase land for habitat preservation, and have been lacking in the area of research. I believe this has left a critical gap in our understanding of this spill and how to respond in the future. Endowing scientific chairs at the University will help increase available baseline data, enhance the biological resources of the northern Gulf of Alaska, and significantly improve spill-related technology, restoration methods and ecosystem preservation. For example, it is widely understood that many aspects of the Exxon Valdez oil spill response, such as high-pressure washing of beaches and rock washing, may have caused more long-term harm than benefit. We also need to know if types of marine ecosystems are extra sensitive to certain cleanup activities, and if so, how we should respond to a spill in those areas.

An endowment of this nature will fulfill the intent of the Exxon Valdez oil settlement and the mission of the Trustee Council, which is to restore, rehabilitate, replace, enhance, or acquire equivalent resources and services in the oil spill region.

FISCAL NOTE

No. 2

STATE OF ALASKA
1999 LEGISLATIVE SESSION

Bill Version: CSHJR 13 (HES)
(H) Publish Date: 3/8/99

Revision Date: 3/2/99
Title: UNIVERSITY ENDOWMENT FOR RESEARCH

Dept. Affected None
BRU _____
Component _____

Sponsor: REP. THERRIAULT
Requester: _____

Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
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						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by Rep. Fred Dyson 
Co-Chair
House HESS

Phone _____

Phone _____

Date _____

COMMITTEE COPY

Alaska State Legislature

REPRESENTATIVE
GENE THERRIAULT

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House Of Representatives

While in session
State Capitol
Juneau, Alaska
99801-1182
(907) 465-4797
Fax: (907) 465-3884

House District 33

MEMORANDUM

DATE: March 30, 1999
TO: Members of the Senate Resources Committee
FROM: Representative Gene Therriault
SUBJECT: CSHJR 13 (FIN)

This memorandum provides background on CS HJR 13 (FIN), Page 4, Line 7, "Be it further resolved that the Alaska State Legislature supports the Exxon Valdez Oil Spill Trustee Council's efforts to remove the trust funds from the United States Treasury in order to achieve efficiencies and maximize earnings as supported by recommendations from its internal auditors and the General Accounting Office auditors, and urges the Alaska Congressional delegation to work with the Exxon Valdez Oil Spill Trustee Council to achieve these goals."

The United States and the State of Alaska settled civil claims against Exxon in October 1991 for damages caused by the oil spill. Exxon agreed to pay \$900 million over ten years to the governments jointly. The United States required the trust funds, despite the fact that they were joint funds with Alaska, to be kept in accounts in the US Treasury. By order of the US District Court for the District of Alaska, all settlement funds have been paid into the Registry of the Court and deposited in the Court Registry Investment System (CRIS). CRIS is a cash management tool for handling court registry funds. It provides courts an easy and safe way to manage case-related funds that are periodically deposited with the court. CRIS was not designed to actively manage funds.

The federal law requiring EVOS funds to be deposited in CRIS causes two problems. First, all funds deposited in CRIS are assessed a fee of ten percent of interest earnings. Since 1991, the fund has been assessed more than \$2 million in fees. These fees are in addition to investment management fees. According to an independent auditor hired by the Trustee Council, the fees basically cover the services of one individual who determines what portion of funds are available for investment and directs a commercial bank to purchase government securities. The bank performs all record-keeping and

bookkeeping services. The auditors found that the "fees charged for this service are clearly disproportionate to the costs incurred by the Court Clerk for this service."

The second problem is the fund's low rate of return. By law, funds deposited in Court Registry accounts can only be invested in U.S. government Treasury securities. The twelve month average rate of return for the period ending June 30, 1997 for the CRIS Fund was 5.12%, before fees. In contrast, the twelve month average rate of return ending June 30, 1997 for the State of Alaska Employees Retirement Fund, which consists of multiple asset classes, was 18%.

In its March 1 resolution the Trustee Council is seeking flexibility to move the joint funds out of the Registry of the Court and invest funds in appropriate accounts to maximize the revenues while maintaining the safety of the investments. The CS for HJR 13 supports this effort and urges the Alaska Congressional delegation to work with the Trustee Council to achieve this.

