

**HOUSE JOURNAL
SUPPLEMENT**

February 8, 1983

HB 151

FISCAL NOTE

SENATE AND HOUSE JOINT
JOURNAL SUPPLEMENT

2/8/83

No. 5

I. REQUEST

Bill/Resolution No. H.B. 151
 Title Special Appropriation - House of Wickersham
 Requested by State Affairs Date 2/3/83

II. FISCAL DETAIL

Agency Affected Natural Resources - Parks
 Program Category Affected Parks & Recreation
 BRU, Program, Or Subprogram(s) Affected Park Operations
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		1032.8 ^(a)	50.5	59.9		

FUNDING (Thousands of Dollars)

GENERAL FUND		1032.8	50.5	59.9		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

^(a) Includes \$1.0 million capital expenditures

REMARKS OF
 THE HONORABLE TED STEVENS
 BEFORE
 THE ALASKA STATE LEGISLATURE

JUNEAU, ALASKA
 FEBRUARY 8, 1983

IV. DATE 2/7/83 PREPARED BY [Signature]
 AGENCY Natural Resources
 Original: Legislative Finance PHONE 465-2400
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

OMB Reviewed By: Glen Price [Signature]

President Kerttula, Speaker Hayes, members of the Legislature, thanks for the opportunity to share with you my views on activities in Washington D.C. and their effects upon our state.

Whether or not "new federalism" is an appropriate term, federal-state relationships have been realigned. All states have suffered federal funding cutbacks to one degree or another. On the whole Alaska has been able to hold its own on some key programs, especially in Coast Guard, highway and military funding.

But, our relationship with Washington D.C. is difficult, in part because of the loss of institutional memory in the Congress and the fact so few members of Congress have been to Alaska. Sixty-one new Senators and 299 new Congressmen have come to Washington since the 70's when several committees came to our State to acquire a better comprehension of Alaska's unique geographic, economic, and political conditions.

The vast majority of those now in Congress were not there during debates over Native Claims, the Trans-Alaska pipeline, the Natural Gas Pipeline, and certainly not Statehood.

This means we must make a special effort for Alaskans to obtain cooperation from Washington. We hope to bring members of Congress to Alaska during the recesses again this year and will call upon you and the Governor to help in this educational effort.

The Alaska issue that many members do need information on, and probably the most difficult one for our state, is protecting the rights of states to tax natural resource extraction. We've had a long battle with representatives of the Midwest and Northeast Coalition over Alaska's right to levy severance taxes. These people have also attacked my amendment exempting production of new Alaska oil from frontier areas as well as Alaska's royalty exemption from the windfall profit tax. It will be even harder this year to defeat punitive tax legislation targeted at Alaska, but at least we know that logic is not on the side of our antagonists.

The argument of Northeast-Midwest coalition used to be that resource states exported severance taxes to consumers in the energy consuming states. At my request, the Congressional Research Service examined that argument and found most of Alaska's oil severance tax, approximately 87%, is not shifted to consumers.

The coalition realizes the shifting argument is a spurious one, and now makes an emotional appeal to members and the public on what they call "fairness". It's "unfair", they say, for Alaskans not to distribute our wealth to states in need. These representatives argue that their revenue bases are decimated, and that "Sunbelt" and energy rich Western states benefit by their demise. Here again, the depiction of their condition as suffering at the hands of the resource states is not an accurate assessment.

This so-called question of "fairness" and our wealth are not new matters to be raised with legislation concerning Alaska. Fortunately, we made the issue of fairness work in our favor when we finally secured passage of legislation to authorize transfer of the Alaska Railroad to Alaska. Some people thought that because of Alaska's wealth the Federal government could extract an exorbitant price for the railroad. But we demonstrated to our opponents that our railroad is an essential component of Alaska's future development. With a modernized railroad, we may fully develop our coal or hard rock mineral resources. The evaluation price must be reviewed in relation to the value of the vast natural resources we could not develop without the railroad. And, legislation we enacted includes broad authority for the Secretary of Transportation to negotiate with the State terms and conditions that will be acceptable.

The important components of that bill are listed in Exhibit A and I have provided each of you a copy of the Alaska Railroad portion of PL 97-468.

