

ALASKA LEGISLATURE COMMITTEE FILES 2007-2008 SRES 12654

- 1 Township 38 South, Range 63 East, Copper River Meridian
- 2 Section 13
- 3 Section 24: E1/2NE1/4
- 4 Section 32: E1/2
- 5 Section 33: SW1/4
- 6 Township 38 South, Range 64 East, Copper River Meridian
- 7 Section 18: SW1/4
- 8 Section 19
- 9 Section 20: W1/2SW1/4
- 10 Section 29: NW1/4NW1/4
- 11 Section 30: N1/2
- 12 Township 39 South, Range 63 East, Copper River Meridian
- 13 Section 4
- 14 Section 9
- 15 Section 10
- 16 Section 11
- 17 Section 13: E1/2
- 18 Section 14
- 19 Section 15
- 20 Section 16: E1/2
- 21 Section 22: N1/2
- 22 Section 23
- 23 Section 24
- 24 Township 39 South, Range 64 East, Copper River Meridian
- 25 Section 8: SE1/4
- 26 Section 9: SW1/4
- 27 Section 16
- 28 Section 17: NE1/4
- 29 Section 18: S1/2
- 30 Section 19
- 31 Section 20: SW1/4

- 1 Section 30: except for USS 354
- 2 Section 34: S1/2
- 3 Township 40 South, Range 64 East, Copper River Meridian
- 4 Section 1: W1/2NW1/4
- 5 Section 3: NE1/4
- 6 Section 4
- 7 Section 5
- 8 Section 9
- 9 Section 10
- 10 Section 15
- 11 Section 16
- 12 Section 17: NE1/4
- 13 Section 36: SE1/4SE1/4
- 14 Township 40 South, Range 65 East, Copper River Meridian
- 15 Section 28: SW1/4
- 16 Section 31: SW1/4SW1/4
- 17 Section 32: E1/2
- 18 Section 33: W1/2
- 19 Section 34: W1/2E1/2, W1/2
- 20 Township 41 South, Range 65 East, Copper River Meridian
- 21 Section 1: NE1/4
- 22 Section 2: W1/2NW1/4, SW1/4
- 23 Section 3: NE1/4
- 24 Section 11
- 25 Township 41 South, Range 66 East, Copper River Meridian
- 26 Section 5: NW1/2NW1/4, NW1/4NW1/4NE1/4
- 27 Section 6: NW1/4.

**CS for SB 57  
as of Monday, May 7, 2007**

**Section 2: In previous version of this bill, Section 2 read:**

*"AS 41.21.302(b) is amended to read:*

*(b) The Department of Fish and Game is responsible for management of fish and game resources.....The Department of Fish and Game may not prohibit or restrict hunting, fishing or trapping in an area based solely upon the fact that the area is designated as a marine park."*

**This section has been completely removed because it is redundant; there is already a statutory restriction on prohibition of hunting, fishing or trapping by the Department of Fish and Game and therefore does not need to be mentioned in the bill.**



## SENATOR KIM ELTON

### SB 57 – Channel Islands Marine Park

#### *Sponsor Statement*

SB 57 will effectively add fourteen islands, adjacent to Juneau, to the state's marine parks system. The islands range from Lincoln Island north of Juneau to Portland Island at the southern-most boundary, including Shelter, Aaron, North, Benjamin, Hump, Bird, Gull, Indian, Battleship, Cohen, Little, Ralston, and Sentinel Islands; these islands are frequented by locals and southeast Alaskan residents who utilize the islands for deer hunting, fishing, gathering of subsistence foods, and recreational activities such as picnicking and camping. Local commercial fishermen who depend upon these vibrant fishing grounds also frequent this area, and their continued access is important.

By adding these local treasures to the Alaska Marine Park System, the state will make possible the opportunity for local outdoor groups to partner with the Division of Parks and Outdoor Recreation to build amenities and make improvements for the benefit and enjoyment of the public. Recreation and hunting groups, at minimal cost to the state, can build cabins, outhouses, picnic areas and shelters, and boat ramps for the public to enjoy and utilize throughout the year.

Access to recreational areas is an important part of southeast Alaska's economy. Recreational use guides, boat charter and rental companies, and purveyors of outdoor clothing, equipment and accessories all benefit financially from expansion of the Marine Park system, as do the Alaskans who will be able to enjoy increased access to hunting, fishing and recreational activities.

SB 57 was developed in consultation with the Division of Parks, the Juneau Parks and Recreation Advisory Committee, the Juneau State Parks Advisory Committee and local tourism companies. SB 57 excludes private landholdings from addition to the Marine Parks system.

**SENATE BILL NO. 57**

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

**TWENTY-FIFTH LEGISLATURE - FIRST SESSION**

**BY SENATOR ELTON**

**Introduced: 1/19/07**

**Referred: Resources, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to hunting in marine park units of the Alaska state park system,  
2 amending the area within designated marine park units of the Alaska state park system,  
3 and adding marine park units to the Alaska state park system."

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 FINDINGS AND STATEMENT OF PURPOSE. (a) The legislature  
8 finds that

9 (1) marine parks promote and support recreation and tourism in the state by  
10 maintaining fish and wildlife resources and lawful existing uses of these resources and by  
11 protecting their natural, cultural, and scenic values; and

12 (2) by combining upland with the surrounding water, tideland, and submerged  
13 land into a marine park, the state is able to ensure public anchorages and recreational beaches  
14 will be managed as one unit with consistent development and regulations.

1 (b) It is the purpose of secs. 3 and 4 of this Act to expand the marine park system in  
 2 Lynn Canal within the City and Borough of Juneau by the inclusion of the islands selected  
 3 under the Alaska Statehood Act from the Tongass National Forest for the purpose of  
 4 community recreation that have been tentatively approved or patented to the state.

5 \* Sec. 2. AS 41.21.302(d) is amended to read:

6 (d) The commissioner may not prohibit hunting within a marine park unit  
 7 of the Alaska state park system. The commissioner may not restrict the exercise of  
 8 fishing, hunting, or trapping rights permitted under law or under a regulation of the  
 9 Board of Fisheries or the Board of Game within a marine park unit of the Alaska state  
 10 park system.

11 \* Sec. 3. AS 41.21.304(11) is amended to read:

12 (11) Shelter Island: the following described parcels excluding  
 13 submerged land seaward of the 20 fathom bathymetric line:

14 Township 39 South, Range 64 East, Copper River Meridian

15 Section 29: All

16 Section 31: All

17 Section 32: All

18 Section 33: All

19 Township 40 South, Range 64 East, Copper River Meridian

20 Section 5: NW1/4NE1/4. S1/2NE1/4. NW1/4. S1/2

21 Section 6

22 Section 8

23 Section 9: W1/2;

24 \* Sec. 4. AS 41.21.304 is amended by adding a new paragraph to read:

25 (34) Juneau Area Islands: Aaron, Battleship, Benjamin, Bird, Coghlan,  
 26 Cohen, Gull, Indian, Lincoln, Little, North, Portland, Ralston, and Suedla Islands: the  
 27 following described parcels excluding submerged land seaward of the 20 fathom  
 28 bathymetric line:

29 Township 38 South, Range 63 East, Copper River Meridian

30 Section 13

31 Section 24: E1/2NE1/4

1                   Section 32: E1/2  
 2                   Section 33: SW1/4  
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 24 Section 6: NW1/4.

## **Sectional Analysis for SB 57 Channel Islands Marine Parks**

**Sec. 1** of the bill lays out legislative findings describing the purpose and benefits of marine parks. It ensures consistent Fish and Game management of uplands, tidelands, and submerged parklands for public use.

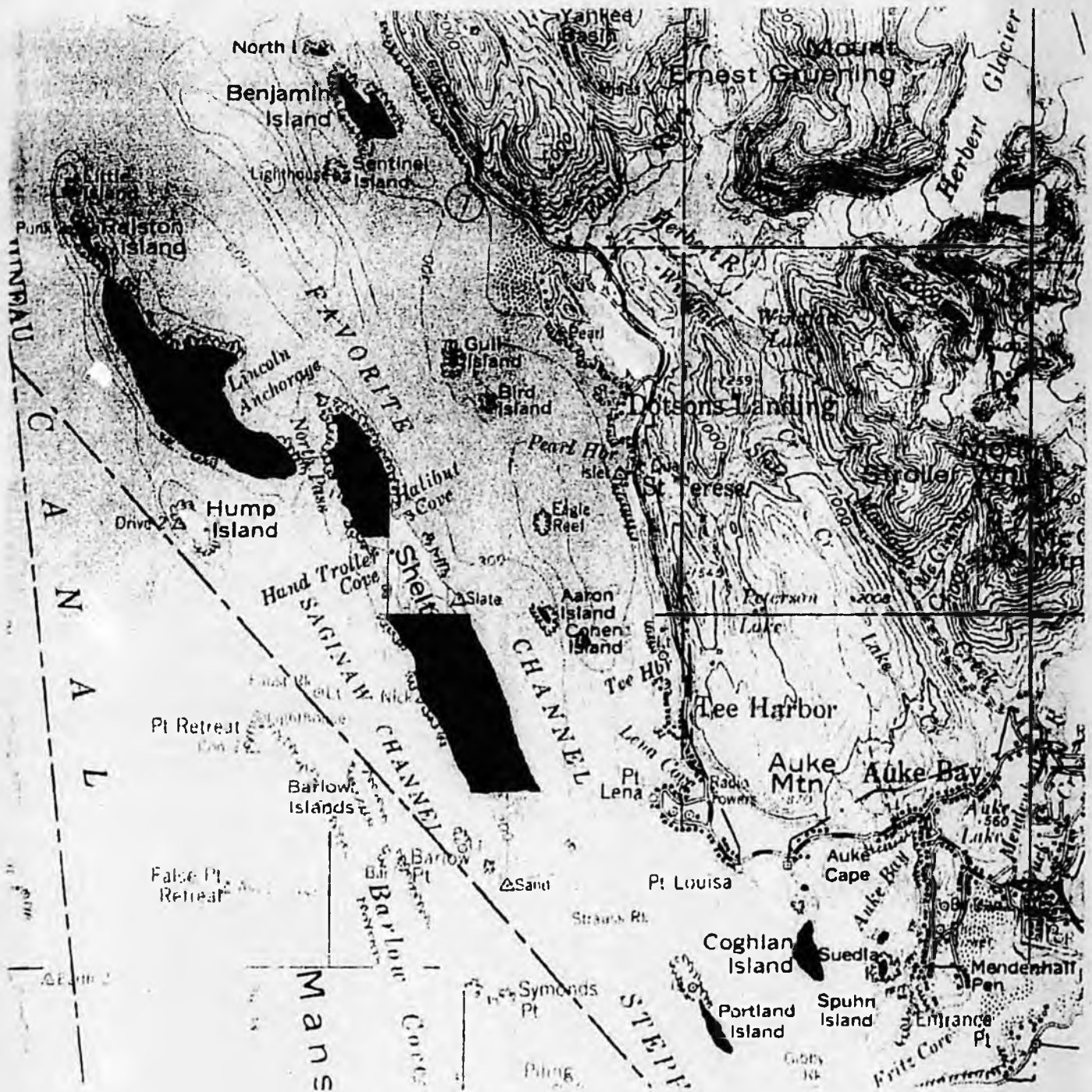
**Sec. 2** prevents the Department of Natural Resources from prohibiting fishing, hunting or trapping in any marine park unit anywhere in the state.

**Sec. 3** adds the portions of Shelter Island not already in private ownership to the marine park. A small piece of Shelter Island is currently in marine park status. The portions of the island already in private property are not included.

**Sec. 4** adds thirteen islands or portions of islands to the marine parks in this area. The names of the islands are listed in the section. A small private parcel is identified for exclusion.

Copied from  
US Geological Survey map  
Juneau, Alaska

# Marine Park



MAR 10 2007

**OFFICE OF THE MAYOR**

Telephone: (907) 586-5240; Facsimile: (907) 586-5385

[Mayor@ci.juneau.ak.us](mailto:Mayor@ci.juneau.ak.us)

March 8, 2007

The Honorable Charlie Huggins, Chair  
Senate Resources Committee  
Alaska State Legislature  
State Capitol, Room 119  
Juneau, Alaska 998901-1182

RE: Channel Island Marine Park

Dear Senator Huggins:

I write on behalf of the City and Borough of Juneau Assembly in support of SB 57 and its companion bill, HB 94, which would add several islands in Lynn Canal to the Alaska Marine Park system.

By resolution, the assembly has consistently supported previous legislation to achieve this goal. This is because the islands are popular recreational sites for the owners of nearly 5,000 boats registered in the Juneau area.

Enactment of this legislation will promote public-private partnerships for the development of recreational infrastructure and will expand the recreational opportunities available to residents and visitors alike.

Sincerely Yours,



Bruce Botelho  
Mayor



**Juneau State Parks Advisory Board**

400 Willoughby Ave, Suite 500

PO Box 111071

Juneau, AK 99811-1071

(907) 465-4563

Photo by A. W. Hanger

**January 26, 2007**

**Representative Beth Kerttula**

**Representative Andrea Doll**

**Senator Kim Elton**

**Alaska State Legislature**

**State Capitol**

Juneau, AK 99801-1182

**Dear Representatives Kerttula and Doll and Senator Elton,**

**The Juneau State Parks Advisory Board unanimously and strongly supports the creation of the Juneau Channel Islands State Marine Park.**

**These islands, located in upper Stephens Passage and lower Lynn Canal, are currently managed under the auspices of the Alaska Department of Natural Resources, Division of Mining, Land, and Water. The Department through adoption of the Juneau State Land Plan classified the islands as Public Recreation lands, and they are passively managed as such. As you well know, the islands have especially high values for recreation: they are well known throughout the Juneau Borough, and are heavily used for camping, boating, fishing, hunting, picnicking, and wildlife viewing. Many of the islands are important for birds and wildlife. There are several haulouts that are used by Steller sea lions. Large concentrations of nesting sea birds can be found on some of the islands. Putting these islands into parks would be beneficial to all the people currently using them, to future generations and to wildlife.**

**Creating the Channel Islands State Marine Park would help formally recognize these islands for their important recreational values. The suggested change in law effectively transfers the management of the lands within the Department of Natural Resources. The Division of Parks and Outdoor Recreation would manage them instead of the Division of Mining, Land, and Water. The islands would still retain their public recreational status, but management will be much more effective under the Division of Parks.**

**Many significant improvements have been made to state recreational lands in the Juneau area that are managed by the Division of Parks and Outdoor Recreation. For example, public-use cabins**

have been added at very little cost to the state through donations from the Juneau Territorial Sportsmen and the Taku Conservation Society. Trails and picnic areas have also been created or upgraded - again, at little or no cost to the state through grants made available to the Division of Parks or to Trail Mix, Juneau's trails stewardship organization.

We are excited for the possibility of the creation of this park. We would be happy to entertain any questions you may have, or provide more information. We look forward to working with you on this important goal.

Sincerely,

A handwritten signature in cursive script, appearing to read "Alice Rarig".

Alice Rarig  
Chair, Juneau State Parks Advisory Board

Presented by: The Manager  
Introduced: 03/13/2006  
Drafted by: J.W. Hartle

**RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA**

**Serial No. 2348**

**A Resolution Expressing Assembly Support for State Legislation Which Would Add Certain Islands in Lynn Canal to the Alaska Marine Park System.**

**WHEREAS, the Alaska State Legislature is considering Senate Bill 190 and House Bill 292, which would add several islands in Lynn Canal to the Alaska Marine Park System; and**

**WHEREAS, there is an increasing demand for recreational areas within the Borough, and some 4,800 boats registered in CBJ that might be used by residents and visitors to visit the Marine Park; and**

**WHEREAS, transferring these islands to the Department of Natural Resources, Division of Parks and Outdoor Recreation will keep them open to the public for hunting, fishing, camping, picnicking, and hiking.**

**NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:**

**Section 1. That the Assembly hereby expresses its support for SB 190 and HB 292, and urges their passage.**

**Section 2. That upon passage, the Assembly recommends to Governor Murkowski that he sign into law legislation adding these islands to the Alaska Marine Park System in the Juneau area.**

**///**

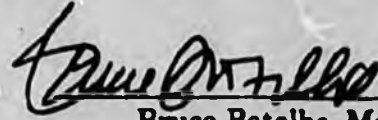
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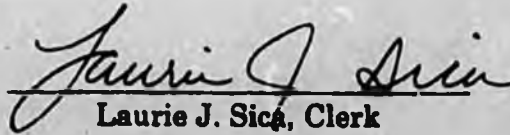
**Section 3. Effective Date.** This resolution shall be effective immediately upon adoption.

Adopted this 13<sup>th</sup> day of March, 2006.



**Bruce Botelho, Mayor**

Attest:



**Laurie J. Sica, Clerk**



**CITY/BOROUGH OF JUNEAU**  
**ALASKA'S CAPITAL CITY**

**OFFICE OF THE MAYOR**

Telephone: (907) 586-5240; Facsimile: (907) 586-5385

[Mayor@ci.juneau.ak.us](mailto:Mayor@ci.juneau.ak.us)

March 8, 2007

The Honorable Carl Gatto, Co-Chair  
House Resources Committee  
Alaska State Legislature  
State Capitol, Room 108  
Juneau, Alaska 998901-1182

The Honorable Craig Johnson, Co-Chair  
House Resources Committee  
Alaska State Legislature  
State Capitol, Room 126  
Juneau, Alaska 998901-1182

RE: Channel Island Marine Park

Dear Representative Gatto and Representative Johnson:

I write on behalf of the City and Borough of Juneau Assembly in support of SB 57 and its companion bill, HB 94, which would add several islands in Lynn Canal to the Alaska Marine Park system.

By resolution, the assembly has consistently supported previous legislation to achieve this goal. This is because the islands are popular recreational sites for the owners of nearly 5,000 boats registered in the Juneau area.

Enactment of this legislation will promote public-private partnerships for the development of recreational infrastructure and will expand the recreational opportunities available to residents and visitors alike.

