

HR HOUSE RESOLUTION NO. 1 amended was enrolled, signed by the Speaker and the Chief Clerk and transmitted to the Office of the Governor at 9:47 a.m., Monday, February 22, 1971.

The following were engrossed, signed by the Speaker and the Chief Clerk and transmitted to the Senate for its consideration:

- HJR 17 am HOUSE JOINT RESOLUTION NO. 17 amended
- HB 72 HOUSE BILL NO. 72

ANNOUNCEMENTS

- Commerce Committee Governor's Conference 8:00 a.m.
HB 42 Room February 23, 1971
- Labor and Management Room 1 9:00 a.m.
Committee February 23, 1971
HB 150, 105

Mr. Fink moved and asked unanimous consent that the House revert to Introduction of House Resolutions. There being no objection, the House reverted to

INTRODUCTION, FIRST READING AND REFERENCE OF HOUSE RESOLUTIONS

HR HOUSE RESOLUTION NO. 2 by Fischer and Fink
2

Relating to the proposed pipeline from Prudhoe Bay to Valdez

was introduced, read the first time and referred to the Committee on Resources.

Mr. Fink moved and asked unanimous consent that the House take up HOUSE RESOLUTION NO. 2 as a special order of business at this time.

Mr. Farrell objected.

ADJOURNMENT

Mr. E. Miller moved and asked unanimous consent that the House adjourn until 10:00 a.m., February 23, 1971.

Mr. Fink objected.

The question being: "Shall the House adjourn until 10:00 a.m., February 23, 1971?" On voice vote, the House adjourned at 4:45 p.m.

Constance H. Paddock
Chief Clerk
February 1971

JOURNAL
SUPPLEMENT

SENATE AND HOUSE - SUPPLEMENT NO. 3 February 22, 1971

United States Senator Ted Stevens
Address to Joint Session of
Alaska State Legislature

February 22, 1971

I am pleased to be able to return here once again and am happy that Ann could return with me so that we could renew old friendships together.

As you know, the Senate is still debating the modification of Rule XXII, to permit 60 percent of those Senators present to terminate a filibuster. I have joined those seeking to modify this rule this year because of my experiences in the post-election session. In any event, the debate still goes on and the existence of this filibuster against modification of the anti-filibuster rule has permitted me to be away from Washington at this time.

Naturally, I am sure you are as interested as I in the two main Alaska items being considered in Washington--the Alaska Native Land Claims Settlement Act and the pipeline right-of-way permit.

We have completed our first day of hearings in the Senate Interior Committee on Native land claims legislation. Senator Jackson has announced that there will be one further day of hearings in the near future. This subject is much more complicated this year than in the last Congress. In the first place, the House of Representatives has now, through the Chairman of its Interior and Insular Affairs Committee and the Chairman of the Subcommittee on Indian Affairs, presented the first indications of what may be acceptable to the House in terms of settlement of this issue. Also, the Alaska Federation of Natives, through Senator Harris, has presented S. 835, which increases the demands of the APN in terms of the settlement involved.

Senator Jackson has introduced S. 35, which is identical to S. 1830 as it passed the Senate in the last Congress. Mike and I have co-sponsored S. 35 and also S. 835, the Harris bill which I did at the request of the President of the APN, Don Wright.

Additionally, the State's position, as I understand Governor Egan's forthright testimony at the Senate hearings, is that the provisions of S. 35, the Jackson - Stevens - Gravel bill, with some modification, would be acceptable. The Federal administration, speaking through Secretary of the Interior Morton, has indicated a greater flexibility in its approach to this problem, but unfortunately Secretary Morton has drawn heavily upon the House bill with regard to the land provisions. That bill, as you know, envisions a very small land grant to the villages and a subsistence land use permit system of up to 40,000,000 acres.