I mentioned before that Alaska was able to hold its own on some federal funding programs, and the Coast Guard is one of those areas. Hearings on the status of the Coast Guard have confirmed that federal funding must be increased to carry out their expanded mission. This includes monies for drug interdiction and, most importantly for us, fishery patrols. To meet this objective, we passed an unusual, two-year authorization bill for the Coast Guard, providing the highest funding levels in history--\$2.71 billion for FY 83, and \$3.06 billion for FY 84. And in FY 82, as chairman of the Defense Subcommittee, I obtained \$300 million from the Defense Appropriations for Coast Guard ship construction.

Protection of our fisheries is closely associated with their development, and so we are continuing our efforts to require the Federal government to upgrade the services provided fishermen and our merchant marine. Our bottomfish development must benefit Alaska's coastal communities. At my request, the Commerce Department has extended federal loan guarantees to fish processing facilities, and Congress accepted my amendment last year which significantly increased the loan fund ceiling for fish processing facilities, now a minimum of \$300 million.

In addition, we reauthorized the 200-mile limit law to assure better coordination between federal and state management agencies. Foreign fishermen are required to assist in the development of our fishermen's capability to harvest our own resources, and the nations from which they come must reduce tariffs on our fishery exports.

The fishing industry is the largest private employer in the state of Alaska. Our top legislative goal should be to improve the competitiveness of our fishing industry and our emphasis must be on improving the competitive posture of our traditional coastal fisheries.

In the 98th Congress, we will seek extension of the capital construction fund to shorebased fish processing facilities. The Senate approved my amendment to accomplish that last year.

I have also asked Congress to create a fishery development corporation to perform many of the research and development projects that are under the control of the National Marine Fishery Service, and we will seek authorization for a fisheries marketing board similar to that pioneered by you through the Alaska Seafood Marketing Institute.

The Library of Congress is studying, at my request, existing agricultural support programs to determine how they might be modified to help the fishing industry.

While the outlook for our fishing industry is bright, not so optimistic a view can be stated for another one of our traditional industries: timber. The weak state of our timber industry, primarily caused by a slowdown in the Japanese economy, is of great concern. You know the dismal statistics describing mill closures, declining lumber purchases and widespread unemployment. Irreparable damage may result if we do not act to assist Alaska's small and large timber operators.

Due to pressure from environmentalists, we will expect a tough fight maintaining the 40 million dollar minimum appropriation for timber sale preparation established in the Alaska Lands Bill. Additionally, there is timber relief legislation cosponsored by Senator Murkowski and me pending before the Senate. It is yet another of the bills stalled by Senator Metzenbaum, and while the Senator from Ohio was able to stall over a dozen important bills in the lame duck session of Congress, fortunately, one of them was not the Surface Transportation Assistance Act.

I've noted interest here in this highway tax legislation and some of its particular provisions -- for instance the one which encourages stricter penalties for driving under the influence. Incentive grants and additional enforcement funds are available to a state with stiff laws against drunk driving. My staff is working on legislation offering additional incentives to states to seize and sell vehicles used by habitual offenders of the laws against operating motor vehicles under the influence of alcohol or drugs.

Incidentally, this is just one area of criminal law enforcement that the Congress is taking an increasing interest in. Not only do we intend on strengthening parts of the federal criminal code to deal with the increasing number of federal crimes, but we are going to provide the judicial resources necessary to back the effort up.

We expect an omnibus judgeship will be considered this year that should add over 50 new judgeships. Alaska has long needed an additional federal district court judge, and I will try to obtain one of those new judges for our state.

For a moment I would like to turn away from federal-state relationships and discuss something that is an internal Alaska matter -- the issue of Native sovereignty. Native sovereignty must be the subject of a statewide dialogue. The term means a variety of different things, depending on the audience. However, one thing is clear, Native sovereignty represents a complex legal and political issue that must be dealt with directly in Alaska. It is primarily a matter of the relationship among Alaska's villages, regions, and our State government.

I have worked to ensure that Alaska's villages are treated equally with lower 48 tribes for purposes of receiving social and health benefits. It has not been my assumption that such treatment implied that Alaska Native villages had the same police powers, taxation ability, and fish and game management authority as those on reservations in the lower 48.

