1975-76

HOUSE RESOURCES COMMITTEE

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1975

MINUTES

1/27/1975 - 6/1/1975

*HB 41

House Resource Committee Minutes January 27, 1975

House Resource Committee meeting was called to order by Chairman Anderson at 8:25 a.m.

The roll showed all members present.

Introduction of Bills

House Bill No. 41- "An act requiring entrance fees for use of state park lands; and providing for an effective date."

The bill was introduced and detailed by Mr. Smith.

Guest, Mr. William Sacheck, Director of Parks, had comments and figures for the committee:

Projection of income for 76' Budget- $400,000.00
from decals

Mr. Sacheck gave two reasons for the Park Division supporting the legislation:

1. Revenue
2. Better Maintanence Control

Committee then discussed the administrative regulation that had been revoked. Was brought to attention that HB # 41 is the same fee system as Natural Resources have on their regulation books, except for the effective date.

Committee decided to hold further action on HB #41, to find out about administrative intent by Department of Natural Resources.

Meeting adjourned at 9:35 a.m.

*HB 41

House Resource Committee Meeting Minutes January 28, 1975

House Resources Committee meeting was called to order by Chairman Anderson at 8:05 a.m.

Present Members	Excused
Mr. Swanson	Mr. Brown
Mr. Osterback	
Mr. Eliason	
Mr. Hershberger	
Mr. Rhode	
Mr. Smith	
Mr. Anderson	

The Committee Substitute for HB #41 drawn up by Guy VanDoren was distributed.

Ammendments to committee substitute for a $10.00 set entrance fee was introduced.

Guest Rep. Mike Miller commented on the ammendment to the committee substitute to change the bill from open fee to set fee.

A second ammendment was introduced as to changing the effective date on the bill. It was introduced to have it changed to July 1, 1975 instead of January 1, 1976 as the bill previously stated.

There was a discussion on the projection of revenue as far as expressing some intent on the spending of fees in the state park lands.

Mr. Smith gave projection figures on the cost of the decal production. An estimated $5,000.00 (not including personnel)

Guy VanDoren read letter from Mr. Fackler, Acting Commissioner of Natural Resources in reply to Mr. Andersons letter inquiring about the administrations intent regarding their fee regulation.

Mr. Swanson then moved that the ammendments to the Committee Substitute by adopted. Mr. Smith seconded the motion.

HB #41 passed with a unanimous vote.

The Committee agreed to show intent of committee as to the revenues for intent to state park lands for the Finance Committee.

Meeting adjourned at 9:25 a.m.

*HB 3

House Resource Committee Meeting Minutes January 29, 1975

House Resource Committee meeting was called to order by Chairman Anderson at 8:11 a.m.

All members were present.

Chairman Anderson had the Committee review notes for HB #3.

HB #3- "An act providing for dedication or aquisition of park, open space, recreation areas."

Mr. Smith read letter from Mr. Gary Thurlow, Anchorage Borough, discussing the history of Bill #445 (74-75). Mr. Thurlows letter is summarized by strongly supporting HB #3.

Committee asked that Bob Weadon, Director of Planning and Research, be asked to appear and comment on HB #3 on Thursday, January 30,1975.

Mr. Smith also offered 2 letters for support on HB #3:

1. ski club (Anchorage)
2. League of Women Voters (Anchorage)

There was a discussion on paragraph c of HB #3. Was decided to contact someone from attorney generals office.

Suggestion: Dave Walker, Legislative Affairs

Mr. Smith asked to hold the bill until further action or discussion on Thursday morning.

Meeting adjourned at 8:35 a.m.

* HB 3
* HB 69
* HCR 1
* HB 95

House Resource Committee Meeting Minutes January 30, 1975

The House Resource Committee Meeting was called to order at 8:10 a.m. by chairman Anderson.

Roll call was taken:

Present	Excused
Osterback	Swanson
Smith	
Hershberger	
Rhode	
Brown	
Anderson	
Eliason	

Guests:

Dave Walker- Legislative Affairs
Katherine Allred- Div. Policy Development and Planning
Rep. Mike Miller- Legislature
Sandra Lindstrom
Jim Brooks- Commissioner of Fish and Game
Lawrence Kimball- Community and Regional Affairs
Jim Beaton- Fisherman
Rep. Keith Specking- Legislature
Phil Daniels
Alan Adaisak- Limited Entry Commission

HB #3 was brought to attention before the committee.

Chairman Anderson asked guest Dave Walker to comment on paragraph C. Mr. Walker commented that to his best judgement that he thought the statute would be upheld in a court.

Guest Lawrence Kimball agreed with Mr. Walkers statements and commented that the Division of Community and Regional Affairs was basically in favor of the proposal. Mr. Kimball explained about some of the phrasing that could be changed in paragraph C.

Mr. Eliason then suggested that H B #3 be referred to the Community and Regional Affairs Committee.

It was then decided to hold HB #3 for further information about referral procedures

Guest Sandy Lindstrom was then asked questions by the committee members concerning the Seaweed study.

Rep. Mike Miller expressed his views on the importance of studies, not just as a revenue study, but a renewable resources study.

Commissioner Jim Brooks discussed some of the regulations to seaweed harvest. He said the permit system for harvesting seaweed issued few permits, people did not follow through. They were only concerned with herring roe. Surveys that have been taken deal mostly with inside waters.

Mr. Brooks described the Alaska Fish and Game work with the Japanese, concerning harvest of seaweed if found feasible. The program was stopped because of fisheries affair.

Comm. Brooks commented that it is a resource, it has value, but must be approached from the proper way.

Rep. Smith then asked Comm. Brooks if the admistration supports this appropriation?

Comm. Brooks had not discussed this with the Governor but the Governor is interested in the development of renewable resources.

Ms. Lindstrom said in speaking with the Governor, he supported the idea.

Rep. Rhode moved for adoption of the bill
Rep. Hershberger seconded motion.

HB #69 and HCR #1 were adopted.

3 minute recess

HB #95 was taken under consideration. Applications for Limited Entry Permits were distributed.

Guest Alan Adaisak began discussion on the application.
11,200 applications were mailed out in Alaska. They have received back 2,500. 20% of the 2,500 had errors and had to be sent back. 15% of the 20% again had errors and had to be sent back a 2nd time.

The deadline for permit applications is March 18, 1975 . The Commission has the authority to add additional 60 days, if found needed.

Guest Phil Daniels expressed his views on difficulty of filling out applications.

Chairman Anderson motioned for bill to be accepted with ammendments.
Rep. Rhode seconded motion.

HB #69 was adopted by House Resource Committee.

Meeting adjourned at 9:50 a.m.

HB
HB #62

House Resource Committee Meeting Minutes February 31, 1975

The House Resource Committee Meeting was called to order at 8:11 a.m. by Chairman Anderson.

Roll Call was taken:

Present	Excused
Osterback	Brown
Smith	
Hershberger	
Rhode	
Anderson	
Eliason	
Swanson	

Guests:

Rep. Rick Urion- Legislature
Frank Jones- Dept. of Fish and Game

The chair entertained that HB #3 be referred to Community and Regional Affairs Committee. Rep. Smith made the motion and it was accepted.

Rep. Urion explained H B #62.

Rep. Rhode asked about the enforcement of such a appropriation.

Frank Jones answered questions by giving regulation codes by which the dept. of Fish and Game is able to stop season completly.

Rep. Smith introduced 1st ammendment.
Rep. Smith introduced 2nd ammendment.

2nd ammendment failed. 1st ammendment was adopted.

Rep. Swanson objected that HB #62 infringed on the peoples rights. He was not in favor of giving Fish and Game power over this matter.

Rep. Smith made motion for adoption of bill
Rep. Rhode seconded motion.

HB #62 voted on. 5 yes 1 no
HB #62 passed

Meeting adjourned at 9:15 a.m.

Announcments about OCS meetings in Anchorage
HB #68 will be discussed on February 3.

HB #68

House Resource Committee Meeting Minutes February 3, 1975

The House Resource Committee Meeting was called to order at 8:15 a.m. by chairman Anderson

Roll was taken:

Present	Excused
Osterback	Smith
Swanson	Eliason
Hershberger	
Rhode	
Brown	
Anderson	

Guests:

Sharon Eppenbach
David Ackley
H.E. Beyer- Juneau chapter Alaska Parks and Recreation Council
Hilton Woolfe- Alaska Division of Parks
Judith Maier- Juneau American Youth Hostel Committee
Rep. Bierne- Legislature

Sponser Rep. Bierne discussed Youth Hostel Bill #68. She noted that the committee discussed in the proposal be made up of a 3 man board. 1) education 2) recreation 3) Youth services

They are to establish criteria and plan for the Youth Hostels.
There is no cost projection for the proposal.
Bill to appropriate 4 Youth Hostels for 4 Regions of the state.

Similar bill was passed by legislators 2 years ago but governor vetoed it.

Rep. Brown proposed ammendment no. 1.
was voted on and adopted

A 2nd and 3rd ammendment was motioned for and adopted.

Guest Hilton Woolfe testifyed that the Division of Parks would like to see further establishment of Alaska Youth Hostels.

Guest Judith Maier stated that the concept of the Youth Hostel System was valuable for Juneau. She and her husband have been operating the Juneau Youth Hostel.

Summer 70' 1850 Overnite guests charge of $1.00
Summer 72' Hall was demolished- kept in private homes and United Methodist Church
Summer 73' Private Homes

Out of 865 guests in 73'- 16% represent foreign countries
Description of American Youth Hostel Association Charge 1.50 to American Youth hostel pass holders others- $2.00

3 AYHA in Alaska
1) Juneau
2) Ketchikan
3) Nome

Rep. Hershberger introduced ammendment 4. Was not acted on.

Rep. Bierne recommended 5th ammendment. Was not acted on.

Judith Maier expressed deviance of rules used for Juneau Youth Hostel. According to ferry schedule and trails.

Rep. Anderson commented on the 3 day limit. Was concerned about outsiders, job seekers staying in Hostel for a long period of time.

Was suggested that Joel Bennet be asked to consider wording of ammendments.

Meeting adjourned at 9:43 a.m.

HB 76
HB #3

House Resource Committee Meeting Minutes February 4, 1975

The House Resource Committee Meeting was called to order by Chairman Anderson at 8:12 a.m.

Roll was taken:

Present	Excused
Osterback	Smith
Brown	Rhode
Hershberger	
Eliason	
Anderson	
Swanson	

Guests:

Cheryl Probst- Anchorage Times
Sarah Eppenbach
Rep. Keith Specking
Joel Bennett- Legislative Affairs
H.E. Beyer- Juneau Chapter, Alaska Parks and Recreation Council
David Ackley
Grace Pleasents
Stuart Hall- Legislative Affairs
Skip Burns

Discussion on HB #68 was continued.

Joel Bennett state proposed ammendments as drawn up for Committee Substitute to HB #68. He submitted CS and ammendments were adopted.

Guest David Ackley gave his account of Europe Hostel System. It is not necessarily associated with any particular organization

Rep. Anderson asked Mr. Ackley about the time period the European hostels provided.

Mr. Ackley said that 3-4 days was average, but up to a week in the winter when they are not so crowded.

Rep. Anderson then asked Mr. Ackley about his ideas on the time limits for the Alaska Youth Hostels.

Mr. Ackley answered that alot of Alaska Hostels would warrant a week, taking into consideration the transportation and weather of Alaska.
Time limits for the Hostels were 9:00 a.m. and 5:00 p.m.
Charges for the Hostels were $1.00 to $2.00
YMCA charges $5.50 per nite.

Rep. Osterback questioned layovers looking for jobs; construction workers, etc.

Guest skip Burns whom operated "Bunk House" in Skagway for three years, replied that they don't get a lot of people like that up there.

Mr. Burns gave an account of his operation in Skagway over the last 3 years.
The price was $4.00 a nite with no cooking facilities.
Grossed about $7,000 a summer
They furnish showers and towels, front room with travel material, and a bunk.
The "Bunk House" burned in October of 74'

Rep. Swanson motioned that the bill be adopted and the motion was seconded.
Was voted on and HB#68 was adopted.

Recess

Rep. Specking outlined HB #31 for committee

Rep. Brown asked questions about a possible 55 day limit for fishermen to claim abandoned vessels.

Guest Stuart Hall discussed the federal laws enforcing such material. Explained that HB #31 kind of plugged the holes that the Corp. of Engineers and the Coast Guard could not take care of.

Referral to Bills:

HB #31
HB #33
HB #34

HB #31 will be continued tommorow, February 5, at 8:00 am.

Meeting adjourned at 9:20 a.m.

HB #3
HB #3
HB #17

HOUSE RESOURCE COMMITTEE MEETING MINUTES February 5, 1975

The House Resource Committee meeting was called to order by Chairman Anderson at 8:10 a.m.

Roll was taken:

Present	Excused
Osterback	Smith
Hershberger	
Anderson	
Rhode	
Swanson	
Brown	
Eliason	

Guests:

R. F. Glimieki-trapper
John O'Brien-trapper
Mike Harbuson-trapper
Representative from Fairbanks Daily News Miner

Discussion on HB #31 was continued.

Rep. Anderson had the committee look over the recerence bill for HB #31. HB #33, and HB #34.

The definition of abandoned vessel was discussed as an important part of the proposal.

Rep. Swanson shared concern over the type of situations that this bill would affect. Account of small boats being left for a long period of time would be affected by this bill.

Rep. Hershberger believed that this bill concerned itself with larger vessels, barges, etc.

Rep. Brown made an inquiry about the effect of the refferal bills HB #33, HB #34 would have on the bill.

It was suggested by Rep. Eliason that a representative from the Coast Guard be called in to testify about the actual account and history of derelict or abandonded vessels.

Rep. Anderson motioned that HB #31 be tabled till a later date when more information is received.
Motion was passed.

HB #17 was then taken under consideration.

Rep. Swanson detailed the bill and then asked that the committee support on

the bill until further notice from Mike Smith in setting up administrative regulations.

He is suppose to receive word about the regulations within 2 weeks.

Guest John O'Brien had suggestions or ammendments to HB #17. He tried to adopt it for the trappers of the Southeast region as well as other regions. Mr. O'Brien suggested the further looking into on HB #17 in these areas:

Sec 1. Sub B (4)- Where trapper could occupy cabin only during the trapping-season. Mr. O'Brien thought there should be some provision so that stocking and possibly cleaning could take place.

Sec 1. sub 1- Must be established trapper with proof of over 2 years. Mr. O'Brien suggested that the 2 year limit be dropped.

Sec 1. Sub B (5)- Cabin must be occupied by the licensed trapper specified on the permit. Mr. O'Brien suggested this be canged to a pair of trappers.

Rep. Swanson felt that these ammendments or provisions could be dealt with.

Rep. Eliason asked about the issuance of permits to specific people; just to certain people or to people with historical rights?

Rep; Swanson gave account of a family with 3 generations of trappers. Explained that the purpose of the bill is to protect such people as this.

Mr. O'Brien noted that fur prices would be dropping close to 50% so that the "Weekend Daniel Boones" might be eliminated.

Rep. Brown asked about Sec 2. under sub B where the 12' by 12' foot cabin is required.

Rep. Swanson replied that this building was to used only for a trapping cabin.

Rep. Swanson told committee that the American Trappers Association, Tok Branch was the group that referred this problem to him. They had made the same request to the Federal Government without any luck.

It was agreed that HB #17 be rescheduled until Rep. Swanson hears from Mike Smith about the administrative regulations.

Meeting was then adjourned at 9:00 a.m.

HD - 5
HB #106

House Resource Committee Meeting Minutes February 6, 1975

The House Resource Committee was called to order at 8:10 a.m. by chairman Anderson.

Roll was taken:

Present	Excused
Osterback	Rhode
Brown	Eliason
Hershberger	
Anderson	
Swanson	
Smith	

Guests:

Fred Woldstad- Dept. of Public Saftey
C.A. Weberg- Dept. of Public Saftey
Kathy Gilbertson- Dept. of Natural Resources
Sarah Eppenbach
Sue Frankfourth
HB #5
Rep. Swanson gave an account of reasons for the bill. To create a unit totally undercover for the protection of fish and game enforcement.

Guest Fred Woldstad introduced some of the things that are happening within the state as far as wildlife protection. It was found that State taxidermy services had 290 Alaska Big Game Animals and over 20% of trophies had left the state with violations of some sort. Trips outside resulted in prosecutions which helped. Hides available for sale illegally right in the state. Air taxi operators activity as guides illegally.

This bill would be to establish a base for the undercover unit.

People responsible - Personnel 75
10 Administrative 65 Field officers

Rep. Swanson asked if someone would be trained?

Mr. Woldstad answered yes. Very little done in wildlife enforcement . Gave introduction into a 9 week course that is offered in Washington D.C.

Question about the exchange with other states was brought up? Mr. Woldstad gave several accounts on the Canadian help that the Dept. of Public Saftey has already received.

Mr. Woldstad commented that the Dept. does not have complete control when case goes to court. Attorneys are used.

Questions asked about the priority of this program in the Dept. and why not use monies available.

Mr. Woldstad answered by saying that fisheries will be main emphasis this year, not that much money to shift around. No detailed plan but will be able to have plan ready within a week.

Rep. Hershberger stated that the Committee is very concerned about resources and are being hard because they do care.

Mr. Woldstad stated that they have not in the past been able to use money for this purpose. Need direction to use dollars in this fashion. Have been denied in the past. Need this direction from the legislation. If the bill passes, the dept. will have direction.

There was quite a bit of discussion of "wanton waste". Committee asked the dept. to comment and write out suggested changes in Fish and Game laws.

Rep. Smith feels that the dept. has the money now to implement the program covered by this bill.

Rep. Smith motioned that HB #5 be tabled until February 18th. Rep. Swanson objected.

HB # 106 was taken under consideration.

Rep. Smith gave background on the bill. Division of Parks has language which allows determining what will be done within a State Park. This bill would allow parks to regulate Private lands within state parks. (Check Calif. Statutes) The intent of this bill is to make private land within the park to conform with the state park purpose. Authority may not exist according to the Attorney Generals office unless there is a court case. Delay this until the 18th of February. Tabled until this date.

Announcments:

Monday, February 10, - Confirmation Hearings with Commissioner of Environmental Conservation.

The meeting was adjourned at 9:30 a.m.

Overview: DEC

HOUSE RESOURCE COMMITTEE MEETING MINUTES February 10, 1975

The House Resource Committee meeting was called to order at 8:10 a.m. by Chairman Anderson.

Mr. Anderson introduced Commissioner Ernst Mueller of Environmental Conservation.

Mr. Mueller began account of just what the Dept. of Environmental Conservation does.
In a broad sense they write regulations concerning such things as water courses, waste disposal, pesticides, radiation protection or any thing they feel necessary.
Their main areas are water and waste treatment areas.
They have special interest groups such as Corp. of Engineers and Coast Guard permits.
They work closley with the Federal Government Programs.
Some Water Supply System and Waste Supply Systems receive 25% State Funding and 75% Federal Funding.

Rep. Smith asked about the organizational structure of the Department?

Mr. Mueller indicated major changes in their organizational structure. The deputy Commissioner is in charge of field operations in Anchorage, Fairbanks, Valdez and is in charge of the pipeline survey.
They have a division of Water Programs that takes care of Waste Treatment Grants.
They have a division of Trash field that takes care of waste, pesticides, radiation and land related activities.
They also have a Program Coordinator that takes care of planning permitting programs.

Rep. Brown asked about Mr. Muellers background?

Mr. Mueller reffered mostly to his resume which was passed out among the committee members. He went through this in detail. Schooling, Work experience, and Orgainizational Groups.

Rep. Anderson asked about the monitoring of pipeline activity?

Mr. Mueller told of the waste treatment and water supply that are few in number in these areas. There are Engineers from Environmental Conservation in Fairbanks and Valdez dealing with the pipeline. There are separate responsibilities from the group in Anchorage.

Rep. Anderson asked about the Education programs that the Commissioner mentioned in his Environmental Outline.

Mr. Mueller expressed great concern for educating the public as far as the understanding of environmental problems and the solutions for them. Places people can go to find out about the problems and to let the public know that they are there as an agency to help. Suggestions such as an Evironmental Newsletter and Public Education Filmstrip would be some of the depts. objectives.

Rep. Brown asked about the relationship between the former commissioner and Mr. Mueller?

Mr. Mueller noted that he knew the former commissioner but had no close relationship with him.

He said that he had heard criticism about the former commissioners approach to some things but said that he saw the difficulty the commissioner faced with starting a dept. with only a staff of about 9 people.

Rep. Brown asked how big the deptartment was now?

Mr. Mueller gave a budget estimate of about 2 1/2 to 3 million dollars for the fiscal year. Said there was 100 positions but only 60 people on staff. A total of 85 on staff if pipeline personnel were counted.

Rep. Swanson asked about the maintenance of sewer systems and construction of such things in rural schools of Alaska. Stated that there was alot of wasted money due to high cost of engineer fees and architect fees.

Mr. Mueller agreed that there was a great rip off as far as engineers and them using the Dept. of Environmental Conservation as a scape goat for their actions. The Dept. of Public Work got together with Environmental Conservation and recommended that the engineers from Environmental Conservation be used in repairing or building of these facilities.

Rep. Swanson agreed with Mr. Mueller about the scape goat theory and asked that the Dept. get together with the rural area legislators and talk over the problems that concern the rural and SOS schools.

Rep. Rhode made a statement on the oil industries of Alaska and the monopolization of them on businesses in Alaska. Asked Mr. Mueller what he thought of the possiblities of small industries coming into Alaska?

Mr. Mueller stated that he didn't see any problems in the development of small industries into Alaska. Said that the Dept. had already begun to talk with several. Ex: Coal Industry.

Rep. Rhode commented that he had been up to Pipeline and that they were having water supply problems.

Mr. Mueller commented that system needed to be put together and developed properly. He said that his staff was now writing public water supply regulations. Will help eliminate these sorts of problems.

Rep. Osterback then brought up problem of dumping oil or sewage into the boat harbors.

Mr. Mueller then discussed the Federal Laws that cover this type of violation, and again reminded the committee that the Dept. does work closely with the Federal Government.

Questions were asked of Mr. Mueller by Rep. Tom Fink who was visiting. His intent was to find out just how Mr. Mueller felt on the conservationists views on several different areas. Ex: In 1973 what his stand was on the Alaska Pipeline? Did he take a definite stand for or against the pipeline?

Mr. Mueller told the committee that he did not take any direct stand on the pipeline at that time except to have supported the idea that the impact statement be taken care of in the courts and that the statement be revised so it may be more environmentaly safe.

With no more questions for the Commissioner the Confirmation hearings were adjourned at 9:30 a.m.

HB # 35
HB #79

House Resource Committee Meeting February 12, 1975

The House Resource Committee meeting was called to order at 8:07 a.m. by Chairman Nels A. Anderson, Jr.

Roll was taken:

Present	Excused
Osterback	Rhode
Anderson	
Smith	
Hershberger	
Eliason	
Brown	
Swanson	

Guests:

Joel Bennett- Legislative Affairs
Art Peterson
Rep. Specking- Legislature

HB #35 was introduced into the committee.

Rep. Specking-gave details on bill stating that the bill introduced by request so that the guide register could be cleaned up. Also commented that the 2 out of 3 year limited could be changed if the committee wishes to.
The guides asked Rep. Specking to introduce this bill. There are about 350 persons on the guide register at this time. Trofessional Hunters Association.

Rep. Swanson asked if this bill was designed to eliminate the competition?

Rep. Specking in turn answered that it was not.

Rep. Brown asked if a person falls under this and he wants to go back into guiding, what is the procedure?

Rep. Specking answered that he would have the requirement for the 3 years experience, but he would have to take the exam again. Also a provision for relicensing.

Rep. Smith moved to ammend the HB 35 on lines 14, 15 and 17.

Rep. Brown asked unanimous consent for the motion.

Ammendments will be added

Rep. Smith motioned for do pass recommendation on HB 35.

Rep. Hershberger seconded motion.

HB 35 do pass with recommendation out of the House Resource Committee.

HB 99 was then taken under consideration.

Rep. Specking made it clear that his intention for the bill was to make it a clean-up bill for HB 1 of the 1974-75 legislature. His intent was not to change the substance of the bill.

Guest Joel Bennett went through the bill ~~printing~~ pointing out the proposed changes.

Questions come up concerning the wording of Lines 17 and 19 of the proposed bill.

There was much general discussion concerning personal accounts with the proposed bill.

Guest Art Peterson was asked to explain his intentions of the wording on the bill and if it was an error as drawn up in the new bill.

Mr. Peterson answered that it was an error and that the intentions were the same as in the 74-75 House Bill 1.

It was then the wish of the committee that a Committee Substitue be drawn up and submitted tommorow morning.

Meeting was adjourned at 9:20 a.m.

HB - 77
HB # 4

House Resource Committee Meeting Minutes February 13, 1975

The House Resource Committee meeting was called to order at 8:16 a.m. by Chairman Nels A. Anderson, Jr.

Roll was taken

Present Excused

All were present

Guests:

Mr. Bob Rausch- Dept. of Fish and Game
Kathy Jacobson- Dept. of Natural Resources
Dee Frankfourth
Cheryl Probst-Anchorage Times
Neil Johannsen- Division of Parks
C.H. Rosenthal-Alask Northwest Pub. Co.
John Williams- Senate Resources

The committee substitute for HB 99 was looked over by the committee. There was a question about section numbers but after discussion was decided to let it up to the referral committee.

The chair entertained a motion to do pass with recommendation on HB 99
Rep. Hershberger motioned
Rep. Swanson 2nd

The committee substitute for HB 99 was accepted.

Rep. Swanson for an ammendment for certain terminology.

Rep. Smith said that it would be changing the substance of the bill and therefore would require another bill.

Rep. Anderson stated that Mr. Specking would have to be consulted before they changed the bill in any way except for small language terms.

It was agreed to hold bill until Mr. Specking could be consulted.

HB #4 was then taken under consideration.

Rep. Hershberger detailed the bill that concerned itself with Potter Point Refuge Area.

The reasons he gave for the bill were for hunting and observation purposes. Mr. Hershberger showed maps of the exact area be considered.

Rep. Swanson asked if there were to be any structures built on this land?

Rep. Hershberger answered no. That Fish and Game will be in charge, but he doubted that they would construct any structures.

Guest C.H. Rosenthal gave account of the Hearings that had been held in

Anchorage concerning the Potter Point Refuge Area. He is associated with the Water Fowl Association. He stated that the Association was in favor of the bill.

Was stated that this would be a refuge with reasonable acess to reasonable huntin in a rapidly growing- urban area.

Guest Bob Rausch, Deputy Director of the Division of Game said that the Dept. supports the Potter Point Refuge bill.

Rep. Swanson asked if the funds would be used for anything else?

Rep. Hershberger answered no.

Rep. Eliason asked about the concept of "Refuge", in context to a definiton. He stated that it meant a place or shelter .

Rep. Hershberger made it clear that hunting took place on only certain specified days.

The meeting was adjourned as to make time for the Guest Speaker of the Day Milton Lipton of Levi Inc.

Meeting to be resumed 8:00 Friday morning.

HB#99
HB#4
HB#8
HB#9

House Resource Committee Meeting Minutes February 14, 1975

The House Resources Committee meeting was called to order at 8:15 by Chairman Nels A. Anderson, Jr.

Roll was taken:

Present	Excused
Swanson	Osterback
Brown	
Eliason	
Hershberger	
Rhode	
Smith	
Anderson	

The discussion on HB 99 was continued. The chair recommended a do pass recommendation on the CS for HB 99. Mr. Hershberger 2nd the motion and the CS for HB 99 was passed.

Discussion began on HB #4 dealing with Potter Point State Refuge.

Rep. Swanson recommended that there be sent a letter of intent with the bill.

Rep. Hershberger made it clear that the perimeters for the refuge had be established and that he didn't see it necessary to send the letter of intent.

Rep. Smith made it known that he thought the language was clear enough, that possibly they could establish priorities.

Rep. Rhodes made suggestion that a type of wording that suggested matching funds from the Federal Government might be used.

Rep. Swanson withdrew motion for letter of intent.

Rep. Smith then ammended bill to include the matching of$225,000 of federal monies as to the Pitmann-Robinson Act and an effective date for a lapse.

Rep. Anderson asked it there were ample funds in the Pitman-Robinson Act?

Mr. Bob Rausch said that there were ample funds.

Rep. Brown made a motion that the CS be passed out with a do pass recommendation. Rep. Swanson 2nd .

The committee voted and CS for HB #4 was accepted.

Discussion then began on HB #8

Rep. Hershberger submitted a CS for HB #8.

There was much confusion as to the exact lands being considered.

Guest Kathy Jacobson was asked if she could obtain more exact maps by early next week, showing the upland, and tide lands of these areas.

Rep. Smith asked that Mrs. Jacobson contact the Anchorage Borough and find out what their intent was on this as far as the types of land to be used.

Rep. Brown made comments on concerns that the committee should have as far as being exact.

The committee tabled the bill until the maps could be brought back to the committee for review.

HB #9 was tabled also for the reasoning of waiting for the maps.

Announcments:

There will be a 4:00 p.m. meeting on Tuesday, February 18.
HB 8, HB 31 and HB 9 will be discussed at this meeting

The meeting was adjourned at 9:00 am.

Tape 9995 to 480

HB#17
HB#106
HB#31

House Resource Committee Meeting Minutes February 19, 1975

The meeting was called to order at 8:34 a.m. by co-chairman Ted Smith.

Roll was taken:

Present:	Excused
Osterback	Anderson
Hershberger	Eliason
Brown	Swanson
Smith	
Rhode	

Guests:

Frank Jones- Dept. of Natural Resources
Kathy Jacobson- Dept. of Natural Resources
Hilton Woolfe- Division of Parks

The co-Chairman, Ted Smith opended the meeting with a communication from the Division of Lands addressed to Mr. Swanson the prime sponser of HB #17

Mr. Brown asked just what the intent of the letter was to be.

Mr. Smith answered that they were saying in the letter is that they do not recommend this bill of legislation.

The chair entertained a motion to postpone indefinitly the consideration of this bill and give Mr. Swanson a opportunity to aske for consideration of his response.

Mr. Brown objected for unanimous consideration for the motion of postponment and stated for the courtesy of Mr. Swanson that the bill be set up for a rescheduling. In approximatley 3 weeks.

The committee agreed and set March 12 as a tenative date for the rescheduling of HB #17

HB #106 was then taken under consideration.

Mr. Hilton Woolfe was asked to make a statement about the bill. He said that the majority of the Parks People were in favor of a bill like this one. He stated that there was definitly a need for the intent of this bill.

Mr. Hershberger stated that he had several conversations with people in this area and that they did not oppose the zoning of state park land. There was no objection between the people and property owner if the zone regulation would indeed be in keeping with the spirit of the park itself.

Mr. Smith asked for the wish of the committee concerning the bill.

Mr. Hersberger 2nd motion made by chair for do pass out of the committee

Vote taken.

Was decided to check with other committee members before the bill will be passed out do pass.
Mr. Smith said he wanted to make sure that the recommendation be the intent of the committee.
HB #106 - do pass out of committee
HB #31

Mr. Van Doren stated that the Coast Guard and Corp. of Engineers had been contacted but as far as they were concerned they were only going to come in and observe. They stated that they got all regulation from the Federal Nativgation Code and that this bill would have no bearing on them.

Mr. Hershberger asked that Mr. Specking, prime sponser of the bill be asked back before the committee to explain some questions the committee members had on it.

Mr. Smith asked the wish of the committee.

Mr. Smith then postponed consideration until the prime sponsor could appear before the committee.

Mr. Smith stated that the Committee Substitutes for HB 4, HB 8, and HB 9 were still in the typing stages and should be ready tommorow morning.

Meeting was adjourned until 8:00 a.m,. February 20, 1975

HB#141
HB#4
HB#8
HB#9

tape 481 — 1161

House Resource Committee Minutes February 20, 1975-

The House Resource Committee meeting was called to order at 8:35 a.m. by co-chairman Ted Smith.

Roll was taken:

Present	Excused
Osterback	Anderson
Smith	
Hershberger	
Brown	
Swanson	
Rhode	
Eliason	

Guests:

Kathy Jacobson- Dept. of Natural Resources
Frank Jones- Dept. of Natural Resources
Rep. Specking

HB #141 was taken under consideration.

Mr. Smith detailed the bill stating that there was no private property involved and that it was all state lands that the Caines Head Refuge included.

Hersberger made motion to do pass the bill out of the committee
Swanson 2nd motion.

HB #141 was passed out do pass of the committee.

HB #4 was then taken under consideration. The new Committee Substitute that had been drawn up by Joel Bennet was distributed among the committee members. It was read and discussed by the committee.

Rep. Swanson then motioned that the bill be moved out do pass from the committee. Rep. Hershberger 2nd the motion.

Committee substiute for HB #4 was voted out do pass from the committee.

HB #8 was then taken under consideration.

A committee substiute had also been drawn up for this bill. The committee substiute was reviewed.

Guest Kathy Jacobsen stated that Anchorage engineers had carefully drawn up the area and boundaries and carefully selected wording for the bill and area concerning the Palmer Hay Flats.

A discussion of power lines then took place. It was decided that if a letter of intent was not submitted stating that the power lines would or would not be placed in a certain area, that the Dept. of Fish and Game would have to

contend with the Division of Lands.

Mr. Smith then suggested two steps:

A letter of intent be drawn up
The CS for HB #8 be adopted.

Rep. Hershberger was in favor of a letter of intent that didn't include the power lines in the bill.

The committee then decided that a letter of intent would not be submitted, but that the Committee Substutite would be adopted.

Hershberger made motion to do pass the bill out of the committee.
Swanson 2nd motion.

The committee substitue for HB #8 was then adopted.

HB #9 was then taken under consideration.

Rep. Hershberger gave the details of the bill. Stated that the Goose Bay area was a spot for local sportsman, and good duck hunting. Is excessible by boat and air and possibly by car.

Rep. Rhode asked about the private land owners, and how they were effected.

Mr. Smith answered that the private property owners were not effected if they did not wish to contend with an acquistion they did not have to.

Rep. Hershberger made motion to pass the Committee substitute out do pass.

Rep. Rhode 2nd motion.

The committee substitute for HB #9 was then adopted and passed do pass by the committee.

Meeting was adjourned at 9:15 a.m.

Tommorows meeting time 8:30 a.m.

TAPE 1161 - 1881

HB #132

HOUSE RESOURCE COMMITTEE MEETING MINUTES February 20, 1975-

The House Resource Committee meeting was called to order at 8:35 a.m. by co-chairman Ted Smith.

Roll was then taken:

Present	Excused
Osterback	Swanson
Smith	Eliason
Hershberger	Anderson
Brown	
Rhode	

Guests:

Rod Pegues - Attorney Genrerals office
Kathy Jacobsen - Dept. of Natural Resources
Sarah Eppenbach

HB #132 concerning state land open to entry was taken under consideration.

Rep. Specking outlined the bill stating that the program had been on the books for 2 years and said that there was a companion measure with this resoulution. The purpose of this bill is to re-open the program.

Rep. Rhode asked if this included homesites and cabinsites?

Rep. Specking answered yes.

Rep. Smith oulined the procedure for obtaining "land open to entry". First you look for land and then file for that section of land. Then within a period of 5 years you have a survey conducted on that land. You pay for the survey yourself. After the survey you finally obtain a title and pay the going price for the land. The program has been in effect about 4-5 years.

Rod Pegues , from the Attorney Generals office commented on several of the aspects of the bill. He talked about the qualifications of an heir. Cannot really qualify as an heir until someone (land or property holder) is dead.

Rep. Specking noted that if leasing was included in the bill that if would take all the glamour out of the program. He stated that he would rather have a program with ills than no program at all.

There was a discussion on constitutional rights in context with the selling-of land after the person has aquired it.

Rep. Smith told of the great interest shown in the program since the beginning of it. After the 2nd year they began to inforce a ruling of residents and non-residents. Cut the percentage of people greatly.

Rod Pegues was asked if the Attorney Generals office would draw up a committee substitute for HB #132 and submitt it to the committee next week sometime.

The meeting was adjourned at 9:25 a.m.

HCR #16
HB #15
SJR #6

TAPE 1881-2729

HOUSE RESOURCE COMMITTEE MEETING MINUTES February 24, 1975

The House Resource Committee was called to order at 8:30 a.m. by Chairman Nels Anderson.

Roll was taken:

Present	Excused
Smith	Rhode
Hershberger	Osterback
Eliason	
Brown	
Anderson	
Swanson	

Guests:

Dehn Welch- U.S. Forest Service
Peter Scholes
Dee Frankfourth - Denali Citizen Council
P.W. Borgen, Sr.- Ketchikan Pulp Co.
Richard L. Davis- U.S. Forest Service
Kathy Jacobson- Dept. Natural Resources
L.A. Dutton- Dept. of Natural Resources

HCR #16 was taken under consideration.

Rep. Smith commented on the bill. He felt that it was not going to be very effective as most of the lands are tied up as frozen with withdrawal or belong- to Natural Forests.

There was a motion that HCR #16 be tabled. Swanson 2nd the motion.

HCR #16 was tabled.

HB #15 was taken under consideration.

Rep. Smith stated that even though he was the prime sponser of this bill he had been requested to submitt it by the Dept. of Forest Management. He stated that the bill had 2 main purposes:

1) Change the location of the registry from the District Records office to the Natural Resource office.

2) Dept. of Natural Resources to change fee form

Larry Dutton defined abandoned logs as logs that have been branded 2 years, and that much time has elapsed, the branding status then becomes a abandoned log.

Rep. Swanson gave historical account and told the committee for th eir interest

that in 1951 he lobbied for a log branding bill when Bill Egan was Speaker of the House.

Rep. Swanson then asked about the process for indentifying the date on a log branding.

Mr. Dutton told the committee that the date is stamped with the last digit of the calender year.

Rep. Swanson submitted an ammendment that would change the regulation clause to a set fee clause.

There was a motion on the floor to ammend the regulation to a set fee of $12.00

Vote - 2 yes
3 no

Rep. Swanson moved to table the bill.

Vote- 1 yes
4 no

Rep. Smith motioned to report the bill out do pass.
Brown 2nd motion

Vote- 3 yes
1 no

HB #151 passes out of House Resources with a do pass recommendation

SJR #6 was taken under consideration.

Rep. Hershberger and Rep. Eliason felt that they would like the sponser to be present.

Guest Dee Frankfourth stated that there had been lenghty discussions and supporters for this bill throughout the state.

Rep. Smith proposed an ammendment concerning the preserving of the McKinley park.

It was motioned and decided that SJR #6 would be taken up on February 26, at 8:00 a.m.

Meeting was adjourned at 9:10 a.m.

FISH AND GAME BOARD CONFIRMATION HEARING

Monday, February 24, 1975

Sidney Hunnington-

Senator Rader: Asked for background information?

Was a trapper 40 yrs. Commercial fishing. Member of school board 16 years. Asked by the people of the Interior. Feels that the interior needs representation- represent the little people.

Stated that he was in favor of the fishing roe bill. 48% of eggs if not properly taken care of are ruined.

Moose-wolf : taking of horns, not meat.Subsistence hunting season should be longer.

Senator Butrovich: Can you hold your own with the city slickers?

Yes.

Representative Swanson: Fish and Game tells legislature that they shouldn't tell Fish and Game how to run Fish and Game. What is your attitude?

Feels that he could work with the legislature.

Leal Morgan

Background information: From rural Maine 1959 Advertising business, writer, Packed crab in Soldovia. Alaska magazine- worked with subsistence fishermen and is writing a book on the subject.
Has visited 80 villages in the travels around the state for the book research.

Representative Anderson: What are your goals?

I listen alot. I am trained to listen and evaluate what I hear. I have had research experience.

Representative Brown : Fish and Game had as much concern for subsistence fishing- and sport fishing than commercial fishing.

People in the rural areas do not have the clout that commercial interests have. They need to be heard from.

Representative Swanson: If hard winter, would you sanction machine hunting if the animals might die anyway?

If you were pretty sure-maybe?

Representative Swanson: What are your feelings on the air wolf hunts?

Feels that it is extreme. Need more research.

Senator Kertulla: 1. Fish and Game sifts alot of requests before the board sees them.
2. Commissioners Secretary is board secretary.
3. Regional meetings.

More complex problems than before.

Senator Rader: Seperation of Fish and Game- should be looked into.
List of Fish and Game board- what their occupation is and location (Where they live).

Jim Reardon

Boards of Fish and Game one of the key boards of the state.
Alaska 1947 Stream guard- Student in Fish and Game management 1950. University of Maine Wildlife Management. U of A Wildlife management taught 4 years. Free-lance writer. Lives in Homer- Commercial fisheries biologist. Outdoor editor for Alaska Magazine plus free-lance. Commercial gill netter. Was on the board twice before. For a year each time.

Representative Anderson: What about the fish policy report?

Same as last year, up to the Department. Time when the board must take a stand on the cape fisheries.
Should eliminate most cape fisheries in the state, but slowly, should be given a chance to enter the fisheries in the area where the fish would go.
No solid fisheries program now.
Report not received by board.

Senator Rodey: Big Game Management policy?

Legislature and Fish and Game board should meet with the two resource committees. With the laws there is no flexability. Should work together. Potential disaster in game.

HB #152

House Resource Committee Meeting minutes February 25, 1975-

The House Resource Committee was called to order at 8:04 a.m. by chairman Nels A. Anderson, Jr.

HB #152 was taken under consideration.

Rep. Smith outlined the bill. He stated that it had been established in 1967 as a recreation area. Consultants held hearings throughout the area. The area covers from 26 mile to Mile 52 on the road.

Rep. Brown asked if there was any problem regarding private property?

Status of the area was looked up by map.

Rep. Anderson asked how many hearings were held.

Rep. Smith answered that about 4-5 hearings had been held in a two year period.

The committee then decided that the hearing on HB #152 be postponed to a date certain to be determined by the Chairman.

Limited Entry hearings were held. Find out the number of permits to be allowed.
No new entrants.

Committee will introuduce a 1 year moritorium on limited entry.

HOUSE RESOURCE COMMITTEE MEETING MINUTES February 27, 1975

The House Resource Committee was called to order by Chairman Nels A. Anderson,Jr. at 8:05 a.m.

Roll was taken:

Present	Excused
Osterback	Rhode
Hershberger	
Smith	
Anderson	
Eliason	
Swanson	
Brown	

Guests:

Mr. Fred Woldstad- Dept. Public Saftey
Rep. Specking

HB #5 was taken under consideration.

Rep. Swanson stated that he wanted to make sure that the money proposed for this bill would be used only for the undercover unit. He read a letter that he had drafted up stating this as the prime sponser. Rep. Swanson asked Mr. Woldstad what the reason for the hike in appropriation was for.

Mr. Woldstad explained that it was a ball park figure to start out with. The dept. found that they needed more than the estimated 75,000. He stated out of the 90,000 they now proposed, 17,600 is a one time expenditure.
Ex: vehicles
education

Rep. Eliason asked if there was a undercover unit of this type now.

Mr. Woldstad said that 2 men were included in their current program.Called under a different name than undercover.

Rep. Eliason stated that he would like to see Commercial fish incorporated into this work plan down here in Southeast.

Rep. Swanson agreed with Mr. Eliason and made a suggestion that they make another bill for the commercial fish part of this Fish and Game bill.

Rep. Smith asked about the priority of this bill compared to other of the programs from Public Saftey.

Mr. Woldstad explained that the Pipeline has had great impact as far as priority of the Dept. of Public Saftey.

Rep. Smith asked about the number of people associated with the program and

how many the Dept. was asking for out of this bill of appropriation.

Mr. Woldstad said that 2 full- time employees were now incorporated and if this appropriation went through 2 more would be placed on it. They have still not filled a position left by a Dept. of Public Saftey employee to be on the Fish and Game Board. With this filled they would have 5 in the nucleus of the program.

Rep. Osterback asked about the use of taking pictures and how the courts would stand up for this.'

Mr. Woldstad stated that the 1974 legislature passed a bill giving authority to them for civil suites against equipment or mechanics.

Rep. Smith asked that a resolution be drafted up to show administrative intent.

Rep. Swanson made motion for ammendment. It was accepted.

Rep. Swanson asked that the bill be moved out with individual recommendations.

It was then motioned to table bill

Vote 4 yes
2 no

The bill was tabled until such a resoultion could be submitted that all the committee members felt would benefit dept.of public saftey's undercover unit.

Mr. Dave Hickock- Acting Director of Environmental Research for U of Alaska at Anchorage came and gave presentation on oil and gas areas of the Alaska coast up near Beaufort Sea and Prudoe Bay.

Mr. Hickocks discussion was continued at the Oil and Gas Conference held in the Alaska Office Building.

* HB 31

House Resource Committee Meeting Minutes February 28, 1975

The House Resource Committe was called to order at 8:10 a.m. by chairman Nels A. Anderson, Jr.

Roll was taken:

Present	Excused
Osterback	Smith
Hershberger	Swanson
Eliason	
Rhode	
Brown	
Anderson	

HB #31 was taken under consideration.

A committee substitute with ammendments was distributed to the members to review.

Mr. Hersberger made a motion to adopt the ammendments and to pass the bill out do pass.

The ammendments were approved and the bill was then voted on.

Vote: 4 yes
- no

HB #31 with ammendments moved do pass out of the committee.

Discussion was held on the Press Release dealing the OCS hearings in Anchorage.

Informal discussion took place among the committee members. They decided that since Mr. Smith- prime sponser of the bill to be discussed was not present, they would postpone that bill until March 3, at 3:00 p.m.

Meeting adjourned 8:45 a.m.

TAPE: CCC - 1197 March 3, 1975

HB #163
HB #159
HB #160

HOUSE RESOURCE COMMITTEE MEETING MINUTES

The House Resource Committee was called to order by Chairman Nels A. Anderson,Jr. at 3:00 p.m.

Roll was taken:

Present:	Excused:
Hershberger	Osterback
Smith	Swanson
Anderson	
Huntington	
Rhode	
Brown	
Eliason	

Guests:

26 visitors from the Dillingham High School
Mr. Ed Anders
Senator Butrovich
Stan Frost
Jeff Hanes
Joel Bennett

Mr. Weberg- Fish and Game

HB #152 was taken under consideration.

Mr. Ed Anders who is a resident from Chena Hot Springs area was the spokesman for the residents in that area. They were in full support of the bill. Mr. Anders father had opended the area. There is a new highway built through the area at the present time. The residents would like to see control exercised over the area.

Senator Butrovich established the Chena River Recreation Area in 1967 through the legislature.He believes they need the extra depth for hiking, canoeing fishing,etc.

Rep. Brown stated that he had no troube with his constituents regarding this bill and had only received favorable letters concerning it.

Rep. Anderson asked if there was sufficient hearings on the subject in this area.

Mr. Anders answered that it was common knowlegde that this area was being-taken under consideration.

Rep. Rhode asked if there was a map available to show the area that is being considered.

Rep. Smith explained that the area covered 37 miles from town. Is north of Eilson Air Force Base.

Rep. Anderson stated that the total area in miles being covered will be 254, 080 miles.

Rep. Rhode asked about the private land involved?

Mr. Anders explained that to the best of his knowledge only small cabin sites were around that area.

Brown made motion to move bill out of commitee with a do pass recommendation. Motion was 2nd and passed.

HB #152 moved out of committee with a do pass recommendation.

HB # 163 was taken under consideration.

Rep. Huntington asked if the state parks had same laws as federal?

Rep. Smith answered the state park management system is different than federal.

Rep. Huntington asked about the closeness of the next park to this new proposed park?

Rep. Smith said that Chugiak National Park would proably be the closest. Also no native land claims shown in the designated area.

Rep. Eliason asked if their were mining claims shown in the area?

Rep. Smith said that none were shown on the map.

Rep. Anderson asked about the Hydro-electric potential of that area?

Rep. Smith said that it had not been withdrawn as a potential hydro-electric plan.

It was then asked that Mr. Smith obtain a map showing exactly the break - up of the area as far as native land claim and mining claims up to date.

The hearing on the bill will be postponed until this further information is received.

HB #159 was taken under consideration.

Rep. Anderson gave Rep. Smith the chair since Rep. Anderson was the prime sponsor of the bill and wished to speak on it.

Rep. Anderson outlined the bill. Stated that the purpose of the bill was to prevent the taking of wild food animals in our region, just for horns or trophy.

Joel Bennett gave accounts of the great number of people who do not just want the horns.

Joel Bennet submitted to the committee a CS for HB #159 and HB #160. He

also submitted a CS for HB #159 that included points from both of the bills.

Joel Bennett commented that this 2nd CS tightened up both of the bills and put them into 1. The fine has been increased on this 2nd CS.

Jeff Hanes from the Attorney Generals office explained that it was hard to write a bill that would prosecute a violater but still not infringe on the rights of a hunter.

Rep. Huntington made suggestion that the hunters sign an affidavit on their way out of the state, stating that they made an effort to use or disturibute the meat.

Mr. Stan Frost then read a letter that he had prepared for the committee opposing the bills. He is a guide and believed that the bills were unconstitutional to the guides of Alaska. He had comments on both bills, one of this main points on HB #160 was that a guide would have to prove himself innocent.

Rep. Anderson stated that he had been up in Finance meetings all morning and that had come to the conclusion that they were appropriating more money and fewer protection guards.

Mr. Weberg from the Dept. of Fish and Game said that they had briefly discussed the new CS and find that it has great potential.
Also stated that the Dept. need more statutory direction with this issue.

Rep. Hershberger made a motion to ammend the CS taking out the work guides and persons.

Motion was passed and the ammendment was accepted.

Rep. Brown moved that the bill be moved out with unanimous consent.

Rep. Eliason objected and asked that the committee receive a statement from the attorney generals office.

Rep. Anderson agreed that they should wait for the additonal information and because he will soon be going up to his villages and wants to find out their feelings on this matter.

Bills were postponed until a date certain of March 18.

Meeting adjourned at 5:15 p.m.

tape 1148 - end 0000 - 1521 March 4, 1975 HB#183 HB#197

HOUSE RESOURCE COMMITTEE MEETING MINUTES

The meeting was called to order at 3:00 p.m. by Chairman Nels A. Anderson, Jr.

Roll was then taken:

Present:	Excused
Hershberger	Brown
Smith	Osterback
Rhode	Swanson
Huntington	
Eliason	
Anderson	

Guests:

Representative Tom Fink
Representative Tim Wallis
Frank Jones- Dept. of Natural Resources
Major General Gamble- Commander of Alaska Air Command
Brigader General Latham- Commander of the 172 Infantry Brigade
Mr. Larry Landry- Vice-President of Alaska Van and Storage of Anchorage

HB #197 was taken under consideration.

Rep. Fink introduced the military that was present. Started to outline the bill and the reasons for such a request. Stated that 39 states permitted military to have licenses upon taking their post in the state.

Rep. Smith asked if this would include National Guard?

Rep. Fink answered that they were sent to this area only for manovers.

Rep. Hershberger stated that for 5 years he had been on the Fish and Game board and every year they tried to get something like this passed. The one objection of the board was that it would be unconstitutional to the other non-residents.

Rep. Huntington made a point that he had heard of military killing moose and leaving- them in the area without taking the meat. Did not want to see hunting licenses taken as easily as fishing.

General Gamble made his statement supporting the bill: Stated that Alaska had one of the most stringent laws on residency for the hunting and fishing licenses for a non-resident. Gave statistics of the military in Alaska and the percent of people he thought this type of bill would effect.
Two of the reasons he gave for passage was for the pocket book and moral of the military.

Rep. Hershberger asked for the number of military persons who did own non-resident fishing and hunting licenses?

General Gamble gave the statistics of a survey taken in 1973 showing 240

personnel owning licenses where 1240 did not. Reason for such a high "no" number was because of the expense. General Gamble stated that he thought the increase in revenue for the licenses would make up the difference lost for non-resident fees.

Rep. Eliason made the statement that the hunting and fishing together bothered him, that he could see it more likely to have just a sport fishing license.

Rep. Anderson asked where the military got their equipment to hunt the game?

Sometimes through the exchange fishing equipment can be borrowed but none for game. Is against policy to use military equipment for any game hunting.

Rep. Eliason made comments on the difference of fees for residents$5.00 compared to non-resident of $20.00 but also the non-resident has to pay a tagging of fee of $150.00 for a bear.

Rep. Huntington expressed his concern about the pressure already being put on the game of Alaska. Said he agreed with Rep. Eliason about the sport fishing license.

Mr. Landry then made his statement in support of the bill: Stressed the point that the army is a volunteer army and filling their positions in Alaska is getting to be harder. They need something to hold and interest the young men to come up here.

Brigader General Landrum then made his statement supporting this bill:

Stated that the army had many objectives to cover pertaining to relations with the community in which it was in. 1. Imporve image of the service 2. Recruit and Inlist. 3. Impooving the standards of living. 4.Cordiall relations with civilians. He believed that this bill could help to begin some of these steps that they are so trying to achieve.

Rep. Hershberger made a motion to ammed bill changing to permanently stationed.

Ammendment was adopted. Rep. Smith moved that they pass the bill out of the committee with individual recommendations.

Rep. Eliason objected. Wants to know the stand from Fish and Game and wished to receive some figures from the military as to the number of people holding licenses at the present time.

Motion to table by Rep. Eliason. Vote 4 yes- 1 no

Brief at ease

HB #183 was taken under consideration.

This bill would give the authority to the Dept. of Fish and Game to inappropriate using military weapons for hunting. Mr. Wallis made it clear that he did not wish for fishing to appear in this bill.

Mr. Wallis sited numerous occasions and instances of military using weapons

to kill many animals. Moose, Caribou,etc.

Rep. Rhode asked Mr. Wallis if he minded if an ammendment be made leaving out snowmachines.

Mr. Wallis stated that he did object.

Much concern over the wording and intent of the bill. The drafter would be reconsulted and the bill would be reworded in such a way that Mr. Wallis's intent was more clearly stated.

The bill was tabled not until a date certain that HB #197 would be scheduled.too.

Meeting was adjourned at 5:05 p.m.

HOUSE RESOURCE COMMITTEE MEETING March 5, 1975

United Fishermen of Alaska

Meeting at 3:00 p.m. Baranof Penthouse Conference Room

Main concern of the U.F.A. is for low income fishermen.
U.F.A. has tried to find ammendments possible. Supported supplemental appropriation.
Money available to people in low income brackets for purchasing permits.

Roy Rickey:- Chairman

Questions:

Rep. Rhode- How much money are you talking about for fund to loan money to buy permits?

What about putting halibut fishing on permit? More halibut fishing than ever before, mostly by persons who can't get into salmon by permit.

Can directly restrict entry into halibut fishing indirectly by requiring a permit to land. Can work with Canadian fisheries too.

Rep. Hershberger- How do people in Sports fishing-feel about Limited Entry?

All for it- Save the salmon.

What provisions for young people entering.

Answer: Jim Beaton, Industry must be stabalized. Go for loan but no new permits.

When there is a long term change, biological or economic the commission must issue more permits.

Farmers point of view- father-son, only one son Cordova-Homer-Ketchikan for Limited Entry as it stands.

Bothered about the specualtion aspect of the license.

Hank- Government limiting the individuals right to free enterprise and the right to a common property resource. Feels that we are subsidizing outside fishermen.
1st,5th, and 14th.
With Limited entry we can build up our resources.

Jim Beaton: Change outlook and morality to try to build up fisheries. No other solution when something isn't working, it should be changed. Tr-y this out to see if it should and will work.
History: 2/3 of the salmon stocks lost. Also economic loss.

State of Alaska is not the only state to try limited entry.

Most legislation delt with non-resident which is unconstitutional. It is necessary to treat all people equally.

Keep emphasising the fact that without limited entry, there will be no fisheries industry.

Hank Ostroski: Feels that with limited entry the licenses and money will be in the hands of the banks and the cannery owner and business men.
Objects to any commission telling him he cannot fish a common resource.
Or regulate the economics of an individual
Feels only one side of the story will be heard.
Common property is fish-common property is buffalo, elk, etc. it must be regulated to preserve.

Limited Entry Commission funds?
S.E. Seacap
Pelican?
Yakatat
Prince Williams Sound - 2 assistance and training center.

Cook Inlet-

Anchorage, Kenai, Tyonic, Homer, Soldotna 5,000 Cook Inlet Native Assoc.
250-300 people
Kodiak Native Assoc. 6,500 staff have been there 150 have been helped but have had weather problems.

BBNA - 10,000 People in there 29 processors have helping in the area 150-200 another 200-250 need assistence 3-4 weeks before they will reach all.

60 day extension, but could pass emergency regulation to extend it further.
5 month total.

Commission may extend in only one fishery.

Computor records only go back to 1969. Also places when it doesn't show that you owned a boat. If applicant is unsucussful the money is refunded.

10-15 applicants received 5 issued 2,700

Other fisheries may not be treated in the same manner.

Points given for deck-hands as an apprentice.

HB#17
HCR#18

Tape 1521 – end Tape 0000 – 1168

March 6, 1975

HOUSE RESOURCE COMMITTEE MEETING

The House Resource Committee was called to order at 8:30 p.m. by Chairman Nels A. Anderson, Jr.

Roll was taken:

-Present	Excused
Osterback	Hershberger
Smith	Eliason
Swanson	Rhode
Brown	
Anderson	
Huntington	

Guests:

Mr. Dale Tubbs- Deputy Director of the Division of Lands, Anchorage
Mr. John O'Brien- Trapper
Raymond E. Bartou- Trapper
Everett Buchannon- Trapper

HB #17 was taken under consideration.

Rep. Swanson discussed the letter that he had received from the Division of Lands. Was not very happy about the response that they gave. He believed that the regulations were not written to help the segment of people called the trapper in our state.

Rep. Swanson requested that Jimmy Huntington- Representative from Galena be present before further discussion would take place.

Mr. John O'Brien gave details of the trapping procedures in Southeast Alaska. Made suggestions on the bill that he thought would benefit all trappers in Alaska.

Mr. Raymond Bartou gave his account of owning 3 trapping cabins here in Southeast Alaska. They are registered under a special permit called a "special use permit" He stated that there was no fee for this permit. Said that most of the trapping in Southeast Alaska takes place on the beach. Need the cabins for protection against the elements.Gave accounts of the many experiences he has had in Southeast Alaska as far as trapping.

Mr. Everett Buchannon testified as a member of the trapping association and a long-time trapper of Southeast. Saw changes that could be made in the bill to make it easier for trappers in the state.

Deputy Director Dale Tubbs explained that the Divison of Lands felt that if they gave trappers the right to build cabins that everyone would want them. Explained some of the Departments feelings on the procedures and current regulations concerning trappers.

The committee proceeded to ammend bill and was decided that they would consult with Joel Bennett to form a committee substitute taking into consideration the feelings and ideas of the trappers.

Will be tabled until the time that the CS can be drawn up.

HCR #18 was taken under consideration.

State Land open to entry.
Rep. Specking outlined the bill stating that it was an popular program that he would like to see reopened with certain abuses to be taken care of . Abuses such as people putting their lots together, them subdividing and selling to a realtor. . .

Mr. Dale Tubbs gave Division of Lands feelings on this bill generaly in support is a poplular program. Most of the applicants are residents. Found the expense to survey the land was to great to do it individually. Trend was to group together and get the surveying done at a much cheaper price.

Committee decided to table bill until further information about residency and other Divsion of Land facts could be gotten.

Meeting adjourned 9:50 a.m.

Tape 1160 - 1479 6006

HCR
HB 2

HOUSE RESOURCE COMMITTEE MEETING MINUTES March 7, 1975

Chairman Nels A. Anderson called the House Resource Committee to order at 8:05 a.m.

Roll was taken:

Present	Excused
Hershberger	Swanson
Rhode	Brown
Eliason	
Anderson	
Huntington	
Osterback	
Smith	

Guests:

Dale Tubbs-Deputy Director of Division of Lands
Dick Montague

Discussion on HCR 18 was taken under consideration.

Mr. Tubbs explained that alot of the land open to entry was withdrawn for use by the native land claims act. Has been open several years, no cut off date. Cost to applicant: $10.00 filing fee, 1 years rent $40.00
Have had problems with flimsy stakes. - not able to support their land.
Subject to cancellation becuase of claim jumping.

2-3 inquiries a day as to when the land open to entry will be reopened. They have a 5 year lease when they first stake.

3 types of class stakes: excellent, fair, and poor

HB #132 was tabled. There was a suggestion by Representative Specking and a CS drawn up by Rod Pequese of the Attorney Generals office suggesting- a lattery system be used for the land open to entry program.

Rep. Smith asked about the boroughs input on this bill.

Mr. Tubbs stated that 500 tracks were being taken care of.
Rep. Smith suggested getting fiscal note from Divison of Lands.

The committee moved adopt CS For HB 132. It was tabled until further information was obtained.

HB 185 was taken under consideration

Mr. Dick Montague gave an account of the area. He is one of the few to ever be on the site of the expansion for the new park. Stated that this is where Sidney Lawrence paints most of his pictures is from this area.

He stated that it was a spectacular site from this area, and the only site that you could see the summitt of Mt. McKinley.
Is contiguous to Federal Park.
There is a bill in Congress to ask for additional lands for the Federal park.

Asked if there was any hearings in the area on the expansion of the park.
No.

Tabled until further information could be obtained.

HB 22o was taken under consideration.- Chena Recreation Area camping equip.

Rep. Smith gave outline of the bill. Forest Service at this time is the principal supplier. Said the bill is going to Finance.

HB 22o was tabled until further information could be obtained.

Meeting adjourned at 9:45 a.m.

tape 316 - tape 2 0000 - 0645

THE HOUSE RESOURCE COMMITTEE March 10, 1975

The House Resource Committee was called to order by Chairman Nels A. Anderson, Jr. at 8:05 a.m.

Roll was taken:

Present	Excused
Osterback	Smith
Huntington	Brown
Anderson	Swanson
Hershberger	
Eliason	
Rhode	

Guests:

Ed Borgan- Ketchikan Pulp Mill
Rep. Terry Gardiner

Discussion began on SJR #17.

Rep. Anderson read a memo from the Governor. One of the plans of the mill was to construct a 3 stage clean up system.

Rep. Gardiner testified that the Environmental people were testing the pollution by taking samples out of the pipe instead of the water. Told that other mills have 40 acre holding ponds. He stated that there was not enough available land in the Ketchikan area for this type of treatment.

Rep. Hershberger asked if they had measured it from somewhere else.

No.

Rep. Rhode stated that he thought the EPA wanted the water cleaner from the pipe than from the water.

Mr. Borgan stated that the treatment they use now recovers the magnesium in the pollution.

There was an ammendment made to the resolution stating that Senator Musky's name be placed on the back of the resoulution.

Ammendment was adopted.

Was explained to the committee that the 34,000 appropriation would be for a high efficency clean up system.

A motion was made to ammend the 50,000 to 50,000,000.

The ammendment was adopted.

Rep. Eliason asked for a unanimous consent with a do pass recommendation. Motion was carried.

SJR #17 was passed out of committee (with ammendments) with a do pass recommendation

Meeting was adjourned at 9:00 a.m.

HCR 13

No tape —

HOUSE RESOURCE COMMITTEE MEETING MINUTES March 11, 1975-

The House Resource Committee was called to order by Chairman Nels A. Anderson, Jr. at 8:05- a.m.

Roll was taken:

Present	Excused
Swanson	Brown
Anderson	
Eliason	
Hershberger	
Rhode	
Huntington	
Osterback	

Guests:

Rep. Buckholdt
C.A. Yates- Regional Forester for Alaska
Jack Hession- Alaska representative for Sierra Club

Rep. Buckholdt outlined the bill. Explained her concern for the area of Afognak Island. Was concerned about the wildlife resource in the area. Proposed an ammendment deleting Koniak Native Corp. from the bill.

Rep. Hershberger motioned to ammend.

President of Afognak Corp. asked that this bill not be acted on. Did not ask that it be not considered.

Kodiak Borough in opposition to the bill.

What is general consences of this in the area. Not very favorable.

Rep. Eliason asked Rep. Buckholdt exactly what the issue of this bill was?

Rep. Buckholdt answered that she believed preservation of timber and protection of the resources were important.

How much of the funds would go into the local borough?

$85,000

Is area now used for recreation?

To some extent, Mostly for hiking, berry picking,minimal fishing boating.

Are there are any designated areas that involve native land claims

Rep. Naugton said that 4 proable with 2 possible.

Mr. C.A. Yates read statement that he had prepared for the committee (copies available) Genreally saying- what the Forest Service has been doing in this area, what developments they had planned and etc.
Columbia Lumber Co. who would mainly be working in here is a small firm that used to be out of Haines. Have intergrated with Japanese to enlarge company.

Rep. Anderson asked when they considered maturity of trees?

110 years, generally.

The committee asked that more information be gathered. They would like a statement from Sierra Club, From the Native Corp. in that area, Dept. of Fish and Game and possibly Hunters Assoc.

Meeting adjourned at 9:55 a.m.

tape 0645- tape 2 0000 - 0415

HB 232
HCR 30
HCR 22

HOUSE RESOURCE COMMITTEE MEETING MINUTES March 12, 1975

The House Resource Committee was called to order by Chairman Nels A. Anderson, Jr. at 8:05 a.m.

Roll was taken:

Present	Excused
Osterback	Swanson
Huntington	
Hershberger	
Smith	
Anderson	
Brown	
Eliason	
Rhode	

Guests:

Marc Petty- Forest Service
Bob LeReshe- Dept. of Fish and Game

Discussion on HJR 13

Mr Marc Petty gave an outline of the parks recreational uses. Defining a visitor day as 8 hours or less on the recreational area.
Gave Airplane costs of $180.00 to fly from Anchorage to the Afognak Island.

Rep. Huntington made the suggestionthat the Native Corp. of that area be contacted and asked about their feelings on this subject.

The committee agreed that they would hold action on the bill until they had heard from the Corp.

Bob LeReshe from the Dept. of Fish and Game gave his views of the Dept. on the Perenosa Timber Sale. Generally saying that the Dept. was worried that the Federal Government might not recognize some of the states request for enviornmentally safe ways. They have found that the salmon stocks were not in great danger but weren't completley sure. They had found volcanic ash and erosion in cut areas. Stated that there was not good cooperation with the Forest Service. Do not acknowledge title to protect the salmon streams.

Rep. Smith asked what the productivity of the salmon was in that area?

Mr. Le Reshe did not know at that time.

Rep. Eliason requested that testimony from the Fish and Game dept. be submitted to the committee in written form.

HJR 13 was tabled until further information could be gathered.

HB 232 was considered

Rep. Smith outlingd the bill. Showing boundaries on map. Expressing that they did need management in this area.

Rep. Rhode asked how much area this did cover?

Rep. Smith answered 213,000 miles.

Rep. Brown asked about the private mine owners that were shown in this property and if their right would be infringed upon if the recreation area was approved.

Rep. Smith made it clear that they would definitly be able to operate t-heir mines under Alaska State Statues.

Rep. Smith stated that there would be public hearings in Palmer the week of April 5th and that he would like to hold action on the bill until the results were known from these hearings.

HB 232 was tabled for further information.

HCR 22 was taken unders consideration.

A brief discussion was held on the bill.

It was suggested that the appropriate names be placed on the bill. State Land Use Planning Commission and Secretary of Interior, Morton.

The bill passed out of committee with a do pass recommendation.

HCR 30 was taken under consideration.

A brief discussion was held on the bill.

Was decided to pass it out of the committee with a do pass recommendation.

Meeting adjourned 9:25 a.m.