I would be happy to discuss any portion of this bill with you now or with individual members of the Legislature later. In general, I would predict that the delicate balance between the support and the opposition of those members of the Congress who are primarily oriented toward the environmental conservation issues has almost been upset. S. 1830 went about as far as I believe the Congress will go to take land out of the federal reserves in Alaska in order to confirm title to the Alaska Native people. Governor Egan, I believe, clearly delineated the scope of this problem when he indicated he felt that if additional acreage is granted to the Native people in this settlement, a portion of it must come out of existing federal reserves. With the State still seeking approximately 90,000,000 acres of land and with the Federal government having withdrawn or classified approximately 95,000,000 acres, which acreage is not available for State selection, it is quite apparent that there will be some severe conflicts between the aspirations of the Alaska Native people for a just land settlement and the land use plans necessary to assure proper utilization of Alaska's land mass consistent with national conservation objectives and the needs of the total population of Alaska.

I have asked for an amendment to S. 35 (the Jackson - Stevens - Gravel bill) which would convert to surface title up to 20 million acres of the subsistence use units envisioned by that bill. These areas will be beyond the fee land granted to each village and would assure surface title for those villages which have, in fact, utilized land for subsistence purposes beyond the area which would be granted to them in fee under the bill as it passed the Senate last year.

With regard to the Alaska pipeline, I am mindful of comments that have been made that it seems as though I have predicted that the pipeline permit would be issued in the near future on far too many occasions. On each of those occasions, I had reason to be optimistic. Now I am, frankly, not optimistic about the timing on the permit, although I am still confident the pipeline will be built. I see and hear our Canadian friends making statements that to me are inconsistent. They tell us that they are worried about the coast off British Columbia because of the tanker traffic. Yet, the Canadian government cooperated quite generously with the MANHATTAN experiment and apparently sought only mild conservation commitments in the event the Northwest Passage could economically be utilized for the transportation of Alaska oil to the eastern part of North America. They seem to oppose transportation by sea of Alaska's oil and yet they are even now importing Mideast oil by tanker and trans-shipping it by pipeline to the United States, a process which until recently was extremely profitable.

They seem to be concerned about the environmental problems of our pipeline and yet they apparently do not fear the environmental problems of a pipeline to Chicago or New York through the Mackenzie River country which would be three to five times the length of the Prudhoe Bay - Valdez line.

From an economic point of view, the recent price increases announced by the oil-producing Mideast countries make Alaska's oil even more valuable as part of the world's crude oil stream. If we are to assure that future generations of Alaskans will receive the greatest return possible from the recovery of this resource, we must insist that our oil be taken to a year-round, ice-free port from which tankers can transport the oil to any place in the world where the demand is greatest. Should Alaskan oil become

absolutely tied to an inland U. S. market, we will never have the advantage of competition arising from the demands of other nations for this energy resource. I foresee an increasing utilization of our resources by the nations of the Pacific Rim and shall do everything in my power to oppose the construction of an oil pipeline from Alaska through Canada to any portion of the North American continent unless we first have the Prudhoe Bay-Valdez line.

Each day that goes by has brought another hurdle which must be cleared before the pipeline permit can be issued. And, of course, the last hurdle is the court action in the District of Columbia in which the Secretary of the Interior has been enjoined from issuing the pipeline permit until the environmental impact statement has been filed and a further hearing has been held by the court. Until that statement is approved the pipeline cannot proceed.

And, yet, if the pipeline does not proceed, Alaskans and Alaska will suffer. Those of us concerned about our ecological balance and the conservation of Alaska must not lose sight of our greatest need--to conserve and aid our human resource. We need jobs, we need money for schools and hospitals and roads. Equally important, if our pipeline does not proceed, our nation's total economy will continue to suffer. Our reliance on foreign crude oil will continue to grow. The greatest and strongest country in the history of mankind will find its security and defense posture increasingly dependent on small middle-Eastern nations. The question really is: Shall we build the pipeline now - when we have time or shall it be built later, when the national security of this nation dictates the speed required?

Since I prepared these comments Secretary Morton has made his alarming statements--alarming because of the inaccuracy of his facts, although his comment that the pipeline is a long way off is not surprising. The president of Alyeska Pipeline Co. and others have said the pipeline cannot be built unless the Native Land Claims Bill has first passed. If this is the policy position of the company and the state we are indeed a long way from the day when the pipeline will commence. I do not believe the Land Claims Bill must pass first.