Some have sought a federally-derived Native sovereignty--sovereignty not dependent upon our State's Constitution or our laws. It has, and will continue to be, my position that village sovereignty is a matter for our state through this Legislature and the Governor to determine.

However, there have been bills dealing primarily with reservation tribal powers that have led to some misunderstanding of my position on the issue. It is my hope Congress will pass a tribal state compact law that authorizes states to negotiate with Native tribes or villages, such as IRA Councils, to resolve the sovereignty issue. Meanwhile, I intend to ask Congress to follow the pattern of the Indian Tribal Government Tax Status Act, which we passed last year, which specifically stated that that Act cannot be interpreted "to validate or invalidate any claim by Alaska Natives of sovereign authority over lands or people".

Of course, there are ways in which the Congressional Delegation can help create an environment where possible future State/Native negotiations over sovereignty are not unnecessarily intertwined with related issues. For instance, after witnessing the divisive battle on subsistence last year, it is clear to me we must alleviate the pressures placed on hunters by the Lands Bill in 1980. In fact, when the Lands Bill passed, I announced I would pursue this. We have introduced legislation to redesignate about 12 million acres of prime hunting land as National Park Preserves. According to the Department of Fish and Game and the Department of Interior, little or no resource use conflict would result and pressures upon game species would be reduced. Moreover, this measure would restore equity to hunting in Alaska. Residents of Anchorage, Fairbanks, Juneau and other urban communities should have equal access to these areas. When the issue of hunting equity is fully examined, the closure of prime hunting lands, not the subsistence priority, is the largest inequity. With the support of the State administration and legislature, we should be able to pass this bill in Congress.

While our state searches for answers in understanding the legal relationships among its people, it will also seek to improve its still developing infrastructure. Several areas deserve your attention at the federal level. Great stakes are involved in federal communication issues for Alaska. Congress is assessing the impact of the ATT/Justice settlement on national rates, particularly rural rates. Cable television and broadcast deregulation legislation has already been introduced. The FCC and State Department are renegotiating the broadcast frequency agreement with Canada. The Public Broadcasting system is being restructured. Rural Telephone Cooperative financial assistance is under attack. All of these issues loom large for Alaska. Electronic communication is crucial to us, especially in light of the roughly \$200 million annual subsidy our state has received from the national private telephone system.

Our communications system is closely tied to helping our industries in natural resources and energy development. One of these industries that we all have followed closely is natural gas. The "Governor's Economic Committee on North Slope Natural Gas" report suggests an alternative to the Trans-Alaska Natural Gas Pipeline report currently endorsed by Congress. Additionally, I understand that your report on gas pipeline options will soon be available. I have requested the General Accounting Office to do a similar review.

A transportation system for Alaska's North Slope Gas is absolutely essential. Exploration and development activities will be affected adversely if the pursuit of oil yields large quantities of gas which cannot get to market. I intend to actively assist the first project for transporting Alaska's gas that is adequately financed. Financing is the key. When financing is available, I believe Congress will act to assure such a system is built as long as it is consistent with our national energy needs.

Naturally our state has its own energy needs and much of it will be met by hydroelectric power. I am pleased to report that the Federal Energy Regulatory Commission licensing process should commence hearings on the Susitna Hydroelectric project in the coming year. The Acres America study, completed last year, has been most helpful. We in Washington, D.C. are prepared to assist the State in the licensing process any way we can.

The thing to keep in mind about the licensing process before FERC is that this is not where national opponents of the project will attempt to stop it. The extreme environmental/anti-development national groups are looking for a new environmental cause to take to the courts. Susitna may be that cause and we should be ready. We must make certain that environmental studies and our FERC application are the absolute best we can prepare, but the possibility of such challenge should not deter us from developing the Susitna potential.

Nor should other special interest groups deter us from doing what's best for Alaska in another important matter -- review of the Jones Act. The Stachhood Commission touched a nerve in their review of the U.S.-built requirement for Alaska's shipping traffic. The Vancouver exemption may allow us to open up U.S. flag (foreign-built) service for intra-Alaska and western Alaska service, and allow new service from foreign trade vessels into the Aleutians. As Chairman of the Merchant Marine Subcommittee, I intend to review changes in law that will reduce freight rates overall for Alaska. Hawaii has an exemption that permits foreign trade vessels to stop on their voyages overseas. Alaska should also benefit from that exemption.