January 13, 1999

Voice of The Times
Anchorage Daily News

"Public support needed for spill endowment"

by Grant C. Baker
[Up]

The 10th anniversary of the 1989 Exxon Valdez Oil Spill (EVOS) is approaching soon. A spill symposium will be held from March 23-26 at the Egan Civic and Convention Center to commemorate the event.

Status of restoration programs will be presented. The programs are funded by the \$900 million settlement Alaska made with Exxon in 1991. Each year, a payment is made. The last settlement payment will be received from Exxon in 2001.

A portion of the settlement payments have been set aside each year to create a restoration reserve fund. The reserve is expected to be worth about \$140 million in 2002.

As the final payment grows near, the EVOS Trustee Council has the problem of deciding how to spend the reserve. Oil-damaged areas still need to be restored. Work is needed to fix sporadic and depressed fishery stocks, oiled seabed contamination and the lack of effective oil cleanup methods.

During the same time period since the spill, the financial woes of the University of Alaska have also been heard. The recent low price of oil worsens the problem for the University.

There seems to be a mutual solution to their problems. The needs of the EVOS Trustee Council mesh very well with the mission of the university. Thus, the reserve represents a rare opportunity for both to solve their problems by creating a university research endowment.

Universities across the country have recognized the importance of endowments for their future survival. An Internet search turns up hundreds of Web sites about university endowments.

In 1997, the top 300 university endowments ranged from about \$11 billion to a low of \$67 million. In comparison, the University of Alaska has an endowment worth about \$30 million.

How do university endowments work? First, an initial amount of money is placed into an account. The account earns interest or a rate of return from investments each year. Over the past four years, the average rate of return for 500 university endowments has been about 15 percent.

Part of the earnings is used each year to support things such as research and technology development. This is commonly about 5 percent of the endowment fund. Earnings that remain are left in the account. Each year the account grows and so does the annual amount that can be used. In many ways, an endowment for the University of Alaska would be like the Alaska Permanent Fund.

For example, suppose a \$100 million EVOS endowment is established today for the university. Assume for the sake of discussion that a 15 percent rate of return is used. Over the next 20 years, the endowment will increase nearly six-fold and be worth about \$600 million. An additional \$300 million would have been generated to conduct research.

However, the greatest benefit of an endowment may be the snowballing of opportunities it creates.

Earnings from a \$100 million endowment can fund about 25 permanent endowed research chairs. World-class experts are selected to do the work funded by the endowed chairs. Twenty-five experts in fields such as fisheries, biology, chemistry, and environmental engineering would create a very special university.

World-class experts attract funding from many sources including private industry, and state and federal agencies. Relationships with existing funding sources are enhanced and new funding sources are established. Additional income can be generated from patents and other intellectual properties. For example, Stanford University received about \$120 million from patents and special programs in 1997.

Thus, a broad funding base is generated with long lasting stability for the university and the community. An outstanding environment of teaching and learning is established. That is a natural attraction for students.

An endowment may be structured to do whatever the Trustee Council needs done. As a cooperative effort between the university and the Trustee Council, a customized endowment can be constructed to superbly fulfill the purpose of the EVOS settlement funds.

Public support for an endowment is growing. Resolutions of support have come from the Anchorage Assembly and the Greater Fairbanks Chamber of Commerce. Anchorage Mayor Rick Mystrom, Republican and Democratic legislators, students, and many others have submitted letters of support.

But, the Trustee Council is not yet convinced. It has not committed to the endowment idea.

An endowment can be the key to getting the University on track to become self-supporting. University officials and the Trustee Council need to be shown how well an endowment matches their needs. They need to be urged to get together and make an endowment happen.

Public comments of support are needed soon. The Trustee Council is scheduled to meet on January 21-22 to discuss how the Restoration Reserve will be spent.

The mailing address for the Trustee Council is 645 G St. Suite 401, Anchorage, AK 99501. Addresses and phone numbers for individual Trustee Council members, legislators, and university officials may be obtained from the Internet WEB site at:

<http://www.alaska.net/~baker/evos.htm>

As the 10th anniversary of the spill approaches, the Trustee Council would serve itself and Alaskans well by making sure a university endowment happens as part of the spill legacy.

Dr. Grant C. Baker is a faculty member of the University of Alaska Anchorage, an alumnus of the University of Alaska Fairbanks, and a Prince William Sound commercial fisherman.