I still believe that the state should proceed with the road from the North without regard for construction of the pipeline. The great oil and gas resources of the North country ought to provide an incentive for us to assure the ability of all Alaskans and all Americans the opportunity to drive to our North country in the summertime, and we ought to assure the capability of a supply route on the surface to the North Slope and the Alaskans in that area in the wintertime. There is, I know, considerable disagreement in this body on that matter, but I personally believe that a road to the North will be built and that the commitment of funds necessary to complete the job now will be returned to the state manyfold in the future.

I would now like to discuss with you several other matters of paramount importance to our state presently before the U. S. Senate. The first of these is revenue sharing. In the last Congress, I co-sponsored a revenue-sharing bill, and several of us have been working with the Administration to achieve national support of this objective. Revenue sharing involves two types of federal money. One I would call old money--that which is represented by grants which have previously been turned over to the states with strings attached in special and categorical areas. This is known

as special revenue sharing. The new money--that which has never been shared by the federal government with the states or local governments--is called general revenue sharing.

Legislation to authorize general revenue sharing has been introduced in the Senate, and I co-sponsored the proposal. I did so for two reasons. In the first place, this is new money which under the concept of full employment budgets will be available annually in an increasing amount. Under our present system, if that money were spread out through the one hundred plus special programs now funded through grants-in-aid, Alaska would get less money and that which we did receive would come with strings attached!

Under the general revenue-sharing proposal of \$5 billion, Alaska will receive \$8.5 million or 0.17 percent. If, instead of sharing these revenues with local governments, Congress cut federal taxes, the impact on Alaska would be about \$7 million. On the other hand, if we proceed on a revenue-sharing basis, the State Legislature and the city councils will have this money available without the necessity for matching funds or the preparation of costly project plans. With existing administrative expenses, the local governments can utilize this money 100 percent for project goals in Alaska.

Without being critical of the federal agency involved in administering the program, I want to point out to you what happens to federal money that we get allocated for Alaskan projects. In 1969, Senator Kennedy and I obtained the passage of the Alaska Safe Water Facilities Act as an amendment to the pollution bill. In 1970, we obtained funding for a two-year demonstration project of \$1 million with \$600,000 available in fiscal 1971. Of that \$600,000, \$150,000 has been allocated for administrative expenses. This legislature has now authorized and the Alaskan public has agreed to funding by bonds a similar program. If the \$1,000,000 were added to the state program, its total effectiveness would be increased and the federal dollars would go further.

With regard to special revenue sharing, this involves \$11 billion, of which \$10 billion has previously been allocated to categories of special grants to state and local governments. The extra \$1 billion is to assure that no state will receive less than it presently receives under the grants-in-aid programs.

It is important to note that these categories, to be replaced by special revenue sharing, do not include the basic amounts that Alaska has received under the grant-in-aid program in the past. For instance, neither highway money nor airport funds nor BIA assistance nor veterans assistance nor any revenues--the formulas for which are fixed by Congress, such as mineral resource revenues--are included.

Between the years 1964 and 1970, federal grants to the states increased by 140 percent; Alaska's grants in that period increased by less than 6 percent. And, as the people-oriented programs continue to increase, not only in the scope but in expense, Alaska is going to suffer more because of our small population.

The revenue-sharing program pending in Congress involves a formula which includes not only population but also tax effort as related to income. Thus, while our population in 1970 is .15 percent of the U.S. total and our tax burden, according to the Tax Foundation, is .14 percent of the national total, our tax effort--as applied to total income and jointed with our population factor--gives us the 1972 revenue sharing-percentage for fiscal 1972 of .17 percent for general revenue sharing.

In the special revenue category, we will do even better. These special categories of aid, which presently comprise the \$10 billion of existing programs, include manpower, education, transportation, urban development and rural development. In these categories, Alaska has not obtained the assistance it has needed for two reasons. In the first place, many of the federal program grants have been partially utilized by the federal bureaucracy for expenses and overhead in Washington or regional offices. Secondly, in many instances we have not obtained anything--the mass transportation monies are a good example of this. We paid for our ferries but Washington State Ferries were subsidized under the Mass Transportation Act.

