

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

11072 HOUSE STATE AFFAIRS

Sec. 1:

What is the rationale for converting "emergency services" into "emergency management"? The term "Emergency Management" is broader based and fits all of functions we currently do while "Emergency Services" describes a narrow perspective of a first responder. This has long confused the local jurisdictions as most think of this title as "Emergency Medical Services". Additionally the overwhelming majority of States use the term "Emergency Management" in the title of their organizations.

What type of emergency is the division in charge of? Does it manage emergencies? If so, where and under what circumstances? Section 1 relates only to purpose and what types of emergencies we are in charge of are covered within AS 26.20 and this law is only the Civil Defense portion.

Sec 2:

Why establish a Legislative subcommittee in statute? Why is the selection process so cumbersome?

What are the requirements of a federal security clearance or interim security clearance?

Page 4: Powers and Duties of Legislative committee: how does this committee determine ability to mount prompt response "to emergencies or disasters"

- what about forest fires (urban interface leading threat to communities)
- what about oil spills
- What happens to the State Emergency Response Commission — it has the same responsibility
- Does committee review other departments' emergency plans in addition to DMVA? DNR, DEC, Econ, etc?

Page 5, line 5: what is a subcommittee of a permanent interim committee?

- Requests for Information: vague scope of authority, interesting to be able to request info from the Gov in addition to state departments
- New Sec. at line 20: can you decipher this? A lot of "it's"
- Consider how this section relates to the "secret" security clearance needed by committee members? Why is this level of "managing" secrets needed? What, if anything, could the com do if it had secret or confidential information?
- Page 7, line 17: how will the committee get staff that meet security clearance? What does it take! cost to administer management of security clearances?

Simply this section was added at the request of various Senators to create a body that has the ability to receive and review classified and sensitive information relative to HLS matters. The concern was this Division had to be able report on accomplishments made with the funding provided through legislative appropriation that may be sensitive. They further added language to provide the ability for the legislature to react quickly with necessary support as needed.

Sec. 5:

See page 9, line 28: note the frequent use of the term "coordinate" ... who is in charge? If a terror act is a crime, why isn't I in charge along with fed police agencies? Remember Exxon Valdez response — in those days DEC "coordinated" now they are statutorily mandated as the Lead state agency on oil & hazmat incidents / spills. Also, DNR is Lead state agency for fire suppression.

The DPS was fully involved in the development and revision of this bill to include this section and has no problem with the content. Coordination is allowed to give the Governor the ability to task those necessary as the Governor is who is in charge under a Unified Command Structure which is fully understood and accepted by DEC, DNR and DPS.

Sec 6:

Notice the name of the new Division: what do they "manage"? The division now provides services (grant money, arguably training and exercise services, etc) — they do not come into a community and manage a disaster response operation — the local community has that responsibility — what does this bill do to empower the new division to manage Where in this bill does it say "who is in charge"?

The role of State Emergency Management is to provide coordination and management of resources necessary to provide response and recovery. The local community does have the role of their own disaster response operation and the State only becomes involved when the local requests assistance. The State then does not take over the role of the locals but instead supports and coordinates with them as per AS 26.20. We believe this is what Management means again we do not provide the Services as first responders. The Services that are listed above are encompassed in our Emergency Management Programs and have always been referred to as programs.

Page 12; line 16— this language suggest the DMVA folks will have police powers yet they do not get police training

- line 22: establish chains of command in plans? Shouldn't the agencies with responsibility (DPS, DNR, DEC. etc) do this if they are already for law enforcement, etc.?

- line 24; what is the organized militia? Again "coordination and deployment" language, but not clear description of who is in charge?

- line 28: what background does the new division have to design local security plans? Why is the new division involved in "police function" activities? Will "planners" tell local police how to develop and execute law enforcement strategies?

--- this is a key point: the new division will condition the pass through of federal grant money to locals based on the plans that they require

- line 30; again 'coordinate' term is used ... the use of the term "homeland security activities" is very broad. Will the new division coordinate federal, state and local law enforcement activities as well?

There are no police powers given to HLS in Section 6. The investigative powers in this section are not Executive Powers exercised through law enforcement. The authority to coordinate such functions as risk assessment, defense planning, and crisis management are what is reflected in this section. The investigation envisioned in this section is a management tool focused on risk assessment and mitigation only, as agreed to by the above departments. The organized militia is defined in existing AS 26.05.030 as including the National Guard, the Naval Militia (Naval Reserve and USMC Reserve) and the Alaska State Defense Force. The bill, which authorizes DMVA to assist local and private agencies in designing homeland security plans, does not authorize DMVA to tell local police how to develop and execute law enforcement strategies.

Page 13; line 1 ..notice all the plans, why not one master plan with annex's like the state oil spill plan? The division folks say they will do this but if the statute identifies multiple plans, you will get lots of state planners and lots of plans and lots of confusion.

- ask for information on the current state emergency plan — the current DES folks like to call it a "concept" document ... compare it to any other state and you can how poor it is.

- the crux of the problem is there in no SYSTEM to manage mandated by this bill!

- Line 6: this language could be a blank check to the division on what they determine to be homeland security matters

- Line 22; more blank check language

Obviously there is disagreement between the author and the DMVA on this issue. We believe the most important focus of our emergency plan for a statewide response is to be a functional tasking document to ensure appropriate resource allocation. The other departments have steadfastly pressed for a non-directive document and in fact the Federal Government's response plan (the National Response Plan) is written in the same manner as are many other States. We also need to remember that there are various federal requirements for plans that cannot be accomplished in ONE overall plan. Further, it would be inappropriate to specify by statute the number of or form of homeland security or emergency plans or the particular emergency management system to be employed. Additionally the State Oil Spill Plan is an operational plan with a very narrow focus on one event. The challenge is to have an overall document that provides the functional framework to ensure that each operational plan has the resources needed to accomplish it's mission.

Page 15 Sec. 9 — will a special session be required for this? Why not use the current system laid out in AS 26 re: legis oversight of disasters?

- notice too the absence of any source of disaster money to fund HLS activities?

- How can a new division be created at NO COST?

- What happens as federal grant money dries up?

- How much federal money will be spent on the new division?

- Will DES's current budget be commingled with the new HLS federal dollars?

The ability to declare an emergency in this section relates to the ability of the Governor to respond to a heightened level of threat and to exercise the necessary powers under section 8. The Alaska Disaster Act under 26.23.020 provides the ability to declare a disaster after an event has occurred and provides for recovery and funding for that action. The current Division of Homeland Security is funded through Legislative Appropriation in one BRU that contains Emergency Management. There is no additional cost for creation of a new Division as that was already provided for and efficiencies were obtained by combining the two existing divisions into one.

Sec. 10;

- read (2) very closely, notice how few definitions there are
- what is a critical property or facility?
- Who runs the checkpoints? State militia? What is their training ... who are these guys and do they carry guns, can they make arrests, etc.?

The Critical Facilities for Alaska were developed by the Governor's Homeland Security Task Force and are law enforcement sensitive and should not be published in a document through definitions. Any future revisions to the Critical Facilities List would be reviewed and approved by the new Governor's Homeland Security Executive Cabinet. Section 10 was developed with the full cooperation of the DPS and DOT/PF with agreed coordination for the deployment and establishment of checkpoints.

Sec. 13:

- line 10; Notice the removal of reference to pass through to local governments (deletion of state district)
- line 22; no clear language to reference local role

The old statute was in reference to the Civil Defense laws and allowed for Civil Defense Districts that no longer exist. Civil defense districts were a layer of bureaucracy established in 1951 separate from local governments, and removal of this unnecessary layer throughout the bill enhances rather than reduces the ability of local governments to participate. The concern over lack of reference to locals is not of concern in this section as all the requirements for locals are under AS 26.23 and all pass through of funds for those activities is considered under that law and through our budget documents.

Sec. 14:

- need to get a good explanation of what is excluded from this HIS bill
- all other facilities will be subject to the new authority of I
- this is important — most of the places where there is a threat are likely excepted due to current federal requirements
- I would suggest getting a list of these locations, most would be surprised how many places now have fed, security plans required ... makes the need for new HLS powers seem questionable

This State Law does not try to override or conflict with the federal law and requirements for HLS planning activities. This law has been fully coordinated with the other departments who raised the issues of compliance with their federal regulations. This well coordinated legislative initiative meets our needs and those of our planning partners without creating conflicts.

Thoughts.

The State Emergency Response Commission was not involved in development of this legislation. The current Act could be revised by the Governor if needed. I am not aware of the Gov. pushing this bill

Be suspect of a new division being created with no dollars related to it

If the bulk of HLS activities are quasi law enforcement and security related, why isn't DPS more in the lead?

Why not review the entire state EMERGENCY MANAGEMENT SYSTEM?

There is not a system in place to effectively manage resources outside of DNR / Fire and DEC / oil spills.

There should be no problem continuing to receive federal [ money is this bill is not passed.

Why not have a panel of experts review the state of the state emergency management system and provide a comprehensive strategy to the legis for a fix.

This bill has been developed with the input and coordination of our State and federal Law Enforcement Agencies as well as the Governor's Homeland Security Executive Cabinet and external entities such as the American Civil Liberty Union, and other organizations. The SERC simply didn't need to play a role in this type of statute development, nor did any SERC members ask for SERC involvement. The Division received comments from SERC member agencies DEC, DNR, and DOT/PF and revised the bill significantly to address the concerns of each. In addition to being a public member of the SERC, Mr. Butler is the public at large member of the Governor's Homeland Security Executive Cabinet; he participated in a Homeland Security Executive Cabinet meeting on April 7, 2004 at which the bill was discussed and did not raise these concerns. Neither he nor any other SERC members requested that the SERC become involved in the legislation. The Governor can amend his A/O to change the structure of the Division however he cannot amend the outdated Civil Defense Laws through an A/O. Since those laws give us the power and responsibility to hold such outdated activities as air raid blackouts, forcible evacuation drills, shutting down infrastructure utilities for exercises and actual incident, and even control of public meetings and gatherings the Governor's Office believes this is an important updated piece of legislation to pass. The DMVA has received many accolades for the Homeland Security and Emergency Management organization and accomplishments to date.



## SENATOR FRED DYSON

### SPONSOR STATEMENT CSSB 385 (JUD)

*(Homeland security, civil defense, emergencies, and disasters)*

Updated 4-26-04 Contact: Office of Senator Fred Dyson

The primary purposes of the legislation are (1) to amend existing civil defense statutes to update them for homeland security purposes; (2) to amend existing disaster statutes to make them applicable to homeland security and outbreaks of disease, (3) to combine two divisions in the Department of Military and Veterans Affairs into a single Division of Homeland Security and Emergency Management; and (4) to establish the Homeland Security and Emergency Management Subcommittee as a legislative subcommittee of the Joint Armed Services Committee.

The civil defense chapter in the DMVA statutes, AS 26.20, was enacted in 1951 during the cold war. The bill updates this chapter to make it relevant to homeland security. It specifies that DMVA shall coordinate homeland security and civil defense functions in the state in cooperation with and with assistance from other state agencies. It authorizes DMVA to undertake certain homeland security planning and preparedness activities. It also repeals obsolete and potentially far-reaching civil defense powers and requirements.

The bill authorizes the Governor to declare an emergency to exercise specified emergency powers in the event of a terrorist attack or a credible threat of imminent attack in the state. "Credible threat" requires certification by the commissioner of DMVA, in consultation with the commissioner of the Department of Public Safety and based on specific reliable information, that there is a high probability of attack in the near future. It also authorizes the Governor to declare a disaster and exercise the Governor's disaster powers in the event of an attack or imminent threat of attack, or an outbreak of disease or an imminent threat of an outbreak, again requiring certification of the threat. Such declarations are effective for a maximum of 30 days, and the legislature also may terminate the declared emergency or disaster at any time by law.

The bill also authorizes DMVA, in coordination with DPS and the Department of Transportation and Public Facilities, to establish checkpoints along roadways serving critical property or facilities in the state (such as oil pipelines), at the direction of the Governor. This provision strikes a balance between civil liberties and important homeland security concerns. It limits checkpoints to inspection of persons and vehicles for explosives or other instruments capable of causing widespread severe injury, and it applies only to those passing the checkpoints and not to those choosing to turn around. The checkpoints can be established only when the Governor determines that a sufficiently high threat of attack exists to warrant such action (for example, when the federal homeland security threat level is raised to high or extreme). The

Governor need not wait until there is a high probability of an attack in the state, as would be required for a declaration of a homeland security emergency or a disaster.

The bill consolidates DMVA's Division of Emergency Services and its Division of Homeland Security into a single division, the Division of Homeland Security and Emergency Management. Finally, the bill establishes a new Homeland Security and Emergency Management Subcommittee, a subcommittee of the legislature's Joint Armed Services Committee to review on state activities, plans, recommendations, and other materials relating to homeland security and civil defense, emergencies, and disasters, and to report back to the legislature as necessary. The subcommittee is authorized to obtain information from state agencies relating to these matters, and members of the subcommittee must have or obtain federal security clearance at the secret level.



## SENATOR FRED DYSON

### SECTIONAL ANALYSIS CSSB 385 (JUD)

*An Act relating to homeland security, to civil defense, to emergencies and to disasters, including disasters in the event of attacks, outbreaks of disease, or threats of attack or outbreak of disease; establishing the Alaska division of homeland security and emergency management in the Department of Military and Veterans' Affairs and relating to the functions of that division and that department; and providing for an effective date.*

Updated 4/26/04 Contact: Office of Senator Fred Dyson

The primary purposes of the legislation are (1) to amend the existing civil defense chapter of the military affairs and veterans statutes (AS 26.20) to update it for homeland security purposes; (2) to amend provisions of the existing disaster chapter (AS 26.23) to make it applicable to attacks and outbreaks of disease, (3) to combine two divisions in the Department of Military and Veterans Affairs (Division of Emergency Services and Division of Homeland Security) into a single division (Division of Homeland Security and Emergency Management); and (4) to establish as a statutory subcommittee the Homeland Security and Emergency Management Subcommittee as a legislative subcommittee of the Joint Armed Services Committee.

- Section 1 states the bill's purpose of furthering the consolidation of DMVA's Division of Emergency Services and its Division of Homeland Security into a single division, the Division of Homeland Security and Emergency Management.

- Sections 2 and 23 establish a new Homeland Security and Emergency Management Subcommittee as a subcommittee of the Joint Armed Services Committee of the legislature. The subcommittee may review state activities, plans, and materials relating to homeland security, emergencies, and disasters. It shall prepare a report to each legislature and may provide additional reports and recommendations on these matters. The subcommittee may request information from the Division of Homeland Security and Emergency Management, the Governor, and other agencies or persons. Subcommittee members must have or obtain federal security clearance at the secret level to enable their receipt of classified information. The bill includes procedures for keeping information confidential. Section 21 is a sunset provision terminating the subcommittee on January 1, 2009.

- Sections 3, 5, 8, 10, 11, 12, 13, and 24 update existing statutes to make them applicable to homeland security as well as to civil defense activities. The present civil defense chapter, AS 26.20, was enacted in 1951 during the cold war. Including "homeland security" updates this chapter to reflect current homeland security concerns. The overall scope of AS 26.20 is not significantly expanded, since "civil defense" presently is defined to include "the protection and defense of the civilian population by the organized efforts of the residents of the state other than those in the military service."

- Section 4 declares the purpose of AS 26.20 and the policy of the state that all homeland security and civil defense functions in the state be coordinated by DMVA, with the cooperation and assistance of all state agencies.

- Section 5 contains similar coordination and cooperation provisions and specific statutory authority for the preparation and implementation of homeland security plans. It authorizes DMVA to advise the Governor and the legislature on homeland security and civil defense and to coordinate state agencies in providing recommendations to the Governor for response as threats of attack change. Section 5 also repeals existing statutory authority authorizing DMVA to "assume direct operational control," to "give directions to state and local law enforcement officers and agencies," and to "take any measures that it considers proper" in response to a request from the president. Finally, in the event the Governor delegates additional authority to DMVA in a disaster or homeland security emergency, section 5 authorizes DMVA to exercise such additional authority as may be delegated by the Governor.

- Section 6 establishes in statute the homeland security duties of the Division of Homeland Security and Emergency Management.

- Section 8 authorizes the Governor to declare an emergency and exercise existing powers under AS 26.20 in the event of a "credible threat of imminent attack," without having to wait for an actual attack, as is presently required. Section 8 also adds to the Governor's homeland security emergency powers certain powers presently available in a declared disaster.

- Section 9 defines "credible threat of imminent attack," which triggers the Governor's emergency powers. It requires certification by the commissioner of DMVA, in consultation with the commissioner of the Department of Public Safety, that a threat has a high probability of occurring in the near future, based on specific reliable information. Section 9 also authorizes provides that a declared homeland security emergency may not remain in effect more than 30 days unless extended by the legislature, and authorizes the legislature to terminate a declared homeland security emergency at any time by law.

- Section 10 amends the existing traffic control statute to authorize DMVA, in coordination with DPS and DOT&PF, to establish checkpoints along roadways serving critical property or facilities in the state (such as oil pipelines), at the direction of the Governor. This provision strikes a balance between civil liberties and important homeland security concerns. It limits checkpoints to inspection of persons and vehicles for explosives or other instruments capable of causing widespread severe injury, and it applies only to those passing the checkpoints and not to those choosing to turn around. The checkpoints can be established only when the Governor determines that a sufficiently high threat of attack exists to warrant such action (for

example, when the federal homeland security threat level is raised to high or extreme). The Governor need not wait until there is a high probability of an attack in the state, as would be required for a declaration of a homeland security emergency or a disaster.

- Section 14 makes it clear, to avoid confusion to regulated industries or the public, that state homeland security requirements do not apply to facilities, aircraft, vessels, and other means and modes of transportation that are subject to federal homeland security requirements, including specified aviation security requirements and maritime and land security requirements.

- Section 15 adds new definitions to the homeland security and civil defense chapter, including definitions of "attack" (meaning "the use of weapons, explosives, chemicals, biological or biochemical agents, or other instruments with the potential for major force or impact, with apparent intent to inflict widespread or severe injury to persons or property") and "homeland security" (meaning "the detection, prevention, preemption, and deterrence of, protection from, and response to, attacks targeted at territory, population, or infrastructure in this state").

- Section 16 authorizes the Governor to allocate or redistribute medicine and other supplies in the event of a disaster, which adds to the Governor's existing authority to allocate or redistribute food, water, fuel and clothing in the event of a disaster.

- Section 17 adds a cross-reference to the Alaska disaster statutes, cross-referencing the civil defense and homeland security functions of the Division of Homeland Security and Emergency Management.

- Section 18 states the relationship of AS 26.20 (homeland security and civil defense) and AS 26.23 (disasters). The Governor may find it necessary to declare a disaster emergency under AS 26.23 in the event of an attack or an imminent threat of an attack. If so, this section makes it clear statutes in AS 26.23 shall govern if a conflict arises between statutes in AS 26.20 and statutes in AS 26.23.

- Section 19 authorizes the Governor to declare a disaster and to exercise the Governor's disaster management powers in the event of an attack or imminent threat of attack or in the event of an outbreak of disease or an imminent threat of an outbreak of disease, requiring certification of the threat from the appropriate commissioners.

- Sections 3, 5, 7, 11, 13, and 20 repeal several existing statutory provisions that are obsolete and that could be viewed as giving the government unnecessary and potentially overreaching powers. These include provisions (1) authorizing the establishment of local civil defense districts, with authority to issue orders and adopt regulations (districts have not been

established and would create an unnecessary bureaucracy); (2) providing that civil defense orders and regulations adopted by the Governor, DMVA, local districts, and other authorized agencies have the "effect of law"; (3) automatically suspending conflicting laws, ordinances or regulations; (4) directing the federal government and local law enforcement to enforce civil defense orders and regulations, (5) requiring a loyalty oath from civil defense personnel; and (6) prohibiting civil defense organizations from participating in any form of political activity.

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: CSSB 385(HES)  
(S) Publish Date: 4/8/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Military & Veterans' Affairs  
Title An act relating to homeland security BRU Homeland Security & Emergency Ser  
Component Homeland Security & Emergency Ser  
Sponsor Senator Fred Dyson  
Requester Military & Veterans' Affairs Component No. 2657

### Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	0.0	*	*	*	*	*
Travel	0.0	*	*	*	*	*
Contractual	0.0	*	*	*	*	*
Supplies	0.0	*	*	*	*	*
Equipment	0.0	*	*	*	*	*
Land & Structures	0.0	*	*	*	*	*
Grants & Claims	0.0	*	*	*	*	*
Miscellaneous	0.0	*	*	*	*	*
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	0.0	*	*	*	*	*
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CHANGE IN REVENUES ( )	0.0	*	*	*	*	*
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FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts	0.0	*	*	*	*	*
1003 GF Match	0.0	*	*	*	*	*
1004 GF	0.0	*	*	*	*	*
1005 GF/Program Receipts	0.0	*	*	*	*	*
1037 GF/Mental Health	0.0	*	*	*	*	*
Other (Specify Type--Do not abbreviate)	0.0	*	*	*	*	*
<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 (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

#### POSITIONS

Full-time	0.0	*	*	*	*	*
Part-time	0.0	*	*	*	*	*
Temporary	0.0	*	*	*	*	*

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

The department strongly supports this legislation. It is needed for implementation for Homeland Security programs. Implementation will have no fiscal impact to the Department of Military & Veterans' Affairs.

Prepared by: John Cramer, Director Phone (907) 465-4602  
Division: Administrative Services Date/Time 4/5/04 2:07 PM  
Approved by: Commissioner Craig Campbell Date 4/5/2004  
Agency: Department of Military & Veterans' Affairs

SCR

4



March 25, 2003

Good morning Mr. chairman and members of the House Finance Committee.

My name is Bob Janes, I have lived in Douglas for 38 years. During that time I worked for the U.S. Forest Service for 18 years.

I support this Resolution about snow avalanche awareness, both as a concerned citizen of our state, and as a current board member for the Southeast Alaska Avalanche Center.

In the early 1980's the Forest Service was a lead agency in helping to develop and operate a statewide avalanche warning system for Alaska. It was a cooperative effort, with twelve federal, state, and municipal government agencies participating. My job was to represent the Forest Service in that project.

This Resolution should help to strengthen the awareness of the dangers and risks involved with snow avalanches throughout Alaska. I am hopeful that it may also be a step toward restoring the operation of a statewide avalanche warning system fully capable of meeting the needs for effective avalanche education and forecasting.

Thank you for this opportunity to testify in its behalf.

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# ALASKA STATE LEGISLATURE



(907) 376-3157 Fax

**SENATOR LYDA GREEN**  
SENATE DISTRICT G

## **SPONSOR STATEMENT FOR SCR4**

### **A Resolution relating to Avalanche Awareness Month**

Alaska is avalanche country. Each year Alaska loses more people to avalanches than any other state, regardless of population. During the last four winters alone, 31 Alaskans have died in avalanches. This winter, school buses on Thane road in Juneau were hit two times by avalanche dust clouds. It is chilling to think of the possible outcomes. While often little can be done to prevent the occurrence of an avalanche, much can be done to prevent the loss of life from avalanches.

Senate concurrent Resolution 4 would proclaim November 2003 as Avalanche Awareness Month. This proclamation would raise public awareness of the hazards associated with avalanches, and the opportunities to participate in avalanche safety training at the beginning of the winter recreational season. It is hoped that public participation in avalanche safety programs will be increased and that this increased participation will result in saved lives during the winter.

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSSCR 4(STA)  
 (S) Publish Date: 3/10/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: \_\_\_\_\_  
 Title AVALANCHE AWARENESS MONTH BRU \_\_\_\_\_  
 Sponsor Senator Green Component \_\_\_\_\_  
 Requester Senate State Affairs Committee Component No. \_\_\_\_\_

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
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>						
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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>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 (FY2003) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

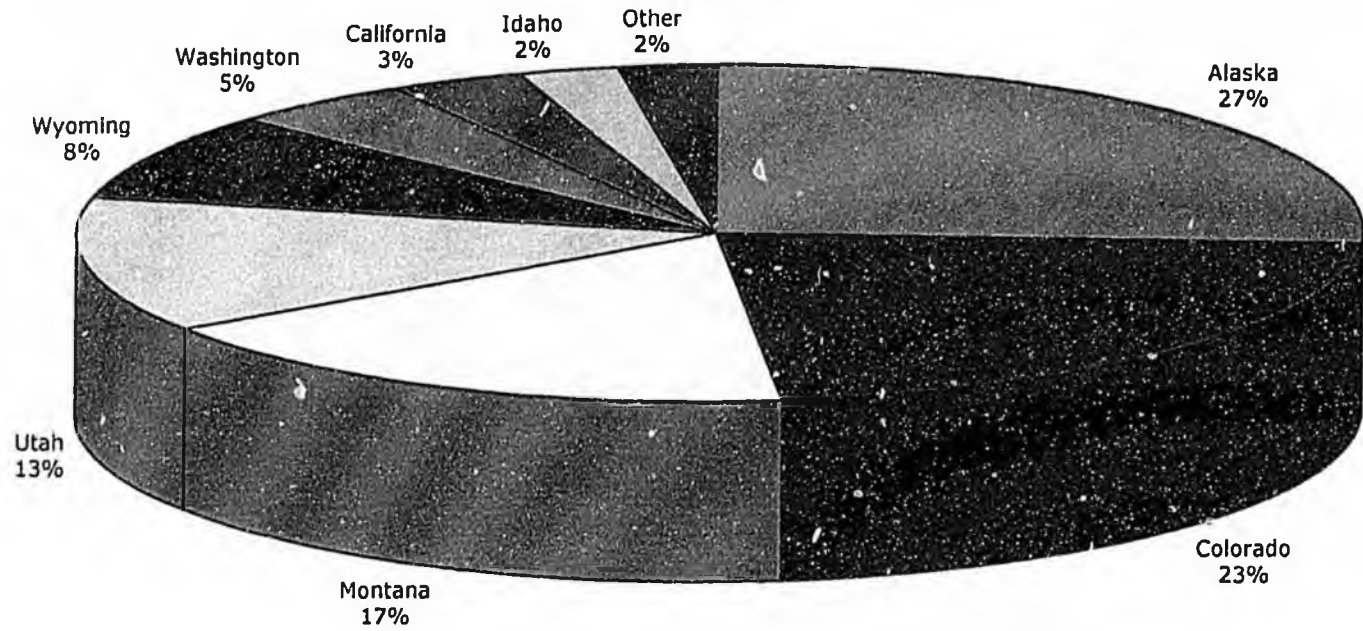
**ANALYSIS:** (Attach a separate page if necessary)

Prepared by: SENATE STATE AFFAIRS COMMITTEE Phone 465-4522  
 Division \_\_\_\_\_ Date/Time 3/7/03 1:55 PM  
 Approved by: Senator Gary Stevens, Chair Date 3/7/2003  
 Agency \_\_\_\_\_

## US Avalanche Fatalities by State, 1998-2002

N=121

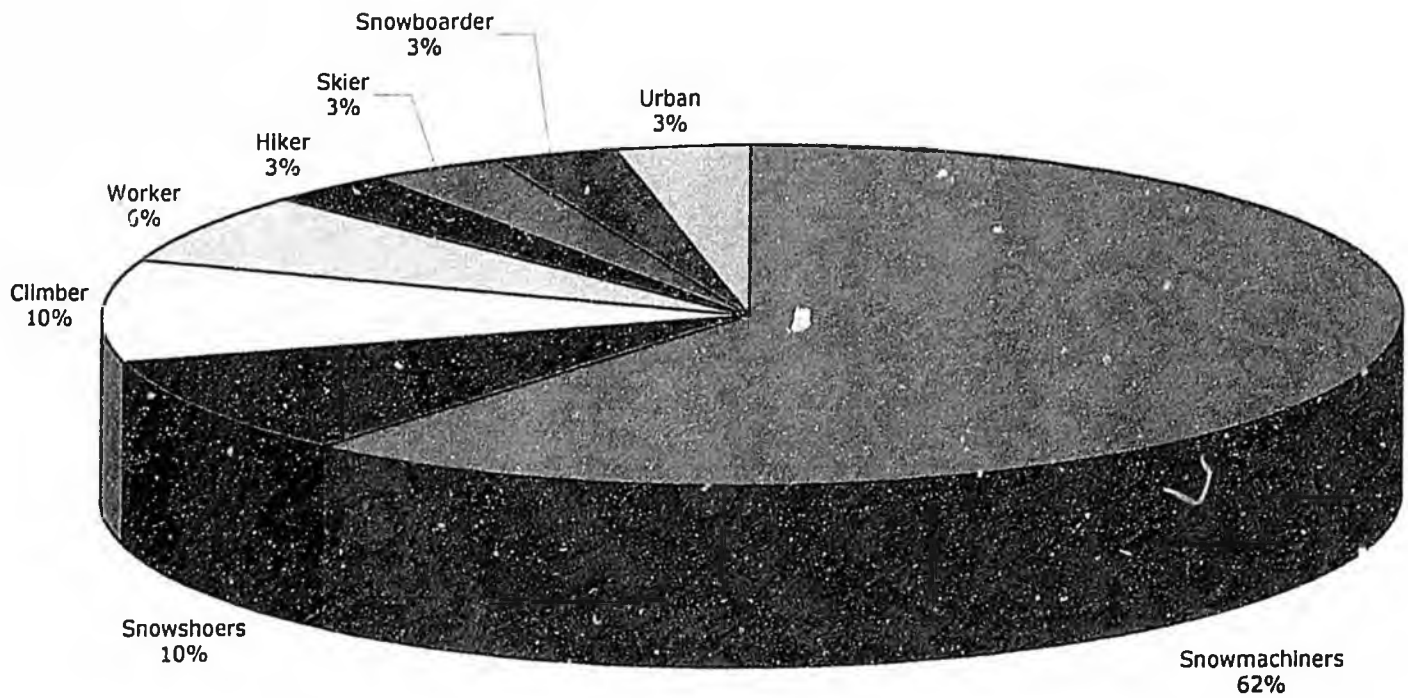
Compiled by Southeast Alaska Avalanche Center, 06-24-02



## Alaska Avalanche Fatalities by Activity 98-02

N=31

Compiled by Southeast Alaska Avalanche Center, 06-24-02



SCR

13



# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SCR 13  
 (S) Publish Date: 5/17/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Department of Corrections  
 Title \_\_\_\_\_ BRU Administration & Operations  
 Component \_\_\_\_\_  
 Sponsor \_\_\_\_\_  
 Requester \_\_\_\_\_ Component No. \_\_\_\_\_

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<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>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
-----------------------------	------------	------------	------------	------------	------------	------------

<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
-------------------------------	------------	------------	------------	------------	------------	------------

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type--Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
<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 (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 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)

The Department currently is in the process of examining its menus to assess the feasibility of increasing the use of Alaska salmon products. Regardless of the passage of this resolution, the Department will be negotiating for the use of Alaska salmon products in any future contracts for incarceration of prisoners in Arizona or other private prison or Community Residential Center contracts. The substitution of salmon for another product in each of the 600,000 meals per year would be expected to have no fiscal impact, as the Department would substitute salmon for a meat product of similar cost.

Prepared by: Jerry D. Burnett, Director  
 Division: Administrative Services  
 Approved by: Portia C.K. Parker, Deputy Commissioner  
 Agency: Department of Corrections

Phone 465-3339  
 Date/Time 5/12/03 2:57 PM  
 Date 5/12/2003

**SCR 13: Encouraging the Alaska Department of Corrections to provide canned Alaska Pink Salmon to inmates of the Alaska prison system.**

**Sponsor Statement**

This resolution promotes the use of Alaska's surplus canned pink salmon in our Alaska and Arizona prisons. A projected 60 million tall (14.75 oz) cans of pink salmon remain in surplus, with another strong year of pink salmon returns predicted for the 2003 season.

Salmon is a traditional Alaskan food, yet Alaska inmates, particularly those in Arizona, receive little Alaskan salmon in their diet. Canned pink salmon is an inexpensive source of Omega-3, a fatty-acid shown to decrease the risk for heart disease and other ailments. Canned pink salmon inventories are readily available in Alaska and Seattle for shipping to both Alaska and Arizona correctional facilities.

This resolution encourages correctional facilities throughout the state and the Florence Corrections Center in Arizona to serve wild Alaska canned pink salmon to promote inmate health. Increased consumption of canned pink salmon will benefit the state's commercial salmon industry by reducing surplus inventories.

