



SB

142

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

STATEWIDE AVIATION

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May 2, 2005

The Honorable Mark Neuman
Alaska House of Representatives
State Capitol, Room 400
Juneau, AK 99801

Dear Representative Neuman:

Thank you for your questions on SB 142 - ownership of land by regional school boards.

The intent of the Department of Transportation and Public Facilities (DoT/PF) in requesting this legislation is to eliminate a conflict between AS 14.08.151 and our assurances made to the FAA in order to receive Airport Improvement Program (AIP) funding.

AS 14.08.151 has been cited by regional educational attendance area (REAA) schools and school boards as justification for requesting airport land title. Because this request conflicts with our assurance to the FAA to retain "satisfactory property interest," DoT/PF has had to obtain Attorney General's opinions in order to show that there was no legislative intent to compel the State to breach FAA grant agreements.

DoT/PF has leases or letters of non-objection with school entities at the following airports:

Aniak
Anvik
Cold Bay
Betties
Galena
Kaltag

Lime Village
Noatak
Pilot Station
Unalakleet
Willow

These facilities, ranging from fuel line rights of way to hangars to schools, can be divided into two categories – those which pose some risk to aviation operations, and those posing no risk.


School buildings at Aniak, Bettles and Noatak have been identified as encroaching on aviation operation areas outlined in FAA advisory circulars. DoT/PF has made verbal and written commitments to the FAA to work with REAAs, school boards and the Department of Education to mitigate and/or remove these encroachments when reasonably possible.

All other school facilities are located on land outside of those areas required specifically for aviation operations per FAA advisory circulars, or have been approved by FAA to remain in place in aviation operations areas. At all of the communities listed above, DoT/PF has a contractual relationship with the school entity and has regulatory limitations in causing the facility to be removed from airport property. Additionally, the DoT/PF has no policy, and expects no change that policy, requiring the removal of school facilities from airport land.

While DoT/PF does have a policy restricting new schools or additions to be built in areas encroaching on aviation operating areas, it does allow school entities to lease airport land outside of aviation operation areas if necessary.

We expect the primary benefit of SB 142 will be an end to the bureaucratic entanglements that stem from conflicting statutes. Thank you for your time on this issue.

Sincerely,



Kip Knudson
Deputy Commissioner for Aviation

REAAAs where Airport/DOT needs may overlap:

- **In Northern Region** there are schools or school-owned buildings on the following airports:
Anvik, Bettles, Galena, Noatak, Pilot Station and Unalakleet
- **In Central Region** schools or school outbuildings may be on the following airports:
Aniak, Cold Bay, Iliamna, Lime Village and Willow

Data provided by:

Pamela A. Lewis, SR/WA

Statewide Chief, Aviation Leasing and Airport Land Development

Alaska DOT&PF



Alaska State Legislature

Senator Con Bunde
Senate District P

Vice Chair: Senate Finance Committee
Chair: Senate Labor & Commerce Committee

SB 142 SPONSOR STATEMENT

Lands & Buildings used by Regional School Boards (updated 4/25/05)

"An Act relating to ownership of land by regional school boards; and providing for an effective date."

Currently there exist conflicting statutes regarding ownership of land for state airports. AS 02.15.020 requires that the Department of Transportation and Public Facilities (DOT&PF) conforms to federal requirements if the state wishes to participate in federal grants. A newer statute, AS 14.08.151(b) gives a regional school board the opportunity to receive title to land used in relation to regional educational attendance area schools.

While the Alaska Legislature clearly intended to allow regional school boards the option of greater control of their facilities through acquisition of title, there is no record that the Legislature intended to do so at the cost of federal liability, significant loss of federal funding, and a degraded state airport system.

Several regional schools are located on state airport properties, some in very close proximity to active runways and airport infrastructure. At various times, regional school boards have requested that DOT&PF convey full title of the airport land to the schools. This has caused confusion, staff time in both the Departments of Education and DOT&PF, as well as attorney costs, to defend DOT&PF's title to its airport property.

DOT&PF, acting as a sponsor under federal law, makes extensive use of federal grant funding for airport construction and improvements. The Federal Aviation Administration imposes enforceable grant conditions on the recipients of federal funds. As a condition of acceptance, DOT&PF is required to expend federal grant funds in strict accordance with those federal conditions. FAA requires DOT&PF to certify assurances that it has "satisfactory property interest" in the airport to obtain these necessary federal grants. Under AS 14.08.151(b), a mandatory title transfer of airport property that is subject to FAA grant assurances would violate AS 02.15.020(c) and would breach federal grant agreements. This is because DOT&PF would be required to transfer title to property that the department has assured to the FAA that it would retain in state ownership *for airport purposes*, including the fiscal support of the airport.

There being no indication of legislative intent to compel the State of Alaska to breach FAA grant agreements in violation of AS 02.15.020(c), the best interpretation of AS 14.08.151 limits its applicability to non-airport lands.

This bill will benefit the public, the regional school boards, the Department of Education and DOT&PF by clarifying the intent of the conveyance language to exclude airport properties.

Fact Sheet: SB 142

Sponsor: Senate Labor & Commerce Committee

Contact: Jane Alberts, 465-4843

Summary:

- Excludes airport properties from AS 14.08.151(b), which directs the state to convey title to lands used in relation to regional educational attendance area schools when requested to do so by the regional school board.

Benefits:

- Resolves a conflict between AS 02.15.020, which requires the Department of Transportation & Public Facilities to retain "satisfactory property interest" in airport facilities in order to participate in federal grant programs, and AS 14.08.151, which gives regional school boards the opportunity to obtain title to land/structures for regional educational attendance area (REAA) schools.
- Saves the departments of Transportation and Education time, effort and money needed to settle conflicting claims.
- Ensures that DOT&PF will be able to meet Federal Aviation Administration requirements and obtain federal funding for airport projects in REAAs.
- Conforms statute to legislative intent.

Background:

- AS 02.15.020 requires DOT&PF to conform to federal requirements in order for the State to participate in federal grants. The Federal Aviation Administration requires DOT&PF to certify assurances that it has "satisfactory property interest" in the airport to obtain these necessary federal grants. A newer statute, AS 14.08.151(b) gives a regional school board the opportunity to receive title to land used in relation to REAAs. Several regional schools are located on state airport properties, some in close proximity to active runways and airport infrastructure. At various times, regional school boards have requested that DOT&PF convey full title of the airport land to the schools. A mandatory title transfer of this type would violate AS 02.15.020 and breach federal grant agreements. While the Alaska Legislature clearly intended to allow regional school boards the option of greater control over facilities through acquisition of title, no record exists that the Legislature intended to do so at the cost of federal liability, significant loss of federal funding and a degraded state airport system.

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

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JUNEAU, ALASKA 99801-7898

TEXT : (907) 465-3652
FAX : (907) 586-8365

PHONE: (907) 465-3900

March 24, 2005

The Honorable Con Bunde
Chair, Senate Labor & Commerce
Alaska State Legislature
State Capitol, Room 506
Juneau, Alaska 99801-1182

Dear Senator Bunde:

Senate Bill 142, as proposed, will clarify the intent of existing statute regarding land title conveyance in order to prevent airport properties from being transferred to regional school boards. By rectifying this disparity, SB 142 would exclude airport properties and in-boundary airport perimeters from being transferred to regional school districts applying for title conveyance.

AS 14.08.151(b) reads as follows: *A regional school board may, by resolution, request, and the commissioner of the department having responsibility shall convey, title to land and buildings used in relation to regional educational attendance area schools. If the state holds less than fee title to the land, the commissioner of the department having responsibility shall convey the entire interest of the state in the land to the regional school board.*

An example of the confusion caused by current statute can be cited as when the Yukon-Koyukuk Regional School Board made an administrative claim for school property on the Bettles Airport in 2001. The school in Bettles, constructed in the 1970's, is very close to the active runway, and is, in fact, partially in front of the building restriction line (BRL). A BRL limits construction of improvements near a runway for safety purposes. The school is actually located in an area identified by DOT&PF and the FAA as being needed for future aviation purposes.

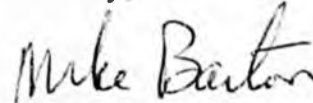
DOT&PF obtained an Attorney General's Opinion, copy enclosed, when it received the claim for title from the Y-K Regional School Board. Said opinion, dated 12/11/01, concluded that there was no indication of legislative intent to compel the State of Alaska to breach FAA grant agreements in violation of AS 02.15.020(c). The opinion further stated: "...AS 14.08.151(b) should not be interpreted to require conveyance to an RSB of the State's interest in a State airport." Our estimate of staff time devoted to this task, as well as to the AG's involvement, is approximately 250 hours. The costs for staff time and the AG's opinion is approximately \$17,500.

The difficulty encountered in 2001 is not exclusive. In 1986 the Aleutian Region School District requested conveyance of the existing school site at the Cold Bay Airport. Eight years later, in 1994, the Lake and Peninsula School District requested conveyance of the school site at Iliamna Airport. In both cases, DOT&PF required the assistance of the Attorney General's Office to deny the RSBs' requests for title.

DOT&PF has been working with the legislature to resolve the conflict between these statutes since 1987. Passage of this legislation would solidify the ability of the department to protect the integrity and safety of the State's 258 rural airport properties as well as maintain, operate, expand and manage airports according to FAA guidelines and federal grant requirements.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script that reads "Mike Barton".

Mike Barton
Commissioner

Enclosure

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB142-EED-ESS-03-18-05
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Education & Early Development
 Title An act relating to ownership of land, buildings, RDU ESS
and other structures by regional school boards; and providing Component School Finance & Facilities
 Sponsor Labor and Commerce
 Requester Labor and Commerce Component No. 2736

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2005) cost: 00
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

There is no financial impact related to this legislation with the Department of Education & Early Development. Rather this legislation clarifies other structures in transfer of title. And remove the ability to transfer land, buildings, and other structures, located within the boundaries of state airport.

Prepared by: Eddy Jeans, Director Phone 465-8679
 Division School Finance Date/Time 3/18/05 12:44 PM
 Approved by _____ Date 03/18/2005
 Agency Education & Early Development

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB142-DOT-CO-4-4-05
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
 Title Regional School Board Land/ RDU Administration & Support
Building Ownership Component Commissioner's Office
 Sponsor Senate Labor and Commerce
 Requester Senate Labor and Commerce Component No. 530

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

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)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Nona Wilson Phone 465-3904
 Division Legislative Liaison, DOT&PF Date/Time 4/4/05 6:17 PM
 Approved by: Mike Barton Date 4/4/2005
 Agency Commissioner, DOT&PF

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES



STATEWIDE OFFICE
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FAX TRANSMITTAL

DATE: 3/24/05

TO FAX #: 586-8365

TO: Nona Wilson

SUBJECT: SB 142

FROM: Pamela A. Lewis, SR/WA
Statewide Chief

PHONE: 451-5266

MESSAGE: Here's the AGO opinion dated 12/11/01. Please look at the footnote on page 4 about resolving the conflict!

Number of pages sent: 11 (including transmittal page)

MEMORANDUM

State of Alaska
Department of Law

TO: Joseph L. Perkins, P.E., Commissioner
Department of Transportation and
Public Facilities

DATE: December 11, 2001

FILE NO: 665-99-0090

SUBJECT: Rural Schools and Airport
Land Title

FROM: Leone Hatch **LA.**
Assistant Attorney General
Transportation - Fairbanks

You have asked whether a regional school board¹ (hereinafter "RSB") which operates on airport property may require the Department of Transportation and Public Facilities (hereinafter "the Department") to transfer title to the land and buildings which it occupies to the RSB pursuant to AS 14.08.151(b) (Lexis 2000). While there is some uncertainty, the better answer to your question is no. Title may not be transferred on demand. We have reached this conclusion because the Alaska Legislature could not have intended to create a conflict with federal funding requirements, risk federal enforcement, and place federal participation in the State's airport system at risk.²

A mandatory title transfer of airport property (which is subject to FAA grant assurances) to an RSB pursuant to AS 14.08.151(b) would violate AS 2.15.020(c)

¹ The Alaska Supreme Court has noted that RSB's "are independent entities which have been given broad powers." *Northwest Arctic Reg'l Educ. Attendance Area v. Alaska Public Service Employees Local 71*, 591 P.2d 1292, 1298 (Alaska 1979), *overruled on other grounds, Alaska Commercial Fishing & Agric. Bank v. D/S Alaska Coast*, 715 P.2d 707, 709 n.5 (Alaska 1986); *see also, U.S. ex rel. Norton Sound Health v. Bering Strait School Dist.*, 138 F.3d 1281 (9th Cir. 1998). A title transfer to an RSB is not a mere administrative change of title between sister state agencies.

² It is also possible that AS 14.08.151(b) could be held to be federally preempted insofar as it applies to airports subject to federal grants. In general, when the federal government legislates in an area in which it is constitutionally entitled, directly conflicting local legislation is preempted through the operation of the Supremacy Clause of the United States Constitution. U.S. Const. art. VI, cl. 2. *E.g., Gade v. National Solid Wastes Management Ass'n*, 505 U.S. 88, 98 (1992). However, there are issues with this approach that make the outcome in this situation uncertain.

Joseph L. Perkins, P.E., Commissioner
Department of Transportation and Public Facilities
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(Lexis 2000) and would breach federal grant agreements. This is so because the Department would be required to transfer title to property which the Department, acting as sponsor for federal funding, has assured to the FAA that it would retain in State ownership for airport purposes, including the fiscal support of the airport. Automatic transfer of airport land to an RSB could subject the State to federal liability and enforcement as well as endanger future federal funding. If the Department cannot in good faith make title assurances to the FAA, there may be no future grant funding for airports vulnerable to RSB defeasance.

Background

Various RSB's operate facilities situated on airport property. In 1978, the Legislature granted RSB's the option of acquiring title to state property being used by a school.³ The Department has informed me that many, if not most, of these school facilities were constructed on airport property prior to the 1978 legislation. These schools are occupied under lease, use permit, or are in holdover status. AS 02.15.090 (Lexis 2000); AS 14.08.151(a) (Lexis 2000). The Yukon-Koyukuk RSB has made an administrative claim for Bettles airport property. That claim is under consideration pending the issuance of this opinion.

Statutory Authority

Two state statutes essentially frame the potential conflict: AS 02.15.020(c) and AS 14.08.151(b). The older statute, AS 02.15.020,⁴ essentially authorizes (and compels) the State to conform to federal requirements if the State wishes to participate in federal grants:

(c) The department may accept federal money and money from other public and private sources to accomplish in whole or in part any of the purposes of this chapter. All federal money accepted under this chapter shall be

³ § 2 ch 124 SLA 1975; am §§2, 3 ch 147 SLA 1978; am § 4-6 ch 6 SLA 1984 (codified at AS 14.08.151 (Lexis 2000)). The relevant language was adopted into subsection (b) in 1978.

⁴ § 4A - C ch 123 SLA 1949; am § 1 ch 14 SLA 1968 (codified at AS 02.15.020 (Lexis 2000)). The relevant language was adopted into subsection (c) in 1949, with slight revisions in 1968 recognizing that the Territorial Commission had become a department of the State.

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accepted and expended by the department upon the terms and conditions prescribed by the United States.⁵

The more recently enacted is AS 14.08.151.⁶ In Subsection (b) of this statute, the legislature authorized RSB's a means by which to obtain title to some state property. Subsection (b) provides as follows:

(b) A regional school board may, by resolution, request, and the commissioner of the department having responsibility shall convey, title to land and buildings used in relation to regional educational attendance area schools. If the state holds less than fee title to the land, the commissioner of the department having responsibility shall convey the entire interest of the state in the land to the regional school board.

Statutory Construction

"Interpretation of a statute begins with an examination of its language construed in light of its purpose." Even if a statute appears clear on its face, it is interpreted in the context of the legislature's purpose. The Alaska Supreme Court recently repeated its holding that, "[i]n ascertaining the legislature's intent, we are obliged to avoid construing a statute in a way that leads to a glaringly absurd result."⁷

Alaska statutes in apparent conflict must be read together in the context of legislative intent. If possible, the statutes should be harmonized. If the statutes cannot be reasonably harmonized in light of statutory intent, the earlier statute may be held to have been repealed by implication.⁸ However in this case, if the earlier statute is impliedly repealed, there will be direct and adverse consequences to the State's ability to maintain federally funded rural airports.

While the Alaska Legislature clearly intended to generally allow RSB's the option of greater autonomy and control of their facilities through the acquisition of title,

⁵ See, footnote 4.

⁶ See, footnote 3.

⁷ *Beck v. State of Alaska*, 837 P.2d 105, 116-17 (Alaska 1992).

⁸ *Sherbahn v. Kerkove*, 987 P.2d 195, 201 (Alaska 1999) (quoting *Underwater Constr., Inc. v. Shirley*, 884 P.2d 150, 155 n.21 (Alaska 1994) (quoting *Sherman v. Holiday Constr. Co.* 435 P.2d 16, 19 (Alaska 1967))).

⁹ E.g., *Progressive Insurance Co. v. Simmons*, 953 P.2d 510, 516 (Alaska 1998).

Joseph L. Perkins, P.E., Commissioner
Department of Transportation and Public Facilities
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there is no indication or record that the legislature intended to do so at the cost of federal liability, significant loss of federal funding, and a degraded airport system.

In this case, the earlier statute, AS 02.15.020(c), enables the Department of Transportation to apply for, accept, and utilize FAA grants for state airport facilities. AS 14.08.151(b) cannot be read to apply to airport land without implying that the Legislature intended to at least partially repeal AS 2.15.020(c)'s mandate that the state accept federal funds and be bound by the conditions thereon. It is unlikely that the Legislature intended to repeal this statute and subject the State to federal enforcement. Nor is it likely that the Legislature intended to endanger either current or future grant funding. The partial repeal necessary of AS 02.15.020(c) in favor of AS 14.08.151(b) to allow RSB's the right to claim title to airport property (discussed below) is an illogical and absurd result, unlikely to have been intended by the Legislature. To avoid the illogical and unintended result, AS 14.08.151(b) should not be read to apply to airport land.¹⁰

The Alaska Supreme Court, in its only interpretation of AS 14.08.151(b), has suggested a method of construing this statute which will allow it to be harmonized with AS 02.15.020(c) and the state's need to control public airports, maintain federal funding eligibility and honor its federal commitments. *State v. Bering Strait Regional Attendance Area*, 658 P.2d 784 (Alaska 1983). In *Bering* the court held that AS 14.08.151(b) is inapplicable to property which the RSB shared with another user. This opinion rests on the court's reluctance to create a shared title interest without specific legislative directive.

In *Bering*, the Nome City School District occupied a State-owned building which it primarily used for the Nome High School. It sublet an unused portion of the facility to the Bering Strait Regional Educational Attendance Area School District (hereinafter "Bering"). Both entities requested title under AS 14.08.151(b). The State chose to transfer title to the Nome City School District. Bering appealed and the matter eventually rose to the Alaska Supreme Court. The court was troubled by the shared use of the same property and was reluctant to either read AS 14.08.151(b) to require a partial conveyance, or to impose a novel and complex condominium-type relationship upon Nome City School District and Bering in the absence of specific statutory authority. The court held:

In effect, this will result in the creation of a condominium public facility.

¹⁰ The bulk of the controversy with its attendant potential for litigation could be resolved if the Alaska Legislature would revisit the issue and clarify its intentions.

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There are two problems with this interpretation.

First, it is a departure from the literal language of the statute. The statute refers to buildings, not portions of buildings

Second, a condominium public facility would be an innovation in this state. Creation of a condominium is legally complex, requiring detailed legal documents specifying, among other things, the responsibilities of the various owners. We believe that if condominium ownership had been intended by the legislature in enacting AS 14.08.151(b) the statute would have expressly so provided and would have furnished some guidance as to the division of responsibilities among the owners.

We thus hold that that the superior court erred in interpreting AS 14.08.151(b) to require a partial conveyance of the complex to Bering Strait.

Bering, 658 P.2d at 786 (footnotes omitted).¹¹

Specifically, the *Bering* court refused to create a condominium interest when two parties shared a building. If applied to airport land, AS 14.08.151(b) would bifurcate airport land title by effectively subdividing the airport and subjecting it to potentially conflicting uses and hostile management objectives. This result is not consistent with the holding in *Bering*. It is likely that the Alaska Supreme Court would extend *Bering* to include airport land if given the opportunity.

Airport land must by its nature be committed primarily to aviation purposes and uses. The Department, as sponsor, must maintain an indefeasible fee in land to which the FAA requires a fee interest. *Infra* at 7.

While secondary non-aviation uses can be supported in some circumstances, they are necessarily subordinate to the primary purpose of aviation. In the case of an RSB usage on airport land, there is a double occupancy even more complex than that which the *Bering* court refused to split. In the framework of *Bering*, AS

¹¹ The Alaska Legislature has not moved to alter the statute in response to the Alaska Supreme Court's 1983 interpretation. *Talancon v. State*, 721 P.2d 764, 768 (Nev. 1986) (failure of legislature to amend statute after judicial interpretation of legislative intent inferred ratification of judicial action) cited in *Todd v. State*, 884 P.2d 668, 680 (Alaska App. 1994).

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14.08.151(b) should not be interpreted to allow the bifurcation of title to an active airport, thus creating a condominium-like interest.

Pragmatically, AS 14.08.151(b) can be harmonized with AS 02.15.020(c) in the context of *Bering*. *Bering* suggests that before an RSB may obtain title pursuant to AS 14.08.151(b), the RSB usage must be exclusive to avoid a bifurcated title. Because the airport land is subject first to the requirements of transportation and safe aviation usage, the RSB's occupation of airport land is not exclusive, and thus under *Bering*, not subject to fee title transfer pursuant to AS 14.08.151(b).

Federal Grant Requirements

The FAA¹² maintains an interest in aviation safety, efficient and non-discriminatory airport management in support of the national transportation system, and the fiscal responsibility and self-sufficiency of grant-supported airports. It furthers these interests through both direct regulation and grant conditions.¹³ The FAA is specifically authorized by federal statute to attached conditions to FAA grants.¹⁴

The State of Alaska, acting as a sponsor under federal law, makes extensive use of federal grant funding for airport construction and improvement. Pursuant to the Spending Clause of the federal constitution¹⁵ (hereinafter "Spending Clause"), the federal government can and does impose enforceable grant conditions on the recipients of federal

¹² "The FAA is responsible for the administration and management of the Federal Airport grant-in-aid program under the Airport and Airway Development Act of 1970, as amended, 49 U.S.C. §§ 1701 et seq. (superseded by the Airport and Airway Improvement Act of 1982, 49 U.S.C. §§ 2201 et seq.)." *U.S. v. County of Westchester*, 571 F. Supp. 786, 789 (S.D.N.Y. 1983) (citations omitted). The 1970 Act was further amended in 1994 and 1996.

¹³ A recent Tenth Circuit Court of Appeals decision noted, "indeed, it is 'difficult to visualize a more comprehensive scheme of combined regulation, subsidization, and operational participation than that which congress has provided in the field of aviation.'" *Arapahoe County Public Airport Auth. v. F.A.A.*, 242 F.3d 1213, 1220 (10th Cir. 2001) (quoting *New England Legal Found. v. Massachusetts Port Auth.*, 883 F.2d 157, 172-73 (1st Cir. 1989)).

¹⁴ 49 U.S.C. § 47108(a) (West 1997).

¹⁵ U.S. Const. art. I, sec. 8, cl. 1.

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funds.¹⁶ The adoption of what is now AS 2.15.020 in 1949 allowed the Territory and later the State to bind itself to federal funding requirements, and therefore enjoy the benefit of federal grants.

As a condition of acceptance, the State is required both by this statute and federal case law to expend federal grant funds only in strict accordance with federal terms and conditions. The FAA has a number of title requirements for airports receiving grants.

Conflicts with Specific Federal Title Requirements

The primary transportation function of the airport is degraded if airport property is not subject to direct airport management and control. The FAA requires the Department to issue and certify¹⁷ assurances that as the sponsoring agency it has a "satisfactory property interest" in the airport to obtain these necessary federal grants.¹⁸ Grant assurances are incorporated into the grant contract. The Seventh Circuit Court of Appeals has noted that discretion to determine what constitutes a "satisfactory property

¹⁶ *E.g., South Dakota v. Dole*, 483 U.S. 203 (1987); *Pennhurst State Sch. and Hosp. v. Halderman*, 451 U.S. 1, 17 (1981); *U.S. v. Miami University*, 91 F. Supp. 2d 1132, 1142 (S.D. Ohio 2000). The *Miami* court observed:

Federal grants authorized by Congress create binding contracts between the United States and the recipient, and the United States has the authority to fix the terms and conditions upon which federal funds will be disbursed. Accordingly, acceptance of a federal grant to which conditions are attached "creates an obligation to perform the conditions on the part of the recipient."

Miami University, 91 F. Supp.2d at 1142 (quoting in part *U.S. v. Frazer*, 297 F. Supp. 319, 322 (M.D. Ala 1968)) (footnotes and citations omitted).

¹⁷ A person who knowingly and with intent to defraud makes a false statement on a certification required to obtain a federal airport development grant is subject to criminal penalties including fines and imprisonment of up to five years. 49 U.S.C. § 47126(3) (West 1997).

¹⁸ 49 U.S.C. § 47107(c) (West 1997); 14 C.F.R. § 152.103(a)(4)(ii) (2001); 14 C.F.R. § 152.3 (2001) ("Satisfactory property interest" and "Sponsor" defined); 14 C.F.R. § 151.26(d) (2001) ("land" defined in the context of the sponsor's application, which must identify property as either currently or anticipated to be subject to a satisfactory property interest).

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interest" rests with the FAA.¹⁹ Federal regulations specifically provide that land identified in the sponsor's application which is (or is to be) held in fee must be:

free and clear of any . . . other encumbrance that, in the opinion of the [FAA] would create an undue risk that it might deprive the sponsor of possession or control, interfere with its use for public airport purposes, or make it impossible for the sponsor to carry out the agreements and covenants in the application²⁰

A title interest that is essentially a statutorily defeasible²¹ fee created by AS 14.08.151(b) can certainly "deprive the sponsor of possession." The significance of the

¹⁹ *Aircraft Owners and Pilots Ass'n v. Hinson*, 102 F.3d 1421, 1424, 1426 n.2 & n.3 (7th Cir. 1996). The *Hinson* court considered claims that FAA grant assurances were violated when a sponsor, the City of Chicago, lost its lease on land underlying an airport when the lessor, a park district, declined to renew the lease after its expiration. The State of Illinois, as an intervenor, argued that the federal grant requirements required the City to obtain the airport (through condemnation or otherwise) to protect the grant-funded improvements and to continue to operate the airport. The court held that the grant provisions for this particular airport included a specific requirement for reimbursement in the event the lease was lost. The FAA had contemplated the possibility of lost title in this individual case and provided a contractual option other than specific performance. Therefore, the court reasoned, the FAA had acted reasonably and within its discretion in choosing not to seek to force the city to acquire and maintain the airport. While the court recognized the FAA's power to enforce title assurances, it refused to second guess the FAA's enforcement discretion. The *Hinson* court specifically noted that had the FAA wanted to force the sponsor defendant to maintain its title interest, it could well have done so by originally imposing the grant provisions it had employed at nearby Midway Field. *Id.*

²⁰ 14 C.F.R. § 151.25(c)(1) (2001).

²¹ "Defeasible" is defined as:

Subject to be defeated, annulled, revoked, or undone upon the happening of a future event or the performance of a condition subsequent, or by a conditional limitation. An estate which is not absolute, i.e., one which is determinable or subject to an executor limitation or condition subsequent. Usually spoken of estates and interests in land. For instance, a mortgagee's estate is defeasible (liable to be defeated) by the mortgagor's equity of redemption.

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defeasance will vary with the location of the RSB's facilities on the airport and the FAA's corresponding willingness, or unwillingness, to declare the property to be excess.²² However, the FAA's requirement for stable, predictable title is manifestly incompatible with a statutorily created defeasible fee which is not under the sponsor's control.

Excess property initially purchased or developed with an FAA grant may be sold (after approval) at fair market value and the FAA reimbursed proportionately.²³ The FAA may demand reimbursement of its proportion of full fair market value if title is transferred below market, as would be the case with a transfer to an RSB which occupies land which the FAA agrees is excess.²⁴ Likewise, any alterations to a grant-aided airport's layout plan must be approved by the FAA.²⁵ An unapproved alteration may cause the FAA to require the Department, at state expense, to restore the airport to its prior utility, even if this requires moving the airport facilities.²⁶ An "airport layout plan" includes the identification of the airport's boundaries, location of aviation and non-aviation uses, and delineation of the sponsor's title.²⁷

Black's Law Dictionary *available in Westlaw* (2001).

²² In *Bettles*, for instance, the facility in question is over the "building restriction line." Defeasance in that case will be a serious matter, potentially implicating airport safety issues as well as more general management and fiscal control.

²³ 49 U.S.C. § 47107(c) (West 1997).

²⁴ *Id.*

²⁵ 49 U.S.C. § 47107(a)(16) (West 1997).

²⁶ *Id.*

²⁷ 14 C.F.R. § 151.5(a) (2001) reads:

(a) Airport layout plan. As used in this part, "airport layout plan" means the basic plan for the layout of an eligible airport that shows, as a minimum--

(1) The present boundaries of the airport and of the offsite areas that the sponsor owns or controls for airport purposes, and of their proposed additions;

(2) The location and nature of existing and proposed airport facilities (such as runways, taxiways, aprons, terminal buildings, hangars, and roads) and of their proposed modifications and extensions; and

(3) The location of existing and proposed non-aviation areas, and of their existing improvements.

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A loss of title to airport property which is subject to grant assurances without compensation and without FAA concurrence, may breach title assurances. Such a breach could cause the FAA, at its discretion, to demand reimbursement, to demand that the alteration or loss be ameliorated at the sponsor's expense, to refuse further funding, and to take direct legal action against a state in federal court.²⁴

CONCLUSION

There being no indication of legislative intent to compel the State of Alaska to breach FAA grant agreements in violation of AS 2.15.020(c), the best interpretation of AS 14.08.151 limits its application to non-airport lands. The Legislature could not have reasonably intended to repeal AS 2.15.020(c) by implication and thus endanger federal funding of airports, potentially subject the State to significant federal enforcement, and actually discourage the Department from allowing RSBs access to appropriate property when it is otherwise in the best interest of the State and the airport to do so. Therefore it is our opinion that AS 14.08.151(b) should not be interpreted to require conveyance to an RSB of the State's interest in a State airport.

²⁴ 49 U.S.C. § 47111(f) (West 1997). The Inspector General of the FAA has investigated other FAA Regions and criticized them harshly for failure to insure strict compliance with grant conditions. The FAA has successfully sued sponsors for specific performance and withheld grant funding when confronted with breached grant conditions. For instance, when a New York airport attempted (by statute) to close at night in violation of a grant requirement, the FAA obtained an injunction to force the airport to remain open in the evening. *U.S. v. Westchester County*, 571 F. Supp. 786 (S.D.N.Y. 1983). The FAA also lawfully refused to re-certify the same airport for commercial aircraft until the breach was corrected. *New York v. FAA*, 712 F.2d 806, 809 (2nd Cir. 1983). When the San Francisco Airport violated its grant assurances with respect to non-discrimination, the FAA lawfully rejected its grant applications during the years of non-compliance. *City and County of San Francisco v. FAA*, 942 F.2d 1391 (9th Cir. 1991), cert. Denied, 503 U.S. 983 (1992). A Colorado airport recently had a similar experience. *Arapahoe*, 242 F.3d at 1220.

Amendment #1
To
SENATE BILL NO. 142
Offered in Senate Labor and Commerce Committee

Delete lines one and two and replace with:

“An Act relating to ownership of land by regional school boards; and providing for an effective date.”

Delete lines 12 – 14 and replace with:

“and provided to the commissioner of the department, assume ownership of all land and buildings used in relation to the schools in the educational attendance area, **as provided for in AS 14.08.151(b)**”

Delete lines 26 – 29 and replace with:

26 (b) **Except for land located within the boundaries of a state airport, a** [A] regional school board may, by resolution, request, and the commissioner of the department having responsibility shall convey, title to land and buildings



Alaska State Legislature

Senator Con Bunde
Senate District P

Vice Chair: Senate Finance Committee
Chair: Senate Labor & Commerce Committee

MEMORANDUM

DATE: Monday, April 25, 2005

TO: Representative Kurt Olson, Community & Regional Affairs Committee

FROM: Senator Con Bunde

Jane Alberts for Senator Bunde

RE: Hearing Request for **SB 142** Regional School Board Land/Ownership

I respectfully request a hearing before the House C&RA Committee on **SB 142, Regional School Board Land/Ownership**.

This bill resolves a conflict between **AS 02.15.020**, which requires the Department of Transportation & Public Facilities to retain "satisfactory property interest" in airport facilities in order to participate in federal grant programs, and **AS 14.08.151**, which gives regional school boards the opportunity to obtain title to land/structures for regional educational attendance area (REAA) schools.

It will save the DOT/PF and Department of Education and Early Development time, effort and money needed to settle conflicting claims while ensuring that DOT&PF will be able to meet Federal Aviation Administration requirements and obtain federal funding for airport projects in REAAs. Passing this bill will conform our statute to its legislative intent.

Attached you will find:

- 1) The original SB 142
- 2) CS for SB 142 (L&C)
- 3) Fact Sheet for SB 142
- 4) Sponsor Statement
- 5) A Memorandum from former DOT Commissioner, Joseph L. Perkins
- 6) Fiscal Notes
- 7) Listing of REAAs where conflict re: land ownership could exist

Please contact Jane Alberts in my office for any questions regarding this request. 465-3844.

SB

171

Testimony of Edward S. Itta
Mayor, North Slope Borough

on SB 171 – Amending NPR-A Grant Program

House Community and Regional Affairs Committee
March 30, 2006

Thank you, Mr. Chairman.

Now that you've had a chance to hear the sponsor and the Administration talk about SB 171's proposed changes to the NPR-A Impact Aid Grant Program, I appreciate this opportunity for people from the NPR-A communities to tell you what it's like in the places that are directly affected by industry activity.

As you know, the NPR-A grant program was born 25 years ago after these petroleum reserve lands were transferred from the Navy to the Department of the Interior with the intent of pursuing commercial development. Senator Stevens was aware that activity in NPR-A had already caused a lot of impacts in the local communities, and he wanted them to receive a healthy share of the non-federal revenues from development. It wasn't Senator Stevens' desire to wrap these villages up in complex arguments about what constitutes a direct impact or an indirect impact. That is a recent invention by this bill's sponsor.

Senator Stevens' intention – as it was expressed in the federal law that created the program – was pretty simple. He recognized that community impacts had occurred in the past and would occur in the future. He knew that these lands were the most important subsistence territory for the majority of North Slope residents. And he wanted the impacted communities to receive benefits at a level that corresponds to development.

The obvious and simple way to do that – as it was established in the federal law – is to let impact aid rise and fall with revenues. The revenue levels would give a general indication of current and future activity, and a general indication of impacts. The impact aid program would give communities a way to respond and to prepare for the increasing level of impacts that were likely to occur.

And that is exactly what is happening. From 1987-1995, there was some revenue generated from existing leases, then it went quiet for a few years before the big sales in 1999, 2002 and 2004 took place. Suddenly, more than 2.8 million acres are leased, and with the price of oil up so high, the industry is really eager. There will also be a lease sale later this year that offers the area north of Teshekpuk Lake for the first time.

If you want to talk about impacts to the communities, Teshekpuk Lake is a good place to start. That area is a tremendous magnet for waterfowl of all kinds, as a nesting and molting area. Birds come from thousands of miles away in the spring. The Teshekpuk

caribou herd is also based there, migrating in and out through a narrow neck of land between the eastern edge of the lake and the ocean.

In terms of subsistence, the Teshekpuk area is the focal point of the whole region, and all four of our NPR-A communities harvest from these wildlife populations while they are in the Teshekpuk region or during their migratory travels. If you want to make people nervous on the North Slope, just tell them that the industry is gearing up to move into the Teshekpuk area, especially the most sensitive area north of the lake, where the greatest concentrations of wildlife are found.

Well, that is exactly what we were told by BLM when they released their Record of Decision on Northeast NPR-A last month.

I bring this up because it is a good illustration of the way that impacts can take effect. When you are a subsistence hunter, you don't need an oil rig next to your campsite before there's an impact. You don't need a rig or a road or a seismic crew. For some of the most serious impacts, all you need is a threat.

The area around Teshekpuk Lake – especially on the north side of it – is a subsistence breadbasket. When I talk to people in the villages and Barrow, the idea that those lands are about to be leased isn't just a piece of worrisome news. It hits them in the stomach. It is a threat to their culture, because it is a threat to activities at the core of their culture. I think you understand that this is not just about hunting. It's about preserving the activities that make our culture possible. For the Native people up north, the new threat around Teshekpuk Lake is one more threat to the continuation of their culture.

So people in all of the NPR-A communities are experiencing a new impact – before the ground has even been leased. That is the nature of impacts in a cross-cultural situation. They are not always easy to understand or even identify, because they are created in the context of one culture and received in the context of another culture. The more you try to tie specific actions to specific effects, the more you will miss some of the most profound impacts. These are the ones that come from a feeling deep inside our people that their traditional hunting grounds are gradually being taken away for another use, a use that will disrupt the wildlife we depend on. Disrupting the wildlife disrupts the people. And while it takes time to figure out how much the wildlife are affected, it doesn't take any time for people to feel worried and threatened and stressed.

That's why the villages apply for youth programs and recreation facilities. They are trying to create alternative activities for kids in a culture that is under stress. They apply for school counselors and anti-drug programs, because they're trying to head off some of the social problems that arise when a culture feels it is under siege. NPR-A is clearly not the only source of stress on our kids and communities. But it is one source, and with BLM's decision to open up the Teshekpuk lands that have always been protected, it is a lot bigger source of stress than it used to be.

I think this kind of widespread social impact that is hard to get your arms around – and hard to quantify – was anticipated by the federal law. It is the kind of impact that stays under the radar, but it is real and very disturbing. It's the undercurrent that affects everyone, while the more obvious impacts affect one village more than another. Nuiqsut is in the eye of the storm now, but it was a quiet village ten years ago. Wainwright is still a pretty quiet village, but they feel this undercurrent, this fundamental shift in land use priorities. They go to the BLM meetings and see maps of the 2.8 million acres that have been leased for exploration in the hunting grounds. Development starts on the drawing board, not on the drill rig, and so do impacts.

The people of Wainwright and Atqasuk and Barrow and Nuiqsut see what's coming across the Colville River. What's coming is a seismic shock to their subsistence view of the world. They've heard that there might be ten billion barrels under there. For someone who depends on a very different use of that land, it creates a real impact, and that impact is directly tied to development. And like any social or cultural impact, it's very hard to show a direct cause-and-effect link.

I believe that is why the federal law leaves a lot of latitude in its approach to impact aid. Sure, there have to be guidelines and a demonstration of impact. Maybe we haven't always done the best possible job of communicating these impacts. But we are making progress on that. The DCED staff congratulated our grants people in this last round of applications; they said our impact justifications were much stronger than in the past.

It's very hard to prove a direct link between a seismic crew marching across the tundra and a change in the behavior of animals or humans in the area. We can't do it, and the Legislature can't do it. And yet that is the kind of hard-wired relationship between activities and impacts that the sponsor of this bill wants to require. If that's what he wants, then his argument is not with us, and it is not with the program as it operates now. His argument is with the federal law that provides this money in the first place. His argument is with Senator Stevens, who saw the need for impact assistance at the local level and created the program.

So I believe that some of the most profound impacts are these very subtle changes in the minds and hearts of our people as they see the industry march to the west across the breadbasket of their traditional lands. There are plenty of smaller, everyday impacts too. They happen so often that we don't even think about them. They might be incidents where we are called on to help the industry. We respond without thinking about it, because that's what you do when someone is in trouble in the Arctic. Our Search and Rescue department has flown 200 miles out to sea to medevac someone from a seismic ship. We fly medevacs to remote industry campsites to pick up sick or injured workers. It's happened several times in the past few months. In fact, just last week our emergency response team saved the life of an oil worker who had both legs trapped in an auger at a remote drilling site. He didn't come out of it so good, but he's still alive, and it's because we are the first responder on the Slope. Not the state or the feds or the industry. In fact, some of the lifesaving equipment that was used in this rescue was paid for by an NPR-A

grant. You won't hear about grants like that when you're listening to the bill's sponsor. That's because they are part of the success of the NPR-A grant program.

One of the most dramatic images of an NPR-A impact that you'll ever see is in one of the packets you have on your desk. It's the booklet of photos called "North Slope Borough Impacts from Oil and Gas Development." There should be a flagged page, and if you look at that page and the one after it, you'll see a photo taken in NPR-A last fall. It shows a massive amount of equipment and moveable facilities in a staging area at Cape Simpson. Next to that city of equipment is what looks like a tiny shack. And that's what it is - it's a subsistence cabin that marks a hunting area used by a Barrow family for generations. Hundreds of cabins like this dot the tundra in NPR-A. Many are on Native allotments that belong to families from every NPR-A community. So the next time somebody tries to tell you how far away some of these communities are from Alpine, remember this picture. It's quite a way from Alpine too, but it's very close to where lots of our families go every summer to spend time on the tundra and hunt and fish and camp.

From the sponsor's presentation on SB 171, you aren't getting a true picture of what's happening in NPR-A. You're not hearing what the real impacts are, and you're not learning about the vast majority of successful grants that have made this program a success. You're being led to believe that hundreds of thousands of dollars have been sent to communities, where they are pocketed without living up to the grant conditions. I didn't hear the sponsor mention one very important thing about all NPR-A grants. And that is that these grants are not funded up front. They are reimbursable, so it's not State dollars at risk if there is poor performance. It's local dollars. If the communities can't show the Department legitimate expenses, they don't get the grant money. That sounds like pretty good accountability to me.

So what is this bill really about? It's about fixing the program...fixing the program so that very little aid ends up going to the communities. The real intent of this bill is to make a political football out of the impact aid program. It's a two-step process. First, you take decision-making away from the administrative branch - where decision-making for every other state grant program exists. You move the grant reviewing, scoring and awarding process away from the professionals who do this work every day and into the political realm of the Legislature.

Second, you ratchet down hard on this slippery concept of impacts. What you end up with is a really tough task for a revolving group of people who are appropriately focused on politics and finances, and have plenty of ideas for other ways to use that money. It's a setup for decisions based on politics, not on the subtleties of impacts or federal intent.

The bill creates a timetable for dealing with these grant applications that adds to the problem. This timetable forces you to review and score and award a bunch of grants in the midst of the legislative session. Does the Legislature really want to be dealing with village grant applications during the session when you've got things like PPT on your plate? And do you really think this will yield better, more thoughtful decisions? I think

your best bet is to work with the department and with us to make the program stronger, not to gut it.

I'm sure there are ways to improve the program. Some of them are already being put in place. But the approach outlined in Senate Bill 171 is overkill. All we're asking of the Legislature is to preserve a fair, non-political process, and you don't get that by taking the grant professionals out of the picture, the same kind of professionals that you trust with every other state grant program. It just doesn't make sense.

It is important to note that SB 171 does not provide any new definitions or guidelines for judging impacts. It only changes who is reviewing the grant applications. I think you can see how this would add to our concerns that this bill doesn't make anything more fair or more open. If the Legislature wants to set up a special subcommittee to review these impact aid grants, it doesn't take a legislative change. A subcommittee was formed in Senate Finance last year.

If legislators are just worried that these communities might be getting too much money, the situation may resolve itself without any legislative action. The federal energy bill passed last year gives the Secretary of the Interior the authority to reduce or eliminate any and all bonus or lease payments on development in NPR-A. That would deprive the State as well as the local communities, so maybe what we should be doing here is working together to protect revenues.

We have plenty of reasons to work together on all kinds of resource development issues. The North Slope Borough has been a major supporter of onshore oil and gas for years. We have sent some of the most effective foot soldiers to work the halls of Congress on opening ANWR. At times, we have cooperated with industry wishes on the North Slope, even when our heart told us not to. If you look at the record, you'll see that we have tried to be strong partners for responsible development.

What do we get in return? In recent years, it seems like we've been faced with a flurry of bills like this – bills that are nothing more than a thinly-veiled attempt to punish us for living on the North Slope, and for receiving benefits at the same time as we absorb all the impacts from oil and gas activity... activity that sends billions of dollars of wealth to the rest of the state.

We believe in the partnership, but sometimes it feels less like a partnership and more like a target range, and we're the target. I have met some of you on this committee, and I don't think that is your attitude. But it is the attitude behind this legislation, and I hope you won't buy into the attitude or the bill. It would be a loss for all of us as we try to create a better future for Alaska.

A number of people from the NPR-A communities are here today, and they have a lot of experience with some of the things I've mentioned. I want you to know that they are not here on our dime. They paid their own way so they could tell you how important the program is to their communities. The mayor of Atkasuk was on the way down here when

she had a death in the family and had to turn around. But her written testimony should be in your file.

I want to thank you again, Mister Chairman, for allowing us to have this time with the committee today. It means a lot to us, and we really appreciate your interest in getting some local input on the bill.

Quyanaqpak.

Comments By Dora Nukapigak
Senate Bill 171

My name is Dora Nukapigak resident of Nuiqsut. I am a mother of three boys who have great interest of being a hunter like mom and dad in the future. Already my 9 year old son is anxious to follow mom and dad out hunting. Whaling, caribou hunting, fishing, and geese hunting are just some of what we hunt, and it brings food to our table, as well as others that depend on us to harvest for them. Elders that no longer can go out to hunt depend on residents of Nuiqsut to harvest for them, as well as North Slope residents that depend on us to send them fish, caribou, and other resources we have to share. Sharing has been a big part of our culture for centuries. With industry in my back yard, I am afraid that someday my son will have more difficulty in harvesting food for the table, and sharing will be hard because maybe he might only catch what he can put on the table for his family.

With the Alpine Satellites in the construction phase and the nearest drill rig being only 4.5 miles away from the village of Nuiqsut, we see impacts in our everyday life.

Impacts to our community did not start with Alpine development, it started with Prudhoe Bay and our elders lost their land to development. Impacts that occur back in the 1940's when NPRA was under the Naval Petroleum Reserve. Abandoned drums and abandoned well sites that we see surface are impacts from 80 years ago. These are impacts that are visible today and yet the government has not really taken into consideration to go back and clean these old well sites.

There were times when I drove my mother to Prudhoe Bay to buy cheaper gas, because the average gas prices were between 4.50 a gallon. My mother often talks of where she "used to hunt". Let me say that again, where she "used to" hunt. She talked of where all the games were all the way from Oliktok Point to Prudhoe Bay and how much fishing she did at Kukparuk River and the Sag River. Sadder to say that land is lost... Native Allotments that are in the heart of industry in Prudhoe Bay are no longer accessible by allotment owners. That is one of the impacts that is felt, because of land we are losing to development. I do not wish to tell my son, "this is where I used to" hunt or this is where I "used to" fish. It scares me to think that is what I will tell my son somewhere down the line in the future around NPRA development, especially if the protections were taken out by BLM... 79 stipulations that were taken out were assurance to our people of the protections we felt we need to place in the NE NPRA. But because industry did not want to have to pay the cost of impacts and mitigations to our people the protections were taken out that were amended in 1998 in the ROD. I see this as our people are losing trust to the government and the state, and it scares me to think that after all the oil is pumped out, our resources will have been diverted, displaced or gone forever!

With this it scares me to see that money that rightfully belongs to the impacted community is being threatened to be taken away will hurt our people on the North Slope, who in the past have shared with government and state their livelihood and their land. When is the government going to share the wealth of our land and resources? When is the government going to see us for who we really are? When are we going to feel at rest and assured that our land while being developed will not be harmed, and the resource will be theirs and available to us after industry is gone and all the oil is gone?

There are impacts to our community that are felt by our elders, our children and our leaders. Social impacts have been significant since development came in our back yard, but yet no one chooses to address these problems that are brought to us by development.

Our subsistence hunters are being impacted by industry, and yet they are not being considered by other agencies. Subsistence is a big part of our cultural values and it brings food to our table. Before Alpine was developed, the industry said that we will hardly notice they are there. I see Alpine as a door opening to NPRA. They said that there are only winter activities, but yet industry has summer studies and it is broad and happens when we are trying to harvest, and gather food for the winter months when the caribou are fat and healthy. Not only do we harvest caribou, we hunt seals, moose, and do a lot of fishing in the summer months. Alpine has been a significant impact to our community and I can only address a few.

There is no real definition of impacts, but I encourage you as representative to come and see first hand what my people are going through in our everyday life. Then you will see what impact are and what they bring our people. This legacy of impacts fall from our elders, and to us that are parents and will pass onto our children. It scares me to think of this.

With this I leave with you a quote by Joe Ukpiksaun who fought for our land in the early day with other leaders in our communities, and I find to be very true.

"Oil does not have to live with us, but that we as Inupiat have to live with oil"

Thank you for giving us time to comment.

CITY OF NUIQSUT
CITY ADMINISTRATOR
DAVID C. SMITH

I have been the City Administrator in Nuiqsut for about 8 months. I am a 31 year Alaskan resident and have worked as the City Administrator for 7 different Alaskan villages for over 20 years. I am 75 years old and have 11 years of formal full-time college training.

The City of Nuiqsut is very supportive of the current NPR-A program and does not want to see an additional bureaucratic layer of over site placed upon the current system.

Nuiqsut is often listed as the most impacted community in Alaska that is being literally overwhelmed by the oil and gas industry. We are located in the NE corner of the NPR-A area, about 60 miles west of Prudhoe Bay, 100 miles east of Barrow and 35 miles from the ocean. Our estimated population of 411 has 5-6 permanent jobs in the North Slope oil field area and 10-20 seasonal jobs primarily occurring during the construction of winter ice-roads. To the east of us we are told that there are over 2,400 functioning wells and in our immediate Alpine area there are over 950 workers. Four or more well sites containing 20+ wells each are being developed within 30 miles of Nuiqsut in the NE-NPR-A.

Our village has a work-camp hotel that houses from 50 to 75 oil industry workers during the December through April winter construction season. This hotel is currently being expanded with a projected 150 beds for transient oil field workers for next years winters construction season. This large influx of outside transient workers is contributing to many of the social and cultural impacts now facing the community.

Over the years the North Slope Borough has had over \$10,000,000 of NPRA funding awarded for the construction of a gas pipeline and the processing facilities needed to provide gas to Nuiqsut for heat and the generation of electricity. The NSB has put an additional 10 million of their funds into the gas-line project. Homes are expected to pay \$125 per month as a maintenance and service fee starting next fall.

Our governance O & M grant is for about \$450,000. We additionally have a \$150,000 NPRA grant providing for the operation and maintenance of a teen-center that is very heavily used by our youth. All of the "governance" type of grants are extremely important to the community as well as the other NSB communities as we have no tax base and rely upon the NSB for many of our essential services.

With the rapid expansion of the oil industry into and around Nuiqsut we are inundated with hundreds of oil and gas related documents and literally dozens of community EIS hearings, industry workshops and federal scoping meetings.

Nuiqsut contacted 20 rural communities of comparable size and found that none, absolutely none have the huge governance paper workload that currently exists in our community. We estimate that well over half of our administrative tasks are directly related to oil and gas activities; and possibly 80% of our "governance" duties are not directly related to Title 29.

As a second-class city within the North Slope Borough we have powers in recreation, harbors and cemetery in addition to local governance. Not specified in Title 29 are the many task of industry

oversight, protection of our way of life and impact mitigation negotiations dealing with the various industrial organizations working in our immediate area.

We are currently working with 5 ConocoPhillips Community Relations Personnel on a continuing basis. These representative of ConocoPhillips average 5 years of professional training and about 10-years of Alaskan work experience; this forces the impacted community such as Nuiqsut to scramble to maintain a “**professional**” relationship with our identified counterparts.

In coordination with the NSB we are additionally undertaking several comprehensive planning tasks and are literally overwhelmed by paperwork generated by our oversight and impact monitoring.

If you take a quick look at the provided maps you can confirm that the North Slope oil and gas industry has literally overwhelmed and taken from the community of Nuiqsut from 1/3 to 1/2 of our traditional subsistence hunting and gathering areas. This is devastating to the community ...both young and old; and we are creating additional recreational activities to offset the many new stresses.

One of our primary concerns has always been the spending of federal funds on the study of impacts upon our wildlife populations with literally nothing being spent on the evaluating of the multitude of oil and gas impacts upon homo sapiens, the “hunter”.

I would like to briefly talk about “**IMPACTS**”. Impact as discussed in most EIS documents and the NPRA Program in general is the effect and/or effects created by “disturbance”. Disturbance of air, water and soil plus lifestyle and cultural beliefs and practices are all important issues.

The NPRA Program lists over ten (10) different Impacts plus “Other things of importance”. The Impacts are:

POPULATION
EMPLOYMENT
FINANCES
SOCIAL VALUES
CULTURAL VALUES
AIR and WATER QUALITY
FISH and WILDLIFE HABITATS
PUBLIC SERVICES
OTHER THINGS OF DEMONSTRATABLE IMPORTANCE
CUMULATIVE IMPACTS

While the NSB and the four (4) identified communities within the NSB are all facing these impacts to some degree, I would like to address how they are affecting Nuiqsut in particular as by far the most impacted oil and gas related community within the NPR-A region of Alaska.

Nuiqsut has no tax base and we are completely surrounded by federal NPR-A lands. Interestingly; gasoline costs \$4.80 at the pump in Nuiqsut.

POPULATION Population of Nuiqsut is estimated to be between 411 and 430. The community was formed in 1973 by former residents and hunters who had moved to Barrow to provide mandatory schooling to their young. The initial settlers of Nuiqsut spent over 2 years in tents and primarily lived a subsistence lifestyle that was totally dependent upon the availability of the abundance of wildlife, primarily caribou and whale. Our population reached 354 by 1990. It has

grown to over 420 in the past 15 years. In the winter we have an additional 75-100 transient oil industry workers and this is projected to increase substantially as industry enters the NPR-A.

EMPLOYMENT Employment in Nuiqsut is primarily seasonable and temporary. We have 4-6 permanently employed at Alpine and 10-20 that are seasonally hired to build and maintain the "ice-road" between Nuiqsut and Deadhorse. Some of our former residents that have obtained North Slope employment have since moved to Fairbanks and Anchorage.

The City of Nuiqsut now has 4 fulltime employees and 4-6 part-time employees in recreation and maintenance. While we were incorporated in 1975; prior to NPRA funding in the mid 1990's the community did not effectively provide any organized form of governance as described in Title 29. The Kuukpik Corp. has 34 employees, the NSB has about 27 and the school employees 28.

Under the current NPRA grants program we all utilize several temporary workers in general office and maintenance. These positions are funded by the NSB Mayors Job Program, part of the NPRA grants program.

FINANCES Finances for the community of Nuiqsut are absolutely dependant upon NPRA grants for our basic Governance O & M cost.

As a Second-Class city; much or most of our capital and service needs are supplied by the NSB and they are having a continuing decline of available funding as the original oil fields are depreciated. We anticipate that the completion of our water and sewer systems will be the high priority CIP projects for NPRA funding in the next few years. About 20 out of an estimated 118 local dwellings in Nuiqsut are currently not hooked up to the NSB funded water and sewer system.

SOCIAL VALUES Social and Cultural Values are by far the most impacted areas of the community and they appear to be the **least studied of all impacts**. We are currently researching both NIH and NSF for additional research efforts to start the process of documenting the "Social" stress issues and concerns. We are also very concerned by what are often described as cumulative effects.

As predicted in all earlier EIS documents crime, drug and alcohol use, domestic violence, suicide and school absenteeism are all significant social impacts within the community of Nuiqsut.

CULTURAL VALUES Cultural values in the Inupiaq culture are based upon a subsistence lifestyle that fosters the sharing of essential food-stuff. Here in Nuiqsut the loss of possibly 1/3 to 1/2 of our traditional subsistence hunting ground has been devastating to the community. Most of what we often refer to as the "oil-patch" was a prime subsistence hunting ground prior to 1980. Now the wildlife is still there but for various reasons our local Nuiqsut hunters avoid this "developed" area. This has had a devastating effect upon our local population as they feel overwhelmed by events that they can not fully understand or control.

AIR QUALITY Air quality is an issue which comes up often in village discussions as we have an extremely high rate of breathing and/or bronchial type of sicknesses in our older residents. Nuiqsut does have an air monitoring device that is managed by ConocoPhillips. There is a general feeling that the current equipment does not adequately identify the smaller particles in the air. With the increase in road construction and gravel mining we do have occasional dust storms. One of our major concerns is the yellow haze that often appears over developing well-sites and possible contaminants from the flaring of gas at new well-sites.

WATER QUALITY Water quality is an issue which comes up often in the community in regards to our surrounding lakes. There is a published map that identifies fresh water lakes both as **fish bearing and non-fish bearing**. Every winter to construct the approximately 80 miles of ice-roads water is removed from various permitted lakes in pre-regulated quantities. Many of our local residents feel that an excess amount of water is being taken from fish bearing waters.

FISH and WILDLIFE HABITAT Wildlife habitat is the most studied impact on North Slope and there are thousands of pages of accumulated data. There are several published reports listing the disturbance from miles of gravel roads servicing the oil industry, acres of pads and roadways utilizing gravel fill, identification of potential new gravel sources, identification of critical wildlife habitat with migratory routes, areas designated for limited development to reduce the area of disturbance and areas widely used by various subsistence users.

PUBLIC SERVICES Public services in the various NSB communities has changed dramatically over the past 20 years. One of the primary concerns is the lessening of the ability of the NSB to provide the level of service that was available to the communities prior to about year 2000. With the decreased tax base available to the NSB we are seeing a lessening of police protection during a period of increasing crime and major reductions in basic P/W functions in water and sewer plus road maintenance.

At the second-class city level all communities are being asked to perform a much higher level of governance than existed prior to year 2000.

In the case of Nuiqsut we are dealing with over 20 public hearings and/or workshops with several federal agencies and four(4) major oil companies annually and our workload of oil and gas correspondence on permits and concerns was over 65 pieces of correspondence in both December and January.....over 300 documents per year.

In the area of Comprehensive Planning we are seeing a much more coordinated effort with the NSB reaching out to get more input from the effected NPRA communities.

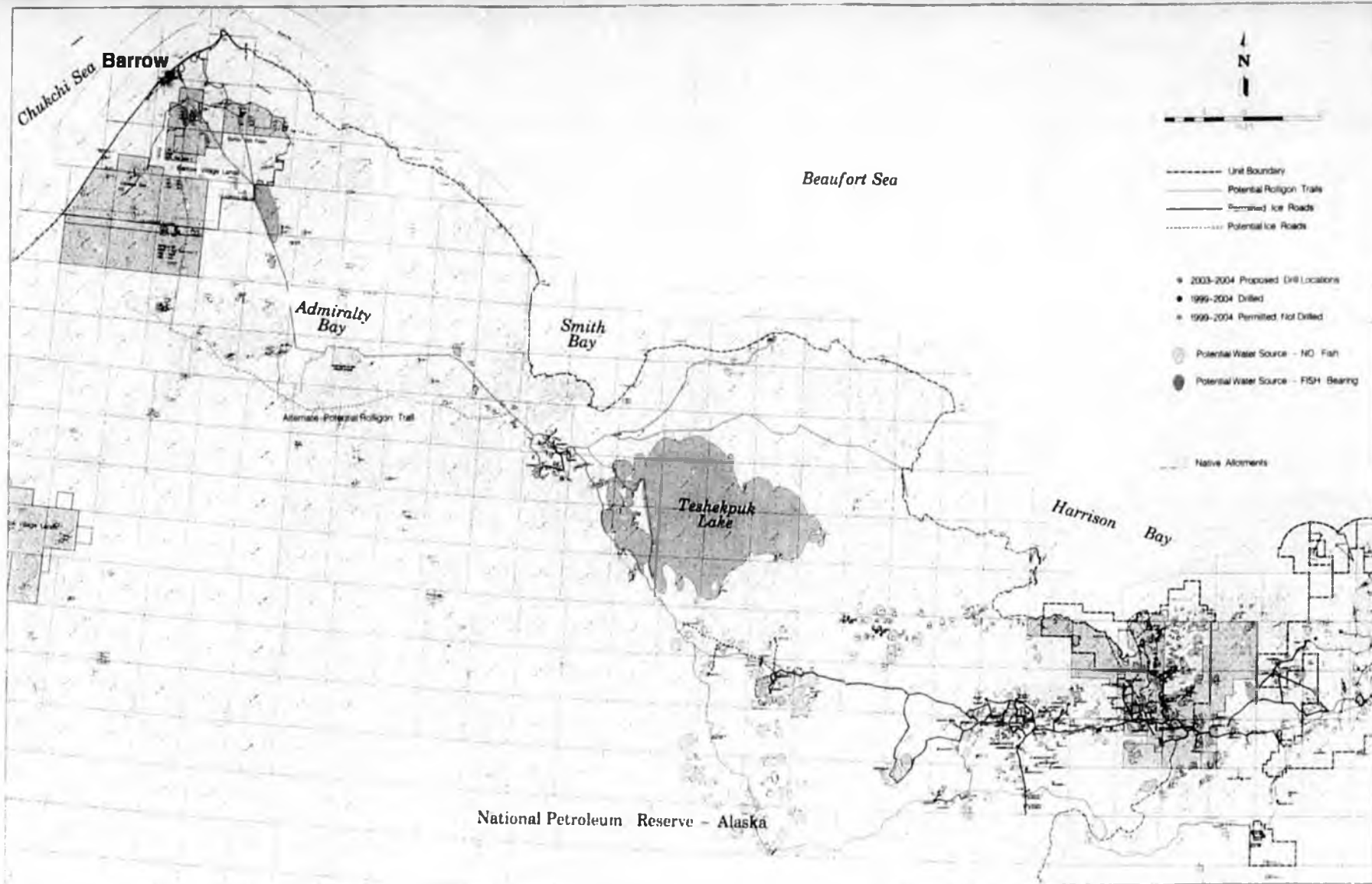
OTHER THINGS OF DEMONSTRATABLE IMPORTANCE

In Nuiqsut's case we want to strengthen the "Paisangich" as a method of preserving our cultural values. In evaluating impacts we feel that "Environmental Justice" and the consideration of "cumulative impacts" are absolutely essential to properly identify the massive impacts facing the community as the oil and gas industry crosses the Nigliq Channel into the NPRA. We are currently assessing cumulative impacts as part of opposing the CD-5 & Bridge permits that are now up for final review.

CUMULATIVE IMPACTS

This represents the accumulation of thousands of very small impacts created by the "**disturbances**" from the 2,400 wells in the big Prudhoe Bay fields that spills over into NPRA. This includes the **7,300 acres of gravel pads, 1,200 miles of pipelines** and over **380 miles of gravel roads**.

We oppose any change to the existing regulations which adds an additional level of administrative bureaucracy to the existing system.



- Unit Boundary
- Potential Rolligon Trails
- Potential Ice Roads
- Potential Ice Roads
- 2003-2004 Proposed Drill Locations
- 1999-2004 Drilled
- 1999-2004 Permitted, Not Drilled
- Potential Water Source - NO Fish
- Potential Water Source - FISH Bearing
- Native Allotments

National Petroleum Reserve - Alaska



ConocoPhillips
Alaska, Inc

2004-2005
Ice Road and
Rolligon Trail System

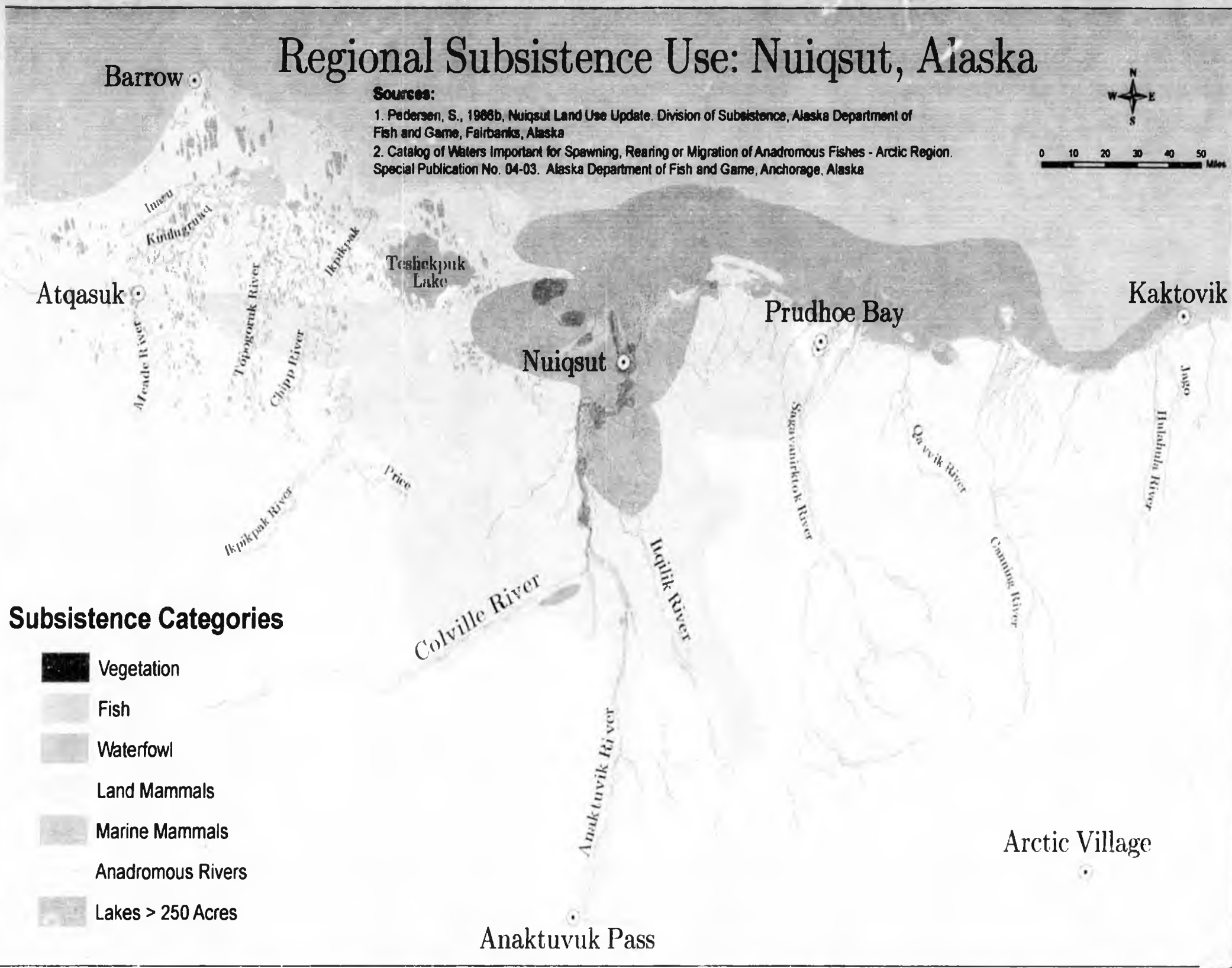
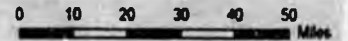
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Regional Subsistence Use: Nuiqsut, Alaska

Sources:

1. Pedersen, S., 1988b, Nuiqsut Land Use Update. Division of Subsistence, Alaska Department of Fish and Game, Fairbanks, Alaska
2. Catalog of Waters Important for Spawning, Rearing or Migration of Anadromous Fishes - Arctic Region. Special Publication No. 04-03. Alaska Department of Fish and Game, Anchorage, Alaska



Subsistence Categories

-  Vegetation
-  Fish
-  Waterfowl
-  Land Mammals
-  Marine Mammals
-  Anadromous Rivers
-  Lakes > 250 Acres

Anaktuvik Pass

STATE OF ALASKA
 FY 02 NATIONAL FOREST RECEIPTS
 TONGASS NATIONAL FOREST - UNORGANIZED BOROUGH
 DOT/PF FUNDED AT \$170,000 AND PROJECTS @ 15%
 PROJECTS \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage Total School & Road \$	State Redistribution > \$170 K	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Petersburg	21.56	\$61,903.30	678.30	\$705,239.70	\$767,143.00	\$82,234.59	\$849,377.59	\$155,499.04	\$1,004,876.64	\$67,887.84	\$773,419.19	\$163,569.60
Wrangell	10.51	\$30,176.42	488.35	\$507,745.55	\$537,921.98	\$57,663.03	\$595,585.01	\$109,036.19	\$704,621.20	\$33,093.75	\$557,921.17	\$114,695.28
First Class												
Craig	9.35	\$26,845.82	516.30	\$536,805.63	\$563,651.45	\$60,421.13	\$624,072.58	\$114,251.53	\$738,324.10	\$29,441.16	\$588,701.65	\$120,181.30
Hoonah	9.10	\$26,128.02	226.90	\$235,911.67	\$262,039.69	\$28,089.58	\$290,129.27	\$53,115.16	\$343,244.43	\$28,652.96	\$258,718.58	\$55,871.89
Hydaburg	6.20	\$17,801.51	102.85	\$106,934.84	\$124,736.35	\$13,371.23	\$138,107.57	\$25,283.92	\$163,391.49	\$19,522.48	\$117,272.83	\$26,596.18
Kake	14.02	\$40,254.37	165.00	\$171,553.22	\$211,807.60	\$22,704.91	\$234,512.50	\$42,933.17	\$277,445.67	\$44,145.99	\$188,153.24	\$45,161.44
Klawock	10.30	\$29,573.47	207.90	\$216,157.06	\$245,730.53	\$26,341.31	\$272,071.84	\$49,809.31	\$321,881.15	\$32,432.50	\$237,054.18	\$52,394.46
Pelican	1.10	\$3,158.33	23.00	\$23,913.48	\$27,071.81	\$2,901.99	\$29,973.80	\$5,487.43	\$35,461.22	\$4,137.08	\$31,324.14	\$0.00
Skagway	17.05	\$34,598.09	136.75	\$142,181.23	\$176,779.32	\$18,950.02	\$195,729.34	\$35,832.97	\$231,562.31	\$37,942.88	\$155,926.69	\$37,692.74
Second Class												
Angoon	7.69	\$22,079.61	N/A	N/A	\$22,079.61	\$2,366.84	\$24,446.45	\$4,475.51	\$28,921.97	\$28,921.97	N/A	\$0.00
Coffman Cove	15.54	\$44,618.61	N/A	N/A	\$44,618.61	\$4,782.93	\$49,401.55	\$9,044.14	\$58,445.69	\$58,445.69	N/A	\$0.00
Kasaan	8.47	\$24,319.15	N/A	N/A	\$24,319.15	\$2,606.91	\$26,926.07	\$4,929.47	\$31,855.53	\$31,855.53	N/A	\$0.00
Port Alexander	0.88	\$2,526.67	N/A	N/A	\$2,526.67	\$270.85	\$2,797.51	\$512.15	\$3,309.67	\$3,309.67	N/A	\$0.00
Tenakee Springs	2.50	\$7,178.03	N/A	N/A	\$7,178.03	\$769.46	\$7,947.48	\$1,454.98	\$9,402.46	\$9,402.46	N/A	\$0.00
Thome Bay	34.00	\$97,621.16	N/A	N/A	\$97,621.16	\$10,464.59	\$108,085.75	\$19,787.70	\$127,873.45	\$107,058.75	N/A	\$20,814.70
Federal Law												
Metlakatla	34.70	\$99,631.01	N/A	N/A	\$99,631.01	\$10,680.04	\$110,311.05	\$20,195.10	\$130,506.14	\$109,262.90	N/A	\$21,243.24
REAA'S												
Annette Island	N/A	N/A	325.75	\$338,687.65	\$338,687.65	\$36,305.93	\$374,993.58	\$68,651.61	\$443,645.19	N/A	\$371,430.49	\$72,214.70
Chatham	N/A	N/A	247.50	\$257,329.83	\$257,329.83	\$27,584.71	\$284,914.54	\$52,170.47	\$337,075.01	N/A	\$282,207.36	\$54,867.66
Southeast Island	N/A	N/A	281.15	\$292,316.29	\$292,316.29	\$31,335.11	\$323,651.40	\$59,252.19	\$382,903.59	N/A	\$320,576.15	\$62,327.44
TOTAL LOCAL	197.97	\$568,413.58	3,399.75	\$3,534,776.17	\$4,103,189.75	\$439,845.15	\$4,543,034.90	\$831,712.04	\$5,374,746.94	\$645,514.61	\$3,881,601.69	\$847,630.64
STATE	212.40	\$609,845.15	N/A	N/A	\$609,845.15	\$170,000.00	\$170,000.00	\$0.00	\$170,000.00	\$170,000.00	\$0.00	\$0.00
GRAND TOTAL	410.37	\$1,178,258.73	3,399.75	\$3,534,776.17	\$4,713,034.90	\$609,845.15	\$4,713,034.90	\$831,712.04	\$5,544,746.94	\$815,514.61	\$3,881,601.69	\$847,630.64

STATE OF ALASKA
 FY 02 NATIONAL FOREST RECEIPTS
 CHUGACH NATIONAL FOREST - UNORGANIZED BOROUGH
 PROJECTS @ 15% WITH PROJECT \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage School & Road \$	State Redistribution	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Cordova	12.90	\$1,776.56	475.95	\$21,318.82	\$23,095.38	\$5,022.60	\$28,117.98	\$4,962.00	\$33,079.98	\$2,544.61	\$30,535.37	\$0.00
Valdez	25.25	\$3,477.38	864.75	\$38,734.00	\$42,211.38	\$9,179.80	\$51,391.18	\$9,069.03	\$60,460.22	\$4,980.73	\$55,479.49	\$0.00
Second Class												
Whittier	8.60	\$1,184.38	N/A	N/A	\$1,184.38	\$257.57	\$1,441.95	\$254.46	\$1,696.41	\$1,696.41	N/A	\$0.00
REAA'S												
Chugach	N/A	N/A	169.70	\$7,601.23	\$7,601.23	\$1,653.05	\$9,254.28	\$1,633.11	\$10,887.39	N/A	\$10,887.39	\$0.00
TOTAL LOCAL	46.75	\$6,438.32	1,510.40	\$67,654.04	\$74,092.36	\$16,113.03	\$90,205.39	\$15,918.60	\$106,123.99	\$9,221.74	\$96,902.25	\$0.00
STATE	117.00	\$16,113.03	N/A	N/A	\$16,113.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRAND TOTAL	163.75	\$22,551.35	1,510.40	\$67,654.04	\$90,205.39	\$16,113.03	\$90,205.39	\$15,918.60	\$106,123.99	\$9,221.74	\$96,902.25	\$0.00

**STATE OF ALASKA
 FY 03 NATIONAL FOREST RECEIPTS
 BOROUGH PAYMENTS
 BASED ON PRIOR-YEAR BOROUGH ACREAGE AND
 14 YEAR HISTORICAL PAYMENTS TO EACH NATIONAL FOREST**

TONGASS NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Haines Borough	916,669	\$427,051.55	\$75,362.04	\$502,413.59
City & Borough of Juneau	1,710,896	\$797,060.65	\$140,657.76	\$937,718.41
Ketchikan Gateway Borough	740,014	\$344,752.71	\$60,838.71	\$405,591.43
City & Borough of Sitka	1,796,993	\$837,170.94	\$147,736.05	\$984,906.99
City & Borough of Yakutat	1,226,567	\$571,424.73	\$100,839.66	\$672,264.39
Unorganized Borough	10,197,288	\$4,750,643.53	\$838,348.86	\$5,588,992.38
TOTALS	16,588,427	\$7,728,104.11	\$1,363,783.08	\$9,091,887.19
TOTAL TONGASS PAYMENT				\$9,091,887.19

CHUGACH NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Municipality of Anchorage	274,933	\$7,385.37	\$0.00	\$7,385.37
Kenai Peninsula Borough	1,094,630	\$29,404.42	\$0.00	\$29,404.42
Kodiak Island Borough	2,495	\$67.02	\$0.00	\$67.02
Matanuska-Susitna Borough	43,386	\$1,165.45	\$0.00	\$1,165.45
City & Borough of Yakutat	420	\$9.51	\$1.68	\$11.28
Unorganized Borough	3,982,733	\$90,938.01	\$16,047.88	\$106,985.89
TOTALS	5,398,597	\$128,969.78	\$16,049.56	\$145,019.44
TOTAL CHUGACH PAYMENT				\$145,019.44

TOTAL STATE OF ALASKA PAYMENT **\$9,236,906.63**

STATE OF ALASKA
 FY 03 NATIONAL FOREST RECEIPTS
 TONGASS NATIONAL FOREST - UNORGANIZED BOROUGH
 DOT/PF FUNDED AT \$170,000 AND PROJECTS @ 15%
 PROJECTS \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage Total School & Road \$	State Redistribution > \$170 K	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Petersburg	21.56	\$59,363.77	61.83	\$686,020.75	\$745,384.52	\$85,649.40	\$831,033.93	\$152,095.74	\$983,129.66	\$65,582.76	\$757,888.75	\$159,658.15
Wrangell	10.51	\$28,938.46	46.95	\$489,639.52	\$518,577.98	\$59,587.90	\$578,165.88	\$105,815.85	\$683,981.73	\$31,970.07	\$540,934.49	\$111,077.17
First Class												
Craig	9.35	\$25,744.49	693.95	\$729,231.35	\$754,975.84	\$86,751.51	\$841,727.35	\$154,052.84	\$995,780.19	\$28,441.50	\$805,626.12	\$161,712.57
Hoonah	9.10	\$25,056.14	211.30	\$222,042.78	\$247,098.91	\$28,393.23	\$275,492.14	\$50,420.54	\$325,912.68	\$27,681.03	\$245,304.13	\$52,927.52
Hydaburg	6.20	\$17,071.21	100.10	\$105,189.22	\$122,260.43	\$14,048.50	\$136,308.93	\$24,947.25	\$161,256.18	\$18,859.61	\$116,208.91	\$26,187.66
Kake	14.02	\$38,602.97	171.62	\$180,345.39	\$218,948.36	\$25,158.55	\$244,106.92	\$44,676.42	\$288,783.34	\$42,647.04	\$199,238.50	\$46,897.80
Klawock	10.30	\$28,360.24	174.00	\$182,846.39	\$211,206.64	\$24,268.98	\$235,475.62	\$43,096.72	\$278,572.34	\$31,331.28	\$202,001.51	\$45,239.55
Pelican	1.10	\$3,028.76	18.65	\$19,598.19	\$22,626.95	\$2,599.98	\$25,226.94	\$4,617.03	\$29,843.97	\$3,994.81	\$25,849.16	\$0.00
Skagway	12.05	\$33,178.73	120.20	\$126,311.13	\$159,489.86	\$18,326.40	\$177,816.25	\$32,543.91	\$210,360.17	\$36,654.56	\$139,543.57	\$34,162.04
Second Class												
Angoon	7.69	\$21,173.81	N/A	N/A	\$21,173.81	\$2,433.01	\$23,606.82	\$4,320.52	\$27,927.33	\$27,927.33	N/A	\$0.00
Coffman Cove	15.54	\$42,788.17	N/A	N/A	\$42,788.17	\$4,916.63	\$47,704.80	\$8,730.93	\$56,435.73	\$56,435.73	N/A	\$0.00
Kasaan	8.47	\$23,321.48	N/A	N/A	\$23,321.48	\$2,679.79	\$26,001.27	\$4,758.75	\$30,760.02	\$30,760.02	N/A	\$0.00
Port Alexander	1.05	\$2,891.09	N/A	N/A	\$2,891.09	\$332.20	\$3,223.30	\$589.93	\$3,813.23	\$3,813.23	N/A	\$0.00
Tenakee Springs	2.50	\$6,883.55	N/A	N/A	\$6,883.55	\$790.96	\$7,674.52	\$1,404.59	\$9,079.11	\$9,079.11	N/A	\$0.00
Thome Bay	34.00	\$93,616.33	N/A	N/A	\$93,616.33	\$10,757.11	\$104,373.44	\$19,102.42	\$123,475.86	\$103,423.65	N/A	\$20,052.22
Federal Law												
Mettlakatla	34.70	\$95,543.73	N/A	N/A	\$95,543.73	\$10,978.58	\$106,522.31	\$19,495.70	\$126,018.01	\$105,552.96	N/A	\$20,465.06
REAA'S												
Annette Island	N/A	N/A	311.05	\$326,864.20	\$326,864.20	\$37,558.77	\$364,422.97	\$66,696.65	\$431,119.62	N/A	\$361,106.71	\$70,012.90
Chatham	N/A	N/A	227.35	\$238,908.78	\$238,908.78	\$27,452.13	\$266,360.91	\$48,749.34	\$315,110.25	N/A	\$263,937.02	\$51,173.23
Southeast Island	N/A	N/A	243.60	\$255,984.95	\$255,984.95	\$29,414.29	\$285,399.24	\$52,233.74	\$337,632.98	N/A	\$282,802.11	\$54,830.87
TOTAL LOCAL	198.14	\$545,562.96	3,390.60	\$3,562,982.65	\$4,108,545.61	\$472,097.92	\$4,580,643.53	\$838,348.86	\$5,418,992.39	\$624,154.68	\$3,940,440.97	\$854,396.74
STATE	233.20	\$642,097.92	N/A	N/A	\$642,097.92	\$170,000.00	\$170,000.00	\$0.00	\$170,000.00	\$170,000.00	N/A	\$0.00
GRAND TOTAL	431.34	\$1,187,660.88	3,390.60	\$3,562,982.65	\$4,750,643.53	\$642,097.92	\$4,750,643.53	\$838,348.86	\$5,588,992.39	\$794,154.68	\$3,940,440.97	\$854,396.74

STATE OF ALASKA
 FY 03 NATIONAL FOREST RECEIPTS
 CHUGACH NATIONAL FOREST - UNORGANIZED BOROUGH
 PROJECTS @ 15% WITH PROJECT \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile\$	ADM	School \$	First Stage School & Road \$	State Redistribution	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Cordova	12.90	\$1,783.04	461.45	\$20,220.05	\$22,003.09	\$4,759.23	\$26,762.32	\$4,722.76	\$31,485.08	\$2,551.43	\$28,933.66	\$0.00
Valdez	25.98	\$3,590.97	887.60	\$38,893.30	\$42,484.27	\$9,189.27	\$51,673.54	\$9,118.86	\$60,792.40	\$5,138.46	\$55,653.94	\$0.00
Second Class												
Whittier	8.60	\$1,188.70	N/A	N/A	\$1,188.70	\$257.11	\$1,445.81	\$255.14	\$1,700.95	\$1,700.95	N/A	\$0.00
REAA'S												
Chugach	N/A	N/A	207.45	\$9,090.15	\$9,090.15	\$1,966.18	\$11,056.33	\$1,951.12	\$13,007.45	N/A	\$13,007.45	\$0.00
TOTAL LOCAL	47.48	\$6,562.71	1,556.50	\$68,203.50	\$74,766.21	\$16,171.79	\$90,938.00	\$16,047.88	\$106,985.88	\$9,390.83	\$97,595.05	\$0.00
STATE	117.00	\$16,171.79	N/A	N/A	\$16,171.79	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRAND TOTAL	164.48	\$22,734.50	1,556.50	\$68,203.50	\$90,938.00	\$16,171.79	\$90,938.00	\$16,047.88	\$106,985.88	\$9,390.83	\$97,595.05	\$0.00

**STATE OF ALASKA
 FY 04 NATIONAL FOREST RECEIPTS
 BOROUGH PAYMENTS
 BASED ON PRIOR-YEAR BOROUGH ACREAGE AND
 14 YEAR HISTORICAL PAYMENTS TO EACH NATIONAL FOREST**

TONGASS NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Haines Borough	916,353	\$432,122.60	\$76,256.93	\$508,379.53
City & Borough of Juneau	1,710,896	\$806,803.53	\$142,377.09	\$949,180.62
Ketchikan Gateway Borough	740,014	\$348,966.80	\$61,582.38	\$410,549.18
City & Borough of Sitka	1,796,304	\$847,079.20	\$149,484.56	\$996,563.76
City & Borough of Yakutat	1,226,567	\$578,409.55	\$102,072.27	\$680,481.82
Unorganized Borough	10,194,630	\$4,807,459.64	\$848,375.23	\$5,655,834.87
TOTALS	16,584,764	\$7,820,841.32	\$1,380,148.47	\$9,200,989.79
TOTAL TONGASS PAYMENT				\$9,200,989.79

CHUGACH NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Municipality of Anchorage	274,933	\$7,475.76	\$0.00	\$7,475.76
Kenai Peninsula Borough	1,094,630	\$29,764.32	\$0.00	\$29,764.32
Kodiak Island Borough	2,495	\$67.84	\$0.00	\$67.84
Matanuska-Susitna Borough	43,386	\$1,179.72	\$0.00	\$1,179.72
City & Borough of Yakutat	420	\$9.71	\$1.71	\$11.42
Unorganized Borough	3,981,456	\$92,021.52	\$16,239.09	\$108,260.61
TOTALS	5,397,320	\$130,518.87	\$16,240.80	\$146,759.67
TOTAL CHUGACH PAYMENT				\$146,759.67

TOTAL STATE OF ALASKA PAYMENT

\$9,347,749.46

STATE OF ALASKA
 FY 04 NATIONAL FOREST RECEIPTS PAYMENTS
 TONGASS NATIONAL FOREST - UNORGANIZED BOROUGH
 DOT/PF FUNDED AT \$170,000 AND PROJECTS @ 15%

PROJECTS \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage Total School & Road \$	State Redistribution > \$170 K	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Petersburg	21.56	\$63,325.61	625.85	\$669,747.89	\$733,073.50	\$78,103.55	\$811,177.05	\$148,396.44	\$959,573.50	\$69,421.58	\$734,220.36	\$155,931.56
Wrangell	11.61	\$34,100.67	435.45	\$465,993.00	\$500,093.66	\$53,281.28	\$553,374.94	\$101,234.22	\$654,609.16	\$37,383.33	\$510,851.25	\$106,374.58
First Class												
Craig	9.35	\$27,462.64	855.40	\$915,398.81	\$942,861.44	\$100,454.90	\$1,043,316.35	\$190,863.92	\$1,234,180.27	\$30,106.30	\$1,003,518.57	\$203,555.41
Hoonah	9.10	\$26,728.34	188.40	\$201,614.61	\$228,342.95	\$24,328.25	\$252,671.20	\$46,223.58	\$298,894.78	\$29,301.31	\$221,022.79	\$48,570.67
Hydaburg	6.20	\$18,210.52	92.20	\$98,667.02	\$116,877.54	\$12,452.44	\$129,329.98	\$23,659.58	\$152,989.56	\$19,963.53	\$108,165.08	\$24,860.94
Kake	14.02	\$41,179.27	151.85	\$162,500.95	\$203,680.22	\$21,700.62	\$225,380.84	\$41,231.09	\$266,611.93	\$45,143.34	\$178,143.90	\$43,324.68
Klawock	10.30	\$30,252.96	158.90	\$170,045.44	\$200,298.40	\$21,346.31	\$221,638.71	\$40,546.51	\$262,185.22	\$33,165.22	\$186,414.66	\$42,605.33
Pelican	1.10	\$3,230.90	18.00	\$19,262.54	\$22,493.44	\$2,396.51	\$24,889.95	\$4,553.36	\$29,443.31	\$4,229.16	\$25,214.15	\$0.00
Skagway	12.05	\$35,393.03	109.67	\$117,362.39	\$152,755.41	\$16,274.96	\$169,030.37	\$30,922.36	\$199,952.73	\$38,800.09	\$128,660.14	\$32,492.50
Second Class												
Angoon	7.69	\$22,586.92	N/A	N/A	\$22,586.92	\$2,406.47	\$24,993.39	\$4,572.28	\$29,565.67	\$29,565.67	N/A	\$0.00
Coffman Cove	15.54	\$45,643.79	N/A	N/A	\$45,643.79	\$4,863.01	\$50,506.79	\$9,239.69	\$59,746.49	\$59,746.49	N/A	\$0.00
Kasaan	8.47	\$24,877.92	N/A	N/A	\$24,877.92	\$2,650.56	\$27,528.48	\$5,036.05	\$32,564.53	\$32,564.53	N/A	\$0.00
Port Alexander	1.10	\$3,230.90	N/A	N/A	\$3,230.90	\$344.23	\$3,575.13	\$654.03	\$4,229.16	\$4,229.16	N/A	\$0.00
Tenakee Springs	2.50	\$7,342.95	N/A	N/A	\$7,342.95	\$782.34	\$8,125.29	\$1,486.44	\$9,611.73	\$9,611.73	N/A	\$0.00
Thome Bay	34.00	\$99,864.14	N/A	N/A	\$99,864.14	\$10,639.78	\$110,503.92	\$20,215.55	\$130,719.47	\$109,477.44	N/A	\$21,242.03
Federal Law												
Metlakatla	34.70	\$101,920.17	N/A	N/A	\$101,920.17	\$10,858.84	\$112,779.00	\$20,631.75	\$133,410.76	\$111,731.39	N/A	\$21,679.37
REAA'S												
Annette Island	N/A	N/A	290.65	\$311,036.55	\$311,036.55	\$33,138.64	\$344,175.19	\$62,963.29	\$407,138.48	N/A	\$340,978.11	\$66,160.37
Chatham	N/A	N/A	219.90	\$235,324.06	\$235,324.06	\$25,072.04	\$260,396.09	\$47,636.77	\$308,032.86	N/A	\$257,977.24	\$50,055.62
Southeast Island	N/A	N/A	223.00	\$238,641.49	\$238,641.49	\$25,425.48	\$264,066.98	\$48,308.32	\$312,375.30	N/A	\$261,614.03	\$50,761.27
TOTAL LOCAL	199.29	\$585,350.71	3,369.27	\$3,605,594.73	\$4,190,945.44	\$446,514.20	\$4,637,459.64	\$848,375.23	\$5,485,834.87	\$664,440.26	\$3,956,780.29	\$864,614.31
STATE	209.90	\$616,514.20	N/A	N/A	\$616,514.20	\$170,000.00	\$170,000.00	\$0.00	\$170,000.00	\$170,000.00	N/A	\$0.00
GRAND TOTAL	409.19	\$1,201,864.91	3,369.27	\$3,605,594.73	\$4,807,459.64	\$616,514.20	\$4,807,459.64	\$848,375.23	\$5,655,834.87	\$834,440.26	\$3,956,780.29	\$864,614.31

STATE OF ALASKA
FY 04 NATIONAL FOREST RECEIPTS PAYMENTS
CHUGACH NATIONAL FOREST - UNORGANIZED BOROUGH
PROJECTS @ 15% WITH PROJECT \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
****ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES****

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage School & Road \$	State Redistribution	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Cordova	12.90	\$1,801.22	464.10	\$20,917.12	\$22,718.35	\$4,903.78	\$27,622.13	\$4,874.49	\$32,496.62	\$2,576.49	\$29,920.13	\$0.00
Valdez	26.26	\$3,666.67	866.70	\$39,062.42	\$42,729.10	\$9,223.13	\$51,952.23	\$9,168.04	\$61,120.26	\$5,244.86	\$55,875.41	\$0.00
Second Class												
Whittier	8.60	\$1,200.81	N/A	N/A	\$1,200.81	\$259.20	\$1,460.01	\$257.65	\$1,717.66	\$1,717.66	N/A	\$0.00
REAA'S												
Chugach	N/A	N/A	200.50	\$9,036.59	\$9,036.59	\$1,950.56	\$10,987.15	\$1,938.91	\$12,926.06	N/A	\$12,926.06	\$0.00
TOTAL LOCAL	47.76	\$6,668.71	1,531.30	\$69,016.14	\$75,684.85	\$16,336.67	\$92,021.52	\$16,239.09	\$108,260.61	\$9,539.01	\$98,721.60	\$0.00
STATE	117.00	\$16,336.67	N/A	N/A	\$16,336.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRAND TOTAL	164.76	\$23,005.38	1,531.30	\$69,016.14	\$92,021.52	\$16,336.67	\$92,021.52	\$16,239.09	\$108,260.61	\$9,539.01	\$98,721.60	\$0.00

**STATE OF ALASKA
 FY 05 NATIONAL FOREST RECEIPTS
 FINAL BOROUGH PAYMENTS
 BASED ON PRIOR-YEAR BOROUGH ACREAGE AND
 14 YEAR HISTORICAL PAYMENTS TO EACH NATIONAL FOREST**

TONGASS NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Haines Borough	916,193	\$437,725.60	\$77,245.69	\$514,971.30
City & Borough of Juneau	1,710,896	\$817,407.45	\$144,248.37	\$961,655.82
Ketchikan Gateway Borough	739,515	\$353,314.91	\$62,349.69	\$415,664.60
City & Borough of Sitka	1,796,557	\$858,333.34	\$151,470.59	\$1,009,803.93
City & Borough of Yakutat	1,226,567	\$586,011.66	\$103,413.82	\$689,425.48
Unorganized Borough	10,192,691	\$4,869,718.30	\$859,362.05	\$5,729,080.35
TOTALS	16,582,419	\$7,922,511.26	\$1,398,090.22	\$9,320,601.48
TOTAL TONGASS PAYMENT				\$9,320,601.48

CHUGACH NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Municipality of Anchorage	274,933	\$7,571.31	\$0.00	\$7,571.31
Kenai Peninsula Borough	1,094,570	\$30,143.08	\$0.00	\$30,143.08
Kodiak Island Borough	2,495	\$68.71	\$0.00	\$68.71
Matanuska-Susitna Borough	43,386	\$1,194.80	\$0.00	\$1,194.80
City & Borough of Yakutat	420	\$9.83	\$1.73	\$11.57
Unorganized Borough	3,982,682	\$93,226.35	\$16,451.71	\$109,678.06
TOTALS	5,398,486	\$132,214.08	\$16,453.44	\$148,667.52
TOTAL CHUGACH PAYMENT				\$148,667.52
TOTAL STATE OF ALASKA PAYMENT				\$9,469,269.00

STATE OF ALASKA
 FY 05 NATIONAL FOREST RECEIPTS FINAL PAYMENTS
 TONGASS NATIONAL FOREST - UNORGANIZED BOROUGH
 DOT/PF FUNDED AT \$170,000 AND PROJECTS @ 15%
 PROJECTS \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage Total School & Road \$	State Redistribution > \$170 K	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Petersburg	22.09	\$61,996.91	657.45	\$702,745.55	\$764,742.46	\$74,872.59	\$839,615.05	\$153,526.93	\$993,141.98	\$67,253.74	\$762,332.63	\$163,555.62
Wrangell	11.67	\$32,752.55	391.78	\$418,772.00	\$451,524.56	\$44,206.80	\$495,731.35	\$90,646.44	\$586,377.79	\$35,529.70	\$454,280.44	\$96,567.64
First Class												
Craig	9.35	\$26,241.34	955.44	\$1,021,265.82	\$1,047,507.15	\$102,556.85	\$1,150,064.00	\$210,293.74	\$1,360,357.74	\$28,466.39	\$1,107,860.80	\$224,030.55
Hoonah	9.10	\$25,539.70	179.40	\$191,759.91	\$217,299.60	\$21,274.85	\$238,574.46	\$43,624.28	\$282,198.74	\$27,705.25	\$208,019.58	\$46,473.91
Hydaburg	6.20	\$17,400.67	86.85	\$92,833.60	\$110,234.27	\$10,792.56	\$121,026.83	\$22,130.23	\$143,157.06	\$18,876.11	\$100,705.13	\$23,575.82
Kake	14.02	\$39,347.97	155.15	\$165,839.19	\$205,187.16	\$20,088.98	\$225,276.13	\$41,192.63	\$266,468.76	\$42,684.36	\$179,900.99	\$43,883.42
Klawock	10.30	\$28,907.57	147.68	\$157,854.53	\$186,762.10	\$18,285.06	\$205,047.16	\$37,493.68	\$242,540.85	\$31,358.69	\$171,239.31	\$39,942.85
Pelican	1.10	\$3,087.22	15.00	\$16,033.44	\$19,120.65	\$1,872.02	\$20,992.67	\$3,838.59	\$24,831.27	\$4,009.25	\$20,822.02	\$0.00
Skagway	12.05	\$33,819.05	105.83	\$113,121.24	\$146,940.29	\$14,386.28	\$161,326.57	\$29,499.20	\$190,825.77	\$36,686.63	\$122,713.00	\$31,426.15
Second Class												
Angoon	7.69	\$21,582.45	N/A	N/A	\$21,582.45	\$2,113.04	\$23,695.49	\$4,332.81	\$28,028.30	\$28,028.30	N/A	\$0.00
Coffman Cove	15.54	\$43,613.94	N/A	N/A	\$43,613.94	\$4,270.05	\$47,883.99	\$8,755.78	\$56,639.77	\$56,639.77	N/A	\$0.00
Gustavus	24.00	\$67,357.44	N/A	N/A	\$67,357.44	\$6,594.67	\$73,952.11	\$13,522.44	\$87,474.55	\$87,474.55	N/A	\$0.00
Kasaan	8.47	\$23,771.56	N/A	N/A	\$23,771.56	\$2,327.37	\$26,098.93	\$4,772.29	\$30,871.23	\$30,871.23	N/A	\$0.00
Port Alexander	1.10	\$3,087.22	N/A	N/A	\$3,087.22	\$302.26	\$3,389.47	\$619.78	\$4,009.25	\$4,009.25	N/A	\$0.00
Tenakee Springs	2.50	\$7,016.40	N/A	N/A	\$7,016.40	\$686.95	\$7,703.34	\$1,408.59	\$9,111.93	\$9,111.93	N/A	\$0.00
Thorne Bay	34.00	\$95,423.04	N/A	N/A	\$95,423.04	\$9,342.45	\$104,765.49	\$19,156.78	\$123,922.27	\$103,514.13	N/A	\$20,408.14
Federal Law												
Metlakatla	34.70	\$97,387.63	N/A	N/A	\$97,387.63	\$9,534.80	\$106,922.43	\$19,551.19	\$126,473.62	\$105,645.30	N/A	\$20,828.31
REAA'S												
Annette Island	N/A	N/A	287.50	\$307,307.55	\$307,307.55	\$30,087.14	\$337,394.69	\$61,693.95	\$399,088.64	N/A	\$333,364.71	\$65,723.92
Chatham	N/A	N/A	215.00	\$229,812.60	\$229,812.60	\$22,499.95	\$252,312.55	\$46,136.35	\$298,448.89	N/A	\$249,298.83	\$49,150.06
Southeast Island	N/A	N/A	21.00	\$234,943.30	\$234,943.30	\$23,002.27	\$257,945.57	\$47,166.37	\$305,111.94	N/A	\$254,864.57	\$50,247.37
TOTAL LOCAL	223.88	\$628,332.64	3,416.88	\$3,652,288.73	\$4,280,621.37	\$419,096.93	\$4,699,718.30	\$859,362.05	\$5,559,080.35	\$717,864.57	\$3,965,402.01	\$875,813.76
STATE	209.90	\$589,096.93	N/A	N/A	\$589,096.93	\$170,000.00	\$170,000.00	\$0.00	\$170,000.00	\$170,000.00	N/A	\$0.00
GRAND TOTAL	433.78	\$1,217,429.57	3,416.88	\$3,652,288.73	\$4,869,718.30	\$589,096.93	\$4,869,718.30	\$859,362.05	\$5,729,080.35	\$887,864.57	\$3,965,402.01	\$875,813.76

STATE OF ALASKA
 FY 05 NATIONAL FOREST RECEIPTS FINAL PAYMENTS
 CHUGACH NATIONAL FOREST - UNORGANIZED BOROUGH
 PROJECTS @ 15% WITH PROJECT S DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage School & Road \$	State Redistribution	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Cordova	14.60	\$2,040.76	471.40	\$21,574.32	\$23,615.08	\$5,023.94	\$28,639.02	\$5,053.95	\$33,692.97	\$2,911.67	\$30,781.30	\$0.00
Valdez	26.54	\$3,709.71	865.25	\$39,599.46	\$43,309.17	\$9,213.71	\$52,522.88	\$9,268.74	\$61,791.62	\$5,292.85	\$56,498.77	\$0.00
Second Class												
Whittier	8.60	\$1,202.09	N/A	N/A	\$1,202.09	\$255.74	\$1,457.83	\$257.26	\$1,715.09	\$1,715.09	N/A	\$0.00
REAA'S												
Chugach	N/A	N/A	191.10	\$8,745.98	\$8,745.98	\$1,860.64	\$10,606.62	\$1,871.76	\$12,478.38	N/A	\$12,478.38	\$0.00
TOTAL LOCAL	49.74	\$6,952.56	1,527.75	\$69,919.76	\$76,872.32	\$16,354.03	\$93,226.35	\$16,451.71	\$109,678.06	\$9,919.61	\$99,758.45	\$0.00
STATE	117.00	\$16,354.03	N/A	N/A	\$16,354.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRAND TOTAL	166.74	\$23,306.59	1,527.75	\$69,919.76	\$93,226.35	\$16,354.03	\$93,226.35	\$16,451.71	\$109,678.06	\$9,919.61	\$99,758.45	\$0.00

**STATE OF ALASKA
 FY 06 NATIONAL FOREST RECEIPTS
 FINAL BOROUGH PAYMENTS
 BASED ON PRIOR-YEAR BOROUGH ACREAGE AND
 14 YEAR HISTORICAL PAYMENTS TO EACH NATIONAL FOREST**

TONGASS NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Haines Borough	916,193	\$447,936.15	\$79,047.56	\$526,983.70
City & Borough of Juneau	1,710,847	\$836,450.63	\$147,608.94	\$984,059.57
Ketchikan Gateway Borough	739,515	\$361,556.46	\$63,804.08	\$425,360.54
City & Borough of Sitka	1,796,494	\$878,324.33	\$154,998.41	\$1,033,322.74
City & Borough of Yakutat	1,226,416	\$599,607.35	\$105,813.06	\$705,420.41
Unorganized Borough	10,187,668	\$4,980,855.30	\$878,974.46	\$5,859,829.76
TOTALS	16,577,133	\$8,104,730.22	\$1,430,246.51	\$9,534,976.73
TOTAL TONGASS PAYMENT				\$9,534,976.73

CHUGACH NATIONAL FOREST

Borough	Acres	Schools/Roads \$	15% Projects \$	Total Payment
Municipality of Anchorage	274,933	\$7,748.26	\$0.00	\$7,748.26
Kenai Peninsula Borough	1,094,570	\$30,847.56	\$0.00	\$30,847.56
Kodiak Island Borough	2,495	\$70.31	\$0.00	\$70.31
Matanuska-Susitna Borough	43,386	\$1,222.72	\$0.00	\$1,222.72
City & Borough of Yakutat	420	\$10.06	\$1.78	\$11.84
Unorganized Borough	3,980,725	\$95,358.28	\$16,827.93	\$112,186.21
TOTALS	5,396,529	\$135,257.19	\$16,829.71	\$152,086.90
TOTAL CHUGACH PAYMENT				\$152,086.90

TOTAL STATE OF ALASKA PAYMENT **\$9,687,063.63**

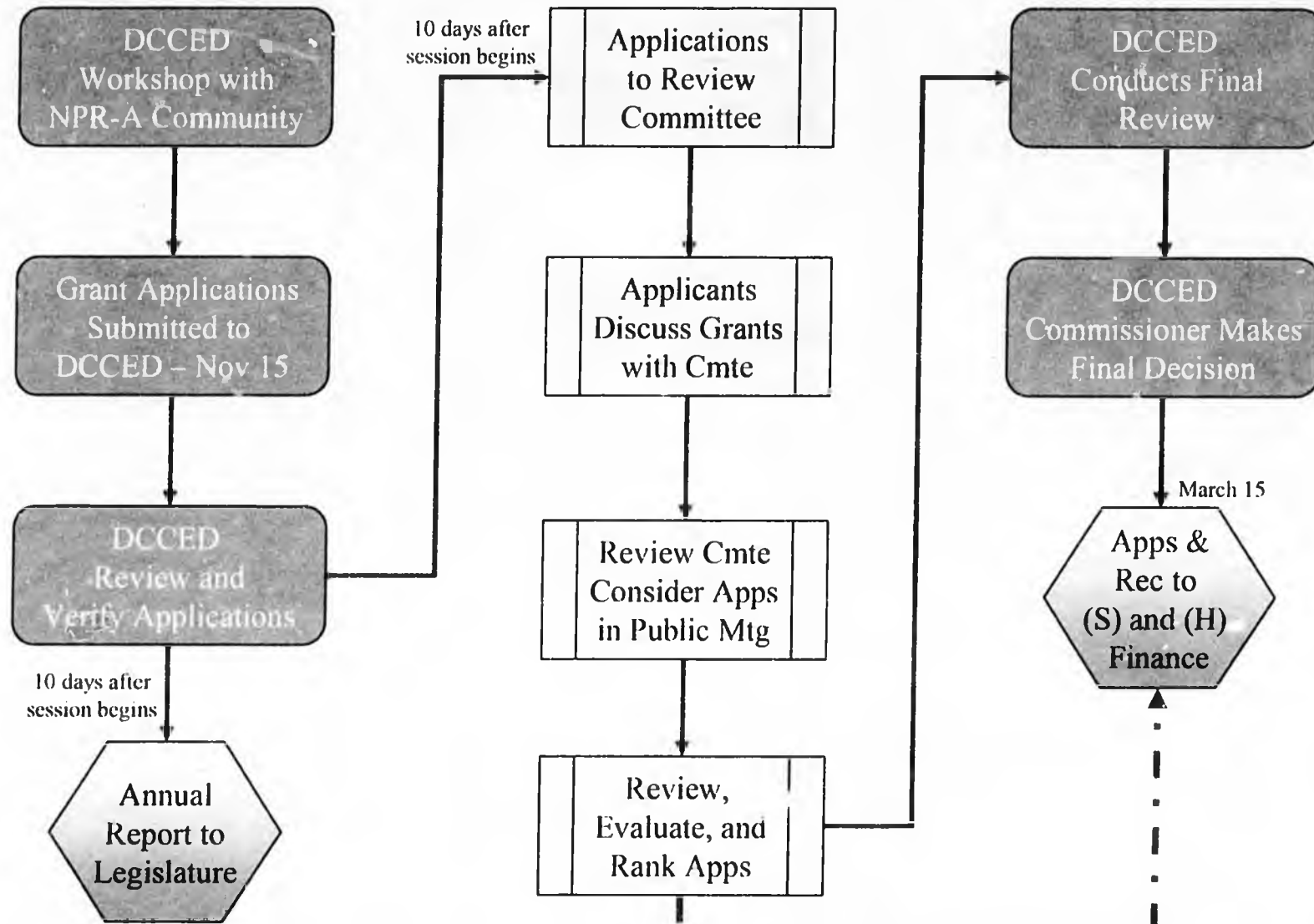
STATE OF ALASKA
 FY 06 NATIONAL FOREST RECEIPTS FINAL PAYMENTS
 CHUGACH NATIONAL FOREST - UNORGANIZED BOROUGH
 PROJECTS @ 15% WITH PROJECT \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage School & Road \$	State Redistribution	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Cordova	14.60	\$2,084.30	451.60	\$23,724.00	\$25,808.30	\$5,480.56	\$31,288.86	\$5,521.56	\$36,810.43	\$2,972.84	\$33,837.58	\$0.00
Valdez	26.79	\$3,824.55	827.60	\$43,476.48	\$47,301.04	\$10,044.69	\$57,345.72	\$10,119.83	\$67,465.56	\$5,454.97	\$62,010.59	\$0.00
Second Class												
Whittier	8.60	\$1,227.74	N/A	N/A	\$1,227.74	\$260.72	\$1,488.46	\$262.67	\$1,751.13	\$1,751.13	N/A	\$0.00
REAA'S												
Chugach	N/A	N/A	82.20	\$4,318.23	\$4,318.23	\$917.00	\$5,235.23	\$923.86	\$6,159.10	N/A	\$6,159.10	\$0.00
TOTAL LOCAL	49.99	\$7,136.60	1,361.40	\$71,518.71	\$78,655.31	\$16,702.97	\$95,358.28	\$16,827.93	\$112,186.21	\$10,178.94	\$102,007.27	\$0.00
STATE	117.00	\$16,702.97	N/A	N/A	\$16,702.97	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GRAND TOTAL	166.99	\$23,839.57	1,361.40	\$71,518.71	\$95,358.28	\$16,702.97	\$95,358.28	\$16,827.93	\$112,186.21	\$10,178.94	\$102,007.27	\$0.00

STATE OF ALASKA
 FY 06 NATIONAL FOREST RECEIPTS FINAL PAYMENTS
 TONGASS NATIONAL FOREST - UNORGANIZED BOROUGH
 DOT/PF FUNDED AT \$170,000 AND PROJECTS @ 15%
 PROJECTS \$ DISTRIBUTION BASED UPON SCHOOL & ROAD PAYMENTS
 ENTITIES < \$100,000 EXEMPT FROM PROJECTS EXPENDITURES

Municipality	Road Miles	Road Mile \$	ADM	School \$	First Stage Total School & Road \$	State Redistribution > \$170 K	Preliminary Total School & Road \$	Preliminary Projects \$	Final Total National Forest Receipt Payment	Final Road Payment	Final School Payment	Final Projects Payment
Home Rule												
Petersburg	22.33	\$62,897.27	629.60	\$860,373.45	\$923,270.71	\$88,597.08	\$1,011,867.80	\$184,874.81	\$1,196,742.61	\$68,336.41	\$934,775.57	\$193,630.62
Wrangell	11.67	\$32,871.08	375.30	\$512,862.38	\$545,733.46	\$52,368.60	\$598,102.05	\$109,277.12	\$707,379.18	\$35,713.65	\$557,212.95	\$114,452.57
First Class												
Craig	9.35	\$26,336.29	355.80	\$486,214.85	\$512,551.15	\$49,184.42	\$561,735.57	\$102,632.73	\$664,368.30	\$28,613.77	\$528,261.04	\$107,493.50
Hoonah	9.10	\$25,632.12	171.70	\$234,634.88	\$260,267.00	\$24,975.23	\$285,242.27	\$52,115.60	\$337,357.83	\$27,848.69	\$254,925.30	\$54,583.84
Hydaburg	6.20	\$17,463.64	74.50	\$101,807.21	\$119,270.85	\$11,445.23	\$130,716.09	\$23,882.68	\$154,598.76	\$18,973.83	\$110,611.15	\$25,013.78
Kake	14.02	\$39,490.36	141.75	\$193,707.01	\$233,197.37	\$22,377.63	\$255,575.00	\$46,695.21	\$302,270.21	\$42,905.35	\$210,458.13	\$48,906.73
Klawock	10.30	\$29,012.16	159.60	\$218,099.75	\$247,111.92	\$23,712.87	\$270,824.79	\$49,481.45	\$320,306.24	\$31,521.05	\$236,960.26	\$51,824.93
Pelican	1.10	\$3,093.39	11.20	\$15,305.25	\$18,403.63	\$1,766.01	\$20,169.65	\$3,685.13	\$23,854.77	\$4,016.13	\$19,838.64	\$0.00
Skagway	12.05	\$33,941.43	108.75	\$148,611.20	\$182,552.63	\$17,517.76	\$200,070.38	\$36,554.16	\$236,624.54	\$36,876.57	\$161,462.59	\$38,285.39
Second Class												
Angoon	7.69	\$21,660.55	N/A	N/A	\$21,660.55	\$2,078.55	\$23,739.09	\$4,337.29	\$28,076.38	\$28,076.38	N/A	\$0.00
Coffman Cove	15.54	\$43,771.77	N/A	N/A	\$43,771.77	\$4,200.34	\$47,972.11	\$8,764.82	\$56,736.92	\$56,736.92	N/A	\$0.00
Gustavus	31.91	\$89,881.41	N/A	N/A	\$89,881.41	\$8,625.02	\$98,506.43	\$17,997.76	\$116,504.19	\$97,654.04	N/A	\$18,850.15
Kasaan	8.47	\$23,857.58	N/A	N/A	\$23,857.58	\$2,289.37	\$26,146.96	\$4,777.22	\$30,924.18	\$30,924.18	N/A	\$0.00
Port Alexander	1.25	\$3,520.90	N/A	N/A	\$3,520.90	\$337.87	\$3,858.76	\$705.02	\$4,563.78	\$4,563.78	N/A	\$0.00
Tenakee Springs	2.50	\$7,041.79	N/A	N/A	\$7,041.79	\$675.73	\$7,717.52	\$1,410.04	\$9,127.56	\$9,127.56	N/A	\$0.00
Thorne Bay	34.00	\$95,768.34	N/A	N/A	\$95,768.34	\$9,189.93	\$104,958.28	\$19,176.56	\$124,134.84	\$104,050.06	N/A	\$20,084.77
Federal Law												
Metlakatla	34.70	\$97,740.05	N/A	N/A	\$97,740.05	\$9,379.14	\$107,119.18	\$19,571.37	\$126,690.55	\$106,192.27	N/A	\$20,498.28
REAA'S												
Annette Island	N/A	N/A	298.35	\$407,707.14	\$407,707.14	\$39,123.59	\$446,830.73	\$81,638.87	\$528,469.60	N/A	\$412,964.25	\$85,505.35
Chatham	N/A	N/A	195.10	\$266,611.91	\$266,611.91	\$25,584.09	\$292,196.00	\$53,386.10	\$345,582.10	N/A	\$289,667.59	\$55,914.51
Southeast Island	N/A	N/A	212.00	\$289,706.43	\$289,706.43	\$27,800.24	\$317,506.67	\$58,010.53	\$375,517.20	N/A	\$314,759.25	\$60,757.95
TOTAL LOCAL	232.18	\$653,985.13	2,733.65	\$3,735,641.47	\$4,389,626.60	\$421,228.69	\$4,810,855.29	\$878,974.46	\$5,689,829.75	\$732,130.64	\$4,061,896.72	\$895,802.39
STATE	209.90	\$591,228.69	N/A	N/A	\$591,228.69	\$170,000.00	\$170,000.00	\$0.00	\$170,000.00	\$170,000.00	N/A	\$0.00
GRAND TOTAL	442.08	\$1,245,213.82	2,733.65	\$3,735,641.47	\$4,980,855.29	\$591,228.69	\$4,980,855.29	\$878,974.46	\$5,859,829.75	\$902,130.64	\$4,061,896.72	\$895,802.39

Proposal for a Committee Substitute



Review Committee = 4 state employees;
2 representatives and 2 senators, ex-officio

Legislators are ex-officio members

GARY WILKEN
SENATOR
Fairbanks



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Senate

SPONSOR STATEMENT

Committee Substitute for Senate Bill 171 (FIN)(efd fld) NPR-A Community Grant Program

Senate Bill 171 examines the National Petroleum Reserve – Alaska (NPR-A) Mitigation Grant Program administered by the Department of Commerce, Community, and Economic Development (DCCED) and modifies the selection process to provide for active oversight by the legislature.

The bounty of NPR-A is thought by many to match or exceed the oil and gas deposits found at Prudhoe Bay or Kuparuk. As was mentioned in the *Anchorage Daily News*, February 15, 2005, "(The) Bureau of Land Management estimates NPR-A northeast corner could hold more than 2 billion barrels of crude oil and 3.5 trillion cubic feet of natural gas." All Alaskans look forward to the time when they can enjoy the benefits of reasonable and responsible development of these natural resources.

When members of the United State Congress authorized competitive leases in NPR-A in 1980, they recognized that development in the petroleum reserve might severely impact communities in or near the area. The federal legislation directed that the revenue generated through NPR-A development be used first to mitigate direct impacts, if any, to municipalities, and then by the rest of the State of Alaska. This federal directive in 1980 created two troubling issues that today pose significant problems.

First, the federal legislation is in direct conflict with the Alaska State Constitution. The State of Alaska receives from the federal government 50 percent of royalties and lease payments from the oil and gas development in

NPR-A. As required by federal law, these funds are available, before consideration of any other public purpose, to communities that demonstrate impact from resource development in NPR-A. This directive is at odds with Article IX, Section 15 of our constitution.

"At least twenty-five per cent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund."

Senate Bill 171 recognizes this unsettling conflict, but does not overtly address or remedy the conflict between our State Constitution and federal law. This issue, while bothersome, is set aside for another day. Instead, this legislation speaks to the second troublesome issue of how the federal NPR-A payments are distributed to Alaska communities that may be severely impacted by oil and gas development within the National Petroleum Reserve. With the sizeable increase in NPR-A lease payments since 2000 and with the clear expectation of future and profitable growth, now is the time to revisit how the NPR-A payments are distributed and why. It is the charge of the legislature to devise a method to fairly allocate the financial benefits of NPR-A to all citizens of Alaska while, at the same time, recognize and mitigate the direct impact of development on certain communities as required by federal law.

In response to a 1986 Alaska Superior Court decision, Senate Bill 171 sets in place a system to grant impact assistance to municipalities most directly or severely impacted by oil and gas activity within the National Petroleum Reserve – Alaska. First, the Department of Commerce, Community, and Economic Development will verify that the applicant is current on the required reports for previous NPR-A grants and will determine if the application is for an allowable purpose as defined in federal law. Within 10 days after the convening of each regular session of the legislature, the department will submit a list of all requested projects to the Special Legislative Oil and Gas NPR-A Development Impact Review Committee (Special Legislative Committee).

Second, the Special Legislative Committee, composed of three Senate finance members and three House of Representative finance members, will review the submitted applications and within 45 days forward the committee's recommendation to the respective finance committees for possible funding. A majority of the members appointed from each legislative body is necessary to forward a funding request.

Third, the funds received by the State of Alaska from the oil and gas development within the National Petroleum Reserve – Alaska will be used first to alleviate the impact of the development. Then, twenty-five percent of the total NPR-A dollars received by the State will be deposited to the principal of the Alaska Permanent Fund and .5 percent of the total will be deposited to the Public School Trust Fund. If the amount remaining after addressing the impacts is insufficient to fully compensate these two funds, the deposits will be allocated pro rata. After these two dedicated funds are paid in full, the legislature may make appropriations to the Power Cost Equalization and Rural Electric Capitalization Fund and the General Fund.

Senate Bill 171 addresses the needs of communities impacted by development in NPR-A through a new legislative committee structure that ensures active legislative involvement. In addition, this legislation makes certain that the Alaska Permanent Fund receives, to the extent allowed under federal law, 25 percent of all oil and gas lease rentals and royalties as dictated by the Alaska State Constitution.

I respectfully request your support.

24-LS0785V
Chenoweth
4/26/06

HOUSE CS FOR CS FOR SENATE BILL NO. 171()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR WILKEN

A BILL

FOR AN ACT ENTITLED

1 "An Act amending the National Petroleum Reserve - Alaska special revenue fund to
2 require allocation and deposit to the Alaska permanent fund and the public school fund
3 of amounts in the percentages that are prescribed by law of the money obtained by the
4 state as semiannual payments of a share of National Petroleum Reserve - Alaska sales,
5 rentals, bonuses, and royalties received by the federal government that have not been
6 appropriated from the state's special revenue fund for grants to municipalities, to
7 authorize pro rata reductions in those fund allocations and deposits if amounts are
8 insufficient to make those deposits in full, and, as to amounts received by the state in
9 excess of amounts appropriated for grants to municipalities, to identify a priority of
10 authorization for appropriations to offset past deficiencies in allocations and deposits of
11 those funds before appropriations to other state funds or for other purposes for which
12 the state may use its share of these payments; and directing that appropriations from

1 the fund made as grants for activities, services, and facilities shall be identified as capital
2 appropriation items and that the amounts of each item shall be specified."

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

4 * Section 1. AS 37.05.530(g) is amended to read:

5 (g) The provisions of this subsection apply to amounts [AMOUNTS]
6 received by the state under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508, as follows:

7 (1) amounts received and not appropriated for grants to municipalities
8 under (d) of this section shall be deposited at the end of each fiscal year as follows:

9 (A) [(1)] 25 percent of amounts received by the state during
10 that fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the
11 principal of the Alaska permanent fund; and

12 (B) [(2)] .5 percent of amounts received by the state during
13 that fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the
14 public school trust fund (AS 37.14.110);

15 (2) if, after making the grants under (d) of this section, the
16 amounts remaining are insufficient to make payment in full of the deposits
17 required by (1)(A) and (B) of this subsection, the deposits shall be allocated pro
18 rata between the fund deposits;

19 (3) the [. THE] amounts remaining after the making of the payment
20 of the deposits in full to the Alaska permanent fund and the public school trust fund
21 under (2) of this subsection may be appropriated

22 (A) first, to each of the funds described in (1)(A) and (B) of
23 this subsection to recover amounts not paid to those funds on or after the
24 effective date of this Act because of deficiencies in making the payments
25 required by (2) of this subsection; and

26 (B) after appropriations authorized by (A) of this
27 paragraph, to the power cost equalization and rural electric capitalization fund
28 (AS 42.45.100);

29 (4) the [. THE] amounts remaining after any appropriation to the
30 power cost equalization and rural electric capitalization fund shall lapse into the

1 general fund for use by the state for the following facilities and services: planning;
2 construction, maintenance, and operation of essential public facilities; and other
3 necessary public services.

4 * Sec. 2. AS 37.05.530(h) is amended to read:

5 (h) In making appropriations from the National Petroleum Reserve -
6 Alaska special revenue fund, the legislature shall identify the grants for activities,
7 services, and facilities as capital appropriation items and shall specify the
8 amounts for each item. Notwithstanding other provisions of law and unless expressly
9 provided by the legislature in the appropriation item making the appropriation, an
10 appropriation from the National Petroleum Reserve - Alaska special revenue fund
11 shall, for the purposes of determining the funding sources for the appropriation, be
12 treated as though the appropriation takes effect in the fiscal year in which the
13 appropriation passes the legislature. The authorization to expend funds appropriated
14 from the fund shall take effect as otherwise provided by law.

Changes Highlighted

24-LS0785\W
Chenoweth
3/18/06

HOUSE CS FOR CS FOR SENATE BILL NO. 171()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred

Sponsor(s): SENATOR WILLEN

A BILL

FOR AN ACT ENTITLED

1 **"An Act amending the National Petroleum Reserve - Alaska special revenue fund; and**
2 **establishing the Special Legislative Oil and Gas NPR-A Development Impact Review**
3 **Committee and defining its powers and duties."**

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

5 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 **LEGISLATIVE INTENT.** It is the intent of the legislature to provide financial
8 assistance to municipalities for the purpose of meeting certain operating and capital
9 improvement expenditures arising out of oil and gas development under 42 U.S.C. 6506a,
10 formerly 42 U.S.C. 6508.

11 *** Sec. 2.** AS 24.20 is amended by adding a new section to read:

12 **Article 4A. Special Legislative Oil and Gas NPR-A Development Impact Review**
13 **Committee.**

14 **Sec. 24.20.580. Special Legislative Oil and Gas NPR-A Development**

1 **Impact Review Committee.** (a) There is established the Special Legislative Oil and
2 Gas NPR-A Development Impact Review Committee. The committee is composed of
3 three members of the senate appointed by the president of the senate and three
4 members of the house of representatives appointed by the speaker of the house of
5 representatives. The committee membership from each house shall include at least one
6 member from the minority caucus of that house. The committee members must
7 include one member of the house of representatives or senate from an election district
8 that includes part or all of the National Petroleum Reserve - Alaska. Except when it
9 may be necessary to appoint a member of the legislature under (2) of this subsection to
10 serve on the committee and the member is not also a member of a finance committee,
11 the committee members may be appointed only from the finance committee of each
12 house. If a member of the house of representatives or senate from an election district
13 that includes part or all of the National Petroleum Reserve - Alaska

14 (1) is appointed to serve on the appropriate finance committee, the
15 member serving on the finance committee also serves on the committee established in
16 this subsection; however, under this paragraph, not more than one member
17 representing an election district that includes part or all of the National Petroleum
18 Reserve - Alaska may serve on the committee and, if designation of the one member is
19 necessary, the speaker of the house of representatives and the president of the senate
20 shall jointly designate the one member to serve;

21 (2) is not serving on the committee under (1) of this subsection, the
22 speaker of the house of representatives and the president of the senate shall jointly
23 appoint one member of the legislature who represents an election district that includes
24 part or all of the National Petroleum Reserve - Alaska to serve on the committee.

25 (b) The committee shall be organized within 15 days after the organization of
26 each legislature. The committee shall select its own chair. Members serve for the
27 duration of the legislature during which they are appointed. If a committee member is
28 reelected or the member's term of office extends into the next succeeding legislature,
29 the member continues to serve until reappointed or until the member's successor is
30 appointed.

31 (c) The committee may meet during sessions of the legislature and during the

1 interim between sessions at times and places in the state as the committee chair may
2 determine.

3 (d) Members of the committee may receive, for the minimum time required to
4 get to and from meetings and for the period while attending meetings, the same travel
5 and per diem allowances provided by law for members of the legislature when
6 attending sessions. However, members of the committee do not receive per diem for
7 committee meetings during legislative sessions other than the per diem paid to
8 members of the legislature.

9 (e) A majority of the members of the committee appointed from each house

10 (1) constitutes a quorum for the purpose of carrying out the
11 committee's duties under this section; and

12 (2) is necessary to approve and forward to the respective finance
13 committees in each house the committee's recommendations for grants.

14 (f) Each member of the committee shall visit each community within the
15 National Petroleum Reserve - Alaska

16 (1) within one year after the member's appointment to the committee;
17 and

18 (2) at least once every three years during the member's term of service
19 if the member continues to serve on the committee during succeeding legislatures.

20 (g) The committee may consult with the Department of Commerce,
21 Community, and Economic Development about applications submitted under
22 AS 37.05.530.

23 * Sec. 3. AS 37.05.530(a) is amended to read:

24 (a) The National Petroleum Reserve - Alaska special revenue fund is
25 established. The fund consists of all money disbursed to the state by the federal
26 government under 42 U.S.C. 6506a(l) and former 42 U.S.C. 6508 (P.L. 96-514) since
27 December 12, 1980, less the amount deposited in the general fund and expended by
28 the state by general fund appropriations before June 9, 1984.

29 * Sec. 4. AS 37.05.530(c) is repealed and reenacted to read to read:

30 (c) The Department of Commerce, Community, and Economic Development
31 shall adopt regulations under which municipalities that are most directly and severely

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impacted by National Petroleum Reserve - Alaska oil and gas development under 42 U.S.C. 6506a, formerly 42 U.S.C. 6508, may apply for and be eligible to receive grants from the fund established in this section to alleviate the impact. A grant under this section may be made only on application by the municipality to the Department of Commerce, Community, and Economic Development. Each application must state the intended use for which the grant will be expended. When a municipality applies under this subsection, the municipality shall also submit to the department evidence that the municipality is current on submission of reports concerning the expenditure of any grant previously received under this section. The department

~~deleted "or a certificate"~~

(1) shall receive the applications and related materials and verify that the municipality is current on submission of reports concerning the expenditure of any grant previously received under this section;

(2) shall conduct a preliminary evaluation of each application; in conducting the preliminary evaluation, the department shall determine if the application is for an activity, facility, or service that involves planning; construction, maintenance, and operation of essential public facilities by the municipality; and necessary public services provided by the municipality;

(3) within 10 days after the convening of each regular session of the legislature, shall submit to the committee a list of

(A) all qualifying activities, facilities, or services based on the department's preliminary evaluation made under (2) of this subsection; and

(B) all municipalities that have already received grants and written justification for each previous grant; and

(4) when advised of the committee's recommendations for grants, shall notify municipalities of that action.

* Sec. 5. AS 37.05.530(d) is repealed and reenacted to read:

(d) In its review of applications submitted under (c) of this section, the committee shall, within 45 days after receipt of the information submitted by the department under (c)(3) of this section,

(1) examine applications and related and supporting materials to verify the needs claimed for each facility or service for which an application was submitted;

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- (2) evaluate the needs claimed;
- (3) rank the needs that the committee believes comply with the standards set out in 42 U.S.C. 6506a(l), formerly 42 U.S.C. 6508, and (c)(2) of this section; and
- (4) forward to the respective finance committees in each house the committee's recommendations for grants for facilities and services under this section; the committee shall list its recommendations by project.

* Sec. 6. AS 37.05.530(e) is repealed and reenacted to read:

(e) A municipality that receives a grant under this section shall

deleted requirement for an independent audit > 300,000 + unaudited review < 300,000

- (1) account separately for each grant received; and
- (2) expend the funds only for the use or purpose for which the grant was made to alleviate the impact of oil and gas development within National Petroleum Reserve - Alaska; unless a proposed modification is approved by the legislature, the Department of Commerce, Community, and Economic Development may not modify the terms of a grant to change the purpose or objective of the grant or the terms and conditions under which the grant may be expended.

added

* Sec. 7. AS 37.05.530(f) is amended to read:

(f) Funds appropriated under [(d) OF] this section may not be used for the retirement of municipal debt.

* Sec. 8. AS 37.05.530(g) is amended to read:

(g) The provisions of this subsection apply to amounts [AMOUNTS] received by the state under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508, as follows:

(1) amounts received and not appropriated for grants to municipalities under (c) - (e) [(d)] of this section shall be deposited at the end of each fiscal year as follows:

(A) [(1)] 25 percent of amounts received by the state during that fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the principal of the Alaska permanent fund; and

(B) [(2)] .5 percent of amounts received by the state during that fiscal year under 42 U.S.C. 6506a(l) or former 42 U.S.C. 6508 to the public school trust fund (AS 37.14.110);

1 **(2) if, after making the grants under (c) - (e) of this section, the**
2 **amounts remaining are insufficient to make payment in full of the deposits**
3 **required by (1)(A) and (B) of this subsection, the deposits shall be allocated pro**
4 **rata between the fund deposits;**

5 **(3) the [. THE] amounts remaining after the making of the payment**
6 **of the deposits in full to the Alaska permanent fund and the public school trust fund**
7 **under (2) of this subsection** may be appropriated

8 **(A) first, to each of the funds described in (1)(A) and (P) of**
9 **this subsection to recover amounts not paid to those funds on or after the**
10 **effective date of this Act because of deficiencies in making the payments**
11 **required by (2) of this subsection; and**

12 **(B) after appropriations authorized by (A) of this**
13 **paragraph,** to the power cost equalization and rural electric capitalization fund
14 (AS 42.45.100);

15 **(4) the [. THE] amounts remaining after any appropriation to the**
16 power cost equalization and rural electric capitalization fund shall lapse into the
17 general fund for use by the state for the following facilities and services: planning;
18 construction, maintenance, and operation of essential public facilities; and other
19 necessary public services.

20 * Sec. 9. AS 37.05.530(h) is amended to read:

21 (h) **In making appropriations from the National Petroleum Reserve -**
22 **Alaska special revenue fund, the legislature shall identify the grants for services**
23 **and facilities as appropriation items and shall specify the amounts for each.**

24 Notwithstanding other provisions of law and unless expressly provided by the
25 legislature in the appropriation item making the appropriation, an appropriation from
26 the National Petroleum Reserve - Alaska special revenue fund shall, for the purposes
27 of determining the funding sources for the appropriation, be treated as though the
28 appropriation takes effect in the fiscal year in which the appropriation passes the
29 legislature. The authorization to expend funds appropriated from the fund shall take
30 effect as otherwise provided by law.

31 * Sec. 10. AS 37.05.530 is amended by adding new subsections to read:

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(i) The Department of Commerce, Community, and Economic Development

(1) may

(A) suspend award of a new grant made under this section to a municipality if, in the department's judgment, the municipality has not made adequate progress in complying in the expenditure or use of a previously awarded grant;

(B) extend the period during which the municipality may expend a grant for unusual circumstances beyond the control of the municipality;

(2) shall, as part of any annual report prepared by the department under this chapter or AS 44.33 or, if an annual report of the department is not prepared, in a separate report, submit to the committee the following information:

(A) summary financial status of active grants;

(B) a progress report on the status of projects;

(C) identification of which grants were audited during the last fiscal year; and

(D) the results of audits, including actions taken by the department for any concerns identified in an audit.

(j) Amounts that are unexpended at the end of the period authorized by law or, if extended under (i)(1) of this section, by the department and that lapse shall revert to the general fund. However, if, at any time, there is a cumulative deficiency in amounts due and payable to the principal of the Alaska permanent fund and the public school trust fund because of allocation pro rata among those funds as authorized by (g)(2) of this section, the commissioner of administration shall first apply the lapsing amounts to restore previously prorated allocations to the Alaska permanent fund and the public school trust fund to the amounts due each of those funds.

(k) In this section, "committee" means the Special Legislative Oil and Gas NPR-A Development Impact Review Committee (AS 24.20.580).

added

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CS SB171(FIN)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: _____
 Title: NPR-A COMMUNITY GRANT PROGRAM RDU: AK Permanent Fund Corporation
 Component: AK Permanent Fund Corporation
 Sponsor: Senator Wilken
 Requester: Senate Finance Component No: 109

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2006) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SB 171 would not affect the operating costs of the Permanent Fund

SB 171 would change the share of annual National Petroleum Reserve - Alaska income that the Fund receives from 25% of the net amount after payment of other obligations to 25% of the gross amount received by the State. APFC staff believe that income to the Fund would increase under the provisions in SB 171, but are not able to quantify the increase.

Prepared by: Michael J. Burns, Executive Director/CEO
 Division: Alaska Permanent Fund Corporation
 Approved by: _____
 Agency: _____

Phone: 907-465-2047
 Date/Time: 2/24/06 12:00 AM
 Date: _____

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 4
 Bill Version: CSSB 171(FIN)
 (S) Publish Date: 2/01/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Legislature
 Title: "An Act amending the National Petroleum BRU Legislative Council
Reserve - Alaska special revenue fund; and establishing..." Component: Council and Subcommittees
 Sponsor: Senator Wilken
 Requestor: Senate Finance Component No. 783

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	20.0	20.0	20.0	20.0	20.0	20.0
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
TOTAL OPERATING	20.0	20.0	20.0	20.0	20.0	20.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	20.0	20.0	20.0	20.0	20.0	20.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	20.0	20.0	20.0	20.0	20.0	20.0

Estimate of any current year (FY2006) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

CSSB171(FIN) establishes the Special Legislative Oil and Gas NPR-A Development Impact Review Committee (NPR-A). The NPR-A Committee shall be organized within 15 days after the organization of each Legislature. Members may be appointed only from the Finance Committee of each house. Finance committee aides of Legislators appointed to the NPR-A Committee will staff the NPR-A Committee. The NPR-A Committee may meet during sessions and during the interim at times and places in the state as the Committee Chair may determine. The main purpose of the NPR-A Committee is to review grant application information submitted by the Department of Community and Regional Affairs and submit the NPR-A Committee's recommendations to the Finance Committees of the Senate and House. Each member of the NPR-A Committee is required to visit each community within the National Petroleum Reserve within one year of appointment to the NPR-A Committee.

Prepared by: Karla Schofield, Deputy Director Phone 465-6626
 Division: Administrative Services Date/Time 2/1/06 12:03 PM
 Approved by: Pamela Varni, Executive Director Date 2/1/2006
 Agency: Legislative Affairs Agency

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSSB 171(FIN)
 (S) Publish Date: 2/1/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Commerce
 Title: NPR-A Community Grant Program RDU: Comm Assist & Ec Dev (405)
 Component: Community Advocacy
 Sponsor: Wilken
 Requester: Senate Community & Regional Affairs Component No.: 2703

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2006) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation amends the National Petroleum Reserve-Alaska Special Revenue Fund, establishes the Special Legislative Oil and Gas NPR-A Development Impact Review Committee, and defines its powers and duties. It also repeals and amends sections of Alaska Statute 37.05.530.

New funds are not required to implement the provisions of this legislation.

Prepared by: Mike Black, Director Phone 907.269.4535
 Division: Community Advocacy Date/Time 1/25/06 5:29 PM
 Approved by: William C. Noll, Commissioner Date 1/25/2006
 Agency: Commerce, Community and Economic Development

House CS for CS for Senate Bill 171 ()
NPR-A Community Grant Program

Sectional Analysis

Section 1. States the intent of the legislature to provide financial assistance to municipalities impacted by oil and gas development within the National Petroleum Reserve - Alaska (NPR-A).

Section 2. Establishes the Special Legislative Oil and Gas NPR-A Development Impact Review Committee.

- The committee membership includes three members from the Senate Finance Committee and three members from the House Finance Committee, including at least one member from the minority in each body.
- The Impact Review Committee membership must include one member of the House or Senate from an election district that includes NPR-A. If necessary, the Speaker of the House and the President of Senate will jointly appoint the one member to serve.
- A majority of the members appointed from each house constitutes a quorum and is necessary to approve a grant request.
- Each member of the committee shall visit each community in NPR-A within one year after the member's appointment and at least once every three years during the term of service.

Section 3. Makes conforming change to reflect a change made in the U.S. Energy Policy Act of 2005.

- Congress altered the numbering of the NPR-A authorizing language so that 42 U.S.C. 6508 is now designated as 42 U.S.C. 6506a.

Section 4. Authorizes the Department of Commerce, Community, and Economic Development (DCCED) to adopt regulations under which municipalities that are most directly and severely impacted by NPR-A oil and

House CS for CS for Senate Bill 171 ()
Sectional Analysis

gas development may receive grants from the NPR-A Special Revenue Fund to alleviate the impact.

- DCCED will verify that the applicant is current on the required reports for previous NPR-A grants and will determine if the application is for an allowable purpose.
- Within 10 days after the convening of each regular session of the legislature, DCCED will submit a list of all the requested projects.
- The annual report prepared by DCCED will include written justification for each of the previous grants.

Section 5. Outlines the duties of the Special Legislative Oil and Gas NPR-A Development Impact Review Committee.

- Within 45 days, the Special Legislative Committee will examine the applications to verify the needs claimed, evaluate the needs, and rank the applications that the committee believes comply with the federal standards.
- The committee's recommendations for appropriations will be forwarded to the respective finance committees for consideration.

Section 6. Summarizes the responsibility of the municipality that receives an appropriation from the NPR-A Special Revenue Fund.

- The funds appropriated under this section may only be expended for the purpose for which the appropriation was made to alleviate the impact of oil and gas development within NPR-A.
- DCCED may not modify the terms or change the purpose of the appropriation unless the modification is approved by the legislature.

Section 7. Makes a technical change.

Section 8. Prioritizes the use of the NPR-A Special Revenue Fund dollars.

Sectional Analysis

- Funds received by the State of Alaska from the oil and gas development within NPR-A will be used first to alleviate the impact of the development within the petroleum reserve.
- Secondly, 25 percent of the total NPR-A dollars received by the State of Alaska will be deposited to the principal of the Alaska Permanent Fund and .5 percent of the total will be deposited to the Public School Trust Fund. If the amount remaining after addressing the impacts is insufficient to fully fund these two funds, the deposits shall be allocated pro rata.
- Thirdly, the amounts remaining after the two previous funds are paid in full may be appropriated to the Alaska Permanent Fund and the Public School Trust Fund to cover any previous shortfalls that occurred on or after the effective date of this legislation.
- Lastly, the legislature may make appropriations to the Power Cost Equalization and Rural Electric Capitalization Fund and the General Fund.

Section 9. Addresses the appropriations from the NPR-A Special Revenue Fund

- The legislature will list in the appropriation bill the title and the amount for each grant awarded under Sections 4 - 6.

Section 10. Adds three new subsections to AS 37.05.530.

- DCCED may suspend the award of a new grant if a municipality has not made adequate progress in complying with a previously awarded grant.
- DCCED may extend the period in which a municipality can spend the funds for unusual circumstances that are beyond the control of the municipality.
- As part of its annual report to the legislature, DCCED shall provide a status report on previously awarded grants.
- The Department of Administration shall apply any lapse funds to previously pro-rated allocations to the Alaska Permanent Fund and the Public School Trust Fund.

**Committee Substitute for Senate Bill 171 (FIN)(efd fld)
NPR-A Community Grant Program**

Sectional Analysis

Section 1. States the intent of the legislature to provide financial assistance to municipalities impacted by oil and gas development within the National Petroleum Reserve – Alaska (NPR-A).

Section 2. Establishes the Special Legislative Oil and Gas NPR-A Development Impact Review Committee.

- The committee membership includes three members from the Senate Finance Committee and three members from the House Finance Committee, including at least one member from the minority in each body.
- The Impact Review Committee membership must include one member of the House or Senate from an election district that includes NPR-A. If necessary, the Speaker of the House and the President of Senate will jointly appoint the one member to serve.
- A majority of the members appointed from each house constitutes a quorum and is necessary to approve a grant request.
- Each member of the committee shall visit each community in NPR-A within one year after the member's appointment and at least once every three years during the term of service.

Section 3. Makes conforming change to reflect a change made in the U.S. Energy Policy Act of 2005.

- Congress altered the numbering of the NPR-A authorizing language so that 42 U.S.C. 6508 is now designated as 42 U.S.C. 6506a.

Section 4. Authorizes the Department of Commerce, Community, and Economic Development (DCCED) to adopt regulations under which municipalities that are most directly and severely impacted by NPR-A oil and