In the area of impact aid, our percentage is going down because government employee population, including military, is going down in relation to the total population of Alaska. Further, we have been either ignored or slighted in many of the programs, in higher education facilities construction, we received nothing from the federal program of aid to the states, which now totals \$50 million. In the Library and Community Services program, in comprehensive health planning and in the general welfare program itself we lag behind the participation we would receive under even the general revenue-sharing formula, and the special revenue-sharing formula will be even higher as applied to Alaska.

And, in regard to special revenue sharing, since the total money the federal government will share with the states under revenue sharing will be 10 percent greater than that of existing programs, some states will receive even more than they have in the past. Alaska may be one of those because of the fact that the bulk of our federal grants-in-aid have been in the fixed-formula areas, such as highways--over the one-third of our federal grant-in-aid money has been highway money in the past.

I need not point out to you that Alaskans have always believed we can do the job as well or better than the federal government and at less cost. The needs of our state, our cities and our rural areas are great. These needs can be best met if the limited funds available are expended by the people in the areas affected. I firmly believe that you, the legislature, our city and village councils, our mayors, our governor, our local agencies can better determine local priorities than can task forces in Washington, D.C., or Seattle or San Francisco. Revenue-sharing will return decision-making to the people, and allow us the greatest utilization of federal funds, on projects most important to us, with a minimum of administrative costs.

There are many other matters we are considering vital to Alaskans. I am greatly encouraged that we are meeting problems together on a federal-state basis.

As I mentioned before, my Safe Water Facilities Act has been funded on a federal level and you have established a complimentary program with state funds. I have introduced legislation to extend our fisheries jurisdiction to 200 miles, and phrased that legislation to parallel the resolution introduced by Representative Haugen and passed by this legislature. I have introduced my Marineways Repair Facilities Bill, and I am pleased to note that Representative Peratrovich has introduced similar legislation in the State House. In the last Congress Senator Jackson and I co-sponsored the Youth Conservation Corps legislation (P.L. 91-378). That legislation requires the Secretaries of Interior and Agriculture to submit a report to the President and the Congress indicating the feasibility and practicability of initiating a cost-sharing program with state resource, conservation or outdoor recreation agencies.

Legislation along the lines of that introduced by Senator Josephson in support of the Youth Conservation Corps concept is a good approach.

In closing, let me tell you I am happy to announce that we have completed our discussions with the U.S. Department of Housing and Urban Development. That department has agreed to a commitment for 360 new homes to be built in 16 Alaska villages by the Alaska State Housing Authority. These homes will be constructed with approximately \$6 million of national public housing funds augmented by funds from HUD's new program to provide new homes in Indian communities. I mention this because this is the type of program which is not included in the revenue-sharing concept. It is a national program--not a state grant-in-aid program or a special category program--and, therefore, will not be affected by revenue sharing.

If you have any questions about this or any other matter of mutual concern, I would be pleased to try to answer them at this time.

HOUSE JOURNAL

ALASKA STATE LEGISLATURE

SEVENTH LEGISLATURE - FIRST SESSION

Juneau, Alaska

Tuesday

February 23, 1971

Forty-Fourth Day

Pursuant to adjournment, the House was called to order by Speaker Gene Guess at 10:13 a.m.

Roll call showed all members present except Mr. Kerttula. Mr. E. Miller moved and asked unanimous consent that Mr. Kerttula be excused on official state business. There being no objection, it was so ordered.

The prayer was offered by the Chaplain, the Reverend Ray Mainwaring.

The Chief Clerk certified as to the correctness of the journal and Senate and House Journal Supplement No. 3 for the forty-third day, February 22, 1971. Mr. E. Miller moved and asked unanimous consent that the journal and journal supplement be approved. There being no objection, it was so ordered.

Mr. E. Miller moved and asked unanimous consent that the House recess to a call of the Chair for the purpose of a Democratic caucus.

Mr. Tillion announced a Republican caucus upon recess.

There being no objection, the House recessed at 10:17 a.m.

AFTER RECESS

The House was called to order at 11:20 a.m.

MESSAGES FROM THE GOVERNOR

"February 22, 1971

The Honorable Gene Guess
Speaker of the House
Alaska State House of Representatives
State Capitol Building
Juneau, Alaska 99801

Dear Mr. Speaker:

I have signed the following bills and am transmitting the enrolled and engrossed copies to the Lieutenant Governor's office for permanent filing: