

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10379 HOUSE RESOURCES

**SITE: DELTA JCT LIO**

**COMMITTEE: House Resources**

**DATE: April 3, 2002**

**SUBJECT OF MEETING:**

SCR 28 Salmon Industry  
HB 432 Ag Program/Coordinator Animal Feed  
HJR 47 Low Sulfur Diesel Fuel

**UPDATE #: COPY 4**



**P R I N T YOUR NAME**

**ADDRESS (MAILING & ZIP)**

**REPRESENTING**

**DO YOU WANT  
TO TESTIFY?  
Y or N**

<b>Michael C. Purviance</b>			<b>Y - HB 178</b>
<b>Email address:</b>			
<b>Email address:</b>			
<b>Email address:</b>			
<b>Email address:</b>			
<b>Email address:</b>			
<b>Email address:</b>			
<b>Email address:</b>			
<b>Email address:</b>			





22-LS0695\B  
Utermohle  
4/16/02

**CS FOR 3d SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 178( )**

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

**TWENTY-SECOND LEGISLATURE - SECOND SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVES FATE, Coghill, Dyson**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the powers and duties of the commissioner of fish and game, the**  
2 **Department of Fish and Game, and the Board of Game, to taking and use of certain**  
3 **game animals, and to consideration of the budget of the Department of Fish and Game**  
4 **by the legislature; and providing for an effective date."**

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

6 **\* Section 1. AS 16.05.020 is amended to read:**

7 **Sec. 16.05.020. Functions of commissioner. The commissioner shall**

8 (1) supervise and control the department, and may appoint and employ  
9 division heads [, ENFORCEMENT AGENTS,] and the technical, clerical, and other  
10 assistants necessary for the general administration of the department;

11 (2) manage, protect, maintain, improve, and extend the fish, game, and  
12 aquatic plant resources of the state

13 **(A) in the interest of the economy and general well-being of the**  
14 **state; and**

1 (B) to achieve an abundance of fish and wildlife resources  
2 sufficient to provide the maximum sustained yield of those resources;

3 (3) have necessary power to accomplish the foregoing including, but  
4 not limited to, the power to delegate authority to subordinate officers and employees  
5 of the department.

6 \* Sec. 2. AS 16.05.050(a) is amended to read:

7 (a) The commissioner has, but not by way of limitation, the following powers  
8 and duties:

9 (1) to cooperate with and assist the Board of Fisheries, the Board of  
10 Game, and the advisory committees established under AS 16.05.260 in allocating  
11 the fish, game, and aquatic plant resources of the state [UNITED STATES FISH  
12 AND WILDLIFE SERVICE IN THE ENFORCEMENT OF FEDERAL LAWS AND  
13 REGULATIONS PERTAINING TO FISH AND GAME];

14 (2) through the appropriate state agency and under the provisions of  
15 AS 36.30 (State Procurement Code), to acquire by gift, purchase, or lease, or other  
16 lawful means, land, buildings, water, rights-of-way, or other necessary or proper real  
17 or personal property when the acquisition is in the interest of furthering an objective or  
18 purpose of the department and the state;

19 (3) under the provisions of AS 36.30, to design and construct  
20 hatcheries, pipelines, rearing ponds, fishways, and other projects beneficial for the fish  
21 and game resources of the state;

22 (4) to accept money from any person under conditions requiring the  
23 use of the money for specific purposes in the furtherance of the protection,  
24 rehabilitation, propagation, preservation, or investigation of the fish and game  
25 ~~resources of the state or in settlement of claims for damages to fish or game resources;~~

26 (5) to collect, classify, and disseminate statistics, data, and information  
27 that, in the commissioner's discretion, will tend to promote the purposes of this title  
28 except AS 16.51 and AS 16.52;

29 (6) to take, capture, propagate, transport, buy, sell, or exchange fish,  
30 [OR] game, or eggs, or to authorize a person as agent of the commissioner to take,  
31 capture, propagate, transport, buy, sell, or exchange fish, game, or eggs, for

1 propagating, scientific, public safety, or stocking purposes;

2 (7) under the provisions of AS 36.30, to provide public facilities where  
3 necessary or proper to facilitate the taking of fish or game[, AND TO ENTER INTO  
4 COOPERATIVE AGREEMENTS WITH ANY PERSON TO EFFECT THEM];

5 (8) to exercise administrative, budgeting, and fiscal powers;

6 (9) to assign the highest priority to the allocation of the fiscal,  
7 personnel, and other resources of the division of wildlife conservation for  
8 implementation of the plans, programs, and regulations adopted by the Board of  
9 Game under AS 16.05.255(e) - (g) in a timely and effective manner;

10 (10) under the provisions of AS 36.30, to construct, operate, supervise,  
11 and maintain vessels used by the department;

12 (11) [(10)] to authorize the holder of an interim-use permit under  
13 AS 16.43 to engage on an experimental basis in commercial taking of a fishery  
14 resource with vessel, gear, and techniques not presently qualifying for licensing under  
15 this chapter in conformi., with standards established by the Alaska Commercial  
16 Fisheries Entry Commission;

17 (12) [(11)] not later than January 31 of each year, to provide to the  
18 commissioner of revenue the names of those fish and shellfish species that the  
19 commissioner of fish and game designates as developing commercial fish species for  
20 that calendar year; a fish or shellfish species is a developing commercial fish species  
21 if, within a specified geographical region,

22 (A) the optimum yield from the harvest of the species has not  
23 been reached;

24 (B) a substantial portion of the allowable harvest of the species  
25 ~~has been allocated to fishing vessels of a foreign nation; or~~

26 (C) a commercial harvest of the fish species has recently  
27 developed;

28 (13) [(12)] to initiate or conduct research necessary or advisable to  
29 carry out the purposes of this title except AS 16.51 and AS 16.52;

30 (14) [(13)] to enter into cooperative agreements with [AGENCIES OF  
31 THE FEDERAL GOVERNMENT, EDUCATIONAL INSTITUTIONS, OR OTHER]

1 agencies or organizations, when in the best public interest, to carry out the purposes of  
2 this title except AS 16.51 and AS 16.52;

3 (15) [(14)] to implement an on-board observer program authorized by  
4 the Board of Fisheries under AS 16.05.251(a)(13); implementation

5 (A) must be as unintrusive to vessel operations as practicable;

6 and

7 (B) must make scheduling and scope of observers' activities as  
8 predictable as practicable;

9 (16) [(15)] to sell fish caught during commercial fisheries ~~rest~~ fishing  
10 operations;

11 (17) [(16)] to establish and charge fees equal to the cost of services  
12 provided by the department, including provision of public shooting ranges, broodstock  
13 and eggs for private nonprofit hatcheries, department publications, and other direct  
14 services, and reasonable fees for the use of state facilities managed by the department;  
15 fees established under this paragraph for tours of hatchery facilities, commercial use of  
16 sport fishing access sites, and for operation of state hatchery facilities by private  
17 aquaculture associations are not subject to the cost limit under AS 37.10.050(a);

18 (18) [(17)] to permit and regulate aquatic farming in the state in a  
19 manner that ensures the protection of the state's fish and game resources and improves  
20 the economy, health, and well-being of the citizens of the state;

21 (19) [(18)] to operate state housing and facilities for employees,  
22 contractors, and others in support of the department's responsibilities and to charge  
23 rent that is consistent with applicable collective bargaining agreements, or, if a [NO]  
24 collective bargaining agreement is not applicable, competitive with market conditions;  
25 ~~rent received from tenants shall be deposited in the general fund;~~

26 (20) [(19)] to petition the Alaska Commercial Fisheries Entry  
27 Commission, unless the Board of Fisheries disapproves the petition under  
28 AS 16.05.251(g), to establish a moratorium on new entrants into commercial fisheries

29 (A) that have experienced recent increases in fishing effort that  
30 are beyond a low, sporadic level of effort;

31 (B) that have achieved a level of harvest that may be

1 approaching or exceeding the maximum sustainable level for the fishery; and  
2 (C) for which there is insufficient biological and resource  
3 management information necessary to promote the conservation and sustained  
4 yield management of the fishery.

5 \* Sec. 3. AS 16.05.080 is amended by adding new subsections to read:

6 (b) Before entering into a cooperative agreement with any entity for the  
7 management of fish or game resources in the state, the department shall provide the  
8 public with notice of the proposed agreement and a reasonable opportunity to  
9 comment on the agreement. The department shall provide a copy of the proposed  
10 agreement to the presiding officers of each house of the legislature.

11 (c) The department shall include a clearly defined description of its  
12 administrative expenses for the fiscal year in the information compiled and submitted  
13 under AS 37.07.050(a)(1) - (12).

14 \* Sec. 4. AS 16.05.090(a) is amended to read:

15 (a) The commissioner may, with the approval of the governor, establish a  
16 departmental division of commercial fisheries, a departmental division of sport  
17 fisheries, a departmental division of wildlife conservation [GAME], and other  
18 departmental divisions as are necessary.

19 \* Sec. 5. AS 16.05.130(d) is amended to read:

20 (d) Revenue from the sale of general hunting, trapping, and fishing licenses,  
21 [AND] tags, and permits and from application fees for tags and permits together  
22 with the federal matching funds from Pittman - Robertson, Dingell - Johnson/Wallop -  
23 Breaux programs shall be allocated by the department to programs that [INTENDED  
24 TO] directly benefit license purchasers of general hunting, trapping, and fishing  
25 licenses. ~~The department shall prepare an annual report by project of expenditures~~  
26 from the fish and game fund that describes the anticipated results and benefits of  
27 each project in regard to fish stock and game population abundance goals and  
28 harvest goals set by the department and the boards and notify the legislature that  
29 the report is available.

30 \* Sec. 6. AS 16.05.255(a) is amended to read:

31 (a) The Board of Game. as it considers advisable to allocate, protect,

1       maintain, improve, and extend the game resources of the state to achieve  
2       abundance for maximum sustained yield of game and for other purposes, may  
3       adopt regulations [IT CONSIDERS ADVISABLE] in accordance with AS 44.62  
4       (Administrative Procedure Act) for

5               (1) setting apart game reserve areas, refuges, and sanctuaries in the  
6       water or on the land of the state over which it has jurisdiction, subject to the approval  
7       of the legislature;

8               (2) establishing open and closed seasons and areas for the taking of  
9       game;

10              (3) establishing the means and methods employed in the pursuit,  
11       capture, taking, and transport of game, including regulations, consistent with resource  
12       conservation and development goals, establishing means and methods that may be  
13       employed by persons with physical disabilities;

14              (4) setting quotas, bag limits, harvest levels, and sex, age, and size  
15       limitations on the taking of game;

16              (5) classifying game as game birds, song birds, big game animals, fur  
17       bearing animals, predators, or other categories;

18              (6) methods, means, and harvest levels necessary to control predation  
19       and competition among game in the state;

20              (7) watershed and habitat improvement, and management,  
21       conservation, protection, use, disposal, propagation, and stocking of game;

22              (8) prohibiting the live capture, possession, transport, or release of  
23       native or exotic game or their eggs;

24              (9) establishing the times and dates during which the issuance of game  
25       ~~licenses, permits, and registrations and the transfer of permits and registrations~~  
26       between registration areas and game management units or subunits is allowed;

27              (10) regulating [SPORT] hunting [AND SUBSISTENCE HUNTING  
28       AS NEEDED FOR THE CONSERVATION, DEVELOPMENT, AND  
29       UTILIZATION OF GAME];

30              (11) taking game to ensure public safety.

31       \* Sec. 7. AS 16.05.255(e) is amended to read:

1 (c) The Board of Game shall adopt regulations to provide for intensive  
2 management programs to restore the abundance or productivity of identified big game  
3 prey populations as necessary to achieve human consumptive use goals of the board in  
4 an area where the board has limited the harvest of the population, with the  
5 exception of musk ox populations, and has determined that

6 (1) consumptive use of the big game prey population is a preferred use;

7 (2) depletion of the big game prey population or reduction of the  
8 productivity of the big game prey population has occurred and may result in a  
9 significant reduction in the allowable human harvest of the population; and

10 (3) enhancement of abundance or productivity of the big game prey  
11 population is feasibly achievable utilizing recognized and prudent active management  
12 techniques.

13 \* Sec. 8. AS 16.05.255(g) is amended to read:

14 (g) The Board of Game shall establish population goals based on the highest  
15 possible population levels consistent with the estimated maximum carrying  
16 capacity of the habitat for the population, high [AND] harvest goals to provide for  
17 high levels of human harvest, and regulations, including seasons, bag limits, and  
18 methods and means for intensive management of identified big game prey  
19 populations to achieve a high level of human harvest. The board shall annually  
20 review the effectiveness of intensive management programs established under (e)  
21 of this section to determine whether planned progress toward established goals  
22 has been achieved. The board shall adjust the intensive management programs  
23 as necessary to achieve interim management goals.

24 \* Sec. 9. AS 16.05.255(j)(2) is amended to read:

25 (2) "high level of human harvest" means the ~~harvest of not less than~~  
26 10 percent [ALLOCATION OF A SUFFICIENT PORTION] of the harvestable  
27 surplus of an identified big [A] game population [TO ACHIEVE A HIGH  
28 PROBABILITY OF SUCCESS FOR HUMAN HARVEST OF THE GAME  
29 POPULATION BASED ON BIOLOGICAL CAPABILITIES OF THE  
30 POPULATION AND CONSIDERING HUNTER DEMAND];

31 \* Sec. 10. AS 16.05.940 is amended by adding a new paragraph to read:

1 (37) "maximum sustained yield" means the highest number of a  
2 population that can be removed for human use without reducing the ability of the  
3 population to replenish its numbers, consistent with the carrying capacity of the habitat  
4 and sound biologic principles.

5 \* Sec. 11. AS 16.30 is amended by adding a new section to read:

6 **Article 2. Nuisance and Other Game.**

7 **Sec. 16.30.050. Taking and use of certain game animals.** The  
8 commissioner of fish and game or the commissioner of public safety or a  
9 representative of either commissioner may

10 (1) take or may authorize another person to take a game animal if the  
11 animal poses a danger or a nuisance to a person, property, or the public and the taking  
12 of the animal is consistent with sound game management principles; or

13 (2) authorize a person to use a game animal that is accidentally killed.

14 \* Sec. 12. AS 16.43.210(c) is amended to read:

15 (c) To the extent that the commissioner of fish and game authorizes it under  
16 AS 16.05.050(a)(11) [AS 16.05.050(a)(10)], the commission may grant an interim-use  
17 permit to a person to engage in the commercial taking from a fishery on an  
18 experimental basis.

19 \* Sec. 13. AS 37.05.146(b)(4)(U) is amended to read:

20 (U) commercial fisheries test fishing operations

21 (AS 16.05.050(a)(16)) [(AS 16.05.050(a)(15))];

22 \* Sec. 14. AS 43.75.290(3) is amended to read:

23 (3) "developing commercial fish species" means those species of fish  
24 and shellfish annually designated by the commissioner of fish and game under  
25 AS 16.05.050(a)(12) [AS 16.05.050(a)(11)];

26 \* Sec. 15. AS 44.39 is amended by adding a new section to read:

27 **Sec. 44.39.060. Budget.** In reviewing the proposed annual operating budget  
28 of the department and in making appropriations for the operations of the department,  
29 the legislature shall consider increases and decreases in the resource abundance and  
30 the human harvest of the fish and game resources of the state.

31 \* Sec. 16. This Act takes effect July 1, 2002.

**Subject: HB178**

**Date: Wed, 21 Mar 2001 10:17:34 -0800**

**From: "Emma Lee Grennan" <elgrennan@yahoo.com>**

**To: <Representative\_Hugh\_Fate@legis.state.ak.us>**

*Dist 30*

Dear Representative Fate,

We read with interest the Fairbanks Daily News Miner about your proposed legislation that would ensure that the state is dedicated to hands-on management, including predator control, to provide Alaskan hunters with the maximum possible abundance of game animals.

Our state needs to provide a maximum sustained yield of game resources for the residents of Alaska. This is food for our families! We fully support your proposed legislation.

Thank you,

Fenton & Emma Lee Grennan  
Fairbanks, AK

*SUPPORT*

**Subject: HB 144 and HB 178**

**Date:** Tue, 20 Mar 2001 10:07:29 -0900

**From:** "Bud Willard" <budwillard@hotmail.com>

**To:** Representative\_Hugh\_Fate@legis.state.ak.us

Thank you for introducing HB 178, its about time some one took the lead on this issue. Now if we could get something done on HB 144.

Thanks again,  
Bud Willard

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**MEMORANDUM:**

**Alaska State Legislature**

REPRESENTATIVE  
**HUGH "BUD" FATE**

Mailing Address:  
119 N. Cushman, Suite 101  
Fairbanks, AK 99701  
(907)488-0862  
Fax: 488-4271



While in session:

State Capitol  
Juneau, Alaska  
99801-1182  
(907)465-4976  
Fax: (907)465-3883

**House Of Representatives**

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House District 33

**To: Representative Masek and Representative Scalzi**

**From: Representative Fate**

**Concerning: House Bill 178**

**Date: January 17, 2002**

I would like to request a hearing for House Bill 178, "An Act relating to the powers and duties of the commissioner of fish and game, the Department of Fish and Game, and the Board of Game, to nuisance game animals, and to consideration of the budget of the Department of Fish and Game by the legislature; and providing for an effective date" in the House Resources Committee at your earliest possible convenience.

I have attached relevant information for the back up packet. Thank you for your assistance.

# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: 3rd SS HB 178  
( ) Publish Date: \_\_\_\_\_

Session Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish & Game  
Title: Management of Fish and Game ERU: Wildlife Conservation  
Component: Wildlife Conservation  
Sponsor: Representative Fate  
Requester: House Resources Component No.: 473

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

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual	**	**	**	**	**	**
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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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--Do not abbreviate)	**	**	**	**	**	**
<b>TOTAL</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>

Estimate of any current year (FY2002) cost: 0.0  
Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

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

\*\* Section 3 of this bill would require the department to provide public notice before entering into any cooperative "arrangement." This term is vague and would be interpreted broadly to include a wide variety of situations. This would include permits, contracts, and agreements to receive funding. Example of potential costs: Wildlife Conservation issues ~200 permits annually. Public notice of each permit in 3 major newspapers in the state would conservatively cost \$100,000/annum. (The dept. as a whole issues over 600 permits annually.)

Other aspects of the bill may also have fiscal impacts on Wildlife Conservation and/or other divisions, but the department needs additional clarification of some sections before we can determine potential costs.

Prepared by: Matt Robus, Deputy Director Phone: 465-4190  
Division: Wildlife Conservation Date/Time: 3/29/02 3:00 PM  
Approved by: Commissioner Frank Rue Date: 4/1/2002  
Agency: Department of Fish and Game



# Audubon ALASKA

308 G Street, Suite 217  
Anchorage, AK 99501  
Tel: 907-276-7034  
Fax: 907-276-5069  
www.audubon.org

April 1, 2002

Committee Members  
House Resources Committee  
Alaska House of Representatives  
Juneau, Alaska

Re: Committee Hearing on HB 178

Dear Committee Members:

I am recommending that the House Resources Committee defer any action this year on HB 178 "An Act relating to the powers and duties of the commissioner of fish and game, the Department of Fish and Game, and the Board of Game, to taking and use of certain game animals, and to consideration of the budget of the Department of Fish and Game by the legislature; and providing for an effective date."

I am a professional wildlife biologist and have lived in Alaska for 25 years. I am retired from the Alaska Department of Fish and Game after 20 years of service. I currently am the senior scientist for Audubon Alaska in Anchorage. I am also a life-long hunter and wildlife enthusiast. I have reviewed HB 178 and believe that this legislation is confusing and will be divisive for Alaska. HB 178 attempts to mandate a "cook book" approach to game management. I do not believe that the simplistic approach that HB 178 applies to game management decisions would be effective or suitable for Alaska.

HB178 requires high population goals based on historic high population levels. Management based on this prescriptive formula is unrealistic and dangerous. Wildlife populations are dynamic and population levels change, often beyond our control (e.g., following a series of severe winters and overused range conditions). Mandating this kind of management is not professionally or scientifically responsible. High levels of human harvest have been defined as "the harvest of at least 15 percent but not more than 33 percent of the harvestable surplus of an identified big game prey population." Again, mandating this prescriptive approach will lead wildlife managers into difficulties and potential conservation problems.

The Alaska Constitution does not mandate maximum sustained yield. It states: "Fish, forests, wildlife, grasslands, and all other replenishable resources belonging to the State shall be utilized, developed, and maintained on the sustained yield principle, subject to preferences among beneficial uses." Wildlife scientists and professional wildlife managers get very nervous when there are mandates for maximum sustained yield. This approach is not responsible. Furthermore, the language "subject to preferences among

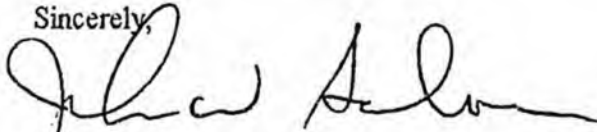
beneficial uses" recognizes the need to set priorities for alternative uses. The Alaska Constitution also addresses common use. "Wherever occurring in their natural state, fish, wildlife, and waters are reserved to the people for common use." This suggests that these resources belong to all the people.

Managing big game for maximum sustained yield would be inconsistent with other values such as trophy hunts or wildlife viewing where a management goal is diversity of uses rather than maximum use for one kind of user. Maximum use would also require, in some cases, the hunting of females and young of the year. Clearly, many Alaskans don't want that kind of management.

In summary, this bill is confusing, inconsistent, and is not based on sound wildlife management principles. This bill will also further increase the divisiveness among Alaskans about wildlife management. At the least, this bill needs much more careful analysis before it is brought to a vote of the full House. I urge you to review this legislation carefully and seek out the review and recommendations from professional wildlife managers at the Alaska Department of Fish and Game.

Thank you for considering my comments.

Sincerely,



John W. Schoen, Ph.D.  
Senior Scientist

Cc: Frank Rue, Commissioner, ADF&G  
Wayne Regelin, Director, DWC,

LEGISLATIVE INFORMATION OFFICE  
PO BOX 1189  
DELTA JCT.. AK 99737  
PHONE: (907) 895-4236  
FAX: (907) 895-5017

---

**FACSIMILE TRANSMITTAL SHEET**

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TO:	FROM:
House Resources Committee	Jackie W Becker <i>JWB</i> Delta Junction LIO
COMPANY:	DATE:
Delta Junction LIO	April 3, 2002
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER:
907-465-4822	2
PHONE NUMBER:	SENDER'S PHONE NUMBER:
907-465-2679	907-895-4236
RE:	SENDER'S FAX NUMBER:
Written Testimony	907-895-5017

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# Alaska State Legislature

Please enter into the record my testimony to the House Resource  
 committee on HB 432, dated 4/3/02  
committee name  
bill/subject

April 3, 2002

Alaska State Legislators  
 State Capitol (MS 3100)  
 Juneau, Alaska 99801-1182

Dear Representatives,

I urge you to support Bills HB432 and SB353 which will establish a position to help prevent wide spread habitat destruction from noxious and invasive plants. The funding of this is vital to Alaska's future.

As a Delta farmer we have spent thousands of dollars on chemicals, time and equipment to try and control and eradicate this problem in our area. It is impossible for a few of us in the area to control this problem without the assistance of the legislators. The plants are aggressive and highly competitive and left unattended they can destroy state and public lands.

The current infestations in Alaska are still at a manageable level where immediate eradication and prevention efforts can dramatically reduce the future financial burden of controlling widespread infestations. Prevention is much cheaper than control. The funding of this position is vital to Alaska's future. Identifying outbreaks early and responding to them quickly will greatly reduce the substantial economic loss and ecological damage that puts our agricultural lands at risk and also detrimental to our forests, wilderness areas, parks and recreational sites.

Recreational vehicles, horseback riding can spread this noxious weed at a very high rate.

Signed:

E. L. Hillert

Testifier

A DELTA FARMER

Representing (Optional)

Address

H.C 60 Box 4210 Delta Junction AK 99757

Phone No.

907-895-4338

FAX 907-895-5481

gipaw@willak.net



State of Alaska  
Legislature

PLEASE ENTER MY TESTIMONY INTO THE RECORD TO THE

HRES COMMITTEE IN REGARD TO THE  
(COMMITTEE NAME)

HJR 47 ON 4/2/02  
(BILL/SUBJECT) (DATE)

ALASKA POWER AND TELEPHONE  
STRONGLY SUPPORTS HJR 47.  
PLEASE FORWARD TO COMMITTEE  
MEMBERS.

SIGNED DON MAHON  
(PLEASE PRINT)

ALASKA POWER AND TELEPHONE  
(ADDRESS AND PHONE NUMBER)

**Alaska Power & Telephone  
Comments on Ultra Low Sulfur Fuel  
March 5, 2002**

Alaska Power & Telephone supports any controls that have a clear human health or environmental benefit. However, while studies indicate that pollutants caused by high sulfur fuel may contribute to respiratory disease, the impact of these pollutants in isolated remote Alaskan communities is negligible. Where is the justification in mandating Ultra Low Sulfur Diesel Fuel by 2010 in rural Alaska?

The financial impact on the consumers from these same communities will be of such proportion to adversely affect virtually every aspect of community life. In addition to the direct impacts this mandate will cause, such as increased fuel costs, compatibility with existing equipment, and storage concerns during the transition period, this mandate will increase an already high electric kilowatt-hour rate.

- Rural Alaska is heavily dependant on diesel generation.
- Fuel cost is estimated to increase approximately 23 cents per gallon.
- The BTU rating will be decreased by 14%, increasing fuel consumption.
- Dual fuel storage and dual delivery and metering systems will be required.

Electric consumers, whose kilowatt-hour rates are as much as 45 cents today could expect an increase of up to 5% if these costs are passed on to the consumer. These increased costs will also place an additional burden on the state PCE program.

Alaska Power Company (APC) currently provides electric service to 24 rural communities throughout Southeast and Interior Alaska. Of these, 19 communities depend strictly on diesel as the primary fuel source for generation, and the remaining five are hydroelectric facilities that depend on diesel generation as a backup.

The 19 APC communities that currently use diesel-powered generation are:

- Naukati
- Coffman Cove
- Hydaburg
- Whale Pass
- Hollis
- Tok
- Tanacross
- Dot Lake
- Tetlin
- Bettles
- Evansville
- Mentasta Lake
- Chistochina

- Eagle & Eagle Village
- Healy Lake
- Northway & Northway Village
- Allakaket
- Alatna
- Alcan Border Station

The five APC hydroelectric communities that still depend on diesel generation as a back-up are:

- Craig
- Skagway
- Haines
- South Thorne Bay
- Klawock

We suggest the committee adopt a resolution with provisions that would require the DEC request the EPA to reevaluate and address the ramifications and costs to rural Alaska consumers.

Respectfully submitted,



Donald E. Mahon  
Vice President, Operations  
Alaska Power Company

1 task of resolving submerged land ownership and navigable water determinations has been  
2 painfully slow, counter-productive from an orderly resource management standpoint, and  
3 costly as the state, private landowners, and the federal government attempt to initiate long-  
4 range planning processes. For this reason, it is determined by the legislature that the State of  
5 Alaska and the United States should cooperate in establishing a joint commission to proceed  
6 efficiently and effectively to

7 (1) expedite the process of quieting legitimate title to the state's submerged  
8 lands;

9 (2) determine, to the extent possible, which bodies of water are navigable or  
10 non-navigable; and

11 (3) provide recommendations to the state and the federal governments  
12 concerning ways to improve the process of making water use and navigability decisions and  
13 ways to quiet title to the state's submerged lands fairly and expeditiously.

14 \* Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to  
15 read:

16 JOINT FEDERAL AND STATE NAVIGABLE WATERS COMMISSION FOR  
17 ALASKA. (a) A Joint Federal and State Navigable Waters Commission for Alaska is  
18 established as authorized by federal law.

19 (b) The governor or the governor's designee and the member appointed by the  
20 President of the United States shall serve as co-chairs of the commission. The initial meeting  
21 of the commission shall be called by the co-chairs.

22 (c) Three state and three federal members of the commission constitute a quorum. All  
23 decisions of the commission shall require concurrence by at least three state and three federal  
24 members of the commission.

25 (d) A vacancy in the membership of the commission does not affect its powers. The  
26 vacancy shall be filled in the same manner in which the original appointment was made.

27 (e) Subject to procedures adopted by the commission, the co-chairs, in accordance  
28 with applicable state and federal laws, may

29 (1) appoint and fix the compensation of the commission staff and personnel as  
30 they consider necessary; and

31 (2) procure temporary and intermittent services.

1 \* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to  
2 read:

3 STATE MEMBERSHIP OF THE COMMISSION. (a) The state membership on the  
4 Joint Federal and State Navigable Waters Commission for Alaska is composed of the  
5 governor or the governor's designee, two members appointed by the governor, one member  
6 appointed by the president of the senate, and one member appointed by the speaker of the  
7 house, all of whom serve at the pleasure of the appointing authority.

8 (b) At least one member appointed by the governor shall be an Alaska Native.

9 \* Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to  
10 read:

11 COMPENSATION AND PER DIEM. (a) A state member of the Joint Federal and  
12 State Navigable Waters Commission for Alaska who is a state officer or employee serves  
13 without compensation in addition to that received for regular employment. Other state  
14 members of the commission receive compensation as authorized for the Board of Fisheries  
15 under AS 16.05.290.

16 (b) State members of the commission are entitled to per diem and travel expenses  
17 authorized by law for boards and commissions under AS 39.20.180.

18 \* Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to  
19 read:

20 DUTIES OF THE COMMISSION. The Joint Federal and State Navigable Waters  
21 Commission for Alaska shall

22 (1) establish a process for researching navigability determinations that affect  
23 land title;

24 (2) develop procedures for involving private landowners and the general  
25 public in the navigability determination process of the commission;

26 (3) undertake a process of navigable waters identification under criteria  
27 established in law;

28 (4) make recommendations to improve coordination and consultation between  
29 the state and federal governments in making water use and navigability decisions and  
30 decisions concerning title to submerged lands.

31 \* Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 HEARINGS. The Joint Federal and State Navigable Waters Commission for Alaska  
3 or, on the authorization of the commission, any subcommittee or member of the commission  
4 may, for the purposes of carrying out its duties, hold hearings, take testimony, receive  
5 evidence, print or otherwise reproduce and distribute all or part of commission proceedings  
6 and reports, and sit and act at those times and places as the commission, subcommittee, or  
7 members consider desirable.

8 \* Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to  
9 read:

10 INFORMATION FOR THE COMMISSION. Each agency, department, board, or  
11 commission of the state government is authorized to furnish to the Joint Federal and State  
12 Navigable Waters Commission for Alaska, upon request of a co-chair, information the  
13 commission considers necessary to carry out its functions under this Act.

14 \* Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section to  
15 read:

16 REPORTS. (a) On or before January 31 of each year, the Joint Federal and State  
17 Navigable Waters Commission for Alaska shall submit to the President of the United States,  
18 the United States Congress, the governor, and the state legislature a written report describing  
19 its activities during the preceding year and its recommendations regarding its duties under sec.  
20 5 of this Act.

21 (b) The commission shall submit its final comprehensive report at least 10 days  
22 before the date the commission is terminated.

23 \* Sec. 9. The uncodified law of the State of Alaska is amended by adding a new section to  
24 read:

25 TERMINATION OF THE COMMISSION. The Joint Federal and State Navigable  
26 Waters Commission for Alaska is terminated two years after the effective date of this Act.

27 \* Sec. 10. The uncodified law of the State of Alaska is amended by adding a new section to  
28 read:

29 REVISOR'S NOTIFICATION. The Attorney General shall notify the revisor of  
30 statutes of the effective date specified in sec. 11 of this Act.

31 \* Sec. 11. This Act takes effect on the date that formation of a Joint Federal and State

1 Navigable Waters Commission for Alaska is authorized by federal law.



# Alaska State Legislature

Please enter into the record my testimony to the House Resources

committee on HB 178, dated 4-8-02  
bill/subject committee name

Signed: *Mark C. ...*  
Testifier

Representing (Optional)  
PO Box 1656 Delta Tot, AK  
Address  
907-895-2076  
Phone No.

AND THE SUCCESSFUL PROPAGATION OF THESE NUISANCE ANIMALS ARE THE DIRECT RESULT OF THESE ANIMALS FORAGING ON AGRONOMIC CROPS AND HAS NOTHING TO DO WITH MANAGEMENT ON OTHER STATE LAND ESPECIALLY IN THE DELTA JUNCTION AREA.

AS A FORMER EMPLOYEE OF THE ALASKA DEPARTMENT OF FISH AND GAME AND AS A FEDERAL GAME WARDEN IN THE PAST I DO NOT TAKE THE KILLING OF NUISNANCE GAME LIGHTLY. HOWEVER, AS A FARMER I CANNOT SURVIVE WITH THE LOSSES I SUSTAIN EACH YEAR FROM THESE GAMEANIMALS AND THEY NEED TO BE CONTROLLED AS FAR AS AGRONOMIC CROPS ARE CONCERNED. FAMERS NEED TO BE COMPENSATED FOR THEIR LOSSES OR LET FARMERS DESTROY OR HARVEST NUISANCE GAME THAT ARE DESTROYING AGRONOMIC CROPS.

I URGE YOU TO REWRITE THIS SECTION OF THE LAW SO THAT FARMERS ARE ALLOWED TO PROTECT THEIR CROPS NECESSARY FOR FARM INCOME.

IF YOU WANT TO INCREASE THE BUFFALO AND THE MOOSE POPULATIONS THEN SO BE IT BUT DON'T DO IT A THE EXPENSE OF FARMERS. AS A FARMER I WILL GLADY GROW MY CROPS FOR THESE NUISANCE ANIMALS AS LONG AS THE STATE COMPENSATE ME FOR THE CROPS.

ONE OTHER THING THE SATE SHOULD DO IS PROVIDE FARMERS A WAY TO EITHER DESTROY THESE ANIMALS OR BETTER YET, PROVIDE US WITH AN INTERST FREE LOAN TO FENCE THESE ANIMALS OUT OF OUR CROPS.

LAST BUT NOT LEAST ANY FARMERS WHO PREFERS NOT TO FENCE OUT NUISANCE GAME SHOULD BE GIVEN SPECIAL FARM TAGS (PERMITS) LIKE OTHER STATES LIKE MISSOURI AND LET THEM SHOOT THE ANIMALS ON THEIR LAND. EITHER THAT OR LET THE FARMERS SELL THE PERMIT TO SOMEONE ELSE AS COMPENSATION FOR CROP LOSSES CAUSED BY NUISANCE GAME.

THANK YOU FOR ALLOWING ME THE OPPORTUNITY TO SPEAK ON THIS MATTER TODAY.

HELLO I AM MIKE PURVIANCE I AM A DELTA JUNCTION FARMER WHO OWNS AND OPERATES GRANITE MOUNTAIN FARMS HERE IN DELTA JUNCTION.

MY COMMENTS HERE CONCERN ARTCILE 2. OF HB 178. NUISANCE AND OTHER GAME.

IN THE YEAR 2000 OUR FIRST FORMAL YEAR OF FARMING IN DELTA JUNCTION WE HAD PLANTED OVER 400 ACRES OF OUR 640 ACRE FARM INTO GRAIN CROPS. AFTER THE CROPS BEGAN TO GROW WE SEEN A LARGE INFLUX OF LOCAL MOOSE, BUFFALO, AND BROWN BEARS CONVERGE ON THESE CROPS AND START EATING ON THEM. THEY STAYED ALL SUMMER AND NEVER LEFT. DAMAGE TO OUR CROPS WAS FAIRLY EXTENSIVE.

THAT YEAR WAS THE WORSE WEATHER YEAR FOR FARMING ON RECORD FOR DELTA JUNCTION BECAUSE OF RAIN AND THE COOL WEATHER. OUR GRAIN CROPS NEVER MADE IT OUT OF THE FIELDS. THAT WINTER WE OBSERVED A RESIDENT HERD OF SIXTY FIVE MOOSE IN ONE DAY EATING ON OUR CROPS. ALSO A LOCAL HERD OF BISON WERE OBSERVED THROUGH OUT THE WINTER FORAGING ON THE SNOW COVERED CROPS IN OUR FIELDS.

THAT SPRING MY HOPES WERE FURTHER SHATTERED WHEN THE SNOW MELTED AS THE CROPS I HAD HOPED TO SALVAGE WERE TOTALLY EATEN AND WALLOWED ON BY THE MOOSE AND BUFFALO. THERE WAS NO CHANCE TO RECOVER ANY OF THESE CROPS. BECAUSE THE CROPS WERE DESTROYED WE SUFFERED A TOTAL LOSS OF OUR NEEDED INCOME TO PAY OUR EXISTING FARM LOANS.

THIS PAST YEAR I AGAIN SEEN OUR CROPS RAVAGED BY THE BUFFALO AND MOOSE AND OUR OAT FIELDS ONCE AGAIN DESTROYED. THERE WAS NOTHING LEFT OF THE FIELD.

AS A FARMER I AM SICK AND TIRED OF THE EXCUSES THAT THE WILDLIFE WERE LIVING HERE BEFORE I WAS. THAT NUISANCE WILDLIFE ARE A PROBLEM THAT AM RESPONSIBLE TO DEAL WITH AT MY OWN EXPENSE.

IT WAS NOT THE FARMERS WHO DESIGNATED STATE AGRICUTURAL LAND BUT IT WAS THE STATE OF ALASKA WHO MANADATED AND DECLARED THE LAND AS AGRICUTURAL SUBJECT TO STATE LAWS AND REGULATIONS.

AS FARMERS WE ARE IN A CATCH 22 SITUATION BECAUSE NUISANCE GAMES DESTROY OUR CROPS. CROPS THAT WE NEED IN ORDER TO PAY OUR FARM LOANS AND TO SURVIVE. PERSONALLY I CANNOT EVEN BE

CONSIDERED FOR A FARM FENCE LOAN TO PROTECT MY CROPS BECAUSE OF THE CURRENT LENDING REQUIREMENTS. WE NEED A FENCE TO PROTECT OUR CROPS BUT WE CAN'T AFFORD TO REPAY A LOAN BECAUSE THE GAME ANIMALS EAT IT BEFORE IT CAN BE SOLD FOR A SOURCE OF INCOME. IT IS A NO WIN SITUATION FOR US.

MY BEST FRIEND RECENTLY SUMMED IT UP FOR ME. PEOPLE IN THIS STATE DON'T WORRY ABOUT CROP PREDATION LOSSES. ALTHOUGH THEY LOVE TO SEE AND HUNT THE MOOSE AND BUFFALO THEY DON'T REALIZE WHY WE HAVE A HEALTHY AND REPRODUCTIVE HERD HERE IN DELTA BECAUSE THE FARMERS FEED THEM NOT BECAUSE THE STATE PROVIDES THE HABITAT. THE PUBLIC DOESN'T CARE BECAUSE IT DOESN'T AFFECT THEM AND THEIR ABILITY TO MAKE A PERSONAL INCOME AND IT IS NOT COMING OUT OF THEIR OWN POCKETS.

THIS STATE IS ONLY ONE IT SEEMS THAT IT IS MORE SERIOUS TO KILL A BUFFALO OR A MOOSE THAN IT IS TO KILL A HUMAN BEING.

I FEEL IT IS TIME FOR THE STATE TO STEP UP TO THE PLATE AND ACCEPT SOME RESPONSIBILITY FOR THE DAMAGE NUISANCE GAME DOES TO OUR AGRONOMIC CROPS HERE IN THE STATE AND ON STATE AGRICULTURAL LAND. IT TIME FOR THE STATE TO COME TO GRIP THE FACT THAT THE REASON WE HAVE A BISON HERD IN DELTA IS BECAUSE OF GOOD FEED FROM AGRONOMIC CROP PREDATION BY THESE GAME ANIMALS.

I PROPOSE THE COMMISSIONER OF THE DEPARTMENT OF NATURAL RESOURCES BE INCLUDED IN THE DECISION MAKING PROCESS OF LETTING FARMERS DESTROY THESE NUISANCE ANIMALS IN ORDER TO PROTECT THEIR CROPS THEY NEED FOR INCOME ALONG WITH FISH AND GAME AND PUBLIC SAFETY COMMISSIONER.

FURTHERMORE I FEEL THE STATE SHOULD APPOINT THE COMMISSIONER OF THE DEPARTMENT OF NATURAL RESOURCES (OR PUBLIC SAFETY OR FISH AND GAME) TO ASSESS CROP DAMAGE BY NUISANCE GAME ON AGRICULTURAL LAND AND THAT FARMERS BE COMPENSATED FOR THESE MONETARY LOSSES.

I ALSO PROPOSE THAT AN INTEREST FREE LOAN BE PROVIDED TO FARMERS ON AGRICULTURAL LAND FOR FENCING IN ORDER TO PROTECT AGRONOMIC CROPS FROM NUISANCE GAME IN THE STATE.

EVERY YEAR I SEE THOUSANDS OF DOLLARS BEING RAKED BY FISH AND GAME FOR SPECIAL BUFFALO AND MOOSE PERMITS TO HUNT IN DELTA JUNCTION, WHEN IT IS DELTA JUNCTION FARMERS WHO MUST SUSTAIN THE CROP LOSSES AND FEED THESE ANIMALS AT THEIR OWN EXPENSE WITHOUT ANY CONSIDERATION ON THE PART OF THE STATE. THE HEALTH

**HB**

**185**

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: HB 185  
 (H) Publish Date: 3/14/01  
 Dept. Affected: Natural Resources  
 BRU: Minerals, Land & Water  
 Component: Water Development  
 Component Number: 916

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title: Water Fees-Temporary Water Use  
 Sponsor: Rules  
 Requester: Governor

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

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	275.0	275.0	275.0	275.0	275.0	275.0
Travel	7.0	7.0	7.0	7.0	7.0	7.0
Contractual	10.0	15.0	15.0	15.0	15.0	15.0
Supplies	3.0	3.0	3.0	3.0	3.0	3.0
Equipment	5.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES (Wtr Res Inc)</b>	<b>0.0</b>	<b>200.0</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>	<b>400.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	300.0	100.0				
1005 GF/Program Receipts	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
1037 GF/Mental Health						
Water Resources Income Acct	100.0	300.0	400.0	400.0	400.0	400.0
<b>TOTAL</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>	<b>300.0</b>

Estimate of any current year (FY2001) cost: none

Check this box (X) if funding for this bill is included in the Governor's FY2002 budget proposal:

**POSITIONS**

Full-time	5	5	5	5	5	5
Part-time						
Temporary						

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

The fundamental issue facing the Water Development component is the fact that there is no longer enough staff to conduct the program required by statute. The problem is exacerbated by a court ruling that requires procedures for temporary water use permits that have historically not been conducted and that significantly increase staff time required to process these permits. The consequence of this problem is that the Department of Natural Resources has a backlog of over 600 applications for water rights and over 3,000 total actions (including permit extensions, transfers, etc.). Thus, many industries and citizens are frustrated by their inability to receive authorization to proceed with their projects, or to gain the security of a water right. [cont.]

Prepared by: Bob Loeffler, Director Phone (907) 269-8625  
 Division: Mining, Land and Water Date/Time 09-Mar-01  
 Approved by: Pat Pourchot Date 09-Mar-01  
 Agency: Natural Resources

For distribution information, call the Governor's Legislative Office

ANALYSIS: (continued)

Water Use Fee

This bill would provide for a sliding-scale water use fee — that is, an annual fee that escalates depending on the amount of water permitted or used. The bill would also establish a water income account to separately account for water receipts and to allow the legislature to use this source to fund the program.

The fee and income account would create a secure funding source that is large enough to run the water management program. DNR expects that the water use fee would generate approximately \$400,000 more than is currently generated through its administrative fees program when it is fully implemented. (In FY2002 we have \$100,000 existing program receipt authorization that switches to the Water Resources Income Account. In FY2003, an estimated additional \$200,000 can be generated, and in FY2004, the full amount of the program can be funded from the Water Resources Income Account).

The actual fee structure would be set forth in regulations. DNR expects to propose a fee structure that exempts water use below 500 gallons per day (and residential use below 1500 gallons per day), and that includes a sliding scale fee structure. Those who use more than a million gallons of water per day would pay the highest fee of \$400 or \$500 per year. DNR also expects to discount fees for non-consumptive use of water (water that is returned to its source in undiminished quantity and quality and therefore does not diminish the amount available for appropriation to others). At this fee structure, no industry would cumulatively pay more than \$100,000 and most would pay considerably less.

Industries that are most affected by this fee include the mining industry, although most placer water use is non-consumptive use or recycled. The next largest use group is for public water supply. These two industries would likely pay between \$50,000 and \$100,000. Other industries, such as for agricultural, commercial, fish hatcheries, logging, hydroelectric, etc., would each pay less than \$50,000 per year under this new use fee structure.

DNR also expects to set annual fees on a graduated-scale basis for temporary water use permits. DNR expects to generate approximately \$150,000 in revenue from this source. The temporary water use permits with the largest volume of water (and hence with the largest annual fee) are issued to the oil and gas industry for development of the North Slope.

The generation of water use revenue is consistent with the philosophy that, "Those who benefit from the service should pay for it."

The effect of the fees would not be immediate. The establishment of a water use fee system will require a year to promulgate regulations, set up a revenue and billing system, and update the water right files to be included in the water use fee billing system. Within one year of the revised regulations, updated water rights and revenue and billing systems should be in place. At that time, it would be possible for the legislature to allow DNR to receive a portion of these funds as Water Resources Income Account receipts and decrease our general fund appropriation revenues by the amount anticipated to be received that year.

To complement the water use fee, DNR is currently writing regulations that will allow it to more efficiently process water right applications.

Lastly, DNR's FY 02 budget proposes a \$300,000 increment to adequately fund the program as outlined above. The general fund budget increment is necessary because the income from the fees will not be available to fully fund the program in the first couple of years. (NOTE: the \$100.0 fund change from program receipts to the new Water Resources Income Account was not included in the Governor's FY2002 budget proposal).

Statutory changes, regulatory changes, and \$300,000 increment: all three of these solutions are necessary to make the program function reasonably.

Personal Services New Position Detail

DRAFT

Department of Natural Resources

Scenario: FY2002 Governor Amended (1743)  
 Component: Water Development (916)  
 BRU Name: Minerals, Land, and Water Development (330)

PCN	Job Class Title	Time Status	Retir Code	Barg Unit	Location	Salary Sched	Range Steps	Budgeted Months	Split Count	Annual Salary	COLA	Premium Pay	Annual Benefits	Total Costs
10-#032	Administrative Clerk II	FT	A	GG	Anchorage	2A	8A / B	12.0		23,075	280	0	11,951	35,310
Justification:						Funding Detail:								
Water use Rights Adjudication.						1004 General Fund Receipts 100.00% 35,310								
						Total Funding 100.00% 35,310								
10-#033	Natural Resource Off I	FT	A	GG	Anchorage	2A	14C	12.0		35,145	427	0	14,537	50,107
Justification:						Funding Detail:								
Water Use Rights Adjudication						1004 General Fund Receipts 100.00% 50,107								
						Total Funding 100.00% 50,107								
10-#034	Natural Resource Off I	FT	A	GG	Juneau	2A	14C	12.0		35,145	427	0	14,537	50,107
Justification:						Funding Detail:								
Water Use Rights Adjudication						1004 General Fund Receipts 100.00% 50,107								
						Total Funding 100.00% 50,107								
10-#037	Natural Resource Off II	FT	A	GG	Anchorage	2A	16D	12.0		41,925	509	0	15,987	58,419
Justification:						Funding Detail:								
Water Use Rights Adjudication						1004 General Fund Receipts 100.00% 58,419								
						Total Funding 100.00% 58,419								
10-#038	Natural Resource Off II	FT	A	GG	Fairbanks	2B	16D	12.0		43,605	529	0	16,347	60,479
Justification:						Funding Detail:								
Water Use Rights Adjudication						1004 General Fund Receipts 100.00% 60,479								
						Total Funding 100.00% 60,479								

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two as

Personal Services New Position Detail

DRAFT

Department of Natural Resources

Scenario: FY2002 Governor Amended (1743)  
Component: Water Development (916)  
BRU Name: Minerals, Land, and Water Development (330)

Component Summary:

Total New Positions: 5

<u>Fund Description</u>	<u>Fund Percent</u>	<u>Fund Amount</u>
1004 General Fund Receipts	100.00%	254,422
Total Funding	100.00%	254,422

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two as

22-GH1087C  
Luckhaupt  
4/18/01

**HOUSE BILL NO. 185( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - FIRST SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to fees for certain uses of state water and to the accounting and  
2 appropriation of those fees; relating to authorizations for the temporary use of state  
3 water; making other amendments to the Alaska Water Use Act; and providing for an  
4 effective date."

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

6 \* Section 1. The uncodified law of the State of Alaska is amended by adding new sections  
7 to read:

8 **FINDINGS AND POLICY REGARDING STATE WATER USE FEES.** (a) The  
9 legislature finds that

10 (1) the implementation of a state water rights system by the Department of  
11 Natural Resources cannot be accomplished without adequate financing;

12 (2) financing to implement the state water rights system has been insufficient,  
13 which has resulted in

14 (A) delays in the processing of applications for grants of rights and

1 permits for use of state water and amendment of those rights and permits; and

2 (B) failure to complete other administrative duties relating to the state  
3 water rights system;

4 (3) a long-term financing mechanism must be established to provide for  
5 adequate financing and provide for a more predictable appropriation and staffing level at the  
6 Department of Natural Resources from year to year; and

7 (4) the establishment of an appropriate system of application fees that reflect  
8 the reasonable direct cost of providing the water management services would provide an  
9 adequate method of financing Alaska's water management system.

10 (b) It is the policy of the state to authorize the Department of Natural Resources to  
11 assess a reasonable fee for the services it provides in facilitating the use of state water; the fee  
12 should reflect the reasonable direct cost of providing the service, but it is the policy of the  
13 state that the fee not include

14 (1) the costs and salaries of administrative, support, or supervisory personnel  
15 who are not directly engaged in providing the service;

16 (2) other budgeted overhead expenses, including rent and utilities;

17 (3) interagency charges that would not meet the requirements of AS 37.10.052  
18 - 37.10.058 if those charges had been incurred or invoiced by the agency providing the  
19 designated regulatory service;

20 (4) public consultation costs when the consultation is not required by law;

21 (5) costs related to an appeal of permit issuance by a person other than the  
22 applicant for that permit;

23 (6) expenses that are not reasonably necessary to comply with the law under  
24 which the service is provided; or

25 (7) travel expenses for inspecting businesses having not more than 20  
26 employees.

27 (c) It is the policy of the state that the Department of Natural Resources not apply a  
28 charge to the holder of a certificate of appropriation that is not specifically related to services  
29 provided by the department, except that the department may continue to charge the annual  
30 \$50 administrative service fee currently in use by the department in order to maintain the  
31 water rights program for the benefit of Alaskans and current water rights holders.

1 (d) It is the policy of the state that the Department of Natural Resources minimize the  
2 required costs, including application fees, on individuals and businesses withdrawing less than  
3 a significant amount of water.

4 \* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to  
5 read:

6 FINDINGS, POLICY, AND PURPOSE RELATING TO AUTHORIZATIONS FOR  
7 CERTAIN TEMPORARY USES OF STATE WATER. (a) The legislature finds that

8 (1) many construction, development, commercial, and private activities  
9 require an authorization for the temporary use of the state's water without the need to acquire  
10 a permanent right to appropriate water;

11 (2) for many years, in appropriate circumstances, the Department of Natural  
12 Resources has issued revocable permits for the temporary use of state water under its  
13 authority implied under AS 46.15 but not expressly provided in AS 46.15; and

14 (3) the legislature validates and affirms that temporary permits authorizing the  
15 temporary use of state water continue to be appropriate under AS 46.15.

16 (b) It is the policy of the state to expressly confirm in the Department of Natural  
17 Resources the authority to issue authorizations for temporary use of water subject to  
18 appropriate conditions and limitations set by the Department of Natural Resources.

19 (c) The purpose of the enactment of AS 46.15.155 in sec. 6 of this Act is to

20 (1) confirm the authority of the Department of Natural Resources to issue  
21 authorizations for temporary use of water; and

22 (2) affirm the validity of existing temporary permits for the use of state water  
23 issued before the effective date of this Act that may have been called into question by the  
24 rationale used by the court in *Greenpeace v. Alaska Department of Natural Resources*, 3AN-  
25 00-3415 Civil.

26 \* **Sec. 3.** AS 37.10.058(2) is amended to read:

27 (2) "designated regulatory service" means a regulatory service  
28 provided under the following regulatory programs:

29 (A) regulation of the disposal of waste into waters of the state  
30 under AS 46.03.100;

31 (B) certification of federal permits or authorizations under 33

1 U.S.C. 1341 (sec. 401, Clean Water Act); [AND]

2 (C) a coastal management consistency determination relating to  
3 a permit or authorization issued under a program listed in (A) or (B) of this  
4 paragraph, if the determination is made by the agency issuing the permit or  
5 authorization; and

6 (D) any authorization for the use or appropriation of water  
7 under AS 46.15.

8 \* Sec. 4. AS 46.15.020(b)(4) is amended to read:

9 (4) prescribe fees or service charges for any public service rendered  
10 consistent with AS 37.10.050 - 37.10.058, except that the department may charge  
11 under regulations adopted by the department an annual \$50 administrative  
12 service fee to maintain the water management program;

13 \* Sec. 5. AS 46.15.035(e)(2) is amended to read:

14 (2) "hydrologic unit" means a hydrologic subregion established by the  
15 United States Department of the Interior, Geological Survey, on the "Hydrologic Unit  
16 Map-1987, State of Alaska"; "hydrologic unit" includes the water of an ocean that  
17 is adjacent to a hydrologic subregion of the state. [""]

18 \* Sec. 6. AS 46.15 is amended by adding a new section to read:

19 **Sec. 46.15.155. Authorization for temporary use of water.** (a)  
20 Notwithstanding any contrary provision of this chapter, the commissioner may  
21 authorize the temporary use of a significant amount of water, as determined by the  
22 department by regulation, for a period of time not to exceed five consecutive years, if  
23 the water applied for has not been appropriated in accordance with this chapter. The  
24 commissioner may extend an authorization under this section for one additional term  
25 of five consecutive years.

26 (b) Notwithstanding any contrary provision of this chapter, an authorization  
27 for a temporary use of less than a significant amount of water is not required under  
28 this section unless the commissioner has determined by regulation that the use may  
29 have an adverse effect on other water uses and that an authorization must be obtained  
30 from the department.

31 (c) The issuance of an authorization for temporary use of water under this

1 section does not establish a right to appropriate water. The temporary use of water  
2 under an authorization remains subject to appropriation under this chapter.

3 (d) Notwithstanding any contrary provision of this chapter, the commissioner  
4 is not required to provide public notice under AS 46.15.133 of a proposed  
5 authorization for temporary use of water; however, the commissioner shall request  
6 comment on an application for temporary use of water from the Department of Fish  
7 and Game and the Department of Environmental Conservation..

8 (e) The provisions of AS 46.15.080 do not apply to the issuance or extension  
9 under this section of an authorization for temporary use of water.

10 (f) The commissioner may impose reasonable conditions or limitations on an  
11 authorization for temporary use of water to protect the water rights of other persons or  
12 to protect fish and wildlife habitat, public health, or other public interests.

13 (g) Upon approval by the department, an authorization under this section may  
14 be transferred to another person under the same conditions and limitations under  
15 which the authorization was issued.

16 (h) A person to whom an authorization for temporary use of water was issued  
17 under this section may allow another person to use the authorization, consistent with  
18 the conditions and limitations of the authorization.

19 (i) The commissioner may modify, suspend, or revoke an authorization issued  
20 under this section if the commissioner determines it necessary to protect the water  
21 rights of other persons or the public interest.

22 \* Sec. 7. AS 46.15.180(a) is amended to read:

23 (a) A person may not

24 (1) construct works for an appropriation, or divert, impound, withdraw,  
25 or use a significant amount of water from any source without a permit, [OR] certificate  
26 of appropriation, or authorization issued under this chapter;

27 (2) violate an order of the commissioner to cease and desist from  
28 preventing any water from moving to a person having a prior right to use it;

29 (3) disobey an order of the commissioner requiring the person to take  
30 steps to cause the water to move to a person having a prior right to use it;

31 (4) fail or refuse to install meters, gauges, or other measuring devices

1 or control works;

2 (5) violate an order establishing corrective controls for an area or for a  
3 source of water;

4 (6) knowingly make a false or misleading statement in a declaration of  
5 existing right.

6 \* **Sec. 8.** The uncodified law of the State of Alaska is amended by adding a new section to  
7 read:

8 **VALIDITY OF EXISTING TEMPORARY PERMITS ISSUED BEFORE THE**  
9 **EFFECTIVE DATE OF THIS ACT.** (a) A temporary permit issued before the effective date  
10 of this Act by the Department of Natural Resources under AS 46.15 authorizing the temporary  
11 use of water is valid and remains in effect, notwithstanding that public notice was not  
12 provided under AS 46.15.133 or the criteria set out in AS 46.15.080 were not applied before  
13 the temporary permit was issued.

14 (b) A temporary permit described in (a) of this section shall be considered to be an  
15 authorization for temporary use of water under AS 46.15.155, enacted by sec. 6 of this Act, as  
16 if AS 46.15.155 had been in effect at the time the temporary permit was issued. A temporary  
17 permit described in this subsection is subject to the terms and conditions set out in the  
18 temporary permit and is subject to the requirements of AS 46.15.155, enacted by sec. 6 of this  
19 Act.

20 \* **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to  
21 read:

22 **TRANSITION: REGULATIONS.** (a) Under AS 44.62.125(b)(6), the regulations  
23 attorney may change the term "temporary water use permit" in regulations of the Department  
24 of Natural Resources concerning water use to "authorization for temporary use of water" as  
25 consistent with this Act.

26 (b) To the extent that the regulations are not inconsistent with this Act, regulations  
27 relating to water management adopted by the Department of Natural Resources under  
28 AS 46.15 and in effect on the effective date of this Act remain in effect until amended or  
29 repealed and may be administered and enforced by the Department of Natural Resources.

30 \* **Sec. 10.** Except as provided in sec. 11 of this Act, this Act takes effect immediately under  
31 AS 01.10.070(c).

1

\* Sec. 11. Section 4 of this Act takes effect July 1, 2002.

**CSSB 185 (RES)**  
**An Act relating to fees for certain uses of state  
water**  
**Sectional Analysis**

**Sections one and two** are the findings, policy and purpose statements relating to water fees and temporary water use authorizations

**Section three:** Amends AS 37.10.058 to add water fees to the receipt supported services category of fees as a designated regulatory service.

**Section four:** allows the department to continue charging an annual \$50 administrative service fee to maintain the water management program in addition to those fees authorized under the designated regulatory service structure.

**Section five:** This is a house keeping amendment to the existing law that would amend the definition of a "hydrologic unit" to include as part of the hydrologic unit the waters of an ocean that are adjacent to a hydrologic subregion of the state. This applies when water taken from the mainland is moved to an island offshore or used to construct ice roads across a portion of a bay, inlet or sea. The amendment makes it clear that the ocean waters off shore of a hydrologic subregion are in fact part of the hydrologic unit.

**Section six:** expressly confirms the authority of DNR to issue temporary water use authorizations, under appropriate circumstances, as has been DNR's practice for over 20 years. Temporary water use authorizations do not confer any rights to use water. Temporary water use authorizations have been issued for construction and development of specific commercial, industrial, and private activities or projects where water was required, for a temporary period of time, and a permanent water right was not needed. The bill lays out under what circumstances a temporary water use authorization can be issued the procedures to be followed. Because a temporary water use authorization is conveys no property right and is not a disposal of an interest in land, the bill makes clear that these authorizations are exempt from public notice required prior to issuance of a permanent property right to water (a water

right). The bill allows for the transfer of a temporary water use authorizations between parties with DNR approval and for the sharing of an authorization between parties if they so intend. Because of its temporary nature, without any rights or priority attached, an authorization can be modified, suspended, or revoked by DNR if its necessary to protect water right holders or the public interest.

**Section seven:** is amended to include a temporary water use authorization under the crime section so that, if necessary, DNR can enforce against the unlawful use of water.

**Section eight:** validates the existing temporary water use permits that have been issued prior to the effective date of the Act. The temporary water use permits issued prior to the Act are to be considered an authorization issued under AS 46.15.155 and are subject to the terms and conditions set out in the permit and subject to the requirements of AS 46.15.155. This section affirms the validity of existing temporary permits that may have been called into question by the rationale used by the court in *Greenpeace, Inc. v. DNR*, 3AN-00-345 Civil.

**Section nine:** allows the regulations attorney to change the term "temporary water use permit" to "authorizations for temporary use of water" as consistent with the Act, and keeps the current statute in effect.

**Sections ten and eleven:** sets effective date of the bill. The effective date of Section 3 of the bill is delayed a year, until July 2001, to allow the department to establish fee regulations consistent with the requirements of the law.

Please add the attached items to your packets for HB-232.  
This bill will be heard Friday April 20th

**HB**

**194**

## HB 194, "Commercial Fishing Permit and Crewmember Fees"

*Prepared by CFEC*

	Current Annual Fee	Annual Fee Under Proposed Legislation HB 194
<b>Resident Permit</b>	Range from no less than \$10 to not more than \$250 & reasonably reflect different rates of economic return for different fisheries. (Currently, by regulation, five fee classes of \$50, 100, 150, 200, and 250)	Range from no less than \$10 to not more than \$300 & reasonably reflect different rates of economic return for different fisheries. (Actual fees for each fee class would be adopted by regulation) [Sec.5]
<b>Non-resident Permit</b>	3 times the fees established for residents  (Currently, by regulation, five fee classes of \$150, 300, 450, 600, and 750)	Resident fee plus an amount no higher than differential allowable by law. (Non-resident "surcharge" would be adjusted periodically to reflect changes in variables in whatever formula the Supreme Court ultimately rules may be used to calculate allowable additional charge to nonresidents.) [Sec.5]
<b>Resident Adult Crewmember License</b>	\$60	\$60 [Sec.2]
<b>Non-resident Adult Crewmember License</b>	\$125	\$60 <u>plus</u> up to amount of allowable differential. (So ADF&G could opt to leave fee at \$125 as long as allowable differential is more than \$65.) [Sec. 2]
<b>Resident Child Crewmember License</b>	\$5 (As of new provision passed in 2000)	\$5 [Sec.2]
<b>Non-resident Child Crewmember License</b>	\$5 (As of new provision passed in 1999)	\$5 <u>plus</u> up to allowable differential [Sec.2]
<b>Resident "Poverty" Permit Fee</b>	\$15 (For all permit fee classes)	50% of regular resident fee. (Thus, \$25 for permits for which regular fee is \$50; \$50 for permits in \$100 fee class; etc.) Note: Nearly 80% of the poverty fees paid in 2000 were for resident permits in the lowest fee class. Those would increase by only \$10 under proposed change. [Sec.5]
<b>Non-resident Poverty Permit</b>	\$45	Up to 50% of full nonresident fee (base fee plus differential) [Sec.5]

**Sectional Analysis of HB 194**  
Prepared by CFEC

**Section 1. (CLARIFIES provisions in this section of current law and removes crewmember fees to be addressed elsewhere – see section 2.)**

Current 16.05.480(a), which would be replaced by section 1 of this bill, reads:

- (a) A person engaged in commercial fishing shall obtain a commercial fishing license. Except as provided in (f) of this section, the fee for the license is \$60 for residents and \$125 for nonresidents. Except for those that are also entry or interim-use permits, all commercial fishing licenses are nontransferable. The commercial fishing license shall be retained in the possession of the licensee, readily accessible for inspection at all times. No more than one fee may be charged annually against a person. For the purposes of this section, "commercial fishing license" includes entry permits and interim-use permits issued under AS 16.43 and crewmember fishing licenses.

Revisions made in section 1:

- Remove the fees for crewmembers from this section of law (see section 2 for new location)
- Clarifies what each of the three types of "commercial fishing licenses" entitle the holder to do (entry permit, interim-use permit, and crewmember license – see definition section p.2, line 15 of bill)
- States that crewmember licenses are nontransferable while removing incorrect implication that all entry and interim-use permits are transferable (as some limited entry permits and all interim-use permits are also nontransferable).
- Makes clear that person must hold a permit for each particular fishery in which they participate as a gear operator. (Current provision about paying only one fee is confusing as it was intended to refer only to crewmember licenses.)

**Section 2. Adds subsections to 16.05.480 ESTABLISHING FEES FOR CREWMEMBER LICENSES for 2002 and following years.**

**(g) For residents:**

Over 11 years of age: \$60  
Under 11 years of age: \$5

**(h) For nonresidents:**

Over 11 years of age: \$60 plus an additional amount that does not exceed the maximum allowed by law (that is, an amount calculated using formula determined to be constitutionally acceptable by court ruling in Carlson case.)

Under 11 years of age: \$5 plus added amount which does not exceed maximum allowed by law.

**Section 3. "Housekeeping" language -- simply adds two words, "establish and," to #13 on statutory list of things CFEC is authorized to do.**

**Section 4. "Housekeeping" change -- just deletes an obsolete and confusing provision in current law.**

**Section 5. -- PRIMARY PROVISION OF THE BILL ADDRESSING CARLSON CASE ISSUE: Removes the currently required 3-to-1 differential and establishes annual FEES FOR ENTRY AND INTERIM-USE PERMITS for 2002 and following years.**

(e) Resident permit fees shall be no less than \$10 and no more than \$300, and reasonably reflect different rates of economic return for different fisheries.

Nonresident permit fees shall be the resident fee plus an amount that does not exceed the maximum amount allowed by law (that is, an amount calculated using formula determined to be constitutionally acceptable by court ruling in Carlson case.)

(f) "Poverty Fees" shall be no more than 50% of regular fees the permit holder (whether resident or nonresident) would otherwise pay. Also sets out standards for determining eligibility for the reduced fee. .

**Sections 6-8. Effective date provisions which keep current fee structure in place for permits and crewmember licenses issued for 2001 (even if purchased after passage of the bill), and making the new fees effective immediately for all permits and licenses issued for 2002 and beyond.** This is to accommodate the fact that during the final months of 2001, permits and licenses will still be issued for use during the final months of 2001, while permits and licenses for 2002 will also be sold for the coming year. Keeps fees for all permits and licenses issued for a given use year consistent regardless of purchase date.

Section 6 (in combination with section 8) repeals current fees as of Jan. 1, 2002:

16.05.480(f) -- \$5 crewmember license for residents and nonresidents under 11 years of age.

16.43.160(b) -- section mandating the 3-to-1 nonresident-to-resident permit fee differential

16.43.160(c) -- poverty fees

Section 7. Makes new crewmember, permit, and poverty fees and most of "housekeeping" provisions in bill effective immediately.

Section 8. Makes repealers in section 6, and the revisions made in section 1, effective on Jan.1, 2002.

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB194  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Fish and Game  
 Title: Fees for commercial fishing licenses and BRU: Comm Fish (Limited) Entry Comm  
permits Component: Comm Fish (Limited) Entry Comm  
 Sponsor: Representative Stevens  
 Requester: House Fisheries Component Number: 471

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

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>(470.0)</b>	*	*	*	*	*
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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)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

See attachment for explanation. Enactment of this bill could reduce future state liabilities for payments of refunds and interest to non-resident fishermen for fees paid in fiscal year FY2002 and beyond depending upon final outcome of Carlson v. State lawsuit.

Prepared by: Roger Kolden Phone 790-6950  
 Division: Commercial Fisheries Entry Commission Date/Time 3/23/01 4:11 PM  
 Approved by: Mary McDowell Date 03/23/2001  
 Agency: Commercial Fisheries Entry Commission

For distribution information, call the Governor's Legislative Office

## HB 194 Fiscal Note - Estimates of Potential Fiscal Impacts\*

- If HB194 is enacted (with resident fees capped at \$300), CFEC's fee-generated revenues could drop by approximately \$500.0 per licensing year, beginning with licenses for 2002, which the Commission will begin issuing in the late fall of 2001.

A Supreme Court ruling in *Carlson v. State* is expected in the summer of 2002, making a final determination of an allowable method for calculating the maximum nonresident fee differential. That method would then determine the fiscal impacts of the provisions of HB 194 in future years.

If the state prevails in its arguments to the Supreme Court regarding what state expenditures may be included in the formula, the provisions of HB 194 will generate *more* revenue from nonresident fees than the provisions of existing statute would generate.

- If HB 194 is NOT enacted, and the state continues charging fees under its current fee structure, potentially large additional liabilities will continue to accrue to the state under the Carlson lawsuit. Under the Superior Court decision, the state is continuing to accrue new, additional refund and interest costs of approximately \$1.13 million per year. If the state wins on any of the issues it is appealing to the Supreme Court, that annual figure could be reduced, and if the plaintiffs win of the issues they appeal, the additional liability that accrues to the state each year could be larger than that figure.
- If the state were to come into compliance with the Superior Court decision *without* changing the statute (that is, charge fees in accordance with both the existing statutory language, including the mandate that nonresident fees shall be three times the resident fees, *and* with the court's formula for calculating the maximum dollar amount by which nonresident fees may exceed resident fees), CFEC's fee-generated revenues would decline by more than \$3 million per year.

### \*Assumptions Used in Making Calculations:

1. Numbers of permits distributed among five fee classes will be the same as in 2000 (the most recent licensing year figures available). Note that distribution of permits among fee classes varies considerably from year to year, so calculations made for one year based on fee class distribution in another year will necessarily be very rough estimates.
2. Continued use of five fee classes, with resident/base fees being increased by 20% in each class (HB194 caps resident/base fees at \$300, a 20% increase over current cap of \$250, so assume all classes increase in same proportion)
3. Estimate allowable nonresident permit differential for 2002 at \$111, which is average of allowable differentials over the most recent four years under provisions of Superior Court ruling in Carlson class action lawsuit (calculated by OMB).

**NOTE:** Revenues generated from permit fees have been in decline since 1994 due to fewer permits being renewed and some fisheries moving into lower fee classes due to declines in economic returns. Permit fees generated about \$4.3 million in 1997, \$4.1 million in 1998, \$4 million in 1999, and \$3.8 million in 2000. Assuming continuation of that trend, 2002 revenues will likely decline further even under existing statute and use of the 3-to-1 fee differential.

**HB**

**205**

# FISCAL NOTE

**STATE OF ALASKA  
2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HB205  
 ( ) Publish Date: \_\_\_\_\_  
 Dept. Affected: Natural Resources  
 BRU: Management & Admin.  
 Component: Commissioner's Office  
 Component Number: 424

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title: An Act relating to resource development and to grants for the purpose of promoting resource development...  
 Sponsor: Rep. Fate  
 Requester: (H) RES

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

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	115.9	115.9	115.9	115.9	115.9	115.9
Travel	6.0	6.0	6.0	6.0	6.0	6.0
Contractual	19.0	19.0	19.0	19.0	19.0	19.0
Supplies	0.8	0.8	0.8	0.8	0.8	0.8
Equipment	13.3					
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>155.0</b>	<b>141.7</b>	<b>141.7</b>	<b>141.7</b>	<b>141.7</b>	<b>141.7</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	*	*	*	*	*	*
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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						
NEW - Res. Dev. Fund	155.0	141.7	141.7	141.7	141.7	141.7
<b>TOTAL</b>	<b>155.0</b>	<b>141.7</b>	<b>141.7</b>	<b>141.7</b>	<b>141.7</b>	<b>141.7</b>

Estimate of any current year (FY2001) cost: none

Check this box (X) if funding for this bill is included in the Governor's FY2002 budget proposal:

**POSITIONS**

Full-time	2	2	2	2	2	2
Part-time						
Temporary						

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

This bill allows for establishment of and appropriation to a Resource Development Fund, and creation of a Resource Development Board. The appropriation amount can be equal to 1/4 of 1% of ALL mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the state under AS 38.05. DNR estimates this amount to be \$2.6 million annually, calculated on the total amount of ALL those revenue sources BEFORE distributions are made to the Permanent Fund, School Fund, and Constitutional Budget Reserve Fund. DNR assumes those three funds receive their full share of revenues under statute, and the amount appropriated to the Resource Development Fund is made from the general fund.

Prepared by: Carol Carroll, Director Phone 465-4730  
 Division: Support Services Date/Time 9-Apr-01  
 Approved by: Pat Pourchot Date 9-Apr-01  
 Agency: Natural Resources

For distribution information, call the Governor's Legislative Office

ANALYSIS: (continued)

\* Change in Revenue: The amount the legislature appropriates to the new Resource Development Fund results in an equal amount of reduction to the state general fund.

Fiscal Impact

Factors which will influence the actual cost of this legislation include:

1. The actual annual appropriation amount made to the Resource Development Fund.
2. The number of grants awarded by the Board annually. The cost of administering and processing the grants will be vastly different if the Board awards one grant for \$2.6 million or 260 grants for \$10.0 each.

Costs may be significantly different based on decisions made by the Board which are not quantifiable at this time.

*The following assumptions are used in calculating the costs identified on this fiscal note.*

1. All costs of operating the Board are paid out of the newly established Resource Development Fund.
2. The Board may hire staff. Assumption is an Executive Director (R21) and an Administrative Assistant (R13) to provide guidance and grant administration support. Annual cost estimated at \$115.9.
3. Travel and per diem costs assume 4 annual meetings, for 7 board members. Depending on number of board positions actually filled, location of board members, location and duration of meetings, this number will vary. Best estimate is \$6.0 annually.
4. Contractual costs of Board and staff include office space for staff; and operational costs such as telephone/network charges, meeting location rentals, postage/copiers, advertisement costs for grant proposals, indirect administrative costs etc. Estimate is \$19.0 annually.
5. Annual basic operating supplies for the Board staff estimated at \$0.8/year.
6. One-time equipment purchases necessary to set up the Board staff office space are estimated at \$13.3. This includes computers, printer, phones, fax, and furniture.

*Additional Potential Costs not included in this fiscal note:*

1. Additional contractual costs such as outside consultant contracts the Board may want to enter into are not included in this estimate, and may require additional funding.
2. The bill allows for the department (DNR) as well as Fish & Game and Environmental Conservation to provide technical staffing and information as needed by the board. DNR assumes that the Board will reimburse the departments for technical staffing and support costs when the time spent on Board activities is substantial. There is no reasonable way to estimate this cost. This item is not included in the fiscal note, and may require additional funding.

Personal Services New Position Detail

Department of Natural Resources

Scenario: DNR FY2002 Gov Amended with Fiscal Notes (1842)  
 Component: Commissioner's Office (423)  
 BRU Name: Management and Administration (135)

PCN	Job Class Title	Time Status	Retir Code	Barg Unit	Location	Salary Sched	Range Steps	Budgeted Months	Split Count	Annual Salary	COLA	Premium Pay	Annual Benefits	Total Costs
10-#069	Exec Director Res Dev Board	FT	A	XE	Anchorage	AA	21A	12.0		51,624	1,253	0	17,960	70,837

Justification:

SB136 - Resource Development Board

Funding Detail:

1004	General Fund Receipts	100.00%	70,837
Total Funding		100.00%	70,837

10-#070	Administrative Assistant	FT	A	GG	Anchorage	1A	13A	12.0		31,054	377	0	13,654	45,104
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Justification:

SB136 - Resource Development Board

Funding Detail:

1004	General Fund Receipts	100.00%	45,104
Total Funding		100.00%	45,104

Component Summary:

Total New Positions: 2

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	115,941
Total Funding	100.00%	115,941

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. ~~the component, position and salary schedule~~ \*count will appear in this column

# FISCAL NOTE

**STATE OF ALASKA  
2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CSSB 136 (FIN) work draft  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): 04/05/2001 8:15a.m. Dept. Affected: DCED  
 Title: An act relating to resource development and to BRU: Comm.Asst & Econ.Dev  
grants for the purpose of promoting resource development Component: Community and Business  
 Sponsor: Senate Resources Committee Development  
 Requester: Senate Finance Component Number: 2486

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

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	55.6	55.6	55.6	55.6	55.6	55.6
Travel	6.0	6.0	6.0	6.0	6.0	6.0
Contractual	19.0	19.0	19.0	19.0	19.0	19.0
Supplies	0.8	0.8	0.8	0.8	0.8	0.8
Equipment	5.0					
Land & Structures						
Grants & Claims	2,013.6	2,018.6	2,018.6	2,018.6	2,018.6	2,018.6
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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						
New: Res. Dev. Fund	2,100.0	2,100.0	2,100.0	2,100.0	2,100.0	2,100.0
<b>TOTAL</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>	<b>2,100.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

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

This bill allows for establishment of and appropriation to a Resource Development Fund, and creation of a Resource Development Board. The appropriation amount can be equal to 1/4 of 1% of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the state under AS 38.05. DNR estimates this amount to be \$2.6 million annually, calculated on the total amount of all those revenue sources before distributions are made to the Permanent Fund, School Fund, and Constitutional Budget Reserve Fund. DCED assumes those three funds receive their full share of revenues under statute, and the amount appropriated to the Resource Development Fund is made from the general fund. Up to 20% of the funding may be appropriated to a separate Business Incentive Fund, leaving \$2.1 million for the Resource Development Fund. (continued on additional sheet)

Prepared by: Pat Poland, Director Phone 907-269-4580  
 Division: Community and Business Development Date/Time 04/05/2001 8:15a.m.  
 Approved by: SAY FOR Commissioner Deborah B. Sedwick Date 4/5/2001  
 Agency: Department of Community and Economic Development

For distribution information, call the Governor's Legislative Office

\* GRANTS INCLUDED \*

**Fiscal Note: SB 136 -- Additional Notes**

**ANALYSIS: (continued)**

\*Change in Revenue: The amount the legislature appropriates to the new Resource Development Fund results in an equal amount of reduction to the state general fund.

**Fiscal Impact**

Factors which will influence the actual cost of this legislation include:

1. The actual annual appropriation amount made to the Resource Development Fund.
2. The number of grants awarded by the Board annually. The cost of administering and processing the grants will vary substantially depending on the number of grants the Board elects to award.

Costs may be significantly different based on decisions made by the Board which are not quantifiable at this time.

The following assumptions are used in calculating the costs identified on this fiscal note:

1. All costs of operating the Board are paid out of the newly established Resource Development Fund.
2. The Board may hire staff. Assumption is that one Grants Administrator II (R17A) position will be created in Juneau to provide for general grant administration support. Annual cost estimated at \$55.6.
3. Travel and per diem costs assume 4 annual meetings, for 5 board members and staff. Depending on number of board positions actually filled, location of board members, location and duration of meetings, this number will vary. Estimate is \$6.0 annually.
4. Contractual costs of Board and staff include office space for staff; and operational costs such as telephone/network charges, meeting location rentals, postage/copiers, advertisement costs for grant proposals, indirect administrative costs etc. Estimate is \$19.0 annually.
5. Annual basic operating supplies for the Board staff estimated at \$0.8/year.
6. One-time equipment purchases necessary to set up the new grants administrator position office space are estimated at \$5.0. This includes computers, phones, and office accessories.

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CSSB 136 (FIN) work draft  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): 04/05/2001 8:15a.m. Dept. Affected: DCED  
 Title: An act relating to resource development and to BRU: Comm.Asst & Econ.Dev  
grants for the purpose of promoting resource development Component: ITMD  
 Sponsor: Senate Resource Committee  
 Requester: Senate Finance Component Number: 405

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

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	500.0	500.0	500.0	500.0	500.0	500.0
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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)						
<b>TOTAL</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>	<b>500.0</b>

Estimate of any current year (FY2001) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill allows for establishment of and appropriation to a Resource Development Fund, the creation of a Resource Development Board, and the appropriation of funds to the new Business Incentive Fund for purposes authorized by AS 45.81.010 - 45.81.050. The appropriation amount can be equal to 1/4 of 1% of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the state under AS 38.05. DNR estimates this amount to be \$2.6 million annually, calculated on the total amount of all those revenue sources before distributions are made to the Permanent Fund, School Fund, and Constitutional Budget Reserve Fund. DCED assumes those three funds receive their full share of revenues under statute, and the amount appropriated to the Resource Development Fund is made from the general fund from the money appropriated. Up to 20% of the amount, after accounting for expenses associated with the administration of work of the Resource Development Board, is authorized for appropriation to the new Business Incentive fund, to fund new business incentive grants to encourage businesses to locate and operate in Alaska.

Prepared by: Greg Wolf, Director  
 Division: International Trade and Market Development  
 Approved by: Commissioner Deborah B. Sedwick  
 Agency: Department of Community and Economic Development

Phone 907-269-8110  
 Date/Time 04/05/2001 8:15a.m.  
 Date 4/5/2001

For distribution information, call the Governor's Legislative Office

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SB136  
 (S) Publish Date: 3/20/01  
 Dept. Affected: Natural Resources  
 BRU: Management & Admin.  
 Component: Commissioner's Office  
 Component Number: 424

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title: An Act relating to resource development and to grants for the purpose of promoting resource development...  
 Sponsor: Senate Resources Committee  
 Requester: (S) RES

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

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	115.9	115.9	115.9	115.9	115.9	115.9
Travel	6.0	6.0	6.0	6.0	6.0	6.0
Contractual	19.0	19.0	19.0	19.0	19.0	19.0
Supplies	0.8	0.8	0.8	0.8	0.8	0.8
Equipment	13.3					
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>155.0</b>	<b>141.7</b>	<b>141.7</b>	<b>141.7</b>	<b>141.7</b>	<b>141.7</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	*	*	*	*	*	*
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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						
NEW - Res. Dev. Fund	155.0	141.7	141.7	141.7	141.7	141.7
<b>TOTAL</b>	<b>155.0</b>	<b>141.7</b>	<b>141.7</b>	<b>141.7</b>	<b>141.7</b>	<b>141.7</b>

Estimate of any current year (FY2001) cost: none  
 Check this box (X) if funding for this bill is included in the Governor's FY2002 budget proposal:

**POSITIONS**

Full-time	2	2	2	2	2	2
Part-time						
Temporary						

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

This bill allows for establishment of and appropriation to a Resource Development Fund, and creation of a Resource Development Board. The appropriation amount can be equal to 1/4 of 1% of ALL mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the state under AS 38.05. DNR estimates this amount to be \$2.6 million annually, calculated on the total amount of ALL those revenue sources BEFORE distributions are made to the Permanent Fund, School Fund, and Constitutional Budget Reserve Fund. DNR assumes those three funds receive their full share of revenues under statute, and the amount appropriated to the Resource Development Fund is made from the general fund.

Prepared by: Carol Carroll, Director Phone 465-4730  
 Division: Support Services Date/Time 19-Mar-01  
 Approved by: Pat Pourchot Date 19-Mar-01  
 Agency: Natural Resources

For distribution information, call the Governor's Legislative Office

ANALYSIS: (continued)

\* Change in Revenue: The amount the legislature appropriates to the new Resource Development Fund

\* Change in Revenue: The amount the legislature appropriates to the new Resource Development Fund results in an equal amount of reduction to the state general fund.

Fiscal Impact

Factors which will influence the actual cost of this legislation include:

1. The actual annual appropriation amount made to the Resource Development Fund.
2. The number of grants awarded by the Board annually. The cost of administering and processing the grants will be vastly different if the Board awards one grant for \$2.6 million or 260 grants for \$10.0 each.

Costs may be significantly different based on decisions made by the Board which are not quantifiable at this time.

*The following assumptions are used in calculating the costs identified in this fiscal note.*

1. All costs of operating the Board are paid out of the newly established Resource Development Fund.
2. The Board may hire staff. Assumption is an Executive Director (R21) and an Administrative Assistant (R13) to provide guidance and grant administration support. Annual cost estimated at \$115.9.
3. Travel and per diem costs assume 4 annual meetings, for 7 board members. Depending on number of board positions actually filled, location of board members, location and duration of meetings, this number will vary. Best estimate is \$6.0 annually.
4. Contractual costs of Board and staff include office space for staff; and operational costs such as telephone/network charges, meeting location rentals, postage/copiers, advertisement costs for grant proposals, indirect administrative costs etc. Estimate is \$19.0 annually.
5. Annual basic operating supplies for the Board staff estimated at \$0.8/year.
6. One-time equipment purchases necessary to set up the Board staff office space are estimated at \$13.3. This includes computers, printer, phones, fax, and furniture.

*Additional Potential Costs not included in this fiscal note:*

1. Additional contractual costs such as outside consultant contracts the Board may want to enter into are not included in this estimate, and may require additional funding.
2. The bill allows for the department (DNR) as well as Fish & Game and Environmental Conservation to provide technical staffing and information as needed by the board. DNR assumes that the Board will reimburse the departments for technical staffing and support costs when the time spent on Board activities is substantial. There is no reasonable way to estimate this cost. This item is not included in the fiscal note, and may require additional funding.

**Personal Services New Position Detail**

Department of Natural Resources

Scenario: DNR FY2002 Gov Amended with Fiscal Notes (1842)  
 Component: Commissioner's Office (423)  
 BRU Name: Management and Administration (135)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range & Steps	Budgeted Months	Split / Annual Count	Annual Salary	COLA	Premium Pay	Annual Benefits	Total Costs
10-#069	Exec Director Res Dev Board	FT	A	XE	Anchorage	AA	21 A	12.0		51,624	1,253	0	17,960	70,837
Justification:							Funding Detail:							
SB136 - Resource Development Board							1004	General Fund Receipts					100.00%	70,837
												Total Funding:	100.00%	70,837
10-#070	Administrative Assistant	FT	A	GG	Anchorage	1A	13 A	12.0		31,068	377	0	13,659	45,104
Justification:							Funding Detail:							
SB136 - Resource Development Board							1004	General Fund Receipts					100.00%	45,104
												Total Funding:	100.00%	45,104

**Component Summary:**

Total New Positions: 2

Fund Description	Fund Percent	Fund Amount
1004 General Fund Receipts	100.00%	115,941
Total Funding:	100.00%	115,941

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column.

22-LS0803\C  
Chenoweth  
4/5/01

**CS FOR HOUSE BILL NO. 205( )**

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

**TWENTY-SECOND LEGISLATURE - FIRST SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVE FATE**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to resource development, to the new business incentive program, and**  
2 **to matching grants for the purpose of promoting resource development from**  
3 **appropriations of a portion of the revenue derived from the extraction of certain state**  
4 **natural resources."**

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

6 **\* Section 1.** AS 39.50.200(b) is amended by adding a new paragraph to read:

7 (57) Resource Development Board (AS 44.33.913).

8 **\* Sec. 2.** AS 44.33 is amended by adding new sections to read:

9 **Article 14. Resource Development.**

10 **Sec. 44.33.911. Resource development fund.** (a) The resource development  
11 fund is established in the Department of Community and Economic Development.

12 (b) From the money received in the administration of the resources of the state  
13 under AS 38.05, the legislature may appropriate an amount equal to one-quarter of one  
14 percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral

1 revenue sharing payments, and bonuses received by the state as follows:

2 (1) for expenses associated with costs of administration of the work of  
3 the Resource Development Board under AS 44.33.913 - 44.33.917;

4 (2) after allowance for the expenses described in (1) of this subsection,  
5 not more than 20 percent of the remaining estimated balance of the amount authorized  
6 for appropriation under this subsection to the new business incentive fund for purposes  
7 authorized by AS 45.81.010 - 45.81.050; and

8 (3) the remaining estimated balance of the amount authorized for  
9 appropriation under this subsection to the resource development fund.

10 **Sec. 44.33.913. Resource Development Board.** (a) The Resource  
11 Development Board is established in the Department of Community and Economic  
12 Development. The board is composed of five members, one of whom is the  
13 commissioner of community and economic development, and four persons appointed  
14 by the governor, of whom

15 (1) one member shall be appointed from a list of three persons  
16 submitted by the oil industry through its state trade association;

17 (2) one member shall be appointed from a list of three persons  
18 submitted by the gas industry through its state trade association;

19 (3) one member shall be appointed from a list of three persons  
20 submitted by the forest industry through its state trade association; and

21 (4) one member shall be appointed from a list of three persons  
22 submitted by the mining industry through its state trade association.

23 (b) Except for the commissioner of community and economic development,  
24 the board members appointed under (a) of this section serve at the pleasure of the  
25 governor for a four-year term. Each board member appointed under (a)(1) - (4) of this  
26 section

27 (1) shall be a state resident and qualified voter at the time of  
28 appointment and shall comply with the requirements of AS 39.50 (public official  
29 financial disclosure);

30 (2) holds office for the term of appointment and until a successor has  
31 been appointed and complies with the requirements of AS 39.50; and

1 (3) is eligible for reappointment.

2 (c) A vacancy in a board membership appointed under (a)(1) - (4) of this  
3 section occurring other than by expiration of term shall be filled in the same manner as  
4 the original appointment but for the unexpired term only.

5 (d) Members of the board do not receive compensation but are entitled to per  
6 diem and travel expenses authorized for boards and commissions under AS 39.20.180.

7 **Sec. 44.33.915. Board organization and operation.** (a) The board shall

8 (1) establish procedures for scheduling and organizing board meetings;

9 (2) annually elect one of its members as board chair and one of its  
10 members as vice-chair; a member may be reelected to serve additional terms as chair  
11 or vice-chair; and

12 (3) subject to appropriation for the purpose, employ persons to serve as  
13 staff to the board in the exercise of its responsibilities.

14 (b) Three members of the board constitute a quorum. Each decision of the  
15 board requires the affirmative vote of a majority of the board members.

16 (c) The Departments of Community and Economic Development, Fish and  
17 Game, Environmental Conservation, and Natural Resources shall provide technical  
18 staffing and information as needed by the board.

19 **Sec. 44.33.917. Duties of the Resource Development Board.** (a) The  
20 Resource Development Board shall facilitate the commercial development of the  
21 state's natural resources by authorizing matching grants from the resource  
22 development fund established under AS 44.33.911 to private nonprofit corporations to  
23 assist in the promotion of the development of resources having commercial promise  
24 using methods of responsible resource extraction. To that end, the board shall review  
25 proposals for projects and, if the project is found feasible under standards for  
26 evaluation of proposed projects approved by the board, may, after setting out the terms  
27 and conditions for use of the grant, award a matching grant for conducting market  
28 research, advertising, promotion, education, establishing and operating a system for  
29 responding to inquiries, and publishing and distributing information, including  
30 establishing and maintaining Internet sites. To qualify for a grant under this section, a  
31 private nonprofit corporation shall provide from other sources at least that percent of

1 the estimated total cost of the project for which the financial assistance is sought that  
2 the board requires. The board shall set out the terms and conditions of the use of the  
3 grant in a contract.

4 (b) In the award of matching grants under (a) of this section, the Resource  
5 Development Board shall give preference to a private nonprofit corporation organized  
6 under AS 10.20.

7 (c) The amount of a grant from the resource development fund provided to a  
8 private nonprofit corporation under (a) of this section may not exceed \$500,000.

9 (d) A grant or portion of a grant made under (a) of this section may not be  
10 used for the purpose of influencing the outcome of an election on a ballot proposition  
11 or question or influencing issue-specific legislation at the state or local government  
12 level.

13 \* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to  
14 read:

15 TRANSITIONAL PROVISION. Notwithstanding AS 44.33.913(b), added by sec. 2  
16 of this Act, the persons first appointed by the governor to the Resources Development Board  
17 serve initial terms as follows:

- 18 (1) one member appointed under AS 44.33.913(a) serves a one-year term;  
19 (2) one member appointed under AS 44.33.913(a) serves a two-year term; and  
20 (3) one member appointed under AS 44.33.913(a) serves a three-year term.

# Alaska State Legislature

REPRESENTATIVE  
HUGH "BUD" FATE

Mailing Address:  
119 N. Cushman, Suite 101  
Fairbanks, Alaska 99701  
(907) 452-4448  
Fax: (907) 456-3346



## House Of Representatives

While in session  
State Capitol  
Juneau, Alaska  
99801-1182  
(907) 465-4976  
Fax: (907) 465-3883

House District 33

### CSHB 205 (Resource Development Board) Proposed Changes to HB 205

- The Resource Development Fund and Board have been placed under the Department of Community and Economic Development to reduce the costs associated with administering and processing the grants.
- Twenty percent of the balance of the Resource Development Fund, after administrative costs, will be appropriated to the New Business Incentive Fund authorized under AS 45.811.010 – 050. The New Business Incentive Program was an economic development grant program established by the legislature in 1998 to attract companies to Alaska that build on our resource base.
- The Resource Development Board members have been reduced from seven members to five to improve efficiency of the board. Four of the board members to be appointed by the Governor will be submitted by the forest, mining, oil, and gas industries', state trade associations, and the fifth member will be the Commissioner of the Department of Community and Economic Development.
- The Resource Development Board will authorize matching grants and will determine the matching percentage for each grant.
- Each grant authorized by the Resource Development Board will be limited to \$500,000.
- Nonprofit corporations organized under the Alaska Nonprofit Corporation Act, AS 10.20., will be given preference for receiving grants from the Resource Development Board.
- Grants may not be used for influencing the outcome of an election or a ballot proposition or influencing issue-specific legislation at the state or local government level.

22-LS0803C  
Chenoweth  
4/5/01

**CS FOR HOUSE BILL NO. 205( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - FIRST SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVE FATE**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to resource development, to the new business incentive program, and**  
2 **to matching grants for the purpose of promoting resource development from**  
3 **appropriations of a portion of the revenue derived from the extraction of certain state**  
4 **natural resources."**

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

6 **\* Section 1. AS 39.50.200(b) is amended by adding a new paragraph to read:**

7 **(57) Resource Development Board (AS 44.33.913).**

8 **\* Sec. 2. AS 44.33 is amended by adding new sections to read:**

9 **Article 14. Resource Development.**

10 **Sec. 44.33.911. Resource development fund. (a) The resource development**  
11 **fund is established in the Department of Community and Economic Development.**

12 **(b) From the money received in the administration of the resources of the state**  
13 **under AS 38.05, the legislature may appropriate an amount equal to one-quarter of one**  
14 **percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral**

1 revenue sharing payments, and bonuses received by the state as follows:

2 (1) for expenses associated with costs of administration of the work of  
3 the Resource Development Board under AS 44.33.913 - 44.33.917;

4 (2) after allowance for the expenses described in (1) of this subsection,  
5 not more than 20 percent of the remaining estimated balance of the amount authorized  
6 for appropriation under this subsection to the new business incentive fund for purposes  
7 authorized by AS 45.81.010 - 45.81.050; and

8 (3) the remaining estimated balance of the amount authorized for  
9 appropriation under this subsection to the resource development fund.

*mcbrine  
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10 **Sec. 44.33.913. Resource Development Board.** (a) The Resource  
11 Development Board is established in the Department of Community and Economic  
12 Development. The board is composed of five members, one of whom is the  
13 commissioner of community and economic development, and four persons appointed  
14 by the governor, of whom

15 (1) one member shall be appointed from a list of three persons  
16 submitted by the oil industry through its state trade association;

17 (2) one member shall be appointed from a list of three persons  
18 submitted by the gas industry through its state trade association;

19 (3) one member shall be appointed from a list of three persons  
20 submitted by the forest industry through its state trade association; and

21 (4) one member shall be appointed from a list of three persons  
22 submitted by the mining industry through its state trade association.

23 (b) Except for the commissioner of community and economic development,  
24 the board members appointed under (a) of this section serve at the pleasure of the  
25 governor for a four-year term. Each board member appointed under (a)(1) - (4) of this  
26 section

27 (1) shall be a state resident and qualified voter at the time of  
28 appointment and shall comply with the requirements of AS 39.50 (public official  
29 financial disclosure);

30 (2) holds office for the term of appointment and until a successor has  
31 been appointed and complies with the requirements of AS 39.50; and

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(3) is eligible for reappointment.

(c) A vacancy in a board membership appointed under (a)(1) - (4) of this section occurring other than by expiration of term shall be filled in the same manner as the original appointment but for the unexpired term only.

(d) Members of the board do not receive compensation but are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180.

**Sec. 44.33.915. Board organization and operation.** (a) The board shall

(1) establish procedures for scheduling and organizing board meetings;

(2) annually elect one of its members as board chair and one of its members as vice-chair; a member may be reelected to serve additional terms as chair or vice-chair; and

(3) subject to appropriation for the purpose, employ persons to serve as staff to the board in the exercise of its responsibilities.

(b) Three members of the board constitute a quorum. Each decision of the board requires the affirmative vote of a majority of the board members.

(c) The Departments of Community and Economic Development, Fish and Game, Environmental Conservation, and Natural Resources shall provide technical staffing and information as needed by the board.

*Beverly's Point.*

**Sec. 44.33.917. Duties of the Resource Development Board.** (a) The

Resource Development Board shall facilitate the commercial development of the state's natural resources by authorizing matching grants from the resource development fund established under AS 44.33.911 to private nonprofit corporations to assist in the promotion of the development of resources having commercial promise using methods of responsible resource extraction. To that end, the board shall review proposals for projects and, if the project is found feasible under standards for evaluation of proposed projects approved by the board, may, after setting out the terms and conditions for use of the grant, award a matching grant for conducting market research, advertising, promotion, education, establishing and operating a system for responding to inquiries, and publishing and distributing information, including establishing and maintaining Internet sites. To qualify for a grant under this section, a private nonprofit corporation shall provide from other sources at least that percent of

1 the estimated total cost of the project for which the financial assistance is sought that  
2 the board requires. The board shall set out the terms and conditions of the use of the  
3 grant in a contract.

4 (b) In the award of matching grants under (a) of this section, the Resource  
5 Development Board shall give preference to a private nonprofit corporation organized  
6 under AS 10.20.

7 (c) The amount of a grant from the resource development fund provided to a  
8 private nonprofit corporation under (a) of this section may not exceed \$500,000.

9 (d) A grant or portion of a grant made under (a) of this section may not be  
10 used for the purpose of influencing the outcome of an election on a ballot proposition  
11 or question or influencing issue-specific legislation at the state or local government  
12 level.

13 \* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to  
14 read:

15 TRANSITIONAL PROVISION. Notwithstanding AS 44.33.913(b), added by sec. 2  
16 of this Act, the persons first appointed by the governor to the Resources Development Board  
17 serve initial terms as follows:

- 18 (1) one member appointed under AS 44.33.913(a) serves a one-year term;  
19 (2) one member appointed under AS 44.33.913(a) serves a two-year term; and  
20 (3) one member appointed under AS 44.33.913(a) serves a three-year term.