MAY 06 2003

JASKOSKI, JOHN H<sup>P</sup>  
U.S. Survey 1917-Cape Ugat  
P.O. Box 8429  
Kodiak, AK 99615  
email: johnjaskoski@hotmail.com

April 29. 2003

Dan Ogg  
Representing District 36  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801

Dear Representative Ogg,

From Late October to early January just past, I was incarcerated mostly at Anchorage Jail. From then until 13 days ago, I was incarcerated at Palmer Correctional Center. At both institutions we were fed tunafish salad sandwiches approximately once per week. We were never fed salmon salad sandwiches. Throughout, only once were we fed salmon, that, a surprisingly decent grilled steak, at Palmer.

All of salmon consumption is one mouthful at a time.

I venture that while lobbying the Federal Govt. to purchase cans of salmon, credibility be enhanced by a record of this states use of canned, or frozen, salmon within its own system.

I hope that this point of information serves, and thank you for the consideration, remaining,

Cordially,

JASKOSKI, JOHN H<sup>P</sup>

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ORIGINAL  
COPIES



# UNITED FISHERMEN OF ALASKA

May 12, 2003

211 Fourth Street, Suite 110  
Juneau, Alaska 99801-1172  
(907) 586-2820  
(907) 463-2545 Fax  
E-Mail: [ufa@ufa-fish.org](mailto:ufa@ufa-fish.org)  
[www.ufa-fish.org](http://www.ufa-fish.org)

Senator Gary Stevens  
Chairman, Senate State Affairs Committee  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

RE: SCR 13 -- Providing Alaska Pink Salmon to Alaska Prisons

Dear Senator Stevens,

United Fishermen of Alaska supports this resolution. We see this as a win-win proposal for Alaska. Fishermen and the communities that depend on them will benefit from a reduced surplus of pink salmon, and these fish are an economical and healthy choice for a balanced diet for those incarcerated. New product developments by Alaska's salmon processors include delicious salmon burgers and patties, ready to eat seasoned fillets with a variety of sauces, and many other innovations besides the canned pinks that we also enjoy.

We encourage your support of SCR 13.

Sincerely,

Jeff McCune  
Government Relations

Bob Thorstenson, Jr.  
President

Copy: Senator Georgianna Lincoln

#### MEMBER ORGANIZATIONS

Alaska Crab Council • Alaska Druggists Association • Alaska Longline Fishermen's Association • Alaska Trollers Association • At-sea Processors Association • Bristol Bay Reserve  
Chignik Regional Aquaculture Association • Chignik Seiners Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association • Cordova District Fishermen United  
Crab Rationalization and Buyback Group • Douglas Island Pink and Chum • Groundfish Forum • Ketchikan Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association  
Kodiak Seiners Association • North Pacific Fisheries Association • Northern Southeast Regional Aquaculture Association • Old Harbor Fishermen's Association  
Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Pure Seine Vessel Owners Association • Seafood Producers Cooperative  
Southeast Alaska Regional Dir. Fisheries Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association  
United Cook Inlet Dir. Association • United Salmon Association • United Southeast Alaska Gillnetters • Western Gulf of Alaska Fishermen



## Southeast Alaska Seiners

Senator Georgianna Lincoln  
State Capitol  
Mail stop: 3100  
Juneau, AK 99801-1182

May 8, 2003

Dear Senator Lincoln,

This is to inform you that the Southeast Alaska Seiners Association wholeheartedly supports Senate Concurrent Resolution No. 13: "Encouraging the Department of Corrections to provide canned Alaska pink salmon to inmates of the Alaska prison system."

We agree that canned pink salmon is a quality product that would benefit the health of prison inmates. We agree that it is important to Alaska's salmon industry and therefore its coastal communities to reduce the Alaska canned pink salmon inventory. Therefore we support this resolution which would promote the purchase of canned salmon for distribution to Alaska inmates housed both inside and outside the state.

Thank you for your efforts to help our industry.

Sincerely,

A handwritten signature in cursive script that reads "Dan Castle".

Dan Castle  
President

---

**Subject:** pink salmon

**Date:** Fri, 9 May 2003 15:14:21 -0800

**From:** "Herb & Barb Jensen" <hbjensen@ctcak.net>

**To:** "Georgianna Lincoln" <Senator\_Georgianna\_Lincoln@legis.state.ak.us>

Senator Lincoln;

I can not thank you enough for stepping forward and seeking the placement of canned pink salmon in our State prison systems. I have often wondered why in the State of Alaska this was not being provided. With the health benefits from consuming salmon and the need to help the coastal communities of Alaska that depend on commercial fishing to exist the time has long come for the State to do their part in aiding the industry and this is a great way to do so. Look forward to seeing what Senate State of Affairs Committee does with you resolution. Again thank you, as a life long commercial fishermen your assistance is greatly appreciated.

Barbara Jensen  
P.O. Box 294  
Cordova, Alaska 99574

# Cordova District Fishermen United

Celebrating 68 Years of Service to Commercial Fishermen in Cordova, Alaska  
P.O. Box 939 Cordova, Alaska 99574 / phone (907) 424-3447 / fax (907) 424-3430 /  
e-mail [cdfu@ptialaska.net](mailto:cdfu@ptialaska.net)

May 15, 2003

Senate State Affairs Committee  
c/o Gary Stevens, Chair  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

SENT BY FACSIMILE TO 907.465.3517

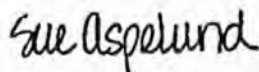
**RE: SUPPORT FOR SCR 13 - Encouraging the Department of Corrections to provide canned Alaska pink salmon to inmates of the Alaska prison system**

Cordova District Fishermen United (CDFU) represents the hardworking commercial fishing families of Area E—Prince William Sound and the Copper River. We are pleased to inform you of our enthusiastic support for SCR 13.

Wild Alaska salmon, harvested by Alaska's fishing families and processed in our coastal communities, is an excellent product. Pink salmon, our highest volume, most economic species, is healthy and inexpensive. Encouraging the Department of Corrections to utilize this excellent protein source for our prison population is a win/win: we increase the purchase of this product when surpluses exist thereby reducing inventory and we provide a nourishing, Alaskan protein source for those in need of it.

Thank you for your support SCR 13. We believe that its passage will result in improved economics for the salmon industry and the State in the long term and provide excellent food for our prison population.

Sincerely,



Sue Aspelund  
Executive Director

cc: Senator Georgianna Lincoln

SJR

5





# ALASKA STATE LEGISLATURE

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SENATOR THOMAS H. WAGONER  
CHAIR, SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE  
VICE-CHAIR, SENATE RESOURCES COMMITTEE

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## Senator Tom Wagoner Sponsor Statement

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### SJR 5 - BRADY BILL INSTANT CHECK SYSTEM

In 1993 the United States Congress passed the Brady Handgun Bill, which established a system to keep firearms out of the hands of criminals. The "national instant criminal background check system", established by the Brady Bill, is used to check for a criminal background during firearm purchases. To ensure that non-criminal records were not retained, language was included addressing this issue. It clearly states that the intent is to destroy all records relating to non-criminal persons, except the identifying number and the date the number was assigned.

The problem arose when the Administration gave this clearly stated section a novel interpretation. Instead of immediately destroying all records of legitimate firearm purchases, these records would be retained for "audit" purposes and may be retained for a maximum of six months.

When the Administration extended the holding of non-criminal records for up to one hundred and eighty days, they violated both the spirit and letter of the Brady Handgun Bill.

This Senate Joint Resolution urges the President of the United States and the Congress to ensure that federal agencies do not use the Brady bill Act as a means to unlawfully collect data about legitimate firearm owners. Also, this resolution requests that the Congress make necessary changes to prevent this from occurring in the future.

I respectfully ask you to join me in supporting this resolution.

(1)(A)(i) with respect to the statement. "(B) Unless the chief law enforcement officer to whom a statement is transmitted under paragraph (1)(A)(i)(IV) determines that a transaction would violate Federal, State, or local law-- "(i) the officer shall, within 20 business days after the date the transferee made the statement on the basis of which the notice was provided, destroy the statement, any record containing information derived from the statement, and any record created as a result of the notice required by paragraph (1)(A)(i)(III); "(ii) the information contained in the statement shall not be conveyed to any person except a person who has a need to know in order to carry out this subsection; and "(iii) the information contained in the statement shall not be used for any purpose other than to carry out this subsection.

"(C) If a chief law enforcement officer determines that an individual is ineligible to receive a handgun and the individual requests the officer to provide the reason for such determination, the officer shall provide such reasons to the individual in writing within 20 business days after receipt of the request.

"(7) A chief law enforcement officer or other person responsible for providing criminal history background information pursuant to this subsection shall not be liable in an action at law for damages-- "(A) for failure to prevent the sale or transfer of a handgun to a person whose receipt or possession of the handgun is unlawful under this section; or "(B) for preventing such a sale or transfer to a person who may lawfully receive or possess a handgun.

"(8) For purposes of this subsection, the term `chief law enforcement officer' means the chief of police, the sheriff, or an equivalent officer or the designee of any such individual.

"(9) The Secretary shall take necessary actions to ensure that the provisions of this subsection are published and disseminated to licensed dealers, law enforcement officials, and the public." (2) HANDGUN DEFINED.--Section 921(a) of title 18, United States Code, is amended by adding at the end the following:

"(29) The term `handgun' means-- "(A) a firearm which has a short stock and is designed to be held and fired by the use of a single hand; and "(B) any combination of parts from which a firearm described in subparagraph (A) can be assembled."

(b) PERMANENT PROVISION.--Section 922 of title 18, United States Code, as amended by subsection (a)(1), is amended by adding at the end the following:

"(1) Beginning on the date that is 30 days after the Attorney General notifies licensees under section 103(d) of the Brady Handgun Violence Prevention Act that the national instant criminal background check system is established, a licensed importer, licensed manufacturer, or licensed dealer shall not transfer a firearm to any other person who is not licensed under this chapter, unless-- "(A) before the completion of the transfer, the licensee contacts the national instant criminal background check system established under section 103 of that Act; "(B)(i) the system provides the licensee with a unique identification number; or "(ii) 3 business days (meaning a day on which State offices are open) have elapsed since the licensee contacted the system, and the system has not notified the licensee that the receipt of a firearm by such other person would violate subsection (g) or (n) of this section; and "(C) the transferor has verified the identity of the transferee by examining a valid identification document (as defined in section 1028(d)(1) of this title) of the transferee containing a photograph of the transferee.

"(2) If receipt of a firearm would not violate section 922 (g) or (n) or State law, the system shall-- "(A) assign a unique identification number to the transfer; "(B) provide the licensee with the number; and "(C) destroy all records of the system with respect to the call (other than the identifying number and the date the number was assigned) and all records of the system relating to the person or the transfer.

"(3) Paragraph (1) shall not apply to a firearm transfer between a licensee and another person if-- "(A)(i) such other person has presented to the licensee a permit that-- "(I) allows such other person to possess or acquire a firearm; and "(II) was issued not more than 5 years earlier by the State in which the transfer is to take place; and "(ii) the law of the State

it shall be unlawful for any licensed dealer, manufacturer, or importer to transfer a firearm to any other person who is not licensed unless prior to the completion of the transfer:

A. the prospective purchaser has presented to the licensee a valid picture identification, and the licensee has contacted NICBCS to verify that the purchaser is not a disqualified person. If NICBCS verifies that the purchaser is not a disqualified individual the sale may proceed.

- When a purchaser is approved, a unique identification number shall be assigned to the transaction. The licensee shall record the number on the Form 4473 as proof that NICBCS has been contacted.

- NICBCS shall record only the transaction number and the date on which the query took place. No other information related to a query concerning an individual who is not disqualified from receiving a firearm may be retained.

\*\* In the event that the licensee contacts NICBCS and the system is unable to respond, the sale must be delayed for a time period not to exceed three days.

B. A sale may also proceed immediately if:

- the purchaser has presented a permit, that has been issued within the last five years as a result of the verification by an authorized government official that the purchaser is eligible to possess or acquire a handgun;

- the transfer has been approved by the Secretary of the Treasury (would apply only to those firearms which would fall under the purview of the National Firearms Act); or,

- by reason of geographic circumstance (as defined by the bill and certified by the Secretary of the Treasury upon application of the licensee) contacting NICBCS would be impracticable.

\*\* An individual who is denied a firearm because of information provided by NICBCS shall, upon request, be provided with the information related to that denial within five days of the request.

C. If a licensee allows a transfer to take place without contacting the system, and the information that was available would have disqualified the purchaser from having a firearm, the Secretary may, after notice and hearing, revoke or suspend a Federal Firearms License for a period not to exceed six months and may impose a civil fine of not more than \$5,000. D. Whoever knowingly violates this Act (such as by selling a firearm to an individual who may lawfully possess it but without observing the letter of the law) may be fined not more than \$1,000, or imprisoned for not more than one year, or both.

#### IV. REMEDY FOR ERRONEOUS DENIAL OF FIREARMS

Any person denied a firearm due to the provision of erroneous information or who is denied a firearm but is not prohibited from receipt of a firearm, may bring an action against the state or political subdivision responsible for providing the erroneous information or for the denial, directing that the information be corrected or the transfer approved. In any action the court may award reasonable attorney's fees as part of the costs.

#### V. FUNDING FOR IMPROVEMENT OF CRIMINAL RECORDS

There are authorized to be appropriated \$200 million for fiscal years 1994 and all years thereafter to expedite the improvement of state criminal history records and access.

#### OTHER PROVISIONS

A. MULTIPLE FIREARMS PURCHASE REPORTING NOTIFICATION TO STATE AND LOCAL POLICE.

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SJR 5  
 (S) Publish Date: 2/11/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Legislature  
 Title: "Urging the President of the United States and the Congress to act to ensure that federal agencies...." BRU: Legislative Council  
 Sponsor: Senators Wagoner, Therriault,..... Component: Session Expenses  
 Requester: Senator Taylor Component No.: 782

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
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>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<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 (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

SJR 5 has zero fiscal impact on the Legislative Affairs Agency.

Prepared by: Karla Schofield, Deputy Director  
 Division: Administrative Services  
 Approved by: Pamela A. Varni, Executive Director  
 Agency: Legislative Affairs Agency

Phone: 465-3852  
 Date/Time: 2/11/03 2:19 PM  
 Date: 2/11/2003

SJR

7



SENATOR  
JOHN J. COWDERY  
Anchorage



Committees  
Chair: Rules  
Chair: Transportation  
Chair: World Trade &  
State/Federal Relations  
Legislative Council

January - May:  
State Capitol, Suite 101  
Juneau, Alaska 99801-1182  
Tel: 907-465-3879  
Toll Free: 888-269-3879  
Fax: 907-465-2069

May - December:  
716 W. 4th Avenue  
Anchorage, Alaska 99501  
Tel: 907-269-0222  
Fax: 907-269-0223

Senator\_John\_Cowdery@legis.state.ak.us

## **SPONSOR STATEMENT FOR SJR 7**

*"Expressing support for Vancouver, B.C.'s bid for the 2010 Olympic Winter Games and the Paralympic Winter Games."*

**P**resently, the city of Vancouver, British Columbia, and nearby resort community of Whistler are endeavoring to host the 2010 Winter Olympic Games. Competing cities are Pyeongchang, Korea, and Salzburg, Austria. In July, the International Olympic Committee (IOC) will make its decision and award the bid to one of the three cities.

If Vancouver is successful, Alaska is certain to see economic benefits. In particular, Alaska stands to benefit in the tourism and winter recreation sectors due to overall worldwide exposure of the Pacific Northwest region. As an example, the entire Western region of the mainland U.S. received an estimated \$1 billion economic boost from the 2000 winter games in Salt Lake City.

Alaska and British Columbia share close economic, government, sporting, cultural and family ties along a lengthy common border. The primary goal of this resolution is to strengthen these ties through this formal resolution of support.

Passage of this resolution will mean more than simple neighborly expression of support because, traditionally, the IOC gives weight to such resolutions when making its bid determination.

It is likely Alaskan small business owners – from bed and breakfast establishments to microbreweries to fish processors -- will realize the primary economic benefit of a successful 2010 bid by Vancouver and Whistler B.C.

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SJR 7  
 (S) Publish Date: 3/5/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Legislature  
 Title "Expressing support for Vancouver, BRU Legislative Council  
British Columbia's, bid for the 2010 Olympic Winter Games... Comporant Council and Subcommittees  
 Sponsor Senate Spec Comm on World Trade... Session Expenses  
 Requester Senate Labor and Commerce Component No. 783

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
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>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	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
<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 (FY2003) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

SJR 7 has zero fiscal impact on the Legislative Affairs Agency.

Prepared by: Karla Schofield, Deputy Director  
 Division: Administrative Services  
 Approved by: Pamela Varni, Executive Director  
 Agency: Legislative Affairs Agency

Phone 465-3852  
 Date/Time 3/3/03 8:58 AM  
 Date 3/3/2003

**For Immediate Release**  
February 12, 2003

**For Interviews Contact**  
State Rep. Jeff Morris (D-Anacortes)  
(360) 786-7970

**House Offers Support for Vancouver's Olympic Bid**  
*State to Benefit from Tourism, Contracts, and Media Attention*

Olympia – Washington should do everything it can to help Vancouver win its bid to host the 2010 Winter Olympics. "It's about tourism dollars, business opportunities and free advertising," said State Rep. Jeff Morris (D-Anacortes), who wants to help our neighbors to the north land the Olympics.

Today, the House of Representatives unanimously passed a resolution signaling their support for Vancouver's Olympic bid. Once the Senate approves the resolution, HJM 4005, it will be sent to the International Olympic Committee, the United States Olympic Committee, and the Premier of British Columbia.

In his remarks to colleagues, Morris cited the money spent in Idaho as a result of the Olympic games in neighboring Utah.

"Idaho cashed in on the Salt Lake games," Morris said. "Many people spent the night in Boise and then commuted to Salt Lake. Athletes trained there. People rented facilities. It was a bonanza."

Tens of thousands of visitors are expected to use Seattle-Tacoma International Airport to get to the Olympics. During Vancouver's Expo '86, surveys showed that a majority of visitors from outside the area also wanted to visit Seattle.

According to some estimates, the Salt Lake City games generated \$6.6 billion dollars in free media attention. Morris is hoping that the close relationship and strong bonds between Washington State and British Columbia will translate into more exposure for the Evergreen State.

"It gives us a chance to highlight our state to the world," Morris added.

John Cooper, President of the Bellingham/Whatcom County Convention & Visitors Bureau agreed, adding, "It's the best opportunity we've had in the last ten years."

Two weeks ago, Barry Penner, a Member of the Legislative Assembly of British Columbia came to Olympia to urge Washington state lawmakers to lend their support.

"I was impressed by the positive response I got. The Olympics will not only be great for British Columbia. They'll be great for Washington as well," Penner said.

The International Olympic Committee will make its decision July 2 at a meeting in Prague. The other cities bidding for the games include Salzburg, Austria and Pyeongchang, Korea.

# # #

**Staff Contact:** Neil Parekh (360) 786-7255; [parekh\\_ne@leg.wa.gov](mailto:parekh_ne@leg.wa.gov)

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SUBSTITUTE HOUSE JOINT MEMORIAL 4005

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State of Washington                      58th Legislature                      2003 Regular Session

By House Committee on Trade & Economic Development (originally sponsored by Representatives Morris, Anderson, Linville, Voloria, Skinner, Quall, Hunt, Cox, Miloscia, Ericksen, McDonald, Pearson and Sullivan)

READ FIRST TIME 01/28/03.

1            TO THE INTERNATIONAL OLYMPIC ORGANIZING COMMITTEE, THE UNITED  
2 STATES OLYMPIC COMMITTEE, THE VANCOUVER 2010 BID CORPORATION, THE PRIME  
3 MINISTER OF CANADA, AND THE PREMIER OF BRITISH COLUMBIA:

4            We, your Memorialists, the Senate and House of Representatives of  
5 the State of Washington, in legislative session assembled, respectfully  
6 represent and petition as follows:

7            WHEREAS, The State of Washington has a close cultural, economic,  
8 and intergovernmental relationship with the Canadian province of  
9 British Columbia; and

10           WHEREAS, This close relationship has been developed further by  
11 working together on world class civic events like the 1986 World's Fair  
12 in Vancouver B.C. and sharing the economic benefits of such world class  
13 events; and

14           WHEREAS, The State of Washington and British Columbia both are  
15 members of the Pacific Northwest Economic Region representing the tenth  
16 largest economy in the world; and

17           WHEREAS, The 2002 Winter Olympic and Paralympic Games in Salt Lake  
18 City, Utah, generated over one billion dollars in revenue and spending  
19 in the entire western region; and

1       WHEREAS, The region has legacy facilities from world class civic  
2 events. These facilities include the Space Needle, BC Place, the sky  
3 train, and the monorail to name a few; and

4       WHEREAS, The Pacific Northwest Economic Region as a whole, but  
5 particularly tourism, emerging industries, and small businesses, will  
6 benefit from an estimated six billion dollars worth of worldwide media  
7 attention; and

8       WHEREAS, Benefits accrue in excess of ten years, on a continuing  
9 basis, from increased tourism;

10       NOW, THEREFORE, Your Memorialists respectfully communicate our  
11 support for backing Vancouver, British Columbia's bid for the 2010  
12 Winter Olympic and Paralympic Games.

13       BE IT RESOLVED, That copies of this Memorial be immediately  
14 transmitted to the International Olympic Organizing Committee, the  
15 United States Olympic Committee, the Vancouver 2010 Bid Corporation,  
16 the Prime Minister of Canada, and the Premier of British Columbia.

--- END ---

---

**Trade & Economic Development  
Committee**

---

**HJM 4005**

**Brief Description:** Supporting the Vancouver 2010 Olympic bid.

**Sponsors:** Representatives Morris, Anderson, Linville, Veloria, Skinner, Quall, Hunt, Cox, Miloscia, Ericksen, McDonald, Pearson and Sullivan.

**Brief Summary of Bill**

- Memorializes Washington's support of Vancouver, British Columbia's bid for the 2010 Olympic Winter games.

**Hearing Date:** 1/24/03

**Staff:** Tracey Taylor (786-7196).

**Background:**

The modern Olympic Movement was born in 1892, when Pierre de Coubertin announced the re-establishment of the Olympic Games. The International Olympic Committee (IOC) was created on June 23, 1894 and the first Olympic Games of the modern era opened in Athens on April 6, 1896. The goal of the Olympic Movement is to contribute to building a peaceful and better world by educating youth through sport practiced without discrimination of any kind, in a spirit of friendship, solidarity and fair play.

There is a two phase host city election procedure. Cities must pass an initial selection phase during which basic technical requirements are examined by a team of experts and then put forward to the IOC Executive Board. Once approved by the Executive Board, the cities become official Candidate Cities and are authorized to go forward into the full bid process. An assessment was made of each Applicant City's ability to stage high-level, international, multi-sport events and their ability to organize the Olympic Winter games in 2010, against a set of 11 technical assessment criteria: government support and public opinion; general infrastructure; sports venues; Olympic village; environmental conditions and impact; accommodations, transport; security; experience from past sporting events; finance and general concept. Currently, there are three Candidate Cities to host the XXI Olympic Winter Games in 2010. The cities are: Vancouver, Canada; Salzburg, Austria; and Pyeongchang,

Korea.

During the 2002 Olympic Winter Games in Utah, there were an estimated 220,000 total visitors. The total economic output from the Olympics was \$4.8 billion dollar, including 35,000 job years, \$1.5 billion in investment, \$435 million in infrastructure investment, \$123 million in visitor spending and a net revenue to local and state government of \$76 million. The Salt Lake City Olympic Committee budget was \$1.9 billion and it finished with a \$100 million profit. The estimated value of print media exposure during the games with a tourism theme was \$22.9 million. Consumer spending with Visa cards between February 1, 2002 and February 24, 2002, was \$172.7 million. Fifty-four percent of the downtown Salt Lake City businesses experienced increased sales and only 28 percent of the businesses experienced a business reduction.

**Summary of Bill:**

The joint memorial communicates to the International Olympic Organizing Committee, the United State Olympic Committee, the Vancouver 2010 Bid Corporation, the Prime Minister of Canada, and the Premier of British Columbia, Washington's support of Vancouver, British Columbia's bid to host the 2010 Olympic Winter Games.

**Appropriation:** None.

**Fiscal Note:** Not Requested.

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## WHAT ARE THE KEY DATES LEADING UP TO THE IOC'S DECISION ON THE HOST CITY?

You are here: [Vancouver 2010](#) : [FAQ](#) : What are the key dates leading up to the IOC's decision on the Host City?

SUPPORT  
THE BID  
/ SUI

What are the key dates leading up to the IOC's decision on the Host City?  
July 31, 2002

Deadline for Applicant cities to reply to the IOC questionnaire ("mini-Bid Book")

August 2002

Applicant Cities short-listed as Candidate Cities

January 2003

Final Bid Books submitted to the IOC

January - April 2003

IOC Evaluation Commission visits Candidate Cities

July 2, 2003

IOC selects the host for the 2010 Olympic Winter Games and Winter Paralympic Games

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WHY VANCOUVER? • NEWS AND EVENTS • ABOUT THE BID

## TOURISM

You are here: [Vancouver 2010](#) : [Why Vancouver?](#) : [Benefits](#) : [Tourism](#)SUPPORT  
THE BID  
/ SU1

Bidding for and ultimately hosting the Winter Games is an excellent platform to showcase Vancouver, Whistler, British Columbia and Canada to a global audience.

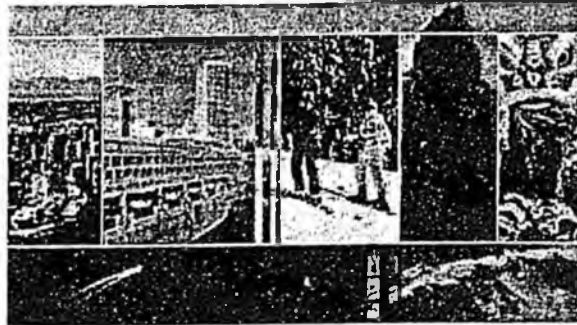
Recent numbers indicate that more than two billion people watched a portion of the 2002 Salt Lake Games on television.

Like Expo 86 in Vancouver, the 2010 Games provide a unique opportunity to raise international awareness of British Columbia to a higher plateau, and thereby increase the volume of international tourism to and investment in British Columbia on a long-term basis, for the benefit of all British Columbians.

We'll invite the world to Vancouver in the years leading up to the 2010 Games, and for years after the Games have come to a close.

### Impacts on tourism

International media exposure generated from hosting major events increases awareness and




### Q&A

[What are the key dates leading up to the IOC's decision on the Host City?](#)

### ABOUT VANCOUVER

Whistler is the largest ski North America and home residents. [more](#)



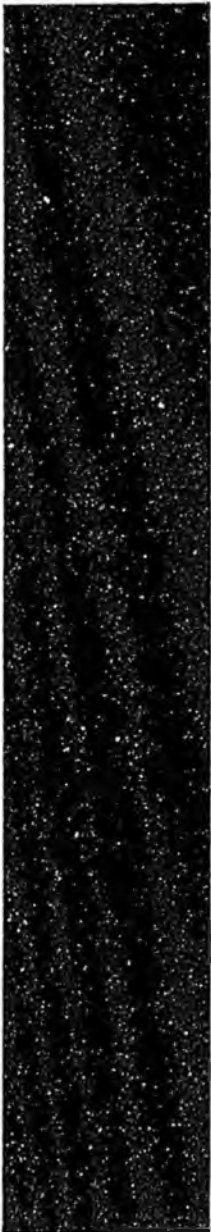
pushes international visitor volume to a permanently higher plateau.

- **Expo 86**  
In the 14 years before Expo 86, British Columbia's share of total international visitors to Canada was between 9.5 per cent and 11.6 per cent. During Expo 86, this jumped to more than 17 per cent. Since then it has increased every year from 12 per cent in 1987 to 17.4 per cent in 2000.

- **1988 Calgary Winter Games**  
Before the Calgary Olympic Winter Games in 1988, Alberta had an average annual growth of annual international visitors of 0.25 per cent (1972-1985).

In pre-Olympic years the number of visitors grew by 5 per cent in 1985 and 8 per cent in 1986.

In the Olympic year, growth



surged to 12 per cent and then retained all of its post-Olympics gains, with an average annual growth of 3.25 per cent for the first 5 post-Olympic years.

- **1994 Lillehammer Winter Games**  
International tourism in Norway increased by 43 per cent between 1990 and 1994 leading up to the Winter Olympics in Lillehammer, probably as a result of increased media awareness generated by the upcoming Games.

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WHY VANCOUVER? • NEWS AND EVENTS • ABOUT THE BID

## BENEFITS

You are here: [Vancouver 2010](#) : [Why Vancouver?](#) : Benefits

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/ SUBSCRIBE



The Winter Games celebrate peace and fair play - the best of humanity - through sport competition, artistic expression and cultural exchange.

Hosting the Games in Vancouver will serve as a rallying point for Canada's community pride and national spirit. The Games will ignite our passion for winter sports at all levels, from community ice rinks to the ski slopes.

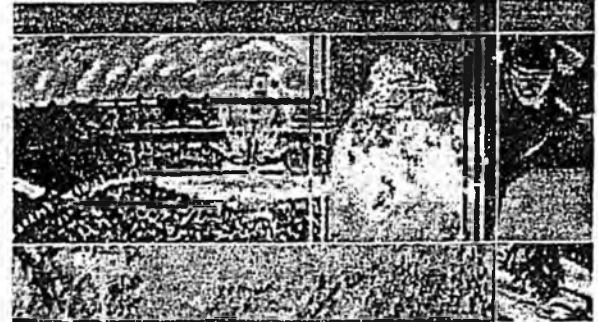
The Games in Vancouver and Whistler will not only leave their legacy in our hearts and minds - they will be a catalyst for positive, sustainable change.

### Economy

A winning 2010 Bid combined with an expanded convention centre in Vancouver could generate up to \$10 billion in direct economic activity, and create about 228,000 direct and indirect job years across the province.

### Housing

The development of athletes' accommodations in Vancouver and Whistler will result in lasting legacies that include more affordable housing.



### Q&A

[Why is it possible for Vancouver to succeed?](#)

[Download a summary of the Vancouver 2010 investment and benefits \(PDF, 209 KB\)](#)



### **Transportation**

The Bid Corporation's transportation plan will meet the needs of travelers during and after the Games.

### **Tourism**

The Games will increase the volume of tourism to British Columbia on a long-term basis, as demonstrated by previous international events.

### **Sport Development**

The LegaciesNow program is our commitment to a lasting legacy of sport development for all British Columbians.

From the office of . . . Senator John J. Cowdery

State Capitol Building, Rm # 101

Juneau, AK 99801

907-465-3879 phone

907-465-2069 fax

## MEMORANDUM

DATE: April 2, 2003  
TO: REP. BRUCE WEYHRAUCH,  
Chair, House State Affairs Committee  
FROM: Senator John J. Cowdery *JJC*  
RE: SJR 7



---

Please schedule, at your earliest convenience, a hearing for SJR 7, a resolution expressing support for the effort of Vancouver, B.C. to receive a bid to host the 2010 Winter Olympics and Winter Paralympics Games.

A copy of the bill, original version, fiscal note, a sponsor statement and backup information is attached.

Thank you for your attention to this.

SJR

16



# Alaska State Legislature

DURING SESSION  
STATE CAPITOL  
JUNEAU, AK 99801-1182  
(907) 465-4843 (800) 892-4843  
FAX: (907) 465-3871

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FAX: (907) 269-0184

E-MAIL  
[Senator.Con.Bunde@legis.state.ak.us](mailto:Senator.Con.Bunde@legis.state.ak.us)

## SENATOR CON BUNDE

District P

VICE-CHAIR: SENATE FINANCE COMMITTEE  
CHAIR: SENATE LABOR & COMMERCE COMMITTEE  
MEMBER: LEGISLATIVE BUDGET & AUDIT COMMITTEE

## SPONSOR STATEMENT

### SJR 16

**A resolution "Encouraging the federal government to end the federal subsidy of ethanol, and requesting the Congress of the United States to mandate that land currently used to grow corn for the production of ethanol be returned to its natural state."**

Fifty-two United States Senators recently voted against the opening of ANWR to oil drilling, proclaiming that by doing so, they were saving wilderness and preserving wildlife.

During debate on Amendment 272, "To prevent consideration of drilling the Arctic National Wildlife Refuge in Senate Concurrent Resolution 23, the fast track budget reconciliation," many senators spoke on behalf of keeping the 1002 region in a state of "pristine wilderness."

For example, Mr. Durbin of Illinois said, "The Arctic Refuge includes boreal forests, dramatic peaks, and tundra. It features a complete range of arctic and sub-arctic ecosystems, with an extraordinary assemblage of wildlife." He declared, "We have a responsibility in this generation to leave to the next generation the natural heritage that we were given."

Illinois produces 766 million gallons of ethanol produced from corn, the most of all fifty states. I hope that he understands that this resolution would protect the next generation from ethanol subsidies.

The amendment's sponsor, Senator Barbara Boxer of California, explained her position this way. "I say to my friends from Alaska, I hope they will understand the people in this country who support keeping this 5 percent of the North Slope in its pristine environment are doing so because we think it is good for the soul of this country, and we believe there are more jobs to be created through other means.

However, I agree with Senator Lisa Murkowski, who said during the debate. "But this thought process implies that ... Alaskan residents, my constituents, the jobs they will get are carrying bags for these people when they come to visit as a tourist."

Many of the senators who voted for Amendment 272 represent the top 20 ethanol-producing states in the nation. Some of the nation's most influential businesses profit greatly from the federal ethanol subsidy and do big business in those states. Those senators support industrial development in their states, to the detriment of their own wildlife and wild lands. Yet many in those and other states who supported keeping ANWR closed to development are ardent environmentalists - when it comes to someone else's state.

I also agree with Senator Murkowski when she said, "It is demeaning and it is unfair to say that Massachusetts can keep its 20,000 petroleum-based jobs; that New Jersey can keep its 27,000 petroleum-industry jobs; and New York can keep its 36,000 petroleum-industry jobs, while Alaska supposedly looks to other alternatives. Why is it OK for everybody else to do it, and yet in Alaska for some reason we are not responsible, we can't handle it, we don't do it right, we need to lock it up and preserve it because it is the last Serengeti?"

This resolution is meant to send a message to those United States Senators who support the environmentalists' viewpoint. They believe that saving 2,000 acres in Alaska is worth more than Alaskan jobs and Alaskans' right to develop our state in the manner we see fit.

I ask you to join me in sending the message that what is good for the goose must be good for the gander.

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SJR 18  
 (S) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: \_\_\_\_\_  
 Title End Federal Ethanol Subsidy BRU \_\_\_\_\_  
 Component \_\_\_\_\_  
 Sponsor Senator Bunde \_\_\_\_\_  
 Requester Senate State Affairs Committee Component No. \_\_\_\_\_

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
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>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**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>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 (FY2003) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

Prepared by: SENATE STATE AFFAIRS COMMITTEE Phone 465-4522  
 Division \_\_\_\_\_ Date/Time 4/17/03 12:33 PM  
 Approved by: Senator Gary Stevens, Chair Date 4/17/2003  
 Agency \_\_\_\_\_

**U.S. Senate Roll Call Vote**  
**Boxer Amendment No. 272 to S.Con.Res. 23, "To prevent consideration of drilling in**  
**ANWR in a fast-track budget reconciliation bill.**

Ethanol Producing States	Million Gallons Per Year (2003) *	Senator's Name	Vote	Senator's Name	Vote
Illinois	766	Durbin (D)	Yea	Fitzgerald (R)	Yea
Iowa	695	Grassley (R)	Nay	Harkin (D)	Yea
Nebraska	422	Hagel (R)	Nay	Nelson (D)	Yea
Minnesota	393.6	Coleman (R)	Yea	Dayton (D)	Yea
South Dakota	371	Daschle (D)	Yea	Johnson (D)	Yea
Indiana	95	Bayh (D)	Yea	Lugar (R)	Nay
Missouri	80	Bond (R)	Nay	Talent (R)	Nay
Kansas	79.5	Brownback (R)	Nay	Roberts (R)	Nay
Wisconsin	79	Feingold (D)	Yea	Kohl (D)	Yea
Tennessee	65	Alexander (R)	Nay	Frist (R)	Nay
Michigan	45	Levin (D)	Yea	Stabenow (D)	Yea
North Dakota	33.5	Conrad (D)	Yea	Dorgan (D)	Yea
Kentucky	24	Bunning (R)	Nay	McConnell (R)	Nay
New Mexico	15	Bingaman (D)	Yea	Domenici (R)	Nay
California	9	Boxer (D)	Yea	Feinstein (D)	Yea
Idaho	6	Craig (R)	Nay	Crapo (R)	Nay
Wyoming	5	Enzi (R)	Nay	Thomas (R)	Nay
Florida	4	Graham (D)	Yea	Nelson (D)	Yea
Colorado	1.5	Allard (R)	Nay	Campbell (R)	Nay
Washington	0.7	Cantwell (D)	Yea	Murray (D)	Yea
<b>Non-Ethanol Producing States</b>					
Alabama		Sessions (R)	Nay	Shelby (R)	Nay
Alaska		Murkowski (R)	Nay	Stevens (R)	Nay
Arizona		Kyl (R)	Nay	McCain (R)	Yea
Arkansas		Lincoln (D)	Yea	Pryor (D)	Yea
Connecticut		Dodd (D)	Yea	Lieberman (D)	Yea
Delaware		Biden (D)	Yea	Carper (D)	Yea
Georgia		Chambliss (R)	Nay	Miller (D)	Nay
Hawaii		Akaka (D)	Nay	Inouye (D)	Nay
Louisiana		Breaux (D)	Nay	Landrieu (D)	Nay
Maine		Collins (R)	Yea	Snowe (R)	Yea
Maryland		Mikulski (D)	Yea	Sarbanes (D)	Yea
Massachusetts		Kennday (D)	Yea	Kerry (D)	Yea
Nevada		Ensign (R)	Nay	Reid (D)	Yea
New Hampshire		Gregg (R)	Nay	Sununu (R)	Nay
New Jersey		Conrzone (D)	Yea	Lautenberg (D)	Yea
New York		Clinton (D)	Yea	Schumer (D)	Yea
North Carolina		Dole (R)	Nay	Edwards (D)	Yea
Ohio		DeWine (R)	Yea	Voinovich (R)	Nay
Oklahoma		Inhofe (R)	Nay	Nickles (R)	Nay
Oregon		Smith (R)	Yea	Wyden (D)	Yea
Pennsylvania		Santorum (R)	Nay	Specter (R)	Nay
Rhode Island		Chafee (R)	Yea	Reed (D)	Yea
South Carolina		Graham (R)	Nay	Hollings (D)	Yea
Texas		Cornyun (R)	Nay	Hutchison (R)	Nay
Utah		Bennett (R)	Nay	Hatch (R)	Nay
Vermont		Jeffords (I)	Yea	Leahy (D)	Yea
Virginia		Allen (R)	Nay	Warner (R)	Nay
West Virginia		Byrd (D)	Yea	Rockefeller (D)	Yea

Text from the Congressional Record, March 18, 2003

Amendment No. 272

Mrs. BOXER. I send an amendment to the desk and ask for its immediate consideration. I ask the following cosponsors be included on this amendment: Mr. Chafee, Mr. Lieberman, Ms. Snowe, Mr. Kerry, Mr. Feingold, Mr. Daschle, Mr. Lautenberg, Mrs. Murray, Mr. Durbin, Mr. Wyden, Mr. Reid of Nevada, Ms. Stabenow, Mr. Harkin, Mr. Kennedy, Mr. Edwards, and Mr. Bingaman.

The PRESIDING OFFICER. The clerk will report. The legislative clerk read as follows:

The Senator from California [Mrs. Boxer], for herself, and Mr. Chafee, Mr. Lieberman, Ms. Snowe, Mr. Kerry, Mr. Feingold, Mr. Daschle, Mr. Lautenberg, Mrs. Murray, Mr. Durbin, Mr. Wyden, Mr. Reid, Ms. Stabenow, Mr. Harkin, Mr. Kennedy, Mr. Edwards, and Mr. Bingaman, proposes an amendment numbered 272.

Mrs. BOXER. I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows: (Purpose: To prevent consideration of drilling in the Arctic National Wildlife Refuge in a fast-track budget reconciliation bill)

Mrs. BOXER. Madam President, it is a great honor for me to offer this amendment. I hope very much that Members on both sides will support it. The amendment is very simple. It strikes the reconciliation instructions given to the Energy Committee that will lead to oil drilling in a pristine place in America, a God-given gift, the Arctic National Wildlife Refuge. We are striking, in essence, the instructions, and that will in essence say, no, we will not have drilling in this pristine area.

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# House GOP revives ANWR drilling

By H. JOSEF HEBERT  
THE ASSOCIATED PRESS

WASHINGTON — The House is moving swiftly to enact energy legislation, hoping to revive a proposal for oil drilling in an Alaska wildlife refuge and, in a boon to farmers, expand the use of ethanol as a gasoline additive.

Both provisions were included Wednesday as separate committees crafted key parts of the energy legislation. Lawmakers said they expected an energy bill to be voted on by the full House, possibly as early as next week.

The Senate will not begin writing a detailed energy bill until next week, although a proposal for \$15.5 billion in energy tax incentives also was approved by the Senate Finance Committee on Wednesday.

The House was to take up energy tax issues today.

As separate House committees crafted various parts of the energy package, it became clear that the push to open the Arctic National Wildlife Refuge was far from over, although the Senate two weeks ago rejected a drilling proposal 52-48.

"We're talking about a very small amount of land," Rep. Don Young, R-Alaska, said shortly before the House Resources Committee passed a package of energy measures that included opening



THE ASSOCIATED PRESS

**Drilling effort revived:** Area 1002, a section inside the Arctic National Wildlife Refuge in Alaska, proposed to be used for oil exploration by the Bush administration, is shown in this undated photo. A House committee is reviving President Bush's top energy proposal — opening a section of ANWR to oil drilling — despite its recent rejection by the Senate.

the Alaska refuge to oil companies.

"This nation needs the oil," he said.

Rep. Ed Markey, D-Mass., argued that drilling in ANWR's 1.5 million acre coastal plain would "ruin the jewel of the national wildlife refuge system" and said more oil could be saved if the government imposed tougher fuel economy requirements on automobiles.

But hours later, in another committee, a Markey proposal was rejected that would have forced automakers to make more fuel efficient cars by requiring a 10 percent reduction in gasoline use.

The Resource panel passed a series of financial incentives aimed at spurring production of oil, natural gas and coal.

The bill would allow producers to forego paying federal royalties when developing deep offshore wells in search of natural gas in the Gulf of Mexico and off Alaska, remove limits on how many acres coal companies may lease and require the government to reimburse energy companies for the cost of meeting environmental reviews.

Rep. Nick Rahall, D-W.Va., called it "a buffet table" for the oil and gas industry.

"Robin Hood is turning in his grave," said Rahall, but a Democratic attempt to gut some of the royalty benefits was defeated 27-15.

Republicans called the industry incentives necessary to spur domestic energy production and get producers to drill high-risk wells. With a war in Iraq, "doesn't it make sense for us to adopt some sensible policies that will boost our energy security?" argued Rep. Richard Pombo, R-Calif., the Resource panel's chairman.

Meanwhile, the House Energy and Commerce Committee, working until nearly midnight Wednesday, wrapped up other parts of the energy package.

The legislation would require refiners to use at least 5 billion gallons a year of corn-based ethanol in gasoline by 2015, a mandate that is expected to be a boon to corn farmers. The industry now produces about 2.5 billion gallons annually.

When Rep. Lois Capps, D-Calif., sought to also ban MTBE, another

gasoline additive, that has been widely blamed for contaminating drinking water, her amendment was turned back, 32-18. Instead, lawmakers approved liability protection for MTBE manufacturers who might face environmental lawsuits.

Rep. Joe Barton, R-Texas, whose district includes MTBE manufacturers, said the refiners turned to MTBE because of federal clean air rules, and should not be penalized. Numerous states already are moving to phase out MTBE use because of environmental concerns, he said.

The House legislation also would:

- Give the Federal Energy Regulatory Commission authority to order the taking of private land for power line construction if a state does not act.

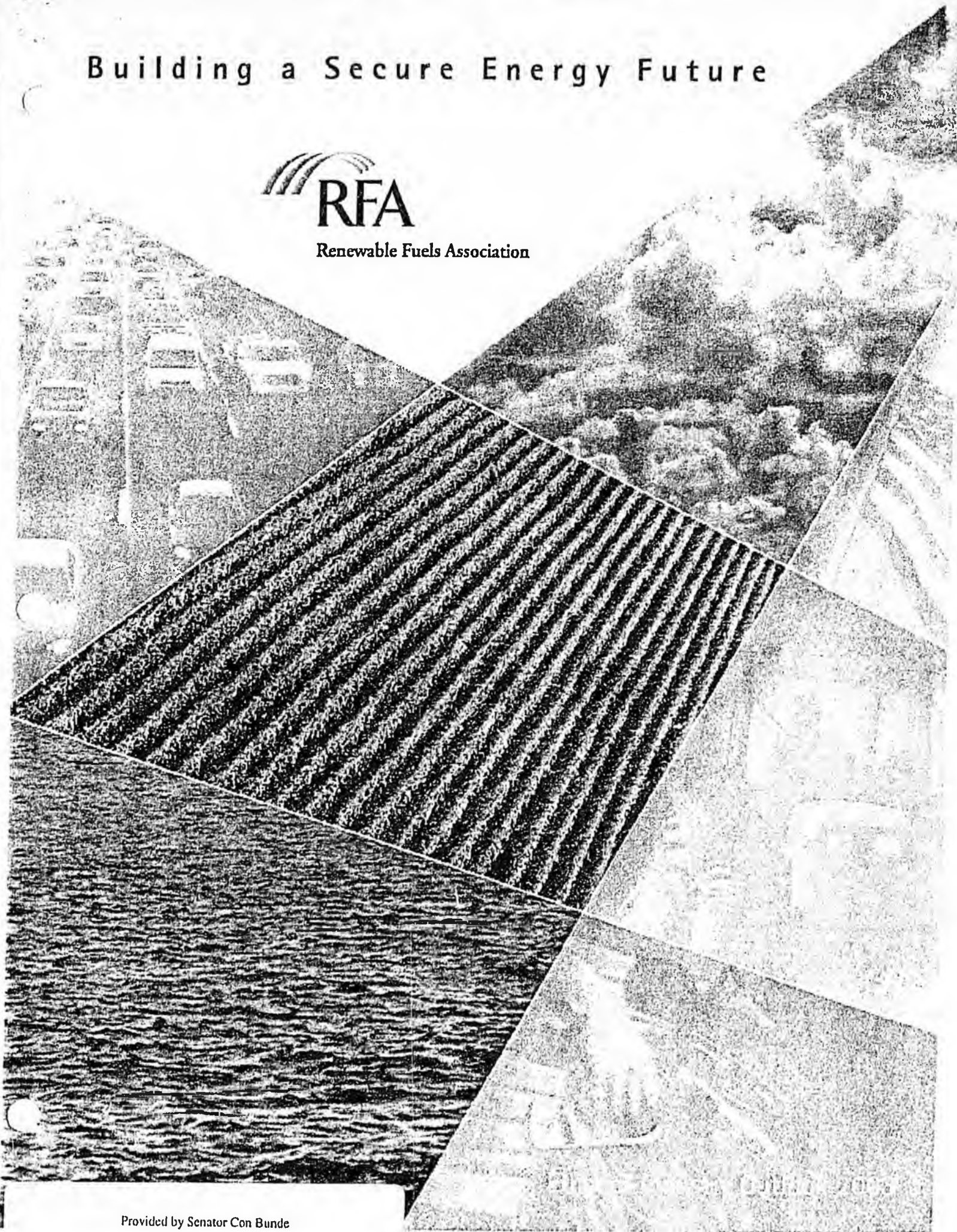
- Streamline federal approval of hydroelectric dams.

- Rescind a Depression-era law that restricted certain mergers among large power holding companies. Consumer groups argued the law shouldn't be scrapped unless FERC is given more authority to deal with merger abuses.

# Building a Secure Energy Future



Renewable Fuels Association



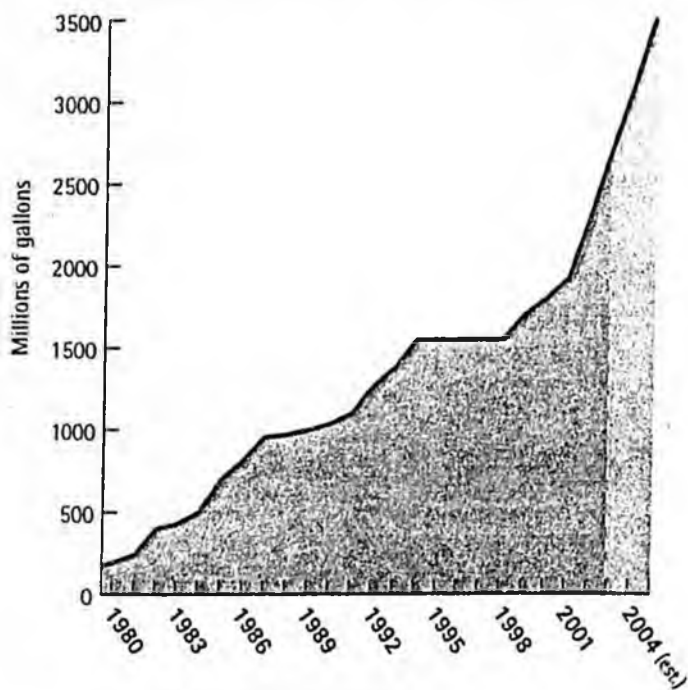
Provided by Senator Con Bunde

## Record Ethanol Production Capacity

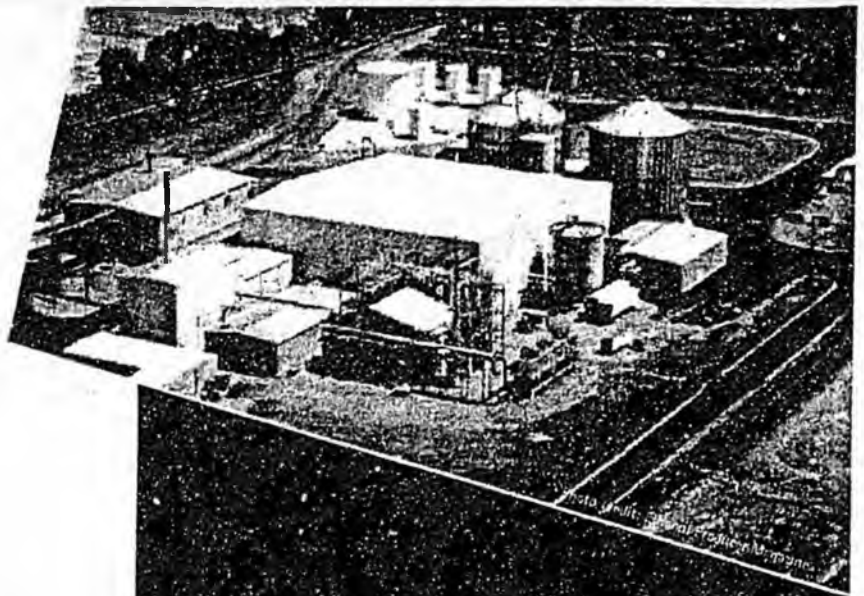
In response to growing market opportunities, the ethanol industry built annual production capacity to a record 2.7 billions gallons at the end of 2002. This represents an increase of more than one billion gallons compared to only three years ago.

Growth will continue to dominate the ethanol industry. With several plants under construction and a number of expansions to existing facilities under way, ethanol production capacity will surpass 3 billion gallons during 2003. Dozens of projects under development will ensure continued growth in the future.

ANNUAL U.S. ETHANOL PRODUCTION CAPACITY



Source: Renewable Fuels Association



### STATE ETHANOL PRODUCTION CAPACITY

State	Million gallons/year
Illinois	766
Iowa	695
Nebraska	422
Minnesota	393.6
South Dakota	371
Indiana	95
Missouri	80
Kansas	79.5
Wisconsin	79
Tennessee	65
Michigan	45
North Dakota	33.5
Kentucky	24
New Mexico	15
California	9
Idaho	6
Wyoming	5
Florida	4
Colorado	1.5
Washington	0.7
<b>Total</b>	<b>3189.8</b> mgy

*Includes gallons currently under construction.*

"Over the last two years, ethanol plant designers and builders around the country proved we could rapidly expand ethanol production capacity to meet new demand. And we can continue this pace for years to come."

— Jeff Brain, Brain Companies President and CEO

# Securing the Future of the American Farm

## Ethanol

production is the third largest and fastest growing market for U.S. corn. In 2002, over 800 million bushels of corn were processed into ethanol and valuable feed co-products, boosting corn prices by 30 to 40 cents per bushel nationally. Additionally, 45 million bushels of grain sorghum were used in the production of ethanol.

### Farmers Invest in Their Future

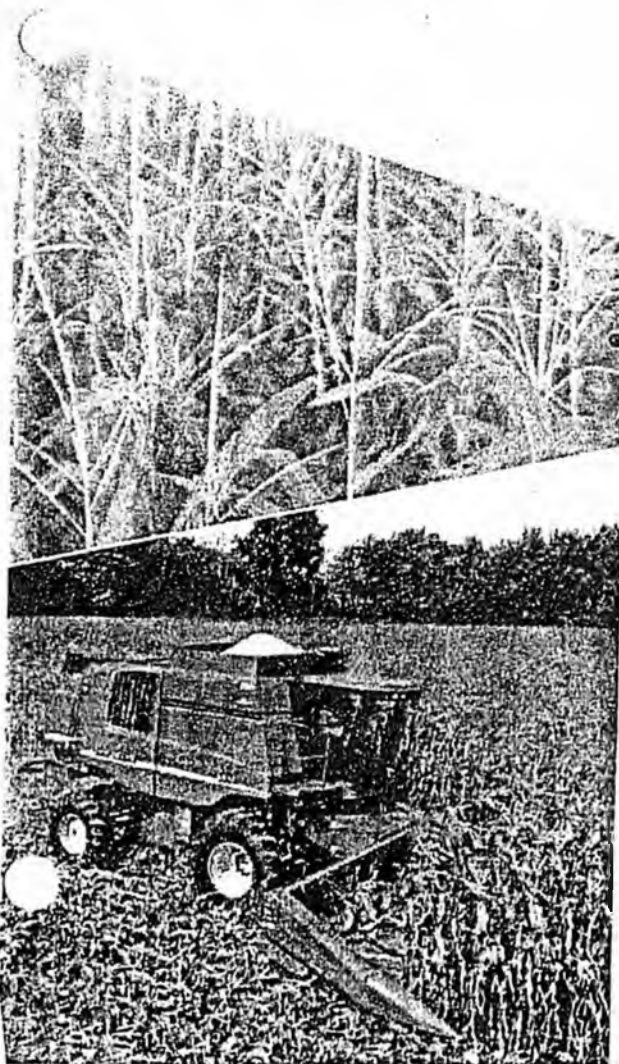
The recent boom in ethanol plant construction has been spearheaded by farmers seeking to capture new value-added markets for the commodities they grow. Since 1999, farmer-owned ethanol plants have increased their percentage of total production capacity from 20% to over 35%. Today, 70% of the ethanol plants under construction are farmer-owned.

### Renewable Fuels Standard Grows Farm Economy

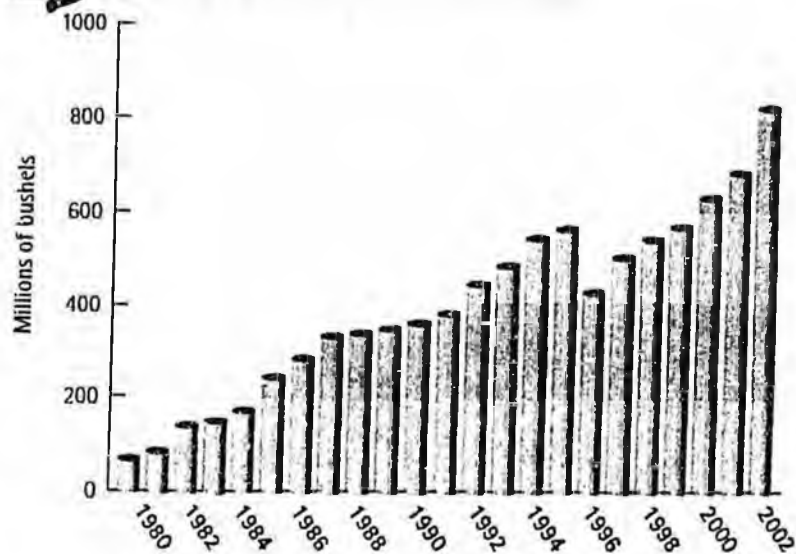
According to a study conducted on behalf of the National Corn Growers Association, enacting a renewable fuels standard that increases ethanol use to 5 billion gallons by 2012 would:

- ▲ Boost corn use to more than 2 billion bushels per year
- ▲ Increase corn prices by 6.8% above baseline projections
- ▲ Add \$51 billion to farm income through 2012
- ▲ Reduce direct government payments to farmers by \$5.9 billion through 2012

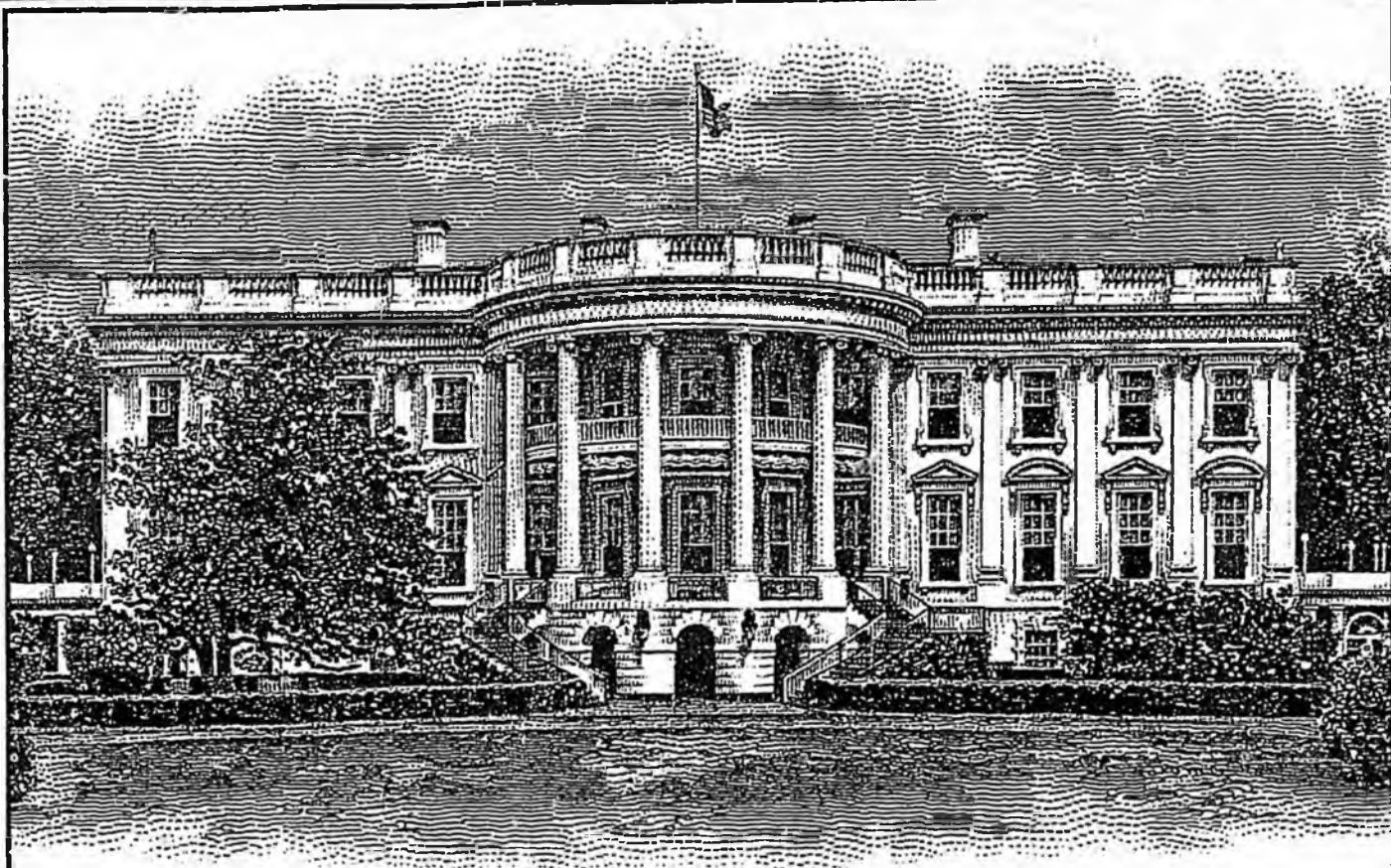
Source: "Impact of the Renewable Fuels Standard on the U.S. Agriculture Sector," John Urbanchuk, AUS Consultants, September 2002



### CORN UTILIZED IN ETHANOL PRODUCTION



Source: National Corn Growers Association



FISCAL YEAR 2004

# ANALYTICAL PERSPECTIVES

BUDGET OF THE U.S. GOVERNMENT

Table 6-2. ESTIMATES OF TAX EXPENDITURES FOR THE CORPORATE AND INDIVIDUAL INCOME TAXES  
(In millions of dollars)

	Corporations								Individuals							
	2002	2003	2004	2005	2006	2007	2008	2004-2008	2002	2003	2004	2005	2006	2007	2008	2004-2008
1 National Defense																
2 Exclusion of benefits and allowances to armed forces personnel									2,190	2,210	2,240	2,260	2,290	2,310	2,330	11,430
3 International Affairs																
4 Exclusion of income earned abroad by U.S. citizens									2,740	2,620	2,680	2,750	2,810	2,940	3,100	14,280
5 Exclusion of certain allowances for Federal employees abroad									760	800	840	880	930	980	1,030	4,660
6 Extranational income exclusion	4,820	5,150	5,510	5,890	6,290	6,730	7,200	31,820								
7 Inventory property sales source rules exception	1,470	1,540	1,620	1,700	1,790	1,880	1,980	8,970								
8 Deferral of income from controlled foreign corporations (normal tax method)	7,000	7,450	7,900	8,400	8,930	9,550	10,210	44,990								
9 Deferred taxes for financial firms on certain income earned overseas	1,950	2,050	2,130	2,190	2,260	960	0	7,540								
10 General Science, Space, and Technology																
11 Expensing of research and experimentation expenditures (normal tax method)	1,630	2,160	2,710	3,320	3,910	4,190	4,300	18,430	30	40	50	70	80	80	80	360
12 Credit for increasing research activities	6,810	5,590	4,950	2,890	1,240	520	170	9,770	60	50	40	20	0	0	0	80
13 Energy																
14 Expensing of exploration and development costs, fuels	130	150	130	70	50	40	30	320	20	20	20	10	10	0	0	40
15 Excess of percentage over cost depletion, fuels	510	550	530	500	510	530	540	2,810	100	120	120	110	110	110	110	580
16 Alternative fuel production credit	1,500	900	500	500	500	500	200	2,200	60	40	20	20	20	20	10	90
17 Exception from passive loss limitation for working interests in oil and gas properties									10	10	10	10	10	10	10	50
18 Capital gains treatment of royalties on coal									100	110	110	120	120	130	140	620
19 Exclusion of interest on energy facility bonds	30	30	30	30	30	30	30	150	80	90	100	110	110	120	130	570
20 Enhanced oil recovery credit	300	310	320	330	330	340	350	1,670	30	30	30	30	30	30	40	160
21 New technology credit	100	180	250	270	270	270	270	1,330	0	0	0	0	0	0	0	0
22 Alcohol fuel credits <sup>1</sup>	20	20	30	20	20	20	20	100	10	10	10	10	10	10	10	50
23 Tax credit and deduction for clean-fuel burning vehicles	50	60	40	20	-10	-60	-60	-70	20	30	30	20	0	-10	-10	0
24 Exclusion from income of conservation subsidies provided by public utilities									80	80	80	80	80	80	80	400
25 Natural Resources and Environment																
26 Expensing of exploration and development costs, nonfuel minerals	30	30	30	30	30	40	40	170	0	0	0	0	0	0	0	0
27 Excess of percentage over cost depletion, nonfuel minerals	240	240	250	260	270	270	280	1,330	20	20	20	20	20	20	20	100
28 Exclusion of interest on bonds for water, sewage, and hazardous waste facilities	110	110	120	120	120	130	130	620	340	370	420	460	490	520	550	2,440
29 Capital gains treatment of certain timber income									100	110	110	120	120	130	140	620
30 Expensing of multiperiod timber growing costs	240	250	260	260	270	280	280	1,350	120	120	120	120	130	130	130	630
31 Tax incentives for preservation of historic structures	160	170	180	190	200	210	220	1,000	40	40	50	50	50	50	60	260
32 Agriculture																
33 Expensing of certain capital outlays	20	20	20	20	20	20	30	110	150	160	150	150	150	150	160	760
34 Expensing of certain multiperiod production costs	20	20	20	20	20	20	20	100	110	110	100	100	100	100	100	500
35 Treatment of loans forgiven for solvent farmers									10	10	10	10	10	10	10	50
36 Capital gains treatment of certain income averaging for farmers									1,010	1,060	1,120	1,180	1,250	1,310	1,380	6,240
37 Deferral of gain on sale of farm realty	10	10	10	10	10	10	20	60	70	70	80	80	80	90	90	420
38 Commerce and Housing																
39 Financial institutions and insurance:																
40 Exemption of credit union income	1,020	1,090	1,160	1,240	1,320	1,410	1,510	6,640								
41 Excess bad debt reserves of financial institutions	0	0	0	0	0	0	0	0								
42 Exclusion of interest on life insurance savings	1,770	1,800	1,830	1,860	1,890	1,920	1,950	9,450	15,920	17,330	18,910	20,610	22,500	24,430	28,360	112,810
43 Special alternative tax on small property and casualty insurance companies	10	10	10	10	10	10	10	50								
44 Tax exemption of certain insurance companies owned by tax-exempt organizations	210	220	240	250	270	280	290	1,330								
45 Small life insurance company deduction	100	100	100	100	100	100	100	500								
46 Housing:																
47 Exclusion of interest on owner-occupied mortgage subsidy bonds	210	220	230	230	240	250	260	1,210	660	740	820	910	970	1,020	1,100	4,820
48 Exclusion of interest on rental housing bonds	40	50	50	50	50	50	50	250	140	150	170	190	200	210	230	1,000
49 Deductibility of mortgage interest on owner-occupied homes									63,590	65,540	68,440	71,870	74,790	78,160	82,650	375,910
50 Deductibility of State and local property tax on owner-occupied homes									21,760	22,320	22,160	19,750	18,240	14,580	13,580	86,310



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Table 6-2. ESTIMATES OF TAX EXPENDITURES FOR THE CORPORATE AND INDIVIDUAL INCOME TAXES—Continued  
(In millions of dollars)

	Corporations								Individuals							
	2002	2003	2004	2005	2006	2007	2008	2004-2008	2002	2003	2004	2005	2006	2007	2008	2004-2008
130 Tax credit for corporations receiving income from doing business in U.S. possessions .....	2,240	2,240	2,240	2,200	1,300	0	0	5,740								
157 Interest																
Deferral of interest on U.S. savings bonds .....									510	590	670	750	840	920	1,050	4,230
Addendum: Aid to State and local governments:																
Deductibility of:																
Property taxes on owner-occupied homes .....									21,760	22,320	22,160	19,750	16,240	14,580	13,580	88,310
Nonbusiness State and local taxes other than on owner-occupied homes .....									47,430	50,520	50,910	47,770	40,480	37,190	36,080	212,430
Exclusion of interest on State and local bonds for:																
Public purposes .....	6,170	6,360	6,550	6,750	6,950	7,160	7,370	34,780	19,080	20,420	20,760	20,970	20,880	20,370	20,990	103,950
Energy facilities .....	30	30	30	30	30	30	30	150	80	90	100	110	110	120	130	570
Water, sewage, and hazardous waste disposal facilities .....	110	110	120	120	120	130	130	620	340	370	420	460	490	520	550	2,440
Small-issues .....	80	80	90	90	90	90	100	460	250	280	310	340	360	380	410	1,800
Owner-occupied mortgage subsidies .....	210	220	230	230	240	250	260	1,210	660	740	820	910	970	1,020	1,100	4,820
Rental housing .....	40	50	50	50	50	50	50	250	140	150	170	180	200	210	230	1,000
Airports, docks, and similar facilities .....	170	170	180	180	190	200	200	950	520	580	650	710	750	800	860	3,780
Student loans .....	60	60	60	60	70	70	70	330	180	200	230	250	270	280	300	1,330
Private nonprofit educational facilities .....	140	150	150	160	160	170	170	810	440	490	550	600	650	680	730	3,210
Hospital construction .....	290	300	310	320	330	340	350	1,650	910	1,020	1,130	1,240	1,330	1,400	1,500	6,600
Veterans' housing .....	10	10	10	10	10	10	10	50	30	30	40	40	40	50	90	220
Credit for holders of zone academy bonds .....	50	80	90	100	100	100	100	490								

<sup>1</sup> In addition, the partial exemption from the excise tax for alcohol fuels results in a reduction in excise tax receipts (in millions of dollars) as follows: 2002 \$1,070; 2003 \$1,140; 2004 \$1,230; 2005 \$1,320; 2006 \$1,370; 2007 \$1,400; and 2008 \$1,430.

<sup>2</sup> The figures in the table indicate the effect of the child tax credit on receipts. The effect of the credit on outlays (in millions of dollars) is as follows: 2002 \$5,060; 2003 \$5,870; 2004 \$5,860; 2005 \$5,700; 2006 \$7,630; 2007 \$7,630; and 2008 \$7,500.

<sup>3</sup> The figures in the table indicate the effect of the earned income tax credit on receipts. The effect of the credit on outlays (in millions of dollars) is as follows: 2002 \$27,830; 2003 \$30,610; 2004 \$31,380; 2005 \$32,090; 2006 \$33,450; 2007 \$34,480; and 2008 \$35,380.

Note: Provisions with estimates denoted normal tax method have no revenue loss under the reference tax law method. All estimates have been rounded to the nearest \$10 million. Provisions with estimates that rounded to zero in each year are not included in the table.

United States  
Department of  
Agriculture



Office of  
the Chief  
Economist

Office of  
Energy Policy  
and New Uses

Agricultural  
Economic  
Report  
Number 814

# The Energy Balance of Corn Ethanol: An Update

Hosain Shapouri  
James A. Duffield  
Michael Wang

A large, stylized graphic on the cover. On the left, a black silhouette of a gas pump nozzle is shown. On the right, a large, detailed image of a corn cob is shown, with its kernels clearly visible. The nozzle and the corn cob are positioned as if they are interacting or connected, symbolizing the link between fossil fuels and corn-based ethanol.

# Ethanol

**The Energy Balance of Corn Ethanol: An Update.** By Hosein Shapouri, James A. Duffield, and Michael Wang. U.S. Department of Agriculture, Office of the Chief Economist, Office of Energy Policy and New Uses. Agricultural Economic Report No. 814.

### **Abstract**

Studies conducted since the late 1970s have estimated the net energy value (NEV) of corn ethanol. However, variations in data and assumptions used among the studies have resulted in a wide range of estimates. This study identifies the factors causing this wide variation and develops a more consistent estimate. We conclude that the NEV of corn ethanol has been rising over time due to technological advances in ethanol conversion and increased efficiency in farm production. We show that corn ethanol is energy efficient as indicated by an energy output:input ratio of 1.34.

**Keywords:** Ethanol, net energy balance, corn production, energy.

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July 2002

used in the production of corn-ethanol. We use both approaches in our analysis.

The energy balance issue first surfaced in the mid-1970s when ethanol began to receive attention as a gasoline extender. Studies during that time that analyzed the energy benefits of substituting ethanol for gasoline generally concluded that the net energy value (NEV, defined as energy content of ethanol minus fossil energy used to produce ethanol) of corn ethanol was slightly negative (Ethanol Study Committee, 1979; Chambers et al., 1979). In the late 1980s, the U.S. desire to reduce air pollution placed ethanol in the spotlight once again and energy balance studies resurfaced. About the same time, studies estimating the emissions of greenhouse gases from ethanol began to appear in the literature (DeLuchi, 1991; Ho, 1989; Marland and Turhollow, 1990). Although these studies focused on estimating the greenhouse gases associated with ethanol relative to gasoline, some of these studies also reported the NEV of ethanol. However, there was a considerable amount of variation in the findings of these reports. This wide variation relates to various assumptions about farm production and ethanol conversion. Furthermore, the various researchers used data from different time periods. Studies using older data tended to overestimate energy use because

ethanol manufacturing and farm production technologies have become increasingly energy efficient over time. To make matters worse, it is often difficult to determine why results differ from study to study because the reports often lack certain details on their calculation procedures. The purpose of this paper is to identify the methodological differences creating the inconsistencies among study results and provide a more consistent estimate for the NEV of corn ethanol.

Table 1 shows the wide variation in the NEV estimates of several studies. Some studies use lower heating values (LHV) for measuring energy and others use higher heating values (HHV). Higher heating value, also called gross heating value, is the standard heat of combustion referenced to water in combustion exhaust as liquid water. Lower heating value, also called net heat of combustion, is the standard heat of combustion referenced to water in combustion exhaust as water vapor. In other words, the difference between HHV and LHV is the energy associated with condensation of the water vapor in the combustion products. Although these two methods can produce slightly different results, either approach can be used. However, once a method is chosen, it should be used consistently throughout the study for all energy calculations.



**Table 1—Energy input assumptions of corn-ethanol studies**

Study/year	Corn yield	Nitrogen fertilizer application rate	Nitrogen fertilizer production	Corn ethanol conversion rate	Ethanol conversion process	Total <sup>1</sup> energy use	Coproducts <sup>1</sup> energy credits	Net <sup>1</sup> energy value
	<i>Bu/acre</i>	<i>lb/acre</i>	<i>Btu/lb</i>	<i>gal/bu</i>	<i>Btu/gal</i>	<i>Btu/gal</i>	<i>Btu/gal</i>	<i>Btu/gal</i>
Pimentel (1991)	110	136	37,551	2.50	73,687	131,017 (LHV)	21,500	-33,517
Pimentel (2001)	127	129	33,547	2.50	75,118	131,062 (LHV)	21,500	-33,562
Keeney and DeLuca (1992)	119	135	37,958	2.56	48,470	91,196 (LHV)	8,078	-8,438
Marland and Turhollow (1990)	119	127	31,135	2.50	50,105	73,934 (HHV)	8,127	18,154
Lorenz and Morris (1995)	120	123	27,605	2.55	53,956	81,090 (HHV)	27,579	30,589
Ho (1989)	90	NR	NR	NR	57,000	90,000 (LHV)	10,500	-4,000
Wang et al. (1999)	125	131	21,092	2.55	40,850	68,450 (LHV)	14,950	22,500
Agri. and Agri-Food Canada (1999)	116	125	NR	2.69	50,415	68,450 (LHV)	14,055	29,826
Shapouri et al. (1995)	122	125	22,159	2.53	53,277	82,824 (HHV)	15,056	16,193
This study (2002)	125	129	18,392	2.66	51,779	77,228 (HHV)	14,372	21,105

NR: Not reported

LHV: Low heat value = 76,000 Btu per gallon of ethanol. Keeney and DeLuca used 74,680 Btu per gallon of ethanol.

HHV: High heat value = 83,961 Btu per gallon of ethanol. Lorenz and Morris used 84,100 Btu per gallon of ethanol.

<sup>1</sup> The midpoint or average is used when studies report a range of values.

## Conclusions

We conclude that the NEV of corn-ethanol is positive when fertilizers are produced by modern processing plants, corn is converted in modern ethanol facilities, and farmers achieve average corn yields. Our NEV estimate of over 21,000 Btu per gallon could be considered conservative, since it was derived using the replacement method for valuing coproducts, and it does not include energy credits for plants that sell carbon dioxide. Corn ethanol is energy efficient, as indicated by an energy ratio of 1.34; that is, for every Btu dedicated to producing ethanol there is a 34-percent energy gain. Furthermore, producing ethanol from domestic corn stocks achieves a net gain in a more desirable form of energy, which helps the United States to reduce its dependence on imported oil. Ethanol production utilizes abundant domestic energy feedstocks, such as coal and natural gas, to convert corn into a premium liquid fuel. Only about 17 percent of the energy used to produce ethanol comes from liquid fuels, such as gasoline and diesel fuel. For every 1 Btu of liquid fuel used to produce ethanol, there is a 6.34 Btu gain.

When looking at past NEV studies, it appears that energy requirements for producing a gallon of ethanol are falling over time. One of the primary factors for this increase in energy efficiency is the increase in U.S. corn yields. When ethanol first emerged as a gasoline extender in the 1970s, corn yield was averaging about 90 bushels per acre. This study used 1995-97 average corn yield of 125 bushels per acre, which is about 39 percent greater than the yields of the 1970s. Corn yields continue to rise in the United States—the average corn yield per acre for the past 3 years (1999-2001) was about 135 bushels per acre. If the 1999-2001 average corn yield were used in this analysis, the total energy used to produce a bushel of corn would decline by more than 4,200 Btu. As corn yields increase over time, we can expect the energy balance of corn ethanol to increase, as well. Other major factors causing this increase in energy efficiency are related to the energy-saving technologies adopted by ethanol producers and manufacturers of fertilizers and other farm inputs. Higher energy costs will likely continue to provide incentives for these industries to become more energy efficient, which will continue to push the NEV of corn ethanol higher.

### Oxygenated Fuel in Alaska

My staff spoke with Tom Chapple, Director of DEC's Division of Air and Water Quality. He said oxygenated fuel (using ethanol) is sold in Alaska. Oxygenated fuel is required only in Anchorage between November and March.

However, he said, "we don't need it anymore." When asked why we don't need it, he said because cars made in 1994 and later have better combustion controls that do the same air quality job as oxygenated fuels. For that reason, the Governor's proposed budget would end the 6-cent state tax credit for using ethanol that refiners and distributors are given.

# Report for Congress

Received through the CRS Web

## Fuel Ethanol: Background and Public Policy Issues

Updated July 2, 2002

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# Fuel Ethanol: Background and Public Policy Issues

## Summary

In light of a changing regulatory and legislative environment, concern has arisen regarding the future prospects for ethanol as a motor fuel. Ethanol is produced from biomass (mainly corn) and is mixed with gasoline to produce cleaner-burning fuel called "gasohol" or "E10."

The market for fuel ethanol, which consumes 6% of the nation's corn crop, is heavily dependent on federal subsidies and regulations. A major impetus to the use of fuel ethanol has been the exemption that it receives from the motor fuels excise tax. Ethanol is expensive relative to gasoline, but it is subject to a federal tax exemption of 5.3 cents per gallon of gasohol (or 53 cents per gallon of pure ethanol). This exemption brings the cost of pure ethanol, which is about double that of conventional gasoline and other oxygenates, within reach of the cost of competitive substances. In addition, there are other incentives such as a small ethanol producers tax credit. It has been argued that the fuel ethanol industry could scarcely survive without these incentives.

The Clean Air Act requires that ethanol or another oxygenate be mixed with gasoline in areas with excessive carbon monoxide or ozone pollution. The resulting fuels are called oxygenated gasoline (oxyfuel) and reformulated gasoline (RFG), respectively. Using oxygenates, vehicle emissions of volatile organic compounds (VOCs) have been reduced by 17%, and toxic emissions have been reduced by approximately 30%. However, there has been a push to change the oxygenate requirements for two reasons. First, methyl tertiary butyl ether (MTBE), the most common oxygenate, has been found to contaminate groundwater. Second, the characteristics of ethanol-blended RFG—along with high crude oil prices and supply disruptions—led to high Midwest gasoline prices in Summer 2000, especially in Chicago and Milwaukee.

Uncertainties about future oxygenate requirements, as both federal and state governments consider changes, have raised concerns among farm and fuel ethanol industry groups and have prompted renewed congressional interest in the substance. Without the current regulatory requirements and incentives, or something comparable, much of ethanol's market would likely disappear. Expected changes to the reformulated gasoline requirements could either help or hurt the prospects for fuel ethanol (subsequently affecting the corn market), depending on the regulatory and legislative specifics. As a result, significant efforts have been launched by farm interests, the makers of fuel ethanol, agricultural states, and the manufacturers of petroleum products to shape regulatory policy and legislation.

Ethanol provisions in the House and Senate versions of H.R. 4, the comprehensive energy package, have increased interest in the benefits and drawbacks of the fuel.

This report provides background concerning various aspects of fuel ethanol, and a discussion of the current related policy issues.

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# Fuel Ethanol: Background and Public Policy Issues

## Introduction

Ethanol (ethyl alcohol) is an alcohol made by fermenting and distilling simple sugars. Ethyl alcohol is in alcoholic beverages and it is denatured (made unfit for human consumption) when used for fuel or industrial purposes.<sup>1</sup> The biggest use of fuel ethanol in the United States is as an additive in gasoline. It serves as an oxygenate (to prevent air pollution from carbon monoxide and ozone), as an octane booster (to prevent early ignition, or "engine knock"), and as an extender of gasoline. In purer forms, it can also be used as an alternative to gasoline in automobiles designed for its use. It is produced and consumed mostly in the Midwest, where corn—the main feedstock for ethanol production—is produced.

The initial stimulus to ethanol production in the mid-1970s was the drive to develop alternative and renewable supplies of energy in response to the oil embargoes of 1973 and 1979. Production of fuel ethanol has been encouraged by a partial exemption from the motor fuels excise tax. Another impetus to fuel ethanol production has come from corn producers anxious to expand the market for their crop. More recently the use of fuel ethanol has been stimulated by the Clean Air Act Amendments of 1990, which require oxygenated or reformulated gasoline to reduce emissions of carbon monoxide (CO) and volatile organic compounds (VOCs).

\*

While oxygenates reduce CO and VOC emissions, they also can lead to higher emissions of nitrogen oxides, precursors to ozone formation. While reformulated gasoline has succeeded in reducing ground-level ozone, the overall effect of oxygenates on ozone formation has been questioned. Furthermore, ethanol's main competitor in oxygenated fuels, methyl tertiary butyl ether (MTBE), has been found to contaminate groundwater. This has led to a push to ban MTBE, or eliminate the oxygenate requirements altogether. High summer gasoline prices in the Midwest, especially in Chicago and Milwaukee, where oxygenates are required, have added to the push to remove the oxygenate requirements. The trade-offs between air quality, water quality, and consumer price have sparked congressional debate on these requirements. In addition, there has been a long-running debate over the tax incentives that ethanol-blended fuels receive.

Fuel ethanol is used mainly as a low concentrate blend in gasoline, but can also be used in purer forms as an alternative to gasoline. In 2000, 99.7% of fuel ethanol

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<sup>1</sup> Industrial uses include perfumes, aftershaves, and cleansers.

consumed in the United States was in the form of "gasohol" or "E10" (blends of gasoline with up to 10% ethanol).<sup>2</sup>

Fuel ethanol is usually produced from the distillation of fermented simple sugars (e.g. glucose) derived primarily from corn, but also from wheat, potatoes and other vegetables, but can also be produced from cellulosic material such as switch grass, rice straw, and sugar cane (bagasse). The alcohol in fuel ethanol is identical to ethanol used for other purposes, but is treated (denatured) with gasoline to make it unfit for human consumption.

## Ethanol and the Agricultural Economy

Corn constitutes about 90% of the feedstock for ethanol production in the United States. The other 10% is largely grain sorghum, along with some barley, wheat, cheese whey and potatoes. Corn is used because it is a relatively low cost source of starch that can be converted to simple sugars, fermented and distilled. It is estimated by the U. S. Department of Agriculture (USDA) that about 615 million bushels of corn was used to produce about 1.5 billion gallons of fuel ethanol during the 2000/2001 corn marketing year.<sup>3</sup> This was 6.17% of the projected 9.755 billion bushels of corn utilization.<sup>4</sup>

Producers of corn, along with other major crops, receive farm income support and price support. Farms with a history of corn production received "production flexibility contract payments" of about \$1.186 billion during the 2000/2001 corn marketing year. Emergency economic assistance (P.L. 106-224) more than double the corn contract payments. Corn producers also are guaranteed a minimum national average price of \$1.89/bushel under the nonrecourse marketing assistance loan program.<sup>5</sup>

The added demand for corn created by fuel ethanol raises the market price for corn above what it would be otherwise. Economists estimate that when supplies are large, the use of an additional 100 million bushels of corn raises the price by about 4¢ per bushel. When supplies are low, the price impact is greater. The ethanol market is particularly welcome now, when the average price received by farmers is forecast by USDA to average about \$1.80 per bushel for the 2000/01 marketing year. This price would be the lowest season average since 1986. The ethanol market of 615 million bushels of corn, assuming a price impact of about 25¢ per bushel on all corn sales, means a possible \$2.4 billion in additional sales revenue to corn farmers.

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<sup>2</sup> U.S. Department of Energy (DOE), Energy Information Administration (EIA). *Alternatives to Traditional Transportation Fuels 1999*. Updated February 2001.

<sup>3</sup> One bushel of corn generates approximately 2.5 gallons of ethanol.

<sup>4</sup> Utilization data are used, rather than production, due to the existence of carryover stocks. Corn utilization data address the total amount of corn used within a given period.

<sup>5</sup> Detailed explanations are available in CRS Report RS20271, *Grain, Cotton, and Oilseeds: Federal Commodity Support*, and CRS 98-744, *Agricultural Marketing Assistance Loans and Loan Deficiency Payments*.

In the absence of the ethanol market, lower corn prices probably would stimulate increased corn utilization in other markets, but sales revenue would not be as high. The lower prices and sales revenue would be likely to result in higher federal spending on corn payments to farmers, as long as corn prices were below the price triggering federal loan deficiency subsidies.

**Table 1. Corn Utilization, 2000/2001 Forecast**

	Quantity (million bushels)	Share of Total Use
Livestock feed & residual	5,775	59.2%
Food, seed & industrial:	1,980	19.9%
– Fuel alcohol	615	6.2%
– High fructose corn syrup	550	5.5%
– Glucose & dextrose	220	2.2%
– Starch	225	2.6%
– Cereals & other products	190	1.9%
– Beverage alcohol	130	1.3%
– Seed	20	0.2%
Exports	2000	20.1%
<b>TOTAL USE</b>	<b>9,775</b>	<b>100.00%</b>
<b>TOTAL PRODUCTION</b>	<b>9,968</b>	

Source: Basic data are from USDA, Economic Research Service, Feed Outlook, March 10, 2000.

## Ethanol Refining and Production

According to the Renewable Fuels Association, about 55% of the corn used for ethanol is processed by “dry” milling plants (a grinding process) and the other 45% is processed by “wet” milling plants (a chemical extraction process). The basic steps of both processes are as follows. First, the corn is processed, with various enzymes added to separate fermentable sugars. Next, yeast is added to the mixture for fermentation to make alcohol. The alcohol is then distilled to fuel-grade ethanol that is 85-95% pure.<sup>6</sup> Finally, for fuel and industrial purposes the ethanol is denatured

<sup>6</sup> The byproduct of the dry milling process is distillers dried grains. The byproducts of wet milling are corn gluten feed, corn gluten meal, and corn oil. Distillers dried grains, corn (continued...)

with a small amount of a displeasing or noxious chemical to make it unfit for human consumption.<sup>7</sup> In the U.S. the denaturant for fuel ethanol is gasoline.

Ethanol is produced largely in the Midwest corn belt, with almost 90% of production occurring in five states: Illinois, Iowa, Nebraska, Minnesota and Indiana. Because it is generally less expensive to produce ethanol close to the feedstock supply, it is not surprising that the top five corn-producing states in the U.S. are also the top five ethanol-producers. Most ethanol use is in the metropolitan centers of the Midwest, where it is produced. When ethanol is used in other regions, shipping costs tend to be high, since ethanol-blended gasoline cannot travel through petroleum pipelines, and must be transported by truck, rail, or barge.

This geographic concentration is an obstacle to the use of ethanol on the East and West Coasts. The potential for expanding production geographically is a motivation behind research on cellulosic ethanol, since if regions could locate production facilities closer to the point of consumption, the costs of using ethanol could be lessened. Furthermore, if regions could produce fuel ethanol from local crops, there would be an increase in regional agricultural income.

**Table 2. Top 10 Ethanol Producers by Capacity, 2002**  
Million Gallons Per Year

Archer Daniels Midland (ADM)	950
Minnesota Corn Processors	140
Williams Bio-Energy	135
Cargill	110
High Plains Corporation	85
New Energy Corp	85
Midwest Grain	78
Chief Ethanol	62
A.E. Staley	60
AGP	52
All Others	981
U.S. Total	2738

Source: Renewable Fuels Association, Ethanol Industry Outlook 2002.

Ethanol production is also concentrated among a few large producers. The top five companies account for approximately 52% of production capacity, and the top ten companies account for approximately 64% of production capacity. (See Table 2.) Critics of the ethanol industry in general — and specifically of the ethanol tax incentives — argue that the tax incentives for ethanol production equate to “corporate

<sup>6</sup> (...continued)

gluten feed, and corn gluten meal are used as livestock feed.

<sup>7</sup> Renewable Fuels Association, Ethanol Industry Outlook 2002, Growing Homeland Energy Security. [<http://www.ethanolrfa.org/outlook2002.html>]

welfare” for a few large producers.<sup>8</sup> However, the share of production capacity controlled by the largest producers has been dropping as more producers have entered the market.

Overall, domestic ethanol production capacity is approximately 2.7 billion gallons per year. With current laws and incentives, consumption is expected to increase from 1.8 billion gallons per year in 2001 to approximately 2.6 billion gallons per year in 2005. Production will need to increase proportionally to meet the increased demand.<sup>9</sup> However, if the Clean Air Act is amended to limit or ban MTBE, or if other incentives for ethanol use are enacted, ethanol production capacity may expand at a faster rate. This is especially true if MTBE is banned while maintaining the oxygenate requirements, since ethanol is the most likely substitute for MTBE.<sup>10</sup> The comprehensive energy package, H.R. 4, may play a key role in determining the future of ethanol consumption (See the section on “Comprehensive Energy Legislation”).

Fuel is not the only output of an ethanol facility, however. Co-products play an important role in the profitability of a plant. In addition to the primary ethanol output, the corn wet milling generates corn gluten feed, corn gluten meal, and corn oil, and dry milling creates distillers grains. Corn oil is used as a vegetable oil and is higher priced than soybean oil. Approximately 12 million metric tons of gluten feed, gluten meal, and dried distillers grains are produced in the United States and sold as livestock feed annually. A major market for corn gluten feed and meal is the European Union, which imported nearly 5 million metric tons of gluten feed and meal during FY1998.

Revenue from the ethanol byproducts help offset the cost of corn. The net cost of corn relative to the price of ethanol (the ethanol production margin) and the difference between ethanol and wholesale gasoline prices (the fuel blending margin) are the major determinants of the level of ethanol production. Currently, the ethanol production margin is high because of the low price of corn. At the same time, the wholesale price of gasoline is increasing against the price of ethanol, which encourages the use of ethanol.

## Fuel Consumption

Approximately 1.8 billion gallons of ethanol fuel were consumed in the United States in 2001, mainly blended into E10 gasohol. While large, this figure represents only 1.4% of the approximately 125 billion gallons of gasoline consumption in the same year.<sup>11</sup> According to DOE, ethanol consumption is expected to grow to 2.6 billion gallons per year in 2005 and 3.3 billion gallons per year in 2020. This would

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<sup>8</sup> James Bovard, *Archer Daniels Midland: A Case Study in Corporate Welfare*. Cato Institute. September 26, 1995.

<sup>9</sup> DOE, EIA, *Annual Energy Outlook 2000*. December 22, 2000. Table 18.

<sup>10</sup> For more information, see section on MTBE.

<sup>11</sup> DOE, EIA, *Alternatives to Traditional Transportation Fuels 1999*. Table 10.

increase ethanol's market share to approximately 1.5% by 2005. Under current conditions, which may change considerably in the near future, this 1.5% share is projected to remain constant through 2020.<sup>12</sup>

The most significant barrier to wider use of fuel ethanol is its cost. Even with tax incentives for ethanol producers (see the section on Economic Effects), the fuel tends to be more expensive than gasoline per gallon. Furthermore, since fuel ethanol has a somewhat lower energy content, more fuel is required to travel the same distance. This energy loss leads to an approximate 3% decrease in miles-per-gallon vehicle fuel economy with gasohol.<sup>13</sup>

However, ethanol's chemical properties make it very useful for some applications, especially as an additive in gasoline. Major stimuli to the use of ethanol have been the oxygenate requirements of the Reformulated Gasoline (RFG) and Oxygenated Fuels programs of the Clean Air Act.<sup>14</sup> Oxygenates are used to promote more complete combustion of gasoline, which reduces carbon monoxide and volatile organic compound (VOC) emissions.<sup>15</sup> In addition, oxygenates can replace other chemicals in gasoline, such as benzene, a toxic air pollutant (see the section on Air Quality).

The two most common oxygenates are ethanol and methyl tertiary butyl ether (MTBE). MTBE, primarily made from natural gas or petroleum products, is preferred to ethanol in most regions because it is generally much less expensive, is easier to transport and distribute, and is available in greater supply. Because of different distribution systems and blending processes (with gasoline), substituting one oxygenate for another can lead to significant cost increases.

Despite the cost differential, there are several possible advantages of using ethanol over MTBE. Ethanol contains 35% oxygen by weight—twice the oxygen content of MTBE. Furthermore, since ethanol is produced from agricultural products, it has the potential to be a sustainable fuel, while MTBE is produced from natural gas and petroleum, fossil fuels. In addition, ethanol is readily biodegradable, eliminating some of the potential concerns about groundwater contamination that have surrounded MTBE (see the section on MTBE). However, there is concern that ethanol use can lead to contamination by benzene and other toxic compounds.<sup>16</sup>

Both ethanol and MTBE also can be blended into otherwise non-oxygenated gasoline to raise the octane rating of the fuel. High-performance engines and older engines often require higher octane fuel to prevent early ignition, or "engine knock."

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<sup>12</sup> DOE, EIA, *Annual Energy Outlook 2001*. December 22, 2000. Tables 2 and 18.

<sup>13</sup> It should be noted that the use of ethanol does not effect the efficiency of an engine. There is simply less energy in one gallon of ethanol than in one gallon of gasoline.

<sup>14</sup> Section 211, subsections k and m (respectively). 42 U.S.C. 7545.

<sup>15</sup> CO, VOCs and nitrogen oxides are the main precursors to ground-level ozone.

<sup>16</sup> Susan E. Powers, David Rice, Brendan Doohar, and Pedro J. J. Alvarez, "Will Ethanol-Blended Gasoline Affect Groundwater Quality?," *Environmental Science and Technology*. January 1, 2001. p. 24A.

Other chemicals may be used for the same purpose, but some of these alternatives are highly toxic, and some are regulated as pollutants under the Clean Air Act.<sup>17</sup> Furthermore, since these additives do not contain oxygen, their use may not lead to the same emissions reductions as oxygenated gasoline.

In purer forms, ethanol can also be used as an alternative to gasoline in vehicles specifically designed for its use, although this only represents approximately 0.3% of ethanol consumption in the U.S. The federal government and state governments, along with businesses in the alternative fuel industry, are required to purchase alternative-fueled vehicles by the Energy Policy Act of 1992.<sup>18</sup> In addition, under the Clean Air Act Amendments of 1990, municipal fleets can use alternative fuel vehicles to mitigate air quality problems. Blends of 85% ethanol with 15% gasoline (E85), and 95% ethanol with 5% gasoline (E95) are currently considered alternative fuels by the Department of Energy.<sup>19</sup> The small amount of gasoline added to the alcohol helps prevent corrosion of engine parts, and aids ignition in cold weather.

**Table 3. Estimated U. S. Consumption of Fuel Ethanol, MTBE and Gasoline**  
(Thousand Gasoline-Equivalent Gallons)

	1994	1996	1998	2000
E85	80	694	1,727	3,344
E95	140	2,699	59 <sup>a</sup>	54
Ethanol in Gasohol (E10)	845,900	660,200	916,000	1,011,800
MTBE in Gasoline	2,108,800	2,749,700	2,915,600	3,104,200
Gasoline <sup>b</sup>	113,144,000	117,783,000	122,849,000	124,651,000

Source: Department of Energy, Alternatives to Traditional Transportation Fuels 1999 .

<sup>a</sup> A major drop in E95 consumption occurred between 1997 and 1998 because of a significant decrease in the number of E95-fueled vehicles in operation (347 to 14), due to the elimination of an ethanol-fueled bus fleet in California.

<sup>b</sup> Gasoline consumption includes ethanol in gasohol and MTBE in gasoline.

<sup>17</sup> Lead was commonly used as an octane enhancer until it was phased-out through the mid-1980s (lead in gasoline was completely banned in 1995), due to the fact that it disables emissions control devices, and because it is toxic to humans.

<sup>18</sup> P.L. 102-486.

<sup>19</sup> More diluted blends of ethanol, such as E10, are considered to be "extenders" of gasoline, as opposed to alternatives.