Sincerely Yours,

Bruce Botelho  
Mayor



**CITY/BOROUGH OF JUNEAU**  
**ALASKA'S CAPITAL CITY**

**OFFICE OF THE MAYOR**

Telephone: (907) 586-5240; Facsimile: (907) 586-5385

[Mayor@ci.juneau.ak.us](mailto:Mayor@ci.juneau.ak.us)

March 8, 2007

The Honorable Charlie Huggins, Chair  
Senate Resources Committee  
Alaska State Legislature  
State Capitol, Room 119  
Juneau, Alaska 998901-1182

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Enactment of this legislation will promote public-private partnerships for the development of recreational infrastructure and will expand the recreational opportunities available to residents and visitors alike.

Sincerely Yours,

Bruce Botelho  
Mayor



9097 Glacier Hwy, Suite 200, Juneau, Alaska 99801 (907) 790-4990 Fax (907) 790-4999

February 28, 2007

Senator Kim Elton  
State Capitol, Room 506  
Juneau, AK 99801-1182

Dear ~~Senator Elton:~~ <sup>Kim,</sup>

We support passage of HB 94, the Marine Park Island Bill. While it is true that Goldbelt no longer operates cruise tours in the area of these proposed island parks, we feel that preservation of these islands would allow continued enjoyment by residents and visitors alike. Moreover, we and our partners are considering reinstating the tours in the area, so they remain important parts of our future plans.

I would be happy to discuss our views should you find that helpful.

Sincerely,  
Goldbelt, Incorporated

Robert Martin, Jr., PE  
Vice President of Operations

**From: Marvin Walter**  
**Sent: Wednesday, February 28, 2007 8:10 AM**  
**To: Sen. Kim Elton**  
**Cc: Marvin Walter**

**Subject: House Bill 94 and Senate Bill 57**

**Dear Senator and Representative:**

I've lived in the Juneau area the past 27 years, and during that time I've observed a great deal of development take place. Development and change to the Juneau landscape is happening at an ever-increasing rate.

The developers are planning their next adventures in an effort to make a profit. This same process has happened all over the United States and elsewhere. The beauty of the Juneau area has been discovered.

It is time to support House Bill 94 and Senate Bill 57. I support these two bills, because I want the beauty of Aaron, Battleship, Bird, Coughlan, Cohen, Indian, Lincoln, Little, North, Portland, Ralston and Suedla Islands to remain the same wonderful Islands they now are.

I've watched what happened to South Shelter, Spuhn, Horse and Colt, and soon Portland Islands. Over time these Islands will experience ever-increased development at the expense of the beauty to this area.

One of the greatest aspects of the Juneau area is the opportunity to set foot on land on any of the Islands in this area. That is not the case in many areas in other states. The land is owned and protected from trespassing on private property. The trees are cut, buildings are built, and the land is landscaped for private enjoyment.

I support the Juneau 2nd crossing by Sunny Pt, and future development on Douglas Island. The road past Outer Point on Douglas Island should be built to support carefully planned development of recreational space and future homes.

Please leave our Islands for all to enjoy. Leave the beauty for generations to come. Please support Senate Bill 57 and House Bill 94.

Sincerely,

**Marvin Walter**  
**Anytime Charters**  
**1480 Fritz Cove Road, Apt. A**  
**Juneau, AK 99801**  
**(907)-789-0942**

# Southeast Alaska Land Trust



*Stewarding Lands You Cherish*

Phone: (907) 586-3100

Fax: (907) 586-3125

119 Seward Street, Suite 15

Juneau, Alaska 99801

[SoutheastAlaskaLandTrust.org](http://SoutheastAlaskaLandTrust.org)

February 28, 2007

Senator Kim Elton  
State Capitol  
Room 506  
Juneau, AK 99801-1182

#### **Board of Directors**

Frank Rue  
*President*

Jon Tillinghast  
*Vice President*

Jan Conitz,  
*Secretary*

Patricia Harris,  
*Treasurer*

Andrea Doll

Mike Grummett

Jim King

Craig Lindh

Roman Motyka

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Greg Cook

Skip Elliot

Paul Grant

Clayton Hawkes

Deborah Marshall

Jim Powell

Bob Rehfeld

Judy Sherburne

Sam Skaggs

Tom Stewart

Tony Strong

Bart Watson

Lisa Weissler

#### **Staff**

Diane Mayer

*Executive Director*

Re: Senate Bill 57

Dear Senator Elton,

On behalf of the Southeast Alaska Land Trust's Board of Directors and our entire membership, I want to thank you for sponsoring SB 57 to properly classify the State-owned islands adjacent to Juneau as State Marine Park.

Each year residents and visitors alike enjoy the use of these islands for hunting, subsistence, recreation and open space. These green emeralds bring a unique quality and character to our commercial ocean-going tours and provide locals with safe, accessible marine destinations for family picnics and remote camping experiences.

Naming the 14 small islands and areas of the larger Shelter Island to the Marine Park System brings a positive recognition to their highest and best use for Juneau's business and pleasure. With the fate of the islands finally established in law, the State can move forward and partner with private and non-profit entities to provide the amenities needed for managing their existing uses and increasing popularity.

The Southeast Alaska Land Trust appreciates your vision and commitment to growing our economy in accord with the natural assets that attract people to this place year after year. You have our whole-hearted support for SB 57.

Sincerely,

Diane Mayer  
Executive Director

cc: Representative Beth Kerttula  
Representative Andrea Doll



Post Office Box 20761 • Juneau, Alaska 99802

Telephone: (907) 789-2399 • Fax: (907) 586-6020

**RESOLUTION OF THE TERRITORIAL SPORTSMAN INC.**

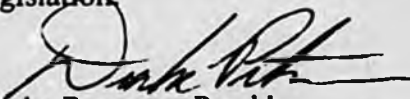
WHEREAS, the Marine Park Bill, HB 94 protects the rights of people who hunt and trap on Marine Park lands, and

WHEREAS, there are thousands of people in Juneau who own boats to access these Marine Park Lands, and

WHEREAS, these lands are currently being used by people for hunting, trapping camping and picnicking, and

WHEREAS, the Marine Park will be expanded to include additional land on Shelter Island and 14 other islands,

NOW, THEREFORE, be it resolved that the Territorial Sportsmen support the Marine Park bill and urge the legislature to pass it bills and request that Governor Palin sign the legislation.

  
Drake Peterson, President  
Territorial Sportsmen, Inc.

February 23, 2007



Post Office Box 20761 • Juneau, Alaska 99802

Telephone: (907) 789-2399 • Fax: (907) 586-6020

March 20, 2007

Senator Charlie Huggins  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

Dear Senator Huggins:

The Territorial Sportsmen, Inc. would like to go on record as supporting SB 57 that expands the existing Alaska State Marine Parks Units in Southeast Alaska. This legislation also contains important language which assures that hunting, fishing and trapping activities conducted legally under state laws and regulations will be continued.

Attached is a Resolution adopted by the Territorial Sportsmen which strongly supports the expansion of the Alaska Marine Park System in northern Southeast Alaska.


The Territorial Sportsmen, Inc. is a Juneau based conservation and sportsmen organization dedicated to maintaining our outdoor resources and opportunities as Alaskans. Our organization has over 1200 members, mostly located in Juneau and surrounding communities. In the past, our members have opposed some large single purpose withdrawals like Parks and Preserves because of the tendency for the traditional activities like hunting, fishing, trapping and general outdoor recreation to be closed or severely restricted. Our support for the local State Marine Park system is, however, based on the close cooperative working relationship our organization has established with the regional staff members and their record of incorporating some of our goals and objectives into their plans.

The Marine Park Units are relatively small and are designed to enhance the public's use resources available within and near each unit. Our organization has entered into a cooperative public cabin building arrangement with the State Park Regional office which combines volunteer labor, local business support and limited legislative appropriations. This partnership has allowed us to construct public cabins on State Marine Park lands at a considerable savings to the State and for the maximum benefit of the user public. Not only are these types of facilities important to enhance the public's use of Alaska's outdoor opportunities, they serve as critical emergency shelters for the commercial and recreational boating public. These public use cabins are managed and reserved under the State Park reservation system. Our organization also helps to maintain specific remote cabins. An examination of the data compiled by the State Park System will show that these cabins are so popular that the user fees are adequately covering the annual maintenance costs to the state.

Because we feel that the establishment of additional Marine Park Units in this area will continue to be extremely beneficial to the general public, we strongly encourage the legislature to pass this legislation.

Thank you for considering our recommendations.

Sincerely,

  
Drake Peterson, President  
Territorial Sportsmen, Inc.

Attachment

cc: Senator Elton  
Governor Palin

**Reinwand Family Living Trust**

P.O. Box 32291  
Juneau, Alaska 99803

March 19, 2007

Senator Kim Elton  
Alaska State Senate  
Alaska State Legislature  
Office 506 – State Capitol  
Juneau, Alaska 99801-1182

Dear Senator Elton:

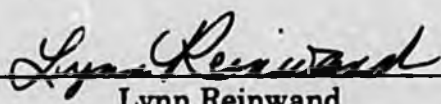
Our family owns 6-acres of private property which is located at Hand Trollers Cove on the northwest end of Shelter Island. We have owned this property since 1994. Our property is formally designated as U.S. Survey 356 and is located within the boundaries of Shelter Island State Marine Park. Our property is one of two parcels of private property located with this park and was formerly a fish trap site.

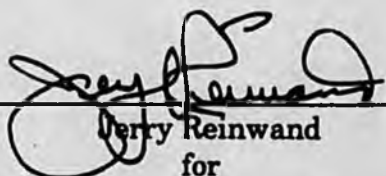
Our family supports your legislation—S.B. 57—to expand the boundaries of Shelter Island State Marine Park and to add other state-owned islands to the State marine park system.

There are compelling reasons why S.B. 57 should be passed by the Legislature. When Shelter Island State Marine Park was created in 1983, the parcels of land proposed to be added to the park in S.B. 57 (portions of Section 5 and 9 and all of Sections 6 and 8) were owned by the Federal government and were then part of the Tongass National Forest. After the park was created, the State selected these lands and they are now in the ownership of the State. Therefore, it is entirely appropriate that these recently-acquired state lands should be added to the Shelter Island park.

As you know, the waters and land in and around the Shelter Island State Marine Park are heavily used by both Alaskans and tourists. This area is prime whale watching territory and is one of the best fishing locations in Southeast Alaska. It should be incorporated into the existing park' boundaries and we hope the Legislature will act expeditiously to pass S.B. 57.

Sincerely,

  
Lynn Reinwand  
for  
Reinwand Family Living Trust

  
Jerry Reinwand  
for  
Reinwand Family Living Trust

**Juneau State Parks Advisory Board**

Photo by A. W. Hanger

400 Willoughby Ave, Suite 500

PO Box 111071

Juneau, AK 99811-1071

(907) 465-4563

March 14, 2007

Senator Charlie Huggins

Please schedule a hearing for SB 57, "An act relating to hunting in marine park units of the Alaska state park system, amending the are within designated marine park units of the Alaska state park system, and adding marine park units to the Alaska State park system." The bill is short and should not take up too much time.

SB 57 has received endorsed support from the following:

The City and Borough of Juneau Assembly  
The Territorial Sportsmen  
Goldbelt native corporation  
Anytime Charters  
Juneau State Parks Advisory Board  
Southeast Alaska Land Trust  
Southeast Alaska Conservation Council

As you can see by the endorsements, the bill is being supported by a wide range of users. I use Lincoln Island for deer hunting and camping. I also use Benjamin Island to kayak to so I can watch the sea lions that haul out there. Goldbelt takes tourists to Benjamin to see the sea lions and to North Pass (between Shelter and Lincoln Islands) for whale watching. The islands have both commercial value and recreational value.

I have attached copies of the letters of support that have been received by the three Juneau legislators. Please schedule a hearing for this bill.

Thank you.



Gary Miller

Juneau State Parks Advisory Board

Cc: Senator Kim Elton



**Juneau State Parks Advisory Board**

400 Willoughby Ave, Suite 500  
PO Box 111071  
Juneau, AK 99811-1071  
(907) 465-4563

Photo by A. W. Hanger

*1. Enforcement*  
*2.*

**SB 57**

**"An Act relating to hunting in marine park units of the Alaska state park system, amending the area within designated marine park units of the Alaska state park system, and adding marine park units to the Alaska state park system."**

I am a member of the Juneau State Parks Advisory Board. We asked our legislators in Juneau to introduce this legislation. The islands included in Senate Bill 57 are currently used for hunting, trapping, camping, picnicking, kayaking and fishing. Goldbelt has used the areas around these islands to take tourists whale watching and to see the sea lions on Benjamin Island. We want to see all these activities continue and be protected by adding these islands to the marine park. These islands are valuable areas for both recreational and commercial activities. We want a guarantee that these activities will be allowed to continue. The language in SB 57 will do this.

At one time Shelter Island was owned entirely by the State of Alaska. Now there are 152 private lots. The Division of Mining, Land and Water, which currently manages the land, divided part of the island up and sold it. I would be trespassing if I hunted, camped or picnicked on these lands.

I am a deer hunter. I have hunted deer on Lincoln Island for many years. Both Lincoln Island and Shelter Island have good deer hunting that offer those of us with small skiffs the opportunity to hunt away from the mainland. These islands also offer two other advantages. On the mainland I am only allowed to shoot bucks and then I can only shoot two. On Lincoln and Shelter I can harvest 4 deer of either sex. Both islands are also safer to hunt than islands such as Admiralty because bears seldom use the islands.

I am also a fisherman. I anchor up in the North Pass, the area between Shelter Island and Lincoln Island, and I fish there for halibut. I like looking at the beaches and trees on the islands. I prefer to look at them rather than houses. The tourists who go whale watching in the North Pass also prefer seeing wilderness rather than houses. Whale watching brings many thousands of dollars to our community without impacting the area. This is one of the rare instances where both recreational interests and commercial interests overlap without negatively affecting the other.

These islands are easily accessible. According to the State of Alaska, Division of Motor Vehicles, there were 4,526 recreational boats in the Juneau Area in 2006 ([www.state.ak.us/local/akpages/ADMIN/dmv/research/boat06.htm](http://www.state.ak.us/local/akpages/ADMIN/dmv/research/boat06.htm)). This figure does not include kayaks and canoes since they are not registered. The Alaska Department of Fish and Game has 90

commercial boats registered in the Juneau area (www.cf.adfg.state.ak.us/geninfo/permits/intent/2005ito-v11.pdf). The steep mountains and the water of the Juneau area restrict available space for land recreation. As Juneau's population grows the demand for recreational areas will also grow.

According to the US Census Bureau the population of the Juneau area has grown by over 11,000 between 1980 and 2000. The logical place to expand availability to the public is through the marine park. SB 57 will add 12.1 square miles of land and 11.5 square miles of water to the marine park. If the land were placed into a square it would be 3.5 miles on each side.

**SB 57 has received written support from the following:**

**Alaska Outdoor Council  
The Territorial Sportsmen  
Goldbelt native corporation  
The City and Borough of Juneau Assembly  
Anytime Charters  
Juneau State Parks Advisory Board  
Southeast Alaska Land Trust  
Southeast Alaska Conservation Council**

There is a reason the title of the bill includes "...hunting in marine park units of the Alaska state park system...". The Juneau State Parks Advisory Board wants the marine park kept open to hunting, trapping, camping, picnicking and other outdoor recreation. We want tourists to continue whale watching in a pristine wilderness. Please vote "yes" on SB 57.

Thank you.

**Gary Miller  
Juneau State Parks Advisory Board  
907-789-3757 [gmler\\_juneauak@hotmail.com](mailto:gmler_juneauak@hotmail.com)**

# Marine Park

## In Square Acres

## In Square Miles

### Land Water Total

### Land Water Total

#### Island

	Land	Water	Total
Battleship	5	80	85
Bird	5	20	25
Cohen	5	20	25
Indian	5	80	85
Aaron	20	80	100
North	20	80	100
Gull	25	100	125
Suedia	25	120	145
Ralston	80	180	240
Portland	90	400	490
Coghlan	180	200	380
Benjamin	352	300	652
Lincoln	2555	800	3355
<b>Subtotal</b>	<b>3367</b>	<b>2420</b>	<b>5787</b>

	Land	Water	Total
	0.008	0.125	0.133
	0.008	0.031	0.039
	0.008	0.031	0.039
	0.008	0.094	0.102
	0.031	0.125	0.156
	0.031	0.125	0.156
	0.039	0.156	0.195
	0.039	0.188	0.227
	0.125	0.250	0.375
	0.141	0.625	0.766
	0.281	0.313	0.594
	0.550	0.469	1.019
	3.992	1.250	5.242
<b>Subtotal</b>	<b>5.281</b>	<b>3.781</b>	<b>9.062</b>

Shelter (Current)	851	2342	3193
Shelter (Addition)	3497	2600	6097
<b>Subtotal</b>	<b>4348</b>	<b>4942</b>	<b>9290</b>

	1.330	3.659	4.989
	5.484	4.063	9.527
<b>Subtotal</b>	<b>6.794</b>	<b>7.722</b>	<b>14.516</b>

<b>Grand Total Addition</b>	<b>7715</b>	<b>7362</b>	<b>10729</b>
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<b>Grand Total Addition</b>	<b>12.055</b>	<b>11.503</b>	<b>23.558</b>
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Acres per square mile      640

The additional land, if in a square, would be 3.47 miles on each side.

**SB 57 – ELTON – MARINE PARKS ADDITIONS/HUNTING ALLOWED -  
ELTON –**

**(HUGGINS TO MOVE RESOURCES CS)**

**The Senate Resources CS for SB 57 made 3 changes:**

- 1) It added a statement to the intent language saying designation of the tidelands, uplands, and submerged lands in the bill should not infringe the fishing activities in the area.
  
- 2) It added fishing and trapping – along with hunting – to the activities the commissioner of DNR may not restrict in marine parks. This protection extends statewide, not just to the islands added in the bill. (There was a conforming change to the title.)
  
- 3) It extends the tidelands and submerged lands added in the bill only to the 10-fathom line, rather than 20. 60 feet of water is plenty for boat ramps, mooring buoys, and a comprehensive management plan, and the 10-fathom line is clearly marked on charts.

**SB 57**

**Marine Park Islands**

**Aaron  
Battleship  
Benjamin  
Bird  
Coghlan  
Cohen  
Gull**

**Indian  
Lincoln  
Little  
North  
Portland  
Ralston  
Suedla**



# **Marine Park Islands**

## **SB57**

The recreational areas in the Juneau area are heavily used. The steep mountains and the water restrict available space for land recreation. As Juneau's population grows the demand for recreational areas will also grow. The logical place to expand availability to the public is through the marine park. HB94 and SB57 will add 12.1 square miles of land and 11.5 square miles of water to the marine park.

According to the State of Alaska, Division of Motor Vehicles, there are 4,800 boats in the Juneau Area (2005 data).

According to the US Census Bureau:

In 1980 the Juneau population was 19,528.

In 1990 the Juneau population was 26,751, an increase of 7,223 people.

In 2000 the Juneau population was 30,711, an increase of 3,960 people.

There will continue to be an increased demand for recreational areas in the Juneau area. By converting these state island lands into parklands, we can keep them open to the public and manage them for public use.

Most of these islands are currently popular with boaters. Shelter Island is usually listed in the Fish and Game weekly fish reports under 'hot spots' for kings, slivers and halibut. Shelter Island and Lincoln Island, are popular places for deer hunters. Both Shelter and Lincoln have nice beaches for landing a boat, camping and picnicking.

The North Pass between Shelter and Lincoln currently is a valuable commercial area for whale watching boats. Benjamin Island also has a high commercial value for tourism because of the sea lion haul-out area. Tourists enjoy viewing the islands in their natural state.

Kayakers use both Gull and Benjamin islands. They are popular places to kayak to and camp. Both are close to the road system and so offer even the novice an opportunity to visit the islands.

Just north of Benjamin Island is North Island. Benjamin is about half a mile from the mainland off Glacier Highway and North Island is about one mile. Whales swim between the islands and the mainland. People who drive out the road will stop by the cliffs and watch for whales off the two islands.

Coghland Island has nice beaches for camping and picnicking. Suedla is near by it. Both are in sheltered waters that allow canoes, kayaks and small boats access to them.

Ralston Island is a small but beautiful island that is next to Lincoln Island. At low tide it becomes part of Lincoln. Just north of Ralston is Little Island, an island with just a few acres.

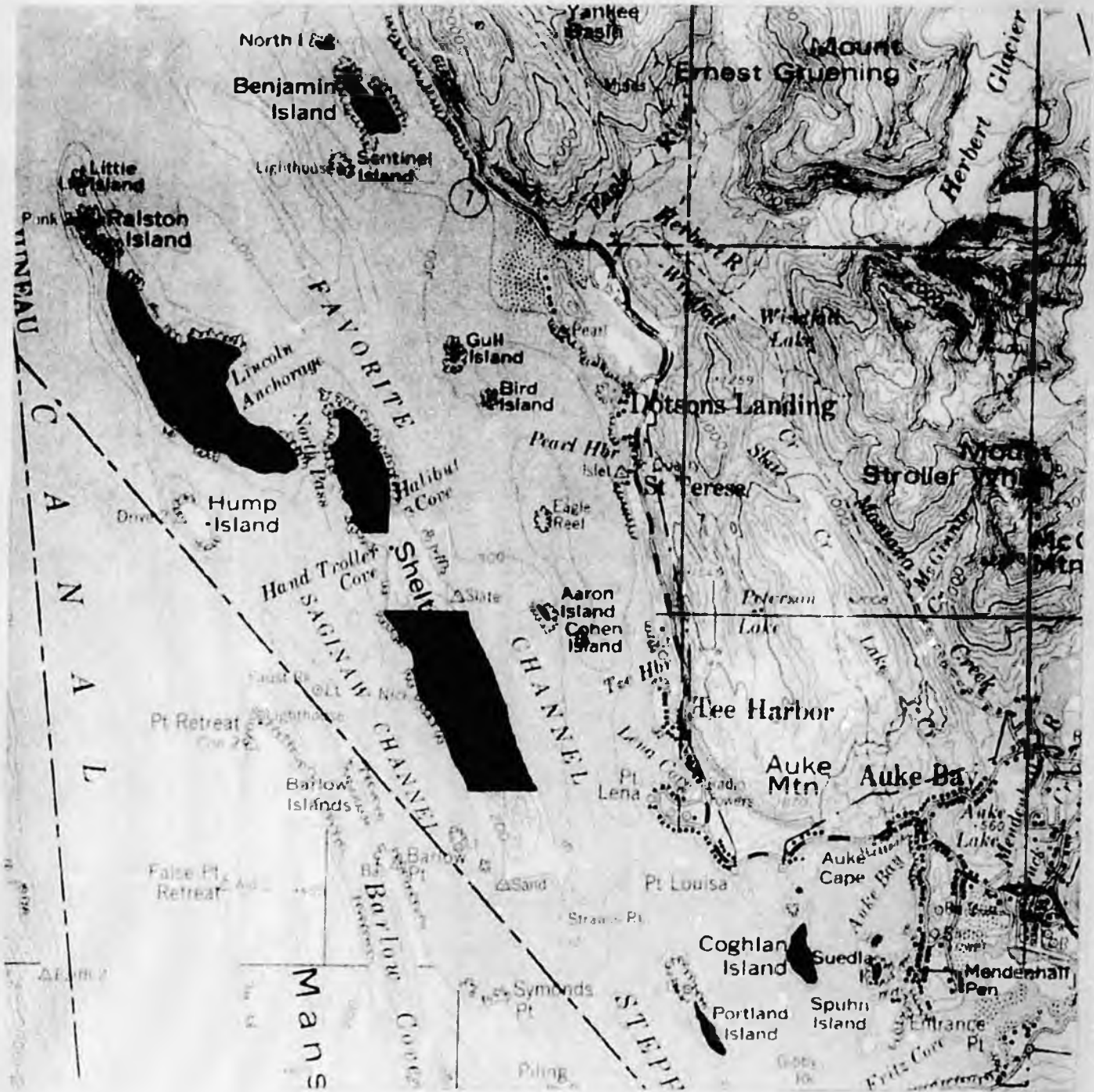
Portland has a campground and picnic site with tables and an outhouse. It has three beaches and a rustic trail.

These islands are precious jewels. By adding these islands to the Marine Park they will be kept open to the public for hunting, camping, picnicking and hiking. We ask that you grant the request of the people of Juneau by passing the bill.

Gary Miller, Juneau State Parks Advisory Board  
907-789-3757 gmiller\_juneauak@hotmail.com

Copied from  
US Geological Survey map  
Juneau, Alaska

# Marine Park



**SB**

**80**

# SENATE COMMITTEE REPORT

## First Committee of Referral

DATE: 2/9/07

FURTHER: Finance

Date of 5-Day Notice: \_\_\_\_\_  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 5/1/07

Resources Committee considered SENATE BILL NO. 80

### SB 80 OIL & GAS PRODUCTION TAX: EXPENDITURES

"An Act relating to allowable lease expenditures for the purpose of determining the production tax value of oil and gas for the purposes of the oil and gas production tax; and providing for an effective date."

and recommends:

- be replaced with  SCS or  CS SB 80 (RES)
- adopt previous  SCS or  CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

<b>SENATE BILL:</b>	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
<b>HOUSE BILL:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

**NEW FISCAL NOTE(S):**

**PREVIOUS FISCAL NOTE(S):**

Department	Date			
AOM	4/26			✓
DEC	2/20			✓
REV	2/20	✓		

Department	Date			

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS					
	Green			✓	
	McBurnie			✓	
	Stutman			✗	
	wielechowski				✓
	WAGONER				✓
CHAIR:	[unclear]			✗	

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: SB80-DOR-TAX-2-20-07

Bill Version: SB 80

( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_

Dept. Affected: Revenue 04

Title Oil & Gas Production Tax: Expenditures RDU Taxation and Treasury

Component Tax Division

Sponsor Senator Wagoner

Requester (S) Resources Component No. 2476

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

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual	124.9	124.9	124.9	124.9	124.9	124.9
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>124.9</b>	<b>124.9</b>	<b>124.9</b>	<b>124.9</b>	<b>124.9</b>	<b>124.9</b>

CAPITAL EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013

CHANGE IN REVENUES ( )	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
	.	.	.	.	.	.

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	124.9	124.9	124.9	124.9	124.9	124.9
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>124.9</b>	<b>124.9</b>	<b>124.9</b>	<b>124.9</b>	<b>124.9</b>	<b>124.9</b>

Estimate of any current year (FY2007) cost: 31.2

Check this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

\*This bill would add certain costs relating to improperly maintained property or equipment to the list of costs that do not qualify as lease expenditures under AS 43.55.165, the petroleum profits production tax system. Under the bill, the commissioner of revenue, in consultation with the commissioner of environmental conservation and the chair of the Alaska Oil and Gas Conservation Commission, would determine whether costs are specifically disallowed under this provision. The provision would disallow any costs incurred to (1) repair or replace improperly maintained property or equipment; and/or (2) maintain the operational capability of facilities or equipment that are either shut down or are diminished in capacity. The bill effective date is retroactive to April 1, 2006 - the effective date of the petroleum profits tax (PPT).

Prepared by: Jon Iversen and Cherie Nienhuis  
 Division: Tax  
 Approved by: Jerry Burnett  
 Agency: Department of Revenue

Phone: 269-1033  
 Date/Time: 2/20/07 2:00 PM  
 Date: 2/20/2007

**FISCAL NOTE**

**STATE OF ALASKA  
2007 LEGISLATIVE SESSION**

**BILL NO. SB 80**

**ANALYSIS CONTINUATION**

The impact this bill would have on petroleum tax revenues is indeterminate. Costs identified as disallowed under this bill could be categorized as either operating costs or capital costs. The PPT authorizes eligible operating costs to be deducted from the petroleum profits tax at a rate of 22.5%; the PPT authorizes capital costs to be both deducted at a rate of 22.5% and credited at a rate of 20%, for a combined production tax savings of 42.5%. Any set of disallowed costs is likely to be split between these two categories in a way that is distinct from that of another set of costs.

Administering this legislation would require one full-time equivalent (FTE) with expertise in oil and gas industry practices on the level of a petroleum engineer. The department currently contracts with a petroleum engineer for five years at a cost of \$624,650, or \$124,930 per year, for technical support related to petroleum production. It is anticipated that the department would be required to carry a second contract of this magnitude or greater in order to fulfill the requirements of this legislation.

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: SB 80-DEC-SPAR 2/2007  
 Bill Version: SB 80  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Dept of Environmental Conservation  
 Title: OIL & GAS PRODUCTION TAX: EXPENDITURES RDU: Spill Prevention and Response  
 Component: Director's Office  
 Sponsor: Wagoner et al  
 Requester: Senate Resources Component No. 1382

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

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

OPERATING EXPENDITURES	FY 2006	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

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

Estimate of any current year (FY2006) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
 No additional costs are expected with this legislation.

Prepared by: Larry Dietrick Phone 465-5250  
 Division: Spill Prevention and Response Date/Time 2/20/07 4:00 PM  
 Approved by: Larry Hartig Date 2/20/2007  
 Agency: Department of Environmental Conservation

# REVISED FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: SB080-DOA-AOGCC 4-5-07  
 Bill Version: SB080  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
 Title: Oil and Gas Production Tax RDU: AOGCC  
 Component: AOGCC  
 Sponsor: Senators Wagoner, Theriault, Dyson, et al.  
 Requester: Senate Resources Component No.: 2010

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

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	50.0	50.0	40.0	30.0	20.0	20.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>50.0</b>	<b>50.0</b>	<b>40.0</b>	<b>30.0</b>	<b>20.0</b>	<b>20.0</b>

<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
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<b>CHANGE IN REVENUES ( )</b>	0.0	0.0	0.0	0.0	0.0	0.0
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipt:	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
1162 AOGCC Receipts	50.0	50.0	40.0	30.0	20.0	20.0
<b>TOTAL</b>	<b>50.0</b>	<b>50.0</b>	<b>40.0</b>	<b>30.0</b>	<b>20.0</b>	<b>20.0</b>

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

If SB 80 is passed, the Alaska Oil and Gas Conservation Commission, in conjunction with other State agencies, would be charged with determining whether a taxpayer followed standard industry practices for purposes of eligibility for deductions of costs related to the repair and replacement of improperly maintained property or equipment.

The estimate in this fiscal note is based upon our understanding that the work we may be called upon to perform will be within our traditional area of regulatory oversight (i.e., downhole and at the wellhead); and, that the Petroleum Systems Integrity Office (PSIO) will provide consultation and conduct investigations at the point where our jurisdiction ends.

Prepared by: Jody J. Colombia, Special Assistant I  
 Division: Alaska Oil and Gas Conservation Commission  
 Approved by: Rachael Petro, Deputy Commissioner  
 Agency: Department of Administration

Phone: 783-1221  
 Date/Time: 3/9/07 10:30 AM  
 Date: 3/9/07 11:00 AM

# REVISED FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: SB080-DOA-AOGCC 4-26-07  
 Bill Version: SB080  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_

Dept. Affected: Administration

Title: Oil and Gas Production Tax

RDU: AOGCC

Component: AOGCC

Sponsor: Senators Wagoner, Theriault, Dyson, et al.

Requester: Senate Resource

Component No.: 2010

**Expenditures/Revenues**

(Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
1162 AOGCC Receipts	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

Any consultation we provide as part of the Petroleum Systems Integrity Office (PSIO) working group will be part of our ongoing responsibilities at the Alaska Oil and Gas Conservation Commission (AOGCC). Therefore there will be no additional fiscal impact on the agency with the passing of this bill.

Prepared by: Jody J. Colombia, Special Assistant I  
 Division: Alaska Oil and Gas Conservation Commission  
 Approved by: Rachael Petro, Deputy Commissioner  
 Agency: Department of Administration

Phone: 793-1221  
 Date/Time: 4/26/07 3pm  
 Date: 4/26/07



Official Business

# ALASKA STATE LEGISLATURE

## **SENATOR THOMAS H. WAGONER**

- Member, Resources
- Member, Community & Regional Affairs
- Member, World Trade

Session: January – May

State Capitol, #427

Juneau, AK 99801

Phone: 907-465-2828 Fax: 907-465-4779

Interim: May – December

145 Main Street Loop; Suite 226

Kenai, AK 99611

Phone: 907-283-7996 Fax 907-283-8127

**DATE:** February 13, 2007

**TO:** Senator Charlie Huggins, Chair  
Senate Resources Committee

**FROM:** Senator Tom Wagoner *Tom*

**RE:** Hearing Request on SB 80 – Oil & Gas Production Tax:  
Expenditures

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As you know, I asked the Senate Resources Committee to have an update on the BP Corrosion Issue. My goal was to have that hearing and then have the referenced bill heard by the committee.

Since the Committee will be having an update on the Corrosion Issue this Wednesday, February 14, 2007, I respectfully you consider scheduling SB 80 for next week's Committee meeting.

I have been in contact with the Departments of Environmental Conservation, Revenue, Natural Resources, and the AOGCC in regards to their position with the bill. I have asked AOGA for their input as well.

My expectation is that they will be able to testify to the Committee by next Wednesday, February 21, on this bill.

I am attaching a current packet on the bill for your review and inclusion as a packet before the Committee. I also expect to have additional information from the Departments.

Thank you for your time and consideration.



Official Business

# ALASKA STATE LEGISLATURE

## **SENATOR THOMAS H. WAGONER**

- Member, Resources
- Member, Community & Regional Affairs
- Member, World Trade

Session: January - May

State Capitol, #427

Juneau, AK 99801

Phone: 907-465-2828 Fax: 907-465-4779

Interim: May - December

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## **SB 80** **Disallow PPT Reductions for** **Improperly Maintained Facilities**

### **Attachments:**

1. Press Release – 1 page
2. Fact Sheet – 1 page
3. Sponsor Statement – 1 page
4. Sectional Analysis – 1 page
5. SB 80 - 4 pages + 1 page showing updated co-sponsors = 5 page
6. Minutes Aug. 9, 2006 - 3 pages

Total pages with this cover sheet – 13 pages

2-09-07/mj



## 25<sup>th</sup> ALASKA STATE LEGISLATURE SENATE REPUBLICAN CAUCUS

SENATOR GENE THERRIAULT, MINORITY LEADER  
STATE CAPITOL, ROOM 427, 465-4797 (FAX 465-3884)

SENATOR CON BUNDE  
SENATOR FRED DYSON  
SENATOR TOM WAGONER  
SENATOR GARY WILKEN

WILDA LAUGHLIN  
PRESS OFFICER  
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Press Release [www.aksenateminority.com](http://www.aksenateminority.com)  
FOR IMMEDIATE RELEASE: February 8, 2007

No. 07-06

### **Wagoner Bill Would Make Oil Companies Pay** *Bill disallows deductions for improper maintenance*

**JUNEAU**—Sen. Tom Wagoner plans to introduce a bill on Friday that would prevent oil companies from deducting costs for repairs due to improper maintenance of property or equipment.

“Basically this bill was the aftermath of the lack of action on an amendment that was offered in the Special Committee on Natural Gas Development last year,” said Senator Tom Wagoner, R-Kenai. “I thought we should follow up and re-introduce this amendment as a bill amending the PPT legislation because the state of Alaska should not in any way pay for the maintenance of a system that is not maintained properly.”

Wagoner’s bill, which has not yet been assigned a number, allows the commissioner of the Department of Revenue, in consultation with the commissioner of the Department of Environmental Conservation and the chair of the Alaska Oil and Gas Conservation Commission, to disallow costs determined to be related to the repair or replacement of improperly maintained property or equipment.

“I think we should at least have that ability in law so they have the right to do that. I think this could wind up, if not done properly, could cost the state tens of millions of dollars, not only with the BP problem, but other similar situations that we may see in the future,” Wagoner said.

For the purpose of determining the value subject to tax, the petroleum production tax passed in August of 2006 allows producers to deduct costs associated with the production of oil and gas from the gross value at the point of production. This bill prevents oil companies from deducting expenses resulting from improper maintenance. The issue of tax credits for repairs became a concern when corrosion in a 30-inch pipeline in Prudhoe Bay caused some 200,000 gallons of oil to leak onto the tundra.

###

For sound actualities by Sen. Tom Wagoner, click the following links:

<http://www.aksenateminority.com/media/25/wagoner2007020801a.mp3>

[www.aksenateminority.com/media/25/wagoner2007020802a.mp3](http://www.aksenateminority.com/media/25/wagoner2007020802a.mp3)

**SKILLED**

**RESPONSIBLE**

**CONSERVATIVE**



**25<sup>th</sup> ALASKA STATE LEGISLATURE**  
**SENATE REPUBLICAN CAUCUS**

SENATOR GENE THERRIAULT, MINORITY LEADER  
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SENATOR CON BUNDE  
SENATOR FRED DYSON  
SENATOR TOM WAGONER  
SENATOR GARY WILKEN

**Fact Sheet for: Senate Bill 80**

**Contact: Mary Jackson, 465-2828**

**Bill Version: SB 80**

**Sponsor: Senator Thomas Wagoner**

**Short Title: OIL & GAS PRODUCTION TAX: EXPENDITURES**

**Summary:**

- Empowers the commissioner of the Department of Revenue, in consultation with the commissioner of the Department of Environmental Conservation and the chair of the Alaska Oil and Gas Conservation Commission, to disallow costs or that portion of costs determined to be related to the repair or replacement of improperly maintained property or equipment for the purposes of determining the taxable value of oil and gas production.

**Benefits:**

- Gives state agencies the necessary tools to prevent oil producers from deducting expenses resulting from improper maintenance of property or equipment.
- Prevents the state from having to shoulder the costs of repairing or replacing improperly maintained equipment.
- Encourages companies to properly maintain equipment by penalizing poor maintenance practices.
- Removes the potential for rewarding companies with tax credits for the repair of failed, improperly maintained facilities.
- Increases state revenue.

**Background:**

- The issue of tax credits for repairs became a concern in August 2006, when BP announced a partial shutdown of Prudhoe Bay in the wake of a corrosion-related spill that sent an estimated 200,000 gallons of crude over about 2 acres of tundra in March. This raised the question of how repairs would be handled under the new petroleum production tax enacted through HB 3001, which was passed by the 24th Legislature during a special session on August 10, 2006. For the purpose of determining the value subject to tax, the new tax structure allows producers to deduct costs associated with the production of oil and gas from the gross value at the point of production. This bill would prevent oil companies from deducting expenses resulting from improper maintenance. Similar language was offered as an amendment when HB 3001 was under debate in the Special Committee on Natural Gas Development in August, but failed by a vote of 5 to 7.

SKILLED

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Official Business

# ALASKA STATE LEGISLATURE

## **SENATOR THOMAS H. WAGONER**

- Member, Resources
- Member, Community & Regional Affairs
- Member, World Trade

Feb 08  
*[Signature]*

Session: January - May  
 State Capitol, #427  
 Juneau, AK 99801  
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Interim: May - December  
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### **Sponsor Statement**

#### **SB 80 - Disallow PPT Reductions for Improperly Maintained Facilities**

The language in this bill was offered as an amendment to HB 3001, the Petroleum Production Tax (PPT) on August 9, 2006 before the Senate Special Committee on Natural Gas Development. It failed by a vote of 5 yea - 7 nay.

The issue which prompted that proposed amendment last August remains, and perhaps is even expanded, given the problems associated with the ongoing BP corrosion crisis.

Simply put, this bill protects the State of Alaska by encouraging proper maintenance efforts which costs would then be allowed as deductions or credits against the PPT.

However, if a company failed to conduct proper maintenance on a pipeline, they would not be allowed to utilize the deductions or credits authorized by the PPT for their costs to repair that improperly maintained pipeline.

The authority to make a determination on costs related to improperly maintained facilities rests with the Commissioner of the Department of Revenue, in consultation with the Commissioner of the Department of Environmental Conservation and the Chair of the Alaska Oil and Gas Conservation Commission and relying on industry standards.

The bill is structured to be applicable on the same date as was the PPT tax - April 1, 2006.

SS SB : 2-08-07: mj





Official Business

# ALASKA STATE LEGISLATURE

## SENATOR THOMAS H. WAGONER

- Member, Resources
- Member, Community & Regional Affairs
- Member, World Trade

Session: January - May  
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## Sectional Analysis

### SB 80 Disallow PPT Reductions for Improperly Maintained Facilities

**Section 1:** amends AS 43.55.165(e), which establishes criteria that are not included as lease expenditures, therefore are not eligible for a deduction, by establishing new language in **subsection (19)**, regarding costs related to the repair and replacement of improperly maintained property or equipment.

The costs are to be determined by the Commissioner of the Department of Revenue, in consultation with the Commissioner of Environmental Conservation and the Chair of the Alaska Oil and Gas Conservation Commission and reliance on industry standards.

**Section 2:** provides for applicability to oil and gas produced after March 31, 2006 (same as petroleum production tax time frame).

**Section 3:** provides for transitional language for payment of added taxes or installment payments due as a result of disallowing any expenditure set out in Section 1.

**Section 4:** provides for retroactive date to same period as petroleum production tax.



Official Business

# ALASKA STATE LEGISLATURE

## **SENATOR THOMAS H. WAGONER**

- Member, Resources
- Member, Community & Regional Affairs
- Member, World Trade

Feb 16  
~~\_\_\_\_\_~~

Session: January - May  
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Interim: May - December  
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### **Sponsor Statement** **SB 80 - Oil and Gas Production Tax: Expenditures**

The language in this bill was offered as an amendment to HB 3001, the Petroleum Production Tax (PPT) on August 9, 2006 before the Senate Special Committee on Natural Gas Development.

The issue which prompted that proposed amendment last August remains, and perhaps is even expanded, given the problems associated with the ongoing BP corrosion crisis.

Simply put, this bill protects the State of Alaska by encouraging proper maintenance efforts; which costs would then be allowed as deductions or credits against the PPT.

However, if a company failed to conduct proper maintenance on a pipeline, they would not be allowed to utilize the deductions or credits authorized by the PPT for their costs to repair that improperly maintained pipeline.

The authority to make a determination on costs related to improperly maintained facilities rests with the Commissioner of the Department of Revenue, in consultation with the Commissioner of the Department of Environmental Conservation and the Chair of the Alaska Oil and Gas Conservation Commission and relying on industry standards.

The bill is structured to be applicable on the same date as was the PPT tax - April 1, 2006.

SS SB : 2-16-07: mj



Official Business

# ALASKA STATE LEGISLATURE

## **SENATOR THOMAS H. WAGONER**

- Member, Resources
- Member, Community & Regional Affairs
- Member, World Trade

Session: January - May  
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### **Sectional Analysis**

#### **SB 80 – Oil and Gas Production Tax: Expenditures**

**Section 1:** amends AS 43.55.165(e), which establishes criteria that are not included as lease expenditures, therefore are not eligible for a deduction, by establishing new language in **subsection (19)**, regarding costs related to the repair and replacement of improperly maintained property or equipment.

The costs are to be determined by the Commissioner of the Department of Revenue, in consultation with the Commissioner of Environmental Conservation and the Chair of the Alaska Oil and Gas Conservation Commission and reliance on industry standards.

Subsections (19)(a),(b) and (c) set forth which costs are not eligible.

**Section 2:** provides for applicability to oil and gas produced after March 31, 2006 (same as petroleum production tax time frame).

**Section 3:** provides for transitional language for payment of added taxes or installment payments due as a result of disallowing any expenditure set out in Section 1.

**Section 4:** provides for retroactive date to same period as the petroleum production tax.

# Bill History/Action Display



**BILL:** SB 80

**BILL VERSION:**

**CURRENT STATUS:** (S) RES

THEN FIN

**SHORT TITLE:** OIL & GAS PRODUCTION TAX:  
EXPENDITURES

**STATUS DATE:** 02/09/07

**SPONSOR(s):** SENATOR(S) WAGONER, Thernault, Dyson, Wilken, Elton, French, Kookesh, Thomas, Wielechowski, Green, Stevens, Olson, Davis, Stedman, Ellis

**TITLE:** "An Act relating to allowable lease expenditures for the purpose of determining the production tax value of oil and gas for the purposes of the oil and gas production tax; and providing for an effective date."

**Bill Root:**  [Display Bill Root](#) [Next Bill](#)

[Full Text](#)

[Sponsor Statement](#)

[Committee Action with Bill History](#)

Jrn-Date	Jrn-Page	Action
02/09/07		(S) READ THE FIRST TIME - REFERRALS
02/09/07		(S) RES, FIN
02/09/07		(S) REFERRED TO RESOURCES

Similar Subject Match or Exact Subject Match

OIL & GAS  
PIPELINES  
RESOURCES  
REVENUE  
TAXATION

**Bill Root:**  [Display Bill Root](#) [Next Bill](#)

[To Report Problems with Basis Inquiry](#)

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**SENATE BILL NO. 80**

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

**TWENTY-FIFTH LEGISLATURE - FIRST SESSION**

**BY SENATORS WAGONER, Therriault, Dyson, Wilken, Elton, French, Kookesh, Thomas, *Huggins***

**Introduced: 2/9/07**

**Referred:**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to allowable lease expenditures for the purpose of determining the**  
2 **production tax value of oil and gas for the purposes of the oil and gas production tax;**  
3 **and providing for an effective date."**

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

5 **\* Section 1. AS 43.55.165(e) is amended to read:**

6 (e) For purposes of this section, lease expenditures do not include

7 (1) depreciation, depletion, or amortization;

8 (2) oil or gas royalty payments, production payments, lease profit  
9 shares, or other payments or distributions of a share of oil or gas production, profit, or  
10 revenue;

11 (3) taxes based on or measured by net income;

12 (4) interest or other financing charges or costs of raising equity or debt  
13 capital;

14 (5) acquisition costs for a lease or property or exploration license;

- 1 (6) costs arising from fraud, wilful misconduct, or gross negligence;
- 2 (7) fines or penalties imposed by law;
- 3 (8) costs of arbitration, litigation, or other dispute resolution activities
- 4 that involve the state or concern the rights or obligations among owners of interests in,
- 5 or rights to production from, one or more leases or properties or a unit;
- 6 (9) costs incurred in organizing a partnership, joint venture, or other
- 7 business entity or arrangement;
- 8 (10) amounts paid to indemnify the state; the exclusion provided by
- 9 this paragraph does not apply to the costs of obtaining insurance or a surety bond from
- 10 a third-party insurer or surety;
- 11 (11) surcharges levied under AS 43.55.201 or 43.55.300;
- 12 (12) for a transaction that is an internal transfer or is otherwise not an
- 13 arm's length transaction, expenditures incurred that are in excess of fair market value;
- 14 (13) an expenditure incurred to purchase an interest in any corporation,
- 15 partnership, limited liability company, business trust, or any other business entity,
- 16 whether or not the transaction is treated as an asset sale for federal income tax
- 17 purposes;
- 18 (14) a tax levied under AS 43.55.011;
- 19 (15) the portion of costs incurred for dismantlement, removal,
- 20 surrender, or abandonment of a facility, pipeline, well pad, platform, or other
- 21 structure, or for the restoration of a lease, field, unit, area, body of water, or right-of-
- 22 way in conjunction with dismantlement, removal, surrender, or abandonment, that is
- 23 attributable to production of oil or gas occurring before April 1, 2006; the portion is
- 24 calculated as a ratio of the amount of oil and gas production, in barrels of oil
- 25 equivalent, associated with the facility, pipeline, well pad, platform, other structure,
- 26 lease, field, unit, area, body of water, or right-of-way occurring before April 1, 2006,
- 27 to the total amount of oil and gas production, in barrels of oil equivalent, associated
- 28 with that facility, pipeline, well pad, platform, other structure, lease, field, unit, area,
- 29 body of water, or right-of-way through the end of the calendar month before
- 30 commencement of the dismantlement, removal, surrender, or abandonment; a cost is
- 31 not excluded under this paragraph if the dismantlement, removal, surrender, or

1 abandonment for which the cost is incurred is undertaken for the purpose of replacing,  
 2 renovating, or improving the facility, pipeline, well pad, platform, or other structure;  
 3 for the purposes of this paragraph, "barrel of oil equivalent" means

4 (A) in the case of oil, one barrel;

5 (B) in the case of gas, 6,000 cubic feet:

6 (16) costs incurred for containment, control, cleanup, or removal in  
 7 connection with any unpermitted release of oil or a hazardous substance and any  
 8 liability for damages imposed on the producer or explorer for that unpermitted release;  
 9 this paragraph does not apply to the cost of developing and maintaining an oil  
 10 discharge prevention and contingency plan under AS 46.04.030;

11 (17) costs incurred to satisfy a work commitment under an exploration  
 12 license under AS 38.05.132;

13 (18) that portion of expenditures, that would otherwise be qualified  
 14 capital expenditures as defined in AS 43.55.023(k), incurred during a calendar year  
 15 that are less than the product of \$0.30 multiplied by the total taxable production from  
 16 each lease or property, in BTU equivalent barrels, during that calendar year, except  
 17 that, when a portion of a calendar year is subject to this provision, the expenditures  
 18 and volumes shall be prorated within that calendar year;

19 (19) costs or that portion of the costs determined by the  
 20 commissioner, in consultation with the commissioner of environmental  
 21 conservation and the chair of the Alaska Oil and Gas Conservation Commission  
 22 and relying on the standard practices of the industry, to be

23 (A) related to the repair and replacement of improperly  
 24 maintained property or equipment;

25 (B) incurred to maintain the operational capability of  
 26 facilities or equipment shut down because of improper maintenance of  
 27 property or equipment; or

28 (C) for operating facilities or equipment at diminished  
 29 capacity in proportion to the amount of diminished capacity that is caused  
 30 by the improper maintenance of property or equipment.

31 \* Sec. 2. The uncoded law of the State of Alaska is amended by adding a new section to

1 read:

2 **APPLICABILITY.** Section 1 of this Act applies to oil and gas produced after  
3 March 31, 2006.

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

6 **TRANSITIONAL PROVISIONS.** (a) A person that filed a statement under  
7 AS 43.55.030 before the effective date of this Act and deducted lease expenditures that may  
8 not be deducted under AS 43.55.165(e), as amended by sec. 1 of this Act, shall file an  
9 amended return and pay any additional tax within 90 days after the effective date of this Act.

10 (b) A person required to make an installment payment of estimated tax under  
11 AS 43.55.020(a) for a period not included in a return required to be filed before the effective  
12 date of this Act shall determine the amount of the underpayment, if any, that is attributable to  
13 lease expenditures that may not be deducted under AS 43.55.165(e) as amended by sec. 1 of  
14 this Act. The amount of any underpayment determined under this subsection shall be paid  
15 within 90 days after the effective date of this Act.

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

18 **RETROACTIVITY.** Section 1 of this Act is retroactive to April 1, 2006.

19 \* **Sec. 5.** This Act takes effect immediately under AS 01.10.070(c).

## Minute

Aug 09, 2006

CSHB 3001(FIN) - OIL/GAS PROD. TAX

Chair Seekins opened the floor to public testimony on HB 3001. Hearing none, he closed the floor to public testimony and advised that he would consider amendments to HB 3001 after a short at ease.

At ease from 10:27:39 AM to 10:34:37 AM

10:36:22 AM

SENATOR WAGONER moved to adopt Amendment 5 Labeled 24-GH2096 P.33. Chair Dyson objected for discussion.

^AMENDMENT 5

Page 32, lines 21 - 27:

Delete all material and insert:

"(17) costs incurred for containment, control, cleanup, or removal in connection with any unpermitted release of oil or a hazardous substance and any liability for damages, fines, and penalties imposed on the producer or explorer for that unpermitted release;"

CHAIR SEEKINS removed his objection.

SENATOR BEN STEVENS asked what agency would be responsible for imposing the fines and penalties referred to on line 5 of the amendment.

SENATOR WAGONER responded that it would probably be Department of Environmental Conservation (DEC).

CHAIR SEEKINS said he could have someone from DEC address the committee.

SENATOR BEN STEVENS clarified that he wants to know what agencies would be involved in imposing those fines on the producers.

CHAIR SEEKINS responded that it would probably be DEC or the Environmental Protection Agency (EPA).

SENATOR BEN STEVENS recommended the amendment specify that they will be imposed by the state.

10:39:19 AM

SENATOR DYSON suggested that the committee go on to the next amendment and come back to this one when the DEC representative arrives.

SENATOR BUNDE concurred with Senator B Stevens, that the amendment should simply specify that the state of Alaska would impose the penalties.

Yea: Senator Kookesh, Senator Bunde, Senator Dyson,  
Senator Wilken, Senator Elton, Senator Wagoner

Nay: Senator Hoffman, Senator B. Stevens, Senator  
Stedman, Senator Olson, Senator Green, Senator Seekins

The amendment failed adoption by 6 yea - 6 nay.

SENATOR WAGONER moved Amendment 13 (24-GH2096(P.37)), which  
replaces Amendment 9.

**AMENDMENT 13**

Page 32, line 29, following "AS 38.05.132":

Insert ":

(19) costs or that portion of the costs  
determined by the commissioner, in consultation with  
the commissioner of environmental conservation and the  
chair of the Alaska Oil and Gas Conservation  
Commission and relying on the standard practices of  
the industry, to be

(A) related to the repair and  
replacement of improperly maintained property or  
equipment; or

(B) incurred to maintain the  
operational capability of facilities or equipment  
shut down or for the incremental cost of  
operating at diminished capacity because of  
improper maintenance of property or equipment"

SENATOR BEN STEVENS objected.

SENATOR WAGONER explained that the difference between Amendment  
13 and Amendment 9 is found on line 3, where "a" was replaced by  
"that", and line 9 after the second "or", where "incremental  
cost of" was added.

SENATOR THERRIAULT noted that the second change Senator Wagoner  
referred to is on line 10, where the drafter also added "or for"  
before the words "the incremental cost". The drafter also  
modified lines 5-6 to specify that the commissioners could rely  
on "the standard practices of the industry" in determining  
whether the equipment was improperly maintained.

4:01:06 PM

SENATOR WAGONER moved Amendment 1 to Amendment 13, to renumber  
paragraph (19) on line 3 to (20), because the committee did pass  
a paragraph (19) previously.

There being no objection, Amendment 1 to Amendment 13 was  
adopted.

4:01:26 PM

CHAIR SEEKINS said that, while he understands that the state  
does not want to authorize deductions for improper maintenance,  
he is extremely nervous about the size of the bureaucracy that  
will result from this amendment, and the process that the  
producers will have to go through to make a pre-determination of  
what costs should be considered repair or replacement due to  
improper maintenance based on other standards in the industry.  
He is not concerned about catastrophic events, but those that  
effect the day-to-day operations.

4:06:02 PM