University of Alaska President
Mark R. Hamilton
Support for Creating Endowed Chairs and Research Endowment
with the EVOS Restoration Reserve
[Up]

September 28, 1998

Exxon Valdez Oil Spill Trustee Council
645 "G" Street
Anchorage, AK 99501

Dear Trustees:

Beginning in 1993, the University of Alaska, along with a significant portion of the Alaska public, has been requesting the Trustee Council maximize the long-term impact of the Exxon settlement through the establishment of a research endowment and the creation of University endowed chairs in appropriate disciplines. Now, in 1998, with over 85% of the EVOS Restoration Reserve expended, no research endowment in place, and no endowed chairs established, I urge you to seriously reconsider these proposals.

Although significant research projects have been supported by the Council, many important areas of inquiry remain that can only effectively be addressed over an extended period of time. Additionally, there are significant areas of applied endeavor relating to spill technology, restoration methods, and ecosystem preservation that have been learned from work thus far that now needs to be pursued and extended for maximum public benefit.

The establishment of an endowment with a major portion of the remaining Reserve will provide a modest annual flow of funds that will allow, through direct grants and leveraging of additional state, federal and private funds, the continuation of important basic and applied research on the coastal ecosystem of the EVOS impacted area. Additionally, the establishment of selected endowed chairs in relevant instructional, research and/or public service programs would further assure that the lessons learned from the Exxon tragedy will continue to be explored and discussed in classrooms, laboratories, public seminars, and community outreach programs.

Although, it seems most appropriate for the EVOS endowment to be established through the University of Alaska, it would be my recommendation that proposals for annual funding be accepted from all sources, including federal and state government. To secure the maximum benefit for the state and particularly the EVOS impacted area, the earnings of the endowment should support priorities established by the advisory group representing regional interests, including those of major industries, state and federal government, scientific representatives, and regional fisheries and aquaculture associations.

I have tremendous respect for the difficult and controversial task that you have performed on behalf of Alaska and the magnificent region that was impacted by the Exxon oil spill. I urge you now to give your support to the proposal for establishment of a permanent endowment to assure that the spill response technology, environmental restoration and monitoring programs, and public education projects that you have initiated and supported will continue long into the future.

Sincerely,

Mark R. Hamilton
President

**Letter of Support from
Alaska Senator Frank H. Murkowski
for creating a University of Alaska endowment
from the EVOS Restoration Reserve fund
[Up]**

United States Senate
Committee on Energy and Natural Resources
Washington, DC

Senator Frank H. Murkowski
Chairman

September 22, 1998

Ms. Molly McCammon
Executive Director
EVOS Trustee Council
645 G. Street, Suite 401
Anchorage, Alaska 99501

Dear Molly:

I strongly believe it is time to focus attention of the remaining Exxon Valdez Oil Spill (EVOS) funds toward a long term understanding of the Prince William Sound ecosystem and not on a short term goal of habitat acquisition. Therefore, I want to voice my strong support for creating an endowment for the University of Alaska from EVOS Restoration Reserve funds. The creation is an excellent way to combine the goals of the Trustee Council with the capabilities of the University.

In this regard, I am very proud of the efforts by Alaskans to create an endowment. Recent resolutions passed by the cities of Anchorage and Fairbanks show that Alaskans understand the value of their University in meeting the needs of Alaskan communities. Letters of support from UAA Chancellor Lee Gorsuch, UAF Chancellor Joan Wadlow, UAF Alumni, and University faculty and students show that the University wants to serve the public and has the capability to do so. The many of other letters of support from Mayor Mystrom, and the Voice of the Times provide further confirmation that creating a University endowment is the right thing to do.

I hope you will consider the growing numbers of Alaskans who are expressing their opinion in support of endowed chairs and centers within the University of Alaska at your earliest convenience.

Thank you for consideration of this request.

Sincerely,

Frank H. Murkowski
Chairman

Anchorage Mayor Rick Mystrom
Letter of Support for establishing a University Endowment
from EVOS funds.
[Lp]

September 11, 1998

EVOS Trustee Council
645 G Street, Suite 401
Anchorage, Alaska 99501

Dear Trustees:

I concur with UAA Chancellor Lee Gorsuch and the Anchorage Assembly and wish to add my support for establishing a research endowment from the EVOS funds within the University of Alaska.

There are numerous benefits to be gained for both the Trustee Council and the City of Anchorage from such an endowment. Our mutual interests and needs mesh very well with the purpose and capability of UAA.

Anchorage is centrally located near two main areas damaged by the spill. Cook Inlet and Prince William Sound are known spill damaged areas continuing to recover. The road to Whittier will soon be completed and will make Prince William Sound much more accessible. Anchorage is a logical choice for spill-based operations since logistics and other costs associated with research and other spill related work could be minimized. Also, several Native Corporations have offices located in Anchorage that over-see spill damaged areas.

I am pleased to endorse the concept of the establishment of a University endowment. It promises numerous benefits for the people of Anchorage and all Alaskans and also serve the mission of the Trustee Council.

Sincerely,

Rick Mystrom
Mayor

**UAF Alumni Letter of Support for Establishing an Endowment
at the University of Alaska with EVOS Funds**

July 20, 1998

[Up]

July 20, 1998

EVOS Trustee Council
Restoration Office
645 G Street, Suite 401
Anchorage, AK 99501

On behalf of the University of Alaska Alumni Association, I want to express our support for using the funds from the Exxon Valdez Oil Spill (EVOS) civil claims settlement between the state and federal government and the Exxon Corporation to endow academic and research chairs at the University of Alaska.

The University of Alaska is the premier research institution in Alaska with facilities and researchers necessary for the future research on the effects, prevention and further clean up of oil spills and other environmental disasters such as the Exxon Valdez spill. The smart thing to do with these funds is to use them in Alaska, at the State's research university. This endowment would greatly assist the Council in accomplishing its mission to "effectively restore the environment injured by the spill to a healthy, productive ecosystem, while taking into account the importance of quality of life and need for viable opportunities to establish and sustain a reasonable standard of living."

-"Jake" Poole, UAF Alumni Association President, July 20, 1998

Board Passes Resolution to Endow Chairs from EVOS

-by Chip Wagoner

--UAF Alumnus newsletter, January 1996.

What does the UAF Alumni Association Board, the American Ornithologists' Union, the Wildlife Society, the Pacific Seabird Group, the Alaska District of the American Institute of Fishery Research Biologists and the American Bald Eagle Foundation all have in common? All have endorsed using funds from the Exxon Valdez Oil Spill (EVOS) civil claims settlement between the state and federal governments and the Exxon Corporation to endow academic and research chairs at the University of Alaska.

The settlement funds are managed by the EVOS Trustee Council composed of six state and federal governmental officials. The Council's mission is to "efficiently restore the environment injured by the spill to a healthy, productive ecosystem, while taking into account the importance of quality of life and need for viable opportunities to establish and sustain a reasonable standard of living."

The Alumni Board joined University of Alaska President Jerome Komisar and James King '49, a member of the EVOS Trustee Council Public Advisory Group, in urging the Council to provide for the long term needs to monitor and study the impacted resources, communities and populations by endowing academic chairs at the University of Alaska. As a public at large member of the advisory group, Jim King is proposing that the Trustee Council ask the EVOS Restoration Office and the University of Alaska to prepare a detailed plan to use a portion of the restoration reserve to endow chairs designed to fulfill the

EVOS settlement obligation.

The UAF Alumni Board asks you to help both the university and the resources of Prince William Sound by writing to the EVOS Trustee Council at 645 G St., Suite 401, Anchorage AK 99501 and supporting this endowment."

**UAA Chancellor Lee Gorsuch's Letter of Support
for a University endowment with EVOS funds
[Up]**

April 9, 1998

EVOS Trustee Council
645 G Street, Suite 401
Anchorage, Alaska 99501

Dear Trustees:

I would like to lend support for establishing a research endowment as well as endowed chairs within the University of Alaska system. This is an excellent opportunity for the university and the council to continue work together to accomplish our mutual objectives and goals.

For example, an endowed research chair at UAA provide a means top continue spill-related research in perpetuity. Additional income could be obtained from the patenting of processes for spill restoration and cleanup techniques. Development of educational courses for spill prevention, restoration, and preservation techniques would also serve the needs of our communities, including spill damaged areas, as well as generate additional income from other oil-damaged areas throughout the world also needing similar expertise.

There are numerous faculty on UA campuses prepared to continue to work with the council in advancing its long-term objectives. A research endowment as well as endowed chairs would generate significant long-term value, not only for Prince William Sound, but to our overall understanding of marine ecosystems and their potential response to oil spills. Numerous benefits exist for everyone and I will do all that I can to support this endeavor.

Sincerely,

Edward Lee Gorsuch
Chancellor

Post-It® Fax Note	7671	Date	3/30	# of pages	7
To	Wilda Rodman	From	EVOS		
Co./Dept.		Co.			
Phone #		Phone #	278-8012		
Fax #	465-3884	Fax #	276-7178		

RESOLUTION
of the
Exxon Valdez Oil Spill Trustee Council
concerning the
Restoration Reserve and Long-term Restoration Needs

WHEREAS, in November 1994, following an extensive public process, the *Exxon Valdez* Oil Spill Trustee Council ("Trustee Council") adopted the *Restoration Plan* to guide a comprehensive and balanced program to restore resources and services injured by the oil spill;

WHEREAS, since that time the Trustee Council has used the *Restoration Plan* to guide development of the annual work plans as well as the acquisition and protection of large and small habitat parcels important to the long-term recovery of injured resources and services;

WHEREAS, the *Restoration Plan* identified a series of large parcel purchases and the Trustee Council has been successful in obtaining habitat protection agreements with willing-seller landowners to provide protection for approximately 635,000 acres;

WHEREAS, the *Restoration Plan* recognized that complete recovery from the oil spill would not occur for decades and that through long-term observation and, as needed, restoration actions, injured resources and services could be fully restored;

WHEREAS, the *Restoration Plan* specifically recognized establishment of the Restoration Reserve to provide a secure source of funding for restoration into the future beyond the last annual payment from the Exxon Corporation;

WHEREAS, the Trustee Council has sponsored an extensive public involvement process to provide opportunity for comment on possible future uses of the Restoration Reserve including public meetings in communities throughout the spill impact region and also in Anchorage, Fairbanks and Juneau;

WHEREAS, a large volume of public comment regarding the Restoration Reserve has been solicited and received urging a wide range of uses for remaining settlement funds including a strong showing of support for additional habitat protection efforts as well as research and other restoration efforts;

WHEREAS, numerous Native tribal members and other community residents from the spill area have indicated a strong interest in continued support for community-based efforts consistent with those that have been previously funded by the Trustee Council such as subsistence restoration, Traditional Ecological Knowledge, youth area watch, cooperative management, and local stewardship efforts;

WHEREAS, the Public Advisory Group (PAG) has reviewed and discussed long-term restoration needs and use of the Restoration Reserve at considerable length and the views of the PAG members have been communicated to the Trustee Council;

WHEREAS, upon consideration of the restoration mission as provided by the settlement and the *Restoration Plan*, past restoration program efforts and accomplishments, public comments received by the Trustee Council, the views of the Public Advisory Group members, and the most current information regarding the status of recovery of the resources and services injured by the oil spill, the Trustee Council has identified substantial and continuing long-term restoration needs;

WHEREAS, full recovery of many injured resources and services is not yet complete and long-term restoration, conservation and improved management of these resources and services will require a substantial on-going investment to improve our understanding of the biology and marine and coastal ecosystems that support the resources as well as the people of the spill region;

WHEREAS, prudent use of the natural resources of the spill area without unduly impacting their recovery requires increased knowledge of critical ecological information about the northern Gulf of Alaska that can only be provided through a long-term research and monitoring program;

WHEREAS, together with scientific research and monitoring, a continuing commitment to habitat protection and general restoration actions, where appropriate, will help ensure the full recovery of injured resources and services;

WHEREAS, consistent with the *Restoration Plan*, restoration needs identified by the Trustee Council require a long-term comprehensive and balanced approach that includes a complementary commitment to scientific research and monitoring; applied science to inform and improve the management of injured resources and services; continued general restoration activities where appropriate; support for community-based efforts to restore and enhance injured resources and services; and protection for additional key habitats;

WHEREAS, by October 2002, as a result of the past and anticipated future deposits into the Restoration Reserve, it is estimated that the principal and interest in the reserve, together with remaining unobligated settlement funds, will be approximately \$170 million unless, prior to that time, on-going negotiations concerning the Karluk and Sturgeon rivers and adjacent lands or other potential habitat transactions result in habitat acquisition agreements that obligates some of these funds;