March 12, 1975-

HOUSE-SENATE CONFIRMATION HEARING ON:

Commissioner Guy Martin
Dept. of Natural Resources

Meeting was called to order by Chairman of Senate Resources Kay Poland at 2:45 p.m.

Testimony was given by Mr. Martin concerning his points of view on his policies and future plans for the dept.

All testimony is on tape and can be gotten through the House Resource Committee.

Meeting was adjourned at 4:05 p.m.

tape 1487 - side 2
0000-1225

THE HOUSE RESOURCE COMMITTEE MEETING MINUTES March 13, 1975

The House Resource Committee was called to order by Chairman Nels A. Anderson, Jr. at 8:00 a.m.

Roll was taken:

Present	Excused
Osterback	Smith
Rhode	Swanson
Anderson	
Hershberger	
Eliason	
Huntington	
Brown	

Guests:

Rep. Tom Fink

HCR #34 was considered

Rep. Fink gave outline of the bill.

What he proposes that the bill do is to give a recommendation to the Governor that the legislatiure is interested in holding lease sales in the Beaufort Sea area. He stated that the administration was going to slow and this would be the way to close the gap the administration now has regarding funding for Alaska in the future.
His bill includes a little more area than the Governor has proposed but he feels there is little environmental danger in the designated area.

Mr. Bob Weadon from the Governors Planning and Policy Dept. came and gave a report on the progress of the environmental study that was being done on the Beaufort Sea. He stated that the researchers had turned in their material and after he reviews it and sends it to biological researchers the report should be ready by the end of March.

Much discussion went on through the committee about the environment impact this would have on the area. It was brought up that there was a small village right in that area but did not think that this would effect their subsistence living-in this area.

Rep. Rhode made a motion to ammend the bill to read"we believe"that and"we feel" into the appropriated slots so that the bill is not so decisive.

The ammendments were accepted and the committee made a motion to pass the bill out with a do pass recommendation.

The bill was voted on and came out of the committee with a unanimous do pass recommendation.

Meeting was adjourned at 9:40 a.m.

HAPL 1125 – 1739 0000 – 1779

SB 96
HB 269

House Resource Committee Meeting Minutes March 18, 1975

The House Resource Committee was called to order at 8:30 a.m. by Chairman Nels A. Anderson, Jr.

Roll was taken:

Present:	Excused:
Smith	Swanson
Anderson	Hershberger
Huntington	Rhode
Osterback	Eliason
Brown	

Guests:

Commissioner of Fish and Game- Jim Brooks
Jeff Haynes- Dept. of Law
Hilton Woolfe- Divison of Parks

HB 269 was taken under consideration.

Mr. Hilton Woolfe outlined the work and bill they had worked for in the Battery Point Area
Stated that they had held hearings on May 1, 22, 30 and December 10 of 1974. At first meetings the plans had been rejected but when then revisied the plans to cover the Battery Point Area. The boundaries were changed for the benefit of the private property owners in the area.

The difference in definition between a state recreation area and a state park

The state statutes define the difference- recreation area is a more developed area. A more recreational type area whereas a state park is in preservations means for animals and plant life.

Rep. Huntington asked if there would be hunting and fishing allowed in the state recreation area.

Mr. Woolfe stated to committee that fish and game management was in charge of the hunting and fishing regualtions that would take place in the park.

Rep. Smith asked that a committee subsitute be drawn up showing the change in name of the park and the difference of acreage in the proposed park area.

The difference in acreage shows a change from 3,000 to 6,000 acres.

The motion from Mr. Smith was broken up into 2 motions and the first part of the motion to change the name to Chilcat State Park was accepted.
After discussion about whether the townspeople knew what plan the legislature was talking about the acreage plan was adopted.

It was decided that the CS for HB 269 be drawn up and signed do pass recommendation out of the House Resource Committee.

SB 88 was taken under consideration.

Rep. Smith asked that SB 88 be replaced with the CS for HB 4. He motioned that the CS be passed out of the committee with a do pass recommendation.

SB 96 was taken under consideration.

Commissioner Jim Brooks gave outline of bill. Told of his accounts visiting the people up north who were involved with selling the salmon roe. He felt that it would be a good thing for the people in the AYK region to be able to sell the salmon roe since it was be wasted in their area. Much of the salmon roe being exported to Japan and people losing money that they could be making on it.
He felt that it could substantialy help the subsistence economy.
Commissioner Brooks suggested ammendments.

A suggestion brought up about the effective date for revalution be changed to January 1, 1977.

The bills hearing will be continued for further information tommorow morning.

Meeting adjourned 9:55 a.m.

Meeting adjourned because of lateness of the hour .

TAPE 1108 – 1779 SIDE 2 0000 –

HB 197
CSSB 96
HB 183

HOUSE RESOURCES COMMITTEE March 19, 1975

The House Resource Committee was called to order by Chairman Nels A. Anderson, Jr. at 8:06 am.

Roll was taken:

Present	Excused
Osterback	Eliason
Huntington	Swanson
Smith	
Anderson	
Rhode	
Brown	

Guests:

Radm G. O. Thompson- U.S. Coast Guard
BG W. Latham- U.S. Army
MG Jack Gamble- U.S. Air Force
Col King D. Simon- U.S. Air Force

Fred Woldstad- Dept. of Public Saftey
Rupe Andrews- Dept. of Fish and Game
Carl Rosier- Dept. of Fish and Game
Frank Jones- Dept. of Fish and Game
Commissioner Jim Brooks- Dept. of Fish and Game.

HB 183 was taken under consideration.

Rep. Smith asked unanimous consent that HB 183 be tabled by request of the sponser, Mr. Tim Wallis.

The motion was carried and the bill was tabled.

HB 197 was taken under consideration.

Commissioner Jim Brooks testified that the dept. of fish and game is sympathetic toward the militarys problem but that the dept. feels it would be too much of a financial loss to allow the military to have permits without paying a non-resident fee. Commissioner Brooks estimated a$75,000 loss in funds to the state if were to enact this legislation.

Rep. Fink asked Mr. Brooks what the worth of the military bases (rearing ponds) were to the state.

Commissioner Brooks stated that he was well aware that the military bases

input into the state by the military and was glad for it but felt that the financial loss would be just to great to implement the program.

Rep. Smith asked the commissioner if he had ever thought about a program where there is no distintion between resident and non-resident and just to charge on a single license basis- the longer you have been here the less you pay.

Commissioner Brooks answered no to this question.

Rep. Anderson asked Commissioner Brooks if he thought the resources could take a strain like this.

Comm. Brooks stated that it would agg-revate the subsistence hunting. He stated that in his mind the militarys preferences would come as follows: 1st: Recreational hunting 2nd: For food

Radm GO Thompson, Genral Latham and MG Jack Gamble then gave their presentations and background as to why they thought the military deserved this consideration. Among their suggestions were: The military contributes to Alaska's economy. Helps in Search and Rescue operations. Works with fish and game for preservation programs. They felt that the increased number of licenses being purchased by military personnel would make up the difference that the Commissioner was concerned about.

Mr. Andrews fr-om the Dept. of Fish and Game suggested that they put a effective date on the bill.

Suggested date was January 1, 1976.

Rep. Smith made the motion for the effective date clause. Motion carried and ammendment was adopted.

Rep. Smith motioned for a do pass recommendation out of the committee.

Rep. Huntington objected. Stated that it would damage situation in remote areas.

Rep. Smith changed his to move out HB 197 with individual recommendations. The motion carried and the bill was moved out of committee with individual recommendations.

Meeting was recessed until 1:30 p.m. that afternoon.

Con-tinuation of meeting- March 19, 1975

Readjourned at 1:35 p.m.

Commissioner Brooks had renstated amendments that had been mentioned during previous meeting.

Rep. Hershberger moved for adoption of these amendments.

Questions were asked by the committee

Rep. Rhode asked if this would not hurt the salmon stocks?

Comm. Brooks answered Yes, but there will be no problems.

Rep. Smith asked about the effective date. Sugg-ested that it be changed to Jan.. 1, 1977.

Motion was made to adopt the new effective date amendment. Motion was carried.

Rep. Eliason asked if this would not complicate the fish and game enforcement problem to a greater extent.

Comm Brooks answered no. Is probably a st-and-off- if it was not legalized it would be a problem anyway.

Commissioner Stovall from the Limited Entry Commission made the suggest-ion that the amend it to read or" permit or interim".

The amendment was adopted.

A CS was drawn up with a letter of intent stating that this bill was on ly intended for the AYK region.

Rep. Hershberger made motion to move out of committee with a do pass recommendation.

The motion was carried and the CS for SB #96 was passed out of the committee with a do pass recommendation.

Meeting was adjourned at 3:30 p.m.

TAPE 1411 - 1621

HB 60

The House Resource Committee Meeting March 20, 1975

The House Resource Committee was called to order at 8:15 a.m. by Chairman Nels A. Anderson, Jr.

Roll was taken:

Smith
Anderson
Brown
Rhode
Osterback
Hershberger
Eliason
Swanson

Guests:

Norman Gorsuch- Alyeska Pipeline Co.
Waco Shelley- Mobil Oil Corp.
Robert J. Walker - Exxon
W.C. Bishop- Bristol Bay Native Corp.

HB 58 was considered.

After the committee had read the bill Rep. Smith motioned to table the bill on the grounds that the Dept. or state involved already had to power to do this.

Mr. Rhode seconded motion.

Rep. Brown objected. He wished to spend more time reading the bill.

Rep. Anderson drew the attention of the committee to memorandum Mr. Norman Gorsuch had submitted to the committee.

Rep. Smith reinstated his motion and it carried.

HB 58 was tabled.

HB 60 was taken under consideration.

Mr. Bill Fackler from the Dept. of Natural Resources gave his views on the bill and stated t-hat the Dept. of Natural R-esources did not support the bill. He said the dept. already had the power to do this if they wished to. He feels the bill would have an adverse effect on bonus prices. Is only applicable in certain areas.

Rep. Smith motioned to table the bill.

Rep. Rhode 2nd the motion. The motion carried.

HB 60 was tabled.

Meeting adjourned 8:30 a.m

HB 163
HCR #31

HOUSE RESOURCES COMMITTEE March 24, 1975

The House Resources Committee meeting was called to order by Chairman Nels A. Anderson at 8:11 a.m.

Roll was then taken:

Present	Excused
Hershberger	Eliason
Smith	Swanson
Rhode	
Anderson	
Osterback	

Guests:

Rep. Helen Fisher
Commissioner Ernst Mueller
Rep. Specking

HCR #31 was taken under consideration.

Rep. Fisher, sponser of the bill outlined her reasons for this resoulution. Her main reason was to be able to keep the gas in Alaska, be able to use it in Alaska.

Commissioner Ernst Mueller who is on the Governors Task Force for Oil and Gas, stated that his personal reaction is that it is better to have development in one area so it can be watched instead of having lines spread all over the state.

Brown
Rep. made motion for the resolution to be passed out of the committee with a do pass recommendation.

Motion was carried and HCR #31 was passed out of committee with a do pass recommendation.

A letter of intent was to accompany the bill stating that the resources dept. was not in favor of any certain company, but it was in favor of an All-Alaska pipeline.

HB #163 was taken under consideration.

Rep. Smith showed the maps of the new area affected. Introduced CS for HB 163. The committee looked at the area on the maps and asked if the city complied with these boundaries.

Rep. Specking brought up the fact that he felt the city was not satisfied due

to conversation he had with them.

It was considered by the committee to hold hearings in Valdez on the proposed park.

A motion was made for Rep. Specking and Rep. Smith to get together to go over the proposed land area.

The bill was postponed to a date before April 15th.

Meeting adjourned 9:15 a.m.

HB 17
HB 286

HOUSE RESOURCE COMMITTEE MEETING MARCH 25, 1975

The House Resource Committee was called to order by Chairman Nels A. Anderson, Jr. at 8:15 a.m.

Roll was then taken:

Present:	Excused:
Anderson	Smith
Swanson	Eliason
Hershberger	Osterback
Brown	
Huntington	
Rhode	

Guests:

Mr. John O'Brien- trapper	Rep. Gardiner
R.F. Glimicki- Trapper	Commissioner Motley- Dept. of Commerce
Raymond E. Bartoo- Trapper	
E.J. Buchannan- Trapper	

HB 17 was taken under consideration

Rep. Swanson outlined the CS for HB 17. Asked Mr. Huntington to express his views on the CS.

Rep. Huntington gave his ideas on the bill. He felt that the bill would be very protective for his people.

Rep. Anderson brought up the comparison of the CS and the SS that were before the committee.

Mr. O'Brien made comments on the peculiar circumstances that the trappers in southeast had to deal with but felt that the CS and SS were good.

The committee decided to combine the CS and SS.

Rep. Huntington made the motion to adopt the CS with ammendments and send out of the committee with a do pass recommendation.

HB 17 (CS) was passed out with a do pass recommedation as ammended.

HB 286 was taken under consideration.

Rep. Gardiner outlined the bill for the committee
Apparently the purpose of the bill was to help the young people of the fisheries who the banks would not touch and who had no access to any funds to start in the fishing industry. Suggested possible letter of intent as to the people that they wanted this to benefit.

Commissioner Motley from the Dept. of Commerce gave his ideas on the bill. He stated that there was some absence of collateral then there would be less incenitive to pay. He sugg-ested that the dept. be able to collect a 2nd trust note and that the program could possibly be more sucessful. 1975- 43 fishing loans had been issued. Only 7.5 turned down.

Rep. Anderson made the statement that the Dept. of Commerce does not make an attempt to let bush areas know about such loans.

Rep. Gardiner suggested that possibly more regional offices be set up. With additional information for bush and rural communities.

Rep. Brown asked that Mr. Van Doren and Mr. Motley get together and draw up a Committee Substitute showing the ideas expressed by the committee today.
1. 2nd note theory
2. possible encumberance of licenses.

Meeting was adjourned at 9:30 a.m.

SB 180

HOUSE RESOURCE COMMITTEE MINUTES MARCH 26, 1975

The House Resource Committee was called to order by Chairman Nels A. Anderson, Jr. at 8:15 a.m.

Roll was taken:

Osterback
Hershberger
Smith
Anderson
Huntington
Eliason
Rhode
Swanson

Brown

SB 180 was taken under consideration.

Mr. Van Doren read a letter outlining the salmon hatcheries bill.

Rep. Hershberger noted some information that he knew about the hatcheries. incubator method in Oreg-on doing very well. Maybe even giving Alaska and Washington surplus of fish.

Information regarding the bill: Has been research all over the state. Heating cooling system has been tested.
Big Lake: Sockeye
Homer: Pinks and Chums
Prince Williams Sound: humpys

Economic Analysis has to be taken.
Stated that the nearest completed hatcherie would be Sheldon-Jackson College hatcherie.

Rep. Smith moved that the bill be moved out of the committee with a do pass recommedation.

Motion was carried and SB 180 moved out of the committee

Meeting adjourned at 9:15 a.m.

HB 5
HB 31C

HOUSE RESOURCE COMMITTEE MEETING MARCH 28, 1975

The meeting was called to order by Chairman Nels A. Anderson, Jr. at 8:20 a.m.

Roll was taken:

Hershberber
Swanson
Smith
Anderson
Rhode
Osterback
Huntington
Brown

Guests:

Major Woldstad- Dept. of Public Saftey

Discussion began on HCR #16.

Rep. Rhode asked that the Alaska Delegation be placed on the names to receive this resolution.

Rep. Rhode asked that the CS with amendments be adopted with unanimous consent. The motion was carried.

The committee delayed action on HCR #16 until Mr. Smith arrived.

HB #5 was taken under consideration.

The committee read the CS and the letter of intent

Rep. Eliason asked if there was to be more people incorporated into this bill? Since the cost projection had gone up so high?

Maj. Woldstad explained the fiscal note. Explaining that after the 1st year in effect, they would evaluate the project and possibly put 2 more men on after the 1st year.

Rep. Hershberger talked about just having game, instead of fish and game.

After much discussion about the kind of training program and end results of the first year would be Rep. Huntington made a motion to send the CS for HCR #16 to move out of the committee with a do pass recommendation.

HB #319 was taken under consideration.

The committee discussed their personal experiences with Fish and Game boards.

After discussion Rep. Rhode motioned that HB #319 be passed out of the committee with a do pass recommendation.

Meeting adjourned at 9:24 a.m.

HB 24

House Resource Committee Minutes March 30, 1975

The House Resources Committee was called to order by Chairman Nels A. Anderson, Jr. at 8:10 a.m.

Roll was taken

Present	Excused
Hershberger	Eliason
Osterback	
Huntington	
Smith	
Anderson	
Swanson	
Brown	
Rhode	

Guests:

Rod Peguese - Attorney Generals office
Rep. Malone
Rep. Specking

Discussion began on HB 130.

Mr. Peguese outlined and stated that he was representing the limited entry commission today.

Rep. Swanson asked how many of the people who received permits were residents?

Mr. Peguese answered that he thought a majority were proable residents.

Rep. Hershberger moved to table the bill.
Rep. Rhode seconded the motion.

Rep. Swanson objected.

Rep. Specking stated that this bill effected only 11-12 people.

Rep. Anderson made his view known as to the importance of taking some stand on the limited entry problem. Said he was not sure if this was the right way but some action had to be taken.

Rep. Rhode asked and moved that the bill be sent out of the committee with a do pass recommendation and asked unanimous consent.

HB 130 was passed out of the committee with a do pass recommendation.

March 30, 1975

HB 241 was taken under consideration.

The bill was reviewed by the committee but did not quite understand the intent of the bill. Rep. Malone was contacted and asked to explain the intent of his bill.

Rep. Malone outlined the bill and gave case studies as to where the courts had strictly enforced the law as to where the man holding the licenses had to have his hands on the net at all times, dropping, Checking, pulling and etc. He did not feel that this was intended when the law was made.

The committee made amendment to read with operating or supervisory fishing gear.

Rep. Brown made a motion to pass this bill out with a do pass recommendation with ammendments and asked for unanimous consent.

The motion was carried and the bill was passed out of committee with a do pass recommendation as amended.

Meeting adjourned at 9:00 a.m.

HCR 16
HB351
HR 2

House Resources Committee April 1, 1975

The House Resource Committee was called to order by Chairman Nels A. Anderson, Jr. at 8:05 a.m.

Roll was then taken:

Present	Excused
Hershberger	Elisaon
Anderson	Brown
Hunting-ton	
Osterback	
Swanson	
Smith	

Guests:

Darwin Biewer- Limited Entry Commission

Discussion was begun on HCR 16.

Rep. Smith had drawn up a new CS for HCR 16. This was read by the committee and explained by Mr. Smith.

Rep. Rhode made a motion to move HCR 16 out of the committee with a do pass recommendation and asked unanimous consent.
the CS
The motion was carried and HCR was moved out of committee with a do pass recommendation.

HR 2 was taken under consideration. There was much discussion on the resoultion in reg-ards to the entire limited entry program.

Rep. Anderson stated that he was not sure this was a answer but at least it would put people on notice that the leg-islature is trying to do something to stop the speculative buying that has been going on.

The committee made amendments to the Resolution.

Rep. Swanson asked that the bill be held over until tommorow morning so the committee could have some time to think about it.

HB 351 was taken under consideration.

After discussion from Darwin Biewer from the limited entry commission and discussion from the committee Rep. Brown made a motion for HB 351 to be moved out of the committee with a do pass recommendation. A letter of intent was to accompany the bill.

The motion was carried and HB 351 was moved out of the committee with a do pass recommendation. A letter of intent would accompany the bill.

Meeting- was adjourned at 9:00 a.m.

CS SB 2
HR 2

House Resource Committee Minutes April 2, 1975

The House Resource Committee was called to order by Chairman Nels A. Anderson, Jr. at 8:10 a.m.

Roll was then taken:

Osterback
Huntington
Hershberger
Smith
Eliason
Anderson
Swanson
Brown
Rhode

Guests:

Commissioner Jim Brooks - Dept. of Fish and Game
Rep. Naughton
Senator Huber

Discussion was begun on HB 312

Commissioner Brooks made the statement that the king crab deteriorate very quickly and this is a factor in the high cost of marketing in Alaska.

Rep. Naughton then outlined the bill, giving the problems of the people of his area.

Rep. Eliason had a question about the 2/10 percent?

Rep. Anderson made a motion to move the bill out with a do pass recommendation.

Rep. Swanson 2nd the motion.

HB 312 was moved out of the committee with a do pass recommendation.

HR 2 was under discussion.

Had been postponed until this morning.

Rep. Swanson asked that Mr. VanDoren read the proposed amendments.

Rep. Smith motioned for the CS for HR 2 be accepted and adopted as amended.

The CS was adopted and the bill was passed with a do pass recommendation.

CS SB 230 was taken under discussion.

Senator Huber outlined the bill. Explained his reason for introducing the bill. Explained that it had been changed on the floor of the Senate.

Explained that the outcome of the bill would be to set a year moritorium to allow Fish and Game biologists to take surveys and find out the problems of the cow moose repopulation.

Rep. Huntington commented on his experiences with the cow moose of his region and how they are almost extinct.

Commissioner commented that he agreed that the Dept. has many problems in the cow moose situation. He was not sure if this moritorium would be the answer. He said that he wished the bill was a resoulution, he reassured the committee that the Fish and Game dept. was working hard at improving the situation.

Rep. Anderson gave his account of how this bill would effect his area back home.

Swanson moved that the bill be moved out of the committee.
Brown seconded motion.

Senator Huber asked that question: Didn't the commissioner feel that the old biologists had some bearing on the outcome of the new advisory board?

Commissioner Brooks answered that he did not feel that it made that much difference.

CS SB 230 was held over until the next morning because of the lateness of the hour.

Meeting adjourned 9:55 a.m.

HJR 13

House Resource Committee Minutes April 3, 1975-

The House Resource Committee meeting was called to order by Chairman Nels A. Anderson, Jr. at 8:05 a.m.

Roll was then taken:

Present	Excused
Osterback	Brown
Anderson	Hunting-ton
Smith	
Rhode	
Hershberger	

Guests:

Commissioner Brooks- Dept. of Fish and Game
Clay Beel- Supervisor for Chugiak Forest
Jeff Haynes- Attorney Generals office

Commissioner Brooks continued his discussion on the subsistence hunting relating to cow moose in Alaska. He answered questions of Rep. Anderson.

Rep. Swanson withdrew his motion to pass the bill out of committee and asked that it be rescheduled on April 8 at 8:00 a.m.

HJR 13 was taken under consideration.

Mr. Clay Beel outlined the bill. He had a report on the soil composition of the Afognak area. Stating that the redevelopment of Afognak after a timber development would not be dangerous to the land.

Rep. Smith asked about some of the logging methods.

Mr. Beel stated that the high lead logging would take place at 600 feet.

Mr. Jeff Haynes introduced the report that had been prepared by the Fish and Game department on the different phases of the Afognak Island timber sale including land, fisheries, erosion etc.
He stated that the state would like to have time to sit down and talk to the Federal Forest Service about these two reports.
He stated that the Fish and Game dept. was not against logging and that all they wanted the Forest Service to do is look at this in a way that would conserve the wildlife concentation in that area.
That their plans be compatable with the habitat.

It was brought up by the committee that they had no input from the native corp. or city of Kodiak as to their wish.

It was decided by the committee that they would wait until they had heard from these sources before acting on the bill.

Meeting adjourned at 9: 15 a.m.

HD 211
HB 313

House Resource Committee April 4, 1974

The House Resource Committee was called to order by Chairman Nels A. Anderson, Jr.at 8:00 a.m.

Roll was then called:

All members were present

Guests:

Mr. Grant Tracey- U.S. Forest Service
Jeff Haynes- Dept. of Law
CF Kramer- Alaska Loggers Assoc.
Bob Bloogett- Teller Commercial Co. and Teller Mining Co.
J A Rynerson- Alaska Lumber and Pulp
James Clark- AWP
Dale E. Hankins
Ed Borgan- Ketchikan Pulp
Jeanne Trumps- Alaska Miners
Commissioner Brooks- Dept. of Fish and Game

HB 313 was under discussion

Rep. Smith motioned that the bill be tabled.

Vote failed

Commissioner Brooks made statement that this bill was not to shurk off duties in any way. Stated that it was a high priority item on the Governors list.

Jeff Haynes passed out a proposed amendment to the existing bill. Spells out permit regulations.

Rep. Anderson asked the commissioner if he could give an instance where the state is having trouble with the present law.

Jeff Haynes stated that there were documented cases showing- the need for the law to be tightened up.

Title 16 does not apply to corridor pipelines.

Rep. Haugen made the statement that he felt the forest service had done all possible in trying to save the fish resources in timber areas.

HB 278 was taken under consideration:

Mr. Rynerson said that the timber industry feels that the bill is directed at them. He stated that he was concerned about the word bark being added to this bill .
He stated that he thought that the Forest Service met quite frequently with Fish and Game dept.

Rep. Swanson asked that a subcommittee be drawn up to discuss making a set of rules that these two groups could be guided by.

Commissioner Brooks stated that companies develop their own cutting plans and submit them to the Feds and State. Then he said industry is bound by a plan drawn up by the Feds.

Commissioner Mueller stated that damage need not be proven in most cases of environmental pollution.

Rep. Eliason- Although the Commissioner of Fish and Game stated that this bill is not necessarily directed toward logging, it is in fact aimed that way.

Commissioner Brooks answered no, there are violations in Pct 4 now, but t-hey don't feel they must comply with state statues. The dept. asked the Forest Service not to sell timber rights, they did. The contractor filled trees in the stream with such impact that they threw the fish out of the stream. The Dept. has the fish in a jar and tried to take the case to the court - the state lost the case because it did not have the authority on the Federal land.

Meeting recessed at 9:55 a.m. because of lateness of hour. Resume at 2:00 p.m. this afternoon

Mr. Cramer gave account of the Forest practice act that is they are trying to get a workable act going for something between industry, forest service, and dept. of Fish and Game.

Jim Clark- Attorney for the industry commented a little on the Nelson case that had gone on in the courts only a short while ago. Mr. Clark felt that this bill was not needed and that talks between the forest service, industry and the dept. were coming along very well.

Rep. Anderson asked if the natives would be included in this forest practice act?

Mr. Cramer answered that the natives were getting quite involved in logging and definitley would be included in this act.

Mr. Clark commented further that fishing and logging can co-exist. Feds and State have been meeting together. 3 or 4 meetings since February 6, 1975. Fish and Game Dept. need a land-use planner. The forest service control the industry, Fish and Game wants input. Mainly this is the purpose.

Rep. Swanson made motion to table bill.

HB 278 was tabled.

No further action was taken on HB 313

Meeting adjourned 3:30 p.m.

HB 360

House Resource Committee April 7, 1975

The House Resource Committee was called to order at 8:10 a.m by Chairman Nels A. Anderson, Jr.

Roll was then taken:

Present	Excused
Hershberger	Rhode
Osterback	Smith
Brown	Huntington
Anderson	
Eliason	

Guests:

Commissioner Stovall- Limited Entry Commission
Jim Owers- Limited Entry Commission
Nick Gregory
Rod Peguese - Attorney Generals office

HB 360 was taken under consideration.

Rep. Eliason outlined the bill. Noted that all areas were having problems.He wasn't sure what the solution was.

Commissioner Stovall had a few comments, stated that Mr. Eliasons bill would be least harmful to the commission. Gave statistics as to the number of people holding permits in 1974- 1354 who fished in the 19 fisheries. No break up of residents or non-residents. Total amount in fisheries 4937

The committee was concerned that no provisions made for the resident Alaskan

Mr. Peguese pointed out that there were only 3 ways of dividing a resource and that is either by lottery, trading off the permits or letting the rich buy off the permits.

If there is a moritorium the commission feels that 360 is the best solution to the problem. The commission does not feel that they need this amendment. Approximatley 500-700 people would be effected by this bill.

With the bill we are going to damage the court case by letting the people in who are not eligible to fish. It destroys the classification that the legislature and the commission have set-up. 600-650 fished in the bay last year. Commission has required 1650 units to be allowed.

The committee decided to hold bill over until tommorow morning, April 8, at 8:00 a.m.

SB 230
HB 360
HB 373

House Resource Committee Minutes -April 8, 19

The House Resource Committee was called to order by Chairman Nels A. Anderson, Jr. at 8:05 a.m.

Roll was then taken:

Present:	Excused:
Osterback	Brown
Huntington	
Anderson	
Hershberger	
Eliason	
Swanson	
Rhode	

Guests:

Roy Rickey- Limited Entry Commission

SB 230 am was taken under consideration.

Rep. Swanson moved that the bill be moved out of committee with a do pass recommendation.

The motion was carried and the bill did move out of the committee with a do pass recommendation.

HB 360 was taken under consideration.

Rep. Eliason reviewed the bill.
There were 2600 applicant-s and 1600 will receive permits. 75% of the applicants will receive permits.

Alternatives: Putting it off this year allowing the people to be able to fish this season and try to resolve the problem over this time period.

Rep. Swanson made motion to pass the bill out of the committee with a do pass recommendation with a letter of intent to express the committee's wishes.

Huntington 2nd the motion.

Motion carried. The bill was passed out of the committee with a do pass recommendation.

Meeting was adjourned at 8:50 a.m.

April 8, 1975- Meeting was resumed at 1:40 p.m.

HB 378 was taken under consideration.

Rep. Huntington outlined the bill. Explaining that they need a extra number of wildlife protection officers in the area. Areas such as Bettels, Galena, Bethel, Fort Yukon, Etc.

Rep. Swanson stated that these areas are about the only ones that prize trophy hunting game can be gotten from.

Rep. Smith asked that the expenditures be catorgorized as the the price.

Mr. Dick Burton outlined the fiscal note for the committ-ee quoting prices for items: Airplane-$50,000 , House trailer- $36,000

Rep. Swanson made a motion to pass the bill out of the committee with a do pass recommendation.

The motion passed and the bill was moved out of the committee with a do pass recommendation.

Meeting was adjourned as to start on the confirmation hearings of the Fish and Game Board.

Joint confirmation hearings for the Fish and Game Board.

Nick Gregory- Preservation of Game- Fish management problems. Advisory Board in Bristol Bay. Communications between advisory board and fish and game board.

Nick Szabon- (Kodiak) Commercial fishermen- 10 years in Kodiak 1 year in Anchorage. Not much knowledge of game in the interior Does not feel he should represent any certain groups but represent all of the state. Advisory committee- Have position of co-ordinator over the adviory committee under the commission. Dean Paddock has been hired in this position.

Darrell Farman- Anchorage-22 years in Alaska. Decrease in Fish and wildlife has frustrated him. Ever increasing demand on a decreasing resource. Taxidermy firm out of Denver, Colorado- Jonas Brothers. Ex-guide in Kodiak. Senator Poland endorses- Mike Hershberger also endorses. (his candidate). 12 yrs. at Kodiak on south end. Brooks range, Guided in Koyakuk area. Trapped in Noatak country. Concerned about the 3-4 year lag that biologists have with finding a problem. Skeptical of use of harvest tickets for criteria for determinations. Also skeptical about managing resource form a desk. Thinks more should be done in the field. Subsistence hunting over sport hunting.

HB 286
SJR #25
SJR 21
HCR 45

HOUSE RESOURCE COMMITTEE MINUTES APRIL 10, 1975

The House Resources Committee was called to order by Chairman Nels A. Anderson, Jr. at 1:40 p.m.

Roll was then called:

Present	Excused
Osterback	Swanson
Smith	
Hershberger	
Eliason	
Brown	
Huntington	

HB 286 was taken under consideration

Mr. VanDoren reviewed to the committ-ee what work had been done on the bill since he and Commissioner Motley had gotten together and discussed the proposed changes in the bill.

Mr. Holfstad from the Division of Loans Dept. of Commerce said that he thought the bill that they had come up with would be a workable bill.

Rep. Rhode how much money was left in the loan fund at this time?

3 million dollars mainly for upgrading vessels and maintenance.

Rep. Rhode asked if they would require a co-signer if the applicant was not of legal age?

Yes.

Rep. Smith made the point that in the original bill no collateral was asked for. In the second it- is.

Rep. Anderson asked who was eligible for this program?

You must live in Alaska 5 years and have a commercial license for 3 years.

Rep. Rhode motioned that the bill be passed out of the committee with a do pass recommendation and asked unanimous consent.

The motion was carried and the bill passed out of the committee with a do pass recommendation.

SJR #25 was taken under consideration.

Rep. Smith motioned that the committee pass the bill out of committee with a

do pass recommendation.

The motion was carried and the bill passed out of the committee with a do pass recommendation.

SJR 21 was taken under consideration.

Rep. Smith motioned that SJR 21 be moved out of the committee with a do pass recommendation and asked unanimous consent.

The motion passed and bill moved out of the committee with a do pass recommendation.

HCR #45 was taken under consideration.

Rep. Smith asked that unanimous consent be given to a do pass recommendation for HCR #45.

Motion was carried and the bill was moved out of committee with a do pass recommendation.

Confirmation hearings:
on Fish and Game Board.
Petersburg
Gordon Jensen- 56 year commercial fishermen. Improving fish and game management - served 15 years on Fish and G-ame board. Feels that all areas of the state should be represented. Split in fish and game board.

More time for each committee to spend on their subjects. One problem has been the amount of time a board member must spend at meetings. More communications between interms.

Juneau
Jim Beaton- Commercial fishermen 17 years. Gill net fisheries- herring since.
1 abundunt when he arrived and watche-d it decline.
2 feels that Fish and Game is not a priority with the Alaskan legislature. The lack of knowledge is becuause of lack of funding

over utilized stocks and under developed research and development.

Buckmaster- Sitka -Commercial fishermen- ex-guide- trapper and fur buyer. Some experience in preditor control- Donimination by the commissioner. Have the backbone to stand up to the commissioner. Looking- for information from Advisory boards

Burton Biss- Wassila- lawyer in Anchorage- 23 years practicing lawyers in Alaska. Subsistence hunting and fishing. Has dropped all fish and game related cases.

SSHB 297

House Resources Minutes April 21, 1975

The meeting was called to order by Chairman Nels A. Anderson, Jr. at 8:05 a.m.

Roll was then taken:

Present	Excused
Anderson	Eliason
Rhode	Smith
Hershberger	
Osterback	
Huntington	
Swanson	

Guests:

Rep. Steve Cowper

Discussion began on SSHB 297

Chairman Anderson gave a brief overview of SSHB 297. and the actions that are taking place. He expressed the concern of the Regional corporations and stated that Rep. Wallis is preparing some admendments to the bill. Rep. Anderson also stated that if the Resources Committee did not pass out SSHB 297, a new bill would be drafted which would be referred directly to Finance, bypassing the Resources Committee.

In answering questions Rep. Cowper stated that Senator Huber and his special committee have introduced a bill which would be an oil in place tax. He also stated that in the senate version, there would be an immediate assessement rather than a five year waiting period.

Rep. Brown questioned the exemption clause.Rep. Cowper stated that if a well was drilled in close proximity to the discovery well, which has been proven, that well should not be allowed the five year exemption since there are know proven reserves which will not take as much time to get into production.

The meeting was recessed until 1:30 p.m. becasue of the lateness in time.

The meeting resumed at 1:30 p.m. Discussion was again taken up on SSHB 297

After further discussion an ammendment was made to the bill. Discussion was then held on the amendment and found that an amendment to the amendment was to be considered. The amendment to the amendment passed. and then the amendment passed.

Rep. Brown made a motion to move the bill out of committee with a do pass recommedation. Objections were heard.

Rep. Eliason made a motion to table the bill. Objections were heard.
Vote: 4 nays 3 yes

Motion failed.

Brown remade his motion to move the bill out of committee with individual recommendations.

Some question was brought up as to the procedure.

The committee broke the motion down into 2 part. Would the bill be moved out of committee? And what type of style it would move out in?

The motion to move the bill out of committee passed.

Now the motion was to determine what type of style the bill would go out in.

After a survey by the committee it would found that the bill would be passed out of the committee with a majority do not pass recommendation.

The motion passed and SSHB 297 was passed out of the committee with a do not pass recommendation.

Meeting was adjourned at 4:30 p.m.

HB 382
HB 442

House Resource Committee Minutes April 22, 1975

Chairman Nels A. Anderson, Jr. called the meeting to order at 8:05- a.m.

Roll was then taken:

Present:	Excused:
Anderson	Brown
Smith	
Hershberger	
Rhode	
Eliason	
Huntington	
Osterback	
Swanson	

Guests:

Limited Entry people
Frank Jones- Fish and Game

HB 442 was taken under consideration.

Rep. Hershberger outlined the bill. Explaining that defining was not used in making a bill of this type.

Rep. Anderson stated that he had a strong objection to the 2nd section of this bill exculding the people from Togiak to hunt walrus.

The motion was made to delete sec. 2 from the bill.

Motion carried.

Rep. Smith moved that the bill be passed out of the committee with a do pass recommendation.

The motion passed and HB 442 was passed out of the committee with a do pass recommendation.

HB 382 was taken under consideration.

After reading the bill Rep. Swanson made a motion to move the bill out with a do pass recommednation.

Rep. Eliason objected for the reason of further disussion on the bill.

Rep. Eliason asked the men of the Limited Entry Commission what they thought of the bill.

Mr. Roy Rickey stated that there was a technical difficulty but no other problems besides that.

Rep. Swanson reenstated his motion to move the bill out of committee with a do pass recommendation.

The motion passed.

HB 382 was moved out of committee with a do pass recommendation.

Meeting was adjourned at 9:00 a.m.

HB 353
HJR 29

House Resource Committee Minutes April 23, 1975

Chairman Nels A. Anderson, Jr. called the meeting to order at 8;10 a.m.

Roll was then taken:

Present:	Excused:
Anderson	Smith
Hershberger	Brown
Osterback	Eliason
Huntington	Rhode
Swanson	

HB 353 was taken under consideration.

Mr. Bill Fackler from the Dept. of Natural Resources testified in opposition to this bill. Stated that the trouble was between the Anchorage office U of A anchorage office.

Said he didn't see any reason for this type of bill and that they would be straightening out the dept. as soon as possible. An appt. needs to be made to the Dept. in Anchorage.

Mr. Guy VanDoren read a letter from Mr. Alex Sisson asking- the reasons for a bill such as this one? Asked if it would be beneficial to the state.

Mr. Bradner's office was contacted and found that the problem Rep. Bradner had was with an appointment and was not concerned about the bill at this time.

Rep. Swanson made a motion to table the bill.

Motion carried

HJR 29 was taken under consideration.

Rep. Gruening gave an review of the bill. Expressed concern about the order in which leasing would take place and the environmental impact it would have on it.
He brought environmental statements for the committee's benefit.

Rep. Hershberger made a motion to pass the bill out of committee with a do pass recommendation.

Motion passed and names were added to the bill including the Coastal States.

Motion passed and HJR 29 was passed out of the committee with a do pass recommendation.

Meeting was adjourned at 9:00 a.m.

HB 118
HB 413
HB 185

House Resource Committee Minutes April 25,1975

The House Resource Committee was called to order by Chairman-Nels A. Anderson, Jr. at 8:05 a.m.

Roll was then taken:

Present	Excused
Anderson	Hershberger
Smith	Rhode
Huntington	Eliason
Osterback	
Brown	
Swanson	

Guests:

Rep. Specking
Representative from Dept. of Commerce

HB 118 was taken under consideration.

Rep. Specking outlined the bill. Try to minimize the affect it would have on the air taxi pilot . Tried to give them more than an even break.
Stated that it would not change the regulations that much

Representative from the Dept. of Commerce stated that the general feeling of t-he Dept. would not to have any other types of licenses. Too much paper work.

Rep. Hungtington made a motion to pass the bill out of committee with a do pass recommendation.

Motion passed and the bill moved out of the committee with a do pass recommendation.

HB 413 was taken under consideration.

HB 413 had been postponed the day before. Rep. Smith stated that he had talked to the sponser Rep. Ose and Dr. Honsinger and their wish was to postpone it until further information could be gathered.

HB 185 was taken under consideration.

Rep. Smith began to outline the bill . He read a letter from the Land Use Zoning Commission. They stated that the area proposed would be appropriated for recreational area, and it did not matter to them if it were state or Federal agencies that did it. Rep. Smith felt it important that the State get the land first since the federal restrictions in a state park are far greater than for a state park.

Rep. Swanson had objections to the mining claims in the area.

It was explained the Rep. Swanson that in a state park the restrictions would not be put on as if in a federal state.

Rep. Swanson removed his objection.

Rep. Smith made a motion to pass the bill out of committee with a do pass recommendation.

The motion was passed and the bill moved out of the committee with a do pass recommendation.

Meeting was adjourned at 9:15 a.m.

HCR 51
HB 374
HB 408
HB 409
SB 368

House Resource Committee Minutes April 28, 1975

The House Resource Committee meeting was called to order at 8:05 a.m. by Chairman Nels A. Anderson, Jr.

Roll was then taken:

Present	Excused
Hershberger	Eliason
Smith	Brown
Rhode	
Anderson	
Hungtington	
Osterback	
Swanson	

HCR 51 was taken under consideration.

Rep. Anderson outlined the bill and his feelings for why he felt the bill was needed.

Rep. Rhode made a motion to bury the bill.

The motion failed.

Rep. Smith made a motion to send the bill out of the committee with a do pass recommendation.

The motion passed and HCR 51 was moved out of the committee with a do pass recommendation

HB 374 was taken under consideration.

Rep. Mckinnon outlined the bill for the committee. Stating that Fish Creek is one of the most polluted creeks in the Anchorage area and if they appropriated the money at this time the stream could possible be saved.

Rep. Smith had a philisophical objection because he felt that this appropriation was for a maintenance program . He said he would have no objection if it were a capitol project.

Rep. Smith made a motion that the bill be passed out of the committee with a do pass recommendation.

Rep. Rhode objected and asked that the bill be passed out of the committee but not with a do pass recommendation.

The motion carried and the bill moved out of the committee. The majority of the committee signed do pass so the bills was title do pass recommendation from the committee

HB #408 was taken under consideration

Committee reviewed HB 408 . Rep. Smith explained the intent of both HB 408 and 409.

Rep. Hershberger made a motion to pass HB 408 out of the committee with a do pass recommendation.

Motion car-ried and HB 409 was moved out of the committee with a do pass recommendation

Rep. Hershberger made a motion to move HB 409 out of the committee with a do pass recommendation.

The motion carried and HB 409 was moved out of the committee with a do pass recommendati

SB 368 was taken under consideration.

Committee made wish to amend. Rep. Hershberger proposed amendments.

Rep. Hershberger motioned that the CS for SB 368 be adopted and passed out of the committee with a do pass recommendation.

The motion carried and the CS for SB 368 was moved out of the committee with a do pass recommendation.

SB 107am was taken under consideration.

Rep. Smith outlined the bill.

Rep. Smith made a motion to amend "all state waters" to "all state tide and emerged lands".

The amendments were adopted.

Rep. Hershberger made a motion that SB 107 am be moved out of the committee with a do pass recommendation as amended.

The motion carried and the bill was moved out of the commitee with a do pass recommendation.

SB 106 am was taken under consideration. Rep. Smith outlined the bill.

Rep. Hershberger made a motion that the bill be passed out of the committee with a do pass recommendation.

The motion carried and SB 106am moved out of the committee with a do pass recommendation

Meeting adjourned at 9:25 a.m.

HJR 13

House Resource Committee Minutes April 29, 1975

The meeting was called to order by Chairman Nels A. Anderson, Jr. at 8:05 a.m.

Roll was then taken:

Present:	Excused
Anderson	Smith
Rhode	Eliason
Hershberger	Br-own
Osterback	
Huntington	
Swanson	

HJR #13 was taken under consideration

Rep. Rhode moved to table the bill.

Rep. Swanson objected for the sake of reviewing a little longer.

Rep. made a motion to postpone the bill until further information from the villages in that area was received.

Mr. Beel from the Forest Service stated that his agency had notified the villages that they were exempting them from the plan but were still waiting for word from the Chief officer. He stated that he believed that the villages back in Washington work on it.

Rep. Rhode removed his motion to table explaining t-hat postponing is what he had in mind.

The motion to postpone until in indefinite date was accepted.

Mr. Wally Kubley talked to the committee a few minutes on agricultural outlooks for the state of Alaska .

Meeting was adjourned at 9:00 a.m.

HD 411
SB 232
HB 438

House Resource Committee Minutes May 1, 1975

The House Resources Committee was called to order by Chairman Nels A. Anderson, Jr. at 8:10 a.m.

Roll was then taken

Present:	Excused:
Hershberger	Brown
Anderson	Osterback
Smith	
Rhode	
Eliason	
Huntington	
Swanson	

Guests:

Mr. William Condon- Dept. of Law - Natural Resources
Mr. R.P. Kerns- Dept. of Law and Highways
L.T. Main- Division of Lands
Dennis M. Dooley- Dept of Highways
F.S. Honsinger - Dept. of Natural Resources
Jamie Love- Alaska Public Research Group

HB 411 was taken under consideration.

Rep. Gardiner outlined the bill.

Rep. Eliason asked why the additional information was important.

Rep. Gardiner felt that the most important part of the bill was the 30 year requirment.

Rep. Huntington asked what the maximum amount of land a farmer could own.

There is no set maximum

Mr. Jamie Love read statement from his organization giving their comments on the different aspects of the bill.
Thought that the 30 year clause was the most important factor of the bill.

Rep. Hershberger made an amendment to the bill.

Rep. Smith then made an amendment to the amendment.

The amendment was adopted.

Rep. Rhode asked that the CS for HB 411 be passed out of the committee with

The motion carried and HB 411 was passed out of the committee with a do pass recommendation.

SB 323 was brought up for consideration.

After discussion the committee decided to pass the bill out of the committee with a do pass recommendation

HB 412 was taken under consideration

Rep. Smith moved to table the bill.

Rep. Rhode seconded the motion and the bill was tabled at the wish of the committee

HB 438 was taken under consideration.

Rep. Gardiner outlined the bill.

Referred to the bill as a take off of HB 559 from the previous legislature.

Meeting was recessed at 9:55 because of the lateness of the hour.

Meeting resumed at 12:00 p.m.

Mr. Jamie Love spoke on HB 438. Going through the bill step by step explained different examples as related to the bill. Answered questions from the committee concerning his interest in the state land situation

Among some of the statements Mr. Love made were that the state was not getting full benefit from leases. That the leaseholders were making all the money. Rights-of - way were discussed.

Mr.(Peanuts) Main spoke as the Division of Lands feelings on the bill, Mr. Mike Smith had spoken to the Dept. stating that some changes in appraising would have to be done through the dept.

Mr. Kern gave a presentation on the idea of repealing the bill completley. He represented the Highway dept.

The bill will be taken up again tommorow morning for reconsideration. and to hear further testimony.

Meeting was adjourned at 4:00 p.m.

HB 438
HB 413
HCR 63

House Resource Committee Minutes May 2, 1975

The House Resources Committee was called to order by Chairman Nels A. Anderson, Jr. at 8:00 a.m.

Roll was then taken:

Present:	Excused:
Anderson	Brown
Rhode	Smith
Hershberger	Eliason
Osterback	
Huntington	
Swanson	

HB 438 was taken under consideration.

Jammie Love made a correction in the report that he had passed out Thursday.

The committee decided to hold the bill until Monday Morning for further mark-up.

HCR 63 was taken up for consideration.

The committee decided to wait until a future date to discuss so they could have some time to think about it.

HB 413 was brought under consideration.

Mr. Honsinger explained the bill. Stated that they had trouble with livestock communitys.

The law had been taken off the books and had put them in a embarrasing situation.

The committee passed the bill out of the committee with a do pass recommendation.

Meeting was adjourned at 9:00 .am.

Meeting was called to order again at 9:10 when CSSB 353 was taken under consideration.

The bill was discussed and a section 2 was added.

The committee passed the bill out of the committee with a do pass recommendation.

The meeting was adjourned at 9:20 .am.

HB 358
HCR 63
HB 438

House Resource Committee Minutes May 5 , 1975

The House Resource Committee was called to order by Chairman Nels A. Anderson, Jr. at 8:10 am.

Roll was then taken:

Present:	Excused:
Anderson	Eliason
Smith	Huntington
Rhode	Brown
Hershberger	
Osterback	
Swanson	

HB 358 was taken under consideration.

Rep. Hershberger made a motion to pass committee substitute out of the committee with a do pass recommendation and asked unanimous consent.

No objection the motion carried.

HCR #63 was taken under consideration

Rep. Smith had some problems with the language.
He submitted that a committee substitute be drawn up and adding new langauge to the resolved clause.

Rep. Smith asked unanimous consent that the amendment be adopted .
Motion passed.
Rep. Smith then made motion to have the bill passed out of the committee with a do pass recommendation.

Motion carried and the bill was passed out of the committee with a do pass recommendation.

HB 438 was taken under consideration.

The committee reviewed possible amendments that had be drawn up for their use.

Line 12 Page 2 amendment was offered. Amendment passed

Rep. Smith proposed an amendment to repeal section 3.
Amendent passed

Rep. Smith then offered an amendment to repeal Section 3.

Amendment passed

Rep. Smith then motioned for an amendment to repeal section 4.(per request by the dept.)

Amendment was adopted.

Rep. Brown made a motion that the CS for HB 438 be passed out of the committee with a do pass recommendation and asked unanimous consent.

The motion carried and the CS for HB 438 was passed out of the committee with a do pass recommendation.

Meeting was adjourned at 9:35 a.m.

House Resource Committee Minutes May 6, 1975

The House Resource Committee was called to order at 8:15a.m. by Chairman Nels A. Anderson, Jr.

Roll was then taken:

Present:	Excused:
Anderson	Brown
Smith	Swanson
Rhode	Eliason
Hershberger	
Osterback	
Huntington	

HB 470 was taken under consideration.

Rep. Osterback outlined the bill stating that since the Aluetian Chain was such an important area for fishing and hunting he thought they should have a fish and game representative on the board.

Rep. Rhode made a suggestion that they appt. someone to the board from that region.

The committee discussed some of the problems with having too big of a board.

Discussion by the committee concerning the 2 part fish and game board.

Rep. Smith made a motion to move the bill out of the committee with a do pass recommendation.

Rep. Huntington objected.

The motion carried 4-1. The bill was passed out of the committee with a do pass recommendation.

Meeting was adjourned at 9:00 a.m.

HB 480
HB 479

House Resources Committee May 8, 1975

The House Resources Committee was called to order by Chairman Nels A. Anderson, Jr. at 8:15 a.m.

Roll was then taken:

Anderson
Smith
Rhode
Osterback
Huntington
Hershberger
Brown
Swanson
Eliason

HB 479 was taken under consideration.

Mr. Endenzo from the Dept. of Economic Development outlined the bill stating that all the bill did was give the Bristol Bay Developement Council more time to continue their studies.

The committee asked some questions on the expiration date of Febuary 19, 1975. No specific reason

Made a motion to

Rep. Swanson moved the bill out of the committee with a do pass recommendation.

The committee carried the motion and the bill was passed out of the committee with a do pass recommendation.

HB 480 was taken under consideration.

Dept. of Economic Development explained that this was not a new appropropriation for funds but just to allow the Council to use non-expended funds.

Made a motion to

Rep. Swanson moved the bill out of the committee with a do pass recommendation.

The committee concurred with the motion and the bill was passed out of the committee with a do pass recommendation.

Meeting adjourned at 9:30 a.m.

SB 181am

HB 489

House Resource Committee Minutes May 12, 1975

The House Resources Committee was called to order by Chairman Nels A. Anderson, Jr. at 8:10 a.m.

Roll was then taken:

Present:	Excused:
Anderson	Smith
Osterback	Huntington
Rhode	Brown
Hershberger	
Swanson	

1317 SB 181am was taken under consideration.

Rep. Swanson made a motion to move the bill out of the committee with a do pass recommendation.

The committee carried the motion and SB 181am was moved out of the committee with a do pass recommendation

HB 489 was taken under consideration.

Rep. Swanson outlined the bill.

The chair entertained a motion to move the bill out of the committee with a do pass recommendation and asked unanimous consent.

The motion carried and HB 489 was moved out of the committee.

Meeting was adjourned at 9:00 a.m.

HB518

House Resource Committee Minutes May 22, 1975

The House Resources Committee was called to order by Chairman Nels A. Anderson, Jr. at 3:05 p.m.

Roll was then taken:

Present:	Exucsed:
Anderson	Eliason
Smith	Swanson
Rhode	
Hershberger	
Osterback	
Huntington	
Brown	

HB 518 was brought before the committee

Rep. Bowman outlined the bill. Mr. Gorsuch from Aleyeska Corp. had requested such a change in statutes.

The committee was not happy with the bill as it was in present form.

Rep. Smith proposed some amendments changing the time procedure of the statutes.

Rep. Smith and Rep. Hershberger then put together a committee substitute that was read to the committee.

Rep. Huntington made a motion to move the committee substitute out of the committee with a do pass recommendation.

The committee agreed and the bill was passed out of the committee with a do pass recommendation.

Meeting adjourned at 3:50 p.m.

SB 451

House Resources Committee Meeting May 26, 1975

The House Resources Committee was call to order by Chairman Nels A. Anderson, Jr. at 8:45a.m.

Roll was taken;

Present	Excused
Anderson	Brown
Smith	Huntington
Hershberger	Rhode
Eliason	
Osterback	
Swanson	

SB 451 was taken under consideration.

The bill was reviewed and the committee looked for changes that the Senate Bill had compared to SB 96am they had passed out earlier in the session.

The noted changes were discussed.

Rep. Swanson made a motion that the bill be passed out of the committee with a do pass recommendation and asked unanimous consent.

The committee concurred and the bill was passed out of the committee with a do pass recommendation.

Meeting was adjourned at 9:00 a.m.

House Resources Committee Meeting
Minutes

May 31, 1975

The House Resources Meeting was called to order by Chairman Nels A. Anderson, Jr.

All members were present.

SB 343 was brought under consideration.

After discussion by the committee the chair made a motion that the bill be moved out of the committee with a do pass recommendation and asked unanimous consent.

The motion carried and the bill was moved out of the committee with a do pass recommendation.

Meeting was adjourned at 2:00 p.m.

House Resources Committee Minutes June 1, 1975

The House Resources Committee was called to order by Chairman Nels A. Anderson, Jr.

All members were present.

SJR 39 was brought up for consideration.

After discussion by the committee the chair entertained the motion that the bill be passed out of the committee with a do pass recommendation.

The committee concurred with the motion and the bill was passed out of the committee with a do pass recommendation.

The meeting was adjourned at 2:00 p.m.

1976

MINUTES

1/14/1976 - 5/18/1976

Book 1 — 1491
to
Book 2 — 1833

MINUTES - HOUSE RESOURCE COMMITTEE - JANUARY 14, 1976

Present were: Huntington, Osterback, Swanson, Smith, Rhode, Brown, Hershberger, Chmn. Anderson and Staff Assistant Van Doren. Absent was Eliason.

Subject: HB 132

Sponsor Representative Keith Specking commented that a new approach is needed in solving the problem of opening up state lands to entry. Present policy does not work. The lease approach is necessary, rather than the fee-simple. "We should not bury our heads in the sand and allow any and all lands open to entry. Included in a lease can be requirements and restrictions not permissable in an outright sale. Also, if we rely on the newly created Planning Unit within the Div. of Lands, an endless series of sessions on land planning can end in no action.

Discussion ensued regarding getting more land into private hands, with comment being made that this was a paramount issue last year. Mention was made that under the former lease program leases could be open to entry. Also under question was the problem of who inherits under the proposed bill.

Commissioner Martin acknowledged the pressures for private ownership of land, and agreed that the first open to entry plan had inequities built into it. The Administration agrees that a private land program must become functional. However, some items to consider are:

- What does the legislature want to be allowed on the land i.e. agriculture, second home, main home, wilderness, recreation
- How can a fair market value be obtained
- What use does private ownership wish to make of the land
- Do we want to put people into new areas, with the attendant problems of roads, schools, stores, etc.
- Every program that moves land puts a great burden on the small group that must administer the program
- The Division of Lands is concerned with the end use of the land, and the eventual combining of possibly incompatible uses.

Commissioner Martin agreed to present to the committee a more formal list of administrative concerns for land ownership.

Additional discussion included problem of guaranteeing Alaskans land; pulling back into use lands identified now as wilderness areas;how to get local persons involved in planning the use of their land;the fact that Alaska is a land-tight state. Swanson stressed that we must have multiple use of the land, not prime use.

Representative Smith moved that the committee adopt the draft copy of CS HB 132, with Line 17 to read ----cognizant platting authority. Motion passed.

January 26 was scheduled as the date for the next hearing of HB 132. January 15 was scheduled as the date for hearing HB 278, and possibly HB 313 (now tabled).

Meeting was adjourned.

Tape 1 side 2
0833 — 1413

MINUTES -- HOUSE RESOURCE COMMITTEE -- JANUARY 15, 1976

Present were committee members Osterback, Hershberger, Swanson, Eliason, Huntington, Rhodes, Chairman Anderson and Staff Assistant VanDoren. Absent were Smith and Brown.

Subject HB 278 and tabled HB 313

Meeting was called to order at 8:03 a.m.

Bill sponsors Representative Mike Miller and Representative Terry Gardiner testified to the many complaints received by them from constituents because of pollution of small streams and consequent ruining of salmon spawning beds. Both felt a lack of current regulations and a lack of enforcement of those that are in effect. They recommended, however, that HB 278 be improved and given additional study.

Jim Clark, representing Alaska Lumber and Pulp, requested tabeling of HB 278 at this time, stating that the Forest Practices Act coming soon from the Governor will cover necessary regulation, combining everything into one bill.

Roger Allington, representing Sealaska, which holds 200,000 acres of timberland, also stressed waiting for the Forest Practices Act. He also mentioned the Water Pollution Control Act which covers federal lands.

Bob Tracy, representing the U.S. Forest Service favored the Forest Practices Act.

Sharon Lobaugh, representing the Alaska Conservation Society, urged that the committee not delay action untio the Forest Practices Act, stating that some items are left uncovered by the proposed Act.

Commissioner Brooks, Dept. of Fish and Game, stated that the Administration favored postponement of the bill.

Committee member Swanson moved that HB 278 be tabled until the 27 of January. Motion approved.

Re: HB 313, currently tabled, Commissioner Brooks stated that the Administration did not now feel the urgency for this bill. Again, it was stated that the Forest Practices Act will cover these problems.

Chairman Anderson asked the committee for action on HB 313. Hearing no response, he requested the bill remain tabled.

MINUTES - HOUSE RESOURCE COMMITTEE - JANUARY 16, 1976

Present were: Committee members Smith, Hershberger, Swanson, Osterback, Eliason, Brown, Huntington, Chmn. Anderson and Staff Assistant Van Doren. Absent was Rhode.

Meeting was called to order at 8:10 a.m.

Subject: HJR 43, HJR 45, HJR 46 and SJR 41 am

Representative Swanson, sponsor of HJR 46, recommended adoption of the Senate version of the bill - SJR 41 am, and that discussion be held to SJR 41 am. Motion carried. Regarding a proposed amendment to the bill, Swanson felt that the subject matter of the amendment was already covered in the bill.

Alan Stein, representing Point Baker Legal Defense Fund, presented arguments against management practices in present clear-cut situations. However, he stated that his people support clear-cut in general. Stein presented pictures of damage done by poor clear-cut practices, and urged that present U.S.F.S. guidelines be changed; that the Organic Act be amended for the protection of fish streams.

After stating that the proposed Forest Practices Act will be all-inclusive, and that we don't need the proposed rider now, it was moved and approved that SJR 41 am be passed out of committee with a Do Pass recommendation.

Regarding HJR 43, Sponsor Swanson presented comments stressing that federal control of the sale of fur could wipe out the livelihood of many Alaskan residents. There being no discussion, HJR 43 was unanimously approved to move out of committee with a Do Pass recommendation.

HJR 45 was presented by sponsor Swanson, and added comments by Brown, who moved an amendment to Line 22 adding the word NEW after the word any. Brown stressed that outsiders simply do not understand the problems faced by Alaskans in the area of guns.

Ray Meketa representing the Juneau Rifle and Pistol Club, and the Juneau Gun Club, presented testimony generally supportive of the resolution.but questioning whether it should be limited to Alaska. Meketa feels that Congress eventually intends to eliminate guns completely, and we should be pushing against all federal control of guns.

Bud Boddy, representing the Territorial Sportsmen, stated their concern over many years on this matter. He urged that we support our congressional delegation in their efforts. Boddy did not support the resolution in that it was restrictive to Alaska. He felt that this problem should be addressed on a total national level. Mr. Boddy was asked to try to officially draft a resolution of his own that would speak to the total problem.

Swanson moved a DO PASS on HJR 45, including the Line 22 amendment. Motion carried unanimously.

Chairman Anderson stated that he would ask the Administration to present a briefing session on D-2 lands if the committee desired. It will be done.

Meeting adjourned at 9:07 a.m.

MINUTES - House Resource Committee - January 22, 1976

Subject - SS HB 57

Present were: Hershberger, Smith, Swanson, Osterback, Assistant Van Doren and Chairman Anderson. Excused was Representative Huntington.

Commissioner Guy Martin presented a statement including the necessity for defining a "subsistence way of life", and acknowledging that one of the major problems behind the bill is how to regulate and protect the people and the land. Commissioner Martin would like to work with the committee on attempting to set up a definition of "the tradition of subsistence". However, he stressed that it is not the primary function of his Department to get this done. He hoped that the committee came away from the hearings knowing that the Division of Parks wants to be sensitive to the people of the area.

Rep. Hershberger stated that because of the current plan for the area, "we've lost the park". Rep. Anderson replied that Russ Cahill said that he himself would make up the new plan with the people. Anderson stressed that somehow, somewhere, the thing is breaking down.

Sharon Lobaugh, of the Alaska Conservation Society, asked if it were possible to set up implementation later, but pass the park bill now, in order to preserve the area. Rep. Smith replied that the only two "holding" classifications are recreation and resource management. Neither would protect the area as desired.

Chmn. Anderson requested that the Conservation people and the B.B.N.A. people get together and talk about possible solutions to the problem.

William Nicholson, of the Office of Village Advocacy, stated that the people fear that their subsistence way of life is threatened. They want insurance, a guarantee that future subsistance will not be threatened. Nicholson proposed tabling of the proposed park until a study has been made of the impact of the park on the area.

Chmn. Anderson asked him what time schedule he was thinking about. He stressed that we mustcome up with a plan.

Rep. Smith highlighted the comments he presented during the hearings out of town--that the area has been under study since 1960--that the original plan should be retreivable somewhere in the files, and that there are other studies available, including "Inventory of Resources" done by Smith when he was with Parks. In other words, the information is available. The problem comes in drawing up use plans.

Rep. Hershberger expressed concern that if permits granted now for "poor" uses (i.e. fish nets across channels) we're in great trouble without a park. But, we can't have concentrated tourist activity

Chmn. Anderson, in mentioning allotments, said that he is not sure how they are distributed, but that there are 114 of them in the area now. There is an inability on the part of the state to manage.

Rep. Smith stated that "Some management" is better than "no management". What we have now is "some".

Mr. Nicholson asked Mr. Smith what type of jobs he saw for the people of the area under the Park proposal--jobs alluded to in the "Resource Inventory" Study. Mr. Smith referred him to previous comments and testimony. Nicholson stated that paper ideas sound good, but that the people feel threatened--they can't adapt to new jobs.

Rep. Hershberger commented that the young people are not going to live like the old people. We don't want to lock the young ones up in a plan suited to the old people.

Chmn. Anderson stated that we are faced with a cultural change. The old people don't want change. The kids have changing values. We are now forced to take a look at how we're changing. "I now live in a white man's society".

Mr. Nicholson:---Both the old and young want to hunt and fish. Many in the city go back to the villages to "subsist" for relaxation. We younger ones don't want to lose the opportunity to "go back" and hunt and trap. The fear is that there will be too many people.

Rep. Swanson expressed concern as to the idea of using local people in the park. He cited the example of McKinley Park, admittedly a federal park, but with gross exploitation of local people by concessionaires after the "fast buck". He anticipates trouble in this direction.

Again Chmn. Anderson stated that something has to be done. On the one hand, once you develop regulations, you lose control to those regulations. Regulations tend not to reflect the desires you intended.

Rep. Swanson mentioned that regulations can be changed almost at will, but a law is harder to change. We need to get out of the awesome bureaucratic situation developing. Intent of law is totally gone. Only by putting our idea into law do we have any hope of control.

Chmn. Anderson asked Mr. Smith whether regulations can be changed, and was answered that they can, through appropriate procedures. Comment was made by Anderson that he didn't recall hearings on the current plan during the drafting procedure. Mr. Smith stated that this was entirely possible, since no one showed up for the hearings in Dillingham.

Chmn. Anderson continued, stating that we have the assurance from Parks that the current master plan will be withdrawn.

Sharon Lobaugh mentioned the small village near Eagle where the National Park Service has put a man to experience a whole year with the people in the area, the hoped-for result being a use plan drawn up that would be acceptable to all parties concerned.

Anderson again mentioned the situation in Aleknagik where the local people themselves are polluting the roadsides. Also mentioned was the fact that the people must take a biological look at their own area. Also, the urban areas must keep in touch with the locals. A management agreement for use of the land could be drafted.

Rep. Swanson moved to postpone the action on SS HB 57 until such time as a management plan has been drawn up that will satisfy all. Motion was unanimously accepted.

Meeting adjourned.

Tape 2 Side 2-0---0240

HOUSE RESOURCE COMMITTEE - Minutes - January 23, 1976

Present were Swanson, Osterback, Rhode, Hershberger, Anderson, Staff Assistant Van Doren. Excused was Huntington

A motion was made to pass HB 361 out of committee with a Do Pass recommendation. There was no discussion. The motion carried unanimously.

Rep. Swanson recommended that HJR 46 be left in the file with no action taken. Motion carried.

Rep. Swanson moved to correct HB 361 to an effective date of 1976. Motion carried.

Announcement was made of the special joint meeting with the Senate Resource Committee to be held Monday, January 26, at 1:30, on Coastal Zone Management.

Also, the special meeting with Senate Resource on Thursday, January 29, at 1:30, presented by the Royalty Oil and Gas Advisory Board.

Meeting adjourned at 8:10 a.m.

Tape 2 Side 2 0240--1828

HOUSE RESOURCE COMMITTEE - Minutes - January 26, 1976

Subject: HB 132

Present were Osterback, Brown, Swanson, Eliason, Hershberger, Rhode, Staff Assistant Van Doren and Chmn. Anderson.
Excused was Huntington.

Guests included Sharon Lobaugh, Commissioner Guy Martin, Jamie Love, Joel Bennett, Waco Shelly, Sharon Mitchell and Rep. Keith Specking.

Meeting opened at 8:10 a.m, with a statement by Commissioner Guy Martin. Mr. Martin stated that the purpose of the bill seemed to be a single-purpose one--to make available single, non-contiguous areas of land to private parties. Along with urging that the Dept. of Fish and Game take a close look at the bill from the standpoint of appraising the effect on habitat areas, he stated that the bill needs to address who it intends to help. As it now stands, there is no real differentiation between Alaskans and others. (Commissioner Martin later added that it is now very difficult to spell out "Alaskan resident" requirements in any legislation.)

The biggest question posed by the bill lies in the uncertainty of land status in the state. It is a difficult time to make any additional commitments on land. Already, the demand far exceeds the land. "We don't want to cause pressures that will exceed our abilities to control". An "Open-to-Entry" program must be in addition to and supplemented by other plans and regulations.

Mr. Martin continued by urging that the committee consider the best eventual use of the land (i.e. mineral exploration, recreation, natural habitat, etc.) before opening it up. Also, there is a need to look at local government participation -- educational, transportation, communication -- and delineate responsibilities--not get the state tied up in unforeseen commitments.

Title control needs to be spelled out in the bill. If the state really wants to control the use of the land, then leases are needed, not outright sale.

Rights of individuals must be faced--if new people are encouraged by availability of land to enter an area, how do their rights compare to the rights of the people already in the area?? (Rep. Specking stressed that this could be controlled by allowing people in a given area to veto land availability)

Chmn. Anderson stated that the administration should deal with how they will implement the bill--how they will deal with the problems.

Mr. Martin commented that the administration would be faced with the same problems as the committee, and that as much should be spelled

out in the bill itself as possible.

Rep. Eliason emphasized putting more "shalls" in the bill. Rep. Swanson added that the "creeping bureaucracy" can be toned down by putting more strength in the bill. However, Swanson also mentioned that the reason many people want these isolated parcels of land is to "do their own thing" with their own property. This can be accomplished by minimal, but explicit, building and environmental standards, spelled out in the bill.

Rep. Brown stated that there should be criminal penalties for misusing land.

Questions of how to determine the fair market value of land in an area where no land has been previously sold were raised. In answer, Rep. Specking suggested the option of continuing the leases rather than eventual sale. He also suggested working closely with the Forest Service on the bill, since they have had a "successful" land program for many years.

A question by Rep. Eliason as to why only one member of a household could apply for the land, and the constitutionality of such a statement, was answered by Rep. Specking, stating that although it would limit only a husband or wife, not both, from participation in the program, it would not hinder any child from participating on setting up his own household. Specking stated that it became in part a self-limiting program.

Rep. Eliason stated that the public should be able to initiate hearings as to the desireability of opening a given section before it is opened.

Chmn. Anderson reviewed the past history of the bill, asking Commissioner Martin if the committee was addressing adequately the problems created by the previous program. Rep. Specking commented that the problems with leasing could have been solved administratively by the previous administrator. Commissioner Martin would be the one to best know whether he could comfortably work with the leasing program as it is now on the books.

Rep. Swanson insisted that the committee see copies of any regulations the administration would use to implement current or proposed legislation on open-to-entry lands, before passing any new legislation. Rep. Brown added that any regulations must be tight enough to refer problems back to the legislature.

Sharon Lobaugh, representing the Alaska Conservation Society, asked about any hearings in any other part of the state on this bill. Chmn. Anderson answered that we needed to get action before this session was over, and consequently could not travel any more. Her only other comment, that the Society was in favor of any leases reverting back to the state if they became available.

With the comment that the committee would wait for Rep. Speckings next draft of the bill, before setting up another date, meeting adjourned.

Subject: HB 510

Present were Osterback, Smith, Rhode, Hershberger, Swanson, Chmn. Anderson and Staff Assistant Van Doren.

Announcement was made by Chmn. Anderson of the Joint House and Senate hearing on the Cook Inlet Land Trade, to be held in Anchorage on Feb. 7. He also announced the appointment of Rep. Hershberger to the Governors Advisory Commission on Fisheries.

Testimony began with sponsor Joseph McKinnon stating that the main reason for the bill is that ASHA now has no mechanism for disposal of land. The bill provides that mechanism.

Questions raised:

Is this document located in the statutes in the proper place to cover all necessary sales??

What is the definition of a "qualified appraiser?" Discussion on this stressed that the definition was critical enough to be a deciding factor in passage of the bill. It should probably read "licensed" instead of "qualified".

Rep. Hershberger made reference to the use of both "property" and "land" as terms. He urged that "land" be changed to "property" throughout.

Chmn. Anderson noted that a phone call ascertained that Commissioner Motley would not be at the meeting - with no reason given.

Jamie Love said that he would agree to some additional language in the bill. However, Line 17, pg. 1, he desired the Division of Lands wording for the subject matter. Rep. Smith stated that the Division of Lands has a problem with that wording, and would prefer leaving the wording as it is in the proposed bill. No action was taken on the above.

A question was raised regarding the auction timing problem. Because of time lags, there is not always a current appraisal in effect at the time of an auction. Rep. Smith would prefer a statement "within a set time" without further advertising, to tie down the timing problem. Mr. Love mentioned that HUD has tied their timing down. He agreed that there needs to be a limit on the time an appraisal can be considered valid. Someone must have the responsibility for acting.

Hershberger moved that the bill be sent out of Committee with a Do Pass recommendation with a note to the next committee re: definition of appraiser.

The following amendments were suggested: Pg. 1, Line 17, substitute "In no event shall the auction be held less than 30 days after the date of public notice."

Pg. 1 Ln. 20 after the word sale, "within six months of date of auction. " and "No negotiated sale may be made on an appraisal made more than nine months prior to date of sale. The price of a negotiated sale shall in no case be less than the appraised value."

Wording throughout the bill is to be changed to match the above.

Unanimous consent was given to the amendments, and the motion to send CS for HB 510 out of committee with a Do Pass, with a note on the definition of appraiser, was approved. The staff was advised to be prepared to amend the bill if the appraiser bill did not pass out of it's committee.

Tape 3 Side 1
0 ---1103

HOUSE RESOURCE COMMITTEE - Minutes - January 29, 1976

Subject: HB 571

Present were Swanson, Rhode, Hershberger, Brown, Chmn. Anderson and Staff Assistant Van Doren.

Rep. Mike Miller presented a statement introducing his bill. The bill is an outgrowth of visits to the fishermen's loan office, and later discovery of the fact that the fishermen's loan fund was very low on funds. Miller stated that the fund admittedly does not do everything, but is a useful tool. It is obvious that more money is needed. Originally, the fund was given $5,000,000. The Department of Commerce appears to be handling its other two loan funds,-- Tourism and Veterans, adequately. It is now time to allow the fishermen's fund the same chance.

Commissioner Gallagher stated that $47,000,000 was put into loans this year, overall. $30,000,000 will be available next year. He would prefer that the proposal did not become law until 1-1-78. Gallagher needs the flexibility on loan funds next year.

(Anderson commented that by then there won't be any fish, so they wouldn't need any money).Anderson asked if we could deny some of the tourism loans in favor of the fishermen? Rep. Swanson asked who sets the priority on which persons receive money from the funds.

Commissioner Gallagher answered that "I make the money available-- they dispense it."

Rep. Brown stated that the committee should send the bill out as is with a cover letter to Finance on limiting all loan funds.

Pete Jeans, loan officer, stated that applications are taken in the order in which they are received. The first loan was made in 1973 for $15,000. In 1974 the total loaned was 1.4 million. In 1975 it was 2.6 million, and 1976 already shows 2.2 million. Fifty three loans have been disapproved (25%) and nine extensions were approved this year, mostly in Southeast. Interest on all loans is current. The loans are concentrated in Southeast and Cordova--other areas were not responsive. Kodiak has bigger boats, and consequently the $100,000 maximum on loans won't cover them.

Chmn. Anderson commented that the Bristol Bay boats are small--the people should be using the loans. He inquired as to why more of the B.B. area people weren't at the hearings. Jeans responded that his office had done all it could to advertise the hearings. The people just didn't show up.

Mr. Jeans further explained that although the Loan Fund does not handle the very small loans that might be necessary for such items as outboard motors, Chalista has solved the problem for its people by borrowing the $100,000 allowable, then sub-loaning it and handling the details themselves. Mr. Jeans stated that he would recommend approval of the bill if it weren't for the financial status of the state.

Mr. Brown again stressed a letter to the referral committee as to examining all three loan funds.

Rep. Miller expressed concern that if this bill was tied to other loans, nothing would happen with any of them, especially since the real problem is with the Veterans loan fund. He suggested a $2,000,000 limit until 1-1-78. Mr. Jeans concurred in the idea.

Deputy Commissioner of Commerce Phil Hubbard stated that that solved the problem of the open-ended loan situation at the moment.

Chmn. Anderson assigned Rep. Miller and Staff Assistant Van Doren the task of drafting a Committee Substitute for HB 571.

Mr. Jeans added that only 1/2 of 1% of the interest goes back into the fund. The rest goes into the General Fund. This is why the fund builds back up so slowly. The same is true of the other two loans. Consequently, the term "revolving" loan is not accurate.

Chmn. Anderson asked that HB 571 be scheduled for Friday morning, Jan. 30, with action to be taken on the CS for HB 571. Consent was given.

Meeting adjourned.

Tape 3 Side 1
1105-2725

HOUSE RESOURCE COMMITTEE - Minutes - January 30, 1976

Subject: CS HB 571
CS SS HB 521

Present were: Hershberger, Osterback, Eliason, Swanson, Brown, Chmn. Anderson and Staff Assistant Van Doren.

A Do Pass recommendation, (with correction of the typing error) was unanimously approved by the committee for CS HB 571.

Representative Mike Miller presented background information on his CS SS HB 521 regarding the Mendenhall Flats State Game Refuge. The people of Alaska have ownership over the wetlands, and have an obligation to protect the natural resources. Any private lands in the boundaries are not included in the Refuge. Allowance is made for future Airport projects, as is also made for transportation corridors.

Sharon Lobaugh, Alaska Conservation Society, presented a statement giving the history of the wetlands. It has taken ten years to get to the legislative point at which the committee now is. Due to efforts of the Society, Egan Drive was built on the "inside" route, not the outside one. This bill would assure future protection of the area.

Dr. Reiger, Principal of Floyd Dryden Junior High School, stated that 25 to 30 field trips are taken by students of his school in the spring and fall. He also expressed concern about the "non-classroom oriented" kids--that they need a place to "get out and blow off steam",, There may be no real way to put a price on such a thing, except that these kids are not into the drug scene if they are out on the Flats. He mentioned that most in the room had raised families who had benefited from the Mendenhall Flats area, and could appreciate the situation.

Bob Pavitt, Legislative Agent for the Planning Association of Alaska spoke. He mentioned previously editing a paper on the Glacier Highway situation in which resource values of the wetlands was discussed. Pavitt felt there was enough protection for private owners in the bill. The highest and best use of the land is apparently covered. Pavitt urged that the boundary description state "outer edge of Egan Drive", not center line.

Brown asked for a clarification of the "Board" referred to . It is explained later on in the bill.

Bud Boddy, of the Territorial Sportsmen, presented an update of their 1966 Resolution to the Alaska Wildlife Federation supporting the wetlands status. He asked whether all interested parties had been checked with. His group had been concerned previously with a definite spelling-out of the involved areas, but felt that the current bill defines adequately enough. Also expressed was concern that the Corps of Engineers be allowed to redredge the Channel under the bill. This is necessary if fishermen and boaters are to be able to continue to use the channel.

Ginny Kline, Mayor of Juneau, stated that although there is no official stand by the Assembly on this issue as yet, they are in favor of public ownership of the area. Possibly purchase of private land could be made with assistance of other funds. Her expressed concerns were: airport construction and expansion, a possible second bridge over the channel, and a proposed harbor facility. To accommodate the harbor a slight adjustment of the boundary would be all that was necessary.

Mr. Don McKnight, of the Dept. of Fish and Game stated that he was sure Fish and Game had the expertise to manage the area. They are in favor of the bill.

Gloria Houston Wade, of the League of Women Voters, expressed their views--support of the optimum balance between human needs and a natural state. Estuarian areas should be left in their natural state. Uses of the Mendenhall Flats area would include habitat, hunting, outdoor research laboratory, year-round recreation, scenic vistas. The best interests of all of Juneau would be served under the bill.

Steve Rausch, Student Body President of Juneau-Douglas High School, began his testimony stating that a similar bill which he introduced to Boys State last summer passed both houses. Most of the students support the bill, regardless of the capital move situation. The state can't solve the whole problem of preserving areas, but this is a basic step.

Tom File, a resident, spoke against the bill. He lives in the area, and has a personal stake in it. He explained the litigation now going on concerning accreted land attached to his property, being contested by the state. Approximately 115 acres of his land is under litigation.

Chmn. Anderson asked that Rep. Miller and Mr. File solve the problem together. Anderson asked that the committee draft a letter stating that there would be no influence by the bill action on the current File court case.

Further boundary discussion included noting the fact that the proposed boundaries of the Game Refuge were drawn up in cooperation with the City-Borough Planning Staff. Anderson stated that a status platt will be available Monday.

Howard Lockwood, resident, and a professional developer, stated that he was in favor of continued use of the wetlands, with two concerns. 1) the 22.7 foot extreme high tide line proposed as a boundary would fluctuate too much to be used as a guideline. Private property would also be affected. Although the bill explicitly states that private property would not be included in the Refuge, Mr. Lochwood has had experience with interpretations of such phrases, and is not at all comfortable with ambiguous language under the circumstances.

Also the 22.7 estreme high tide line would bring the park clear up to roads, up creeks, and into residential areas. 2) There is a need to address the people who have allowed trespassers to cross their lands to get to the wetlands. "Access corridorss" need to be worked out with the residents of the area. (This problem was partly clarified for Mr. Lochwood when it was brought to his attention that the bill allows the private parties to cross the public land to get to their own land, rather than the other way around.

Rep. Eliason stated that private property rights would supercede the proposed 22.7 tideline, in any case.

Mr. Lockwood reiterated that the boundary line needed to be further defined, and suggested that the tideline be deleted and present survey points be used as reference. For the purposes of this bill, we need to be able to look at a line on a map and know that that is in fact the boundary.

Chmn. Anderson asked Rep. Miller whether the private property owners of the area had been personally approached on the issue? Miller answered that not all of them had, but the bill was explicit in it's protection of private owners, and that tideline descriptions are the most common method of describing shoreline property.

Chmn. Anderson asked that the following be done.

1. This bill be reconsidered Feb. 4
2. Mr. File get in touch with his attorney regarding the effect this bill might have on the court case
3. Mr. Lockwood get information to the staff on the survey points
4. Staff is to contact property owners affected
5. More information to be gathered on the 22.7 line
6. Maps are to be made available.

Meeting adjourned at 9:50 a.m.

HOUSE RESOURCE COMMITTEE - Minutes - February 2, 1976

Subject: HB 613
HB 615

Present were Swanson, Smith, Hershberger, Osterback, Eliason, Brown, Chmn. Anderson and Staff Assistant Van Doren.

Russ Cahill, Director of Parks for the State of Alaska, prefaced his remarks by stating that HB 613 encompassed the jobs possible to accomplish in a two to four year period. He asked that an Item 21 be added, for $240,000 for a boat launching facility on the Chena River.

Questions asked before testimony were: More details needed of how the money is to be spent; What method of financing--Answer: 50% Federal funds and 50% other.

Regarding land acquisition, Cahill said that some of the funds are for purchase of land.

Cahill continued:

Item #1 To update state master plan of parks, and provide new plans where none are now available.

Item #2 For fire suppression and park building (combined building) including electrical connections. Facility will be shared with the Forest Service, as will the Soldotna facility.

Item #3 For relocation of a campground at Dry Creek in order to move it away from a native graveyard. Land is to be acquired by simple transfer within the State--no purchase. Estimate was about 1/4 mile of road to be constructed; parking pads; fireplaces; and a total of 80 picnic units.

Discussion: $10.00 permit fee for state was in effect last year--Total collected was $56,000.
Cost estimate is not enough--there will be at least a 50% overrun.
Long-term costs for maintenance not included.
Swanson: We need a rough project drawing so that we know what is planned. Cahill--The bond issue will provide the monies for planning. Until we have the money, we can't do the planning.

Item #10 This is a development project for the Chilkat area, the only park in Southeast in the bond issue. Primarily, it will provide an access to salt-water fishing. Land will be picked up near Mud Bay--about 120 acres. A public meeting will be held in Haines the evening of Feb. 13 to find what people in the area wish. The current plan includes a road and boat-launching area, with some camping sites.

Item #4 This would provide portable sanitary facilities statewide for use wherever the heavy people-use is at any given time. They could be moved easily. A trailer pumping unit is included in the amount.

Discussion: There are many units idle on the pipeline. The state should look into obtaining some of them. Cahill said that approximately 30 units would be purchased.
An item of concern was where the truck units would be pumped out.

Item 8 Funds are requested for stabilizing the Dry Creek Archeological Site near Healy. Erosion is destroying the area. Proposal is to dig and fence the area. The University of Alaska had in a request for a grant, but was refused. It was too much. The requested funds would also pay for protection and further archeological study of the area. (Copper and obsidian have been found in the site--and dated back to around 8,000 B.C.)

Item 7 Funds requested for acquisition of land in Denali State Park. The fear is that "chintzy" development will take place on the area if the state does not own the land. Acreage involved is 170 acres. Problem seems to be, according to Cahill, that the Matsu Borough has the zoning authority within the park, not the state.

Item 13 Funds are requested for a Park Visitor Center at Fort Ambercrombie to give history of the second world war in the area. Displays of the North Pacific Theater are contemplated.

Item 14 Requested funds would be for Denali State Park development--trails, picnic area, boat launch.

Item 15 Kenai Penninsula development funds - to upgrade existing facilities to reduce overcrowding in other areas. Proposed is a boat dock, trails, and picnic areas.

Item 16 Funds for acquisition of five acres at Kachemak Bay State Park, by acquiring some Open to Entry sites of 5 acres each, totaling 42 sites--to provide public access into the park. Presently there is only boat or private property access. An alternate would be purchase of only right-of-way where needed, but Cahill anticipated the resulting cost would be as much as the total sites. Chmn. Anderson asked if the sites could be acquired through eminent domain? The answer was no.

Item 17 requests $75,000 to purchase and rehabilitate a building, as an historical site, at Pleasant Camp. 150 acres are involved. Matching funds would also be used.

Item 18 Camping facilities and beach access would be added to a present facility at Ninilchik Camp.

Item 19 Visitor facilities--primarily boating, would be developed at Caines Head Recreation Site. Boat access would be upgraded.

Item 20 Six major trail heads are involved. Land acquisition, picnic, and ranger facilities would be installed. (10% of the property is to be acquired--90% probably would never be purchased.)

Meeting was recessed until 8:00 a.m. Tuesday, Feb. 3.

HOUSE RESOURCE COMMITTEE - Minutes - February 3, 1976

Subject: HB 613, HB 615

Present were Swanson, Smith, Osterback, Rhode, Brown, Chmn. Anderson, and Staff Assistant Van Doren

Rep. Swanson moved to postpone HB 613 until amandments can be prepared. Tues., Feb. 10, was set as the date. Swanson's concern is that Parks be for people. Unanimous consent was given the motion.

Rep. Smith questioned the mechanism for handling construction on the proposed projects. Jeff Morrison replied that they are designed either by Public Works or in-house, depending on whether the project requires biological or structural engineering. Engineers from the Dept. of Fish and Game monitor the construction--such duties being funded mainly from the General Fund.

Swanson questioned the general procedure that many departments are involved in construction, and also that money is being taken from the proposed bond funds (up to 5%) for planning. He was informed that this is common procedure.

Information on the items listed below for HB 615 was provided by Jeff Morrison, Director, Div.. of Administration, F & G; Carl Rosier, Director, Div. of Commercial Fisheries, F & G; and Rupert Andrews, Director, Div. of Sport Fisheries, F & G.

Item 1 The requested 2 sonar units are to replace the current outdated ones. Electronic counters are needed in the glacial streams in order to get accurate escapement pictures. Reliability on the new units is considerably higher than the old ones. The new units are of modular construction, thus facilitating repairs. The older units could be used in some of the other areas where the glacial waters do not prevail. Chmn. Anderson asked about the escapement figures in the Cook Inlet area, and was informed that there is "some handle" on that information, but much more is needed.

Item 2 Modification of the present ship used in the biological surveys up north are vital. The ship is a crabber, and was changed enough to allow indexing of shrimp. Side winches are needed, a rear ramp, modification of hold space for crew quarters to allow a double crew to be aboard, and a fresh water system and freezing capacity for storage of bait. The ship, the M/V Resolution, is about seven years old now.

Rep. Smith asked about the overtime problem. It was explained that overtime basically affected the temporaries, not the permanent persons.

Rep. Swanson asked where the ship would be taken for the overhauling. Rosier replied that metalwork would probably have to be handled in Seattle. They would be glad to have Alaska handle the work if Alaska had the facilities.

Item 3 This is a FRED project; The current ladder is not adequate for escapement handling. Currently 120,000 are handled. 500,000 capacity is needed. The current ladder would be modified and enlarged to handle the additional fish.

Swanson again questioned the handling of construction by Fish and Game. Morrison answered that it is budgeted in Fish and Game because it is a Fish and Game project, but execution of the project would be handled by Dept. of Public Works. Rep. Smith agreed that the agency involved in the end product should be responsible for the whole project--as seems to be the case now.

Item 4 would provide money for enlarging the facilities at Bear Lake. This sport-fish project is increasing the silver salmon runs. Present holding pens contain 600-650 adult fish. At least 3 times that amount of space is necessary. The proposed monies would add two additional pens of poured concrete.

Discussion ensued regarding the possible need for 4 additional pens instead of two. Staff was instructed to prepare an amendment to include the four pens (a new figure of $150,000) The committee unanimously agreed to such an amendment.

Rep. Smith discussed the Governor's Executive Budget--specifically the Fish and Game items in the general fund. With the idea of coming up with a total Fish and Game package instead of bits and pieces, a work session was scheduled for Thursday, Feb. 5, on these budget items. Rosier agreed to have available the FRED annual report Wednesday, Feb. 4.

Item 5 This also is a FRED project. The Beaver Falls holding facility needs to be modified so that eggs can be taken. The first return from this facility is expected in 1977. Five million eggs are taken each year. Dept. of Fish and Game would do their own design for this.

Item 6 A sewage treatment facility is needed in King Salmon because of the inadequacy of the present system.

Item 7 Sand Point is becoming a center for fisheries development. No facilities are there now. Administration people need to be in the area in order to adequately manage the fisheries. Chmn. Anderson stated that this would be fine if the people were allowed to make decisions based on their knowledge. As it is now, qualified people in the field are overruled by Juneau or Anchorage.

Currently, temporary persons in the field are renting quarters from New England. Because of the press of their own help for space, New England has discontinued renting to the state. This item in the proposed bond issue would provide money for land acquisition, crew quarters and a warehouse.

Item 8 A FRED project. Current capacity of the lakes on the Kenai Penninsula is not enough. The cost benefits to the state in 29 years are the most favorable of any projects in the state. By holding the fry in the lakes until the time is good for them to escape, better and more durable fry are produced.

Item 9 The M/V Auklet, 35 years old, needs to be replaced. The new vessel would be 70 feet long, with a steel hull, and a crew of 3. This is part of the long range vessel development program in Alaska. The old vessel isn't built as a work vessel. Many people can be carried, but not much done. The new vessel would be rigged for shellfish assessment work and possibly enforcement. The vessel would probably be purchased outright, not contracted for building. Also involved in the work the vessel is designed for will be herring assessment, and dragging work.

Item 10 A Butler building is proposed for Palmer, for use by all divisions of Fish and Game. Proposed are a mechanical room, shop, lab, sewer system, fenced area, and parking. Current staff is 3. Proposed is 7. The area is expanding since there are two state parks near. Also needed is storage space for fish control chemicals.

Chmn. Anderson recessed the meeting until 8:00 a.m. Thursday, Feb. 5.

HOUSE RESOURCE COMMITTEE - Minutes - Feb. 4, 1976 Tape 3 Side 2
2846 ----end
Tape 4 Side 1 to 1495

Present were Osterback, Swanson, Hershberger, Smith, Brown, Chairman Anderson and Administrative Assistant Van Doren.

Subject: SSHB 521

In recapping history of the proposed bill, sponsor Miller stated that a rephrasing of "transportation corridors" was necessary to include water corridors. This has now been done.

Cliff Lobaugh, a resident, made a statement for the bill. Basically, he appreciates the "availability" of the area to his family. Also, the area presents agricultural capabilities.

Paul Hilburn, a resident, supported the bill. He mentioned working to "disallow" a tank farm in the area, and stated that many of the residents would give up their acreted land if it would protect the area from industrial use.

Joe Smith, a resident owning 140 acres, spoke against the bill in its present form. He has used the Mendenhall River for barge transportation. His opinion is that the Mendenhall River is in itself a problem. We should zero in on the river instead of the landowners. The river washes out adjacent land--several feet per year. Tesoro (tank farm) could have saved the people of Juneau money, and their permit from the Corps of Engineers is still valid. We are not looking into "other possibilities" for the area. For instance, his green areas should be exchanged for gravel beds, which he needs. Rep. Swanson stated that the bill should allow the Department to trade land if it so desires.

Rep. Swanson asked about adding a letter of intent to the bill. Rep. Brown answered that it wouldn't make any difference. We are still stuck with the boundaries in the bill., and stated that if we are going to do anything, it needs to be in the bill itself.

Joe Smith stated that the Borough has said it wants another means of transportation to the gravel area. He intends to have rail transportation within a short while. Joe Smith also was concerned with the problem of ownership of land within the proposed park. Different maps don't agree on boundaries of property.

Rep. Miller responded that we are only concerned with state lands. We're not in the land business. Lands involved in tidal wash are the clue.

Proposal was made to specify which Department is referred to in the "trade" section of the bill. Swanson moved to adopt the amendment. It was unanimous to adopt the amendment.

Harry Aase, a resident and member of the Juneau City-Borough Assembly, stated that the Borough had not yet taken an official stand on the

bill, so he would speak only for himself. People also need habitat, he stated. The bill locks up the future of the area, and maybe a refuge isn't the answer we need. He appreciates the wetlands, but also feels we have a duty to the people. He stressed that the Borough should be involved in any management plan proposed--"cooperative management".. Very possibly the proposed Refuge is not the best management plan for the area.

Chmn. Anderson asked Mr. Aase if there was an available time frame for when a recommendation would be available from the City?? Mr. Aase answered that probably at least a month would be necessary. He stated that he would bring up the question at Thursday's Assembly meeting. He explained that he wasn't exactly against the bill--but felt more study was needed as to the "best" plan for the area.

Rep. Hershberger stated that the definition of "refuge" was the problem. A refuge can have consumptive uses, where a sanctuary can't. Anything compatible, by agreement, is possible in a refuge.

Rep. Smith asked about the Borough handling management of the area. Mr. Aase stated that he would like the City to respond to the question.

Chmn. Anderson stated that competing interests are a continuing concern. Who is to decide what "compatible interests" are?? He would prefer a local entity to take over the management of the area.

In an aside, Mr. Aase asked that the proposed name be changed from Mendenhall Flats to Mendenhall Wetlands., to more accurately reflect the character of the area.

Mr. Dooley, of the Dept. of Highways, stated that there is already an EIS on part of the proposed area for a highway. He stressed that there should be no interpretation by lawyers that would provide for an encroachment on the highway right-of-way. The wording on Pg. 1 Ln. 20 should read ---immediately adjacent to, but not upon or within the designated right of way. It was moved, and unanimously approved to add the wording.

Dutch Derr, of the Greater Juneau Chamber of Commerce, stated that his group had unanimously approved opposing the bill. They want more time to study the issue. He wants the area to remain as it is. He also mentioned a possible air traffic problem if there is increased bird population in the area.

Mr. Brown asked whether the C of C had the changed wording in front of them when their decision was made??

Mr. Derr also stated that there was a question of how long the area would remain a wetlands, since the land is rising each year. We don't want to lock up the land now. (A discussion of laws being changed brought out that it is always possible to change a law)

Chmn. Anderson asked "what is the worst that could happen to the area if we don't do anything with it?" Mr. Derr felt that the bill just didn't solve the problem.

Mr. Miller, in answer to the question in the previous hearing as to who could cross who's land, stated that the intent is for private parties to be able to cross the public land. Mr. Van Doren suggested that

the wording be changed to read ..."across public lands". It was moved, and unanimous consent given, to add the above wording.

Mr. John Hope spoke in favor of the bill. He felt that the testimony by the Chamber of Commerce actually supported the bill. He also stated that "people cause abuse of the land. We have barren salmon streams because of destruction of salmon life cycles." Also, the bill speaks only to state lands.

Dave Knutson, an Alaska Airlines Pilot, stated that there is a serious bird hazard problem at this time. If, in fact, the bill encourages birds to stay in the airport area it is a bad bill. Anything that increases the birds in the area would be detrimental to air traffic. When asked by Chmn. Anderson whether there were any recent problems, Mr. Knutson said that nothing definite was on file--just near misses.

Chmn. Anderson asked that the local F.A.A. Flight Safety Inspector be contacted regarding the bird issue.

Mr. Don McDonald expressed concern for an increase of birds. With airplanes landing at the speeds now attained, there is no chance to take evasive action to avert an accident. He recommended putting the wetlands park in another area, not in the flight pattern.

Chmn. Brown reiterated his previous statement that we were not going to increase the bird population--just allow it to be maintained as at present.

Mr. McDonald also expressed concern for the tide mentioned--Mean high tide is 14.8 feet, not 22.5 as mentioned in the bill.

In an aside, Mr. Miller mentioned that the biggest problem in the area is the Sanitary Land Fill, which attracts seagulls by the hundreds across the flight path of planes.

Chmn. Anderson recessed the hearing until Feb. 11 at 8:00 a.m.

ALASKA CONSERVATION SOCIETY
Box 80192
College, Alaska 99701

Honorable Nels Anderson
Chairman, House Resources Committee
Alaska State House of Representatives
Juneau, Alaska

Chairman Anderson:

For a number of years the Alaska Conservation Society has followed with interest the problem of the management of the wetlands of the Mendenhall Estuary. As early as 1966, the Department of Fish and Game prepared an assessment of the significant scenic, recreational, and habitat features and requested consideration of the potential values of this area to the community and the state.

This issue organized conservationists to launch a campaign to avert destruction by the proposed outer route of the Egan Expressway. The rise of the local "Stellar" society brought together persons of like concerns towards the campaign to protect this area. Attached you will find an original memo which initiated a ten year effort to obtain these lands in order to protect their values.

Objections to the outer route of the highway which would completely destroy the estuarine habitat could not be disputed by the highway department and consequently, the inner route was selected. Fill material was needed from this area for the highway which altered the character of these lands.

In spite of these alterations, it continues to be a major recreational area for the youth of Juneau drawing hundreds of duck hunters and bird watchers yearly. These developments have not yet altered the migratory and nesting habits of the various species of waterfowl. Hundreds of school children annually proceed across these lands each spring during "Sea Week" to experience these species first hand.

Ponds adjacent to the airport provide marvelous opportunities for pilots to delight their passengers with remarks such as "to the left you will see a pair of whistling swans."

Alaskans all should be proud to set aside such an outstanding segment of State Lands for purposes of a Refuge. We urge your favorable consideration of House Bill 521.

Sincerely,

Sharon Lobaugh

Sharon Lobaugh, agent for
Alaska Conservation Society

Tape 4 Side 1
1495 - 3100

HOUSE RESOURCE COMMITTEE - Minutes - Feb. 5, 1976

Subject: HB 573, HB 680, HB 615

Present were: Huntington, Swanson, Hershberger, Rhode, Smith, Brown, Osterback, Chmn. Anderson and Administrative Assistant Van Doren.

Rep. Swanson moved a Do Pass on HB 573. Motion carried unanimously.

Re: HB 680, sponsor Haugen presented background information, including the following points:

Almost all modern crabpots have nylon or poly-wrapped materials
Lost pots become re-baited by the life caught in them.
Need is for pots that will dissolve themselves.
Main argument seems to be that natural materials aren't strong enough.
The proposal is for only one panel to be biodegradable.

In closing, sponsor Haugen stated that in the interests of conservation of the resources, this bill should be passed.

When asked how many pots out of 100 are lost generally, Haugen responded that a 10% loss would be normal.

Richard B. Lauber, of the Alaska Crab Institute, stated support of the bill, with the reservation that the effective date may be too soon. He represents about 12 processors.

Hershberger suggested that a catch of biodegradable material instead of a whole panel might be a better idea; make the hog ring biodegradable.

Rep. Huntington moved a Do Pass on HB 680. Motion carried with one abstention.

Re: HB 615, Rep. Smith stated that he wanted to know all the concerns of the bill before he voted on any part of it.

Huntington stated that he wanted to see things in Fish and Game get better before any more money was put into their programs. Chmn. Anderson also expressed dissatisfaction with Fish and Game--"Something is wrong with the management of game and resources". Huntington stated that in forty years they should have found some solutions.

General budget information for Fish and Game was presented by Carl Rosier, Jeff Morrison, and Robert Roys.

Fish ladders may stay under capital funds for a year, until any adjustments are made--then they are included in operational funds.
FRED programs are basically to produce fry and smolt out to the ocean. Research on FRED projects is limited strictly to projects in operation New information and experiments suggest strong proof of bringing fish back to an area in which they were not spawned. Also, fish vaccines have been developed.
FRED program aims are high quality fry, supplementary feeding, and releasing fish into the ocean when there is food there for them to eat.

Biologists, engineers, and fish culturists are working together on FRED projects.

The emphasis of the state at this time is on increasing numbers, since the more you invest in fish the more you should get back.

Aquaculture programs:

Most are non-profit, and the state is working with them. One of the purposes of FRED is to work with development of private enterprise. There are tremendous potentials in Southeast for development.

Problems a fishery may encounter are "recruitment" or "predation".

Regarding the situation of the Japanese mother-ships on the high seas, it was stated that there appears to be a problem, since the escapements are at least the same from our fisheries, but the returns are down. Japanese are harvesting chums of around 8 lb., whereas we wait 2 years or longer and harvest 24 pounders.

Regarding tagging of fish, Rosier stated that it now is too expensive to tag fish. Even the federal government is not working on the high seas situation. Rosier feels that eventually we will be working under Article 54, (federal) and Japan will be recognized as the only high seas fishery--we won't have control of our own fish.

It was suggested that magnetic tagging could be done on both artificial and natural smolts going out to sea, and would be traceable back to the individual fishery.

Fishery forecasting needs to be funded fully so as to get complete information. An application for $1,000,000. is in to the federal government for this purpose, but no action has been taken yet.

"Is the 4 1/2 million in this bond proposal in addition to the 40 million in the governors proposal"? "Yes".

Chmn. Anderson stated that funds for tagging be added to the proposal, since the proposal isn't yet in its final form.

Huntington moved that the hearing be postponed until details on the $40,000,000 bond issue are available. Motion carried.

TESTIMONY OF JEFF KNAEBEL

To Resources Committee

2-7-76

Senator Poland and members of the legislature:

I am Jeff Knaebel, a resident of Fairbanks. I am a member of an engineering and geological consulting firm which has offices in Fairbanks, Anchorage, and Ketchikan and which numbers among its clients more than two dozen mining and construction companies for whom we have provided engineering and geological services. Cook Inlet Region is among my firm's clients.

I am not, however, testifying on behalf of any of my clients nor on behalf of my own firm, but as a citizen of Alaska on my own behalf.

First, I think it is important to bear in mind that the purpose of the proposed trade is to complete in an orderly manner the implementation of the ANCSA of 1971, which is an act for the purpose of settling aboriginal land claims that has behind it the full moral weight of the Congress of the U.S. and the citizens of the U.S.

It is also important to remember that when we talk about the Native people of Alaska, it is not a "them" and "us" situation. These people are Alaska citizens. They are the first citizens of this great land. They and we share a common bond of Alaskan citizenship. They are us.

When we propose to deed land into Native ownership, we are giving ourselves land. I doubt if there are many Alaskans who would not rather have us own our land than the Federal government own our land, and this trade offers a net gain of private ownership and a net gain of state entitlement.

The State government has seen fit to provide for private ownership only 0.3% of Alaska's land. The citizens of this state desperately need land, land to live on and to earn a livlihood from. Private, productive land ownership is a cornerstone of individual liberty and free enterprise, two things which are rapidly slipping from our grasp. The ANCSA is the greatest act in support of individual liberty in decades. The land trade before us today goes a long way toward meeting the land needs of the citizens of this state.

Aside from the direct land benefits to Alaska citizens, which I will enumerate shortly, there is a moral issue to be decided here.

In the past 4 years I have witnessed treatment of CIRI at the hands of our Federal government that is so shabby as to make Americans hang their heads in shame. It grieves me that a law enacted by the people of the U.S. assembled in Congress can be so blatently abused by the Federal government charged with implementing the law of the land.

I have seen glaciers and mountains withdrawn for CIRI, and have seen good faith, honest, and patient attempts to obtain corrective action met with hypocracy, deceit, and broken promises.

The State also has a moral obligation to redress the wrong done to these, its first citizens. The State entered a secretly negotiated contract with the Federal government in Sept., 1972, which took away lands in the Lake Chelatna area which should properly have been made available for CI selection. Incidentally, litigation of that contract is still pending, and can be settled by the agreement before us.

It is time for these things to be put behind us. Since 1972 all attempts to have ANCSA properly implemented for CIRI have failed, except for the proposed agreement before us today. And this agreement includes good faith compromises made by CIRI in recognition of the interests of the State of Alaska, because in 1975, sympathy for CIRI in the U.S. Congress resulted in committments that would have given to CIRI certain Moose Range lands including Swanson River, plus Campbell Airstrip, Pt. Waranzoff, Pt. McKenzie, and other areas that were in negotiation.

When the State of Alaska became actively interested, CIRI agreed to discuss the issues in good faith negotiations, which ensued between the 3 parties for over 8 months.

From my contacts with people, it appears that most Alaskans knowledgeable of the details feel that the agreement before us is in the best interest of all the parties, except for objections centering on the Beluga coal issues, and the method by which the agreement was negotiated.

It is my opinion that many of the figures quoted in newspapers on this matter are misleading.

First, those figures are based on the presence of Mental Health lands in the trade. The Mental Health lands have subsequently been removed from the trade, thereby removing 75% of the reserves that are being argued over.

Second, the figures quoted in the news are based on reserves calculated to a depth of 2000'. It is unlikely that mining would progress to that depth in the forseeable future. Coal reserve figures are meaningfull only if they are reserves that can be economically mined. It is misleading to count hypothetical reserves that likely will never be mined.

POTENTIAL RETURNS

FROM BELUGA COAL

1. Return to CIRI or loss to the State of Alaska is related not to the total reserves in the ground but to the rate at which they are mined.

2. The largest coal mine in the United States produces about seven million tons per year.

3. When will production start on Capps, which is the coal CI would now get under the agreement? Chuitna is closer to tidewater and has an estimated 1.6 billion tons of coal. This coal will in all probability be mined first. At a production rate of 7,000,000 tons per year it will be 228 years before Capps is mined! Present value of Capps, then, is nearly zero!

4. What value if Capps is mined first? Probably value resides in lease rentals and production royalties. Capps has about 550 million tons of coal, sufficient to operate a mine at seven million tons per year for 79 years. Present value of royalties calculated by State engineers are for a mine of 6,000,000 tons per year to be between 3.7 and 6.5 million.

5. Probable Production--Capps

   a. Mining starts on State land and progresses for 20 to 50 years.

   b. Both areas under lease to same party.

   c. Low cost coal in Chuitna gone 50 years from now and Capps is opened up.

   d. Present value of Capps then are lease payments for 20 years plus royalties after 20 years.

Lease payments approx.(All 13.5 twps)	= $ 311,040/year
Total cum value lease	= $ 6,220,800
Present value leases	= $ 2,648,059
Coal royalties @ 20¢/T, 6MM	
Tons per year for 20 years	= $ 1,200,000/year
Total cum value	= $24,000,000
Present value of coal	= $ 87,028
Total present value Capps	= $ 2,735,087

   If inflation is considered or royalties are renegotiated the above numbers change. The point is, however, that we're talking about a few million, <u>not</u> several billion!

6. CIRI has accepted the risk of <u>long</u>-term futures for its shareholders, reduced entitlements and lands second to the borough. We feel the trade is more than fair to the State!

In summary, regarding Beluga:

CI is to receive 13.5 townships.
Excludes 75% of known coal.
1.6 billion tons known coal remains with State.
CI gets 570 million tons known coal.
CI gets 850 million tons hypothetical coal.

The State estimates royalites to CI of $15 million on the 570 million tons known coal in Capps. In fact, Chuitna will probably be mined first, so the present value of Capps is less than $3 million. Therefore, State gives up hypothetical future coal income of very uncertain value in exchange for high present value land exemplified by Campbell Airstrip, Pt. Woranzof and other Federal excess land. Loss of present value to the State on the trade will be made up in taxes if CIRI can assist early production.

In summary, the net affect of the whole trade agreement appears to be as follows:

The State gets high value Federal excess property near Anchorage that would otherwise go to CI.
The State oil reserves from Swanson River are protected for the State.
CI gets some resource lands that would otherwise be locked up by the Feds and not used for economic benefit of Alaskans.

Contrary to what has been said earlier, the out-of-region selections do not cost the State - there is enough d-1 and State selection pending land and land available in village withdrawals to more than meet States entitlement.

(1) Beside that, thirty additional townships of land removed from Federal ownership and transfered to State ownership - over and above entitlement in the Statehood Act. The potential gain from 30 extra townships for State ownership probably exceeds the potential loss from coal reserves of questionable value.

(2) Approximately 19.7 townships of State land transferred to private ownership. These lands are needed by the people of the greater Anchorage area and add to the local borough tax base. The State is reimbursed with other potential resource lands.

(3) Title cloud on all lands within Cook Inlet Region is removed. Cook Inlet withdraws blanket filings and drops its lawsuit.

(4) The State-Federal agreement of September, 1972, remains intact. This agreement protects vast acres of selectable and selected State lands, approximately 22 townships of which rightfully belong to CIRI under ANCSA.

(5) Cook Inlet has given up its rights to:
(a) The majority of the Moose Range
(b) Campbell Airstrip
(c) Point Waranzoff and Point McKenzie
(d) Lake Chelatna lands
(e) Thirty in-Region townships (Lake Clark, Talkeetnas)
(f) 46,040 acres of its total legal entitlement.

(6) Cook Inlet has been open, negotiating in good faith, and giving quarter when due. ANCSA guaranteed a just settlement. This settlement is just as well as being fair to the State.

I ask you to analyze those portions of PL 94-204 which apply to CI alone. Other issues in that law may be controversial, but they do not apply to the CI land trade and should not be considered when judging this agreement before us today.

It is time that this issue should be settled. It is time for the governments of our state and nation to uphold the law of the land as it expects its citizens to do.

Tape 4 Side 1
3100 to end
Side 2 0 to 118

HOUSE RESOURCE COMMITTEE - Minutes - Feb. 9, 1976

Present were Swanson, Huntington, Brown, Chmn. Anderson and Staff Assistant Van Doren

This was an informational meeting only.

Robert LeResche, Chief, Habitat Protection Service, Dept. of Fish and Game, gave backup information for the habitat statute. Under this statute, the state must submit a list of possible critical habitat areas each year to the legislature. A critical habitat area is a multiple use area, considered especially critical from a fish and game standpoint. There is no effect of critical habitat status on hunting and fishing in an area unless it is found that such actions are in fact detrimental to the life in the area. Specific plans for use of an area must go through the Commissioner of Fish and Game for decision.

Information on the Toklat bill: This is to protect the fall chum run. There is no current problem. There are 800 acres involved. It is a small area, considered crucial to downstream fishery.

Information on Caribou bill; The area to be considered covers about 6,300 sq. m iles in Pet. 4. This area is not in danger at the moment, but needs to be protected from future exploitation. However, the passage of this bill would be of the same magnitude as a Resolution, since the area is under federal control.

Kamishak Bay - Chinitna Bill--This is tidal and submerged lands. The most immediate threat is oil leasing in the Lower Cook Inlet.

General discussion:

Need to know whether a given area is within a Borough, in order to avoid future complications.

There are six or seven critical habitat areas in existence now.

We should put all necessary controls into law, not leave it up to a Commissioner.

In a critical habitat area the Board of Fish and Game would regulate as usual. Would it be possible to have an Advisory Council do reviewing, not the Board?

How does an area become a subject for critical habitat status?

A. Dept. of Fish and Game includes each year for review those areas considered to be a possible problem.

Suggestion was made that the yearly review may be too much. The requirement may need to be deleted from the law.

It was suggested that the areas be called something other than "habitat" areas, so the public would know exactly what was involved.

Tape 4 Side 2
118 - 2140

HOUSE RESOURCE COMMITTEE - Minutes - Feb. 10, 1976

Present were Smith, Huntington, Hershberger, Osterback, Brown
Staff Assistant Van Doren and Chmn. Anderson

Subject: HB 664 and HB 580

Rep. Al Ose began testimony. (Chmn. Anderson requested the hearing to begin without a quorum.) Mr. Ose stated that grazing, mining, and recreation were the main uses of the area. The people living there do not want a park, but they do want recreation. A Park status would essentially close the area to mining. It would also take away a tax base from the Borough. Mining would involve major investment if the people involved knew it was to remain open. Now, under current uncertain conditions, the people won't invest. (Above statements refer to HB 680)
(Chmn. Anderson announced that a quorum was now present). Mr. Ose expressed opposition to HB 580, stating that it is too large an area to lock up in a park.

Ron Hawk, of the Alaska Chapter of the Sierra Club, expressed concurrence with HB 580 and opposition to HB 664. The wilderness experience in the Talkeetna area is great. The scenic resource alone justifies the park status. The area cannot absorb the tremendous growth pressures. Park designation would provide a management vehicle. The proposal of agriculture as the basic use does not make sense since recreation is in fact the basic use. He stressed that grazing and mining are possible in a multiple use area. He also stressed that there should be hearings in Anchorage with at least a week's notice.

Rep. Huntington stated that many people living in the area of the proposed park are against it. Mr. Hawk said that all people should decide what to do with the area.

Rep. Ose mentioned that there is no trouble in the area yet, but there will be if a park is made.

Russ Cahill, Director of Parks for the state, presented the written testimony he had used up north. He added that HB 580 does provide for mining now in existence. However, there are other mining areas that are not included in the bill. The grazing issue is real; however, the bill does not take away anything or any use now in existence. Mr. Cahill feels that the opposition is coming from a distrust of parks per se. He also mentioned the over-speculation of land in the area now because of the capitol move issue.

Chmn. Anderson: Does the Division of Parks enforce how land is to be used? If not, who can do it?

Cahill answered that Fish and Game or Parks could enforce, depending on the major use of the land. Major uses of this area are driving for pleasure, camping, hang-gliding, fishing, hunting, berry picking, skiing, snowshoeing, snowmobiling and bird hunting.

Chmn. Anderson asked how prohibiting motirized vehicles would help the area. He was answered by Cahill stating that most of the problems with land being damaged is because of misuse by motorized vehicles. Anderson asked if Fish and Game could regulate the moose hunting in the area? (This was in response to a statement that the moose herd was on the decline because of overhunting) Answer--Yes, if it were responsible for it.

Chmn.Anderson asked why Cahill was proposing a committee to manage the area, when he had previously stated that a committee was not a good way to manage? Cahill replied that this proposed committee was for "masterplanning", not managing.

Chmn. Anderson stated that it appeared that the people of the area were having problems with the wording on Page 5, Line 14 of HB 580 stating that the Commissioner would designate the uses that were compatable under the bill. Anderson felt that the land residents should have input into the use of the land. Cahill stated that the Senate version of the bill allows local input, and also takes out the Willow part of the proposal--it is a smaller proposal.

Rep. Hershberger asked how recreational use would be affected if the area were not a park. Cahill stated that now there is excess and unsafe shooting--it needs to be limited. Also there is uncontrolled auto use. Furthermore, recreation users bother the mines and miners. Rangers on duty in a park could patrol and cut down the problems.

Chmn. Anderson stated that recreation uses shouldn't weigh more than domestic uses of those living in the area.

Rep. Smith moved that on Pg. 5, Line 19, HB 580, after the word "b", add "reviewed by the Matanuska-Susitna Borough and". Motion carried unanimously.

Rep. Smith moved that on Line 27, Pg. 5, HB 580, after "management", add "of land specified in 425(a) of this chapter and". Motion carried

Regarding HB 664, Chmn. Anderson stated that grazing was considered primary, with other uses to be controlled accordingly. He asked Mr. Cahill what his arguments were against HB 664. Cahill stated that his basic objection was the setting-up of agriculture as the dominant use. Also, having the Director of Agriculture as the Land Manager for the area wasn't correct, since agriculture was not the primary use of the area.

Chmn. Anderson mentioned that HB 664 was a plan made up directly by the people of the area--one of the first such plans, and as such is a good example of what can be done. Cahill replied that Parks did consult with the people of the area before drawing up the bill--(HB 580)

Rep. Smith moved that the Senate description of the park be put into HB 580.

Phil Holdsworth, member, Joint Land Use Planning Commission, stated that hearings were needed in the north. Many of the people there did not find out about the hearings until they were over. He expressed disapproval of the statement in HB 580 which limits activities in the proposed park to those activities in existence prior to Jan. 1, 1976. This would not allow persons operating unpatented claims to develop the claims, and access to the claims, as well as processing the claims. No new mining would be allowed. He also stressed that park rangers couldn't begin to control problems in the area when city police can not do it in cities.

Richard Gordon, of the Alaska Wilderness Council, stated that the primary objective of HB 580 was to provide extensive recreational value, including scenic values. For instance, very few areas in the state have extensive alpine lakes such as this one does. Within the proposed park natural separations would enhance camping. However, funds need to be appropriated for staff within the park. This park would allow the new capitol city to be surrounded by "green belt".

Sharon Lobaugh, of the Alaska Conservation Society, expressed support of HB 580 with the amendments and adding endorsement by local groups to the management plan.

Des Dooley, of the Alaska Department of Highways stated that this proposal does not conflict with any current highway plans,---there is no 4-F conflict. However, there seems to be a problem with the park description in the Jonesville area.

Chmn. Anderson recessed the meeting until Friday, Feb.13, at 8:00 a.m.

Tape 4 Side 2
2148 - 3170

HOUSE RESOURCE COMMITTEE - Minutes - Feb. 11, 1976

Subject: CSSSHB 521

Present were Hershberger, Eliason, Brown, Smith, Osterback and Huntington, with Chmn. Anderson and Staff Assistant Van Doren.

Meeting opened at 8:10 without a quorum. Quorum was present at 8:20 a.m.

Mike Miller, sponsor, briefly recapped the history of the bill. The new CS for SSHB 521 incorporates all committee suggestions made at the last hearing on this bill, including changing the defined highway line, including gravel extraction in permitted uses, etc.

Mar Winegar, City Manager of the City-Borough of Juneau presented testimony, copy attached, supporting the general concept expressed in the bill. However, he requested that the committee defer action on the bill until after Feb. 20, so that the Assembly could study the bill in more detail.

Mr. Orville Purley, F.A.A. Flight Standards District Office, stated that the F.A.A. would recommend preservation of the Wetlands area in order to keep the birds off the airport area. Commercial development would drive the birds into the airport area. He also stated that the seagulls in the vicinity of the dump don't seem to be a problem. Birds, in general, always present somewhat of a hazard, but there have been no recorded bird-plane accidents in recent records.

Rep. Brown asked Mr. Smith whether the boundary problems expressed in the Feb. 4 hearing had been cleared up. Smith answered affirmatively.

R.A. "Dutch" Derr, Executive Vice President of the Greater Juneau Chamber of Commerce repeated his groups concern for airport safety. They also still want to know what "game management" means. To them it appears that it will only increase bird numbers. He feels there is a moral issue of more birds near the airport.

Don McKnight, of the Alaska Department of Fish and Game, defined "refuge", saying that such areas are established to protect, preserve, and allow for enhancement of fish and game. Enhancement allows for improvement. He stated that his department has the beginnings of a management plan for the area. Two concerns were expressed by him-- 1). Close liason with FAA on the bird problem, and 2). Improvement of the recreational potential of the area, including hunting, walking, bird watching, paths, etc. By making more attractive surrounding areas the birds actually in the runway area will decrease. The worst thing would be, and has been, to stop the hunting near the runway. Even though this should be a local problem, it has become a state problem because the local entity did not act upon it. In answer to a question on why there is no complete management plan yet, McKnight replied that there are ownership problems that must first be solved, so that Fish and Game will know what it is managing.

Rep. Eliason asked whether the management plan would change if we did nothing about the refuge. Mr. McKnight stated that Fish and Game needed to have control of the area. Mr. Miller added that until the bill passes, there can't be a management plan. We have to tell Fish and Game what to manage.

It was stated by Mr. Miller that apparently the state is transfering land (if annual rents are under $500) without public notice. Chmn. Anderson stated that the committee will look into this situation, although it has no bearing on the immediate bill.

Mr. James Petersen, attorney for Tom File, presented testimony. The bill will create problems for his client. There is a discrepancy between ownership to the extreme high tide mentioned in the bill, and mean high tide, which is observed for private ownership. (Tape 4, Side 2, approx. 2680) In effect, we're sanctioning public use of private land. Other problems for the area will be a proposed bridge, airport expansion, channel dredging.

Rep. Brown stated that all of Mr. Petersens concerns for Mr. File were apparently met under the new draft of the bill. However, Mr. Petersen still felt that passage of this bill would affect his clients case, no matter what.

Rep. Smith stated that the problem was really upland ownership. Also it would be critical near the airport where there is a meandering property line. Petersen's definition of a meandering line was "a line of convenience" . Smith stated that a line connecting two meander points is in fact a surveyed line, and is definite.

Mr. Brown added that since the proposed bill exempts private land, any disputed land that was defined as private would be automatically excluded. The File problem would thus be solved as it relates to the proposed refuge.

Mr. Petersen added that, being also a resident of the area, he would like to work with Mr. Miller and submit an amendment as to the boundaries expressed in the bill. He also expressed concern over private property trespass problems. Any clarifying language should be in the bill, not in an accompanying letter.

Mr. Miller replied that the problem of not knowing which was public or private property, from the standpoint of a person traveling through the area, was in existence now. It will neither be increased nor diminished by the bill.

Rep. Hershberger moved a Do Pass recommendation with letters of intent to be attached to the bill.

Rep. Smith asked for an amendment giving clarifying wording regarding existing leases, etc. (3103) His motion was unanimously carried. (Copy of amendment attached)

Chmn. Anderson asked that an additional note be included regarding Mr. Miller and Mr. Petersen drafting an amendment to present to

the House Rules Committee.

A unanimous Do Pass was given to Mr. Hershbergers motion, with all letters of intent to be included.

Meeting adjourned.

THE CITY AND BOROUGH OF JUNEAU
CAPITAL OF ALASKA
155 SOUTH SEWARD ST. JUNEAU, ALASKA 99801

DATE: February 6, 1976

FILE NO.

SUBJECT: CS for Sponsor Substitute for House Bill No. 521

Representative Nels A. Anderson, Jr.
Chairman, House Resources Committee
Alaska State Legislature
State Capitol - Pouch V
Juneau, Alaska 99811

Dear Representative Anderson:

I appreciate the opportunity to appear before the Committee in order to make a statement on behalf of the Assembly of the City and Borough of Juneau regarding CSSSHB 521. The Assembly wishes to assure you that it supports the concept of a game refuge in the general area described in the Bill. Nevertheless, the Assembly does have concerns about transportation corridors, airport expansion, Channel dredging, and dock and port development which might conflict with the planned use. Along this line, the Assembly appreciates the Committee's demonstrated willingness to modify the language of the Bill to speak to these and other expressed needs of the citizens of the City-Borough.

Specifically, the Assembly and the Planning Commission really have had very little opportunity to review the specific language in the Committee Substitute. Further, the Assembly is not sure that all problems have yet been identified and dealt with. As a result, the Assembly would appreciate the Committee's deferring further action on the Bill until February 20 or as soon thereafter as is possible. This will be subsequent to the next regular Assembly meeting. In the interim, the Assembly intends to thoroughly review the Committee Substitute Bill and then will be in a position to make considered recommendations to you.

Thank you for your consideration of this request.

Respectfully submitted,

M. B. Winegar
City/Borough Manager

MBW/kh

Tape 4 Side 2
3177 to end and Tape 5

HOUSE RESOURCE COMMITTEE - Minutes - February 12, 1976 Side 1-0 - 1261

Subject : HB 613

Present were Huntington, Osterback, Smith, Brown, Swanson, Hershberger, Chmn. Anderson and Staff Assistant Van Doren.

Meeting opened at 8:05 without a quorum. Quorum was present at 8:20.

General opening discussion concerned whether monies for village parks were available, as promised last year. Clarification included fact that matching federal monies were involved in the projects--also, no village parks are covered under the bond issues proposed.

A recap of HB 408 and HB 409, both passed unanimously last year by this committee, was given, in an effort to ascertain whether HB 613 was duplicating anything in the other bond issue. Basically, there were no substitutions, nor were there duplications of items already included in the Executive Budget.

Mr. Smith suggested that the Committee draft a substitute for HB 613 using the language of HB 409 with the $7,000,000. dollar amount.

Mr. Brown questioned whether any projects had been considered somewhere along the line for his Fairbanks District. (At least one is in the bill, but is in Mr. Swansons District.)

Questions were asked regarding the "Quartz Lake" situation, and a possible shady transfer of funds from one account to another. (Tape 4 Side 2 3403)

Mr. Swanson expressed concern that the committee may need to Line Item everything in order to protect projects. A general discussion of how projects retain or lose funds noted that if one project has an overrun on their funds, a project of lesser importance may have to be sacrificed, or the state would have a situation including many half-completed projects.

Rep. Smith moved that a Committee Substitute be drafted for HB 613 with the language of HB 409 but the $7,000,000 amount.

Mr. Huntington stated that he believed the $50,000,000 would hold. He did not want to see a monstrosity developed. He stated that he would not vote for HB 409 this year if he had it to do over again. There appears to be a question of ownership in many park situations, and money has to be spent for land acquisition in excess of proposed amounts.

Mr. Cahill, Director of Parks, stated that the Administration supports HB 408, but HB 409 is much larger than they would like.Cahill mentioned that Parks has had no bond issue since 1970. Their bond attorneys stated that they had to list items specifically. In answer to a question

as to whether there is a legal difficulty with HB 408, Cahill answered "apparently".

Chmn. Anderson presented a budget question regarding additional personnel in the Executive Budget, as well as in the bond issue. Cahill replied that two additional persons were needed whether or not the bond issue was passed.

Rep. Swanson asked what was being done with the $489,000 now.

Additional budget questions touched on the archeology project, appraiser costs and availability, acquisition of property, and overhead used by administration.

As to acquisition of property, Mr. Smith explained that within a State Park property cannot be condemned, cannot be zoned, and is thus at the mercy of the developer, and yet if you want to acquire the land, you must conform to the federal Property Acquisition Act, which means negotiating with the owner as to price. Property can be taken by the state for highways, but not for parks. Consequently, a massive land speculation is going on within parks.

Mr. Huntington asked why it was necessary to buy out the parcels in Denali State Park. The people were there first.

Mr. Smith stated that he did not agree with "not buying the parcels".

Mr. Swanson again requested more specific information on the projects enumerated in the proposed bond issue. His main concern is using too much of the bond monies for administration.

Mr. of the Department of Highways, Mr. Swansons District, gave information on the proposed archeological project. He has observed much erosion in the area. Grass might be a help. Auto access to the site adds to the problem.

Mr. Brown suggested assuming at least some of the administrations programs are worthy of funding--would they be affected by using the wording in HB 408?

Mr. Osterback expressed concern as to the aggregate amount of all the bond issues being considered by all of the committees. Mr. Brown stated that the Finance Committee wouldn't let all of the issues out.

Chmn. Anderson recessed the meeting until Friday, Feb. 13.

AMENDMENT

OFFERED IN THE ~~SENATE~~ HOUSE XXXXXXXX By: HOUSE RESOURCE COMMITTEE

To: AMEND SENATE BILL No. _____

HOUSE BILL No. CSSSHB521

PAGE: 3 After LINE: 17 , Before Sec. 2

ADD A NEW SECTION

(f) Leases, permits and applications existing as of the effective date of this Act, shall be unaffected by this Act. Any renewals of leases or permits shall be subject to the restrictions of this chapter.

Tape 5 Side 1
1261 - 2030

HOUSE RESOURCE COMMITTEE - Minutes - February 13, 1976

Present were Osterback, Hershberger, Huntington, Smith, Swanson, Staff Assistant Van Doren and Chmn. Anderson.

Subject: HB 664 and HB 580

Sponsor Ose stated that description corrections have been made in the Committee Substitute. Also, due to the request of the Borough, wording in the original bill pertaining to Sections 10 - 60 ...fff.. are deleted. Regarding the "advisory committee", the word "active" was added.

Mr. Smith reminded the committee that there is a motion pending to substitute the wording of SB 603 for the description in HB 580. The motion carried.

Sponsor Ose stressed passing HB 663--there are enough park projects in the area. Uncertainty of land status needs to be cleared up so as to relieve the anxieties of the people. There is no quarrel with recreational uses of the area--only the "lock up" that a park would cause.

Rep. Swanson expressed concern that Natural Resources still remains in charge of the area, in the CS.

Mr. Smith asked the sponsor whether there are people in the area experienced in management of agricultural and recreational aspects involved; also whether persons are available to handle the physical management of a recreational area. It is Smith's understanding that at least one group in the area wants the state to get involved in maintenance, to get the burden off the back of locals. In response to Ose's comment that locals have been doing o.k., Smith said he had a differing opinion--locals want help. Enforcement also would be necessary. He suggested an amendment be drawn up re: enforcement.

Swanson expressed concern about bureaucracy--rules and regulations force a team of "bureaucracy" to arrive on the scene. However, Swanson stated he is not against the bill.

Rep. Smith noted that the description in HB580 has more agricultural land involved than HB664. Maybe the descriptions should be reversed.

Rep. Huntington stated that we need to get away from having private property within parks, which then has to be bought up by the state at a future date. What is needed is clear title to park lands before they become parks.

Meeting was recessed.

Tape 5 Side 1
approx. 2038 - 3182

HOUSE RESOURCE COMMITTEE - Minutes - February 17, 1976
Subject: HCR 82; HB 580 and HB 664
Present were Eliason, Huntington, Osterback, Smith, Rhode, Hershberger, Brown, Staff Assistant Van Doren and Chmn. Anderson.

Chmn. Anderson opened with several general statements, including the fact that the governor has a bill ready for introduction similar to HCR 82. Anderson has written a letter to Bradner, and one to the governor, asking for the FLUPC to study the agreement on Cook Inlet before the committee takes action. "My stand is that I want a closer look at the bill. The terms are complex. I don't feel I can recommend to the House approval at this time."

Discussion as to the legal deadline for the legislature to act upon the bill brought to light the fact that the "Terms and Conditions" document mentioned in HCR 82 contains the 60-day limit, which will be met on March 12. Any change in that date would have to be approved by the Secretary of Interior.

Rep. Rhode expressed concern about the complexity of the problem--but that everyone had given something--federal, state, and natives. He moved a DO PASS.

Chmn. Anderson read to the group the rough draft of the bill to be presented by the governor on Cook Inlet. Although the bill was not officially before the committee, there was general agreement that it was better than the resolution, since it was clearer on subsurface rights.

Discussion ensued as to whether a bill could be introduced as a Committee Substitute for a Resolution. Answer - No.

It was moved that HCR 82 be given a Do Pass recommendation by unanimous consent. Motion carried.

- ----------

Rep. Huntington moved a Do Pass on CSHB 664.

Smith stated that HB 580 does create a multiple use management area within the park, the state's first effort along those lines.

Huntington urged acceptance of HB664 because it puts the people in charge.

Smith mentioned a possible problem with miners coping with a prime agricultural use, as laid out in HB 664.

Anderson noted that in HB 580, the prime use is recreation, and yet the people themselves living in the area don't consider recreation to be prime.

In answer to Rep. Browns concern about permissible uses in both bills, Smith responded that he agreed neither was perfect, but a decision needed to be reached on which bill to work on.

Rep. Rhode stated his criteria for analyzing bills--Is it needed, will it work, and how much does it cost?

Mr. Smith moved to table HB664 with unanimous consent asked. Chmn. Anderson asked for a withdrawal of the motion in the interests of continuing action.

Chairman Anderson appointed Mr. Smith, Mr. Brown and Mr. Ose to work out problems in HB664, since that appeared to be the bill the committee wanted to mark up. Work is to be done Wed. at 4:30.

Vote on tabling HB664 failed.

Meeting recessed.

Tape 5 Side 1
3182 to end and Side 2

HOUSE RESOURCE COMMITTEE - Minutes - February 18, 1976 0 - 593

Present were Huntington, Osterback, Smith, Swanson, Staff Assistant Van Doren and Chmn. Anderson.

Subject: HB 784
HCR 90 and HCR 96

Rep. Smith moved a Do Pass recommendation for HB 784 and asked for unanimous consent. Motion carried.

Rep. Buckholdt presented background information on HCR 90. Her Resolution is designed primarily to give a broader representation in the already well-established Conservation Youth Corps. Also, it would allow legislators to recommend persons for positions in the Corps.

Mr. Smith stated that last year it had already become a statewide operation. The resolution wouldn't really add anything new except the legislative input.

In response to a question regarding how much this program would add to costs for the Corps, Buckholdt answered that the only costs are transportation to and from the job sites. Rep. Huntington stated that he is firmly behind the Corps, but doesn't want legislators to decide which kids can participate. He then moved a Do Pass with unanimous consent for HCR 90.

Rep. Smith moved to change the word "recommend" in line 25 to "inform" and delete in the last line "to participate in". Motion carried.

Unanimous consent was given to Huntingtons motion of Do Pass, as amended.

Re: HCR 96 (Tape 5, Side 2, 0179)
Rep. Smith stated that the intent of HCR 96 is excellent, but he would prefer to have the Resolution wording incorporated in CSSS57 so as to have the effect of law.

Swanson stated objection to overall management by the Dept. of Fish and Game, and Natural Resources. Maybe by constant complaints the effect will come about that is desired.

Chmn. Anderson mentioned that he had no objection to the original Park proposal as long as the people of his area approved. However, the Resolution is as close as the committee has been able to come to what the people will approve. By holding the area "as is" for five years, HCR 96 would satisfy the people.

Rep. Smith moved a unanimous Do Pass for HCR 96. Motion carried.

Tape 5 Side 2
0593 - 1243

HOUSE RESOURCE COMMITTEE - Minutes - February 19

Subject: HB 664, HB 644

Present were Osterback, Huntington, Swanson, Smith, Brown, Staff Assistant Van Doren and Chmn. Anderson.

Re: HB 664, sponsor Ose recapped background of the bill, ending with "The people up there know what they're doing".

Rep. Smith suggested that we should have responses from the various agencies mentioned in the bill that would have managerial responsibilities before acting upon the bill.

A report from the committee appointed to draw up amendments to the bill stated that no agreement could be reached.

A Do Pass recommendation was moved. Motion carried.

Re: HB 644, Mr. Smith suggested that an amendment was needed clarifying commitment of land before money is dedicated. The process should be the same as when the original park land was acquired. Then the added land could be used to match federal dollars at some time in the future.

A question as to how this parcel of land was affected by the Cook Inlet Land Exchange elicited the fact that the state has acquired this "Moose Range" as a result of the trade. No private land is involved in the proposed addition.

Roger Lewis, of the Department of Agriculture, stated that testimony will be presented by his group in the near future.

Sharon Lobaugh, Alaska Conservation Society, described the addition, saying that it would add a beach that is already being used as part of the recreation area.

Rep. Swanson expressed concern that much of this area hasn't been adequately explored for minerals as yet, but apparently has a high potential. Swanson also mentioned "incompatable uses" involved with development and recreation. Mr. Smith clarified this issue stating that federal regulations are different from state regulations, and recreation areas are different from parks. Also, a moose range is a type of park.

Chmn. Anderson expressed concern that we have spent too much time on parks this session.

Mr. Swanson moved to table the bill until such time as testimony from the park people could be obtained. Motion carried unanimously.

Announcement was made of a presentation by the Bristol Bay Regional Development Corporation for tomorrows meeting.

Meeting adjourned.

HOUSE RESOURCE COMMITTEE - Minutes - Feb. 20, 1976

Subject : Report by Bristol Bay Development Council (1257 - 2369)
HB718 and HB 719 (2369 - 3054)

Present were Osterback, Hershberger, Rhode, Huntington, and Swanson

Mr. Mike Harper of the Department of Community and Regional Affairs introduced the speakers.

Dr. Omar Carey of the University of Alaska gave background for the report. The Council was charged with producing a long-term economic development pattern consistent with the Bristol Bay region and it's life-style. A need to maintain the traditional lifestyle lies beneath the total report. There is no quick and easy solution. Points included in the report were :

1. Stimulate education--tailor it to area
   Include vocational training to be available in the area
   Business training--how to manage a business
   Animal husbandry
2. Develop harbors and airports to allow more easy access to area
3. Develop marketing procedures--
   Push for Alaskan Seafoods
   Other aspects of advertising
4. Develop reindeer herding
5. Develop agriculture for the area
6. Explore and develop the mineral potential
7. Pursue the recreation market, although acknowledged to be limited
8. Develop off-season industries such as arts and crafts

By means of any or all of the above, the living standard of the people of Bristol Bay could be improved.

Mr. Jim Edenzo suggested extending the bill until June, 1977, and add to the existing bill to have the Council prepare a progress report. The additional time would allow the Council to concentrate on a few definite possibilities, and the implementation of same. A possible dollar amount of the extention would be $50,000. In answer to a question of funds remaining in the Council budget at this time, Mr. Edenzo stated that $48,000 is available.

Chmn. Anderson stated that the Rules Committee has been requested to return to the Resources Committee the original bill for extension of the term of the Council.

Rep. Hershberger questioned the wisdom of the Council report, since it suggests tourism be increased in the Bristol Bay area, and yet the people of the area do not want development. Edenzo answered saying that the report is a response to what the people are already doing. Individual villages would do what they individually want in trying to preserve traditional lifestyles and yet develop. Alternatives and impacts have to be weighed carefully.

Mr. Edenzo continued by explaining that the $50,000 suggested amount would be used to plan for implementation specifically. Chmn. Anderson agreed, saying that the original intent of the Council would not be met if the group was dissolved now.

Since fishing is still the major focus of the area, suggested developmental projects would be aquaculture, hatcheries, ground fish, restocking, adding frozen fish potential so as to prolong the working season, using smoked and kippered fish.

Re: adding reindeer to the area, Rep. Huntington stated that no one knows the holding capacity of the area. We know there is a market throughout the country, but we don't know the potential of the herds. We also need to know the impact of reindeer herds on the caribou herds.

Rep. Swanson added that caribou tend to ruin tundra, then move on--before they return to an area the tundra is rejuvenated. The herds manage themselves. He also emphasized that the mineral potential of the area is still tentative.

Mr. Edenzo stressed that the University of Alaska, consultants for two months to the Council, would not be commited after the current bill expires. Also, the direction has always been from the area itself, not the U. of A.

Chmn. Anderson stressed that because things in the report appear to be in conflict, does not invalidate the benefits of the report. All issues need to be studied. The people need to "Pull themselves up by their bootstraps" as they have done before.

In recapping the intent of the extended term, Edenzo stressed the intent to explore implementation. If the Council is dropped now, the report will simply be another dust gatherer. There is no way that the Council can recommend one course of action over another at this point. (Rep. Huntington stated that priorities should have been set by now.)

Mr. Edenzo, in response to discussion on education, said that we have done an excellent job of building houses for education, but no adequate delivery system for the education.

Chmn. Anderson stressed that the University of Alaska needs to keep an emphasis on the Bristol Bay area.

Chmn. Anderson asked that action on the bill be taken when it is returned to the committee.

HB718, HB719. (2369)

Chairman Anderson began discussion by stating that he is very serious about these bills, and read a news article from Washington on the subject of wolves.

In the absence of sponsor Naughton, his Administrative Assistant, Mary, presented background for the bills. It was the intent to redirect the negative public opinion of the Alaskan wolf situation. It was felt that the repercussions of the opinion could end up causing a federal takeover of the wolf situation. The adverse opinion is coming at an unfortunate time. The only cost of this bill to the state (HB719) would be 49 letters to the other states each time we need to eliminate part of our wolf population.

Mr. Hershberger stated that he felt the Dept. of Fish and Game would better use its efforts for good public relations on the Alaskan public. Things are very poor now.

Ron Hayes, an Alaskan Guide for 20 years, testified that no other animal is respected more by him in Alaska. Probably 500 of them are shot each year without any notice at all. When we do something officially, there is always outside interference. Since the pressure has been off, the wolves have made a tremendous comeback. The end result is that moose calves are being killed by wolves in alarming numbers. Mr. Hayes feels that the Fish and Game Board is helping the national adverse publicity because of its anti-hunting stand. Also, Mr. Hayes stated that the Dept. of Fish and Game, as well as everyone else, has a hard time assessing the exact number of wolves because they hide out in the timber and cannot be spotted by plane. But it is this guides opinion that if you see an increase in wolves, and many fewer moose calves, the connection is obvious.

In answer to a question of sport hunting the wolf, Hayes felt they are too difficult to hunt as a sport game.

Several committee members concurred that it is absolutely necessary to find a way to overcome the bad press. Our Fish and Game management is in the living rooms of the nation. We cannot ignore the problem.

Hayes stated that because of the nationwide attention to the wolf problem, the Dept. of Fish and Game cannot manage properly. In answer to a question as to whether Fish and Game is deliberately causing the public relations problem, Hayes and Hershberger answered yes.

Mr. Clark Engel, a guide for 17 years, testified that he felt this was an excellent bill, even though he at first felt it was humorous.

Discussion ensued over whether the present wording in the bill would mean that no normal hunting or trapping could be done until requests for wolves were met. Decision was not reached on how to clarify the issue.

Sharon Lobaugh, representing the Alaska Conservation Society, stated that they are not yet officially involved in the issue, since they have not agreed on an official stand as yet. They have agreed that the situation cannot be solved through current statutes, and that it might be more cruel to transport them, in the long run, than outright killing of the animal. She also stressed that these bills would subject Alaska to the very publicity it is trying to overcome.

Ms. Lobaugh was asked why the wolves would starve down south? They could feed on cattle. Then the individual states could reimburse their own people for the meat the wolves ate.

Mr. Marcus Jensen, Chairman of the Guide Board, testified that the term "Conservation" is difficult to use when a predator is a real problem. Dept. of Fish and Game has been shackled at every turn when it did try to act in a management capacity. The Resource Committee needs to look to the qualifications of the people on the Game Board, according to Jensen. Some of the members of the Game Board have official stands in opposition to good game management. He stated that there is a Game Board meeting toward the end of March.

Chmn. Anderson added that there are apparent competing interests between the Guides and the Bush.

Mr. Jensen continued this thought saying that the Guides are also concerned with their image. Guided moose hunts account for only about 20% of the hunts. Also, he stated that most areas carry sufficient moose herds to allow all parties to hunt.

Mr. Hershberger asked that the committee recess until Tuesday the 24th at 8:00 a.m.

Chmn. Anderson stated that new appointees to the Game Board must be ratified by this committee.

Meeting recessed.

Tape 5 Side 2 - 3054 to end
Tape 6 Side 1 - 0 to 1758

HOUSE RESOURCE COMMITTEE - February 23, 1976

Minutes

Subject: HB 641, HB 642

Present were Hershberger, Swanson, Huntington, Osterback, Eliason, Rhode, Brown, Staff Assistant Van Doren and Chairman Anderson.

Meeting began with a discussion of the Fish and Game Boards and the approval of newly appointed members. A list of members to be interviewed is attached. Also to be interviewed will be Russell Mulder, newly appointed member of the Alaska Pipeline Commission.

Testimony on HB 641 was begun by Pete Jeans. His concern is that it is difficult to tell exactly what is to be accomplished by the bill. Staff explanation ascertained that fishermen now have several ways to obtain a boat. 1) Through canneries, in which case they pay the loans off in percentages of the catch per year. 2) Regular loans through a bank. As far as the first alternative is concerned, adverse fishing conditions mean that a loan cannot be repaid. As far as the second alternative is concerned, banks are disinclined to loan to fishermen, because of the uncertain nature of their business. Staff added background on the subsidy program received by farmers, airlines, etc., if their businesses warrant it. In other words, if the state closes the only source of income for a fisherman, the state should foot the loan bill.

Mr. Jeans continued, stating that the fishing program is the highest risk program the state has. Simply adding wording to the present loan bill would not help; basically it would make the program a grant program instead of a loan program. As the fishing loan program now stands, extensions are possible, and several now exist.

In answer to a question as to whether present loans are only through Alaskan banks, the answer was yes. Mr. Swanson continued by stating that control of fishing seasons benefits the fisherman in the long run. The state should not also have to fund the fisherman.

Chmn. Anderson disagreed, stating that the bill is designed to protect fishermen adversely affected by the state's management of their livelihood. These people have no other training--the problems are based on faulty state management. Forecasts of salmon runs have been off by as much as 50%. "The state is calling the shots".

Other comments on the fishing situation included: Bad winters responsible for loss of fish and closure of the season when in fact the run was at its heaviest.

Rep. Huntington asked whether the people who need the loans have already borrowed money. Answer--Yes. Requirements for a loan under current legislation are that the applicant be a resident of Alaska for 5 years and a commercial fisherman for three. Maximum refinancing can be 50%.

Staff Assistant Van Doren explained that the difference between HB641 and HB642 is that 642 is community grants, not individual loans.

Further discussion centered around the fact that loans are heavy in Southeast Alaska and the Kodiak area. There are almost none up north. Mr. Jeans explained that the northern area simply doesn't apply. He added that the publicity on the program now is going over community TV, in hopes of reaching more people. Mr. Swanson stated that packets should be made up and sent to people where they would easily see them. Traveling with an interpreter and sitting down with the people helps them understand the information presented.

Mr. Huntington asked whether the current loan program was in fact large enough to handle all of Alaska if all of the area applied in the same ratio as Southeast.

Mr. Jeans continued. His people travel to areas only if they are asked to. Everyone wants a branch office. Even if the new wording were added to the existing fishing loan program, their office wouldn't make loans to just anyone. The qualifications would remain the same as under the old bill. There has to be some small income from something other than fishing. You can't have a loan without collateral.

Mr. Huntington asked why there was needed additional language to the existing bill.

Chmn. Anderson answered that the state can't deal with the economic impact in areas such as Bristol Bay.

Other concerns of the committee were that HB641 simply does not address the situation needing correction. Also, there are no other jobs available in the area even if the people were trained.

Mr. Huntington expressed concern as to the loan limit being $100,000 per loan, and yet the people needing the loans are not even applying. A communication problem definitely exists. Mr. Van Doren, staff assistant, asked whether possibly emphasis should be on economic disaster areas even under the present loan progarm.

Mr. Jeans stated a problem with wording in the proposed bill. The administration does not want mandatory wording in the bill.

Mr. Rhode asked whether if another industry wanted to enter the Bristol Bay area, would the people accept the new industry. Employment would then be available. Concensus was that people would work at whatever was available, if something was available.

Mr. Brown asked that a letter stating legislative intent be drafted, clarifying the permissive, rather than mandatory, attitude of the bill. Possibly the bill could add a category of fishermen affected by the new loan provisions. Mr. Brown also questioned the ability of the

state to notify all persons involved in adverse fishing of the availability of the loan.

It was moved to add a comma on pg. 1, Ln. 14, after the word "economically". Motion unanimously carried.

Additional discussion included feeling that one could be in debt up to his ears, but still get food stamps.

Motion was made to pass HB641 out of committee with a Do Pass recommendation as amended. Motion carried with one negative vote.

Regarding HB642, Mr. Hershberger recommended that the bill be referred to Community and Regional Affairs also.

Staff Assistant Van Doren explained part of the background for this bill, including that projects instituted under the bill would be local hire, and would help adversely impacted villages. Monies for this bill would come from 2% of the 5% oil royalties given to the state.

The committee decided that the draftor of the bill needed to be in attendance before further discussion or action was taken. Meeting was deferred until Wednesday, March 3.

Tape 6, Side 1
HOUSE RESOURCE COMMITTEE - Minutes, February 23, 1976 1758 - 3166
1:30 p.m.

Subject: HB 700
SJR 47

Present were Osterback, Huntington, Eliason, Hershberger, Staff Assistant Van Doren and Chairman Anderson.

A presentation on HB700 was given by Ernie Haugen. The fund is intended for use by areas with beginning plans already in existence for developing hydroelectric power.

As to whether any and all water facilities could be funded under this bill, answer was that the administration interprets the bill to mean that any facility meeting the requirements would be eligible to be funded. There is no maximum amount in the loan--no terms--no way to limit the projects. Also, no interest rate is established.

Rep. Gardiner added that it's simply too expensive for many places in Alaska to make electricity out of oil. Also, water tables are getting lower, especially in Anchorage and the Kenai area. Ketchikan has several studies now available on hydroelectric potential. It is only a matter of which one would be cheapest to implement. Preliminary engineering studies need to be done now. As to using federal programs, smaller communities can't meet requirements. They are too big for the small assistance loans, too small for the urban-type loans.

Mr. Pete Jeans gave the administration stand on the proposed bill. Under last year's legislation on eligibility for this type of loan, total public utility worth which would qualify is a net $323,000,000. Also, 127 individual firms would qualify. The areas specified as the intent of the bill would not necessarily get the loans. An amendment is needed to set priorities. Under the present proposal, loans would not be limited to new projects, and no limit on amount per applicant.

Rep. Eliason stated the feeling of most of the committee that they had taken for granted that the Southeast projects would have top priority.

Another problem expressed from the administrations viewpoint was that there are four commissioners on the loan committee as it is set up. This could present a problem.

Rep. Eliason asked why, if last year's bill was a problem, no possible solutions have come forth since then.

Rep. Haugen explained that debt service is a part of the rate structure by a utility.

Mr. Bill Boardman, Southeast Legislative representative, further explained the middle layer of towns that have no means of developing hydroelectric power under current loan structures. The bill is broad in concept deliberately. The administration of the bill should be worked out by administrators. He also stated that the governor approves of using non-renewable resource funds for renewable resource projects.

Rep. Huntington stated that priorities should be spelled out in the bill. Otherwise, Anchorage and Fairbanks will be deciding the priorities.

Rep. Hershberger expressed concern that the bill was so loose that it would be unworkable.

Mr. Boardman responded that his advice was to take out any specifics in the bill. The built-in elasticity can be handled. Communities will have to prove their projects are feasible and ready to go.

Discussion on possible solutions to the looseness of the bill included: Add "seed money for new projects" to wording. Spell out the projects bill is intended to help. Write into intent that only communities without REA help can come under this bill. Try for a rewrite of the bill by Mr. Jeans and Mr. Boardman. Add a letter of intent to the bill re: specific projects.

Mr. Eliason moved to ask unanimous consent to a Do Pass for HB700 with a letter of intent containing descriptions of the projects the appropriation is intended for. Motion carried.

Mr. Jeans added that the problem of four commissioners on the loan committee still exists.

SJR 47

Mr. Huntington asked unanimous consent to a Do Pass recommendation on SJR47. Motion carried.

Meeting recessed

Present were Swanson, Huntington, Osterback, Hershberger, Staff Assistant Van Doren and Chairman Anderson.

Subject: HJR 44,
HB718, HB719

Rep. Swanson presented background for the proposed Resolution. It would give definite direction to the people of the area who have considered developing. Gold, silver, lead and zinc are already known to be in the area. There is a great deal of mining traffic--both auto and air. This Resolution needs to be passed and sent to Washington before the D-2 decision is reached.

Mark Malek, of the National Park Service, testified that Congress intends to add 1.6 million acres to Mount McKinley National Park. Kantishna was included because of the wildlife and lands it harbors. In 1975, 13 companies were working claims in the area. Many of these areas have already been excluded from the proposed addition. If the Kantishna area were excluded, the current situation would continue--tundra torn up by cars, many trails to one mine, contamination of streams, and visual degradation. He strongly recommends not adopting the resolution. The mineral worth of the Kantishna area does not compare to the park worth to people.

There was discussion of the fact that the Federal Secretary's proposal would allow subsistence hunting in the park, but the governor's plan would allow no hunting of any sort.

A unanimous Do Pass recommendation was given to HJR 44.

HB718, HB719.

Mr. Naughton gave the background for his proposals. There is a need to overcome the national press. We are losing control of the management of our own wildlife. The bill would not preclude any current wolf seasons, but only apply to predator control conditions.

Mr. Jensen of the Alaska Guides, stated that he didn't want predator control to have to wait for state's to reply to the wolf offer.

Mr. Naughton continued, saying that the intent was not to stop any current Fish and Game programs, just to build a fact base to deal with the "hate" letters being received by Alaska.

Mr. Rausch, of the Dept. of Fish and Game, Game Division, stated that there is already a request from Nevada for a pup, and that request can't be filled until May or June when pups will be available.

Other discussion included:
Shouldn't ship just one wolf
Wolves pair for life
State could reserve the right to ship whatever is available.
"A wolf is a wolf"

Dept. of Fish and Game already has requirements for shipping which include that wildlife cannot be used for pets.
Wording could be added such as "for the purpose of establishing wild populations."
Other states really don't want our wolves. Wolves and agricultural areas are incompatible.
The wolf has become a symbol for many groups--"Protect the wolf".

Dept. of Fish and Game representative Rausch stated that there are between 8,000 and 10,000 wolves in Alaska. They are at historic highs in the interior and Kenai areas. They are much lower in Southeast. Actual census is difficult, but surveys are recent. The state has been quantifying wolves since 1959. The wolf is secure in Alaska even when other game is scarce. The only areas where they are scarce here are agricultural areas. The highest number of wolves taken in any one year was 1,800. About 1,200 is average, and there is an increase in the population even so.

Rep. Swanson expressed concern over using poison for killing wolves. The poison also kills all other animals in the area. The problem is a lack of control of permits issued by Fish and Game, as exemplified by the airplane killings in the Koyukuk Valley.

Rep. Huntington added that there is no way to kill all of the wolves. People would control them even without a bounty, if allowed to.

It was suggested that on Line 4, after "section" add "except that nothing in this section shall preclude hunting and trapping of wolves in regular seasons."

Mr. Huntington moved to adopt an amendment stating the requesting state's purpose for wanting the wolves . i.e. the establishment of natural populations. Mr. Swanson stated objection, based on the idea that we shouldn't tell others what to do with their own wild life.

Mr. Rausch added that the bill probably won't have any impact at all. In a small way it will help put out the fire of the adverse publicity. Also, it would cost Fish and Game between $1,000 and $1,200 per wolf to transport them to an airport where they could be shipped out. Wolves would be transplanted in packs or pairs. Probably Fish and Game could manage on less than HB719 allows. $50,000 would be close.

Meeting recessed.

Tape 6 Side 2
1431 - 2973

HOUSE RESOURCE COMMITTEE - Minutes - February 25, 1976

Present were Osterback, Huntington, Eliason, Swanson, Hershberger, Brown, Staff Assistant Van Doren and Chairman Anderson.

Subject: HCR 93
Information on subsistence hunting
HB 804

Sponsor Osterback presented background for HCR 93. He stated that there are almost no animals on the Aleutian islands, only cattle. We could begin with the caribou transplant, then go to larger game later.

Mr. Swanson stated that "If we can habilitate an island feasibly, let's do it."

Mr. Rausch, of the Dept. of Fish and Game, stated that the resolution was probably o.k., if overgrazing didn't occur.

A unanimous Do Pass recommendation with amendments was moved. Motion passed.

Mr. Rausch, of the Dept. of Fish and Game, presented a resume of what has occurred on SLA ch. 199 (subsistence) since the bill was passed last year.

A comprehensive specie by specie report on planning is to be ready by June or July, 1976. This will be very specific, and reflect what the people in any given area want. Once these recommendations are available, the Dept. of Fish and Game will have to implement them. Many local advisory committees have addressed the problem of how they want to tilt the balance to local use as opposed to general use. The advisory committees sanction methods and means of hunting and fishing, including seasons favoring the locals. Fish and Game has honored this. The Board of Fisheries and the Board of Game will meet beginning the middle of March to act on proposals.

Fish and Game must look at the total picture, not just the local one. Reports for some areas may be complete within the year--but not all.

Questions from the Resource Committee regarding the Game Board included --only one meeting has been held since the Board was appointed last Sept. 17. (Mr. Eliason stated that this was not unusual, since a late fall and an early spring meeting were accepted.)

Chairman Anderson asked whether federal, state and private land owners were moving toward cooperative management with the above impetus. Answer was--Yes, to protect the habitat. Norwhwest Alaska is the major cooperative area so far. D-2 lands present a problem, since absolute ownership is in doubt. A question arose as to whether the Dept. of Fish and Game actually has the authority to enter into agreements with others as to use of land. The answer was "We think so." Some is done in cooperation with Dept. of Natural Resources, but there is a clear authority in respect to game management.

Questions regarding Nana and Calista and their respective agreements regarding management of game elicited the response that "There are some problems."

Chairman Anderson asked whether there was any validity to the agrument that outsiders are competing for our resources such as caribou and moose. Answer was that they are, and this is compounded by the fear of locals that they are losing what they already have.

A question regarding the moose seasons not being conducive to obtaining good meat got the response that overseeing seasons is an ongoing program and the Department of Fish and Game is trying to adjust the seasons to benefit all.

Regarding bag limits, open seasons, no reporting of catches, etc., and whether the Dept. of Fish and Game can ever really know what the game levels are, was answered by "There are problems". More reports are now being required from people. In the Arctic areas, a person is being paid (a villager) to tabulate catches. There is very little resistance to having a more accurate count. In some cases, there are Fish and Game persons in the field to help with the count. In most cases, there is agreement. Also, voluntary surveys are used, but voluntary cooperation of the people in any area is necessary to accomplish anything.

Question: Is there any way of determining whether outsiders have taken care of the meat acquired in their hunting, to avoid "wanton waste"? Answer: It is very difficult, and there have been abuses. Having more people in the field would help.

Discussion on the above situation included the fact that one trooper in a village costs at least $70,000 per year, when all costs are compiled. Chairman Anderson asked whether it would be possible to use the trooper just during the hunting season. Answer was that it is possible--a trooper was installed at the airport in King Salmon for purposes of observin g and controlling the game shipped out. The situation worked well.

Mr. Huntington asked whether copies of all new laws and regulations pertaining to Fish and Game are made available to the Boards. Answer was that they are. (2315)

Huntington asked whether explanations are made of these laws and regulations. Answer was that they are. Mr. Huntington then asked why this particular law under discussion was not presented to the Game Board. Answer was that there was no recollection of a question coming up on this law. Huntington then asked why there were any regulations at all. The bill was passed because there was a depletion of game, especially from airplane hunters. The Dept. of Fish and Game, according to Huntington, seems out of control.

Chairman Anderson asked if there were any constitutional problems in the subject bill. Answer was "No--we will implement it".

In answer to a question about the equality of study between areas and bills, Mr. Rausch answered that all areas and bills are studied equally.

Chairman asked "Isn't it a requirement that Fish and Game must state why an advisory committee recommendation is not adopted." Mr. Rausch answered that he was not sure. However, if an area is closed, any recommendation occurring during that time is ignored.

Rep. Huntington asked if there was money in the budget for funding advisory boards. Answer: I don't know--it would be in the commissioner's budget. Mr. Huntington then asked that the commissioner come forward with that information.

Chairman Anderson stated that he had asked for funding for the advisory boards last year, and was told that it was prohibitive in cost. Mr. Rausch added that over 400 persons are on the advisory committees now.

Re: HB804 (2470)

Sponsor Philip Guy stated that this is not a mandatory bill. It is addressed to a concern over the depletion of natural resources. It provides a method for establishing subsistence areas. It creates a subsistence advisory commission. The areas wouldn't be permanent, depending upon the information available on a given area. There would be a provision that the commission would report to the legislature on the status of the resources.

Chairman Anderson stated that HB804 would set aside HB369 if it passed. Mr. Brown added that the new bill states "--shall make an area" not just "--may".

Mr. Charlie Goodwin of the Northwest Alaska region, stated that in the first section, other resources subsistence persons use should be considered. For instance, cutting wood and berry picking. D-2 proposals could conceivably prohibit such uses. Also, regarding the requirement for a hearing in a village in a subsistence area, many villages need to have the hearings, not just one.

A question was raised regarding paragraph (b) of Section 3--Who is being protected, the commercial or the subsistence persons. Also on page 4, Line 8, bartering is a necessary part of subsistence living, but should not be allowed with regards to a sale.

A concern was expressed that wherever cooperative agreements are considered, Regional Corporations and the natives of the area should be considered.

Mr. Eliason asked whether a problem was anticipated with the Dept. of Fish and Game administering private lands. The answer was no, since Nana has done this and it has worked well.

"The resources belong to all the people of the state, whether private or other".

Rep. Hershberger stated that cooperative management agreements are necessary for any migratory animals--it works both ways.

Mr. Eliason stated that private lands could close hunting if they wanted, as things now stand.

Mr. Goodwin stated that in some instances people in an area have recommended bag limits of game where none are now existing.

Mr. Brown asked that Mr. Guy have his bill drafter give the differences between the two bills.

Chairman Anderson reminded the committee that many questions can't be answered until the land situation in Alaska is settled. Regional Corporations will be a very effective voice in the future.

Mr. Hershberger added that the Bush isn't going to have it's own private hunting grounds. The cities won't allow it.

Rep. Brown said that the laws need to be checked for the legality of the Dept. of Fish and Game making agreements for joint management with large landowners. Mr. Anderson added a question regarding what restraints there now are for cooperative management.

Mr. Eliason stated that the State will still be in charge of the Dept. of Fish and Game--they still call the shots.

Mr. Goodwin stated that because the habitat of game is very important, and the habitat overlaps state and various private lands, as well as federal, help is necessary.

Mr. Hershberger gave an example of cooperative management using the pheasant situation down south.

Chairman Anderson stated that if the state doesn't have authority for management agreements, then we must move forward in that area.

Mr. Rausch stated that agreements have been entered in to with the federal government. As for private agreements, he thinks they are possible if necessary for the management of game. But the Dept. of Natural Resources has the authority over the habitat.

Mr. Brown stated that a letter of legislative intent may be needed since there is a question of a legal opinion on the right to enter in to agreements.

Meeting adjourned.

Present were Huntington, Osterback, Smith, Swanson,Brown, Staff Assistant Van Doren and Chairman Anderson.

Subject: HB711
HCR 83

Mr. Truman Emberg, Business Manager for Western Alaska Cooperative Marketing Association, and a resident of the Bristol Bay area since 1936, began testimony. He stated that since the Japanese went back to high seas fishing after World War II they have been under a treaty. Since 1953 the Japanese have taken two to two and a half million Bristol Bay red salmon per year. In return other of our stock have been protected. The United States is now formally recognizing that the Japanese have a legitimate part of our resource. As a result the effect is that Bristol Bay is subsidizing the U.S. in fish--fish that Bristol Bay residents don't catch. The load has to be taken off of the back of the Bristol Bay fishermen. the Indemnity could be in fish as well as dollars. As it stands now, there are two classes of fishermen--those who benefit, and those who pay. Alaskan advisors to the Law of the Sea Conference should take the subject up with the federal government.

Rep. Smith spoke to the issue of a constitutional prohibition of exclussive classes of people.

Mr. Emberg stated that fishermen can be classified as disadvantaged or advantaged for purposes of legislation.

Mr. Swanson asked whether the two-hundred-mile limit then was not in fact true--that the Japanese could come inside to the twelve mile limit. Mr. Emberg stated "Yes, for red salmon".

Question: Can we ever control everything inside the 200 mile limit?
Answer: Yes, with the exception of historic traditional fisheries.

Question: Can we open up negotiations?
Answer: I can't speak for the Law of the Sea Conference, except that they guarantee protection of the Japanese fishery.

Swanson: Should we initiate a protest? The louder we scream, the more chance we've got.

Mr. Osterback suggested that the Salmon are not what the Japanese really want. If we allow them to catch the salmon, we should be able to completely control the bottom fish. Mr. Emberg answered that we have to abide by the treaty.

Mr. Huntington expressed concern that we do not yet know nearly enough about the bottom fishery--we don't know whether nature can stand pressure on the bottom fishery.

Mr. Smith asked whether it was the purpose of HCR 83 to assert control

of Alaskan jurisdiction in face of national control.

Mr. Emberg stated that he was not trying to go beyond the territorial seas. All of the Bristol Bay fisheries are bay fisheries.

Mr. Swanson stated that even if a constitutional problem may exist, let's assume that we are right. He moved unanimous consent to HCR 83. Mr. Smith objected, stating a need for a legal opinion. Swanson responded saying that we would be creating a reserve, not a fishery.

Mr. Anderson asked whether the constitutional question had been checked. Mr. Emberg stated that he assumed so.

Mr. Brown stated that the language of the Resolution was careful enough to be o.k.

Discussion of the language of the bill compared it with the language of the Limited Entry bill. It apparently was o.k. Mr. Smith then removed his objection.

Unanimous consent for a Do Pass was asked, and given.

A question regarding Line 17 and 18 on Page 2 asked whether it would close out the fishery in the Aleutian chain. Answer was that it was not intended to.

Joel Bennett was asked about the restrictive language in the Resolution. He stated that the Board would have to draft regulations for the Reserve, treating all equally. The proposal appears to speak to the economics of the area, which is permissable.

Re: HB711

Fred Wolstead, of the Dept. of Public Safety, presented background. He explained the "boxcar seal", and stated that the wording in HB711 is felt necessary to avoid the use of tags for more than one animal, or by persons not purchasing the seals originally. Wording currently does not state that a non-resident has to have the seal locked. The problem is not great, but several guides misuse the tags.

Question on the possibility that the proposal necessitates three tags was cleared up. Only one is necessary.

Chairman Anderson asked why the Department doesn't simply do the required change without the legislation. Mr. Wolstead answered that they were trying to stay with legislative intent, since so much adverse comment has come out recently about Department rules and regulations.

In answer to a question as to whether the commissioner of Fish and Game couldn't add the regulation, answer was that only seasonal openings and closings come under emergency powers of the commissioner.

Chairman Anderson, after stating that we shouldn't get into legislating game management, adjourned the meeting.

HOUSE RESOURCE COMMITTEE - Minutes - Feb 27, 1976

Present were Osterback, Hershberger, Smith, Swanson, Brown, Staff Assistant Van Doren and Chairman Anderson.

Subject: HB773

Mr. Willie Goodwin, Jr., presented background for the bill. It would allow, and encourage, state Departments to seek alternatives to actions if adverse impacts are deemed iminent. However, there is an apparent fear of the costs of E.I.S. reports. Mr. Goodwin feels that if Wood-Tikchik had been surveyed under the auspices of an EIS, there wouldn't be such fear from the people of the project.

Mr. Hershberger asked about big business corporations putting the pressure on village corporations to develop no matter what the EIS results. Mr. Goodwin responded saying that the villages are concerned enough about their own situations to remain in control. He felt that the EIS would give the state a needed and proper planning tool.

Chairman Anderson stated that although subsistence probably would remain a primary aim in many areas, the people need alternatives to consider. Also, they need to consider what adjacent lands will be earmarked for and the possible effects.

Mr. Swanson questioned whether state agencies have actually reviewed plans in the past--would they really follow through on this one.

Mr. Brown asked if there might not be a way to make it easier to comply with the proposed legislation.

Regarding whether present policies could be reviewed with present staff in each agency, Joel Bennett replied that he felt it could be done with present staff.

Rep. Swanson stated that he felt they wouldn't do it without additional staff and money.

Rep. Smith stated that currently any project using any federal money must have an EIS. Most state projects use some federal money. This bill is aimed to cover resource disposal--about the only thing left that doesn't need an EIS.

Statement was made that there is no mechanism for policing or evaluating the EIS results--no standards are made--it is only a sentimental bill that would put Environmental Conservation in charge of all resources in the state.

In answer to a question by Chairman Anderson as to whether parks are federally assisted, Mr. Smith said they are, only after they are set up. The Federal Council on Environmental Quality has a final review process.

Mr. Brown suggested assigning authority to Environmental Conservation, since they are an already identified division.

Further testimony stated that the concept of a state EIS system had been discussed by the administration because of other environmental legislation. The experience with the National Environmental Board is that you write a statement after a court order has been issued. Also, there are insufficient guidelines in this state legislation, just as in the federal. There should be a threshold of major impact at which point the necessity for an EIS would be triggered. Legal tieups will not help us. We DO need legislative guidelines. This legislation would also require some of the strictly local highways to file an EIS before letting bids.

Rep. Brown also urged more definite standards.

Mr. Swanson stated that he felt that under the proposed bill you would have to have an EIS even to turn land from wild into farm. Progress and competition would be stymied.

Joel Bennett stated that small tracts probably wouldn't come under the bill.

Commissioner Mueller testified that there was a need to clarify the administrative problems with which the bill would be dealing. A regulatory group of some sort is necessary.

Chairman Anderson stated that the Administrative Code says there is supposed to be a state plan for environmental conditions statewide. Where is that plan?

Commissioner Mueller stated that so far only a general idea of what is to be incorporated in the plan is available. A "little" report could be ready soon. The Commissioner stated also that there is a problem in the proposed legislation with the public hearing requirement wording, since it puts it in conflict with the federal law. (Federal states hearing after 30 days--state proposal states within 30 days) Also, the commissioner questioned whether two statements were needed. Couldn't one--federal or state--be used for both?

Chairman Anderson added that "before the fact planning" is needed, not after the fact. There appears to be resistence by the state to "before the fact" planning and hearings. However, the wording on the 30-day statement could be changed. Chairman Anderson added that the intent of the proposed bill is to cover state lands. Whatever the state does affects federal and private lands, and vice versa. Chairman Anderson added that leased lands should be added to the EIS requirement, as should things like navigable waters, and tidelands.

Commissioner Mueller stated that the Coast Guard writes their EIS on their regulations, then they don't have to repeat them for each separate project. Also, the wording in the legislation saying "within state lands" needs to be clarified. The Commissioner questioned, also, the fiscal analysis of this bill, and suggested that it be looked into.

(2059)
Mr. Jim Clark, representing Alaska Lumber and Pulp, presented testimony. His initial feeling toward the process of the state EIS is good. Previously there has been a lack of coordination with all agencies involved. Different plans don't relate easily to each other. This proposal presents an additional problem of the state attempting to coordinate with the federal government. For instance, would each state agency have to do an EIS before acting upon a proposal for federal permits? For instance, first an environmental analysis is done, then if deemed necessary, an EIS is done, for federal purposes. Also, the committee should pull out of the proposed bill any federally covered projects. Mr. Clark also spoke to the issue of the wording on "within the state of Alaska". It could be "on" state owned lands, instead.

The "threshold" wording necessity was also addressed by Mr. Clark. The committee needs to decide at what point the EIS is needed. He also raised a question as to whether the legislation was supposed to address substantive content or procedural. For instance, if an EIS revealed the cost/benefit ratio unfavorable on a project that is federal, the project couldn't procede.

Mr. Clarks conclusion asked for coordination mechanism both between state agencies and state/federal agencies.

Mr. Norman Gorsuch, representing the law firm for Alyeska spoke next. (2250) The intent appears to be for significant impact projects and Alyeska has many of them. All would need permits under this proposal. Triggering and threshold mechanism is needed.

Mr. Bob Tracy, Assistant Regional Forrester, presented testimony. (2296) His main concern was the tideland leases and necessity for an EIS for action in those areas. Already alot of coordination is involved with Fish and Game and National Marine Fisheries on federal EIS work. An EIS for a process or a program which could blanket an entire type of project would be adviseable.

Mr. Roger Allington of Sealaska (2361) testified to basically the same problems, but added that the Native Corporations do not have title yet. They are looking toward development. As presently written, the legislation could hinder development. He asked for clarification of "threshold" mechanism, and also stated that the human environment is not addressed in the proposal, but is in the federal EIS requirements.

Chairman Anderson stated that the part of the legislation dealing with reviewing present authority is very important.

Chairman Anderson stated that discussion on HB773 will continue at a later date.

Fish and Game Board appointee hearings will be held March 9 and 10, and Staff was asked to have on hand the conflict of interest statements.

Meeting adjourned.

HOUSE RESOURCE COMMITTEE - Minutes - March 1, 1976

Tape 7 Side 1
2474 - end and Side 2
0 -- 0590

Present were Swanson, Huntington, Osterback, Brown, Smith, Eliason, Staff Assistant Van Doren and Chairman Anderson.

Subject: HB 726

A history of the bill was presented: The bill has been on the books for 11 years but no funding has ever been produced. A proposed amendment regarding disemination of information on mining is already being done. Under this proposed legislation, the state would probably buy up the minerals and transport them en masse to a smelter.

The bill is trying to speak to the situation of small operators with high grade ore who can't produce enough to get the transportation costs covered to the smelter. The state would then provide transportation of its accumulated minerals to the smelter.

Rep. Brown raised a question as to whether this is considered a dedicated fund. Committee ascertained that legal counsel is needed on this issue.

Rep. Swanson stated that there used to be a bonus for new discoveries of metals. The original bill (which wasn't funded) was to encourage small miners to stockpile and then sell. Also, it would have facilitated promotion of minerals and mining in Alaska. Actually, the bill also speaks to oil-- waste oil. It could now be shipped to the south 48 for reconversion. Antimony in McKinley Park area is very rich, and hauled out in airplanes in small loads. Regarding smelters,---there is a penalty for impure ores. This is why small amounts of ores are a problem. If larger amounts are used, a credit can be issued for the impurities--treating them as another mineral. But at least 100 tons of mineral should be involved per transaction.

90% of gold, silver and platinum is now used in electronics industry. "The bill has some merit"

Huntington: Who is going to pay the state back?
Answer: This is not a loan fund. Costs would be recovered by selling the minerals the state has bought under the plan.

Anderson: This appears to be the only bill in the legislature that is developmentally oriented. Our committee should be interested in it.

Mr. Doug Pope, representing the sponsors, presented testimony. There is no payback from the miner to the state. The money received from the smelter is the payback. A small operator is somebody who himself can't move large quantities of minerals...probably a one-man operation.

Mr. Phil Holdsworth presented testimony. If funding was available, the small operators could make a living. But $3,000,000 is probably too much. Getting a buyer for the small operators is a problem. The state could handle it. The fund merely purchases a product already produced. There probably wouldn't be much demand on the fund. There are not more than a dozen operators now. This would encourage more.

Mr. Huntington asked whether anyone had ever applied for the funding. Answer--once, but it was not justified.

Mr. Brown asked about the existing law--and not paying rent for stockpiling. (????)

Mr. Swanson stressed that this would enable new operators to enter the mining field.

Osterback: How many tons are necessary before it is feasible for the state to ship to a smelter??

Holdsworth: It depends on the type of ore--high grade ore requires much less.

Huntington: It is then a fact that stockpiling helps?

Answer: Yes

Joel Bennett added statements. Licenses and taxes can't be dedicated--this isn't either, since earnings are what is dedicated.. (3200) for possible amendment info.

Mr. Brown stated that we need to adjust to help the marginal miners.

Chairman Anderson stated that an additional hearing on HB 726 will be scheduled later. (3390)

HB 718, HB 719

Chairman Anderson again stressed that this is not a funny issue. Re: HB 719, he stated that $50,000 had been ascertained to be sufficient.

Discussion stressed that this transplant possibility was to be for serious uses--and wolves were not to be singly transported.

Chairman Anderson said that we would not be managing the program--Fish and Game are behind it.

A Do Pass as amended was recommended and moved. (280) for HB 718. Motion passed.

HB 719 was amended to $50,000 and moved out with a Do Pass recommendation.

Motion carried, as amended.

Re: SB444--Chairman Anderson stated that it can probably pass if rewritten with the new legal description language.

Meeting adjourned.

Present were Osterback, Huntington, Swanson, Rhode, Brown and Chairman Anderson.

Subject: SB 444

Sponsor, Senator Croft, presented general background for the bill. The Kenai Penninsula is the most famous fazor clam bed in the state. It has just been recertified as free from any "red tide" problems. (A sport fishing license is required to dig for clams.)

Rep. Swanson asked what assurance there was that the Dept. of Fish and Game would not close the area to clamming if we designated it a Critical Habitat area?

Senator Croft expressed a preference for the Dept. of Fish and Game over the Dept. of Natural Resources as the management agency for the Clam Gulch Area.

Rep. Huntington asked whether designation of Critical Habitat would affect any now-existing leases. He was answered by Croft stating that all present leases are o.k. Any future leases would have to guarantee protection of the beaches.

Rhode asked why this legislation was needed since Fish and Game can now protect if they want. Senator Croft answered that the propsed designation would require that any development must be consistent with the clam bed area.

Rep. Rhode stated a concern of people in the area with vehicles going over the clam beds.

Rep. Swanson asked for an exception to be included in the bill to allow the existing set-net fishery to continue. Sponsor agreed to add the amendment.

Rep. Huntington asked how far into the water the designation would cover. Answer--five feet below low water.

In answer to a question as to the definition of a critical habitat area, sponsor Croft stated that it is an area sensitive to wildlife--such as spawning areas. As to what the Dept. of Fish and Game does to manage such an area, the answer given was that it gives Fish and Game a bigger voice with what Natural Resources does with a given area--more control of the land.

Rep. Rhode added that a sanctuary "prohibits", whereas a habitat "protects" but doesn't necessarily preclude development. The concern in the Clam Gulch area is for pipeline development and the possibility it might go across the area. Under critical habitat, permits from Dept. of Fish and Game would be necessary for any development.

(1140) It was stated that new legal descriptions are needed

Mr. Bandirola, of the Dept. of Fish and Game, representing the Sport Fish Division, stated that about 6 miles of beach is actually worked heavily. Also, the beaches used are not continuous, but intermittent. This is

the largest recreational fishery in the state at this time. Over 1,000,000 clams were dug last year. This area has been managed by the Dept. of Fish and Game since 1966. Harvests are increasing, but there is no apparent drop in the available stock of clams. Much public information is available from other areas for comparison. Clam Gulch compares very favorably. Even heavier use is anticipated. Based on available information, no problem is anticipated.

Mr. Osterback asked how long it takes a clam to mature. Answer--probably 4 to 5 years.

In answer to a question on the meaning of "manage", Mr. Bandirola stated that in this case it meant measuring the harvest, and noting sizes of clams. A trend is then established, and compared with other similar beaches in Washington and Oregon. Apparently, there are also beds in deep water which provide "recruitment" for the shallow water beds. Surveys are made each month.

Chmn. Anderson stated that recognition has been made that at some point in the future there could be a decrease, even though we don't really anticipate it now.

Rep. Huntington asked about set nets in the area...also, are there decreases in the clam catch anywhere in the area? Dept. of Fish and Game stated that there are some problems where commercial harvests are done.

Swanson expressed concern that if Fish and Game was in charge, they could say that ships can't run up the channel because of the possibility of destroying the beach with an oil spill.

Senator Croft said that under critical habitat and the legal descriptions in the bill, that couldn't be done since the bill covers only to a minus 5 feet.

Rep. Swanson asked whether the area couldn't just be left alone. He felt there was an unstated reason for wanting the bill.

Mr. Bandirola stated that this legislation simply identifies the area as critical habitat.

A question was raised re: mechanical diggers--they shouldn't be allowed on recreational beaches. It was stated that critical habitat designation doesn't eliminate anything now in the area.

Rep. Rhode asked that no action be taken at this time on SB444.

Chairman Anderson rescheduled the hearing on SB444 for Thursday, March 4.

Tape 7 Side 2
1894 - 2642

HOUSE RESOURCE COMMITTEE - Minutes - March 3, 1976

Present were Osterback, Huntington, Swanson, Hershberger, Eliason, Staff Assistant Van Doren and Chairman Anderson.

Subject: HB642,
HB846

Commissioner _____ stated that there is a need for security for fishermen, but possibly we can't afford the money to do it. The problem with HB642 and HB846 is that they should both be under one department, not separated.

Mr. Edenso stated that HB846 was presented by the governor in response to a Task Force effort. It will urge local hire and local contracting.

Joel Bennett stated that the Committee Substitute is a bill combining HB642 and HB846. Basically the only change is an increase in membership on the Council.

Edenso said that a forecast of fishermen income is necessary and provided for in the bill. It might be adviseable to substitute the Dept. of Economic Development for Fish and Game in the bill. The bill deals with employment. The 2% figure should read "not more than 2%". Possibly Community and Regional Affairs or Economic Development could handle the loan program. Edenso emphasized that Fish and Game are management of the fisheries, Community and Regional Affairs are human management, and Economic Development is industry management.

Anderson stated that the bill would accelerate projects. He questioned what was to happen to unemployed work forced after the pipelines are built?

Edenso stated that the Task Force didn't get into training or unemployment. Local training and hire is important.

Anderson added that he was attempting to get a permanent solution and get away from crisis status.

Edenso stated that possibly the Task Force should be addressing the total problem, not just fisheries. Also, maybe dollar amounts for contracts need to be looked at.

Huntington stated that new trainees aren't getting jobs. Rehires get the jobs, through unions.

Osterback stated the problem with set net fishermen changing to drift nets due to fishing requirements and regulations--then required to change back but not being able to afford another change. Would the proposed bill help the fishermen switch to another type of fishing?

Huntington asked whether the bill wasn't suppose to help those with Fish and Game caused problems.

Mr. Eliason asked whether one resident could be favored over another in hiring. Edenso answered that he was not sure. There is statewide local hire. An available labor force in an adversely affected area is addressed in the governors bill.

Eliason stated the need for an opinion on local hire.

Chairman Anderson stated that an Attorney Generals opinion would be obtained.

Edenso explained that the definition of fishery failure is tied in to a 10-year average. This is done by areas, not locally. The whole picture must be looked at. If an area is declared a disaster area, that area should come before another for employment opportunity. The governor is considering expanding the bill to cover all industries. The Attorney Generals office has put much of the language into the bill.

Hearing to be continued March 10.

Tape 7 Side 2 2642 - end
Tape 8 Side 1 0 - 1402

HOUSE RESOURCE COMMITTEE - Minutes - March 4, 1976

Present were Huntington, Hershberger, Rhode, Osterback, Smith, Brown Swanson, Staff Assistant Van Doren and Chairman Anderson

Subject: HB 769, HB 580

Sponsor Gardiner began. The basic problem is that a two-year time frame imposed on the salvage operations is unworkable. This bill would cut down the time-frame to 30 days with an extension possible. A loss would be recorded by the Department, then after 30 days, if salvage was still desired, but had not begun, an extension would be available. The desire is to make salvage possible of logs the timber industry is not interested in. The Dept. of Natural Resources does not have a policy on the sale of logs from beaches. Permits now are tied up in paperwork--so salvage takes place "illegally". Under HB 769, the state doesn't have to respond to a request for a permit. Automatic approval is granted if no response. Also, the bill would set up a federal-state log agreement. Most salvage logs are above the mean high water--which is federal land. Regarding brands--each business has its own brand.

(2783) According to Gardiner, there would not be any added administrative problem under this proposed legislation.

Chairman Anderson asked whether there was now a problem with permits. Answer: Yes, the process is cumbersome. The timing in the proposed bill is based on the current abandoned log status.

In answer to a question as to what happens to undistinguishable brands on abandoned timber, statement was made that it is now salvageable under permit. Gardiner also stressed that there is no magic in the 30-day timing in the bill. Time is needed to retreive the logs, but the longer you wait the more "junk" accumulates in the logs. They then become unusable in the mills.

Osterback stated that logs are a hazard to boats. The bill would be an aid to fishermen.

Mr. Smith asked whether there might be another solution to the problem. The proposed bill still presents a cumbersome proposition.

Rep. Gardiner stated that the "sign off" procedure in the bill for the state could speed up the process. Basically the industry is interested only in the larger amounts of logs. They don't bother reporting the smaller amounts. The state does nothing to or with reported losses. It only files them. It is up to the salvager to "do something".

Mr. Miller, co-sponsor of the bill, stated that, as Gardiner had said, the two-year waiting period was the hassel. (Miller referred to letters from Mr. Yates, and Mr. Dutton, copies of which are in committee folders)

Mr. Jim Clark, representing Alaska Lumber and Pulp, presented testimony on HB769. He stated that people will be here Fri., Mar. 5, who could present additional testimony on this bill. Mr. Clark stated that the problem is not when the title passes, although there could be a constitutional problem involved, but the problem is finding people who are willing to salvage the logs.

Mr. Clark elaborated on the title problem. Probably the logs belong to the Forest Service until they are scaled--which is when the actual number of board feet in the contract is known.

Contracting for beach salvage logging is difficult. Tides are a problem--no one has ever "made it" as a beach logger in Southeast. The companies end up getting people from down south to do the salvaging. Industry would "like to have a contract with a beach logger".

Chairman Anderson asked how industry now reflects salvage loss. Mr. Clark stated that it shows up on the books as a loss--the monitoring program shows the loss.

Mr. Clark stated that floating logs are comparatively easy to get. Beached logs are much harder to get. In answer to a question on what the market is for beached logs, Mr. Clark answered that it depends on the condition of the logs. Clark also stated that 30 days was not long enough for industry--people cannot be brought up fast enough to recover the logs in the 30-days.

Chairman Anderson asked whether a 1:30 p.m. meeting Friday would be acceptable with the industry people. The meeting was then set.

Mr. Clark stated additional industry concerns--under the failure to report clause, the term "lost logs" should be used, not "timber property". Also, clarification of "immediate" is needed. Also, there is an unclear relationship between the sections of the proposed Act. Clark made reference to the "Uniform Commercial Code" and its requirements.

Rep. Smith asked that there be clear title passage wording in the Act.

Mr. Anderson asked who owned the logs while they were being pulled down the channel. Mr. Clark answered that the Forest Service says that they own them at that time. However, the question is very real, as to who owns break-away logs. The industry and government have been working under "understandings". Now they are attempting to ascertain "definite" ownership criteria.

Rep. Miller stated that the title problem has nothing to do with the bill.

Clark continued--Industry does bear the risk of loss--they are concerned about the right to get their logs back.

Mr. Huntington asked whether in industry's opinion the present law giving 2 years was o.k. Clark answered "not necessarily, but 30 days is too short".

Rep. Brown referred to the "Uniform Commercial Code", and stated that problems in the proposed legislation could be amended. He stated that others must have had similar problems--and they must have solved them. It would be helpful to have law reference from other jurisdictions.

Mr. Smith asked why the log salvage had become an issue.

Mr. Larry Dutton, State Forester, presented testimony. He said that the state has been attempting to solve the salvage problems since at least 1970. Evidently the bill as presented would preclude sale of salvagable timber. The problem with permits is that the state should be able to recover administrative costs of the program. A fee is needed--either a flat fee or a volume-based fee. Also, the state has to know how much is actually being salvaged. Mr. Dutton felt that the permit system is burdensome. Also, the problem of logs above high water necessitates agreement with the federal people. An estimated value of the logs in question is necessary, with a price.

(Tape 8, Side 1) It is difficult to award a sale without watching out for protection of wildlife habitat. Cooperation with Fish and Game is thus necessary. Also, if 2 or more are applying for the same salvage logs, who gets it? Not enough information is provided. Mr. Dutton stated that large sales are not advertised--they are negotiated. He stated approval of the cooperative agreement that would be forthcoming under the bill between the federal and state governments.

Discussion of salvage problems included: Only 5 to 6 months per year can be used for salvage. Also, only 5 to 6 months per year are covered by insurance on log-towing. Initial recovery period should be for at least 90 days. If industry attempts salvage, it will begin within 30 days. The total time needed would not be more than 90 days.

Mr. Smith asked about research on a state "Log Patrol". The answer was that in 1970 one was tried, but had a lack of support from the timber industry.

According to Mr. Dutton, Alaskan people are in the majority in applying for salvage permits.

Mr. Osterback asked whether if the insurance company has paid for the lost logs, then do they no longer belong to industry? Answer: Maybe.

As to what the insurance company is actually insuring, answer was that this is all or part of the question on when title passes.

Mr. Dutton added that a tremendous amount of money is involved in each log from the minute cutting starts. What the brand means is that that company has an interest in that log, even if the ownership at a given time is not clear.

Mr. Brown elaborated, stating that an example would be the sale of property (land) under contract. Lots can happen before the title

actually passes to the next party.

Mr. John Raynor, U.S.F.S., Div. of Timber Management, testified. (Tape 8 Side 1 0474--0595)

Form 421 is used to report the tree count to the Forest Service. When the raft arrives at the scaling point, a recount is made. If there is a significant difference, a check is made. If the check indicates that adverse conditions of weather or raft were present, adjustments might be made on the basis of comparing with the logs shipped.

Mr. Huntington asked why, if the Forest Service has been selling logs for over 20 years, how come no solution has been reached yet. Also, if the logs are on your beach, why wouldn't they be your logs. Answer was made that ownership of the brands goes for two years, with a 1 year extension possible. That's why this bill is necessary. After a three-year period, the logs are worthless.

A problem was stated as to combining state and federal logs in any one sale.

Mr. Anderson asked how come the problem hasn't been solved (salvage) yet, at least on federal lands. He also asked whether the federal government could charge industry a rental fee for space the logs take up. There was no concrete answer.

A question regarding navigation problems, ascertained that if the logs are not on National Forest lands, they are not the responsibility of the Forest Service.

Mr. Brown stated that the Federal Government has control of the navigable areas through the Coast Guard.

In answer to a question from Mr. Huntington as to what other states do about this situation, reply was made that the magnitude of the problems other states face is not as great as ours.

It was stated that there is support for the state and federal governments working together on this problem. As to progress on a proposed state-federal agreement alluded to, Mr. Raynor answered that only the concept has been discussed, with no agreement proposed yet. The bill would accelerate the process of getting agreement finalized. Probably three years would be necessary to complete the agreement.

Chairman Anderson stated that we definitely need to move on the waste problem.

Mr. Dutton quoted a memorandum to Roger Lewis re: a governor's log salvage bill. Evidently it is not going to be available. If HB 769 is passed, and if sale is involved, wording from the memorandum needs to be included.

Mr. Clark added information on timing. The logs go from the U.S.F.S. to the insurance company (if lost) and possibly a "reasonable" time needs to be specified for each step of the process. Chairman Anderson felt that this problem could be solved by regulations. Clark stated that regulations might be better than law for timing.

Mr. Brown asked whether the bill could refer not to the owner of the logs, but the owner of interest in the logs? Clark answered--"Probably".

Action on HB769 was recessed until 1:30 p.m. Friday, Mar. 5, 1976.

Announcement was made that status platts are to be sent on SB444 from Anchorage.

Mr. Smith moved that HB580 be passed with No Recommendation to Finance. Motion passed.

HOUSE RESOURCE COMMITTEE - Minutes - March 5, 1976
1:30 P.M.

Tape 8 Side 1
2730 to end
Side 2-0 to 1321

Present were Eliason, Huntington, Rhode, Smith, Osterback and Brown, with Staff Assistant Van Doren and Chairman Anderson.

Subject: HB 769

Mr. Smith began continuation of the hearing on HB 769 by asking whether a tidelands lease was really necessary to salvage logs.

Mr. Jim Clark, of Alaska Lumber and Pulp Co. (counsel) stated affirmatively. The state still has some requests for permits from a year ago. In order to salvage the logs, a rafting area must be established. The "killer" is that the Corps of Engineers require a permit for a rafting area. This problem could use up the entire 30 days plus an extension proposed in HB 769.

Mr. Smith stated that short term permits only are necessary for such as rafting procedures. That wouldn't take as much time.

Rep. Mike Miller stated that an entire raft breakup would not be usual. Small breakups are the common occurrence.

Mr. Walt Begalka, of Ketchikan Pulp Co., stated that he has worked with permits at least since 1958. Originally much leeway was allowed. Now permits are required for everytrhing. If a change of as little as one-half mile is incurred from the original permit, a new permit must be obtained.

Question: What is the feasability of logging salvage?
Answer: If "everything" was picked up, it could be profitable.
Question: How soon do you have to get wood for it to be saleable?
Answer: The biggest problem is iron and rocks in the wood.

Mr. Jim Rynearson, of Ketchikan Pulp, stated that salvageability depends upon when the logs were lost. If the logs are originally washed up high on the beach, they may be good for at least 3 years. However, if they are washed up at low tide, they probably will be battered.

Question: How can salvage operations be improved?
Answer: There are many problems--legal problems. So far, private ownership situations are no problem, but when the native ownership takes over additional problems will occur.
Also, the Corps of Engineers permits take up large amounts of time. Temporary permits used to be offered, but now only permanent permits are available.
British Columbia operations have been observed for several years, and many ways have been tried to solve the salvage problem. No profitable solution has yet been found.
Question: Why are there no Alaskan salvage operators?
Answer: Possibly because of the ownership problem (ownership of the logs). But basically, because of the cumbersome salvage permit system.

Mr. Begalka stated that many ways have been tried. Many losses are incurred at this time of year when it is impossible to retreive lost logs.

Mr. Huntington asked for a suggestion of a proper time frame for the bill. The answer was maybe a year, but some agencies don't move very fast. A year after the permit was awarded would be plenty of time.

In answer to a question as to how long a salvage permit lasts, answer was one year. It can be renewed, but a new fee is necessary. Also, total areas are not necessarily covered. There may be large open spaces between areas covered by the permit.

Discussion:

Rewrite the bill to fit time constraints. That would be a positive advance.
Eighty percent of logs are left above mean high tide.
Certain types of logs simply can't be used--no metal, no holes, no cedar, no rocks.
Logs used to be moved in flat rafts--logs left the rafts. It was/is difficult to bundle the logs.
The only real way to log after their being stranded on a beach is to load them with an A-frame or a loading machine. They must be bundled.

Regarding title: Title stays with the U.S.F.S. until the logs are scaled. Once rafts are paid for under loss, insurance company would own the logs. (right of subragation)

The industry's loss on an annual basis is possibly 2,000,000 feet a year. or $300,000.00. (Begalka)

Mr. Dutton stated that the Administration wouldn't object to a one-year limit if the subject company notified the state if at any time it actually abandoned the logs.

Discussion of the time involved to deliver logs from their source to their mill elicited that a possible 4 knots could be attained with rafts in good conditions. But the total situation is unpredictable. Logs are started in the South, transfered to northern tugs, then wait for a favorable tide at Sitka.

Mr. Dutton stated that the proposed bill requires an immediate report of log loss, whereas industry doesn't know a loss has been sustained until the scaling of the logs at the destination.

Mr. Begalka stated that any logs not accounted for at the destination must be paid for to the Forest Service.

Mr. Miller stated that the two-year period is generally agreed to be too long, both by government and by industry. But he expressed concern as to the "smoke screens" being raised on the issue. The problem is not title--it's time. Possible 45 days could be allowed for reporting, with no absolute outside limit for recovery. (3485) "If your are going to recover them, we don't care how long it takes".

Miller (cont.) Originally industry was not behind the bill because too much money was involved with little return. Now the main problem may be a need for legal counsel overview to clear up any problems that have been incurred.

Chairman Anderson: There is a problem--If industry is required to retreive logs, then the profitability decreases--is that correct? Mr. Begalka answered that at least 10% of wood on beaches is Douglas fir. Also on beaches is cottonwood and pine. The Forest Service won't allow any logs to be taken unless all are taken. (180). A concerted effort by industry and government is needed to recover the wood.

_____, representing the U.S.F.S., stated that the salvage problem has been recognized for many years--at least since 1957. Many of the stranded logs are not of Alaskan origin. (He will have more facts on this by next week). Probably only 2% to 3% are uprooted trees. The rest were once logs. Brands are unrecognizeable in 96% of the logs beached. Cedar comprises 21% of the useable lumber--and cedar is unuseable in pulp. There is lots of hemlock on the beaches, also. The longer the logs are on the beaches, the more the brands will disappear. There is also a trespass problem in recovering the logs. This problem will also be researched for the committee.

Chairman Anderson asked what was done with the logs no one wanted? Answer: There is no good solution at this time.

The representative of the Forest Service stated that at the time of an adjustment for lost logs, title passes. In effect, scaling is then accomplished.

Anderson--It doesn't appear to hurt industry if a few logs are lost. What is industry losing? The federal government should be able to go ahead and say to a salvager in such a situation "Get rid of it".

Mr. Al Anderson, of Alaska Wood Products, stated that just because the logs are insured doesn't mean that industry doesn't care what happens. Insurance rates go up. In answer to a question as to whether an insurance company will go out and gather up logs it has paid for, answer was "Maybe".

Mr. Miller asked how often there was a major spill. Mr. Begalka answered that Ketchikan Pulp has had two major breakups in 20 years. Al Anderson stated that an insurance company had recovered 900,000 out of 1,400,000 b/f in their most recent spill.

Mr. Begalka stated that the problem of lost logs is compounded by count inaccuracies.

Roger Allington, of Sealaska Corporation, testified to future problems foreseen by the native corporations. The corporations will be industry, but will also own the land. There is a problem with what the government

can do, versus what a private land owner can do. For instance, a private land owner cannot condemn property. Also trespass is a problem--there is a need for clarification on when a private owner can handle log property--in other words, who owns and for how long?

Mr. Miller stated that he sees it as a good deal for the private owner. If 30 days goes by they are already your logs by right of possession.

Chairman Anderson informed the committee that the bill will be addressed again after the information is in from Dutton.-- with a tentative date of March 19 for the rehearing. Staff was advised to get in touch with insurance companies for the timber industry.

Meeting adjourned.

HOUSE RESOURCE COMMITTEE - Minutes - March 5, 1976

Present were Osterback, Hershberger, Rhode, Swanson, Huntington, Brown, Staff Assistant Van Doren and Chairman Anderson.

Subject: HB 768, HB 573

Mr. Anderson announced that a platt is due from Anchorage on SB 444. Also, HB 580 has been signed out of committee.

Mr. Osterback presented background for his bill, HB 768. The people of the Aleutian Chain are not represented on the Fish and Game Boards. There is no voice from that area. It appears that Seattle boaters are in charge in the Aleutians, but the people themselves don't have a say.

Hershberger stated that the bill speaks to geographical areas, and thus could leave out Anchorage--the sport fishermen need to be represented. This is a $40,000,000 a year industry, and needs a spokesman. The current Board of Fisheries is all commercial fishermen.

Anderson: The bill would allow the governor to look over all of Alaska in choosing the members.

Rhode: The bill might open a can of worms on all 94 boards and commissions of the state--especially the Board of Regeants.

(Mr. Brown arrived--20 minutes late)

Mr. Huizer, Deputy Commissioner of the Dept. of Fish and Game, said that they are concerned that a regional or city concept will polarize users--then we will have to have a sport representative, a commercial representative, etc. There is no way to equally represent the diverse users of the state.

Osterback stated a problem in the Aleutians in waiting for quotas to be met (fish quotas) in other areas before they can begin taking fish. However, they can't officially talk about it with no board representation.

Anderson stated that the concern is for the future.

Mr.Huntington asked whether we were trying to enlarge the Board of Fisheries. Answer--No, It remains the same. (2000) Discussion ensued on this topic.

(Mr. Brown left for 4 minutes)

Chairman Anderson asked whether we can speak to the Board of Fish without affecting the Board of Game. Answer: Yes.

Mr. Rhode stated that the new proposal would mean new appointments in July

Motion was made to strike sec. (b). Unanimous consent was given.

Motion was made to pass CS HB 768 out with a Do Pass with additional language.

Mr. Hershberger objected--it would reconstruct the entire board, and we would lose one Southeast and one Cook Inlet representative.

Chairman Anderson asked whether confirmed present members would be allowed to fulfill their terms?

Chairman Anderson read a review of the names and towns for the current Board of Fisheries members.

Rep. Rhode stated a need to prepare a sec. (b) to clarify the terms and when the new regulations are to be effective. The expiring terms of the existing Board will have to be considered.

Hershberger asked that the sponsor redraft the bill to speak only to the Aleutians.

(Mr. Brown has returned)

Mr. Van Doren stated that legislation could be drafted to add one member to the Board, with a letter of intent that he be from the Aleutian Chain.

Question: How is the Aleutian fishery handled on the Board?
Answer: The most knowledgeable people come from Kodiak at present. Also, there are others who know the area, but have a total picture in mind.

Mr. Osterback stated that the Board of Fish has never met with Advisory Committees in the Aleutians. He is also concerned with the crab fishery. Mr. Swanson added that there will always be problems between fisheries.

A vote on the Do Pass motion carried--not unanimously.

(2482) Re: CS HB 573

Mr. Edenso presented a review. This bill would give time for evaluation and recommendation to the governor. It would not allow time for implementation. The current report isn't completed at the printers yet. The Council feels that developing plans without implementation won't be beneficial. The additional year is needed.

The Administration supports this only through 1976. The Council wants to extend through 1977 and will need additional funds.

A unanimous Do Pass recommendation was moved for CS HB 573. Motion carried.

Re: SB 444

(2650) Mr. Rhode reiterated that the main concern was over the clam beds near Anchor Point -- townships--and protecting set net fishing.

Chairman Anderson stated that Senator Croft had no objection to Rhodes concerns. The proposed CS includes these.

Announcement was made of the 3:00 p.m. Kachemak movie, and the 1:30 meeting on the timber bill.

Mr. Brown asked that he be called from his Judiciary meeting if Clam Gulch came up for a vote.

Meeting recessed.

HOUSE RESOURCE COMMITTEE - March 8, 1976

Present were Swanson, Huntington, Rhode, Osterback, Eliason, Smith, Hershberger, Brown, Anderson (Chmn.) and Staff Assistant Van Doren.

Subject: HB728
CSSB444

The status platts for CSSB444 were checked with the Committee Substitute. It was moved and passed to add a piece of land to the legal description in CSSB444 which had been overlooked in the drafting of the bill (to agree with the platts) It was also moved and passed to add sec. 6 to the description in sec. (h). (Also to agree with the platts)

Chairman Anderson raised a question regarding legal access to the beach areas. This was clarified as presenting no problem.

It was moved to pass CSSB444 out of committee as amended with a Do Pass recommendation. Motion carried.

Rep. Smith urged that the committee look at critical habitat management in general.

Re: HB728
Sponsor Mike Bradner presented background. This bill is aimed primarily as a sign-off procedure for the leasing process. It puts Alaska first--many communities can't be served by liquefied natural gas. This would establish the principle that the state will recognize domestic needs first. The legislation is modeled after Texas legislation.

Mr. Rhode stated that once the gas gets into the gas lines we con't have control--is this still a true statement?

Bradner answered that it appears some control can be retained. The state must be careful with agreements before gas hits the gas line--royalty gas considerations.

Mr. Brown quoted Article I of the Constitution re: interstate transportation of gas (1735).

Bradner stated that there would be an added lease stipulation "before the fact". Industry would be aware of it before they leased i.e.--if the pipeline went trans-Canada, most of the North Slope would go through it--critical to recognize domestic uses ahead of time. This legislation would have nothing to do with Prudhoe Bay (according to Bradner)

Mr. Swanson suggested that on Ln. 15 add "or future" needs. The Dept. of Commerce and Economic Development says this would strengthen the bill. Alaska can't use all of the gas--some will have to be "in kind".

Bradner stated that items 1 - 5 could be dealt with in the lease. However, we can't get too restrictive if we are going to bonus leases.

Re: the Rush Moody report, Rep. Smith stated that legislation must be carefully drafted. Did Moody review this bill?

Mr. Bradner answered that he wasn't sure.

Mr. Brown stated that gas is treated differently from oil under the constitution. He questioned the last paragraph of the John Weiner letter. (Copy in files)

Swanson answered that the meat is in that last paragraph.

Bradner stated that the control could be put under something other than the Oil and Gas Board. Possibly the Pipeline Commission. At this point we are simply leasing. The Pipeline Commission is the regulator.

Brown added that present leasings are done under the Commissioner of Natural Resources. It seems he should be in control, not the Pipeline Commission.

Bradner replied that this gives one individual too much authority, but maybe that's good??

Mr. Smith stated that the most important problem is who determines--not having it in the lease.

_____expressed concern that now leases don't state everything. If the wording of the proposed bill were added, leases would be less. Couldn't the wording be negative instead of the present wording. This is a constitutional problem. If the determination could be made before leasing as to whether local uses would be necessary in a given lease, the wording could be specific in a given lease.

Bradner stated that any uncertainties in the lease lowers the value to the person asking for the lease. Many other factors are beyond our control, but this is controllable.

Brown urged obtaining Berrier's opinion as to the constitutionality of the proposed bill.

Swanson stated that the "all future leases" wording would be unnecessary if determination of local needs was made before leasing. If the gas is not needed locally, the wording wouldn't be needed.

Monte Taylor, of Exxon, stated that their lawyer says that the legislation wouldn't stand a constitutional challenge. (2190) He cited several cases.

Brown again urged obtaining views of legislative attorneys. The basic concept appears constitutional.

Mr. Smith agreed with Mr. Brown--the Rush Moody report

quotes some unconstitutional cases.

Rhode suggested getting the Attorney Generals opinion.

Eliason reminded the committee that we have experience with questions on leasing vs. constitutionality.

Hershberger stated that Louisiana is in litigation now in order to attempt to retain some of their gas within their state.

Chairman Anderson stated that opinions on constitutionality will be available as they come in.

HOUSE RESOURCE COMMITTEE - Minutes - March 9, 1976

Tape 8 Side 2 3093 to end
Tape 9 Side 1 0 - 1104

Confirmation Hearings--with Senate Resources 1:30 p.m.

Sam Demientieff, of Fairbanks, appointed to the Board of Fisheries, spoke first. After giving his background, he stated that he felt the AYK and Norton Sound areas should have advisory committees, They now have none. The vote went against those particular areas, and the formation of committees.

Huntington asked whether Demientieff felt that the Board listened to Advisory Committees.

Demientieff stated that committees just recommend what they wish to be done. (He was born in Alaska, and used to work on the interior rivers.)

In answer to a question as to whether Fish and Game had instructed the Board on how to set up advisory committees, Demientieff answered yes--they could choose whoever they wanted, as long as the person had a working knowledge of fish.

Swanson asked whether the legislature should write laws governing Fish and Game, as was done last year. Demientieff answered that the Dept. of Fish and Game is there to protect and manage, and should have the power to do it.

Rhode asked whether Demientieff had received any reaction from the people on the cow moose situation. "Not really", was the answer.

Demientieff stated that he had worked with the Tanana Chiefs to form an Advisory Committee in areas where there was none.

Osterback expressed his concern for no representation from the Aleutian Chain. He gave an example of the petition to make a set-net only area--action was not favorable.

Demientieff stated that he thought all proposals presented at the Board meeting were covered thoroughly. If considered important enough, special hearings were held.

In answer to a question as to whether geographic representation was desireable on the Board, the answer was that all fisheries should be represented on the Fish Board. He feels this is now being done.

Demientieff urged that if there are problems in a given area, such as the Aleutian chain, phone calls and contacts should be made. Reports from the area biologists should be submitted. A trip could be made by the Board to the Aleutians if necessary.

In answer to Swanson's question as to a split Board, Demientieff stated that he approved of the two Boards.

Chairman Anderson asked how the public knows when hearings of the Board are being held. Demientieff answered that there is public input two days before the meeting, then public input is cut off.

Osterback stated that they tell you to "stand by" to answer questions.

Sometimes several weeks go by while you "stand by".

Demientieff stated that there is often a juggling of schedules at the hearings, and this necessitates people waiting.

Danny Garroutte (3491) of Ninilchik, was next. He has lived on the Kenai Penninsula for 18 years. He has done commercial fishing, and is also a carpenter. He feels Cook Inlet is the most controversial area at the moment. Garroutte has done both set net and gill net fishing, and is also a sport fisherman. People in Ninilchik say he favors the sport fishermen, and the people in Homer (Commercial) want him out.

Huntington asked how Garroutte felt about advisory committees. The answer was that biologists are supposed to know best.

Swanson stated that we are on the verge of another "cow moose" situation. This time it is the possibility of a caribou herd wipeout. If Fish and Game doesn't clamp down, the legislature may have to. The Board needs to listen to local advisory committees.

Chairman Anderson asked what the legislature should be looking at. Garroutte answered that stocks of fish are way down. Rehabilitation programs need to be undertaken. Most current studies on fish are outdated. (on migratory fish) We need a new study on the three meshing fisheries.

Hershberger asked whether information from the biologists gets to the right place. Garroutte answered that "biologists are human".

In answer to a question on his opinion of the Advisory Committees, Garroutte stated that he listens to the Committees, but doesn't necessarily agree with them. He stated that it is difficult to keep up with all proposals.

Osterback stated that Fish and Game staff never goes into the fishing grounds, but only sees what is caught. He has offered to take staff out in boats, but was refused.

Garroutte agreed that there was not enough research done. He stated that it is very difficult to regulate a fishery. Also, creek robbing is a major problem.

Chairman Anderson suggested that a study is needed on the high seas fish with Alaskan bases. Regulations allow studies to be recommended. The Board of Fisheries could initiate a Resolution for the study.

Garroutte stated that he would prefer legislation to create a fund for study.

Anderson expressed his concern for a tagging program and use of information gathered from it.

Herman Schroeder, of Dillingham, was next. He has been a fisherman in the Bristol Bay area since 1931. He is also a fish buyer. He asked biologists why the overescapement happened last year. (No answer givern. r.a.) Tagging fish would help. You can't count the fish in muddy waters with present system. Cape fishery tagging is necessary. A lack of money is quoted as the reason the tagging is not done. Schroeder said now we are trying to second guess the fish because we don't have enough information.

ANderson stated that funds for tagging are not in the current budget. They are supposed to be there next year.

Rhode asked Schroeder whether he felt he could work with the present Board members. Schroeder answered "yes".

Schroeder stated that Advisory Committees are saying "I don't like it", but are not coming up with constructive suggestions. They need to justify what they say.

Schroeder felt that Osterbacks concern for his area should be brought up again before the Board.

Meeting recessed.

HOUSE RESOURCE COMMITTEE - Minutes, March 9, 1976
Subject: HB 579

Present were Swanson, Huntington, Osterback, Hershberger, Rhode, Staff Assistant Van Doren, and Chairman Anderson.

Commissioner Ernest Mueller, Dept. of Environmental Conservation, began the hearing. This program was envisioned last session. The money for environmental enhancement could be used by a community or a citizens group, but NOT by the state. It is not for study or education, but for actual on-the-ground improvement projects. 90% of the money for a project will come from the fund. 10% will be required from the local source. A preference will be given to areas where environmental damage has occurred. and where other funds are not readily available.

Huntington asked how fine money could be used for this, when money from alcohol taxes cannot be used for alcohol program.

(Quorum present at this point)

Huntington felt that Environmental Conservation would be looking for court cases in order to fund the program.

Commissioner Mueller stated that the constitution only prohibits tax designations. This bill speaks about fines.

Swanson stated concern that there would be a problem along highways--there might be overlapping federal requirements for beautifying highways.

Mueller repeated that the object is to fund projects otherwise unfundable.

Chairman Anderson asked whether the state can create a fund? He also asked for a definition of "citizens groups" as used in the bill.

Commissioner Mueller suggested that Garden Clubs, League of Women Voters, Juneau Beautification, etc. would be good examples of "citizens groups". Businesses or corporations cannot receive the funds.

Chairman Anderson stated that the bill appears to be too broad--there is a need to develop more guidelines.

Osterback suggested that the current Coast Guard program for environmental enhancement could conflict with this bill.

Commissioner Mueller stated that the fiscal note covers hearings, writing regulations, etc., to back up the bill.

Sharon Lobaugh, representing Alaska Conservation Society, stated that this bill would give environmentalists a chance to "do something". She requested a change in the bill to allow the environmental advisory council to handle administration of the bill--since this council already exists. She also suggested considering historical sites, and that the wording in the bill should state only "natural" environmental projects, to avoid overlapping other areas. There should be a preference for areas already damaged.

Swanson stated his experience with environmental regulations. He also felt that this bill would trigger fines. He suggested appropriations

from the general fund, when needed, rather than a separate special fund.

Chairman Anderson stated that he did not want to use the Environmental Conservation Advisory Board, since it is composed mainly of Anchorage and Fairbanks people appointed by the governor.

Rep. Swanson gave an example of the Usibelli Coal Mines renewal project, where the area now looks like wheat fields due to replanting.

Osterback gave an example of a runway in his area where runways are in short supply, but the people were required to dig up the concrete and grow grass instead.

Lobaugh cited examples of local programs undertaken without money, in order to beautify areas.

Rep. Swanson suggested having Parks and Recreation do much of the environmental enhancement, since they already have a mechanism and personnel to do the work.

Motion was made and passed to table HB 579.

Rep. Rhode announced a hearing in Seldovia on CSHB626, to be led by Bob Palmer.

Meeting recessed.

HOUSE RESOURCES COMMITTEE - Minutes - March 12, 1976

Present were Swanson, Rhode, Huntington, Osterback, Brown, Staff Assistant Van Doren and Chairman Anderson.

Subject: HJR 60
HB 726
SSHB 626
HB 854

It was moved that HJR 60 pass from the committee with a Do Pass recommendation, unanimously. Motion carried.

Mr. Rhode asked that HB 626 be brought to the floor. Approved for discussion. He presented the results of the polls conducted on HB 626. (copies available) Also, Palmer was sent by the governor to Seldovia to conduct a hearing at the request of the people there. The group in Seldovia voted 2 for a marine sanctuary, and 40 against. Mr. Rhode stated that condemnation procedings are in Superior Court now, and action on the bill should probably be delayed until the Court decision is reached.

It was moved to table the bill until a time certain with a unanimous consent asked. Motion carried.

Mr. Rhode stated that there is also a "buy-back" bill (HB 854) in our committee which would fund the lease purchase by the state if necessary. He recommended delay of action on this bill also.

It was moved to bring HB854 before the committee for discussion. Motion carried.

It was moved to table HB854 until a time certain with unanimous consent asked. Motion carried.

Discussion of HB726 began with Chairman Anderson stating that there appeared to be no great enthusiasm for the bill among miners, but general agreement that it would help the small miner.

Swanson stated that $1,000,000 would be a better figure than the $3,000,000 in the bill. Finance could take it from there. It is a good bill--progressive, and an incentive for the small operator to continue mining.

Motion was made to reduce the fund amount to $1,000,000, and adopt the language change as per amendment.

Huntington stated objection to an amount of money to be tied up for an indefinite time. It would be o.k. if it were used, and could be refunded if necessary in the future.

Mr. Swanson stated that the state wouldn't be losing anything no matter what.

Mr. Van Doren brought to the attention of the committee that the bill

doesn't say where income from sale of the stockpiled minerals would be put, or where any profit would go.

(Mr. Brown has arrived)

Mr. Holdsworth stated that when he was in office there were many unofficial inquiries on the mining fund, but no money was available to appropriate at the time. The fund could be cut from the $3,000,000 and still be beneficial. Using the fund won't either increase or decrease the fund, if handled properly.

Motion to insert the $1,000,000 amount in the bill was passed.

Mr. Brown raised a question on how much of the money would be used for diseminating information. Discussion ascertained that information is now readily available. Brown stressed that the funds need to be used for the minerals themselves, not information. He suggested that if the committee adopted the amendment referring to education, a committee report clarifying intent should accompany the bill.

Mr. Brown stated that there should probably be two separate bills- one with the appropriation amount, the other with any language or specific information applying to the mineral revolving fund.

Chairman Anderson asked staff to find out whether information is already being given out and funded through another source.

March 18 was set for the next hearing of HB726.

HB 804 will also be brought up on Mar. 18.

Mr. Swanson asked that staff consider going to a 5-year residency requirement on HB 808to help alleviate some of the problems with the bill--this would tend to strengthen the bill.

Meeting adjourned.

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2560

HOUSE RESOURCE COMMITTEE - Minutes - March 10, 1976

CONFIRMATION HEARINGS - 1:30 p.m.

Present were Smith, Hershberger, Rhode, Huntington, Eliason, Swanson, Staff Assistant Van Doren, Chairman Anderson, Senator Kay Poland and members of the Senate Resources Committee.

Peg Tileston, appointed to the Water Resources Commission, began the presentations. She has been in Alaska since 1972. Her background was presented--also the fact that she has an interest in the recreational aspects of water resources. She expressed concern as to the pollution of streams by mining.

Swanson expressed concern as to communication difficulties between the miners and people without Alaskan expertise. Many millions of dollars are involved in the mining industry.

Tileston stated that plans for any installations should include possibilities of "Acts of God". EPA guidelines are already set up. Structural requirements to withstand these "Acts" should be mandatory. She then cited problems of silting of dams--nitrogen infusion becomes a problem.

In answer to a question as to Tilestons familiarity with Alaska, she stated that she has had "some" travel in the north. Not much in SE. However, her 15 years in Colorado acquainted her with mining.

In answer to a question as to whether she opposed drilling for oil in Kachemak Bay, she answered that both onshore and offshore impact must be weighed. They can't be separated.

Discussion of the "water problem" for fish on the north slope ensued. (When the waters freeze, the fish congregate in the deep holes)

Tileston expressed the concept that where there are people, there is a conflict.

In answer to the question of membership in environmental societies, Tileston answered that she is a member of the Center for Environmental Study.

Re: clearcutting, Tileston sees clearcutting as a need, but a problem in certain instances. Care must be used.

Re: Issues her organization have been involved in--she answered D-2 proposals,Corps permit process, LUPC, OCS, timber cutting. Whatever issue comes up, we try to meet the need. She sees no problem between her organization and the Water Resources Commission.

Russ Mulder, appointed to the Alaska Pipeline Commission, presented information (3415) He is a J.D. High School graduate. Most of his experience is in Alaska. He is optimistic about the state doing some of its own regulating. However, it could be in the end that the ICC will be the regulator. The commission has been given power but no mechanism for implementation.

Regulations have been drafted--we could now proceed. He stated that everything now being done is toward the ultimate goal of setting tariffs. There has been an attempt to get information from the federal government on the issue, but they will not give it out. The Commission must go ahead anyway. As to whether litigation will eventually be involved, Mulder answered affirmatively. Knowledge is being acquired now on regulations. TAPS is later. In answer to whether the ICC has been contacted on whether they are going to have hearings on tariffs, Mulder answered yes, but "they aren't talking". Also, they (federal) have nothing in writing.

Senator Rader asked whether the Commission had explored the alternative Trans-Alaska vs. the Trans-Canada lines. Mulder stated that they can't do everything. They haven't ever been asked to study this situation. There are 3 members of the Commission. They have to be passive until active requests are made. They have been given no lead time. Actually, the importance of an issue is set by receiving an actual request. If staff was available, more would be done. A general background has been acquired by the members on the issues.

Re: testimony on the Trans-Alaska Pipeline being closed before the federal power commission in May--Mulder stated that he didn't know yet whether the Alaska Commission would be testifying.

Further questions and answers centered on the lack of time to accomplish anything.

The budget for the Commission is $250,000, according to Mulder. There is no Executive Director yet--the group felt they should know what they were doing before attempting to hire any staff. Consultants are being used.

Senator Croft asked whether the tariff could be established by July of 1977, the deadline. Mulder answered that though they were late in starting, the next 3 to 6 months would show results. A precise proposal will be presented for setting a tariff. It will be done on time.

Further questions were asked about the cost of Alyeska's pipeline. Mulder answered that in the next 3 to 6 months an accurate screening of the costs will have been done. Croft expressed concern that at the rate things are going it will take 5 to 10 years before the tariff can be set.

Mulder stated that possibly the ICC will do some of the expenditure monitoring, taking the load from the Alaska Pipeline Commission.

Mulder stated that $300,000 has been requested for the next year for the Commission, but the Administration has cut that to $250,000.

Mulder again expressed optimism as to success next year.

In answer to a question by Chmn. Anderson as to whether determination has been made as to what personnel will be needed, Mulder stated that these plans are being drawn up now.

Chairman Anderson stated that on the basis of what he has heard here the state should be concerned.

Mr. Samuel Harbo, of Anchorage, appointed to the Game Board, presented his background. (1164)

He has a Masters Degree in Wildlife Management. He spent some time at Adak, also 2 1/2 years in Nome. He has been involved in game programs in most of the northern part of the state. In 1961 he received his doctorate. He has had assorted field positions, as well as a time on the staff at the U. of A.

Mr. Osterback asked several questions about the Adak situation. In answer, Harbo stated his stand on transplants. As long as there is a "hunting" population, transplants could be o.k., all things else being equal. But you can't transplant to an area that has not got enough food to sustain an increasing population. Also, one must take into consideration the existing life in the area, and what effect the transplant would have on it.

Harbo stated that there is a problem with "powers" between the advisory committees and the Game Board, This must be resolved. The Advisory Committees set guidelines--the Board sets regulations.

In regards to wanton waste problems, Harbo stated a need for additional enforcement efforts. The laws would then be o.k. Re: game season, Harbo stated that some changes are already being made.

Re: the possibility of a new Commissioner of Fish and Game, Harbo stated that if the Board recommends someone, the governor would probably endorse the recommendation. However, such a request has not come from the governor as yet.

Discussion of a Section 26 Boards ensued.

Chairman Anderson asked whether Harbo felt that there was a good representation on the Board at present. Answer: Yes. As to whether Harbo was aware of any problems on the Board of Game, Harbo answered no.

Discussion of the ratio between enforcement personnel and biologists began, including questions as to whether biologists should do enforcing. Also discussed was whether enforcement should be under Public Safety. Harbo felt that it would be necessary to know whether officers were more comfortable with police facilities and training nearby.

Pete Nelson, of Juneau, spoke. (1863) He has been in the Fish and Wildlife business for over 50 years. He is a graduate of the University of Minnesota, and came to Alaska in 1940, then returned in 1948 to remain. He did the first biological surveys in the state on game. He was Commissioner of Fish and Game for one year. He is active in Alaska Wildlife Federation, Territorial Sportsmen, etc.

Re: Enforcement of F. and G. regs, Nelson stated that the Fish and Game

Board shouldn't have put enforcement under Public Safety--Most of enforcement is handled through education. Lousy regulations make problems. If the regulations are put in order, then they can be enforced.

Swanson asked whether Nelson felt regulations should be annulled by resolution of the Legislature. Nelson stated again that education and correcting the regulations is necessary. There are some benefits from Public Safety enforcing the regulations.

Hershberger stated that he would like to see Education as part of the Fish and Games education program--putting information out to more people on new regulations.

Nelson stated that the Dept. of F. and G. failed to recognize enforcement as important. Originally the dept. was set up to get control of the resources of the state. Enforcement was never incorporated into the whole. Education is a problem, but we haven't been able to convince the governor of this yet. Biologists and enforcement are too far apart to be handled by the same person.

Re: Who would remove the commissioner, Nelson stated that the governor wants the Board to be active and take the initiative. But there needs to be protection for commissioners, in order to provide continuity. At present, the governor has full responsibility. Requirements are needed--specific requirements,, for filling the position. Experience and training need to be spelled out. A good biologist doesn't necessarily make a good commissioner. If a man can't get the job done, remove him, no matter who. We have a very complicated Fish and Game state. "I don't want Brooks out until someone better is available."

Re: Board members coming from specific geographic areas--this is not necessarily a good idea, according to Nelson. You can't isolate an area. The whole state is important

Committee members expressed concern that persons from their area could best vocalize the concerns of that specific area.

Re: Travel money and time, Nelson stated that there is never enough money, nor enough time, to cover all bases.

Anderson asked why renewable resources always lost out. Opportunities are given, and plans proposed--they are turned down.

Nelson stated that "the other things" get funded. Education and enforcement don't.

Nelson urged that the Resources Committee ask the "correct" questions of commissioners in order to facilitate gaining the facts needed.

HOUSE RESOURCE COMMITTEE - Minutes March 11, 1976

Tape 9 Side 2
2460 to end
Tape 10 Side 1
0 --1290

Present were Smith, Rhode, Swanson, Osterback, Huntington, Hershberger, Eliason, Brown, Staff Assistant Van Doren and Chairman Anderson

Subject: HJR 60

Phil Holdsworth began testimony. Senator Metcalfs bill in Congress, #2371, would close six monuments and parks in the United States from the effects of mining laws. In Alaska Mount McKinley and Glacier Bay are affected. The bill has already passed the Senate. An amendment has been proposed in Congress to remove the western watershed of Glacier Bay from this bill. If the bill passes, the current mining could not continue through the moratorium period, while study determines what the cost of buying out these claims would be.

The area described is not part of the watershed of Glacier Bay interior. It contains vital minerals. There are 20 patented claims and many unpatented ones. (map available) There is a tremendous amount of nickel. The LUPC is looking at the status of the deposits, and a copy of testimony to them is available.

In 1966 a survey of the geology of the area was begun, and has been ongoing since then.

Mr. Smith asked what the intent of 2371 was. Answer: a 3-year moratorium to gain an appraisal of the worth of the area. In a report to the Dept. of Interior, it was noted that there are certain known values in the area. It was also noted that the taking of rights is unconstitutional (i.e. prohibiting mines from being operated)

Mr. Holdsworth stated that the Glacier Bay Monument was set aside for observation of glacial action. The original monument didn't include the now questioned area. It is hard to know why it was included. He added that there are several hundred mining claims in the Lituya Bay area.

Mr. Fred Eastaugh, representing Newmont mining, presented testimony. They are the owners of the 20 patented claims. A survey is now being conducted that will probably prove there is much unanticipated value in the area. There could be over 1.1 billion lb. of nickel, and 600,000 lb. of copper now known about. The depth of the deposit is not known, nor is the western perimeter known. A strong possibility exists that much more is there. The timing for contact with Congress is critical, since the Interior subcommittee may mark up the bill within the week. It must be ready shortly in order for Congressional action this summer.

Mr. Eastaugh stated that the present market value of nickel is $2.20 per lb., and copper is .63 per lb. Current claims take about 400 acres. U.S.G.S. thinks that 400,000 acres are involved in the potentially valuable area.

Mr. Swanson, in response to a prediction of 800 persons being employed in the area, mentioned excellent, steady, year-round jobs being provided--including the payroll plus the support mechanisms.

Mr. Harry Ranspot, of City _____Mining, stated that his group is a partner with Newmont. Surveys are not yet complete of the potential mine area due to difficulty of drilling through the ice to probe. Extended drilling has been done, but the outer limits are not surveyed due to deep crevices making it unsafe to continue. The underground exploring must be done to find the outer limits.

In answer to what would happen to the tailings, answer was that they would probably be impounded at the tunnel site in a deadend canyon. But another possibility is pumping the tailings back underground, which would hide them and also provide support for the ground. Mr. Ranspot stated that the mining would be an underground operation.

Mr. Anderson asked what the Park Service view was of mining, and Ranspot answered that he assumed they were opposed. Also, in answer to a question as to the value of this nickel deposit to the nation, Mr. Ranspot stated that this is the largest nickel deposit in the nation, and one of the largest in the world. We are now importing 85 to 90% of our nickel. This would cut that by about 10%.

It was stated that feasability studies so far are only of a preliminary nature.

Re: exported nickel--much of it comes from Canada. Re: copper sales, there is lots of copper available.

Eliason: Which Bay would be used to work from? Answer: Dixon Harbor. Question: what time frame are you working in now? Answer: We're waiting for a permit for the access tunnel.

Mr. Chuck Hawley, an independent consulting geologist, spoke next. He was involved in the original U.S.G.S. survey. Exploration could show that there is a reserve at least 3 times as large as now believed. Also, Mt. Fairweather has a possible nickel deposit not begun yet. Deposits in the area are extremely concentrated, so the area affected would be very small.

The Dixon Harbor development would involve a road to the mine site, but disposal would be out of view of Dixon harbor. Material has been pumped back underground in other areas, so it is not a new process.

(3262)
Ron Hawk, of the Alaska Chapter of the Sierra Club, spoke. He stated that he had checked with Dept. of Commerce, and Newmont Mining is not registered with the state of Alaska. He then reviewed background of the federal bill, and Glacier Bay establishment in 1936. Among other things he mentioned that in 1936 they said there was no animal life in

Glacier Bay.

Regarding the 270 unpatented locations in the area, Hawk stated that it was dubious as to whether mills are legal under the 1936 legislation. Also, he stated that authoritative sources (noted on tape) say there is plenty of nickel in the U.S. and worldwide. 95% of this is on the North American continent. The Brady Glacier deposit has only 3% of the known North American deposit.

U.S. Bureau of Mines data from 1975 states that nickel should be available from current sources indefinitely. Nickel is now being recycled, and is not currently a stockpiling item. Manganese is now being developed.

Regarding the inaccessability of the area and mining there because it is little used, Mr. Hawk stated that there is an abundance of lowland wildlife and lowland beaches. Mineral-related development would disturb the wildlife. He then elaborated on the use the Glacier Bay interior gets from tour ships.

Mr. Hawk mentioned that Newmont has presented no formal proposal to anyone. To say there is no adverse impact is incorrect if they haven't even got a proposal ready. "We must maintain the integrity of the National Park Service". Exceptions should not be made in the Parks.

Eliason asked how all of these facts relate to the mining area. They are on the outside coast--all of the facts presented on Glacier BAy relate to the interior area.

Mr. Hawk added that the coastline is walkable in many places. Also forested area might be adversely affected. We don't know enough about the project.

Osterback asked how views from tour ships would be affected, since this was an outside project, and they were inside. Mr. Hawk stressed that he was only trying to give the increased use of the Park.

Hawk stated that the Sierra Club doesn't intend to tie up mining in Alaska. There is another deposit just south of Glacier Bay, out of the Park, on Forest Service land. Possibly 20 million tons are involved.

Mr. Eliason again stated that there is no relationship between Glacier Bay and the outside coast. In response, Mr. Hawk said that no in-depth eco-system relationship has yet been done on the outer coast as it relates to the interior park.

Discussion of economics being controlled by environmentalists ensued. Mr. Hawk stated that feasability studies need to be done.

Mr. Hershberger asked Mr. Hawk exactly how he was opposed to the mining. Aesthetics? Philosophy? Answer was that this is a National

Monument, and the judgement was philosophical based on the value of the cultural aspects of the area outweighing the mineral development aspects. There is a value to re-creation.

Mr. Swanson stated the Sierra Club stands against pipeline, timber, mining, economic development, etc. "What are we in Alaska going to live on?"

Mr. Hawk answered that they were in favor of performing all activities in a rational manner.

Mr. Swanson stated an unanswered question as to whether disrupting the fisheries on the ocean floor for mining would be more sensible than a hole in a mountain for mining.

Sharon Lobaugh, of the Alaska Conservation Society, introduced Mr. Rich Gordon. Mr. Gordon previously worked for the Division of Policy and Planning. He is now representing the SE Alaska Conservation Council--an attempt to coordinate seven Conservation Societies. He has visited Glacier Bay twice for extended times. He has walked from one bay to another--it is not easy, but can be done. Creeks and rivers have to be crossed in the process. The Newmont ming area proposal is isolated from other areas. However, within that area you can walk from one bay to another.

Mr. Gordon stated that National Parks and Monuments are 3 1/2 % of the total federal domain. There should be no commodity development at all. No exceptions should be granted. Public re-creation and scientific uses should be all that is done. in these areas. Some lands must have their cultural value placed primary. Katmai is the only area closed to mineral development now in Alaska. This presents a great imbalance between mineral development and cultural protection.

Chairman Anderson stated that this is "one man's cultural value".

Gordon stated that he felt the majority of American culture says that some lands need preserving for culture. There are only two reserves along the coast in Alaska. Many are available down south. He went on to state that the combination of beaches and shores are interesting and varied in the proposed mining area. The forests involved are unique in southeast because they are primary--unglaciated--probably the source of the glacier oriented forests. He stated that the object was not to block Newmont but to mitigate the effect. No recent information had been available from them. It is needed to make a sound judgement. Potential conflict depends upon exactly what they do. Another bay could be chosen.

Mr. Gordon discussed the wildlife crossings in the area. There is only one--all wildlife traveling up and down the coast must use that area to cross--a road could destroy the pattern of movement. Animals in the area must travel great distances to make a living--destruction of their crossings would be disastrous.

Mr. Gordon felt that a breakwater at the entrance to Dixon Harbor would be difficult to maintain. Also, the inside harbor gets very shallow. He suggested that a Torch Bay base might be better, but access to the mine would be difficult.

Gordon added that the impact to the coast would not be due to development of minerals--a possible townsite would be the impacting problem. All of the wildlife of the area would be adversely affected by people. Also, a gold mining company has proposed that beach sand dredging be done. Gordon stated that this would destroy the routes of wolves and grizzlies who use the area just inside the timber to travel.

Gordon then stated that it was his understanding that the proposed Senate bill 2371 would not exclude existing claims--only new ones. He added that in Alaska we have to 1) preserve examples of diverse ecosystems and 2) preserve mineral resources for future use. Development should be done in areas not presently protected. Closed areas should not be opened up.

Mr. Osterback asked how many people had walked the beaches of the questioned area in the last 25 years. Answer: I don't know.

Mr. Cliff _____ spoke. He has been in Alaska since 1963--originally from Sacramento. His feeling is that Newmonts claim is an enormous speculation, with many unknowns. A National Park is not the place for such speculation. Can you mine nickel through shafts? It is a myth that nickel is in short supply. It is a myth that the facilities can be hidden. There is a difference between proposed and proven minerals. Visual impact is important.

Chairman Anderson recessed the meeting at 10:00 until 8:00 a.m. Friday.

Tape 10 Side 1
2060 - 2677

HOUSE RESOURCE COMMITTEE - Minutes - March 15, 1976

Present were Swanson, Huntington, Hershberger, Smith, and Chairman Anderson

Subject - HCR 94

Sponsor Helen Beirne presented background for the bill. Since originating the bill, Beirne has discovered that the Alaska Energy Commission has already done a great deal of research in the area. Her contacts state that wind is a viable source of energy. A combination of water and air would be more viable yet.

Mr. McConkie, Director of the Alaska Energy Office, presented information. Originally their group was set up to handle energy problems. Now they are into research and development. Constant winds are needed to provide the best wind-related system. Gales can be a problem. Such things as retreivable props are being researched. Fifteen to twenty knot winds are ideal for wind energy. Most of coastal Alaska has adequate wind for either a major or secondary source of energy. In some areas heat could be provided by simple resistance heators. Also, water can be pumped when there is wind, and when the wind ceases, the water can be released for water power. An existing power grid can be subsidized by wind when it's blowing--this is now being studied.

Three projects are being studied
1) Nelsons Lagoon--There are 17.5 knot winds. Twelve homes are in the area, each with its own generator. 5 Or 6 wind machines will be put up experimentally. All will feed into a central generator, then lines will be put out to the homes. Also to be studied in the area will be the effect of salt on the mechanisms, and how to notify the people when there is a power drop. Also, the construction, management, maintenance, etc., will be studied as it relates to rural Alaska. Results will be printed and circulated throughout the state. However, the Energy Office will not build "free windmills" over the state.

2) Kotzebue--Here the wind will run the Community College. In addition, they hope to develop a course on wind energy.

3) Cold Bay--An impact statement may be needed here because of possible effect of the wind machines on birds in migration. A 50 ft. axis is possible on the machine, with a possibility of a spiral of props going up a column instead of conventional windmill.

The Energy Commission is looking for federal funding, and if it is forthcoming, the state money will be turned back. The federal government would participate in several ways--For instance, there is no commercial place to purchase wind generators of over 5 to 7 kw. Needed are generators of 20, 30, or 40 kw almost all over the state. The Commission hopes to prove to the federal government this larger size is good and necessary.

Geothermal uses are being explored, as is use of industrial waste heat. Irrigation of soils with warm water to increase the temperature of the soil is being studied. Effects of geothermal waters for hatcheries is under consideration.

Rep. Huntington stated that the main problem he had experienced is the storage of the energy in batteries over a period of time.

McConkie answered that larger batteries are now available, but 10 - 12 days is still the storage time. The federal government has fuel cell storage projects underway. These would last for months at a time.

Re: water temperature projects--water can be pumped underground to come in contact with hot rocks, then released from the ground as steam. Feasability of thermal energy depends on how far you have to drill to get to the heat.

Careful management and cost analysis is being and will be done on all projects. This Resolution will not of itself cost anything. However, the governors budget has in it $250,000 for implementation and evaluation. It will not cost the state anything if federal funds are forthcoming. The federal government has been saying that wind energy research is not of a great enough impact nationally for them to invest.

McConkie is in favor of the Resolution because
1) It is an opportunity to discuss with the legislature the whole energy picture
2) When there is a deal with the federal government or another institution, they request statements from legislatures that they support the proposed project.

Hershberger moved that on Line 19 the words "design" and "implement" be deleted. Motion carried.

Anderson suggested that there should be a date for reporting to the legislature.

Motion was made to add at the end of the Resolution "On or before the 30th day of each legislative session." Motion was adopted.

Motion was made for unanimous consent for a Do Pass recommendation for HCR 94 as amended. Motion carried.

Tape 10 Side 2
0479 - 1525

HOUSE RESOURCE COMMITTEE - Minutes - March 18, 1976

Present were Huntington, Swanson, Hershberger, Rhode, Smith and Brown; Staff Assistant Van Doren and Chairman Anderson.

Subject: CS SCR 83 am
CS HB 769
HB 863

Motion was made to Pass CS SCR 83 am out of committee. Swanson made objection. General discussion cleared up the objection by Swanson. Motion carried to recommend Do Pass on CS SCR 83 am.

RE: HB 769. Joel Bennett gave a general resume of the changes in the committee substitute from the original bill. 1) there is now a 90-day salvage clause. 2) there is addition of good faith wording as applied to salvage attempts. 3) there is addition of "rightful transporter" wording.

Mr. Brown asked whether there might be a need for a definition of "rightful transporter".

Mr. Bennett answered that "rightful transporter" is to help clarify responsibility. Bennett also mentioned that the criminal provision of the original bill has been removed at request of the sponsor. Guidelines for the "good faith effort" will be in draft regulations.

Brown stated that regulations wouldn't be needed--"good faith" is familiar in the law. Brown presented a possible definition of "rightful transporter", (approx.) a person having an executory contract or interest in the logs, or his designee, or one who in normal process of trade transports or causes to be transported the logs. (0955)

Swanson expressed concern with regulations--they might present the catch in the bill.

Huntington stated the problem of logs the state owns that are under salvage contract, but the salvagers haven't done the job.

Brown suggested that there might be a need for another phrase covering "good faith" in the salvage operation.

Swanson mentioned situations in which it was impossible to retreive logs because of adverse tides. There is "alot to salvage besides "floating" the log".

Mr. Smith presented a possible "good faith" wording--"good faith effort includes the fact that effects of weather, tide, etc., might preclude salvage operations" (approx.)

Motion was made to include Mr. Smith's "good faith" wording and Mr. Browns "rightful transporter" wording in the Committee Substitute. Motion passed.

Motion for Do Pass recommendation of CS for HB 769 carried unanimously.

Mr. Brown suggested that a bill be presented by the Resources Committee addressing the salvage owner problem. Chairman Anderson requested the staff to handle this as expeditiously as possible.

It was requested that HB 863, scheduled for Monday morning, be brought before the committee for consideration. Committee agreed.

Pending receipt of a fiscal note, the Committee moved a Do Pass recommendation on HB863. Motion carried. If there is an adverse impact reflected in the note, the committee will reconsider the bill.

Meeting adjourned.

HOUSE RESOURCE COMMITTEE - Minutes - 1:30 p.m. March 19, 1976

Present were Rhode, Huntington, Staff Assistant Van Doren and Chairman Anderson. Present for a part of the meeting were Brown and Osterback.

Subject: SSHB615

Chairman Anderson stated that the committee was specifically looking for a time frame and a reason for having the $44 million spent now.

Bob Roys, Dept. of Fish and Game, began the presentation on the FRED program. (Copies of charts attached) The basic conclusion drawn at the present time is that when the production of fry is up, so is the return of adult fish to the spawning ground. The longer you control the fry--the better off the fishery is. Once the fry reach the natural environment, you no longer have control.

Mr. Roys stated that many kinds of expertise are available within the Dept. of Fish and Game.

Mr. Huntington asked why, according to the chart shown, there is only one very small Fish and Game effort in the whole Yukon system. In 4/5 of Alaska, there is only one program relating to fisheries.

Mr. Roys explained that commercial and sport fishing projects were being undertaken in the interior--his program was the FRED program.

Dick Logan, staff biologist for FRED spoke. He said that where the biggest need is, the main objectives have been zeroed in. It is much harder for the FRED program to work in the Interior, since much less is known about the technology of the fisheries there. Pink and chum salmon have the most developed technology, and are thus the easiest and most predictable to work with. Not much is really known about sockeye and kings yet. The monies asked for will be put basically into pinks and chums. However, Cook Inlet has a "spinoff" project relating to sockeye.

Types of facilities addressed are: smolt facility, salt water rearing, lake stocking, pre to post smolt rearing, and closed system.

Pinks do not generate the income chums do, so from an economic standpoint, chums are the ones that should be stressed. Chums return after 4 years, so results won't begin until then.

Bob Luim presented testimony. A given location determines the number of fry to be involved. The estuarian environment will support only a certain number of fry at a time. Also, the cost-benefit ratio must be ascertained. Some facilities could be developed in stages, but most should be completed immediately, to help hold down costs.

Year-round facilities are not feasable, although some of the systems could combine with natural lakes. Most Alaskan lakes are too cold for over-wintering of fish.

Southeast Alaska has available some monies from previous funds. These are to be combined with the proposed bond monies. The bond issue is the beginning of a 15-year plan. Future additions will be needed to meet these goals.

Re: site selection. Fish and Game engineers would enter in here. Preliminary designs will be done before the bond issue. The contractor could be on board by May. The bond issue asks for minimum numbers of fry to be planned for, but allows for more. The size of the fry is a critical factor. You can raise more small fry, but larger fry may be better for releasing--the size of the brood stock determines.

It must be kept in mind that all charts and figures use averages.

In answer to a question from Osterback as to plans for development facilities in the Chain, answer was given that there are no immediate plans for red salmon development there. Background information is necessary before development can be attempted. The information is now lacking. Some testing could be done now, possibly.

Mr. Rhode asked how much FRED has so far received from the budget. Roys answered 2.3 million for 1976. Additional personnel would be necessary if the bond passes. Substantial budget increases will be noted in the future to back up the bond issue, and implementation. Question: What would you rate as the success factor of the 1958 hatchery built by FRED? Answer: Good mainly as a test facility. Actually, overall, very poor.

Mr. Van Doren asked about HB623. Answer: If this bill doesn't pass, planning money would have to come from the bond monies. It would cause a two-year delay in the projects.

Mr. Van Doren asked what were the problems with rearing pens. Answer: unusual storms, and predators. (The Norwegians have discovered that trained dogs take care of the seagull and otter problems.)

Mr. Roys reminded the committee that professional opinion enters in to all decisions such as site selection.

Re: spawning grounds--it is hard to protect spawning grounds from diseased adults. The Dept. of Environmental Conservation won't allow some things. Research is now going on in the field of innoculations. Testing is being done on ozonation. Pharmaceutical companies are doing research in Alaska. The longer you rear the fish the more problems with disease.

Chairman Anderson asked that Mr. Roys "walk through" a given proposal with all of the "ifs" and "probably's" out.

Roys began with Item #1 of the bond proposal: First a site selection resume is done. Detailed information on costs are available. These

cost factors are entered into the selection decision. In the development schedule certain assumptions are made. 1. The passage of bills, and 2. the passage of the bond issue.

As to why sites aren't certain at this time, one reason given was that Hidden Lake and Skeelac Lake need to be viewed with the snow off.

Negotiations with an engineering consultant company will begin as soon as it is known that money is available. Then a contract will be signed.

In many instances the Big Lake design will be used with alterations. The designs will need to be simple, but long-lasting. (There are 4 design firms only in the state capable of doing these hatcheries. It is not known whether contractor capability covering the total bond issue is available. Two construction seasons are allowed for.)

There is no "exact" facility such as is contemplated in the state. Parts are taken from several facilities.

(Tape 11) Chairman Anderson stated that we need accurate cost estimates and close to accurate site selection information. Needed also is more information on the background of each location. Mr. Roys replied that site selection can't be finalized yet, but will be before the bond proposal comes up.

Mr. Rhode asked whether any condemnation of property would be required under any of the proposed sites. Answer, none that I know of.

Mr. Roys stated that if the fisheries are in a general decline, naturally the cost/benefit ratios will not be good. As to the predicted life of facilities, 20-year cost is used as the basis. For instance, the concrete would probably last, but timber would have to be replaced.

Chairman Anderson stated that the public needed to know that there are no immediate solutions to the problem of fishery decline.

Mr. Roys stated that as in all biological situations, when you don't have complete control of the animal, you lose efficiency. Also, the king salmon situation is puzzling worldwide. He cited the situation with "outside" hatcheries, where the return of adults wasn't counted. Consequently, there was no way to tell whether the hatchery was efficient.

Chairman Anderson asked whether it was realistic to believe all will progress as planned: design, construction--of the main facilities. Roys answered that design could proceed as planned, but contractors were an unknown factor. Proper bids are assumed in the planning. There should be no problem in having the site selections finalized before the bond election.

Mr. Van Doren asked where the monies for PR for the bond election were coming from. Van Doren also stated that competition for construction bid awards from construction companies will be tremendous.

Chairman Anderson mentioned the Aquaculture position paper by Prince William Sound Corporation. Anderson asked whether the Dept. of Fish and Game would be in competition with that group.

Roys answered that he didn't see competition with the group. Coordination would be developed. Major policy is now being developed.

Anderson stated that there appear to be two criteria in question--one for the state, and one for the non-profit developers. How come, when the state is supposed to encourage non-profit.

Roys answered that the state will be working on the sport fishery while the Prince William Corp. will be doing commercial.

Van Doren asked what happens to surplus fish. Answer: We must assess out ability to harves, then control the output. If systems are right for harvesting, there will be no surplus.

Question: Is it possible that native stocks will be wiped out by the cultivated fish. Answer: It's possible. There is a need to select areas where no major natural producer is now.

Question: Have any fish runs in any area been completely written off? Answer: To my knowledge, only one small one associated with a small creek.

Question: Are any areas self-destructive? Answer: Side by side runs can be different. Answers are not known yet. Experiments are being carried out. Natural rearing areas that don't produce are directly related to not enough spawning areas.

Question: Do you feel that adequate planning has been done for $44 million bond issue? Answer: In many cases an excellent job has been done, such as setting up the siting criteria. Whether the bond issue reflects the needs of the people is yet to be decided. This will be no more of a biological gamble than natural fish processes.

Question: How long did it take to prepare the green booklet? Answer: We have been incorporating research from other areas, including Japanese.

Mr. Huntington asked about the development of the AYK fishery. Answer: This has been coordinated with the sport fishing division. Shee-fish hatchery near Fairbanks will help. These will be introduced into barren lakes. Some tests have been done.

Discussion ensued as to the merits of introducing a "strange" fish into an unknown area.

Question re: Pg. 2 Ln. 10--1.5 million dollars. Answer: This was included by the fisheries council--I (Roys) don't know what for.

Announcement was made that Friday, April 2, HB615 will be before this committee again. (Mr. Huntington suggested cutting the amount for the bond in half)

Meeting adjourned at 5:10 p.m.

HOUSE RESOURCE COMMITTEE - Minutes, March 21, 1976
1:30 p.m.

Present were Eliason, Rhode, Smith, Hershberger, Huntington, Swanson, Brown, Staff Assistant Van Doren and Chairman Anderson.

Subject: SSHB626 (cont.)

Mr. Jones continued his testimony. There is pressure being brought by grazing lease holders. Because of increased taxes, the land must be subdivided and sold. People are needed to occupy this land. Existing controls on development are not adequate.

Re: A backup rig: There is none in Alaska to help in a major accident. Containment booms to be used in a spill are located 90 miles away--at Kenai--and when they did arrive would not be adequate.

The Homer area in general, and Kachamak Bay in particular have a great scenic value. Dollars from the area are increasing.

Ms. Lotte Edelman presented testimony. She represents fishermen's groups--the U.F.A., the North Pacific Fishermen, etc. She has letters from the Kenai Penninsula Fishermen's Cooperative Association, representing 125 Cook Inlet Fishermen.

Endorsement of the bill is encouraged because of the unique shellfish situation. One hundred percent of the boats fishing in Kachemak Bay are owned by Cook Inlet residents. Some areas do have compatible oil and fish possibilities, but not Kachemak Bay.

Ms. Edelman quoted letters from the Cook Inlet Fishermen's Association and the U.F.A. supporting passage of SSHB626. Ms. Edelman has been in the Cook Inlet area for 41 years. She is a commercial fisherman and has represented commercial fishermen. She states that there is no harm being done in the Upper Cook Inlet area--platforms are now there. It is not a "clean" operation, but not too bad.

Fishermen are not against development, just of Kachemak Bay.

A Critical Habitat bill for clam beds has been passed.

There is unlimited year-round fishing--sailboating--sport fishing--3 1/2 to 4 hours from Anchorage by road.

Re: economics of the area--Homes now being assessed at $80,000 with no improvements; the school budget is up; construction workers are doing well; (Labor unions don't want fishermen)

Re: credability. Ms. Edelman had asked in 1973 for a public hearing. Assurance was given that a public hearing would be held. There was none. A hearing later was held in Juneau, and Gorsuch was asked if he knew of possible irregularities in the sale. He answered Yes. However, the people were told that the money couldn't be refunded. Legal opinions since have said that it could have been refunded. Three months after the sale, Governor Egan, when asked why the money couldn't be refunded, stated that the money wasn't available (1150)

Ms. Edelman added that boat loans in the area are under state loans--there would be a major problem with oil destroying the fishery.

Mr. Philip Daniels, of the U.F.A., recommended passage of the bill.

Stan Rice, of the Auke Bay Laboratory, spoke. He has compiled the report to be issued on impact of oil development in the Kachemak Bay area. The basic question is how damaging the oil activity would be to the fishery. One problem is gear damage. Another is oil toxicity. Literature on the subject is a bit confusing. Field observations have been noted -- (Tory Canyon) in which no camage has occurred. All areas are recovering. The most damaging are fuel oil spills. Crude oil is not so bad. Oil and people are doing well in the Gulf of Mexico--they are coexisting. Also, different oils have different amounts of fractioned parts (aeromatic hydrocarbons)

Spill results are dependent on the confinement of the spill and the duration of time for mixing. The volume of the spill is not as important as the time element. On toxicity figures, one needs to know the basis for the figures quoted.

Use of the proposed report will be limited. It will not necessarily relate directly to Kachemak Bay (tides, winds, location in the Bay have to be entered in). Upper Cook Inlet spills are decreasing. The Bluff Point area cannot be accurately assessed at this time.

The danger from a one-time spill is not as great as the possible chronic release of relatively low-level oil, causing long-term results. Harbors are potentially bad because of the constant oil release.

Results aren't definitive at this time.

The report was prepared in cooperation with a grant from an oil company for $175,000.

Mr. Bob Palmer presented testimony. He is the project coordinator for the Fisheries Council. After the lease sale, extensive hearings were held on the matter. Oil and fish are supported in the Upper Cook Inlet. However, not in Kachemak Bay. Sixty five percent of the shellfish in the Lower Cook Inlet originate in Kachemak Bay. As little as .3 of 1% per million parts are toxic to some larvae stages. (Oil/water) Recent Coast Guard testimony says that less that 10 parts/million doesn't even produce a sheen on the water. Small leaks wouldn't ever be noticeable. The reserves under Kachemak Bay should be like money in the bank.

Re: the people who weren't heard--On Apr. 13, 1972 there was a public announcement. The Director of Lands said that a sale was remote. He stressed that there was nothing critical happening. Letters were sent beginning March 4, 1973, affirming these statements. The recommendation to include Kachemak Bay in the proposed lease sales was done without input from other Department. A memo to Fish and Game went out after the decision was made. On Oct. 23, 1973, notice of the sale was given to the oil industry. The Dept. of Fish and Game in Homer had 2 to 3 days to put information together. Letters from Egan at this time mentioned "should" there be a sale. Actually, he already knew about it. The Dept. of Natural Resources already had made the decision. As the Dec. 13 date drew near, approximately 300 people signed the petition for a hearing on the issue. They were denied. The day before the sale, officials were

put on notice that legality of the sale would be in question. Legal actions would be instituted.

Palmer continued--the court decides legality of the issue, but the moral responsibility of the government to the people is undeniable. "Those fishermen, in their petition, made no specific complaint", was the response from the Dept. of Natural Resources.

Huntington: (questioning the relationship of this issue to the indemnity for Juneau law passed last session.)
Palmer: The court would decide the fair and reasonable price, if agreement was not reached out of court. $35,000,000 is probably a good figure.

Re: Whether a price could be arrived at before the bill is passed out of committee--Probably not. Negotiations are almost impossible before the bill might be passed.

Re: Where the money would come from.
The refund could be a credit against future sales. General fund monies might be available before the amount was actually needed.

Re: whether the Ferris can drill now, since Kasilloff--no definitive answer.

Re: what is allowed in a critical habitat
It doesn't give permission to condemn leases. Dept. of Fish and Game can apply conditions, but not prohibit industry.

Human and mechanical failures can always occur. It should be remembered that the federal government did pull back from the area (leasing) when shown that damage could be potentiall dangerous.

Possible condemnation possibilities are eminent domain (such as is used for highways) but fair market value is always necessary. It is not the same as the indemnification for Juneau as in the bill passed last session.

Smith: Re: Marine Sanctuaries, and this bill overlapping boundaries with another classification. Which takes precedence?
Answer: There was no intent to overlap. It can be cleared up.

Swanson: Re: Pg. 2, Line 10 (b) Answer: All Fish and Game functions must be approved by the Dept. of Natural REsources.

Swanson: We're using the Marine Sanctuary as a pressure gimmick. It is a mistake to tie it all up. (2362)

Palmer: Individual recommendations can be put in the bills creating new sanctuaries, and specific recommendations.

Smith: Regarding responsibility, as it stands now, no one is in charge, no one cay say "No".

Palmer: The intent is that whatever regulating authority now exists should continue with that same Department. The designation of Marine Sanctuary doesn't give additional authority.

Sagalkin, of the Dept. of Law. Permitted uses in the area were drafted after the Palmer Hearing. These should meet the concerns of the people.

Palmer: The intent is to leave the original boundaries in the Park. These would not be added to the sanctuary.

Smith urged that the boundaries be adjusted so as not to overlap.

Swanson asked whether it was possible to trade land now?

Palmer answered that it is an option.

Swanson continued that all could be handled through legislation if a trade were involved.

Sagalkin reminded the group that the court case verdict is at least a month away. The bill would be useful now no matter what the court does. An idea of what would have to be paid under condemnation must be arrived at.

Eliason: Isn't the point to stop oil development? Wouldn't a Marine Sanctuary designation be illegal "after the fact"?

Answer: There must be a purpose for condemnation. You can't leave it wide open. There must be a permanent protection along with the condemnation procedure.

Eliason: Why weren't the values recognized a year ago?

Palmer: Changes occurring in the state bring new levels of development. Recognition of new values occurrs.

Brown: When you reached the point of doing something, were attempts made to contact the oil companies directly??
Answer: Not that I know of.
Brown: If there is a difficulty with the language in the bill, shouldn't we decide whether the state can negotiate trades. We need to decide whether the state has a free hand in this.
Answer: The bill would be of some value.

Rhode: Re: Pg. 6--Seldovia Timber Company is working in the area now. This bill would stop the operation of that company. Also, on Pg. 23, sec. (b), the statement regarding additions to the system is too powerful.

Palmer: It can be done only if the legislature approves. A "person"

nominates an area. It is presented to the Dept. of Natural Resources, then the legislature approves or not.

Rhode: Under the critical habitat status can't the commissioner keep out development.
Answer: No, that's why we have this bill.

Monte Taylor, of Exxon spoke. Exxon is not a participant in Kachemak Bay. The "threshold levels" presented for oil toxicity are inaccurate. If you have excess oil in water, 1000 parts per million of oil in water column is the result. In some areas fish exist where oil slime is visible in the water--good fish. In Santa Barbara 100 gallons of oil per day is being discharged naturally, and has been for centuries.

Palmer: Re: the whirlpool situation in Kachemak Bay--as long as the oil remains in the same area 24 days--(the effect of the whirlpool situation)--toxic amounts remain in the water.

Monte Taylor: Gulf of Mexico studies show compatability. There are no worldwide studies on long-term damage.

Brown: How about putting the SB 612 language in the bill instead of the condemnation wording?

Answer: In absence of adverse tests, we believe we need all leases to be actively worked.

Question: Where else in the world is a King Crab fishery involved in an oil lease.
Answer: Don't know of any.
Smith: Impirical data is needed. Lab-data is difficult to apply.

Taylor: One has to work in the area in order to prove anything.

Swanson: There should be strong language in the bill on fines to pay back the fishery.
Answer: The oil companies should pay the fisheries and fishermen for any damage occurring.

Discussion ensued regarding the specific gravity of Louisiana Crude vs. Kachemak Bay crude.

Doug Pope presented testimony. The resources of Alaska are held in trust by people. Pope represented "individuals" under that policy. Under leasing policy 38.05.035, power is given to the Director of the Division of Lands to lease when the best interests of the state are served. Public interest has to be decided. The Commissioner of Natural Resources had no knowledge of the crab area in Kachemak Bay at the time of the lease sale. There has been some testimony as to the state meeting its obligations--this also means "the people". The delegation to the Commissioner of the power to lease is law. Now we

have to decide who is best served.

Swanson: What the court is deciding is "----interests of state best served"--"Who's interests" is what is being decided.

Pope: The basis of the court case is what are the best interests of the state. . . .The case was argued before the court about a month ago. No definite date for a decision has been given.

Brown asked for a copy of all statements on the issue now in court.

Sagalkin: Re: SB612. One of the problems is that Critical Habitat designation doesn't cover all of the Kachemak Bay leases. Condemnation procedure probably is necessary to avoid unconstitutionality.
Re: What the industry is likely to do. They will probably negotiate first, then go to condemnation procedure.

Re: clarification of the boundaries proposed on the map--they don't reflect that the Federal government has pulled outside the 3-mile limit.

Sagalkin: If the state allows Kachemak Bay leasing, the federal government might come in closer.

Ms. Edelman: SB612 is a harrassment bill.

Anderson: We need information on taxes, and on the legal/technical problems in the bill. We should look at splitting the bill. Language should be included to exclude Kachemak Bay State Park from the bill.

April 6 was set as the date for an additional hearing on this bill.

Brown stated that there are problems with SB612 in the first section, but the second section is o.k.

Management responsibility in the sanctuary bill needs to be clarified and Rep. Smith and Rhode, with Smith Chairman, were appointed to do revising of SSHB626.

Meeting adjourned.

HOUSE RESOURCE COMMITTEE - Minutes - March 21, 1976
8:00 a.m.

Tape 11 Side 1
2283 - end and Side 2
0 - 0541

Present were Huntington, Swanson, Rhode, Hershberger, Brown, Eliason, Staff Assistant Van Doren and Chairman Anderson.

Subject: SSHB626

Rosalee Moore began the testimony. She is a gill-net operator, and is involved with other fishing. She is treasurer of the Kachemak Bay Support Group.

The per/acre yield of fish in the area is 3.2 million dollars to the fishermen, and 7 plus million wholesale.

Fishing is concentrated within the bay baecause of the severe weather conditions outside.

Ms. Moore quoted catch figures over a period of years (Tape--2330)

There is a 7% annual growth rate in the area--new home construction is healthy--the general climate is good. Much subdivision is taking place. Tourism is increasing. Winter sports can be increased.

All of the above are compatable with fishing.

The error occurred when the sale was originally made. Dept. of Natural Resources said they didn't know of a fishery there.

Re: the opinion poll--it was a poor questionaire. No commercial fishermen received cards to fill out. Mr. Pomeroy says he had nothing to do with the poll.

It is the oil spills near the shore that cause the extensive mortality in the fishery. Drill sites farther from the coastline offer extensive environmental risk, especially when the oil is not "picked up" immediately.

Ms. Moore quoted information from a report put out by the Council on Environmental Quality. (2460) End quote.

Oil spill cleanup equipment is not close enough to Homer. Within 10 years the fishery would be non-existent with oil development within the bay.

Mr. Loren Flagg, the local Habitat Biologist with the Dept. of Fish and Game in Homer, spoke next.

On a per/acre basis, Kachemak Bay is one of the most highly productive marine environments in the world. In the habitat are 5 species of salmon, and crab, herring, halibut, shrimp, etc.

Bluff Point is the staging area for the crab and shrimp.

Kachemak Bay is only 2.6% of the marine waters of Cook Inlet. However it produces 60% of the total harvest.
Tagging studies indicate that the fishery is important to areas outside the bay for harvest. (Chart presented)

Shrimp trawlers net as high as 22,000 lb. of shrimp per hour--the highest percentage in the U.S.

The area is also a herring fishery, subsistence fishery, and important to sport fishermen.

There is big game on the shorelines. Also, there is importance as a purely scenic area.

Mr. Flagg quoted larvae studies in 1972. King crab larvae were released in the Bluff Point area. 35,000,000 post-larvael King Crab were found per square mile of the area.

Re: damages from oil. Oil penetrates the flesh and shells. Toxic fractions can cause death of fish and shellfish. Also, seaweed can be destroyed. In Maine, 7,000 parts per million of oil existed in the water 10 years after a major spill (bottom samples) Worms are bottom livers--they were found dead on shore.

A preliminary Auke Bay Lab study says that ecosystems can be affected by chronic low-level oil--an entire species can be eliminiated. As little as .3 parts per million can be toxic. The full report will be released in April.

The "release" areas (for shellfish larvae) are in the middle of the oil lease area. Larvae are much more affected by toxic substances than juvenile or adult forms.

Mr. Ken Moore, President of the North Pacific Fisheries Association spoke next. He represents 100 fishermen in the Homer area. He has fished in the area for 10 years, and has a $600,000 personal investment in fishing equipment. Mr. Moore mentioned gear and space problems. Over 2,000 crab pots are in the area. Ships destroy the pots. (Exp. of the George S. Ferris) (3100) Supposedly all gear lost by the passage of the large ships will be paid for.

Shipping channels are being delineated. However, the Bay has only a small area the large ships can use. It's the same area the fishermen are fishing.

Gearwise, there'll be a "war", since there is no place else that the fishing can be done. Already 1/3 of the Bay Area is lost to fishing.

Mr. Moore is not against industry for Homer, or oil drilling. He feels no voice has been given to Kachemak Bay people.

Mr. Moore was questioned as to the crab-pot loss. He answered that there are many causes for such losses--the total is not too great.

Mr. Brown asked whether we now know anything more or different than we knew when the leases were let. Moore answered that new results are coming out all the time. Identification of larvae is one of the new results.

Rep. Rhode asked about King Crab seasons. Moore answered that late August to Jan. 1, regardless of quota, and different quotas from Jan. through March. Tanner Crab season runs longer--December through June.

Mr. Paul Jones spoke next. He is a 37 year-Alaskan, and in Homer since 1939. He is now mayor of Kachemak City, near Homer. He is Vice President of the North Pacific Fishermen's Association. He stated that there is not another place in Alaska where the environment is the same as Kachemak Bay. If clean water is guaranteed, the area will remain as it is.

Jones stated that the State of Alaska refused a citizen's petition signed by 308 people prior to the sale. The petition was submitted Dec. 3, and the sale took place Dec. 13 (1973) The sale shouldn't have happened. Assurances by Egan were received that there would be no sale. Letters are on file for the whole situation. The state can't worry about credability now, with the above background in mind. Also, the Homer Dept. of Fish and Game was given only 3 days to make a statement on the sale. Local planning commissions were not notified. Problems being faced now could have been discussed then.

Re: the polls in Homer--people responding weren't all from Kachemak Bay. Also, fishermen weren't polled.

Re: grazing leases adjacent to homesteads--much of this land is now being sold for subdivisions.

Mention was made of the flaring of gas in the Northern District.

Brown asked whether the marine environment had always been as good as it is now. Jones answered yes.

Tape 19, Side 2
1840 - end and Tape 18
0 - 1716

HOUSE RESOURCE COMMITTEE - Minutes - April 5, 1976

Present were Hershberger, Swanson, Rhode, Huntington, Osterback, Eliason, Staff Assistant Van Doren and Chairman Anderson.

Subject: HB 808
CS SS HB 626 (report only)

Rep. Rhode was asked to review his substitute for SSHB626. Background included the fact that a sanctuary isn't needed because the area already is a Habitat area. The draft Committee Substitute is the same as the Senate bill. It was moved to adopt the Rhode substitute. Motion carried. Staff was instructed to send copies to the people coming to Juneau for the hearing Friday, April 9, at 8:00 a.m.

Re: HB 808--Rep. Oral Freeman testified on his bill. Interest has been expressed from around the state for a new classification of land and a method of disposing of said lands. Previously, disposal has been on a sale basis, to raise revenue. Lands used to be bought for speculation. Southeast Alaska is boxed in by forests--there won't be much land available under this bill in this area. There should be much more in the Interior. Mr. Freeman stressed that there is nothing in this bill that would benefit him personally.

Rep. Swanson added testimony. He has received many replies to this proposed legislation. It is good legislation, and would be helpful to the whole state.

Freeman: As long as the intent of the bill is retained, changing language would be no problem to him. The biggest complaint is that people already owning property can't qualify under this bill. Possibly those persons with property who apply for one of these sites could be put at the bottom of the list in preference.

Chairman Anderson asked about the state plan for disposal of lands. Does this bill respond to that plan?

Freeman: Some say that the bill is too vague. However, that's a deliberate fact. Freeman feels that the Division of Lands should handle the details of regulation. This bill was worked out with the local representative of the Division of Lands.

Anderson: Most criticisms received have been constructive criticisms. There is concern that regulations must be set up before the lands become available--not after.

Rhode stated that the residency requirement as stated in the proposed legislation has been questioned.

Commissioner Martin testified. (Copy available) The whole problem of land disposal has been discussed often, including many times before this committee. Many of the answers to problems are not yet available. For instance, the bill doesn't say whether it is addressing rural or urban lands. As it stands now, Martin would oppose the bill. Re: a fiscal note, as the bill now stands, up to $13,000,000 per year would be needed to administer the bill. And--the bill presently favors non-residents.

Bob Pavitt, a professional planner, and a lobbyist, spoke. The Planning Association of Alaska wishes to bring to the attention of the committee the foresight that is lacking in the bill. There is no quarrel as to the proposed land use, but the highest and best use of a given parcel of land has not yet been established. There is no overall plan for Alaska as yet. Re: Section 2 of the bill--planners suggest that it takes lots of study to establish whether land is suitable for habitation. Pertinent questions: How do you determine whether a home has been lived in for 5 months per year? After title has been conveyed, how do you prohibit subdivision? Pavitt feels that the end result will be a bureaucracy serving the program instead of planning. Another point--it allows an applicant to file on several sites at the same time. Also, how about land owned in other states? This is not mentioned in the legislation. Pavitt urged that the committee keep in mind the reasons that Open to Entry was shut down. He urged that surveys be done before anything else happens.

Pavitt mentioned the fact that trailers could be moved in to the sites. Also, how can a bank loan money when the person building the house doesn't yet own the land? And additional service would be demanded by the public living on these sites.

Planners aren't negative to the concept, just this particular bill, and HB 132. A program must be developed which will accomplish the planning background before this bill becomes law.

In response to questions, Pavitt stated that the plan under study by the planners would be completed within the year.

Rep. Eliason: If these sites fall within the boundaries of a borough, the planning and zoning controls would be undertaken by the borough.

Pavitt responded by mentioning overlapping land selections. Some boroughs have selected for public use. Others have not. Planners are willing to work with anyone who will put together the concept with good planning.

Sharon Lobaugh, representing the Alaska Conservation Society, spoke. They endorse the concept of the bill, with the following suggestions. On page 2, subsections 4, 5 and 6, restraints imposed would be creating problems. She mentioned that the initial land disposition policy in Alaska was to equalize the rights of the residents. Most of that original land is still vacant. Speculation created high prices on the parcels. A mosaic of private ownership now exists throughout the state. The Conservation Society's major concern is that the bill doesn't solve the land management problem.

Anderson: Do you agree that no other land disposition should take place until the land management plan is complete?

Lobaugh urged that the committee members refer to the administrations presentation for answers to some of the questions.

Phil Holdsworth, of the LUPC, presented a statement. At the meeting in Anchorage on April 21 and 22, the LUPC will study for adoption a report on the use of the state lands. There are suggestions within this report on the Open to Entry issue.

Swanson asked whether action on this proposed legislation would help the deliberations of the LUPC. Answer: Yes.

Anderson asked for discussion of amendments proposed by Swanson.

Huntington asked that the committee return later for the discussion.

Swanson: Page 1, Line 23, change the "may" to "shall". This must be a positive program.

Eliason objected, stating that guidelines were missing in the program. Swanson replied stating that 19 pages of legislation would simply mean that nothing could happen under the bill.

Freeman reminded the committee that the Division of Lands now disposes of land for residences by selling the land. The bill does not require payment for the land.

Eliason stated that the "shall" wording removes the option of selling or giving.

Swanson: Page 1, Line 28, "not less than 5 months" should be changed to "not less than 9 months". Page 2, Line 16, strike the "of the same household" language and add "must be of the age of majority". Renumber the sections.

Swanson asked for a change as to allowing the Director of Lands to open more lands for entry--creating another "shall" situation. And on Page 2, Line 26, strike all of "a". Insert "At time of application applicant must have had 3 years of continuous residency immediately prior to application."

Eliason expressed concern as to creating a class of people.

Swanson: Page 4, Line 5, change "specific" to "reasonable".

Huntington: Expressed objection to "shall" wording in regards to the Director opening additional lands.

Freeman said that there isn't ever going to be enough land available for everyone. This bill addresses the people who need it most.

Swanson stated that you can't create a privileged class.

Huntington said that possibly 1-acre sites would be better than 2-acre ones, to accommodate more people. Swanson replied that we should have enough land in Alaska for everyone. Huntington reminded him that the bill speaks to state lands only.

Swanson stated that there is land available along the Alcan Highway from Fairbanks to the Canadian border, within travel distance of cities--. Regulations could be written soas to avoid the problems encountered in the Open to Entry program.

Osterback suggested that the nine month requirement created a problem in that a fisherman couldn't live on the land long enough each year. Swanson answered that if that's your permanent residence, it should be o.k. to be away at a job.

It was moved to adopt the proposed "shall" wording on Page 1, Line 23.

Eliason reminded the committee that it was necessary to modify the bill to meet administration requirements.

Swanson wondered whether the Director of Lands would work under the proposed program on a trial basis to try the legislation on for size.

Rhode felt that the "shall" wording, as applied to duties of the Director of Lands, was modified enough by the language in the rest of the bill.

Freeman felt that the fiscal note suggested by Martin would be increased the "shall" wording. However, political pressure would cause the bill to go into effect anyway.

Motion to adopt the first amendment failed.

Re: Line 28, page 1, changing the 5 months to 9 months, motion was made to adopt the new wording. Rhode suggested that the 5 month wording should be 7, not 9, to coincide with other regulations.

Swanson reminded the group that these were to be homesites, not homesteads.

No action was taken on the second motion.

Meeting recessed, and resumed at 11:15 a.m. Motion was made to incorporate the 7 month wording. Motion carried.

Motion was made to adopt the amendment striking the "members of the same household" wording. Discussion ensued and Freeman stated that the intent was to avoid a husband and wife each filing. Swanson stated that the language of the bill (living in the house for 7 months) would take care of the problem.

Anderson appointed Swanson chairman of a committee to draft a Committee Substitute, or draft amendments, to HB808. Huntington was appointed to the committee.

Hearing will resume Tuesday, April 6, at 8:00 a.m.

HOUSE RESOURCE COMMITTEE - Minutes - April 6, 1976

Tape 18, Side 1
1716 - end and Tape 18
Side 2 0 - 0994

Present were Osterback, Huntington, Swanson, Brown, Hershberger, Eliason, Rhode, Staff Assistant Van Doren and Chairman Anderson.

Subject: HB 613
HCR 114
HCR 115
HB 808

Re: HB 613--Mr. Van Doren presented the rationale behind combining wording from HB 409 with the projects enumerated as in HB 613. The end result would be reducing the 50 million dollar bond bill to 7 million. Van Doren stated that Mr. Smith had suggested the change.

There was general discussion over whether this committee should be handling the change, or whether finance should take care of it.

The changes involved are reflected in the amounts itemized for Haines, (copy of changes on file) and wording listing Anchorage and Fairbanks in item (4) instead of statewide.

Motion was made to pass HB 613 out of committee with the approved amendments. Motion carried.

Re: HCR 114 and HCR 115: Mr. Carlson, of the Dipnetters Association, presented some of the background for these resolutions. There are major problems with the checkin station at Chitina. They tend to close early, and permits are not turned in. Carlson proposes a sign-in list to help solve the problem. He also quoted data on the subsistence fishery involved. Cutting the open times of this fishery isn't necessary, since the total amount of fish taken is so small. (A high of 39,000 salmon in one year was quoted.)

Mr. Eliason stated that in Southeast Alaska you can't get subsistence permits at all for Coho.

Mr. Brown explained the subsistence fishery in the Copper River area. Anyone can get a permit to do the fishing. The difference is the lower income levels can take more fish.

Chairman Anderson asked whether the Board of Fish had been advised of the problem (addressed by Carlson) at the last meeting of the Board? Carlson answered that to his knowledge the Board had not taken up the issue.

Huntington suggested that the Dept. of Fish and Game should be asked to present their side of the story.

Eliason suggested making the zeroing in on biological data for closing seasons a statewide criteria, instead of just a Copper River fishery criteria. Use biological background instead of administration convenience.

Brown asked that the committee carefully look at the Resolution again--

it is just asking for a reevaluation of the method of determining seasons. Nothing would really be changed.

Huntington asked whether there had been any written communication with the Dept. of Fish and Game regarding seasons.

Eliason asked whether the group (dipnetters) had made a proposal to the Fish Board on the Copper River issue. Answer: Yes--it was proposed to the Glenallen group. They were told that the Board had written regulations, and in order to do anything differently, the regs would have to be changed. Also, proposals were given to the Fairbanks member of the Board of Fish.

Discussion ensued over whether regulations or policy were involved.

Chairman Anderson stated that we're saying we're aware of the problem, and if you (Carlson) don't have a proposal before the Board, do it this time.
Brown urged that the committee not hold the Resolutions in committee.

Anderson suggested solving the problem with a letter to the Board of Fish.

It was moved that in HCR 115, replace the wording " to return to former" with "establish a"
and on page 1 line 25 add wording asking that reports be easily filed at the site. Both motions passed.

It was moved to pass CSHCR 115 out with a Do Pass recommendation, unanimous. Motion carried.

It was moved to pass HCR 114 out of committee with the committee abiding by the vote as the bill is signed.

Anderson asked that the Board of Fish be given time to handle the problem.

Motion was withdrawn. Mr. Carlson was asked to assist Mr. VAn Doren in drafting a letter.

Re: CSHB 808: Sponsor Freeman discussed the language on prohibition of owning property under qualifications for the sites. It is now changed to reflect being at the bottom of the list, but not prohibited.

Eliason asked whether the residency issue had been discussed. Freeman answered that it hasn't been questioned yet, including the Division of Lands. We can assume it's legal until it's 'thrown out'.

Mr. Freeman suggested refering the bill to Judiciary instead of Finance, if possible.

Rep. Eliason read the residency definition from the Alaska Statutes, as stated under the Right to Entry section.

Mr. Brown stated that there are no easy answers to the residency problem. It depends on the situation.

It was moved to pass CS HB 808 out of committee with a Do Pass recommendation. Motion carried. There will be a letter of intent included.

Tape 18 Side 2
0998 - end and Tape 19
Side 1 - 0 - 2025

HOUSE RESOURCE COMMITTEE - Minutes - April 7, 1976

Subject: HB 654

Present were Eliason, Huntington, Osterback, Smith, Brown, Staff Assistant VAn Doren and Chairman Anderson.

Dale Tubbs, Deputy Director of the Division of Lands, began testimony. He stated that this bill gives corrections and changes to operation of the land bill--it ties up the loopholes.

Sect. 1 38.05.430 (c)
The present language doesn't allow school grant lands to be sold except to municipalities. The change is to remove the limiting wording. It would still require the Board of Education to review any proposed sales.
Question: Does it include college lands? No.
Question: How much land is involved? A. About 100,000 acres. It doesn't involve any lands being surveyed now. Most of the lands involved are around the large cities, with some in Southeast Alaska on U.S.F.S. land.
Question: Is the Board of Education for it? A. Yes.
Q. How about the rent being charged? A. The grant says that you must create revenue from the land. Market value will be paid for all lands sold.

Tubbs mentioned that some school lands had previously been sold, before 1971, in residential areas. The money is then used for schools wherever it is needed.

Huntington asked about the source of information for leasing or selling preferences. Answer was that School Board minutes contain that information.

Eliason asked about putting land into recreational lands. A. That's o.k., but the lands involved are still residential.
Question: Could control of lands be put under Natural Resources?
A. They are the managing agent now.
Question: Would money be used for buying other sites? A. Probably not. Only the interest can be spent.

Osterback asked whether homesites as defined under HB808 could go on this land. A. Not as it stands now, because the land must make money one way or another to meet requirements.

Smith added that the lands aren't necessarily in the right places for either schools or parks.

Sect 2 (regarding agricultural preference right holders.) Agricultural land is now being lost to subdivision because prices are too high to farm it. Wording needed gives the Director the responsibility of determining whether agriculture is the best use. Also, an "existing farmer" is the only one who could qualify for the agricultural lands.

Re: taxes on land forcing persons to sell, Tubbs replied that it is up to the local government unit to determine the tax on land.
Smith reminded the group that agricultural exemptions are still available.

(See approx. 1682 on tape for testimony not in minutes)

There was discussion of "adjacent" lands, as applied to the grazing industry.

Also discussed was the fact that the soil survey analysis for the state is not yet completed. In the end, the Director of Lands makes the final land use determinations.

Eliason asked about public hearings being required for agricultural land classification. A. At present none are required, just public notification. Recommendations are usually received from Planning and Zoning departments. The present law says that the state "shall negotiate". The new law would state "auction".

Rod Pegues, of the Attorney General's office presented testimony. The purpose of the change is to set a fair market value through auction of the land.. As to the price of the land at an auction being too high for the farmers, it was explained that the land that is designated agricultural would not be able to be subdivided, so the auction would be only between farmers. They themselves would determine the price.

Sect. 3. Adds wording on agricultural lands when agriculture isn't the highest and best use, in order to allow the land to be re-offered for commercial use.

Pegues stated that all decisions made by the Director of the Division of Lands are appealable. The court can then decide.

Senator Tillion stated that the state can't arbitrarily take the land from a farmer. The farmer must request the classification change.

Regarding how the conveyance is done, Tubbs stated that in paragraph 4, page 3, we need to add "agrees and consents" to accept payment. Also added should be "constructed" improvements. (Clearing the ground doesn't count as a "constructed" improvement.

Senator Tillion expressed concern that the farmer should be paid for his farm--not just the land. A discussion of "fee title" ensued--who should get the money for the farm.

Chairman Anderson stated that at the top of Page 3, language is needed to protect improvements on the land.

Re: paragraph 6. This is needed to protect the state rights to sell timber, gravel, and minerals on the land. Example was given of agricultural land with timber on it. You can use the timber on the land to develop the land, but you can't sell "off" the land, at the present. (Tape 2145)

Senator Tillion stated that what you want is to allow the guy to sell the timber, but don't allow the state to go on the land to get the timber or the gravel.

Pegues mentioned the situations where agreements can't be reached with the state. A mechanism isn't provided now for solving the problem. It must be stated--the bill can't remain silent.

Tubbs stated that lease agreements cover the situation, but a sale contract doesn't. Smith stated that a mutual agreement was needed with the proceeds going to the state.

Pegues stated that the only real problem is the disposal of gravel. Again, the basic question to solve is how to allow the farmer to use his own "things". He added that the value of the timber shows up in the bid amount.

Re: Sect. 6. Pegues said that minerals must be isolated or a lawsuit is possible. A subsection 6 can be added stating that "Nothing affects.....(tape 2308).

Discussion of renewing leases brought out the fact that there used to be a standard value used ($600.00), renewable. This allowed people to get their "foot in the door" for a minimal amount of money, and acquire more land, with little if any additional money. The automatic renewal has created a problem.

Question: How about eliminating the negotiating authority? Answer: Negotiating doesn't require a survey. The timespan involved can be shorter. If an auction is used, it takes at least a year to cover all the necessary paper work, including the survey. "Spot" classification is also a problem. The year's delay is an inconvenience to the buyer or lessee.

Tubbs answered that wherever competitive interest is involved, public auction is used anyway.

Regarding eliminating the automatic renewal on negotiated leases, Pegues said that the bill doesn't eliminate it, but it could be done. Tubbs said that all current leases <u>can</u> be renewed. The new wording would only apply to new leases.

Re: Section 6 of the existing statute, the wording "equivalent other measure" is used to cover different measuring standard language. Also, the limit should be changed to $5,000 as applied to timber. Negotiation for materials becomes critical. Sometimes it becomes limited to one bidder because of location or circumstances. The higher limit allows the state to take care of these projects without bids.

Re: Sect. 7. When the land is within 6 miles of a municipality the municipality would be allowed to bid.

Re: Sect. 8--Public Utilities shouldn't have to auction for land, if there is no other place that will suit their needs. Brown stated that the language is too simple. It needs to be tightened. A higher standard than "reasonably requires" is needed.

Smith suggested that "licensed public utility" would qualify.

Pegues stressed that we don't give them a right--the need has to be demonstrated.

Sect. 11 takes out existing language. Publication rules would be changed to make at least 30 days involved. At present the wording is such that the process can take as little as 15 days.

Concern was expressed that the Director of the Division of lands has too much power without control.

(Morning meeting adjourned until after the Session)

1:30 meeting Tape 19 Side 1 0523

Present were Hershberger, Rhode, Huntington, Smith, Osterback, Eliason, Van Doren and Chairman Anderson.

Discussion began on the issue of including not only "municipalities" but also "villages" in the 6-mile requirement (or privilege). Pegues stated that the problem has been indefiniteness. Village incorporation is limited.

Tubbs stated that if villages were included care would be needed. Half are now incorporated. We assume others will be soon. That would give the certainty needed for the qualifications. Also, if villages were included it would help to include only those outside a Borough. What we're aiming for is an official Planning Authority for each contact.

Discussion continued as to the differences between the villages and the Regional Corporations. It was suggested that the Corporations could be designated the contact organization.

Chairman Anderson stated that the land use patterns are pretty well set up for Corporations.

Tubbs added that the problem (village) will be more acute as the state acquires more land. Disposal of minerals is a problem now, but land is being taken care of.

Re: Sect. 12--This would repeal the renewal of lease wording. In one place it says renew, in another it says must review first. This would apply only to future renewals--not current ones.

Discussion of "high bid" on leases, and preference right structure took place.

Clarification was given as to school sites not being the same as school grant lands.

Tubbs stated that a reappraisal is done every 5 years on all leases. As land values climb, there is pressure to change recreational leases to sales.

Tubbs explained that Section 13 makes legal what's already being done--it ratifies previous leases granted under preference rights. Possibly 40 preference right leases have been offered.

Chairman Anderson asked what would happen if the bill didn't pass. Tubbs answered that they would continue working with the Planning Authority in any affected areas. Especially needed is the school grant land part of the bill. Otherwise, the schools are losing money. It is better to have the government manage the money, as under the bill, than the land, as now is being done.

Not all of the 100,000 acres of school grant land has been appraised as yet. Most of it is in urban areas. At present, there are many uses of the Anchorage area sites, both commercial and residential.

Pegues explained that the Board of Education makes the decisions on land use. Commercial property is leased. Residential will be sold.

Huntington asked who would do the appraising of the lands. Answer was that the Division of Lands has appraisers. It must be remembered that no two appraisals match. Appraising is not an exact science. Mr. Smith mentioned that the State of Alaska has qualifications that their own employees acting as appraisers must meet.

Tubbs stated that on school grant lands, development plans are submitted, then accepted if there is no competition for the land.

Question was raised about the problem in Southeast (possible problem) of school grant sections conflicting with Claims Act selections. Answer was given that exchanges can be made if problems are encountered.

Eliason expressed concern as to public input before the Director can classify land.

Re: Section 4, Tubbs would recommend passage. Smith mentioned that he would prefer retaining control by keeping the $250 limit as pertains to this section.

Re: Section 7, this is considered critical. Guidelines are created. A new subsection (b) is needed to cover the Regional Corporation responsibility as a Planning Agent.

Re: Section 13, this is needed for Title companies. i.e. if you deal with the government, but the government acts illegally, you're out of luck.

Smith asked that in Section 1, leave in the now-deleted words, but add "or for residential purposes". Also, on Page 3, Paragraph 6, Add a new subsection.

Recommendation was made to delete Section 4 leaving the section as it is in existing law. This would retain the $250 per year limit and 5-year leases.

Pegues explained that it is basically an inflation amendment.

Committee agreed to delete section 4.

Smith asked that on Page 4, between Lines 6 and 7, add (b) changing exempt limits to $500. Committee adopted the amendment.

Committee approved the "right of renewal" appeal wording.

Chairman Anderson asked that the Committee Substitute be drafted and ready as soon as possible.

Meeting adjourned.

Tape 20 Side 2
0 - end Tape 21
Side 1 - all and Side
0 - 0701

HOUSE RESOURCE COMMITTEE - Minutes, April 8, 1976

Present were Hershberger, Huntington, Osterback, Rhode, Brown, Staff Assistant Van Doren and Chairman Anderson.

Subject: HB 878 CS HB 615

Phil Holdsworth began testimony. During the last session the governor asked that no action be taken on a bill comparable to HB 878. On Nov. 6 and 7, in Anchorage, agreements were reached with the Dept. of Revenue on aspects of this bill (HB878) The mining license tax has been on the books without changes since 1965. There is no real mining industry in Alaska today.

A suggested amendment: Smaller miners shouldn't have to do all of the complicated forms. Dept. of Revenue has tried to clarify the issue.

Other incentives might result in acceleration of the mining industry in Alaska. $35 million was spent in exploration in Alaska in 1975.

Holdsworth felt that this was a "workable" bill.

Hershberger asked where we were in the status of precious metals in Alaska. Holdsworth answered that it depends on the area. In the Brooks range there is a richness of precious metals.

Chairman Anderson stated that letters received have expressed concern that special taxes are discriminatory. Some think we should be giving monetary incentives instead of taxing.

Holdsworth answered that most people don't even realize that there is already a mining tax law on the books.

Mr. Fred Betch, of the Dept. of Commerce, stated that the Dept. of Revenue was involved in the background of this bill. The bill basically has clarified how the taxes are to be assessed. He also agreed with Holdsworth as to the need for the amendment.

Question: How much will be added to the "coffers" with this bill
Answer: No more, as it stands now. There just isn't much mining in Alaska. Also, receipts aren't recognized until a sale of the product takes place.

Chuck Hawley of the Alaska Miners Association, testified that they generally support HB878. He added that there is felt that since the state has recognized the industry with a special tax, the state then has some obligation to the industry. (Roads, specifically, and also air access)/ There are only two sizeable operations in the state at present--Usibelli and Goodnews Bay. A.J. in Juneau was the last hardrock mine, and was closed around 1945.

However, Industry didn't write the bill. There are possible inequities.
1) It is set up the opposite of the way royalty rates usually work, i.e. an escalating rate.
2) Exemptions are needed for capital improvement costs.
3) Net operating losses should be carried over to succeeding years. Corporate income taxes would still be paid to the state during this time.

Regarding special taxes--mining has not developed because of lack of transportation. Possibly the Haul Road could be kept open. Possibly Railroad extensions could be built. This would not be in the same category as a depletion allowance,.

Brown asked whether mining gets the same types of benefits as oil, etc. Answer: No.

Chairman Anderson asked about the fixed tax at the intermediate level. Answer: It would do away with the escalation basis. Obviously, a large mining industry will pay more. Also, the state would end up gaining revenue if the capital recouping were allowed.

The District Manager for the Bear Creek Mining Company spoke. His group is a subsidiary of the Kennicott Copper Co. New areas of Alaska are being explored that appear to have a favorable mining future. The Cost of production in Alaska is higher than other Western States. Mining is one of the few industries that can go in rural Alaska. Incentives are needed--transportation, communication, ports, etc. Also stability is needed. Additional taxes would be harmful.

An amendment was presented adding language to clarify that two locations of the same company could be considered as one operation for tax purposes. The current problem is that after initial 3-year "tax holiday" is passed, if the company begins at a new location, the original costs of that new location need to be regained by the company.

Rhode suggested that as items of cost are amortized, they should be charged and taxable at that time.

It was stated that the main problem with mining in Alaska has been that costs of development are so high. Stability of the tax structure is needed.

Dale Tubbs, Deputy Director of the Division of Lands, mentioned the "sleeper" in the bill. It now includes sand and gravel. In the definitions on Page 9, Line 27, sand and gravel aren't included. Sand and gravel need to be listed as a material, not a mineral. Also, regarding the multiple-site situation, sand and gravel need to be split off from this. It can be cleared up with definitions. Clarification needs to be defined as to "mined" vs. "excavate". It must be kept in mind that sand and gravel are the biggest source of "mining" income now.

Re: clay and stone--it is not clear yet.

Chairman Anderson asked that Tubbs and VAn Doren redraft Page 9.

Wallace MacGreggor, of the Northwest Mining Association, spoke. He was concerned with the semantics problem (net proceeds, severance, etc.) Alaska's corporate tax is second only to that of Minnesota. Usually, the states with the highest taxation have a mature industry. This is not the case with Alaska.

Mr. Brown asked whether Mr. MacGreggor advises people as to whether to invest in Alaska. A. No. As to whether this bill really won't change the tax, Brown was answered that this was true.

Macgreggor stated, that regarding the percentage of net to gross, as you increase the initial costs of operation, it takes more capital to cover the costs. The mining license tax is much higher than a business license tax. Revenue derived by the state from mining could be greater than any other industry. The way it stands now, 2 out of 3 dollars received in mining would go to taxes. Because Alaska's base figure is higher than other states, the end result is that low-grade operations are cut out.

Carl McCowan, of the U.S. Borate and Chemical Corporation, stated that they have a propsect in Alaska. He stated that corporations contribute to the resource and economic well-being of the country. Their company will spend about one million dollars in exploration in Alaska in 1976. The government gets the biggest share of profits in any mining operation.

Question was asked as to what good the bill was if it hasn't produced any income yet.

It takes capital to create jobs. It takes people willing to take a risk. A profit isn't always possible in the first year. The 3 1/2 year "tax holiday " per operation is needed to recoup. Economic changes are needed in the state. We need to harvest the minerals.

Brown stated that it is the general feeling that the law is not unfavorable. Also, there are tremendous differences between mining and oil and gas.

(Meeting recessed, and resumed at 1:30 p.m.)

Donald McDonald, a prospector, spoke. There is a question regarding taxing royalties. Would you be paying double on the same money? The company pays a tax on net proceeds. Are royalty payments deducted first?

Mr. Betch answered. Royalties are a deduction to the operator, and the receiver pays the tax.

Question: The difference between the mining Development Company, and the owner of the land needs to be clarified. Proving up a claim can take a long time.

Betch answered that he had no idea why the situation wasn't taken care of in the original bill.

McDonald: More time is needed to recoup expenses. Existing leases can't be rewritten to take care of the new tax structure. The problem is the royalty payments.

Also, if sand, rock and gravel are going to be taxed, must they be filed as mineral claims?

Bill Huff, of the Ketchikan Miners Association, presented testimony. Sand and gravel must now be purchased from the state. There is a problem regarding state leases as opposed to mining claims.

McDonald stated that if gravel and sand is treated separately, it should be put in a separate bill. Make it completely separate, or operable under a mining claim.

You can't hold a mining claim unless you are processing a metal.

Huff: Changes in the law have prohibited staking a gravel claim. Why call it a mineral now.

Vance Thornsbury, of Inspiration Exploration, testified. This bill would somewhat stabilize the taxation policy of Alaska. However, the rate as expressed in the bill shouldn't be escalating. It should be declining, or a solid 5%. Alaska must attract industry by a declining or set rate.

Inspiration is working on Chichagoff Island at this point. If the mine goes into operation, everything will be done except smelting on location. Refining could be done, possibly, in the future. As to the number of people to be employed, 200 was the estimate.

Eliason asked about land classification. Thornsbury stated that a wilderness classification would make it impossible to meet the requirements in order to mine.

Bill Huff spoke about land withdrawals vs. national security. We must have good domestic mineral supply. There is a long time-lag between finding minerals and developing them. An example of mining that must be developed is the nickel deposit in Glacier Bay.

Chairman Anderson expressed committee support of development. Rural areas must be developed to support themselves. However, there are many anti-development people in Alaska.

It was moved to add the amendment on Page 10, Line 16 and 17. Motion passed.

Betch expressed concern about the amendment. The "one mining business" wording could be a loophole for several mines, and lots of deductions. He had no objection to the first amendment. It was Line 9 of that amendment that was the problem.

Discussion of the "one business" situation ascertained that "mining business operations" needs to be clarified as opposed to "mining business"

Betch said that the second amendment would allow separation for taxation. The rate schedule would be applied. Motion carried to add the amendment to Line 8.

Motion to amend Line 9 passed, with Smith objecting.

Re: Line 15, Betch stated that this is standard accounting language that is proposed. No action was taken on the amendment.

Motion was made to amend Line 4, page 3, by adding the words "exploration and". Motion carried.

Motion was made to amend Page 3 Line 11 by adding a new subsection allowing offsetting losses in subsequent years. Motion passed.

Re: definition of minerals on page 9, Line 27 and 28, discussion included the fact that molibdanum, uranium and titanium should be added to the list of minerals. "Sand and gravel" should be struck from the mineral list and classified as "materials." Also, on Pg. 4, every place minerals occurs, "or materials" should be added.

Eliason asked about the handling of rock quarries. Smith answered that they are "materials" under a state sale.

McDonald stated that even dirt is a mineral. Valuable metals should be the term, not minerals.

Smith suggested listing by exception instead of attempting to name all of the minerals.

Re: definitions, "all locatable and leasable minerals except sand, gravel, building materials, topsoil, oil and gas" Motion to adopt the definitions passed.

Motion to adopt the new subsection 8 on page 10 and add "materials" and also on page 4 wherever "minerals" occurrs, passed.

Betch questioned page 1, the net proceeds tax wording, and the graduated increase based on ability to pay. A flat rate would give the incentive to the larger operator

Eliason suggested listing the changes line by line for the Finance Committee.

Re: CSSS HB 615. Motion was made to adopt the new $19,690,000 amount. Smith stated that he was not concerned with detail. Experts will take care of that. Also, non-profit groups will take over alot of what Fish and Game has proposed. He would exclude items 2, 3, 15 and 16 from the list of projects. "Let's not support hatcheries yet.

Eliason stated that we need to either get with it or get out of it. By removing hatchery programs we're regressing.

Smith stated that he had no qualms about the hatchery program, but do we want hatchery programs? It is the first phase of a 300 million dollar program.

Eliason stated that most people seem to be behind the program.

Chairman Anderson mentioned the lack of definitive site selection information at this time.

Eliason stated the difficulty in Southeast as to getting together on

projects. The private sector can't do it in SE.

Huntington stated that the Interior rivers need to be rehabilitated.

Motion to amend to delete items 2, 3, 15 and 16 was defeated.

Motion was made to specify areas and amounts, specifying by line item certain projects totaling $45,000.

Anderson asked what Huntington would do with the facility? Huntington answered that experiments could be done, with development at the same time.

Brown answered that the intent of the motion is to make distribution of the monies specific. He favored it.

As to what to do if the designated areas don't lend themselves to development, Huntington answered that a small unit could be developed and used.

Motion to pass the Huntington amendment passed.

Motion to pass the original motion as amended passed, with a majority of Do Pass recommendations.

Re: CS HB 654. The Committee Substitute was presented. There was brief discussion, including that the definition of minerals is different for tax purposes than for land. Discussion also zeroed in on the need for a 60-day notification to persons before a classification change. Concern was stated regarding agricultural changes, when agriculture may not be the highest and best use.

An amendment to paragraph c, Line 26, page 5, regarding notice----if requested a hearing may be held------etc. Motion adopted
Motion to move CS HB 654 out of committee with a Do Pass recommendation carried.

Tape 21, Side 2 0708
to end, Tape 22, all
HOUSE RESOURCE COMMITTEE - Minutes - April 9, 1976 Tape 23, Side 1 to 1607

Present were Huntington, Rhode, Hershberger, Eliason, Smith, Osterback, Brown, Staff Assistant Van Doren, and Chairman Anderson.

Subject: CS SS HB 626

Bill Bledsoe, Executive Director of the North Pacific Association, stated that fishermen endorse the bill. (Mr. Bledsoe is a graduate petroleum geologist.) His main points:

His group has spent $27,000 so far to cancel the leases
If oil comes in, fishermen will be forced out by oil spills killing larvae.
There is no way to regulate spills out of existence.
Kachemak Bay is the richest Bay in the world.
Federal government has already excluded leases in the area.
$1.5 million was invested in new boats in the area last year. Does that seem like a depressed fishery?
The main objection seems to be lack of money to buy leases back.
The main fact is to stop drilling. A sanctuary will not do it.

Question: How many years were you in the oil business? Answer: 1965 - 1971 less 3 years.
Question: Why is Kachemak Bay different than the Gulf of Mexico. Answer: In the Gulf the main industry is shrimp, and it takes only 1 year from egg to harvest. In Kachemak Bay it takes 7 years before the shrimp can be harvested. Low-level pollution thus becomes deadly.
Question: Are any areas completely destroyed by the oil industry? Answer: Not that I know of.
Question: Are any definitely damaged? Answer: Not that I know of. The problem is that "things" remain in the area so long in Kachemak Bay.

Mr. Hershberger added that northern oceans are richer in nutrients than southern waters.

Bob Barnett of Homer presented testimony.(copy attached)

Letter was read from Velton Cason of Homer (copy attached)

Mr. Smith stated that regarding the Kachemak Bay Status Report put out by the Dept. of Fish and Game, Mr. Laresch says that it is only a draft copy, and some aspects of the report may not be in agreement with the administration.

Julie Clutts, of Anchor Point, presented testimony (copy attached)

Dan Hennick, a Marine biology consultant, presented testimony. From 1960 to 1974 he worked with the Department of Fish and Game, working with shellfish. His feeling is that the trend is now toward intervening with officials of Fish and Game due to political appointments. Geophysical research vessels are not allowed to function fully, so that the gear of fishermen can be protected. Qualified advisers are hired to be on the vessels.

Mr. Hennick stated that the outside-tye-bay existence of the shrimp and shellfish is much longer than the inside-the-bay existence. He cited examples of Kodiak Island bays, where the commercial production of shellfish far outstrips Kachemak Bay. The Bay is important, but is not a unique, separate entity. It must be remembered that one ecosystem directly affects adjoining systems.

Regarding biological factors, previous testimony was biased, and misinformed. As for the Upper Cook Inlet spills, "spill" is a misnomer. Deliberate dumping is the problem. The spills weren't mishaps, and they were unnecessary. Mandatory controls could help. However, there was no appreciable damage to the Upper Cook Inlet from the dumpings.

Regarding the Palmer report, all ages of fish pass through surface areas as they travel. They are at different levels at different times.

As to why shrimp populations in the Gulf area seem to be growing, Hennick had no answer.

Palmer had talked about brown and white shrimp. Actually, the larvae of those shrimp are found adjacent to oil rigs. Regarding detecting low-level toxics, this can be done with instruments so accurate that even the source of the tosicity can be determined. Also, the presence of larvae can be determined and any mortality observed. The current administration is circumventing the problem. The $30,000,000 should be spent on research, not on buy-back. There are laboratories already in the Kachemak Bay area.

Re: larvae--"free-floating" is an incorrect statement. Larvae can move at will, and are not at the mercy of the waves.

Toxic soluble aeromatic hydrocarbons wouldn't affect the larvae unless massive spills remained stable for long periods of time. Only the rupture of a large tanker would cause bad effects. Control measures could be instituted now.

Re: the National Marine Fisheries report due to be released. The data must be kept in context, and it must be remembered that these were lab experiments, not field experiments.

Re: soluble aeromatics, the amounts required for an effect on the shellfish would devinitely be observable. Lab experiments are only the first step on a long road. The controlled environment in the lab can't duplicate field effects.

Mr. Smith objected to testimony on the "Kachemak Bay-A Status Report", on the grounds that it is only a draft copy.

Mr. Hennick continued. In Section 1 of the report, short term studies on water circulation patterns aren't accurate. Long-term studies are necessary to determine seasonal changes, run-off changes, etc.

Also, unqualified statements have been termed biological fact. Actually, the report appears to be based on results of the reports of fishermen.

Regarding sections 3, 4 and 5, subjective ideas are involved, delving into oil spills elsewhere. There is no direct or indirect relationship to the rest of the report on Kachemak Bay. There is an overuse of "indirect" words, that simply don't belong in a scientific representation.

Mr. Brown asked whether the witness had been retained by anyone to do biological consulting on the bay oil situation. Answer: No--I did some work with the gear/vessel situation.

Mr. Smith asked about the National Marine Fisheries study--the validity of the results. Hennick answered that under controlled experiments the results are valid.

Question: What concentrations would get the lethal concentrations.
Answer: You couldn't get it naturally. Dissipation occurrs. A study by 30 scientists shows in the Gulf of Mexico that in the oil area and adjacent areas there is no significant difference in the number of sea-life--even with a crude oil spill during the 2-year study period.

Question: What is the difference between a lethal or a toxic level.
Answer: Toxic levels can be lethal. The Hennick testimony uses toxic levels as reference points.

Question: What is the difference in the life cycle time-length between the Gulf of Mexico and Alaska.
Answer: Kachemak Bay shrimp mature in their second year as a male, then change and become a functional female. They become commercial in their 3rd year, and live about 5 years. However, you can't make large, sweeping statements.

Bill Miller, President of Alaskan Seafoods Co., presented testimony. (copy attached)

Mr. Smith asked who Mr. Miller would put in charge of controlling the water space.
Answer: The Sea-Grant program under the University of Alaska could do it. The Federal Department of Commerce could handle it in conjunction with the state.

Question: What % of the seafood your company processes comes from the Kachemak Bay area?
Answer: 50%.

Question: Some fish are in deep water, and some in shallow. How would a control program get the ships through all areas?
Answer: There are already some controls. Fishermen can use the tanker lanes, but that will be where the tankers are also.

Hugh Watson, of Homer, presented testimony. (copy attached)

Ralph Oxenrider, of Offshore Constructors, presented testimony. His company is the owner of the Ferris. It is a towing barge. During tow it has a draft of 19 feet. When in location it is held by anchors. It uses a hydraulic jack mechanism. The Ferris arrived in 1974. The jacks broke in January of 1975. Consultants figured a way to remove the legs, Demolition of the jacks was considered the best way to handle the situation. The Coast Guard was advised of all operations, and all was under their control. Alterations were made to the course of the Ferris to allow crab pots to remain--known crab pots. Some crabbers didn't bother to remove their pots. The towboat skippers did a good job. Only 8 pots were found with markers. Moore has criticized the entry into the bay in darkness. The real issue was the preservation of the environment. The legs of the Ferris were being held up with locking bits. They couldn't remain out in heavy water. The entire operation was planned to use the early morning calmness and tides.

Regarding the legs of the Ferris destroying the environment, as claimed, Mr. Oxenrider suggested that crab pots cover a much larger square foot area than the legs of the Ferris.

Crab pots have the right to be operated and so does an oil rig. Control of one industry should apply to all industries.

Re: the movie "Kachemak Bay--A Progress Report", --it implies that Offshore Constructors have dealt unfairly with the crabbers. The evidence doesn't back up the claims. Each claimant plotted his pots on the chart. If they were on the plotted path of the Ferris they were paid for. Storms had affected the location of many crab pots before the Ferris went through. An Act of God won't be compensated for by the company.

Further testimony ensued on the loss of a tow-boat.

Question: How long has the Ferris been ready to drill?
Answer: Since August 24, 1975.

Rhode: A state official says that the Ferris is in deep water and can't get its legs up.
Answer: That's not true.

Fred and Virgo Anderson, brothers, had their testimony read in their absence (copy attached)

Frank Tupper, of the Kachemak Bay Defense Fund Organization, presented testimony. He has been a resident of Homer for 4 years., and of Alaska for 9 years. He is employed by Northern Enterprises of Homer. The error in Kachemak Bay was committed in 1973 with the lease sale. Kachemak Bay is a crown jewel. Mr. Tupper placed emphasis on Not drilling in Kachemak Bay and on Protecting the resources of Kachemak Bay. He presented a scroll with 816 names of persons attending "feeds" to raise money for the Kachemak Bay Defense Fund Organization. Kachemak Bay is a rich, unspoiled, natural laboratory, full of unknown

questions. Permits for the leases were issued over the protests of persons attending the hearings. The Chamber of Commerce of Homer didn't testify at the hearings. Mr. Tupper mentioned as adverse effects of oil the ramming of the Homer fuel dock, the sinking of a tug, and the Ferris incident. There is ignorance in the state--questions must be asked.

When the Homer area had hearings after the lease sale, the industry representatives were the first ones to attend. The state didn't bother. There has been dialogue between the citizens and industry.

In the report "Comparison of Economic Impact of Postulated Oil Spills in Alaska" evidence supports concerns for the fishery in Kachemak Bay. The cost of buy-back doesn't justify the risk of not doing it now.

Question: Are you a biologist?
Answer: No
Question: What qualifies you to judge biological reports?
Answer: We're mostly laymen. We read what we have. Our position is based on reading.
Question: What about Mr. Hennick?
Answer: I don't think he's qualified.
Question: Why was that report used--it's incomplete.
Question: Please rundown the numbers of people behind you again and the sources of funding.
Answer: Funds are from donations in response to an educational kit and other information. Some of the kits went outside the state. Also, money was received through dinners and feeds. Some organizations supported. The Sierra Club and Friends of the Earth have contributed very little--Sierra Club $250.00 and Friends of the Earth nothing. Facts don't back up the accusation that environmentalists are in back of the Kachemak Bay Defense Fund.

Discussion re: who should appear before the committee--qualified biologists or citizens. Conclusion--anyone can appear.

Discussion of whether there was an oil spill when the dock was rammed in Homer. Conclusion: There was a fire. It was ascertained by the committee that there are presently existing contaminants from both commercial and pleasure boats. The small boat harbor in Homer is a good example

Rhode asked how many of the names on the roles of supporters were not adults. Answer: There were very few children--I don't know for sure. The idea on the feeds was to raise money.

Huntington asked that the photographs presented be put in the record.

Further questions asked just what the Defense Fund group was trying to do. As to this specific bill, what was being recommended?
Answer: First be sure there is a sanctuary.

Regarding the sinking of the tug, did the Coast Guard investigate.

Answer: I don't know of any specific reports. I don't have any reports available. I do have the newspaper article

Rhode: You don't feel that the oil industry can drill successfully in Kachemak Bay?
Answer: Correct. Based on studies we have done they can't drill without injuring the environment.

Hazel Heath, Mayor of Homer, presented testimony.(copy attached)

Samuel C. Mathews, resident of Homer for 8 years, presented testimony. The community is split for/against economic development. There are social and economic aspects to be considered. Let the legality of the lease sales be decided by the courts. No action on this bill would help restore credability of the state. A critical habitat designation is enough. Also, I am against the Commissioner of Natural Resources controlling the area. And--we don't even know for shre whether anything is there. However, we can't survive on government support in the state. Resources have to be developed. Viable growth requires an energy base. Hydroelectric development on a large scale is a long ways off. Modern technology will solve the problems.

R.C. Gardiner, Manager of Alaskan Operations, Sun-Marine Drilling, testified. He stated being qualified to address the technological aspects of the area, but would discuss the bill. There are groundless charges against oil. Regarding spills, an analysis of spills of over' 100 barrels shows that the majority are due to tanker ruptures. The biggest danger is during refueling operations. They are constantly under scrutiny. Oil companies have done major work on how to prevent and cleanup spills.

The role of the government is advisory, and laws are made in the best interests of the people. When politics is involved in the Dept of Fish and Game, it only hinders. There needs to be a return to fact-finding, research, etc. Mr. Gardiner also stated that it was an error to produce the "Kachemak Bay" film.

John Crawford, a Seldovia fisherman, presented testimony (copy attached)

Mr. Smith asked whether Seldovia Bay was inside the Sanctuary area.
Answer: Yes.

Mr. Fred Elvsaas, President of the Seldovia Native Association, presented testimony. (copy attached)

In discussion, Mr. Elvsaas stated that the Native Corporations can select on top of a Park. In answer to a question from Rep. Huntington, he stated that he has observed light coatings of oil on the water over the years.

Mr. Martusheff, of Nikolaeusk, spoke. (copy attached)
He added that they build their own boats, and have approximately 30 boats now with another 10 under construction.

Jane Cason, a 19 year Homer resident, spoke (copy attached)

Letter was read into the record from Louis Gjosund, (copy attached)

Barbara Manley, of Homer, presented testimony. (copy attached)

Mr. Huntington asked what should be done about the supreme court decision on the leases.
Answer: I believe the ruling should stand.

Norma Turkington, a resident of Homer for 17 years, spoke (copy attached)

A letter from Richard Inglima, a 30-year resident of Alaska, was read. (copy attached)

Mr. Ed Glotfelty, City Manager of Seldovia, presented testimony. (copy attached)

A letter was presented from John Colberg, Mayor of Seldovia. (copy attached)

Mr. Huntington mentioned that some of the testimony appears to contradict Palmer's statement.

Mr. Floyd Beach, Sawmill Manager, South-Central Timber Development, Inc., presented testimony (copy attached)

Lotte Edelman presented testimony speaking to specific points raised by others at the hearing.

Re: One of the proposed drilling sites is inside the critical habitat area, the others are outside.

In Alaska, crab drop their larvae in outside waters.

Supply facilities for offshore development will be needed.

Taxes will increase to support the services needed.

Re: everyone knowing about the leases--the Kenai planner at the time says he didn't get a notice of the sale.

Re: biologists--there is a good staff at present, whereas formerly there wasn't. Research has been done not only by Mr. Flagg but also by Eben Hanes (sp.?) of National Marine Fisheries Institute (Results of the report, and statements refuting Hennick are on Tape 22 Side 2 (1273))

Testimony of Jim Rearden was read by Edelman, as printed in the Cook Inlet Courier.

Edelman mentioned that the Cordova area has also experience the hooking of gear by oil ships. Regarding young people doing most of the fishing--that's true. But they are sill a permanent base for the economy.

Mr. Smith clarified the location of the drill sites in relation to critical habitat area.

Mr. Clayton D. McAuliffe, Senior Research Associate with Chevron Oil Field Research Co., presented testimony. (copy attached)

Mr. Huntington asked how much oil is spilled worldwide per year. Answer: 15 million barrels total per year, estimated. Per tanker, maybe 7,000 during the washing of the walls of the tanks. Most tankers pump into a "holding tank" then discharge.

Discussion covered whether ballast should be discharged at sea or on shore. Ships are not supposed to be near shore when they discharge.

Question: How many exploration and production spills recently?
Answer: Three. Oil flowed at the longest for 3 weeks.

Mr. Bob Armstrong, Standard Oil of California in San Francisco, presented testimony. They were first advised of the sale in 1973. The seismic program in Kachemak Bay began. They were invited to bid by the state. At the sale $16.6 million was spent by Standard Oil. The leases cover 38,000 acres. 25,000 acres went to others. A Corps of Engineers permit to drill was issued in mid-1975. Stipulations were included from Fish and Game determining that no adverse fishing effects would ensue.

Assuming the court case on the sale is favorable, Standard wants to drill. If an adverse verdict is handed down, full reimbursement will be obtained. Future royalties are important. Considerable delay has been encountered with no real data yet on the field. At present there is no need for additional controls.

Regarding the Corps permit, there are at least 4 pages of stipulations. The EPA and Standard are still working on the discharge point question. Re: the Oil and Gas permit--it hasn't been issued, although it was applied for in 1974.

Question: Then you haven't drilled to date basically because you have no permit authority?
Answer: Yes.

Smith: How about a one-year moratorium:
Answer: We've waited too long now.

Huntington: What is it costing per day for the delay?
Answer: It's the interest on 16 million dollars, compounded, plus equipment costs, etc.

Osterback: You'd want the 16 million plus interest?
Answer: I want to drill. You have to consider the potential value of the oil.

Mr. Hennick spoke again. (Tape 22, Side 2, Last half of tape)
He was instrumental in instituting the critical habitat information. There was no claim as to the distribution of shellfish larvae in Kachemak Bay, only in the water column.

Mr. Hennick did work with Mr. Hanes as well as many others, and the University of Alaska..

Regarding a meeting held chaired by Palmer--a ten point program of controls that the state wanted implemented was presented. Many of these things are now required.

Regarding the authority of Fish and Game under Critical Habaitat, Hennick stated that now they are an adviser. Under Sanctuary, they would be dictators. Fish and Game should not influence the political sphere.

Hennick stated that the only reason for HB 626 is to stop development. He would prefer keeping Fish and Game as an adviser, but not in charge.

Tom Cate, Land Manager for Shell Oil, Anchorage, spoke. Standard Oil has the largest investment, followed by Texaco, then the Fairbanks group (Bergman), then Somasco, then Texas. In 1974 Shell got the drilling permit and brought the Ferris to Alaska. Their well site is 16 miles from the Homer spit, and probably couldn't be seen from there. The federal government is leasing 1 to 3 miles outside the present state leases. Oil and fish cam be compatable.

Brown: Are you familiar with Tillions amendment?
Answer: I haven't read the complete text as yet.
Brown: Would the amendment hurt you?
Answer: We'd be hurt by any delay in our drilling.
Huntington: How much a day are you losing?
Answer: Mr. Dozier will answer that.
Smith: Do you have all of your permits?
Answer: We don't have the discharge permit yet.

Mr. Frank Hester, marine biologist consultant, presented testimony. (copy attached)

Mr. Smith asked why the chart is in disagreement with the statements presented on larvael forms not being more susceptible.
Answer: The data in the chart is precise, but not enough samples have been repeated to make it final yet.

Mr. Joe Dozier, Manager of safety and environmental conservation for production in Shell's Western Exploration and Production Region, presented testimony (copy attached)

Question: How many dollars a day will be lost while you wait?
Answer: Standby costs, rig costs--depending on whether the rig can be subcontracted to another firm if Shell doesn't use it--the minimal daily cost of the rig is several thousand dollars.

Question: How long has the rig been there now?
Answer: It arrived in mid-74 in Alaska. It has been in Homer since

January 1975.

Question: Would the rig be available to others if we don't allow drilling for awhile?
Answer: Maybe.

Question: What precautions are used to avoid problems with fishing gear when tankers move around Cook Inlet.
Answer: Our contractors handle it. They are advised to be absolutely careful. We don't define the procedures for them.

Question: Does the contractor have the knowledge and expertise to handle this?
Answer: Yes.
Question: Who are the contractors?
Answer: My responsibility is the producing operations. I don't instruct or have responsibility for the contractors. Others do that.
Question. Why aren't you drilling now?
Answer: We have taken the position of not drilling under the present conditions. Regarding the permits, especially Corps permit--there are stipulations from Fish and Game, upon their request. It has to do with monitoring marine life at the drill sites. We have the EPA permit but are discussing some problems. It is principally the court suit that is holding us up, but there are problems within the discharge permit.

Osterback mentioned that crab pot losses are common throughout the Chain, constantly. Sometimes they run over their own pots because they don't show up on radar.

Stan Rice, of the National Marine Fisheries Service, presented testimony. (copy attached)
He mentioned that he had nothing personally at stake except his reputation. The final report won't be released until mid-April.
Re: Page 5, he asked that volumetric measurements not be confused.
(Tape 23, Side 1 - 0951) Data referred to is on the tape.

Rice stated that you can get a laboratory toxic solution by mixing. It is the mixing that's important. Lab analytic data can't be applied straight across to field work, necessarily.

Regarding Page 9 of the McAuliffe report, there are problems with comparing different species, different areas, different crude oils--too many variables are involved.

Rice discussed different definitions of "dead" In the laborabory the term "moribund" is used. If "moribund" is used, larvae are one order of magnitude more susceptible than adults to oil toxicity--in the laboratory.

Regarding the Depuration of hydrocarbons, accurate comparisons of qualitative rates of depuration can't be done by experiment. Each data point costs $200. You can only use the sample rates themselves. You cannot compare samples.

There is no actual quantitative literature that proves Alaskan larvae are more sensitive than any others.

Regarding death times, it doesn't really take 4 days, probably. Also, lower doses than the "death" doses could cause adverse affects.

Conclusion: You all think it would be good for scientists to say that there is or isn't any danger. This isn't known. We don't know whether harmful limits will be known. Scientists don't make value judgments.

Question: Can we draw conclusions on anything?
Answer: Comparisons can't be made at this time. It takes millions of dollars and a stack of literature to compare. So far the three main studies don't agree.

Rice: The factors influencing the oil results are mixing and confinement. Kachemak Bay is an inland bay, as opposed to the Gulf of Alaska, which is outside.

Question: Would water and oil mix in Kachemak Bay?
Answer: Yes, but we don't know how much.

Question: Do you belong to an Environmental Group?
Answer: No. When I am working on an environmental situation I can't conscientiously be a member of any group.

Question: You said before that not enough will be known until 10 years after development.
Answer: I still believe it.

Question: Who do we believe?

Question: You seem to be saying that any conclusion might be right or wrong 10 or 15 years from now.
Answer: Correct.

Question. Some risk is involved no matter what?
Answer: Yes

Rhode stated that he liked SB 720 as it passed the Senate. It is different from our bill because it says that nothing is to deter from the lessee until reacquition by the state.

Brown presented the moratorium statement from the A.G.'s office (copy attached)

It was moved to adopt SB 720 as passed by the Senate.

Anderson suggested making SB 720 a CS for SS HB 626 and amending to add Section 2.

Smith objected, stating that the committee shouldn't act on SS HB 626 at all, but should wait.

Rhode changed the wording of the motion to adopt the wording of SB 720 as a CS for SS HB 626. The vote was 3 to 2 to adopt the language of SB 720 with amendment.

Motion made to wait until the committee had SB 720 before acting failed.

Motion to adopt the wording of the amendment as read by Brown, as approved by the A.G., failed.
Motion was made to adopt CS SS HB 626 with amendment carried, with a Do Pass recommendation, carried.

Tape 24 Side 1
0 - 1670

HOUSE RESOURCE COMMITTEE - Minutes - April 12, 1976

Present were Rhode, Osterback, Huntington, Hershberger, Brown, Eliason, Staff Assistant Van Doren and Chairman Anderson.

Subject: CSHB 804
HB 870
CSHB 878

Re: CSHB 804: Involved in drafting the Committee Substitute were RuralCAP, Ted Smith, Van Doren, Philip Guy and the original sponsors. Some of the changes are: new language on the public hearing requirement; change in the procedure for establishing a subsistence area; deletion of the administrative procedures section; (reporting to legislature section left in), change in number of persons necessary to request a hearing from 15 up to 100; and a generally more permissive instead of mandatory wording.

A question was asked as to whether fish should be added to the subsistence wording--presently just game is included.

No action was taken on the bill.

Re: HB 870. Mr. Jim Edenso and Mr. Jim Degan presented background for the current bill. The documents handed out--including "Report-Bristol Bay-It's Potential and Development". This report was described as a Council effort to make specific recommendations for projects that would affect the economy of Bristol Bay.

Chairman Anderson stated that the committee had felt originally that the Council hadn't done its job in making recommendations. This bill would fund the projects the Council has recommended.

Edenso mentioned that the residents of Bristol Bay have helped put the report together and have been instrumental in drawing up the recommendations. Given the money to do so, the Council wants to pinpoint which recommendations should be put into effect.

Huntington stated that there are too many "priorities" on the list. Edenso answered that capital improvements are listed village by village. In general, priorities can't be total. They have to be village by village. Employment opportunities have the highest priority.

Chairman Anderson asked how often and where the Council meetings have been held.
Edenso answered that there have been about 8 meetings since the Council began. These have been in the Bristol Bay Area and Anchorage. Also, the Bristol Bay Native Association planners have met with individual villages. The $36,000 is the absolutely least amount of money that the Council could survive on.

Discussion ensued as to whether or not priorities could be set for a whole region such as Bristol Bay.

Hershberger said that his offer to help find the information and backing for fishing lodges in the area still stands. Discussion continued regarding the status of rainbow trout in the area.

Edenso referred the committee to Page 26 of the Report for possible projects.

Huntington said that what you do in one area affects all the area. Do a good job on two or three things instead of a sloppy job on 30.

Osterback asked whether feasability studies had been done on the projects, such as the Perryville boat harbor.

Anderson asked whether an idea was coming forth as to how to broaden the economy of the area so that fish isn't the only base?

Edenso answered that it takes many years and effort to diversify any economy. In mining, for instance, it is from 5 to 10 years after discovery of a lode to an active mine status, under good conditions. Edenso cautioned that both bills must pass. He again emphasized that the projects had been put together with the help of the people in the area.

As to whether priorities had been decided, Edenso stated that his group would be in Bristol Bay next week to try to determine the priorities. The Council will meet with the BBNA to determine the projects.

Chairman Anderson stressed the need for labor-intensive industry. He again asked whether anything had been developed that would take over if fish failed again.

Degan stated that when the people of the Bristol Bay area get together they are too diverse. Priorities simply don't get established. Also, they want a subsistence way of life.

Chairman Anderson stated agreement with the third page of the memo, but said that we have to be realistic. The people need money as well as the subsistance way of life. The economy must be diversified.

Motion was made to pass out HB870 with a DO PASS recommendation, along with a letter of intent. Hershberger expressed objection. Motion carried.

Re: CSHB 878: Brown asked whether we were really accomplishing anything with this bill.

Chairman Anderson answered that it is basically a rewriting of the industry's law with industry's help. The mining industry seems to approve and so does the administration.

Motion was made to pass CS HB 878 out with a Do Pass recommendation. Hershberger expressed objection, then removed his objection. Motion carried.

Meeting adjourned.

Tape 24, Side 2
0 - 1660

HOUSE RESOURCE COMMITTEE - Minutes - April 13, 1976

Present were Osterback, Huntington, Rhode, Hershberger, Staff Assistant Van Doren and Chairman Anderson.

Subject: SB 335

Rupe Andrews, Director of the Division of Sport Fishing in the Dept. of Fish and Game, presented testimony. This proposed bill deletes the automatic readjustment of fees. It raises the balance between resident and nonresident. Since 1959 there has been an influx of residents, putting a strain on the fishery resource. All construction projects have to have a Fish and Game evaluation. The Sport Fishing Division was involved three years before the North Slope lease awards were made. Current levels of management and research can't be met with current funds. Fish and Game development is funded by licenses and federal funds. There is a shortage in the Sport Fish Division of 1 million for FY77.

Federal Aid monies keep programs going. The Alaska hunter pays 11% and the fisherman 24% of the funds. We can either fund the programs fully or cut the programs or make the programs self-supporting. In 1973-1974 the Alaskan work force doubled, and again in 1974-75. It will probably double again in 1975-76. We must increase the fees paid by the user groups. Surveys demonstrate that our fees are now on the low side of average. All Divisions are laying off personnel--biologists and temporaries are laid off, and equipment is not purchased.

Osterback asked about the wolf hunt helicopters. It was explained that the helicopters worked under contract. Also, the federal government land was involved, so private hunters couldn't be used. Only Fish and Game employees could be used.

Regarding resident tags, Andrews explained that trophy tags are necessary, but meat animals wouldn't be included in the trophy group.

Andrews reminded the committee that the basic structure was set up in 1959, and no real changes have been made since.

In answer to a question, Andrews stated that pay increases are a problem. They began the year with a shortage of funds in Fish and Game, and thus stopped capital improvement projects to save money. He mentioned that nonresidents pay a larger than necessary percentage of the costs. Residents aren't paying their share.

Possibilities are: general fund funding, reduction of sport fishing and game programs, or increase in license revenues. These increases should have been put into effect years ago. Andrews stated that he had tried to effect the increases since 1969.

Jeff Morrison, Director of Administration for the Dept. of Fish and Game, testified. Even with passage of the bill extra funds will be needed. The governor's budget review committee has supported the change in effective date to July, 1976. This would be a six-month head start on the regular license renewal date.

Of the game revenue, 78% comes in after July 1, and 74% of the fish revenue comes in after July 1.

Huntington expressed concern that the July 1 date would present a problem with previously contracted parties of fishermen or hunters. They would have paid their fees, but would face an increase.

Andrews stated that if you already had your license, there would be no change until renewal time. If the July 1 date is used, $750,000 additional would be in the state coffers (1/2 of the shortage) this year.

Federal programs need three federal to each state dollar. Recently, the state hasn't even met its 1/3 portion, so projects haven't been begun.

Rhode asked about the ratio of biological expenditures to enforcement expenditures.
Answer: Dept. of Public Safety, Protection Division, has a 5 million dollar request for enforcement. Also, all of the Dept. of Fish and Game is deputized. However, that isn't their job. There is a special problem with trying to manage the law.

Pete Nelson, of the Alaska Wildlife Federation, spoke. Previously, they haven't taken a strong position. However, last Fall, the Council decided to support an increase in fees. They did not recommend an increase in the visitor sport fishing fee, although the bill calls for $15.00. For instance, in the Derbys, people buy for 2 or 3 days, and don't fish again. There is a need to determine how many buy the short term licenses. The Council also recommends eliminating the .25 license for subsistence hunters and fishermen. Nelson suggested having the Dept. of Health and Welfare pay for it, if necessary, but the recommendation is to eliminate it. Regarding the resident big game tag fee, caribou and moose could be covered, but the bill doesn't include them.

In summary, Nelson urged that increases be put into effect now.

Bud Boddy, of the Territorial Sportsmen, spoke. As people are conscious of an expanding program, they will be aware of added expenses. Information has been requested on what is needed to do the job that needs to be done. Obviously the money is needed or the programs will be simply "paper programs" Many other states are faced with raising the license fees in order to get the job done. Even non-consumptive users are beginning to try to help with the funding.

Mr. Andrews talked regarding the "souvenir" license. Also, the non-resident doesn't really take out many fish. He just enjoys fishing. The impact on the fishery is basically from the residents. Sport fishing can be increased and bring in more money without bothering the fishery much. A 1974 Boeing report on Sport Fishing in Alaska stated that $52,000,000 was involved in subsidiaries of sport fishing in 1973. This report is available from the Dept. of Fish and Game. Recreational fishing is one of the basic industries of the state.

Hershberger added that it takes $200/day at the lodges to fish. More lodges are needed, since current ones remain full for the seasons.

Andrews added that outsiders like the Northern Pike, although Alaskans don't fish for it much.

It was moved to adopt the July 1, 1976 date as the effective date for the bill. Motion carried.

Re: CS SB 661 am

Mr. Pete Nelson spoke as an individual. There are now more guides than there are places to hunt. There needs to be a way to set up agreements. There has been no progress in the guiding business except for the last 2 years.

Section 2 speaks to unethical activities. A guide can't guarantee game, either in number or kind., and this should not be done.

Section three is aimed at those companies with several guides throughout the state. The end result is to keep the number of guides down.

No action was taken on the bill.

HOUSE RESOURCE COMMITTEE - Minutes - April 14, 1976 Tape 25
Tape 26 Side 1 0 — End

Subject: CSHB 803, HB 346, CSSB 174,

Rep. Cowper opened testimony as sponsor of 2nd SS HB 803. It sets up expenses that are allocatable to a barrel of oil, then sets up the income taxation mechanism.....9.4%. Native corporation exemptions have been eliminated.

Question: Does this single out the oil industry.
Answer: Yes--for years they got special considerations

It was moved to pass SSHB803 out of committee. Huntington objected. Motion did not pass.

Re: HB 346. Currently there is a lawsuit over the definition of wellhead value, and the definition of severance tax and royalty purposes.

Rep. Cowper stated that there was a question in the bill as to what expenses could be subtracted from the wellhead value for tax purposes. Also, certain overhead items were mentioned. Representatives of Dept. of Revenue, Etc., were supposed to be present at this hearing.

Question: What's the difference between "wellhead" and "point of production"?
Answer: Wellhead value means "at the meter", and the oil must be of pipeline quality at that point. You have to define how much of the expense is involved in getting the oil from "here to here", or the portion that can be charged back to the wellhead value. At present, we must accept the wellhead value as submitted by the oil companies.

Cowper: The tax is now based on a per/platform basis, and needs to be a per/well basis.

Smith mentioned that on page 1 line 18, the bill still says "at well".

Cowper explained that in AS 43.55.140 #10 and 11, "produced" means removal of oil or gas from the well. "Production" is what is produced.

Tom Williams, Director of the Petroleum Revenue Division of the Dept. of Revenue, testified. Basically, it has been a question of where the taxation point on oil and gas is. The initial problem was where production was in offshore production. If onshore, one uses a central point within the field. It must be remembered that oil comes to the surface "mixed". Then a settling tank and heat is used, water is removed from the bottom, oil from the center, and gas from the top of the tanks.

In other states, the oil is measured after separation. There is no field where they go back to the well, as far as W illiams knows. If the oil is removed from the lease before it is sold, as in a central gathering site, there is still a question on the tax. A point of production must be specified.

The State of Alaska shouldn't bear the costs of production for the oil companies.

Re: averaging, since there is a lack of meters on the platforms. Now, the oil is run through onshore meters, but prorated back to the well. There is no way to go back later and reconstruct the well test when and if an audit were done. It's simpler to take the onshore meters. You know the number of wells, and apply the formula to get the per/well figure.

From day to day the water/oil/gas proportion changes. Trends are predictable, but in any given month the proportion varies.

Brown stated that the committee should be using the language of SSSB295 in this bill.

Williams stated that the randomness of well-tests tend to cancel out any changes in the proportions. Apportionment would be done between leases, also.

Question: Is there now a standard interpretation of "costs at the wellhead?"
Answer: Valuation is now a moot point. Companies have been reporting different costs at the wellhead, then proceding with their deductions. Leases now are superceded by new contracts (Cook Inlet leases)

Question: What about all other leases that have the same language in the contract. Do we need another bill addressing oil and gas leases, as well as tax law?
Answer: For the future, we will simply rewrite the lease.

Brown: As the field gets older, more costs have to be deducted, and there is less oil.

Rhode: How much revenue will HB 346 bring in to the state?
Answer: This lowers it, because of the averaging.

Williams: A Committee Substitute would be to substitute the first two sections of SB 538 for the present bill and add the wording of page 4 of HB346, with a new subsection 15 re: "average daily production per well....." (Tape 1341)

Brown: Isn't the arbitrary choice of 25% a poor idea? Wouldn't they just work to the 20% level then quit for the month?

Williams: The concept of a well-day could be used, along with the number of days each well operated.

Rhode: The profit motive system would control production, anyway.

Chairman Anderson asked what the Administration wanted.

Williams repeated the SB 538 substitution wording. Also, they might want the well-day wording.

Motion was made to amend HB 346 with the above changes, with a definition of average daily per/well production in a new subsection 15 on page 4.

Rhode urged that a redraft of the bill be presented.

Motion to amend as above carried.

Re: CSSB 174. Commissioner Gallagher, of the Dept. of Revenue, presented testimony. He is not favorable to the bill. The Royalty Oil and Gas Board would be doing much more than necessary. The bill is getting the cart before the horse.

Brown: The Senate has passed out the bill. The Tesoro situation ends pretty soon. This bill would allow legislative input into the change of that lease to another party.

Commissioner Martin, of the Dept. of Natural Resources, and Bill Fackler, Director of the Oil and Gas Advisory Board, testified.

Martin: Everyone connected with royalty is trying to maximize the use of royalty oil and gas within the state. Some storage contracts would be allowed for 1-year periods. It would cost the state $300,000 (??) a year to take in-kind oil and gas and staff the backup for it. In many cases the state would be forced to make 1-year sales contracts if they didn't use the oil. With west coast oil available, we're in a difficult market situation.

Fackler: The bill reduces all the state options in making a deal.

Martin: We must have a firm stand on in-state uses. Does the state want to get into oil and gas production. Under this bill, we would have constant 1-year contracts needed. This bill contains new language because of the storage capacity statement. The bill is attempting to change from the discretion of the Administration and give the power to the legislature instead. It must be left with Administration. The state must be left with flexibility in negotiating.

Regarding the 6-month notice, sales don't fall together in that short a time. It is not in the best interests of the state.

2:30 p.m. (Tape 25, Side 2, 0128 -

Present were Eliason, Hershberger, Smith, Huntington, Rhode, Swanson, Brown, Van Doren and Chairman Anderson.

Motion was made to pass CS HB 346 from the committee. Motion carried with a Do Pass majority

RE: 2nd SSHB 803:

Mr. Williams stated that in general his division is charged with administering the reserve tax. Only the value of the property is assessed, not the position of the taxpayer. It (reserve tax) is in lieu of the corporation income tax. Should we look at individual income tax next year as part of the appraisal? The bill addresses how to look at corporate income tax--how to "beef up" the income.

1) Problem: What is to be looked at?
2) Problem: Do you tax interstate commerce twice?

Williams added that he hasn't really had enough time with a computer to figure out the revenues to be generated from the bill.

3) Problem: It will require significant staff increases to administer the tax. Information on this might be available next week.

Williams: Section .010 sets the 9% tax
Section .020 - .030 defines the exploration costs. There is a question of how to apportion the exploration costs. Who's value do you use- the taxpayers of the state's? Also, some of the property has only gas, with no oil. They would have alot of allowable costs with no production. The question is who's to determine the value.

Smith stated that the definitions seemed clear to him.

Williams: Re: Page 1, Line 21-22, field production costs are basically capital expenditures for wells, gathering tanks, heaters, etc. These would be limited to costs incurred in Alaska. Items such as engineering done outside the state couldn't be deducted. Most equipment is made ou tside the state. The intention of the sponsors, according to Williams, can't be to disallow these costs. The clause needs to be modified. These types of costs should be allowed, even if outside.

Re: Page 3, (c)--carrying forward costs incured before the date not being allowed. This needs to be explained.

Brown: I would assume it means that if you are depreciating an item you can claim it only from the date of the tax.

Williams; That wouldn't be any problem if that were the case.
Re: variable production costs, as defined in subsection .50. These are allocated on a field by field basis.

Sections .040 and .050 are possibly getting closer to a taxpayer status than to a statewide basis. The problem is the percentage of gas to oil in production. Large costs are involved if large gas amounts are involved, with little credit. We shouldn't be looking at the individual profit. This is straddling the issue of income tax and severance tax.

Brown: Are you saying on Page 2, Line 18, that the cost of the individual operator is determined by comparing producers??

Williams stated that people working in the same field could have different experiences in the oil/gas ratio. Some leases come out 95/5, others could be almost 50/50.

Question: What does the formula apply to?
Answer: Applies also to production, exploration,....
Question: What happens when the field is "unitized". How is the tax figured?
Answer: It's based on what is attributed to you under the unitization contract, whether you drilled or not.
Question: Would the same thing be true of any other tax affected by unitization.
Answer: I assume so.

Williams: Re: "to the point of valuation from the field". This is good wording, as it avoids taxing of interstate commerce values.

Williams discussed Line 13, Page 4. He quoted the legal dispute in 1972.

Page 4, Line 23 .070--If there are costs claimable for production development and amortization that exceed the value of the oil, the costs can be carried forward until the oil makes money again. It would be simply a bookkeeping problem.

Re: Pg. 5, Line 18, Section .100, this prevents collusion on low prices to avoid taxation. The unknown factor is the federal government. They (FEA) are still determining what is to be done with Prudhoe Bay oil. A pennies difference in the wellhead price on 1.2 million barrels per day is a million dollars a year.

Rhode: Do you represent the administration and do you favor the bill?
Answer: I represent them and I don't favor the bill.

Fred Boetsch, of the Dept. of Revenue, testified.
Re: The timing of the bill. It could depress the value of Prudhoe Bay for next year's reserve tax
Re: Alternative leasing methods necessary
Re: Prudhoe won't produce at all until next year.

This appears to be a replacement of the corporation income tax--and that would be discriminatory. The bill is generally inappropriate at this time.

Marc Singletary, with Arco, testified. Policy is at stake--whether to discriminate against oil in a very obvious way. The bill singles out oil at a rate exceeding other industries. The nominal rate is the same but the manner the rate is arrived at is discriminatory. Why? Has oil deserved it? Has oil not paid it's way?

Oil is still receiving no income, and we are at least a year away from production, and a long time from seeing profit. Oil has already

provided an economic base to the state. The existing structure will let us see significant surpluses in the years ahead. But where the tax discriminates, there is a major problem. There is plenty of time in the future to settle differences. Oil will never own the state. We ask that you tax oil only the same as other industries.

Brown: I can't accept the fact that the state is taking advantage of oil.

Singletary: The expenses incured by industry are not being handled correctly. Other worldwide industries are permitted to deduct expenses from outside.
Re: Discrimination--the income tax now on the books should be o.k. for oil as for other industries. HB 803 treats oil separately, and doesn't cover gas. The thrust appears to be to treat separately as far as the effective tax rate is concerned by separating the means on which the tax is applied. Arco will pay its fair share.

Eliason: Re: the "down the road" surplus.

Singletary: Parity is an indication of whether the tax is equitable for the state. (A discussion of "surplus" continued--Side 2 1597)

Eliason: If we were in a deficit position should it be an indication of our needing more tax?
Singletary: Maybe, but it would need a different approach.

Singletary: The existing structure gives all necessary taxing power for what the legislature needs. The question is whether additional taxes are needed beyond the present structure.

Swanson: There appears to be a lobbying for all oil refineries to be located outside Alaska instead of inside Alaska, so that the money can remain outside.

Singletary: We support diversification of business activity.

Cowper: Didn't industry for years try to get the percentage depletion from Washington??
Answer: Yes, but it is now eliminated.

Cowper: Wasn't that discriminatory?
Answer: Yes, but it was repaid by low-cost fuels in the U.S. for 25 years.

Cowper: Question regarding severance tax
Answer: The wellhead tax accommodates the needs of the industry if they can deduct the costs of getting the oil from point A to point B. But you can't adjust costs for production expenses adequately.

Cowper: Can we tax for income made outside Alaska?

Cowper: Do you approve of the concept of severance tax?

Singletary: The state of Texas doesn't even have an income tax. However, the other taxes are known factors. The bottom line is what is critical.

Cowper: What tax do you dislike the least?

Mr. Richard Donaldson, of Sohio, testified. Regarding the oil production income tax, it really is an income tax. He expressed reluctance to raise legal questions with a legislative body, but the questions have already been raised. The Attorney General should be asked for some answers.

Alaska has agreed to participate with 21 other states in a multi-state compact to avoid duplication of taxation. Property/payroll/sales is generally regarded as a fair way to do it. HB803 is contrary to the multistate compact. It doesn't meet the qualifications.

The due process question is raised because of the proposed time limitations and the disallowance of expenses outside the state.

There is a question regarding Section 24, with the severance tax deduction for credit earned on reserves--this ends up as a "double dip".

(Copy of testimony and papers available)

The total Alaskan oil tax is 17%--the top of the list. At the bottom of page 1, the process works through with SB 295. It would be a good working tool.

On the third page, changes are suggested (see testimony) Singletary urged a period of stability in his Mar. 30 statement. Later, Hammond asked for a period of study. Milton Lipton asked to wait until the "big picture" is looked at. Consequently, there is concern over the health of Alaskas economy in the next year. Hammond identified needs, one of which is to encourage industry with stability. Assuming that Washington D.C. does nothing rash in the meantime, the tax problems can be solved during the next legislative session.

Take the total sales wherever they are. Allow all costs attributable to that site. Then you can say what portion is to go to Alaska, and what to any other sites the company has. The remainder would be taxed proportionately.

Larry Vavr, Union Oil, Juneau, introduced Larry Wilson, Tax Counsel, Union Oil, in Los Angeles. This is a new concept of taxing and radically departs from regular procedures. Double taxation results. The bill creates a new tax base, giving certain classes restricted meanings. (List of exclusions on tape) No deductions are allowed for costs incured in exploration of Prudhoe Bay, Cook Inlet, etc., However, there is no good basis for excluding the costs.

The formula in the bill is for exploration costs on oil, and has no relationship to costs, or the objectives for the property.

The reserve tax is a prepaid production tax. It permits .25/barrel for general administration costs. This can't be applied equitably to all taxpayers. Re: Loss carryovers--there is a totality of deductions necessary. i.e. where does exploration cease and production begin.

(written testimony available)

Chairman Anderson stated that he's fought against the taxes all session.

Motion was made to move the bill out of committee

Eliason: It's the wrong time for the bill, whether it's an election issue or not. Changes can be made later, or decisions.

Motion to table the bill carried.

Meeting adjourned.

HOUSE RESOURCE COMMITTEE - Minutes, April 15, 1976

Present were Huntington, Hershberger, Brown, Swanson, Eliason, Rhode, Smith, Osterback, Staff Assistant Van Doren and Chairman Anderson.

Subject: CS SS HB 803
CS SB 174
HCR 123
HB 787

Vote was taken on the motion to table CS SS HB 803. Motion failed.

Vote was taken on the main motion to Pass CS SS HB 803 out of committee with individual recommendations. Motion carried. By a show of hands, the majority of the committee recommended Do Not Pass.

Re: CS SB 174 . Mr. Fackler, of the Division of Oil and Gas Advisory Board with the State of Alaska, presented testimony. The Commissioner states that the recent amendment is worse than the Committee Substitute. The Commissioner would prefer the existing statute. At least it gives some flexibility. The new wording would zero in on a particular stand, and would allow no room for negotiation on the part of the state.

Mr. Brown stated that the Senate wants a bill of this type. Brown stated his own support of the Committee Substitute.

Motion was made to table CS SB 174. Mr. Swanson expressed objection. Motion to table passed. Mr. Swanson asked that his vote be changed to a "To Table" vote.

Re: HCR 123. Mr. Van Doren presented background for the Resolution. It asks for a plan with a report to the legislature.

Sharon Lobaugh, of the Alaska Conservation Society, presented testimony. (copy attached)

Mr. Smith stated that his experience has shown that groups covering a large segment of the population have had good success working on the coastal zone management situation, given long periods of time to work.

Huntington expressed concern that Hammond has been over-balancing the committees with environmentalists. He also asked that there be a longer time than 8 months to come up with results.

Lobaugh stated that Senator Poland stated that she felt that with all of the information already gathered, the 8 months should be long enough.

Brown added that there has already been a sub-committee on Coastal Zone Management working. There is a wealth of information. The total plan must be implemented soon. Areas are already being impacted. One of the benefits of the Resolution is that the legislature can set up the criteria for the Advisory Committee.

Swanson stated that we should have the say as to who gets on the Board.

Mr. Brown stated that identified groups can be specified, and the Chairman of the Council appoints within the categories specified.

Mr. Rhode said that in most instances planners in the boroughs do the planning for their areas. We need to relate to them directly.

Chairman Anderson stated that the people don't want the state government telling them what to do. There are separate areas, with separate problems.

Lobaugh stressed that in order to get the OCS impact funds there must be a plan.

Anderson added that the people want to set the policy, not just advise others. Also, there is a need to allow time for people to accept the Coastal Zone Management idea.

Mr. Osterback stated that the Aleut Corporation feels that they can control their own lands.

Rhode stated that people generally appear to want assistance with funds for planning from the state to do their own planning, and assistance from the state with expertise, when needed.

Anderson asked what the specific problems with the Resolution are:

1. Timing (too short)
2. Doesn't mandate public participation
3. Doesn't balance the Council between local government and the public
4. There is a need to avoid overlapping of duties between committees.

Eliason asked that the committee look at SS SB 711 for wording.

Regarding timing, an interim report could be given at the 1st session of the 10th Legislature, with a final report at the 2nd Session, and a definite termination date for the committee after that.

Chairman Anderson asked the Staff to draft the Committee Substitute, to be presented for hearing Friday morning, April 16.

Re: HB 787: Sponsor Bradner presented background for the bill. It is built from a bill presented to the last Legislature. Traditionally, apportionments to state fair facilities and functions have been scaled down from the amounts needed. The bond issue is required for capital improvements to get the fair grounds moving. They need a "shot in the arm". The people have done alot for themselves and now need aid. The Fair people have put the requests together by mutual agreement. Another recent problem is the clampdown by EPA on sanitary facilities.

Huntington asked whether the fairs were losing money.

Bradner replied that Matsu and Fairbanks are O.K. However, any money obtained is plowed right back into the facilities.

Rep. Eliason questioned whether the state should get into requesting bonds for isolated small areas, instead of the state as a whole.

Smith suggested that the problem has always been to provide facilities for short terms of intensive use. There is an item in the Park bond proposal for portable sanitary facilities.

Brown added that Fairbanks is using their grounds most of the year now.

Smith asked whether the bonds would eliminate the need for annual appropriations for fair sites.

It was moved that HB 878 be passed out of the committee. Motion passed, with a Do Pass majority.

Meeting adjourned.

TESTIMONY April 15, 1976 HCR 123

To: House Resources Committee By: Alaska Conservation Society

The Alaska Conservation Society, once again, reiterates its support of the concept of coastal management for Alaska.

As the pressures on our coast become more and more imminent (OCS impacts in particular), the need for a state management program grows stronger. Indeed without a coastal managemnt program the state is seriously handicapped in the face of OCS development. Coastal Zone Management Act amendments (HR 3981) presently before Congress, and shortly expected to pass, require that a state have an ongoing managment program to make it eligible for federal OCS impact funds.

More than simple monetary benefits, Alaska needs a forceful mandate behind its coastal management efforts, if there is to be any hope for acknowledgement of state concerns in offshore oil development. With an established program the state can, at least, provide a mechanism guaranteeing that its interests be heard. Lacking statutory backing, the state's position is much weaker.

OCS development is only the most immediate issue facing the coast. A management program should not be viewed totally as a crisis-resolution mechanism. It is one of those rare opportunities for streamlining unconsolidated state regulatory and management activities. We do not feel that the state is greatly deficient in powers or tools useful for protecting the coast line. However, so many existing laws remain inadequately implemented; so many agencies fail to excercise their manadates, that our state is in great need of a process which pulls the loose ends together and turns them to a common purpose. We see coastal management as one such tool.

Over and above the financial benefits which can be expected to accrue to Alaska...Over and above the valuable contribution coastal management could make toward cleaning up the state system of land and resource management...there is something else...what coastal management is all about. It is a protection of values, a balancing of the irretrievable, an acknowledgement of those qualities of life which make the coastline of Alaska (much like the coast of the rest of the nation) worthy of our special attention.

We are greatly encouraged to see not only the state administration (in SB 519) but also private interests (in SS SB 711) and the Legislature (in HCR 123) demonstrating concern with coastal management. While we continue to support SB 519, we recognize the tremendous workload that assessment of such a detailed bill (not to mention the detail of SS SB 711) would place upon legislators. In lieu of passing a detailed directive for the Governor to act upon, we suggest that the resolution here being considered be amended to accomplish a single goal.

We suggest that the Legislature at this time, merely establish a citizens and local board to advise the Governor on coastal management, with an independent mandate to report back to the next Legislature their recommendations for new legislation and administrative systems, along with an assessment of the Governor's progress in putting a management program together and making executive recommendations.

We believe the Governor already has and must exercise the authority to review his executive branch functions which address coastal management. While passage of SB 519 would assure that this would be done, passage is certainly not critical. However, the component of SB 519 which is critical for legislative action is a means to ensure citizen and local input into this executive function.

In this aspect, we feel SS SB 711 does a better job: we support a membership of 18, rather that the 15 members provided in SB 519. Additionally, it is vital that the Governor be mandated to get such a group together and functioning as quickly as possible. Here again, the 2 month time limit set forth in SS SB 711 seems useful.

To accomplish this end, we submit our recommendations for amending HCR 123 to read as follows:

PROPOSED HOUSE CONCURRENT RESOLUTION

Relating to Coastal Management

By Alaska Conservation Society

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the coastal area of the state is rich in natural and aesthetic resources; and

WHEREAS past and present public and private demands on coastal zone resources endanger the natural and aesthetic resources; and

WHEREAS the protection, preservation, and restoration of coastal resources is of paramount concern to present and future generations of citizens of the state; and

WHEREAS, in order to protect coastal resources of the state, and the public interest in resource management, an advisory board is needed to assist the governor in making decisiohs relating to coastal management;

BE IT RESOLVED by the Alaska State Legislature that the governor is directed to establish a Coastal Area Board to provide opportunity for full participation by local and regional interests in the development of a coastal management program; and be it

FURTHER RESOLVED that the governor shall appoint 18 members to the Coastal Area Board in conformity with membership criteria established by the Alaska State Legislature; and be it

FURTHER RESOLVED that the Coastal Area Board shall be established within two months of the adoption of this resolution; and be it

FURTHER RESOLVED that the Coastal Area Board may use the staff designated by the governor in preparing recommendations for coastal management program development; and be it

FURTHER RESOLVED that the Coastal Area Board shall submit to the legislature by the tenth day of the First Session of the Tenth Legislature, a report which includes, at least, recommendations for needed legislation, necessary coordination mechanisms, the state role in coastal management; and assesses the progress of the governor in development of a coastal management program.

Tape 26 Side 2
0524 - 1090

HOUSE RESOURCE COMMITTEE - Minutes - April 16, 1976

Present were Huntington, Rhode, Swanson, Osterback

Subject: HCR 123
HB 890

Roger Lang began testimony on HB 890. Cooperative Resource Management has had much attention in other areas of the state. Changes are going on in the pattern of land ownership. The federal government has recognized the problem, and there are joint agreements with them for land management--including resource development, land use and water use. A total concept for land planning is needed in Alaska. In order to accomplish this the state needs the cooperation of adjacent lands. This would facilitate efficient land management. Adjacent owners need to be involved in planning. The problem now is that the state has no clear authorization to enter into agreements with the state. The language in HB 890 is good.

Chairman Anderson: If we don't pass it, what will happen?
Answer: For instance, the state parks have no real enforcement powers. Cooperation of the citizens is necessary, as on Nunavak Island. This proposed bill doesn't invade the integrity of any state organization, but just allows the cooperation to take place.

Willie Goodwin, of Kotzebue, spoke. They are trying to develop a cooperative agreement with Nana, the federal, and the state governments for the 23 million acres involved. There is a delicate balance in Nana between man and the environment. Man has to exist in limited areas. Man and adjoining man must cooperate. The federal government is falling back, saying they don't have the authority to set up the agreement necessary, but the B L M does. Goodwin is concerned that there might be an agreement with the state which the state could later say they didn't have the authority to sign. Goodwin also stated that the LUPC endorses the concept and the bill.

Rhode: Would this bill solve the problems?
Answer: Yes.

Lang. The Land Claims Act requires that the Corporations can't work without an agreement with adjoining landowners.

Discussion: The federal government already has the authority
Ahtna is working on an agreement with the federal government.
This could also apply to D-2 lands.
So far, Fish and Game is the only state agency that officially can enter into agreements
This is a cooperative agreement. The agency doesn't have to enter into it.
It will be at least 2 years before the D-2 proposals come out
There are at least 7 proposals, including the governor's, for D-2 lands.
Goodwin: Congress will act on all withdrawals separately. Each one is a separate Act.

Re: HCR 123. A committee substitute is to be drafted using the word "study" instead of "policy". Also, the Arctic and the Y K areas are to be separated.
Meeting adjourned

HOUSE RESOURCE COMMITTEE - Minutes - April 20, 1976

Present were Osterback, Huntington, Swanson, Hershberger, Brown, Staff Assistant Van Doren and Chairman Anderson.

Subject: HCR 123 HB 726
HB 728 CSHB 846

Re: HCR 123. Mr. VAn Doren presented a brief background. The original Resolution asked that the Legislative Council form the Committee. Now, the Committee Substitute calls for a study to be made by the Legislative Council. Included are stipulations for working with local planning agencies, or other existing governmental agencies, and with citizen groups.

Chairman Anderson reminded the committee that there had been concern as to whether the committee created would be a policy making body, or simply advisory.

Swanson stated that on Page 2, Line 25, the "public at large" should be spelled out.
Huntington reminded the committee that if you name any specific "public" you have to name all.

Swanson moved that on Line 25, after "at large", add "consisting of representatives of the oil industry, the timber industry, the fishing industry, the mining industry, the transportation industry, and environmental interests, " (on an equal basis?) Swanson added that this way a specific group can't be called "in charge".

Chairman Anderson stated that this is a resolution only to call for a study. Leave it as open as possible.

Hershberger suggested that the board membership reflect the businesses of the area, without spelling them out.

Swanson objected. Environmentalists would take over.

Discussion took place over the current makeup of the legislative council, which would o.k. the study.

Vote to add the defining wording carried the motion, with one objection.
Motion to pass CSHCR 123 with a Do Pass recommendation carried.

Re: HB 726. Background included the fact that it was now felt that information disemination was not necessary in this bill. Also, the monetary amount should be $1,000,000 instead of $3,000,000.

Motion to change the $3,000,000 to $1,000,000 passed.

Motion to pass CSHB 726 out with a Do Pass recommendation carried.

Re: HB 728. Mr. Fackler, Executive Director of the Alaska Royalty Oil and Gas Advisory Board, presented testimony. His group appreciates the objectives of the bill, but would rather keep so many stipulations out of the leases. Also, he suggested adding a subsection (t) that would have the Commissioner of Natural Resources have the option of buying the oil before it is transported outside the state. And, the Pipeline Commission is a regulatory group, not a study agency.

O.K. Gilbreth, Jr., Director of Division of Oil and Gas, presented testimony. He had talked with Texas authorities, and they have the same objections Gilbreth does to this bill, but the Texas legislature passed it anyway. Because there are so many refineries, and Texas itself can use so much oil, there is no problem with the bill, But Alaska has a different situation. Almost no refineries exist, and we cannot use all the royalty oil, Under present wording of the bill, Alaskan producers would have no alternative but to build refineries to process the oil for Alaskans. Also, the bill doesn't define who is responsible for ascertaining the needs of the state. Nothing is specified.

Another problem is that the transporting of the oil and gas from its source to the area of the state that would use it is not spelled out.

And, the bill says that the Pipeline Commission is to determine the presence of waste, etc., but that Commission doesn't have the expertise for those decisions.

A further problem, under this bill future leases would have to be approved by too many agencies if a determination of in-kind oil needs was made. You'd never be able to finalize a lease.

Swanson stated that we need to dc the refining in Alaska. Then we could have the industry to use the oil.

Fackler stated that we're refining royalty oil now within the state.

Chairman Anderson asked who determines whether a need exists within the state.
Answer: The Commissioner of Natural Resources could make the determination.

Among the concerns expressed by Brown was the situation of in-kind distribution. Gilbreth explained that if the wording is in the leases, the oil companies would be leary, since they might end up building refineries to meet lease requirements. A mechanism needs to be set up to determine whether the need can be met, if one exists. i.e. North Slope oil needed in Southeast Alaska. How do you get it there?

Brown stated that the bill already says that if you can't deliver, it is not required to do so.

It was explained that wording of options to "buy" pertains to "working interest" oil, not royalty oil.

Hershberger asked whether there was a figure on intrastate consumption of oil.
Answer: There is, and the total can be covered in barrel amounts, but not of the specific refined products needed in the state.

Hershberger stated that possibly this piece of legislation is "too soon".

As to whether we could sell oil on the open market if we refined more in the state than we could use, answer was yes, but it would have to be at competitive prices, and the market could end up world wide. Do we really want to go into the oil business in that way?

Discussion took place as to whether the committee should be concerned with the question of "a burden on interstate commerce". Brown stated that the legal problem posed is not valid.

Brown stated the need for a definition of "practical". Also, re: the interstate commerce question, the state is acting as an owner selling a product. The interstate problem mentioned wouldn't apply.

Hershberger asked whether on Line 27 (u), does the "exception" clause cure the problems?

Gilbreth stated that wording could be added saying "if you can show needs, requirement would be made to refine within the state, but otherwise not.

Swanson stated that all the "ifs" needed to be taken out of the bill.

Gilbreth added that if we have to refine only the royalty oil, it might not be too bad, but if there were other leases in the future, there would be a marketing problem for the refined oil--even to a worldwide problem.

Joel Bennett stated that "if the need exists" would clarify the problem.

Brown asked that in subsection (u) standards of practicality be stated and also the Pipeline Commission should be taken out and the Commissioner of Natural Resources put in. All of Section (2) should be deleted.

Chairman Anderson asked that a Committee Substitute for HB728 be ready for tomorrow.

Brown asked that "existing or reasonably anticipated future needs" be considered in the wording rewrite.

Re: HB 846

Jim Edenso, Deputy Commissioner of the Dept. of Commerce and Economic Development, gave gackground. He presented a "document" analyzing the bill. (copy attached) The bill is written in a general manner, and has the concurrence of Legislative Affairs, as well as the Administration. Edenso stated that the indications are that the season will be poor (fishing) in Southeast Alaska.

Under HB 846, the Division of Economic Enterprise is to be the support mechanism for HB 846. Edenso mentioned that errors in prediction of the fishing success of a season are now very likely. This is supposed to improve in the future. The Governor, under the present bill, could elect to ignore the prediction if it was found to be inaccurate.

Re: funding of the bill, Edenso reminded the committee that the Governor had recommended against establishment of a fund for this purpose.

Discussion took place regarding the Attorney General's opinion on whether a designated fund could be established.

Edenso stated that the Dept. of C. and R.A. should be substituted for the Dept. of Commerce and Economic Development to be in consultation with Fish and Game on determining the fishery failure area.

Discussion of the suggested 2% amount--Edenso stated that no fiscal note had been prepared by the Administration, deliberately.

Re: Page 4, definition of base periods and fisheries failure--no change is recommended. However, there are many guidelines for poverty levels.

Re: whether a person should be a "resident" or a "participant" in a fishery, the committee was reminded that the benefits of the program were to accure to the area involved, and if a person participating in the fishery wanted to reap the benefits of the bill, he would have to move at least temporarily to the fishery area, and become part of the work force on the capital improvements.

Question was raised as to what the 2% figure was 2% of. In previous testimony, according to Edenso, Commissioner Gallagher stated that the 2% could exceed 170 million dollars at some future time.

Huntington suggested that the ceiling not exceed 50 million dollars.

Staff Assistant Van Doren said that the figure is unknown because we do not at this time know what direction the state is going in taxation.

Edenso stated that the original recommendation from administration was utilization of capital improvement projects budgeted by the state for use in the state--not a fund created as under this bill. Edenso stated that he would recommend a limit, but wasn't sure what. Total fishing generates 150 to 300 million dollars/year in Alaska. Maybe 2% of that figure??

The Fisheries Economic Impact Council does have discretion in decisions made on the fishery failure question.

Chairman Anderson asked about the Executive Director being an employee of the Fisheries Impact Council. He felt that the Commissioner of Commerce would be a better director.

Edenso stated that it is at the discretion of the Council whether to hire or not to hire.

Hershberger asked whether the figure for a ceiling on the fund could be the actual estimated loss within the fishery. Give the fishermen the actual amount of money lost.

Osterback asked whether "outside" fishermen would benefit.
Answer: You have to be a resident of Alaska, under the current bill, to benefit.

Meeting recessed until 8:00 a.m. Wednesday.

Tape 27 Side 1
1377 to end and
all of Side 2

HOUSE RESOURCE COMMITTEE - Minutes - April 21, 1976

Present were Rhode, Osterback, Huntington, Eliason, Swanson, Brown, Staff Assistant Van Doren and Chairman Anderson.

Subject: CSSB 174
CSHB 846
HB 890
HB 728
HB 882

Mr. Osterback moved that CSSB 174 be brought off the table. Motion carried.

Motion was made to pass CSSB 174 out of committee with Independent Recommendations. Motion carried.

Re: CSHB 846: Joel Bennett gave some background. Changes have been made in (a) and (b) of Section 2. In (a) Commerce and Economic Development has been deleted and Community and Regional Affairs added. The separate fund is to be administered by Commerce and Economic Development.

A ceiling of $15,000,000 has been put on the fund. (copy of suggestions available.)

(c) remains the same.

Page 2 and Page 3 has added to it Commerce and Economic Development.

The definition of Fisheries failure has been changed.

Huntington: Why isn't Commerce and Regional Affairs still in on the fund administration?
Answer: They are on the Board, and are one of the determining agencies as to whether a fishery failure has occurred. Administration felt that they shouldn't be part of administering the fund.

Motion made and carried to adopt the change in (a) to Community and Regional Affairs.

Motion made and carried to change the base period and fishery failure wording on page 4.

Last page, Article 2 "Impact Fund", motion made to add in paragraph (b) line 16 Commissioner "of Revenue". Motion carried.

Motion made to Pass CSHB 846 from committee.

Eliason: Are there problems anticipated in regards to setting a priority of one resident over another?
Answer: (Bennett) Objections could be received, but the wording is still justified.
Edenso: The problem was considered. The wording is such that a group is being identified. That should clarify the issue. It isn't a bad idea to move people from an area where there is no employment to an area where employment will be provided.

Brown stated that "undue burden on the right to travel" is the only legal restriction as to residency.

Motion was withdrawn.

Terry Pegues, Director of Manpower for Tlinget & Haida Central Council, spoke. They have a problem with the definition of a fishery failure. The average base period salary for the Southeast area has been so low that 50% of it would be about zero. Average earnings were about $1,495 in the last years. A 50% drop would be disastrous. The only way to reap a benefit would be not to fish at all.

Van Doren: The word "substantially" could be substituted for the 50%. Also, it's refering to a total fishery, not just an individual.

Brown: How large an area will be looked at in determining the fishery failure?
Answer: (Edenso) Fish and Game has designated fishery areas throughout the state. These would be used. As for the definition, the failure is tied to one of these regions, plus a ten year base period. Fish and Game plus Commerce and Economic Development determine which 10 years are the base period.

Anderson suggested wording from the Limited Entry Law, for fishery. Edenso felt that there shouldn't be any problem with the wording as it is now in the bill.

Brown stated two problems. 1) Is the bill geared to a fishery failure or 2) is it to help people with low income all of the time. Would we be creating an incentive not to fish?

Anderson: If we use Pegues interpretation, the whole state will be a problem.

Pegues: I understand the intent. However, Edenso may not be making the decisions. The Administration isn't concerned with alleviating the failures. Example: The Administration has eliminated all work experience monies. We need all of the "reassurances" in the bill.

Edenso: The intent of Administration should be evident--they provided the task force.

Anderson: We need a letter of intent for the bill.

Eliason: Why can't we leave the qualifying statement at "below average income" . The triggering mechanism for this bill is crucial.

Edenso: There could be a major problem without the percentage drop specified, i.e. what is the average income, etc.

Anderson: But we already have a base established.

Edenso: Regarding the opportunity to fish if fishing is available--should you peg a program to raising an average level of income over the years? It could go on forever.

Anderson: Would the governor veto the bill if we didn't include a percentage of average income wording?

Edenso: I can't say.

Swanson: Southeast also has a timber industry, but Bristol Bay has no alternative to the fishing industry.

Pegues: Re: developing alternative sources of income--in November of 1975 83% of the work force in rural SE was unemployed, with no jobs available in rural SE.

Eliason: The bill will speak only to the smaller areas. The cities wouldn't be included.

Brown: There are two triggering mechanisms, and that's good.

Eliason moved to delete the "50% of" wording. Motion carried.

Huntington moved to pass CSHB 846 out of committee.
Bennett clarified the definition of fishery wording--it will be the Limited Entry Wording.

Vote carried with a Do Pass recommendation.

Re: HB 890: Chairman Anderson recapped the background. Letters endorsing the concept have been received, including the LUPC.

Bennett mentioned the typographical error in Line 10 Page 1 (recognizes) and in line 24, Title 1 overall definition of "persons" is refered to "..or a person as defined in AS 01.10.060, paragraph 7"

Brown asked why the definition was needed.
Answer: "Private" is the problem. The new wording defines "private".

Both above amendments were o.k.'d by the committee.

Brown stated that he had a problem with the bill. Nothing makes it clear that the bill doesn't add any authorities that the Commissioner doesn't already have. We definitely don't want to expand authorities.

Anderson: The intent is to clarify.

Bennett: Line 20 could be changed to: "consistent with his authority under law over resource and land management agreements".

Motion carried to make the above amendment.

Huntington moved to change "whether" to "that" on line 21. Carried.

Motion made to adopt CSHB 890 and move out with a Do Pass. Carried.

Re: HB 728: Bennett stated qualifying language on exercising the option. He also alerted the committee to "scratching" the last line of the first page. (Typo) "...or future needs" has been added, also "transportation".

Swanson: Re: transportation. That could be used to get everything outside the state.

Anderson: In the bill we're trying to make sure no oil and gas leaves the state that Alaska needs. We sould have the option of entering into lease agreements over and above the royalty amounts.

Swanson: Then why are there all the other specifications?

Brown: Page 1 Line 14 omit "the"
Line 15 delete "no" and change to "an"
delete "may" and change to "shall"
delete "if" and change to "unless"

Motion was made to adopt the above amendments.

Bennett: There is a problem with the option to purchase an unspecified amount.
Brown: The burden is in the wrong place.

Motion to adopt the amendments passed

Motion made and carried to pass CSHB 728 from committee with a do pass recommendation.

Re: HB 882

Bill Zufelt, State Forester with the Division of Land, spoke. He asked why the bill was necessary. Ordinary procedure allows the operator sufficient time to complete the contract. A performance period is established in the contract.

Chairman Anderson recapped the history of the timber salvage bill and problems. There is too much waste now. The legislation is an attempt to accelerate the salvage process.

Zufelt stated that the problem can be solved by selling enough contracts to get it all done. After a contract is issued it's a performance matter on the part of the contractor.

Anderson added that "good faith" needed to be clarified from the original timber bill.

Brown stated that the bill relates to contracts with state government--there is a need to set forth due process for determination of the Director.

Meeting adjourned until April 22. Information on the log brand bill and a report from Bennett are needed.

HOUSE RESOURCE COMMITTEE - Minutes - April 22, 1976

Present were Hershberger, Smith, Rhode, Huntington, Osterback, Staff Assistant Van Doren and Chairman Anderson.

Subject: HB 882 HB 711
HB 888

Chairman Anderson introduced guests from the Anchorage Indian Education Program.

HB 882: Chairman Anderson asked again the reason for this bill.

Smith stated that because of existing incomplete contracts, there is a problem with salvage of logs. This a long-standing problem, because the contract conditions haven't been enforced. Those contracts involved should be terminated and salvage should be allowed.

Mr. Zufelt of the Div. of Lands, Forestry Dept., stated that the present beach salvage program shouldn't be an example. Salvagers have only two markets in SE Alaska--Ketchikan Pulp or Alaska Lumber and Pulp. Zufelt saw no reason why there should be a conflict between the beach salvagers and the Companies. The salvagers are actually working on behalf of the Company. Penalties are imposed if the contract timing is overrun. However, a total beach salvage program is needed.

Smith asked about Mr. Begalkas testimony during the HB769 hearings as to the problem of limitations on areas available under the salvage contracts. Smith also stated that there should be a "stick" sale instead of a "bulk" sale.

Zufelt stated that the accountability problem with stick sales is too great. Lump sums are better.

Again Smith stated that salvage is a problem because of limitations of the areas available for salvage.

Chairman Anderson stated that according to previous testimony there hasn't been any significant action for 20 years on the salvage problem. What's to say that the same thing won't continue??

Zufelt--contracts are issued for a year---

Smith: We want the logs off the beach---

Huntington reminded the committee of the "before and after" pictures presented during previous testimony. This bill would force action. The only alternative to the bill might be a letter of intent from the Forest Service.

Anderson: This bill would speak to the Forest Service. We've held lots of hearings. We need a performance clause.

Zufelt: The State is the only part that has tried to salvage logs. No one has had the authority to put together a total beach salvage program before now.

Osterback: We can't have a good program if the full timber price is going to be charged for the salvage logs.

Zufelt: The whole problem should be handled through an Administrative program. Control now exists in the contracts, even though it is difficult to enforce.

It was moved to pass HB 882 from committee--with the Committee Substitute wording. Motion passed for a Do Pass recommendation.

HB 888: This is a bill put together by the Rules Committee at the request of Bradner. The purpose is to set up a steering committee and allow funding for groups who can't afford to go to Washington (with opinions on the D-2 lands) to express their own opinions. A diverse group would thus be allowed to present their ideas to Congress. The appropriation bill has gone to Finance.

Huntington: It doesn't seem like this would be in the best interests of Alaska.

Bradner: The total D-2 problem needs to be discussed. We have a year to work in. The Executive branch has to form a viewpoint. But even within that branch the ideas are too diverse for a unified front. It's hard to get the legislature to agree with the Administration, so there is more fragmentation.

Let the Executive present their ideas, but let others form a similar yet different stand.

The Regional Corporations can afford to go back. Others need to be represented. They would tend to draw "closer to the center" if they had to present a case. It doesn't demand a welding together. Another possible solution would be to charge the LUPC to do it. They really ought to be the focal point.

Huntington: This seems to be a good bill, but what groups are we talking about. Could wording be inserted to assert some control on this? Also, the setup of the committee is not good. The Council members shouldn't be required to be members of the House or Senate.

Bradner: The Council may be lopsided, but the Executive needs to be the "driving force"---Witness the Cook Inlet situation.

Anderson: There are at least 9 positions now on the D-2 situation. There is much interest in the land situation in Alaska.

Bradner: Legislative bodies can avoid taking a position and just react. It is too easy to criticize. We need every structure we have or can get in Washington.

Smith: Do you anticipate a development of a consolidated position from this effort?
Answer: Maybe.

Smith: The way this reads is that the existing governmental organization either doesn't want to agree or can't agree.

Bradner: As much concensus as possible will be developed first. Then we'll have to sit back and look at the results for awhile.

Rhode: The problems in Alaska were promoted by "groups". Do you really think that the state will have a voice in what happens to the D-2 lands?

Bradner: Congress was unclear at the origin of this problem as to their intent in the D-2 situation.

The Council won't necessarily go back to Washington. It is the groups that will. The appropriation bill is for $200,000.

Smith: Amend Line 21 to say "accurately represent the range of Alaska's interests before Congress". Motion was made and carried for the amendment.

Motion to delete "of the House of Representatives" and "of the Senate" from the Council membership wording carried.

Motion to pass HB 888 from Committee with a Do Pass carried.

Re: HB 711. Rep. Helen Beirne presented background. She has asked Russ Cahill to substantiate the remarks in the letters to her about the problem of improvements unpaid for when persons for one reason or another have to leave their claims.

Smith stated that the hangup is that federal law and regulations had to be complied with to hold the property in the first place. Maybe the federal government should be doing this. The state may have only a moral obligation. Has Congress been contacted yet?

Beirne: Not that I know of.

The problem is the transfer of title from the federal to the state government.

Due to need of additional information, further action on HB 888 was held until another day.

Re: HCR 129: Smith stated that this was introduced at the request of the University of Alaska.

Further discussion will be held Friday, April 23, 1976.

Meeting adjourned.

Tape 28, Side 2
0 to end and Tape 29
Side 1 0 to 0860

HOUSE RESOURCES COMMITTEE - Minutes April 13, 1976
Subject: HCR 129, CSSB 661, HB 781, 782 and 783

Present were Osterback, Smith, Huntington, Rhode, Hershberger, Brown, Staff Assistant Van Doren and Chairman Anderson.

Mr. Smith presented a brief background of the bill. Motion was made to pass HCR 129 from the Committee with a Do Pass recommendation. Motion carried.

Re: CSSB 661 am, Mr. Jensen presented brief background. The guides are now policing themselves. This bill would provide a backup. Eighty two guides were at the recent Anchorage meeting. They've already set up the mechanisms for self-policing. What it amounts to is a Limited Entry program for the Guides.

Smith: Let's wait for the administration to testify.

Chairman Anderson asked that further discussion on CSSB 661 am be held at a later time.

Re: HB 781, 782 and 783.

Rep. Gruening stated that these bills concern state-owned lands. Even if private lands are in the areas, they aren't directly involved. We're talking about preserving a habitat for the future.

Mr. Norman Bailey Jr. spoke. He is from Anchorage, living now in Juneau. Regarding HB 782, There should be a law that this area should be protected like our own Mendenhall Flats here in Juneau. Susitna Flats is 24 miles west of Anchorage.

Rhode: Why should it be protected?
Answer: The animals should be killed only if for food. Mr. Bailey presented a petition signed by 13 students at Capital School in Juneau.

Mr. Osterback asked how many caribou there were in the area.
Answer: Lots

Dmitri Bader?, Habitat biologist with the Habitat Protection Section of the Dept. of Fish and Game. Mr. Bader supports the bills. Waterfowl resource is the major concern addressed in the bills. These areas are in the path of migrating waterfowl, and provide the habitat. The areas are "hit" at a critical timing period in the flight of the birds. Some of the best coastal waterfowl areas of the state are represented in these three areas. (copy of testimony available)

Anderson: Are the people owning the private property going to be notified of any public hearings involved?
Answer: Yes.

Osterback: Re: private land--we end up buying it. How can we avoid this problem?
Answer: The airstrip involved in HB ____ isn't in the way of the ducks and geese. Private land isn't a problem there. Also, oil and gas can be compatible with a refuge area. We wouldn't want to try to buy them out.

A discussion of the airstrip continued, including whether it was actually a public strip.

Anderson: Were the boroughs contacted regarding their acreage within the proposed refuge?
Answer: Yes.

Anderson: Would there be a land management problem?
Answer: It's an upland selection (HB_____). It wouldn't conflict with refuge classifications.

Huntington: Is the guy who has the airport going to have free access to his airport without interference with Fish and Game?
Answer: Yes, but we could make an amendment to specifically spell out and protect the rights of the airport.

Anderson: Re: the borough lands included in HB _____
Answer: Originally we thought they were to be included in the refuge.

Gruening: The descriptions are drawn up for ease in presenting the boundaries.

Smith: Re: Management philosophy. What authority does the refuge designation give Fish and Game.
Answer: It gives them access authority--to control the number of people in the area by regulation.

Smith: Why isn't it called a critical habitat?
Answer: Critical habitat addresses wildlife and habitat. Refuge also addresses public uses.

Smith: Statutes define Critical Habitat and Refuge the same. That's why I'm trying to clarify the management philosophy of each.

Smith: If a lease expires, what happens then to the designation of the land?
Answer: It would probably be added to the refuge status.

Smith: What about the "squatters" in the area?
Answer: They aren't there legally now--I couldn't say what would happen.

Eliason: Does Dept. of Natural Resources do the zoning now?
Answer: I don't know--there was a reason for putting the wording in the bill.

Eliason: It could be used as a tool to drive private parties out of a refuge.
Answer: All current uses are compatible with a refuge status. The Matsu Planning Commission wanted the section allowing inclusion of their section in Refuge if so desired in the future.

Smith: There is an inherent problem in that zoning authority goes to the Dept. of Natural Resources, but Dept. of Fish and Game is to do the managing. We need to exclude all conflicts possible, but give adequate powers to solve the problems that do arise.

Rhode: Isn't a refuge really to stop development?
Answer: No. A recent sewer line was actually constructed through new habitat areas--It ended up creating several acres of new habitat grounds.

Rhode: Re: HB781. Who owns the oil and gas leases involved, and how many of them are there.
Answer: I don't know for sure.

Rhode: We need all of the figures. Also, what will this legislature do that hasn't been done so far?
Answer: The Refuge designation would protect the area.

Rhode: Then there would be no development. Give me an example of what would be considered a compatible development.
Answer: Well, a bombing range would be incompatible.

Rhode: Re: The National Moose Range--you said this was similar. Here we would be protecting the ducks and geese and excluding all humans. I want to be sure that people are included as a use.
Answer: If humans were considered the highest and best use there could be changes to allow it.

Rhode: I am concerned. That's my area. Wouldn't you end up restricting the oil companies that wanted to develop their leases?
Answer: Dept. of Natural Resources and the Corps of Engineers already have permit authority.

Huntington: How about the airport--is it in use now?
Answer: I don't know for sure.

Ron Summerville, Regional Game Supervisor in Anchorage, presented testimony. Cabin owners in the area are petitioning to stop the squatters. Cabin development will probably be eliminated. An attempt will be made to work in an agreement with the "squatters". However, Fish and Wildlife must be made the critical factors in the area.

Anderson: What about the set-nets in the area?
Answer: They're o.k.

Anderson: Could the borough land involved be excluded from the description?
Answer: Yes.

Rhode: Why are the Refuge bills needed.
Answer: There is a lack of coordination within agencies at the present time.

Hershberger: There is no problem with cabins now. I have a cabin, but the refuge system would allow control of placement of the cabins. That's not a bad idea.

Summerville: We will get federal aid monies for enhancement, if we create the refuge designation.

Smith: What's the management difference involved?
Answer: Natural Resources already has the mechanism. Fish and Game doesn't.

Smith: How can the Refuge designation be coordinated with public use?
Answer: It could be encouraged.
Smith: Whoever manages must have the mechanism to manage.
Answer: We need cooperation, not necessarily the entire management mechanism.

Summerville: There is no management plan for these lands yet. The most important thing is to identify the areas as critical.

Huntington: Private property is at stake. As much as possible of the private property designation must be excluded from the area described. Otherwise, we'll end up buying it out.

Rhode: How many acres in Alaska today are under wildlife management agreements?
Answer: 80,000,000 acres are withdrawn--of which 20,000,000 are refuge areas. Remember, these are "people" refuges too.

Discussion: The intent is to improve the areas that are heavily used so that people can enjoy them. Public hearings are not scheduled on these bills? However, there will be hearings on the regulations drafted to enforce the bills.

Don Gillman, Mayor of the Kenai Peninsula Borough, testified. He is opposed to the refuges, but not opposed to game refuges per se. The problems are that functions of the local planning agencies are being usurped. The Kenai Borough has been silent on many issues, including Kachemak Bay. Many other recreational areas have been o.k. Now, there is less than 1/3 of the entire Cook Inlet Area that is left out of special designations.

(Tape 29) The Borough received an 185,000 acre-entitlement. They selected in the area of the bill. They weren't notified of the proposed changes in classification. They asked for a chance to choose somewhere else. They proposed filing an injunction. They have been told that they have no prior right, except that they have stated that their borough is interested in the resources of the mentioned lands. (Copies of the Attorney Generals opinion are available) The State Division of Lands retains the right to classify, if the lands are considered in the public interest. A Resolution (copy available) submitted by the Kenai Peninsula Borough regarding classification of lands, was presented for information.

Meeting recessed until afternoon.

Meeting resumed, with Huntington, Rhode, Hershberger and Smith, and Staff Assistant Van Doren, Chairman Anderson, present.

The Mayor of the Kenai Borough continued. General background was given for each of the Borough selection problems in the proposed bills.

Gillman stated that Coastal Zone Management is being handled by default now, with bits and pieces handled by different agencies. There has been a question as to whether a Coastal Zone bill will be forthcoming this session. The Kenai Borough is afraid that without a Coastal Zone bill the municipalities can't receive the impact monies that should be available from the federal government. So, the Kenai Borough is going to put together their own Coastal Zone Management program.

Their planning commission will be asked to review all legislation with the total picture in mind. Local communities must take the initiative. The point isn't to protest the Refuge status, but to protect the interests of the Kenai Borough.

Hershberger: Pipelines are compatable uses (in answer to a statement that 75% of the oil shipped from Alaska has gone across a platform in one of the proposed refuge areas.)

Motion was made to table HB 781.

Statement was made that the FPA is holding up permits for a plant to be established.

Smith stated objection to the tabling motion. Motion passed.

Motion was made to table HB 783. Smith objected. Motion carried.

Re: HB 782, Motion was made to Pass the bill out of Committee. Huntington objected, asking if we should recognize the L.A. gas pipeline problem.

Dmitri Bader stated that a major concern is how and when to construct. This would be true no matter what the land classification.

Huntington stated that the fish net sites need protection.

Anderson stated that a section (e) could be added with the set net wording of SB 444 (Clam Gulch) included. This amendment was o.k.'d by the committee.

Motion was made and unanimously approved to give HB 782 a Do Pass recommendation as amended.

Meeting adjourned.

HOUSE RESOURCE COMMITTEE - Minutes - April 26, 1976

Present were Rhode, Smith, Huntington, Osterback, Brown, Staff Assistant VAn Doren and Chairman Anderson.

Subject: HB 872.

Monte Taylor, of Exxon, began testimony. This bill sets up royalty bidding. The net effect of the bill is to increase the risks to the state of the acreage they lease. Also, bonus bidding would be reduced. The state would incur the losses and the successes. Governments don't have a good success record in the oil business.

Re: royalty bidding--if it's higher there is earlier abandonment of the well because profitability decreases. It also encourages speculative bidding.

Re: Pg. 4, Ln. 9 & 10, (e). This gives the Commissioner of Natural Resources powers that are too great and should be somewhere else. He's also given contract authority over the businesses involved with oil

Re: Section 2--you can't separate exploration and development. There would be no incentive to develop if you couldn't use what was already developed.

Smith: What is "saved production", as it appears in the bill.

Taylor: Whatever "saved" means, it's not appropriate.

Smith: Re: Line 13 on Page 5. Are they proposing underground storage of oil? Is that ordinarily practical?

Taylor: It's not common.
Regarding page 4, Lines 14 and 15, the oil company gets the lease to develop, and enters into contracts for development. This wording appears to give the Commissioner of Natural Resources power to put qualifications on the contracts. The Commissioner shouldn't determine the rate at which development takes hold.

Anderson: Is it the problem of possible export of oil to Japan?
Taylor: If that's what they're talking about, they should say so. Whoever purchases the lease spends time on the development procedure. It shouldn't be the responsibility of the Commissioner of Natural Resources. At present, the Commissioner reviews the plans, and he can turn them down if necessary.

Anderson: On page three, regarding lease terms and time periods. Is there enough incentive to develop?
Taylor: Under normal bonus leasing the lease rental is not a major part of the concern.

Taylor: Regarding Page 1, the royalty bidding is bad, as was explained above. The people of the state would be in the oil business.

Brown: We already have overriding oil royalties. We're already in the oil business.
Taylor: I agree that the state is already in the oil business. Presently there is the bonus and a 1/8 royalty. But a no-bonus bid, with royalty only would be entirely different.

Roger Lewis presented three documents for the committee to use as references on this bill. Copies attached.

Gene Wildes, representing Standard of California, spoke. In answer to Mr. Brown, he quoted from the Gilbreth and Hamilton letters regarding exposure of the state to speculation if only under the royalty situation. Speculators who couldn't "prove up" their leases would end up giving them over to the oil companies anyway. The bill is adverse to the best interests of the state.

Brown: I disagree again. Page one of the letter from Gilbreth to Guy Martin. It reads that "on the basis of fixed cash bonus" is the best wording.

Wildes: On page 5 of Gilbreth's summary, it states that there is very little of help to the state in the bill. It could be detrimental.

Smith called the attention of the committee to the Hamilton memo, and "siren song" wording applied to oil companies, and the legislature.

Anderson asked that this bill be held until May 3 for Lipton's comments.

Brown expressed objection, stating that the committee needs to find out from the Rules Committee some information. Also, Bradner should be present.

Anderson: We can do it all at once.

CSSB661 am was announced for April 27.

HOUSE RESOURCES COMMITTEE - Minutes - April 27 1976

Present were Smith, Huntington, Swanson, Osterback, Eliason, Hershberger, Staff Assistant Van Doren and Chairman Anderson.

Subject: CSSB661 am, HB 278

Marc Jensen began testimony on CSSB661 am. For 25 years the licensing of guides was handled by the Game Department. In 1973 some control measures were passed by the legislature. There are now 26 game units and 26 guide units. Among other positive achievements is the upgrading of assistant guides. Also, a twelve point code of ethics has been passed.

There are seven to twelve thousand hunters entering Alaska each year. Most of the guiding is related to trophy animals--bear and sheep.

Guides had been encroaching on each other's territory. They are going to try giving camp registration permits to guides, thus helping to control the number of guides in a given area. Licenses for guiding are 60% resident, and 40% non-resident.

Subareas have been developed in some units to distribute the guiding activities more equally.

The proposed bill will strengthen the regulations that the guides themselves have set up. But the only part really needed is to allow the Board to establish a quota of who may be licensed as guides.

Eliason: Are we setting up a closed system?

Jensen: No, we are thinning out the congested areas. You can't have 50 guides to 1 bear.

Eliason: Who will determine who's to get the licenses?
Answer: By reviewing the past histories of the guides--their contracts, the number of years in the area, etc. Agreements are often reached between guides which help control the situation. But you have to put the resource--game--as first priority.

Swanson: What about a number one guide whose partner has an air taxi license and scatters hunters all over the place.
Answer: This is a major problem. SB 118 attempts to handle it. The Board doesn't have control over moose and caribou. It takes time to put the cases together against guides, and handle them. As there is an increase in population, we must go to the permit system, and have guys controlling their own areas.

Smith: What about the camp registration permits.
Answer: A form is filled out and turned in to the Board, with a map. The size of an area varies, depending on the operation involved. Also, it depends on the type of animals, and the habitat involved. Seldom is a guide isolated. Others know what he is doing. Permits can be reviewed every year. If contracts are not filled, or

violations occur, the area would become available to other guides.

Smith: Is there any attempt to work with Land Management with the camp permits? There is, for instance, in the form, a question as to permanent structures at the sites. Wouldn't this be under the Div. of Lands?
Answer: We are not coordinating with them at the present time.

Smith: What about Canada's systems. They appear to be much like this.
Answer: Their areas are much bigger.

Smith: What prohibits others from entering the areas?
Answer: Nothing. It's by agreement. Guides would like to continue with the same patterm. It tends to stop the game hog quickly.

Eliason: Why do we need the bill
Answer: It would strengthen the guide structure, and we do need the first paragraph.

Huntington: Would a guide stay out of an area for a year if the resource was depleted?
Answer: It would be a difficult decision, but I think the guides would abide by it.

Huntington: Would anything in the bill harm you?
Answer: The last line needs changing--we need to add "active in the field".

Hershberger: Aren't you cutting down the possibilities for future guides?
Answer: No. It will upgrade the quality. The code of ethics is helping. When dollars are tied to resources you have to police it. There's no other way.

Hershberger: The move toward Limited Entry in guiding is good.

Jensen: We don't like the term "Limited Entry". We'd rather have "redistribution of the pressures".

Hershberger: Is there any attempt by the people on the Guide Board to keep guides from being qualified for more than one area?
Answer: Yes. Tests are now given for no more than three areas. You can, however, transfer from one area to another.

Motion was made for a Do Pass recommendation on CSSB661 am. Anderson objected. Motion carried.

Re: HB 278. Motion was made to adjourn. Motion carried.

Next scheduled meeting, May 3, 1976.

Tape 29 Side 2 1060 to end

HOUSE RESOURCE COMMITTEE - Minutes - May 5, 1976

Present were Huntington, Hershberger, Osterback, Rhode, Smith, Swanson, Staff Assistant Van Doren and Chairman Anderson

Subject: HB 872

Milton Lipton: Thank you Mr. Chairman. I might say at the outset that this bill, which in effect amends your current leasing statutes, relates to a subject that we have studied for the legislature many years ago. There is available to you a report that we submitted to the Legislative Council on Feb, 1970. I was appalled when I dug this out of the files and realized how long ago we had (divested?) ourselves of the subject of the economic considerations for Alaska's future oil and gas leasing policy. Copies of this report are available to the members of the committee at any time they choose to go through all of our thinking on the subject of oil and gas leasing in the state of Alaska.

What I would like to do with you is to go through the major sections of the bill HB 872, insofar as they involve changes from the current leasing statutes. The first part, on Pg. 1, Section 180, changes the ways in which the judiciary can authorize oil and gas leases. If you notice, in the case of #1 and #2, the lease goes on a competitive basis, where the bidding is the simple cash bonus. The difference between 1 and 2 is that in the case of 1, the Commissioner testifies in advance at a lease sale, what the royalty will be, so the royalty is fixed and the oil companies will bid competitively offering cash bonuses. In Case 2, the Commissioner testifies that there shall be reserved for the state a net profit interest. It .....here that not less than 35% shall be reserved to the state. In effect you can think of #1 as a specified royalty, whereas a typical royalty is a percent of the gross value at the wellhead. #2 is very similar, and in effect it is a royalty, except the royalty is specified not as a percentage of the gross value at the wellhead, but a percentage of the net profits from operation. I would suggest for your consideration, that instead of ,in 1, specifying 12% as the royalty, or in #2, specifying not less than 30% reserves to the state, that you stipulate that the royalty may be not less than 12 1/2 % or not less than 30%, unless the Commissioner, for reasons which are set forth at the time he makes the decision, chooses a somewhat lower royalty or a somewhat less share of the net profits. That is to say greater flexibility. There really is nothing sacred about 12 1/2 percent royalty. You may want to go higher, you should have freedom to go higher, if you want to specify the royalty, or in certain cases you may want to choose something lower, but if it goes below 12 1/2 percent, or less if he justifies it--the same thing we were talking about.

Number 3 is a new alternative that has been introduced, and where in effect the Commissioner will set a fixed cash bonus that every company would have to pay, and then they will bid competitively on the share

of net profits that will go to the state. I would say, presumably, that the state would award the lease to that company that pays the bonus, and at the same time, offers the highest percentage of the net profits. Let me just distinguish between these cases. In case 1 & 2 the state-what the state is doing is putting a major burden, a major risk, upon the company that bids more and wins the lease. He is risking all of the bonus that he is offering to the state. That bonus remains with the state, whatever the outcome of his exploration might be. In case #3, the state in effect, is taking on a portion of the risk itself, so that the state would expect, in the case of #3, companies would be prepared, because they would be paying a relatively small fixed bonus, that they would be prepared to offer more in terms of a share of the net profit, because their obligations to the state will only begin after they have successfully found oil and proved up a commercially developable lease, so that then, having paid a relatively small bonus,(undiscernable on tape) relatively large share of the profits. But the state, in effect, forgoes the competitive bonus which it might have gotten on leases which would turn out to be completely nonproductive. In other words, the more the state is prepared to take some risks unto itself, the larger share of the profit it can expect to get if it is successful, but the less it can expect to get out of unsuccessful ventures. The difference between 1 & 2, and #3, is the fact that in 1 and 2 the companies take the major portion of the risk, the state would presumably get a larger share of income from non-productive leases. In #3 the state takes some of the risks, but can expect to get a great deal more where leases are productive and especially, where leases turn out to be very highly profitable on the basis of the oil discovered and the volume of _____.

The fourth item is an interesting observation. Here the Commissioner is authorized to set a fixed cash bonus, and have the companies bid on the basis of how high a royalty they are prepared to offer. Notice there is a similarity between 4 and 3. In three they are bidding and offering the state a share of net profits. Here they are bidding and offering the state a royalty based on a percentage of the gross wellhead value. The difficulty here, of course, is that the companies are bidding and offering higher than normal royalties. These royalties become a charge against the gross value, and therefore the cost of operating is not a share of the net profits, but a share of the gross proceeds of the wellhead value. The danger with royalty bidding always has been that companies, in the expectation of highly prolific areas, are prepared to offer high royalties. The high royalties will be justified if all their expectations come true. They find alot of oil, and it's relatively low-cost oil, and high oil/gas ratings, but in a marginal field, the high royalty can make it uneconomical, even for a field that approaches the tag end of its life, and the production is going down, and costs per barrel are going up, then the high gross royalty becomes a heavy burden on the operator, and it may lead to the early abandonment of production and the lease.

Incidentally, for that reason, you now have in your statutes, the authority to-upon the Commissioner to abate royalty if there is a risk of abandoning production. But, recognizing that, option number 4 is different from 1, 2 and 3, in that the Commissioner can only select competitive royalty bidding after a public hearing, and with certification to the legislature that such bidding would be in the interests of the state. In other words 1, 2 or 3 he can select at his own option. Four he would have to justify after hearing, and submission of the reasons for this to the legislature. This kind of competitive bidding on royalty would probably make the greatest sense in areas where the oil looks to virtually proven or semi-proven highly productive and the state wants to opt for this alternative.

Section b, Clause b of 180 is simply a specification of how net profit shall be calculated for purposes of option 2 or option 3. There are many different ways in which one could define, for purposes of a leasing statute, how you determine net profit. This is one of the many reasonable alternatives. The companies will always look at precisely how net profits are being calculated if they have to take into account a share of their profits going to the state, and what they will offer.....will depend upon their own interpretation of the calculation of net profits. As I said, I think this is one of the .....

Anderson: On page 2 "The Commissioner shall by regulation establish accounting procedures and standards. Is that normal procedure?

Lipton: Again, this is not for income tax calculating purposes. This is only the way by which the company and the state of Alaska, that is to say the Commissioner, together have agreed between themselves, to what would be the operative way to calculate net profits, for purposes of the lease. There are things which are disallowed here for purposes of leasing which the companies would normally find for income tax calculative purposes. They need not be the same. There is no particular reason why they should be the same.

I call your attention to page 3, where the lease rentals are specified. The normal lease, under this bill, specifies a five year primary term. That is to say the company controls the lease for five years. During this period the company is presumed to do exploration. If they have not successfully proved up and developed production the lease would abate. It would revert to the state. The schedule of rentals there are for the first and second year no rentals, the third $3 per acre, and six dollars per acre, then 12 dollars per acre.

It says "shall cover a reasonably compact area, not exceeding 5,760 acres , roughly six thousand acres, in the third year the company would be paying $18,000 to hold the lease. In the fourth year $36,000, in the fifth year $72,000. Under special circumstances the Commissioner is authorized to set up a lease with a primary term of as much as ten years. This would presumably be appropriate where the area being explored

is a very difficult area, where in the opinion of the Commissioner it will take a reasonably long time to gear up for exploration. On that basis.....on behalf of the state, to give them as much as ten years. I'm a little bit concerned---let me just call your attention to the way in which the lease rental operates, where there is a lease with a primary term in excess of five years. That's item #2, beginning with Line 9 on page 3. It says for the final year of the primary term--if it's a ten year lease, that would mean the tenth year, the company would pay 24 dollars per acre, in the ninth year they would be paying 12 dollars; in the eighth year, six dollars, and in the seventh year three dollars, and from the first to the sixth year of the primary term, if it were a ten year lease, they would be paying nothing at all. I don't know whether you really want to extend as much as a six year period of grace during which time the company holds an exploration lease and pays no rent whatsoever to the state. You may want to consider whether or not you.....charge rent to the company before the seventh year.

On page 3, paragraph b and f are giving a great deal of discretion to the Commissioner in how he may alter the terms of the lease. If the operator on the lease enters into a unitization contract, these paragraphs are part of the existing statutes. I don't believe this in any sense amends the existing statutes. It is not changing the basis. I personally feel that there is some ambiguity in paragraph c and f, but you can operate under that for a considerable length of time, so any ambiguity that I see in that, it is not that ambiguous to the Commissioner. Just to call your attention to it, some of these things the Commissioner can do at the request of the companies who are entering into the agreement. But the middle line of paragraph e, page 4 line 6--"The Commissioner may provide that oil and gas leases issued under this section shall contain the provisions requiring the lessee --in other words this is the Commissioner imposing something upon the lessee--to operate under a reasonable, cooperative or unit plan. He may prescribe a plan under which the lessee shall operate. The plan shall adequately protect all parties, including the state. He may require them to alter or modify from time to time, the rate of prospecting and development and the quantity and rate of production under the plan. This really vests a tremendous amount of authority in the Commissioner. For example, if the Commissioner can impose upon lessee---he cannot, on an individual lease, tell the lessee that that they may have to modify their production schedule, or their development plan, unless it is presumed---------. Here, once the lessee enters into a unitization, he can prescribe....This may significantly affect the value of a lease to a company. There is a certain amount .....I assume that since it's been in the law for a considerable length of time, that the ambiguities that I see have in a sense been resolved by operating experience. They are in the law.

Now, I call your attention to a whole new section, beginning on Page 6, and this runs from page 6 through page 7, section 184. It introduces a whole new concept of leasing and exploration for the state of Alaska. It is called a competitive contract exploration--that is to say exploration by competitive contract. The companies will bid for the right to explore, but when they are successful, they will be paid for what they have done and all of the oil that is discovered will rest with the state. The state is not giving them a development and production lease. It is providing, pursuant to this portion of the bill, only an exploration contract. The companies are asked to bid competitively for the exploration contract. The basis of the bidding, as in section a, page 6, is that he will specify a fixed cash bonus. Any company that wants to have the right to explore for oil, and not have any entitlement to the oil after the company has found it, will pay a fixed bonus. He'll specify the bonus. Then, what they will bid, is not what they give to the state, but what the state must give to them if they are successful. In other words, the company says that I will pay this bonus for the right to explore, but when I am successful, the state will have to reward me for the oil I have found in behalf of the state. In this case they will bid competitively for what reward they want if they are successful. The contract for exploration will go, not to the highest bidder, but would go to the lowest bidder, that is to say the state would award the cntract to explore in its behalf to that company that says we will do this job for the state in return for the lowest reward. The contract will go to the company that offers the lowest reward.

Now, they have specified that the contract --the exploration contract shall encompass no more than 64,000 acres and shall be a reasonably identifiable and compact geological structure. This is very different from competitive leasing, where in effect leases no larger than 6,000 acres can be awarded. Here the state is saying we're putting together an exploration area of as much as 64,000 acres and we're saying to the industry--you members of the industry, you companies, come out here and do an exploration job for us. If you are unsuccessful, you have lost all the money it cost you to explore. If you are successful, we will pay you for the oil you have found for the state, at a rate --at what rate? This is what you're bidding competitively for--so many dollars for barrel of oil found, and it will go to the company that makes the lowest offer to the state. The big problem of course is, how do you determine how much oil is found. This determination under the bill can be made periodically after a successful discovery. The first assessment of the reserves proved up shall be made whenever requested by the contractor. The contractor says-"Look Commissioner, I have now found oil through a successful exploratory well. I have built a confirmation well, or whatever it is. Now at this point I am asking that the state shall assess those reserves which I have discovered." That assessment can be made at any time at the request of the company who has contracted to do the work. The state pays all of the expenses of that assessment.

Then the decision is made that _____barrels of reserves have been proved up. The company has won the contract on the basis of so many dollars per barrel of reserves, so the state of Alaska is now .....to the contract for successful work done, at so many dollars per barrel times the number of barrels that the assessment board has determined have been proved up by the initial process of discovery. Periodically thereafter the contractor can request the state to reassess the reserves--that is to say other things have happened on this 64,000 acre exploration area, and the contractor feels that in the course of successful activity more reserves have been proved up than on the original assessment. He may request the reassessment, but he then has to pay the expenses of the reassessment. If the reassessment proves that more oil has been proved up, then the state becomes obligated for so many dollars per barrel for all the added barrels that have been proved up. However, if the reassessment proves that there is less oil than originally determined, the state in effect has no right to recover from the contract. IN other words, the state takes all the risks ,.....the state is prepared to pay the contractor for any increases from the .....of recovereable reserves. The state takes the risks that in the future the recovereable reserves may proved to be less than had been estimated. The state, in effect, has committed itself to pay money and can't recapture any part of it.

There are ambiguities here, and in this respect, quite apart from whether or not the principle of contract exploration lends itself to the committee or to the legislature, --quite apart from that, whether you think its adviseable or not--there are real ambiguities. For example, it's not specified at all at what point in time the exploration contract comes to an end. Does it come to an end at the moment the first exploratory well is drilled? Does it come to an end when sufficient confirmation wells have been drilled to prove that the area can be developed commercially. It's not clear how much work the state would want the contractor to do in the course of his exploring as a contractor for the state. It is reasonably clear on what basis a contractor comes in and bids for the right to explore, take all the risks, but expect a payment from the state if he is successful. It is not clear when this contract becomes terminated. It's not clear at what rate the state is committed to make payments, although, according to the clause (f) on page 7 line 7, "The Commissioner may include a term of contract provision, limiting the maximum annual discovery reward payment and providing for the payment in periodic installments. " The thinking here I would guess is if the first time the state offers up this 64,000 acres of exploration, and if the first two wells are discovered are anything like Prudhoe Bay wells, the financial obligation of the state toward the contractor would be such a hugh sum of money that he specifies in advance that no more than a certain reward payment shall be paid in any one year, until he's paid off, over the course of five or six or ten years, or something like that. I should also point out that there are risks here that the discovery may--if there is a successful contractor, the discovery may be made in areas where relatively large reserves are proved up, where the state, after competitive bidding, is obligated to

pay the contractor on a cents per barrel basis for oil found. When there are large reserves, a very huge sum, even if spread out over years, but where the circumstances of the location involving pipeline connections, access to outside----, market conditions, the state may not actually be able to develop the oil and produce it for a very long time, in which case the state, in effect, may be paying out rewards for the discovery of reserves, well in advance of the state being able to translate those reserves into contracts, and there is no indication here, in the bill, as to what the state would do if reserves that may be discovered through contract exploration--the state not only has the lease, but there is no production lease given to a private company--the state has the whole 64,000 acres--the state has -----oil that is discovered, but how the state develops that presumably is a matter you have to decide either by legislature or by granting of authority to the Commissioner . What I tried to do here is--discussing competitive contract exploration--is simply to point up reasonably clearly what the difference is in principle between the lease that Alaska has always consisted of--a lease which conveys to the company that wins the lease, the right to explore, and the right to capture any oil that he finds through his exploration. In this particular case the state of Alaska through competitive contract exploration, would not be giving to any company any rights to any oil that the company discovers. But it's asking for a company to do the work of exploration for the state of Alaska at the company's own risk. every dollar spent on exploration, if the whole thing turns out to be a dry hold. It is a net loss for the company. But the company is paid for doing this exploration and for taking these risks by the state if and when he proves up reserves, which become the property and ownership of the state. In other words, the state has had title to the surface, now the state has title to proved reserves underground, ...those proved reserves underground, is paying the contractor for.....

I would like to finish the discussion by calling your attention to some aspects of both the traditional leasing and of the competitive contract exploration that we think are significant. In respect to conventional leases, under this bill there are no provisions for work obligation. That is to say, if a contractor wins a lease through competitive bonus, a contractor wins a lease through a competitive offer of a share of that profit, however he does it, he then holds the lease for five years, or ten years, and there are no obligations at all for him to do any work there. We have from the beginning urged upon the state --I'll read you a summary paragraph out of our first report. "An important lack in the present statutes, (and missing also from this amendment) is requirement of work obligations as a condition of oil and gas leases. If the purpose of exploratory leases is to get on with the business of searching out the states resource potential, every lease should require certain minimal work defined in terms of dollar expenditures. In other words, a company doesn't hold a lease, sit upon a lease , as a speculative venture, and hope that before he has to do any drilling the value of the lease has been confirmed by somebody

else's exploration, by somebody elses success, and he then finds a partner to come in and do his exploration for him for a share of the net proceeds, or he himself may say well now I'm willing to do some work because somebody else has taken a good portion of the risk away from me. Lease holding for the appreciation of land values only through the efforts of other lessees contributes nothing to the state. If the land is not going to be worked, it should be held by the state, or if the lease is not worked, it should revert to the state. We think that the Commissioner should be required by law to specify certain minimum work obligations, in terms of how much dollars are to be spent. That would depend upon where the lease is, how long the lease is--whether it is a five year lease, a seven year lease, a ten year lease, or whatever. This is a judgment on his part. There is no intention in our recommendation that he should set onerous work obligations. But there should be a minimum amount of dollars to be spent, and those dollars should, in the judgment of the Commissioner, be the least that would have to be spent, in order to prove diligent effort on the part of the company that has won the lease. You may want to, if you choose, there is no reason why this can't be done--you may allow the expenditures, exploration expenditures on the lease, to offset their rent. In other words, you have to pay these dead rents by law, in the amended bill, but dollar for dollar, whatever you spend on exploration would be a credit toward whatever rents you own. We're not thinking in terms of work obligations as "loading on" to the company unnecessary, or added financial obligations. But proof of diligent effort .....There is another reason why we think that these work obligations are useful to the state. The state has access to a great deal of data as a result of exploratory effort. There's a certain virtue, in having work done on our leases, even when leases might prove to be completely unproductive. The state learns a great deal about its own geology, its own potential resources, by being able to colate the results that come from all successful efforts, and all unsuccessful efforts. To hold these work obligations would enable the Department in effect to get seismic information, and to get well information, core samples, or whatever. I think it makes a useful contribution to the ability of the state over time, intelligently to handle its own leasing, and particularly when you open up more and more alternatives --should we go for bonuses with a fixed royalty, or should we go for bonuses for a share of the net profits, or should we go to a fixed bonus and bid on the net profits, or should we go to fixed bonus and bid on royalty? To make these selections, the Commissioner should be in a position to tell a great deal about the geology and the prospect. The more he can learn through the work obligations on the leases.

The second comment about leasing, and again this is from the amended act, has to do with what is called checkerboarding, although I don't literally mean that. We have recommended that any wildcat area, the amount of acreage opened to exploratory license, in the first round of leasing, would depend upon a balance of various considerations. For example, the acreage opened initially to leasing, would have to be extended enough, large enough blocks of acreage available, to provide a reasonable basis for mounting exploratory efforts. You can't offer

minimal acreage and expect companies in the first round to mount an exploration effort unless there is enough acreage available. This is of special importance considering the problems of operation, communications, ...structure imposed by the environment. The acreage offered initially should not be so extensive, relative to the area of the basin, that it would deprive the state of substantial land which could be put up for future leasing, on terms that then reflect the results of early exploration experience, for better or for worse. If the initial round of exploration proves to be futile, and in a sense, the basin is condemned, then the state will have lost by witholding some of the acreage. It will have lost potential bonuses that would be paid. Probably not very much, because in a rank wildcat area, the amount of bonus money per acre that the state is going to get is not all that great. On the other hand, if the basin is proved up to be productive, then, on a second or a third round, the state is in a position to expect a greater revenue because of what has developed within the basin. Then it becomes more appropriate to the state to say we'll get a .....bonus bidding. Perhaps we'll say okay, we'll give you a fixed bonus, but bid us a share of the net profit, or something like that. The companies, knowing more about the basin, and the potential of the basin, will be more inclined to do that. But we do feel that---I use the word checkerboarding not as though it is like a checkerboard , with the state's odd block of the checkerboard, but it means, in effect, for the commissioner to look at what he thinks is the shape of the structures of the basin, and divide it up in such a way that he offers a reasonable amount so the companies have a sensible portion, but he witholds that amount which offers the state a reasonable expectation, that, with success, what they have withheld is worth more--is more valuable acreage than what they would have thrown on the block in the first round of leasing. The Commissioner can do this at the present time. It has been done. But we think it should be a stipulation and requirement of the law, that unless the Commissioner, for reasons that are in the best interests of the state, decides not to work under checkerboarding, he should do so. These two things, work obligations, and checkerboarding, we think should be in your leasing statutes. They are not in the amended bill which is before you.

Returning to the important general observations about competitive contract exploration, as I said before we think there are many ambiguities here. The most important one--I call this forcibly to your attention, is that there is no indication here--if the legislature passes a law such as this--what really is in the minds of the legislature. Why are you saying to the Commissioner that we, the legislature, want this kind of an option for you to exercise. You may do this. Under what circumstances? For example, if you will go back to page 1, of the bill, paragraph 4, after "public hearing and certification to the legislature by the Commissioner, that royalty bidding would be in the best interest of the state, on the basis of a fixed cash bonus, or royalty reserve,--- the point is that when it comes to something like royalty bidding, the bill specifies that there should be a reason for it. The reason will come up

in the public hearings and certification to the legislature that it's the best interests of the state. But something as far-reaching as competitive contract exploration--the bill provides no guidelines whatever to the Commissioner--when he should select this alternative, why the legislature thinks this should be part of the law--(what are the criteria)--something as farreaching as this gets less attention than something like royalty bidding. As I read this,and I try to consider when would the commissioner say--"here we've got 64,000 acres, and instead of offering you up for leasing in 6,000 acre blocks for competitive leasing, I will take the whole 64,000 acres and I am going to go for competitive contract exploration". When do you do this. Well, maybe you want to do this if he feels that the 64,000 acres is very, very highly prospective. Or, maybe the 64,000 acres has some kind of a geologic structure that looks promising,, but its out there--who knows where-- and nothing has ever been drilled anywhere close to it--it doesn't look so very prospective. Maybe this is when we do it. There is no indication here as to what the criteria might be. I don't really understand why the legislature would want to provide.....Here is an alternative. I think it has certain merits. If the legislature says that this is one thing they want to consider. But I think there should be some indication as to why the legislature is providing to the Commissioner this option of exploring state lands, and under what circumstances and what conditions they can accept it. Without some kind of guidelines, it remains hanging as an option with no indication as to when competitive contract exploration should take place, rather than traditional leasing.

That's the gist of my observations about the bill. I'd be glad to answer your questions.

Rhode: Under this competitive contract for exploration, Section 38 05 184, that really is a parallel to authorizing someone to take the state's assets and put them on the stock market? The state's really going into the oil business, isn't it?

Lipton: Well, it's not clear here what the state will do with proved acres. The state may after having paid the contractor whatever he deserves, the state may ....lease for production purposes, and then title to the oil would pass to the company. Or the state may decide to develop themselves. Or the state may just hold the ground as a reserve for itself. Whether that is specified..I don't know..whether it affects the state,,that this is the way we're prepared to expect to get exploration done for us. We're going to pay for it. If the exploration is unsuccessful it hasn't cost us anything. Matter of fact we've gotten a cash bonus. But if it is successful we have the 64,000 acres or that part of it that has been proved up, and now we'll just put it out to lease. A percent of net profit. Or, it may say we're not going to do anything. We're going to hold it in the ground for the future. Or, it may say, we're going to produce it ourselves. Instead of having 12 1/2% or 15% royalty oil, we have 100% payoff. It's not clear in the bill what would be done afterwards.

Rhode: Don't you think there's a tremendous amount of power given to one man?
Lipton: I think it vests a tremendous amount of discretion in the Commissioner. The Commissioner is not told when and under what circumstances he can consider contract exploration, and if there is not decision --there is nothing in the law--unfortunately, which says what the state may do with reserves if they're found. That's something which the legislature may surely want to consider now. You may want to vest the authority in the governor to make those decisions, or you may want to go back and say that it's up to the legislature to decide what should be done with these reserves which the state --land which the state has proved up as containing reserves The implications here are that the state will, in fact, within 10 years, one way or another, go into production, because the payment to the contractor, who has taken the risk and has found the reserves, The payment depends upon successive assessments, but it stipulates at the bottom of Page 6, that there can be no assessment --reassessment of reserves, after 10 years have lapsed. Really, until you've done a fair amount of development work, you don't really know what the total rserves are, and yet the state in effect, sits upon the land, and hasn't gone into production...of course, for ten years the contractor can request reassessment, so the fact that work hasn't been done, there's really not much of a basis for reassessment, so I think it implies here, somehow, that the state is going to do something with this land within ten years. Or else the contractor is taking risk that, in a sense, his work contract will have been abbrogated after he's drilled five or six wells of confirmation and an estimate is made of the reserves .....

Anderson: There are two things you've brought up that are not in the bill. One is the work requirement is something that ought to be placed in there, and also checkerboarding. We've had a bill pending for almost two years now on checkerboarding, that was introduced by Rep. Swanson. Does that have within it the guidelines you find necessary?
Lipton: I don't remember it. I would say that whatever goes into a leasing bill in terms of checkerboarding, doesn't have to----the checkerboarding stipulations can be relatively simple. The discretion has to be with the commissioner, as to how he makes the selection, but I think it .....the Commissioner shall, in the instance of first leasing in an area. ,.....I would only add to this, that where the Commissioner stipulates that it is in the best interests of the state that there shall not be checkerboarding on contiguous units... non-contiguous units is bad, because it implies that leases cannot abut one upon the other, It should be that what should be specified that in the case of the initial leasing within a potentially productive area, the Commissioner shall follow the practice of leasing something less than the total acreage believed to be encompased by by the structures within the area, unless the Commissioner specifies or stipulates that the nature of the area, the nature .....I'd be a little bit concerned about non-contiguous units, and I think you should give this to the discretion of the Commissioner, to do something other than this kind of checkerboarding, if he specifies that it is in the best interests of

the state. You may have a relatively small area where it doesn't make sense. You can't put up enough acreage. The kind of structure is such that you can't put up enough acreage to put it on the block and withhold and entice the industry. Where you have major areas--sedimentary type is extensive, I think you should probably go to checkerboarding.. I do think that what HB 60 is shooting at is certainly--warrants inclusion in any event that you may include it in this act.

Swanson: I'm rather surprised at your conversation now. You testified at this table before against checkerboarding, and actually caused the bill to be tabled by this committee.
Lipton: If I testified against checkerboarding, I don't think it was aainst the principle of withholding. I may have been struck again by the non-contiguous units. In other words, I think I specified at the very beginning, when I started talking about it, I'm using checker-boarding as a shorthand expression. I don't really mean checkerboarding as such. What I do mean is withholding of acreage, particularly in the first round. We've been on record on this in Feb. of 1970. If my testimony on an earlier occasion was .....(End tape)

Huntington: Mr. Lipton, have the oil and gas competitive permits been issued by any other state? On that system that you're describing?

Lipton: No.

Huntington. It seems to me it's kind of a gamble. I'm not sure whether I'm reading it right or not. Is the 64,000 acres a sufficient block of land, under this system?

Lipton: Yes. Presumably that 64,000 acres could include a very substantial amount of potential oil and gas production. I think you're right--you say the state is taking a considerable risk. What the state is risking is that it is putting up 64,000 acres for exploration without getting any income whatsoever except some modest bonus for it, and then the exploration proves that the 64,000 acres are absolutely lacking in any sort of oil and gas reserves. The state in effect has not paid for the costs of exploration, wherein the traditional leasing the state would get some income under traditional leasing through bonus payments or whatever. Certainly it could demand a higher bonus under traditional leasing, wherein the company, in effect retains title to the oil and gas, than what it could expect to get from a company that is bidding just for the privilege of working for the state and will only be paid afterwards as a reward for what it finds. There is a realistic .....

Huntington: Do you believe that this type of permit and operation would encourage or discourage prospecting on the competitive bids.

Lipton: In answer to your question, I missed calling your attention to a provision on page 7.. Paragraph g on page 7 says that the Commissioner may include in the permit contract a provision granting the holder of a permit--the guy who does the exploration, a preference right to obtain an oil and gas lease or leases covering that part of the permit area proved to be productive, if the area should be offered for lease by the state. The preference right ...shall allow the permit holder to obtain the lease or permit offered by the bidder who might have made the highest bid, who would have won it except that he makes the highest bid--he doesn't win the lease because the exploration contractor has the right of first refusal. Now, that presumably is put in to make it more attractive for an oil company to come in and bid and do the exploration because, if he's successful, and if the state puts it up for lease, then he would have the right of first refusal. The difficulty there, I think, is that if every company knows that there is somebody standing on the outside, who, when the bidding is all done, may be in a position to get the lease, this could really be a negative factor in getting competition for leases. It works to the advantage of the company who has done the exploration under contract. It could be very disabling for other companies and you may get alot less competition in bidding for leases--these are now production leases, not exploration leases. It tries to add incentive for the companies to do the exploration, which it does, but it really works in a negative fashion in terms of getting competition for leases for development and production leases after there is successful exploration.

Anderson: Going back to checkerboarding again, you feel that it would be a good idea to add on page 5 after (k) subsection _____ that we put in a provision addressing the checkerboard concept.

Lipton: Yes I do. I thought so in 1970 and I feel so in 1976. Mr. Swanson berates me. Apparently I didn't feel so in 1975, but I can appreciate your exasperation, but I will now say, and I hope this is what I said in 1975, that the objection is not to the principle of withholding acreage. It's to a rigorous interpretation of checker-boarding, which imposes too many limitations on the way in which the Commissioner can make the selections.

Anderson: How would you word that section for the checkerboarding concept?

Lipton: I would use relatively simple wording. To try and write the clause of a bill orally is a bit difficult, but I would specify that in the case of leasing, the Commissioner shall make selections for the first round of leasing from within the prospective area, which in effect withholds from the state a portion of the potentially productive acreage. The Commissioner has the discretion to do otherwise if in his judgment the best interests of the state requires him to put the lease up.

Anderson: Could you get together with Mr. Erickson to come up with a solution?

Lipton: I've discussed this subject with Mr. Erickson already.

Anderson: All right, then we could incorporate that into the bill, since it does need some attention apparently.
To get back to the work requirement, now. In your earlier testimony in 1970, and since then, you have made reference to that, with very specific language regarding work requirements in the leases.

Lipton: Again, I don't think that the legislation itself should try to be too specific. What it should try to do is say to the Commissioner that the Commissioner shall prescribe, in every lease, where leases are up for bid, minimum work requirements.

Question: Wouldn't that be incorporated, though, in "Prescribing a Plan" on page 4.

Lipton: No, that's different. Paragraph (p) on page 3 and (s) on page 4, all have to do with the discretion, or the authority of the Commissioner, when already awarded leases, may be merged for reasons of development and production in the unit. That's very different. This would have to be done before the lease is put up for competitive bidding. The companies must know when the lease is offered that there are going to be work obligations. I suggest that the bill, I would say on page 3, after the discussion of rental payments, and before paragraph (e), be inserted.."In all leases the Commissioner shall specify minimum work obligations on the lease, and these shall be in terms of so many dollars. In the course of the primary lease period, and if you choose, you can say that the companies cannot affect charge against their rental obligations the minimum money that has been spent. If you want you can also specify that if the companies abandon the lease before they have spent the specified minimum amount of dollars on exploration, the unspent dollars go to the state, if you want that.

Anderson: The Administration stated in one of the first portions of the bill regarding net profits, that it would take many months before all the operating costs would be compiled, and the states share accurately determined. The operators incentive to keep operating costs at a minimum are proportionately lessened. Is there any validity to that statement?

Lipton: It's true that you can't compute, in a realistic way, operating costs, or even the allocation of capital costs, on a month to month basis, in a reasonable way,, the way you could royalties, for example, which are a percent of the wellhead value and require little accounting. Basically, the share of the net profits would have to be probably an annual calculation. You may agree, of course, that there shall be an advance payment month by month of a minimum of a certain amount in anticipation of what the shares percent of the net profits are going to be. I don't think that that in itself is a disabling thing. First of all, you don't have to have a precise --"a correct accounting of net profits". What you have to have is a procedure which calculates net profits as they are defined in the statute. As they are defined here they are not net profits as you might arrive at them for reasons of income tax accounting, or stockholder reporting. In effect, what you have on the top of page 2 is a convention. The law says that this is the way that net profits for the purpose of sharing shall be calculated. They certainly can be done at the end of the year.

Anderson: I don't see that as a limiting factor, since the Commissioner is going to be establishing by regulations, those kinds of procedures.

Lipton: But I don't think he'd want to do it on a month to month basis.

Anderson: I don't see it as a system that is going to by itself become an obstacle.

HOUSE RESOURCES COMMITTEE - Minutes - May 5, 1976

Continuation--after Milton Lipton

Subject: CSSSSB406
Speaker: from Virgil Keith & Co.
Re: contingency plans for cleaning up spills--discussion

Prince William Sound Plan--"3670 barrels is the most likely spill volume. This is predicted to occur approximately once in seven years."
Techniques of cleanup are advancing. But without training and organization these groups can't function. Additional personnel can be brought in, but it requires a work force that is trained.

Oil spill equipment is of concern (booklet for reference) Now available are three work boats, two mooring launches and the zodiak vessel.

Oil skimmers which take oil off the water are of many types. Some are for shoreline spills and others for deep water.

A 12,650 foot oil containment boom is to be available at Valdez. 1600 feet of it can be laid out in 18 minutes.

Procedure for a spill is: 1) Preplanned response and actions, 2) Designated environmentally sensitive areas and hit those first

Hershberger: How much can you recover from a spill?
Answer: It is too variable to say. If ideal conditions, you can get it all.

Hershberger: Valdez isn't ideal
Answer: We haven't had any trouble yet.

Rhode: Re: skimming, how deep does the skimmer go into the water?
Answer: Five or six feet

Rhode: Are tugs going to be used for docking?
Answer: Yes, and all crews will be trained in contingency work.

Rhode: Are tugs an advantage in moving the ships?
Answer: Yes--the docking tugs.

Rhode: What about the Santa Barbara spill and others?
Answer: They've all been cleaned up now.

Mr. Showalter, of Sohio, spoke. The basic problems with the CS for CSSSSB406:
1) Section 30 25 040--expresses a necessity for showing adequate equipment for cleanup--per location?
2) Financial responsibility is per carrier--$20 million?
3) Page 16--question re: immediate cleanup operations

The bill creates unlimited funds to be set up for risk insurance.

But the companies already contribute to two volunteer funds.

The intent appears to be to put this fund as the primary fund for spill cleanup. However, there's no limit on the fund. Why? It ends up being a perpetual money machine.

Re: proposed amendments: #2 would set a balance of $20,000,000 on the fund. If it dropped to 14,000,000, charges would begin being reassessed, to build the fund back up. It would also add a risk charge for persons on their first voyage through Alaskan waters.

Re: The Santa Barbara spill--the total cleanup costs were seven million dollars, paid by Union Oil

The Fund would be a massive amount of money just for cleanup.

Re: Page 20, line 14--the legislation sets up an increase of risk charges if there is no double bottom or hull. Well-designed ships should be treated equally under the provisions of the bill. A double bottom doesn't protect entirely. Proposed amendment #3 would take care of it.

Re: page 21, line 28, section 270----This appears to result in a rapid buildup of the fund since the balance from previous years is not included. Amendments 2 and 4 would clarify.

Showalter expressed concern as to absolving the state of all liability for their cleanup acts or non-action. "What is being bought?"

Re: Pg. 29, Line 4 (e) This would prohibit any ballast in the cargo tanks at any time. Showalter felt this was an error in drafting. Under emergency conditions the captain must have the option to add ballast if necessary. Amendment #5 would clarify.

Amendment #1 would clarify as to the radar and communications equipment.

Discussion included incentives for safer ships--the biggest incentive would be subbrogation to go back against the spiller.

Meeting recessed until 3:15.

Present were Eliason, Huntington, Hershberger, Rhode, Staff Assistant Van Doren and Chairman Anderson.

Gene Wiles, of Standard Oil of California, spoke. (Tape 30, Side 1, 1300) His concerns included onshore facilities being included in the bill, proof of financial responsibility, certificate of risk avoidance as it pertains to loading and unloading,. He asked about the differences between the permanent fund and the financial responsibility.
Answer: You have to have the certificate that proves financial responsibility, then you have the fund also. This would put an undue burden on the small operator, especially when you include the one million dollar bond required.

Mr. Wiles gave statistics for barrel capacity of tanks in various Alaskan locations.

90,000 barrel tanks in 9 places

30,000 to 50,000 in 11 places

10,000 to 30,000 in 11 places

2,000 to 10,000 in 8 other

3 marinas serviced.

Wiles suggested that the committee should consider additional costs to be added to each of these communities because of the bill.

Anderson: We must resolve the issue of the large communities--how much their costs will be. A better estimate of overall costs is necessary.

Joan Ray, Deputy Director of the Energy Office, spoke. There is no information yet on the impact of the 10,000 barrel limit as in the bill on the small communities. If all storage in a village was added together, it would be high in many cases. There is also a question of "throughput".

Wiles stated that his figures had not been seen by Senate Resources yet.

Adjourned.

CSSB406

HOUSE RESOURCE COMMITTEE - Minutes - May 7, 1976

Present were Rhode, Swanson, Huntington, Osterback, Smith, Brown, Eliason, Staff Assistant Van Doren and Chairman Anderson.

Subject: CSSB 406, HCR 142

Chairman Anderson noted that persons with additional information on CSSB406 were not present. The Committee needs information on the affect on rural communities, the definition of a "unit" of storage, and answers to the upper limit of the "fund"

HCR 142:
Mr. Fackler, Executive Director of the Alaska Royalty Oil and Gas Advisory Board spoke, giving background of the Phillips Petroleum gas going to Japan. Several hearings have been held on this issue, beginning in October, 1975. The Advisory Board decided to take the royalty gas in-kind and sell it to the Alaska Pipeline. The Board felt that the state shouldn't be too involved in the procedings. It is also possible that a "balancing" agreement should be reached with other companies.

If Phillips can get a higher price, then Alaska Pipeline would pay that higher price to the state.

Discussion of BTU pressures, and also of the time lag before figures are available, took place.

Regarding the terms of the contract, discussion of the fact that the buyer can terminate until January 1978, but the seller can terminate until 1984, took place. Clarification on the 30-day notice ascertained that the Board felt that was long enough.

Rhode: Is there any contract problem with the cut-off of 15 million ?
Answer: Phillips will have to add that amount to their production. The gas has to be used--it can't be stored unless it's liquefied.

Questions as to the October hearings:
Answers: The Alaska Pipeline cam e to the Royalty Board by letter and then at a meeting. (Copies of the letter will be given to committee members). The Royalty Board members were there, and also people from Phillips, the Alaska Pipeline, and later Homer Electric. (Copy of the roster will be available to the committee) The subject came up at each of the meetings.

Brown: Who negotiated with the state regarding the terms?

Fackler: The Commissioner and I. The terms were presented by Phillips originally. (Copy will be available to committee)

Huntington: Do we have to make the decision now?
Answer: The area up there needs the gas.
Smith: Anchorage has a deep interest in this--it would extend their reserves. The decision could be postponed, but why don't we act on it now?

Regarding the line involved being under the PUC, the understanding is that it isn't under now, because the same party is involved at both ends of the line.

Brown asked that at least two senior counsels in legislative affairs look at the Resolution and the Contract. Suggested were Barrier, Hall and Bennett.

Smith: We're not the Royalty Board. We need only answer two questions. 1) Does Anchorage need the gas, and 2) Is the price o.k.? We don't need to go through all of the Royalty Board decisions to do this.

Swanson: We have a mistrust of the state's right to a share.

Anderson: Mr. Brown, I ask you to be a subccommittee of one to get the work done by Monday. 1) Is the price fair? 2) Is it better to sell to Alaskan residents.

Re: CSSB406: Gene Wiles, Standard Oil, spoke. He presented information on cost aspects to terminal operators served by Standard in rural districts. He had contacted the San Francisco insurance market, and only one company will quote a figure for the million dollar requirement. It would cost $150,000 a year for a million dollar policy, with $100,000 deductible.

Mr. Wiles has ascertained that it will take a $4 million budget per year for the state of Alaska to administer the bill. This would be private sector-based figures. It might cost more for the state to do it. Regarding expenses to be incurred on cleanup--between one and two million dollars would be needed for each company for equipment overall.

Standard is mostly self-insured. But others, who are smaller, would have a problem. affording the insurance. "Absolute liability" is the problem.

Osterback: Would this bring oil prices up again?
Answer: Yes.

Swanson asked whether there were any statistics on inland water spills.
Answer: We don't have any--Alyeska would have them.

Swanson: I can't recall any except one caused by a rockslide near Whitehorse. We shouldn't get tied in to an insurance program of this magnitude on inland waters.

Wiles: The bill would require insurance. you have to deal with the insurance companies on the price.

Huntington: Does the million dollars refer to each location?
Answer: Apparently (1467 on tape)

There was continued discussion of locations of storage facilities

and the fact that the little guy simply can't continue operating under these restrictions. Modifications are needed to allow people to remain in business.

Joan Ray, of the Alaska Energy Office, spoke. She has available a list of fuel storage capacities. As on page 13 of the bill, there would be considerable impact on the villages. The villages own their own storage tanks. They now have some insurance, but do not know exactly what it covers. Several of the villages store over 200,000 gallons.

Anderson: Aren't all of those communities exempted??
Answer: There are still barrel limits that would apply.

Swanson: Simply flying the fuel to location is expensive.

Anderson: We need Mr. Block and Mr. Mueller here to answer these questions.

Swanson: It is necessary to keep in mind that the bill is supposed to address the big tankers. It doesn't need to take over all the rest of the state.

Eliason: If the problem is crude oils, why do we have to include all of the others?

Brown: Possibly we could split out crude oil from the refined products, without putting the burden on small communities.

Osterback: The Coast Guard should be here, since they have restrictions of their own.

Anderson: The Coast Guard doesn't see a real need for the bill.

Larry Vavra, Union Oil, stated that this bill would severely impact fuel costs going out of Alaska, since Union sends their crude oil out and ships back in refined oil. The costs would affect the villages.

Hearings on these bills will resume Monday at 8:00 a.m.

Tape 32 - All Side 1
Tape 33 - 0 - 0423

HOUSE RESOURCES COMMITTEE - Minutes - May 10, 1976

Present were Swanson, Smith, Brown, Rhode, Osterback, Hershberger, Huntington, Staff Assistant Van Doren and Chairman Anderson.

Subject: HCR 142
CSSB 406

Re: HCR 142. Brown stated that he had met with Mr. Barrier, etc.

Mr. Erickson stated that it appears the governor does need legislative approval for this transaction, but Commissioner Martin evidently feels that the approval isn't mandatory.

Commissioner Martin: The A.G. has said that legislative approval of such an issue is unconstitutional. However, this approval will comply with the Royalty Board procedure. It would make it less of a battleground for the contract. So the Resolution is submitted for policy reasons. A recent news story used the letter of transmital as the basis for North Slope gas inclusion. This is an incorrect assumption. The intent now is to submit all contracts for royalty gas to the legislature for approval. Legislative guidance is good public procedure.

Swanson: This is a turnaround from the coal deal recently completed.

Martin: There is a procedural issue to settle, but this isn't the time to do it.

Brown: What if we had adjourned before the 4th of May--(the date of the Resolution)?

Martin: A special session would have been called, or possibly it could wait until the next session.

Brown: Your contract includes provision for approval. What if approval doesn't come?

Martin: The contract would fail.

Brown: Would a different contract be negotiated?
Martin: Yes.

Brown: Is the state able to change the contract if necessary?
Martin: It needs to be approved as it is.

Brown: Then we have to approve or disapprove?
Martin: Yes.

Brown: But we do have questions. We should be able to change some of the minor things, if not the major ones.
Martin: We can see about it, but we can't essentially re-negotiate the contract.

Erickson: There are some points that need clarification or change in the contract, but in general there are no major flaws.

Erickson: (cont.) Nowhere does the contract require that the royalty gas be used in the state. The whereas's aren't legally a part of the contract.
Re: the statement on prices. The buyer could take delivery of the gas and sell for export if more than 100 km from the original point of sale.
And: There needs to be a definition of "higher price".

The wording of the Resolution needs to be revised in the "Resolved" section.

Changes could be submitted to the Commissioner, and with approval, resubmitted to the legislature without the Royalty Board re-approving, since there is no stipulation that the Royalty Board must approve before the legislature. It could be after.

Brown: Are there other areas of vagueness? Does the contract cover other areas of contingency--re: pricing.

Erickson: There needs to be more precision on how the sale factor is reached.

Brown: The problems are with the possibility of resale.

Erickson: There are three problems: 1) The clause dangles, 2) It's vague, 3) It could be resold.

Brown: There is a shortness of time--Erickson has summarized. What is the view on vagueness on price provisions. Is it a problem?

Bohness: You can't set a specific price and then base it on other factors. It might be clearer if the wording were changed.

Re: the vagueness--it isn't vague. We have to cover things that we can't foresee. Also, there are standard BTU adjustment provisions used in the industry. Adjustments can be done later. If you draft specific formulas for the whole thing, and then in a subsequent sale an arrangement is agreed upon which doesn't meet the formula, you have the same problem we are facing now.

Brown: What will actually happen?
Bohness: The state will advise that it needs more information, will then receive the information, and possibly the court will have to decide what to do.

Brown: Is the resale of gas more than 100 km from the area by Alaska Pipeline a real problem.

Fackler: It is unlikely, because Alaska Pipeline needs the gas. Also, the PUC won't give any more export permits.

Discussion of uncommitted reserves, and shortening the life of the field by one year (0980). The life of the field would end about the year 2,000.

Fackler: Re: the pricing provisions being vague--there is no real problem with it. It's standard language in gas contracts.

Brown: Are there sample contracts available we could look at?
Fackler: We'd have to get them.

Brown: You're better off with standard usages--that would influence the decision on the Resolution and contract.

Swanson: If Alaska Pipeline takes the gas, and decides they want to sell outside the state, they could do it.
Smith: If they could afford to liquefy it--but practically, it won't happen.

Erickson: Currently the gas to Japan is sold in Tokyo. The point of sale is not within the limiting area.

Huntington: What are the hardships Phillips talks about.
Fackler: A new well would have to be drilled. The gain is the use of gas by the people in Alaska instead of Japan.

Brown: Did Phillips know their contract was expiring?
Fackler: It's a matter of election by the state as to how to take the royalty gas.

Swanson stated that we may not be able to change the contract, but we could change the Resolution.

Motion was made and adopted regarding minor language changes. (See Tape)
Motion was made and passed to pass CSHCR 142 from committee, with the contract attached. Do Pass given.

Re: CSSB 406. Dick Block, of the Division of Insurance, Dept. of Commerce and Economic Development, testified. They have been working with the sponsors of the bill to minimize any exposure the state might have under the bill. The present bill leaves the state with little exposure.

Purposes were two-fold. 1) There is a likelihood of exposure to spills so: assurance is needed that financial resources will be readily available to handle the cleanup. (Other info--ending 1403)

The coastal protection fund is to be based on what it costs for an ongoing cleanup program, and the buildup of reserves for a catastrophic problem, should it occur.

Assessment will be made each year. If any catastrophic loss exceeds the fund, those involved in the catastrophy would pay the new costs. The structure doesn't involve the state.

Rhode: What about the state's costs for acministration?
Block: Mueller made up the financial statement.

Block: The coastal protection fund has as a secondary purpose requiring carriers and terminals to adhere to risk management techniques. Those that don't comply will be paying more than those that do.

If there ever was a large spill, contingent liability would encourage compliance.

Smith: Re: unidentified and identified responsibility. The fund should cover the unidentified responsibility, with the companies that are ascertained to be responsible directly covering the identified.

Block: The carriers probably will police each other.

Regarding losing permits--the profits in some instances could be less than the charges involved--the company could opt not to continue.

The state has responsibilities. One is to respond to cleanup. Also, there is an exonerating phrase in the bill.

Regarding village insurance--the fund is not precisely an insurance fund. It exists only for funding cleanup. There is no intent to minimize responsibility for damage to a third party. Other insurance is necessary for this.

Huntington: Under the bill, they have to have a million dollars of insurance even in the villages. It simply can't be afforded.

Block: There is a requirement that they demonstrate that they now have insurance.
Huntington: They have it, but not that much.

Block: Maybe we could scale the insurance to the gallonage, or something on that order. We can try to find a way to work it out.

Brown: Could we have two parallel provisions - one for crude and one for refined, and can you give us the likely premiums for the bill?

Block: We can change the statute to minimize the charges.

Brown: Re: the limits on the "protection" fund. Would an upper limit on the fund have any adverse effects?
Block: There could be a limit, if it were high enough. There will always be a contingency probability of a major catastrophy. Suppose you have a $25,000,000 top limit, and reach that plateau. Assessments could come from monies provided by the bill, but what do you assess the company? The full cost of the spill must be involved, as a "threat" against the companies.

Osterback: Re: the definition of transporting--The Coast Guard already has rules.

Rhode: Re: assessments for the spills
Block: You pay it out of the fund, but build the fund back up. First you decide responsibility, and second, you find money. The bill puts everything at the "ready".

A top limit on the fund would be desireable if there are other provisions.

Rhode: Have you figured the costs of the bill to the villages and the oil companies?
Block: No.

Osterback: Is the federal government also doing this?
Block: There already are some funds and provisions to cover federal requirements.

Block: It is a duplication, but the bill includes some other things such as safer ships, and ready responsibility.

Anderson: We need the cost information. We'll continue tomorrow morning.

Meeting adjourned.

Tape 33 Side 1
0423 - 1034

HOUSE RESOURCE COMMITTEE - Minutes - May 11, 1976

Present were Huntington, Osterback, Hershberger, Swanson, Smith, Rhode, Staff Assistant Van Doren and Chairman Anderson.

Subject: CSSB 392 am
CSSB 726
CSSB 406

Re: CSSB 392 am: No sponsors were available at the meeting to present testimony. It was mentioned that no appropriation bill is with CSSB 392 am.

Smith: What is the definition of "certificate of need"?
Answer: It is spelled out in the intent. The intent is to provide a loan fund to communities that must stock up on fuel to last through the winter when fuel cannot be delivered.

Rhode: How would the money be paid back to the state?
Answer: Through village cooperatives, for one method.

Huntington: The cost of drums is high, and they are hard to get. Fuel in drums costs almost twice as much as bulk fuel.

This program would make possible bringing in more fuel at less cost.

Swanson: Could a village Corporation buy out utilities in a village, such as the power plant, etc. Would this bill enter into that situation?

Anderson: It's not intended to. It would probably be on a village by village basis, as far as methods and decisions.

Smith: The Administration should be here before we take any action on this bill.

Re: CSSB 726: Question was asked as to why the mineral estate doesn't transfer.
Answer: It depends, as defined in the bill, on whether or not the mineral estate was reserved originally in the lands involved. The transfer follows the same pattern.

Swanson: On page 3 is the meat of the bill. "If the governor finds it in the best interests of the state...."

Hershberger: It still requires legislative approval. Also on page 1, section 1, is the definition of the mineral estate situation.

Smith: There are other suggestions in material provided by the FLUPC which the committee has received.
Anderson directed Smith to work with staff and prepare a CS combining features from all of the proposed bills involved. Also, care must be taken so as to exclude the Yakatat Exchange, already completed, from any effects of the bill.

CSSB 406: Mr. Van Doren stated that he had met with Mr. Block regarding the insurance matters in the bill. Also, the Alaska Energy Office called. Some villages are covered by the Alaska Native Industrial Insurance fund. Those not under that fund have trouble affording insurance. The rates are 8% of the cost of the facility, per year.

Mr. Van Doren mentioned that Mr. Block does not have information on costs of the premiums for the amount of insurance to be required under this proposed bill.

Mr. Block, and a representative from the Energy Office, are to be at the committee meeting tomorrow.

Meeting adjourned.

Tape 34 Side 1 - all
Tape 35 Side 1 - 0 -

HOUSE RESOURCE COMMITTEE - Minutes - May 12, 1976

Present were Huntington, Rhode, Smith, Swanson, Brown, Osterback, Staff Assistant Van Doren and Chairman Anderson.

Subject: SB 392 and SSSB 406

Mary Director of Rural Energy for RuralCAP, began testimony. Their survey reflects heating fuel prices. The highest was found to be in Barrow, at $2.50 per gallon. There is no one reason why some of the villages have run out or are running out of fuel. Basically, there is not enough storage. This bill would help provide monies for storage facilities. Bethel is a good example. They didn't plan for the new construction. Bethel is the distributor for the entire region.

RuralCAP made 22 emergency fuel loans with their own revolving fund. Up to $3,000 was made to any one recipient community. Low interest money is needed for storage facilities.

Rhode: What is the reason for the shortages? Population increase?
Answer: New housing is part of it, and a higher consumption rate.

Smith: Evidently some need storage, and some just need the money to purchase fuel.
Answer: Both cash and storage are problems.

Huntington: We used to be able to pay over a whole year to the company. This is not possible any more.

Wm. McConkey, Director, Energy Allocation Assistance Office, presented testimony. There is definitely a need for facilities in rural villages. He has a strong objection to the "for resale" part of Powers and Duties, page 1. The state does not want to be in the position of loaning money for inventory with no collateral. There is no objection to construction and equipping of bulk fuel storage. It is just the fuel purchase that is a problem. One expensive project could drain the fund. Hydroelectric or geothermal projects would be too expensive, but would be included in the bill. The real need is bulk fuel storage. An estimated 40 villages have a storage problem. Regarding the reason for the shortage, it is partly created by federal and state programs creating a need for additional fuel. Also, with TV going into rural Alaska, if commercial TV with advertising follows, an additional demand for power will be created for the consumer products. But there is no way to increase the energy. In most communities it is fuel-run generators that must be used, and increased storage is necessary. We must make the program fit the people.

Re: Fuel purchase--the "income redistribution" program in Alaska doesn't reflect readily the increased fuel costs. Thirty to fifty percent of all increases in costs for rural Alaska are for fuel.

Huntington: Is there a priority of villages needing help?
Answer: Yes, but no loan fund exists yet. Cold Bay has received tanks at no cost, and transportation will be the only cost to persons taking the tanks. Most of the storage problems are in western and island Alaska.

Smith: Re: "front end money". What is the root cause of the shortage? Also, why did the oil companies quit issuing credit and why aren't commercial loans available?
McConkey: There is concern with payback, even though RuralCAP seems to be having good luck. Under the bill, we would look for proof that no other source of funding was available. But we would prefer some sort of "joint venture", to spread the money further. Bad risks will have to be taken out first. Also, a need for prioritizing exists.

Smith: Will it be a low interest program?
McConkey: I don't know, but it might be high, with probably a long payback.

Smith: How about a grant program?
McConkey: It is better to have a loan program.

Huntington: Part of the problem is poor ASHA and other project construction of houses. This presents a fuel use problem, and the programs won't go back in and fix the houses.

Swanson: Re: "energy-related problems" That's pretty broad.
McConkey: There is a problem. It's with priorities. The need is for bulk fuel storage.

Swanson: It won't end up a priority need. Regarding the bill, and the need for storage, if we had a fund to overcome all energy problems, we would need ten million dollars. What do you think?
McConkey: For storage, about $2 million for 40 to 50 villages. If any other energy areas were covered, even ten million wouldn't be enough. And yet we really need the alternative energy sources.

Swanson: The bill says all energy-related needs. The bill needs to be limited.

Question: Could the corporations do the funding for some of this?
McConkey: We would hope that they would look at rural energy problems and work on them. However, they are profit corporations and need to make a profit.

Swanson: What price tag can we use for this bill?
McConkey: Two million, but we couldn't handle it all now. Regarding intent of the bill--short range problems are addressed. Other types of problems should be handled by other methods.

Swanson: Are you suggesting to amend the bill to begin with only oil storage?
McConkey: That would eliminate generators, but it would be a start, and could be worked out.

How a bout increasing the fund for other things.
McConkey: There is a limit on what state funds can be used for.

Swanson: Who will write rules and regulations.
McConkey: Dept. of Economic Development and the Energy Commission.

Rhode: Re: the mechanics of the fund where no official form of government now exists. Who would have the authority to pledge assets?
McConkey: The bill stipulates the groups, or one could be established that would meet the criteria of the bill. The problem is with long-term payback. The loan isn't built back up fast enough to reuse each year.

Anderson: We already have bills with revolving loan funds involved.
McConkey: The immediate problem is bulk fuel storage. X dollars won't cover the villages. If we have to fund fuel itself there won't be any money left for storage facilities. The money will be gone with no storage built. The Rural Energy Task Force recommended putting fuel tanks in and filling them once. As they are filled once, and fuel resold, then next year's supply could be funded.

Swanson: My concern is mainly with how the bill will be extended.
McConkie: Another problem is having the people coming in to get the loans. They have to apply, and they won't necessarily do it.

Anderson: There are no funds involved this year, so there is time to plan.

Osterback. Regarding the Cold Bay tanks----
McConkey: The villages have to do the transporting. Only the tanks themselves are "free".

Anderson: On page 2 the bill states, under the duties of the Alaska Energy Office, that Certificates of Need shall be issued.

Mr. John Sanders, of Standard Oil, presented testimony. He is involved with the sale of petroleum products in Alaska. Regarding credit policies, they haven't changed since May of 1973. Some qualify for credit, and some don't. Re-sellers aren't under the control of Standard Oil. As far as fuel prices in Alaska are concerned, they haven't increased any more than anywhere else, as it pertains to normal increase in pricing, except that in areas such as Kotzebue and Nome, etc., products are sold FOB the terminal, and then from there to any other location there is a cartage fee that goes on top of the price. As freight increases, so does the price.

Regarding financing storage tanks, there was a financing program under Standard oil. Some used it, and some is still available.

Regarding the Cold Bay tanks--the dock has been condemned. It will be o.k. this season, but next is unpredictable. The tanks won't be able to be removed from Cold Bay. Also, fuel won't be able to get in. One of the bonds adds a new dock for Cold Bay.

Re: the tanks involved--they are similar to railroad tank cars, and can be sealed.

Smith: Re: the terms of the Standard Oil loan fund.
Sanders: They were interest-free with a five year repayment plan. Four years ago it was changed to a 100% payback with interest. Now the loans would be at the current rate of interest. Previously, "jobbers" could have used whatever credit terms they wanted.

Swanson: We need an amendment to add the Dept. of Community and Regional Affairs to the agencies involved in the planning.
Anderson: Line 26, after "Office", add "And in consultation with Dept. of C. and R.A.". Motion passed to add this amendment.

Smith. There is a need to amend to eliminate the fuel loan except for the initial filling of new facilities. Motion to amend in the two places necessary was defeated.

Chairman Anderson stated that the amendment wasn't needed, since the bill already gives absolute decision-making power to the Energy Director.

Smith: Re: interest--this shouldn't be a cut-rate interest. The same wording could be used as in the malpractice bill.

Brown: We should do whatever the other revolving loan funds are doing. Motion on interest failed.

Smith moved to add an amendment on changing the length of time for the payback. Motion to do this was passed----with the change to go under the "terms" section.

Mr. Van Doren mentioned that on Line 26 page 1 there should be correction of a typo--construction to construction. Motion o.k.d

Smith suggested that we should eliminate the "non-profit cooperative" from the groups eligible to handle the loan.

Motion to pass SB 392 from committee with a Do Pass carried.

Re: CSSB 406: Senator Croft began testimony. Possible amendments are: 1) Fishing vessels would be exempt because the fuel involved is for their own use.
2) There is a sentence on page 14 of the CS which should have been removed in the retyping. (Ln. 13 of number 6)
3) Re: facilities. We have tried to eliminate the problems with existing facilities. Also, the 10,000 limit should be 25,000 barrels. This would exempt anything below a million gallons. It is suggested that the marina barrelage be left as is.
4) There has been concern with the definition of marina. (copies available of proposed amendment on this)

5) There is concern on page 29, Section 3, as to the segregated ballast provision. Would the impact be to require present vessels to have the segregated tanks? (Tape 35, 0385)

The above changes take care of the problems, but preserve the basic integrity of the bill. The 25,000 barrel limitation is very reasonable.

Swanson: Pg. 17, Section 20--Would barges still have to have all the requirements.
Croft: Tugs and barges are not tank vessels., so by definition aren't covered.

Swanson: Would we need to include in the exemptions wording to be sure barges don't have to meet those requirements.
Croft: Under .020---the definition says "self propelled".

Swanson: On page 6, the short title--could the word "ocean" be added?
Also, on the same page, it says "these spills have occurred frequently". Should that wording be there?

Smith: Pg. 7, paragraph c, Section 2, shouldn't that be in Section 1?
Croft: That would be no problem.

Anderson: My concern is with the costs for insurance in the villages.
Croft: Another meeting of the legislature could be held to solve any adverse impacts on the villages.

Meeting recessed until 1:30 p.m.

Tape 35 Side 1
0702 - end

HOUSE RESOURCE COMMITTEE - Minutes - May 13, 1976 Tape 36 0 to 0733

Present were Hershberger, Huntington, Swanson, Smith, Osterback, Staff Assistant Van Doren and Chairman Anderson.

Subject: CSSSSB 406

Rep. Swanson began testimony by stating that he had received telegrams from jobbers and suppliers in the Interior. They want public hearings in the Interior before this piece of legislation is passed. (copy of telegrams available). Swanson suggested that removal of the inland waters from the requirements of the bill would be the best solution. Messages are available from Nenana Fuel, Tanana Fuel, and Sen. Coghill of Coghill Oil, concerning the effect this bill and price increases would have on schools and home heating. Regarding the Standard Oil people of the Interior, all are in opposition to the Insurance rate part of the legislation.

Motion was made to change the barrel limit to 25,000 barrels on Page 13 Line 2 and Line 4. The Line 4 change was carried unanimously. Regarding the change on Line 2, Swanson was concerned that wherever boats are tied up it could be considered a marina. No vote was taken on the Line 2 section of the motion.

Discussion of the definition of a marina ensued.
1. It's the floating capacity involved.
2. It usually has onshore storage with pipes going out offshore.
3. The problem is to be sure offshore marina storage does fall under the bill.

Mr. Van Doren stated that a marina is only intended to cover fishing boats, etc. If anything else is involved, it is not a marina.

Senator Croft stated that a barge does not fall under the definition of a tank vessel.

Motion was made to change the Line 2 figure to 10,000 barrels, and also on Line 14. Motion carried.

Motion was made to include "aircraft" on page 13, Line 12, after " "pleasure craft". Motion carried.

Motion for a change on Line 15 carried (See Tape)

Motion to change Line 17, Page 13, as per the amendments attached, carried.

Jack Maroney, President of the Southeast Alaska Ship Pilots, presented testimony, including the fact that the Liberty ship probably carries 7,000 barrels.

Motion to adopt the Page 13 Line 15 amendment passed.

Motion to amend Line 12, Page 28 to exclude seafood processing vessels from the definition of a terminal facility passed.

Motion to adopt the amendment discussing "placed in cargo tanks...etc." and "treatment onshore" was adopted.

Discussion continued re: Line 3 page 31, wording on risk avoidance certificate. (copy available) This is a technical addition.

Croft suggested "liable only for the prorated cost".

Motion was made to amend Page 2 Line 22 (Amendment #1 of attached) It was suggested that wording should be modified so as to have one radar set operating at all times".

Regarding escort by tugs, Line 6, Smith suggested that this could be more of a hazzard than a benefit.

Maroney asked who was to take the responsibility to "escort"? The term is a military one. It would end up with tugs in several locations for the sole purpose of guiding the tankers. Economically it is not feasible to buy and house a tug here (Juneau, for instance) when there is a ship only once every two weeks. As the speed of the ship is reduced, for a big craft, its maneuverability is also reduced.

Croft stated that in terms of transportation of refined products, most ships are over 40,000 tons.

Hershberger suggested that under the definition of navigable waters any waters of the state would need tugs.

(Tape 36) Discussion of a limit for the Coastal Protection Fund.
Have to find a way to handle the companies entering the Fund after the limit is reached.
It is difficult to estimate the cost to the consumer. This impact must be calculated.
Re: difference between credits and rebates. New entrants to the field would be increasing the fund, so original contributors would receive a rebate yearly on what they had not used up in assessment for that period.
Possibly if the fund were big enough administrative costs would be handled through the interest alone.

Question: What would it cost to do cleanup under the worst conditions? Answer: The Tory Canyon spill was $18 million for cleanup. The estimate for Prince William Sound is 20 to 25 million.

Mueller: Whatever is devised as an upper limit, we should plan on 50 million with the new tankers.

Croft: One of the purposes of the fund is to allow the state to act immediately in case of a spill. Also, because it is basically an increased transportation cost, it will feed back to the people buying the products, especially those buying refined products down south.

Swanson: If we don't have so much in the fund, possibly it would be used more judiciously. The bill states that once the fund is established the state can "experiment" with the money.

Croft: There are control mechanisms in the bill for expenditures from the fund.

Anderson: We're covering both crude and refined products.

Re: The rate of the fund, this will be figured out before the July 1, 1977, date. It will be based on an experience factor.

Osterback expressed concern for the increased assessment on refined products.

Swanson stated that a moderate ceiling is best.

Anderson stated that the Committee needs to hear from Mr. Block, of the Dept. of Insurance.

Meeting adjourned.

MINUTES - HOUSE RESOURCE COMMITTEE - May 14, 1976

End 0644

All Committee members were present

Subject: CSSB 406

Senator Croft: Re: risk charges--double bottom tankers have been proved to be a better risk than segregated ballast tankers.
Discussion: Previous hearings don't prove one better than another. Everyone is guessing: don't penalize one or the other at this time.

Rhode: How many oil spills are there from American tankers?
Croft: American tankers have a better recrod than others. But in 1971 two Sohio tankers in San Francisco collided. Sohio is now constructing double bottom tankers. Arco will have them by 1979. You can demonstrate that double bottoms are safer. A hearing process will establish the rates under the bill.

Huntington: We're forcing exaggerated costs.

Swanson: How will the rate--double bottom vs. single--be determined?

Croft: It will be handled the same as any other insurance rate.

Eliason: If double bottom tankers don't cost much more to build, why aren't they being built?

Croft: Because they haven't been aware of a difference in rates before.

Brown: The bill doesn't say that the rates are to be determined by hearings.
Croft: The hearing procedure is on page 25 and 26. "The Dept. shall hold hearings, etc.....'

Brown: What things would the state be doing to establish the rates?
Croft: The state sets up the regulations, then regular insurance procedures will be followed.

Anderson: There is no record of tanker safety in Alaska as yet, but a penalty is to be imposed on single bottom tankers which increases the costs to native communities.
Croft: The problem is partly covered by the 40,000 dead-weight ton exemption.

Rhode: Why not separate out the crude from the refined products?

Croft: Most of the refined products are exempt anyway.

Anderson: (Question re: amendment Line 14, page 20.
Croft: The amendment would provide that there would be no requirement to have the double bottoms.

Swanson: What danger point do we relax to?
Croft: There's a difference of opinion.

Motion was made to adopt the amendment Line 14, page 20.

Rhode: What ships are American within the figures we're talking about?
Croft: We don't have all the information here, but can get it.

Eliason: Safer ships should be recognized.

Anderson: By adopting the "may" language we are allowing time to decide the safety differences. New information can be found. "Is" says we've already made the value judgment. The problem is that the increased assessment will impact the villages.

Huntington: We're penalizing the ships that are already built.

Brown: "Penalize" is a value judgement word.

Swanson: As long as there are no bad spills the rates shouldn't be very different.

Motion failed.

Brown: Could you provide a way to have an incentive?
Block: There was an inequity in having many companies paying into the fund, then having new entrants pay a one-time charge. Now, it suggests that an estimate be made of the appropriate amount. When that amount is reached, assessment would be made of facilities and vessels. Record would be made of payments to the fund, and disbursements for costs--spills. When the fund reaches the desired amount, continued assessment of those in the "train" would be made, with rebates for unused amounts to those already in the fund.

In effect, a rolling fund is created, with new ones paying in, and money paid back year by year at the same rate that it was paid in.

Osterback: What if the oil goes onshore into Canada?
Block: That's another area. The fund has no bearing on a spill in Canada. Also the state has no liability for its acts under this law.

Commissioner Mueller: There is a 100 million dollar fund for international spills--with the Alaska Pipeline.

Motion was made to adopt the language --with the upper limit-- for discussion's sake.

Block: Regarding the upper limit--it is very hard to find dollar amounts to use for refer ence. Many factors enter in. There is no good historical base. Consequently, a revolving fund makes sense. But--how much do you need in the fund for the ongoing reserves, and to handle a major spill?

(Change to Tape 37)
Brown: There is a problem with the language.
Swanson: The problem is in understanding the fund. When it reaches a ceiling, those who have paid in quit.
Answer: It depends on whether any spills have taken place. That's

the point. You deduct for spills and administration. A further advantage is that as time goes on, answers will be found to questions. Rates may change.

Brown: Would experience factor then affect the amounts paid?
Answer: Probably.

Block: The entities that pay into the fund will change. No one will be subsidizing anyone else.

Swanson: The higher the fund, the more bureaucracy. The more people will want out of the fund.

Brown: We're all guessing on the upper limit. Let Block, Biss, and Van Doren work it out.

Swanson: We need to add a definite review procedure. How about five years?

Rhode: Regarding the size of the fund being insignificant. It's going to be charged into the wellhead price, so it IS important to the state.

Block: That's another reason for returning the money to the companies when the fund is reached.

Rhode: Alaska has a good spill record.

Swanson: An experience formula should be reached.

Osterback: How many years will it take to get to the upper limit?

Swanson: Will a sliding scale be used?

Brown: You might never reach the figure because of the spills.

Block: You do have to address the question of when the fund is to be reached.

Huntington: The question is regarding the 100 million dollar Alaska Pipeline fund.

Huntington: Let's put a 20 million dollar limit on the fund.

Brown: Re: the review procedure--seven years seems to be a usual time.

Motion was made to make the upper limit $20,000,000. Motion passed.

Rhode: We need an estimate of costs to the state for administration.

Tape 36, Side 1
0733 - 1061

HOUSE RESOURCE COMMITTEE - Minutes - May 14, 1976
3:00 p.m.

Present were Brown, Rhode, Eliason, Smith, Osterback, Swanson, Hershberger, Staff Assistant Van Doren and Chairman Anderson.

Subject: CSSSSB 406

Motion on amendment #3 has failed. Motion was made to rescind the previous motion. Motion to rescind was withdrawn.

Re: Amendment #4, page 21, Line 29. Croft suggested that the statement of a fund balance would solve the problem.

Re: amendment #5 page 25, line 27. Motion made and o.k.d

Re: Amendment #6, page 21. This would produce a new section regarding disbursements from the fund. Mr. Van Doren stated that this was an exact contradiction of a previous action.

Re: Financial responsibility per facility:
Up to 200,000 barrels of crude oil, refined petroleum products, etc. the amount is $100,000.
Over 200,000 barrels of the same products, the amount is $1,000,000.

Motion to adopt the above amendment was adopted.

Norman Gorsuch presented testimony. Re: premium rates for risk certificates--this gives the Commissioner permission to consider types of ships--segregated ballast, for instance. The existing language doesn't provide.

Motion was made, passed, and rescinded to pass the above amendment.
Discussion: It is conceivable that the Commissioner of Commerce and Economic Development can't consider segregated ballast for rate purposes. This amendment clarifies the desired intent, and provides better interpretation.

Brown: Wouldn't it be clarified in court?
Answer: It could be, but it isn't good policy to rely on it.

Smith: This language switches to "shall" from "may".

Motion for the new language as above failed.

Re: Page 25, Sect. 30 25 340 -- deep water ports.
Croft: It isn't important to the rest of the bill.
Motion was made and passed to delete the deep water port language.

Motion to amend page 7 subsect. (c), line 4, by moving it to (c) page 2 after line 8, and delete the word "further", was passed.

Swanson: Re: page 7, line 7. "refined products being more hazardous" why is that language now?

Discussion: re: the liberty ships being built of lightweight steel. During WW II they couldn't take the cold climate of Alaska. The

ships cracked in two.

Smith: The word "potentially" is the clue.

Motion was made and passed to have prepared a technical amendment to solve the problem on page 9, subparagraph 3, and the financial responsibility wording.

Re: page 10, line 13, subsection (f), re: evidence supplied under (e). It doesn't make sense. It should be under (a)

Several amendments were discussed and passed regarding technical aspects of the wording. (See tape) Included were: whether inland waters are involved in specific portions of the bill.

Smith: As it stands now, funds for cleanup are extended by the state to the facilities. We need language changes in the bill so that cleanup expenses do not go to exempt facilities. Those facilities should fund their own cleanup.

Croft: It would be better if the fund handled cleanup of all--not just those paying in.

Eliason: There needs to be clarification of storage facilities vs. tanker situations.

Croft: The smaller tankers do pay into the fund. They are exempt only from some of the other parts of the bill.

Eliason: The problem boils down to crude vs. refined.

Croft: There are exemptions for safety features for smaller but not for larger tankers themselves under the fund.

Statement was made that about 55,000 barrels of oil are being refined in the state at this time. This is more than 80% of what is used.

Discussion: Size of tankers going into Cold Bay; tanker wording in facilities portion of the bill; whether the cost of insurance was really so much.

Biss: The increase for insurance would be under 5 cents per barrel on refined, or not more than 1/10 cent per gallon.

Biss: The term "carrier" refers to operators of ships--not the ships themselves. As to whether more ships would cost "more" for insurance--the more items you have, of any kind, the closer it gets to being self-insured.

Block presented a draft of the language changes. It provides a limit on the fund, and a way to accumulate it. (copy available)

(Begin Tape 38)
Discussion: whether the one responsible for a loss would have to reimburse the fund for lost monies. It is a "pool" fund.

The annual risk charge is "per vessel" paid into the pool.

Motion was made to pass the Block amendment.

Anderson: It appears that costs of administering the fund, plus all costs of equipment for cleanup, if necessary, come from the fund.

Rhode: What are the controls on the fund?
Croft: Up to 5% can be used for research & development. The only other use is for actual cleanup.

Motion to pass the Block amendment passed.

Motion was made to pass the bill from committee.

Rhode stated that we need to take out all of the refined products from the bill.

Brown objected.

Rhode: It's just going to increase the costs to the consumer as it stands now.

Anderson: (to Croft) Couldn't we find that there is no need to cover refined products, and couldn't we find that double hulls aren't better than others. Will this problem be worked on during the interim?

Eliason: Refined oil is more toxic.

Anderson: Deep water ports should be taken out of the bill--page 25 and 27, plus all other references to deep water ports in the redraft. Motion was made and carried to remove deep water ports as stated.

Motion was made to delete all "refined petroleum products or their by-products" throughout the bill. There were two objections.

Anderson felt that this could be handled during the interim.

Rhode: The track record of Alaskan tanker traffic is good.

Motion to delete refined products, etc., failed.

There was discussion on reviewing the redraft of the bill before voting on it. Motion to move the bill was again made.

Swanson added that the bill goes to Judiciary anyway, allowing plenty of time for review.

Swanson suggested voting on the bill without signing it until the redraft is completed.

Motion to move the bill out of Committee passed, with a majority of Do Pass.

Meeting adjourned.

Tape 38 Side 1
1069 - 1685

HOUSE RESOURCE COMMITTEE - Minutes - May 17, 1976

Present were Smith, Eliason, Huntington, Osterback, Rhode, Swanson, Staff Assistant Van Doren and Chairman Anderson.

Subject: CSSB 726
CSHB 804
SB 565

Re: CSSB 726: The differences between the new draft and old legislation is that legislative review is required if the parcels to be exchanged are not of equal value. There is also some difference in the mineral rights--surface and subsurface.

Motion was made to delete "registered voters" on page 7, line 7. After discussion, motion to delete the wording was withdrawn.

Motion was made to pass HCSCSSB726 from committee with a Do Pass recommendation. Motion carried.

RE: CSHB 804: This now gives the Board of Game the right to receive petitions regarding setting up a subsistence area.

Eliason stated that the only change appears to be the reporting provision. He stated that he would hope that the Game Board would have public hearings no matter what the situation.

Motion was made and carried to send CSHB804 from Committee with a Do Pass.

Re: SB 565: There was a question as to "what is small game". The legislation now covers small game and sport fishing.

It was moved to send a letter of transmittal including wolves as small game. There was one objection. Motion passed.

SB565 received a motion to pass from committee with a Do Pass recommendation. Motion carried.

Mr. Van Doren stated that CSSSSB406 would be available to sign at the secretary's desk.

A memo from Stu Hall was read and placed on file.

Meeting adjourned.

Tape 38 Side 1
1685 - 1789

HOUSE RESOURCE COMMITTEE - Minutes - May 18, 1976

Present were Osterback, Huntington, Rhode, Eliason, Staff Assistant Van Doren and Chairman Anderson.

Subject: CSSB 688
CSSB 689
HB 931

Motion was made to send CSSB 688 from Committee with a Do Pass. Motion carried.

Motion was made to send CSSB 689 from Committee with a Do Pass. Motion carried.

Motion was made to send HB 931 from the Committee. Motion passed.

Meeting adjourned.

TRANSCRIPTS OF HOUSE, SENATE & JOINT RESOURCES COMMITTEE MEETINGS CONTAINED IN THE DOCUMENT FILES OF THE LEGISLATIVE HISTORY OF AS 43.21, OIL & GAS CORPORATE INCOME TAX, 1975-1978

[LLIB 7801760]

FILE NO. 56 - 1975 MILTON LIPTON ON NUMEROUS ISSUES

5-044: House Resources Committee 2/13/75, Testimony of Milton Lipton of Walter Levy & Associates, consultants to the Legislature on Oil & Gas Issues

5-045: Joint House & Senate Resources Committee 4/16/75, Testimony of Milton Lipton

TRANSCRIPTS OF HOUSE, SENATE & JOINT RESOURCES COMMITTEE MEETINGS CONTAINED IN THE DOCUMENT FILES OF THE LEGISLATIVE HISTORY OF AS 43.21, OIL & GAS CORPORATE INCOME TAX, 1975-1978

FILE NO. 42 - 1976 LEGISLATIVE TAX COMMITTEES

6-196: House Resources Committee 4/12-14/76, HB 803, Testimony of Rep. Steve Cowper

6-197: House Resources Committee 4/12-14/76, HB 803, Testimony of Thomas Williams, Director of Petroleum Revenue Division, DOR

6-198: House Resources Committee 4/12-14/76, HB 803, Testimony of Fred Boetsch, Deputy Commissioner for Taxation, DOR

6-199: House Resources Committee 4/12-14/76, HB 803, Testimony of Mark Singletary, Regional Attorney & Legislative Counsel for Atlantic Richfield Co. in Anchorage

6-200: House Resources Committee 4/12-14/76, HB 803, Testimony of Dick Donaldson, Standard Oil Co. of Ohio

6-201: House Resources Committee 4/14-16/76, HB 803, Testimony of Larry Vavra, Union Oil Co. of California and Lawrence Wilson, Associate Tax Counsel, Union Oil Co.

6-202: Senate Resources Committee 5/15-20/76, SB 620, Testimony of Bill Timme, General Counsel for Doyon Corporation

6-203: Senate Resources Committee 5/5, 5/7, 5/10/76, Testimony of Milton Lipton, Executive Vice-President of W.J. Levy Consultants Corporation

6-204: Senate Resources Committee 3/31-4/9/76, Testimony of Sterling Gallagher, Commissioner of Revenue and Thomas Williams, Director of Petroleum Revenue; includes the Reading of a prepared statement by Governor Hammond

6-205: Senate Resources Committee 5/11-15/76, SB 620, Testimony of Lawrence L. Wilson, Associate Tax Counsel, Union Oil Co. of California

6-206: Senate Resources Committee 5/11-15/76, SB 620, Testimony Of Thomas K. Williams, Director of Petroleum Revenue Division, DOR

TRANSCRIPTS OF HOUSE, SENATE & JOINT RESOURCES COMMITTEE MEETINGS CONTAINED IN THE DOCUMENT FILES OF THE LEGISLATIVE HISTORY OF AS 43.21, OIL & GAS CORPORATE INCOME TAX, 1975-1978

6-207: Senate Resources Committee 5/11-15/76, Testimony of Mark Singletary, Regional Attorney, Legislative Counsel, Atlantic Richfield Co.

6-208: Senate Resources Committee 5/11-15/76, Testimony of Ken Showalter, SOHIO

6-209: Senate Resources Committee 5/11-15/76, Testimony of Edwin Sterner, research analyst for the Special Committee on Taxation and Revenue

6-210: Senate Resources Committee 5/11-15/76, Testimony of Ken Showalter, SOHIO

6-211: Senate Resources Committee 5/11-15/76, Testimony of Waco Shelley, Mobil Oil Corporation

6-212: Senate Resources Committee 5/11-15/76, Testimony of Joe Josephson, Legislative Counsel for BP Alaska

6-213: Senate Resources Committee 5/5, 5/7, 5/10/76, SCR 101, Testimony of George Silides

6-214: Senate Resources Committee 4/28, 4/30, 5/3/76, HB 803, SB 747, Testimony of Milton Lipton

FILE NO. 43 - 1976 TESTIMONY BEFORE JOINT HOUSE & SENATE RESOURCES COMMITTEE

6-165: Joint House & Senate Resources Committee, 3/23-24/76, Testimony of Sam Kito, Jr., President of Alaska Federation of Natives and John LaReaux, AFN consultant

6-166: Joint House & Senate Resources Committee, 3/23-24/76, Testimony of Jerry Rohacek, economist for Cook Inlet Region, Inc.

6-167: Joint House & Senate Resources Committee, 3/23-24/76, Testimony of John Shively, Vice-President of Operations for NANA

6-168: Joint House & Senate Resources Committee 3/23-24/76, Testimony of Dean Olson, General Manager of Ahtna, Inc.

TRANSCRIPTS OF HOUSE, SENATE & JOINT RESOURCES COMMITTEE MEETINGS CONTAINED IN THE DOCUMENT FILES OF THE LEGISLATIVE HISTORY OF AS 43.21, OIL & GAS CORPORATE INCOME TAX, 1975-1978

6-169: Joint House & Senate Resources Committee, 3/23-24/76, Testimony of Lawrence Davis, Land Manager of Louisiana Land

6-170: Joint House & Senate Resources Committee 3/23-24/76, Testimony of Fred Angesen, Executive Director of Bristol Bay Native Corporation

6-171: Joint House & Senate Resources Committee, 3/23-24/76, Testimony of Richard Jansen, Manager of Chugach Development Corporation

6-172: Joint House & Senate Resources Committee 3/24/76, Testimony of John Borbridge, President of Sealaska Corp.

6-173: Joint House & Senate Resources Committee 3/24/76, Testimony of Byron Weiland, Excise Tax Counsel to Standard Oil Company of California

6-174: House Resources Committee 3/24-25/76, Testimony of M.K. Singletary, Regional Attorney & Legislative Counsel for Atlantic Richfield Co. Anchorage, and Grant Medden, Manager of Planning Services for Atlantic Richfield Co. Los Angeles

6-175: House Resources Committee 3/24-25/76, Testimony of Oliver Leavitt, Treasurer & Director of Arctic Slope Regional Corporation

6-176: House Resources Committee 3/24-25/76, Testimony of Rep. Steve Cowper

6-177: Joint House & Senate Resources Committee 3/24-25/76, Testimony of Franklin G. Fleeks, Tax Counsel for Senate Subcommittee on Taxation & Revenue, and Edwin Sterner, Research analyst for the Special Committee on Taxation and Revenue

6-178: Joint House & Senate Resources Committee 3/24-25/76, Testimony of Martha Bioram-Luffley, Assistant Vice-President in the Investment Management Group of Citibank

TRANSCRIPTS OF HOUSE, SENATE & JOINT RESOURCES COMMITTEE MEETINGS CONTAINED IN THE DOCUMENT FILES OF THE LEGISLATIVE HISTORY OF AS 43.21, OIL & GAS CORPORATE INCOME TAX, 1975-1978

6-179: Joint House & Senate Resources Committee 3/24-25/76, Testimony of Dolly Farnsworth, resident of Kenai Peninsula

6-180: Joint House & Senate Resources Committee 3/24-25/76, Testimony of Joe Upicksoun and Don Dickey, Alaska State Chamber of Commerce

6-181: House Resources Committee 3/25-26/76, Testimony of Howard Slack, Vice-President of Atlantic Richfield Company, Manager of Alaska Operations

6-182: House Resources Committee 3/25-26/76, Testimony of Jack Warner, Seward businessman

6-183: House Resources Committee 3/25-26/76, Testimony of Neil Bergt and James O'Sullivan, Alaska International Industries

6-184: House Resources Committee 3/25-26/76, Testimony of Ralph Andy Johnson, resident of Kenai Peninsula

6-185: House Resources Committee 3/25-26/76, Testimony of Harland Flint, Manager for Corporate Relations for BP Alaska

6-186: House Resources Committee 3/25-26/76, Testimony of Barbara Banta, Kenai Peninsula resident

6-187: House Resources Committee 3/25-26/76, Testimony of Rosario Ilaquah, security analyst, L.F. Rothschild & Co.

6-188: House Resources Committee 3/25-26/76, Testimony of Milton Lipton

6-189: Joint House & Senate Resources Committee 3/31/76, Testimony of H.H. Goerner, Senior Vice-President, Exxon Co.

6-190: Joint House & Senate Resources Committee 3/31/76, Testimony of Dick Donaldson, SOHIO

<u>TRANSCRIPTS</u> OF HOUSE, SENATE & JOINT RESOURCES COMMITTEE MEETINGS CONTAINED IN THE DOCUMENT FILES OF THE LEGISLATIVE HISTORY OF AS 43.21, OIL & GAS CORPORATE INCOME TAX, 1975-1978

6-191: Joint House & Senate Resources Committee 3/31/76, Testimony of Larry Vavra, Union Oil Co. and Steven Sebotka, economist-consultant

6-192: Joint House & Senate Resources Committee 3/31/76, Testimony of Rep. Clark Gruening

6-193: Joint House & Senate Resources Committee 3/31/76, Testimony of Rep. Terry Gardiner

6-194: Joint House & Senate Resources Committee 3/31/76, Testimony of Norman Bailey as a private citizen

6-195: Joint House & Senate Resources Committee 3/30/76, Testimony of Joe S. Farmer, Executive Vice-President Of Ashland Exploration Co.