WHEREAS, absent such additional acquisition agreements, \$170 million is the total of the funds estimated to be available to support long-term restoration based on projected investment returns allowable through the Court Registry under its existing authority and thus reasonably anticipated as available for restoration purposes by the Trustee Council starting with FY 2003 ("estimated funds remaining on October 1, 2002"); and

WHEREAS, the limits of the existing investment authority of the Trustee Council have resulted in the loss of millions of dollars in potential earnings that would have been available to effectively address restoration needs in the future and support a comprehensive program that maintains its value over time, and it is necessary that the limits on the investment authority for the joint settlement funds be amended by Congress if we are to optimize our potential restoration program;

THEREFORE BE IT RESOLVED, that the Trustee Council has determined that recovery from the *Exxon Valdez* oil spill remains incomplete and there is need for establishing at this time a continuing long-term, comprehensive and balanced restoration program consistent with the *Restoration Plan*;

BE IT FURTHER RESOLVED, that funds in the Restoration Reserve and other remaining unobligated settlement funds available on October 1, 2002 (for expenditure starting in FY 2003) be allocated in the following manner consistent with the "Outline of Action Under Existing Authority" dated 3/1/99 attached to this resolution:

- \$55 million of the estimated funds remaining on October 1, 2002 and the associated earnings thereafter will be managed as a long-term funding source with a significant proportion of these funds to be used for small parcel habitat protection and it is recognized that any funding that may be authorized for purchase of lands along or adjacent to the Karluk or Sturgeon rivers or other potential habitat acquisitions would be made from within this allocation; and
- the remaining balance of funds on October 1, 2002 will be managed so that the annual earnings, estimated at approximately 5% per year, will be used to fund annual work plans that include a combination of research, monitoring, and general restoration including those kinds of community-based restoration efforts consistent with efforts that have been previously funded by the Trustee Council, such as subsistence restoration, Traditional Ecological Knowledge, Youth Area Watch, cooperative management, and local stewardship efforts, as well as local community participation in ongoing research efforts;

BE IT FURTHER RESOLVED, that the Restoration Office and the Chief Scientist, under the direction of the Executive Director, shall begin to develop a long-term research and monitoring program for the spill region that will inform and promote the full recovery and restoration, conservation and improved management of spill-area resources; and

BE IT FURTHER RESOLVED, that it is the intent of the Trustee Council that this long-term reserve for research, monitoring and general restoration be designed to ensure the conservation and protection of marine and coastal resources, ecosystems, and habitats in order to aid in the overall recovery of those resources injured by the *Exxon Valdez* oil spill and the long-term health and viability of the spill area marine environment;

BE IT FURTHER RESOLVED, that in developing a long-term restoration research, monitoring and general restoration program for the spill region, the Executive Director shall solicit the views of the Public Advisory Group, community facilitators, resource management agencies, researchers and other public interests as well as coordinate restoration program efforts with other marine research initiatives including the North Pacific Research Board;

BE IT FURTHER RESOLVED, that the Executive Director shall work with the Alaska Congressional delegation and appropriate State and federal agencies to obtain the necessary investment authority to increase the earnings on remaining settlement funds, so that the Trustee Council will be able to conduct an effective restoration program that maintains its value over time; and

BE IT FURTHER RESOLVED, that in developing long-term implementation options for consideration by the Trustee Council, the Executive Director shall:

- investigate possible establishment of new or modified governance structures to implement long-term restoration efforts,
- explore alternative methods to ensure meaningful public participation in restoration decisions, and
- report back to the Trustee Council by September 1, 1999 regarding these efforts.

Adopted this 1st day of March, 1999, in Anchorage, Alaska.

Dave Gibbons 3/15/99 *Craig J. Tilly* 3/9/99
 DAVE GIBBONS Date BRUCE BOTELHO Date
 Trustee Representative Attorney General
 Alaska Region State of Alaska
 USDA Forest Service

Marilyn Heiman 3/11/99 *Steven Pennoyer* 3/15/99
 MARILYN HEIMAN Date STEVEN PENNOYER Date
 Special Assistant to the Director, Alaska Region
 Secretary for Alaska National Marine Fisheries Service
 U.S. Department of the Interior

Frank Rue 3-16-99 *Michele Brown* 3/17/99
 FRANK RUE Date MICHELE BROWN Date
 Commissioner Commissioner
 Alaska Department of Alaska Department of
 Fish and Game Environmental Conservation