There are other issues I haven't discussed today of obvious importance to both Alaska and the Nation and it's unfortunate that time does not permit me to discuss them. These issues include: reauthorization of the Clean Air Act and Clean Water Act, including the Section 404 wetlands program; changes in Social Security, federal retirement and veterans benefits; new rate burdens on the trucking industry; changes in the communications and aviation industries; and proposed changes in our nation's banking and reform in private pension laws (ERISA). By the way, we have reintroduced the Equal Rights Amendment, which I've co-sponsored. For me, that Constitutional Amendment is more than a symbol. It's my hope this Legislature will continue to support it.

Finally, the kind introduction I received did mention some of my new responsibilities, and there is one in particular I would like to touch upon. The Senate enacted comprehensive legislation in 1975 which implemented a strict rule of ethical conduct for Senators and staff. The Senate Ethics Committee, which I now chair, has, I believe, increased public confidence in the institution of Congress. I understand you are considering similar legislation. My committee will be pleased to work with you if that is your desire. Now I shall be pleased to answer questions you might have on any matter that concerns you.

Thank you.

EXHIBIT A

Briefly, the important components of the Alaska Railroad Bill are:

1. Alaska will receive full title to all railroad properties to the extent of the federal interest, excepting the lands which are subject to valid existing claims.
2. Alaska receives the strongest right-of-way section in law available today. Full title in the right-of-way will be transferred, with the exception of a short section that runs through Denali Park. This includes authority to use the right-of-way for any transportation, transmission or communication purpose.
3. The exposure to native claims has been reduced from 21,000 to 3,500, with an expedited review of claims against the 3,500 acres. No claims will be valid against the railroad right-of-way. This is in direct response to the request of this legislature that exposure of railroad lands to native claims be reduced.
4. The employee package will eliminate the need for large severance payments and allows Alaska to renegotiate the union collective bargaining agreements.
5. The federal government will pay all tort and other liabilities that arise prior to transfer.
6. So that the railroad may compete with other modes of transportation, the Interstate Commerce Commission is required to issue a "certification of public convenience and necessity."
7. The railroad lands will be surveyed and patented at federal expense within five years.
8. Future right-of-way language is included. Alaska should apply for these rights-of-way as soon as possible while we have a favorable administration. Secretary Watt has indicated to some of you that Interior will expedite review of such applications.
9. Lastly and most importantly, the bill grants an unrestricted industrial development bond authority ensuring that Alaska can finance the railroad with tax free bonds. No other railroad in the country has that privilege, and it should be worth several hundred million dollars to the state as it finances rehabilitation and expansion of the Alaska Railroad. It will offset any cost that the state is required to pay.

HOUSE JOURNAL

ALASKA STATE LEGISLATURE

THIRTEENTH LEGISLATURE - FIRST SESSION

JUNEAU, ALASKA

Wednesday

February 9, 1983

Twenty-Fourth Day

Pursuant to adjournment, the House was called to order by Speaker Hayes at 10:05 a.m.

Roll call showed all members present except Representative Vaska, who had been previously excused from a call of the House today; Representative Fuller, who was absent due to illness; and Representative Malone, who was absent.

The invocation was offered by Reverend Jimmy Stringer of the First Baptist Church. Representative Martin moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered, and it appears below:

"Father, we thank You for the government provided by the State of Alaska. Father, we ask today that You would provide Your blessing for them. We thank You for all the men and women who work diligently so that we may live peaceably and in godliness.

We ask that You provide Your blessing on them today. Bless them body, soul and spirit.

We ask that You provide healing for their personalities and their souls, and salvation for their spirit.

We ask these things for them, interceding for them, in the name of Jesus Christ.

Amen."

HOUSE JOURNAL SUPPLEMENT

February 21, 1983

No. 12

TRANSCRIPT
OF
THE HONORABLE U. S. SENATOR STEVENS'
QUESTION AND ANSWER PORTION
OF THE JOINT SESSION
OF
FEBRUARY 8, 1983

Prepared by Laura B. Barton
Action Secretarial Service
128 Seward Street
Juneau, Alaska 99801

Now, Mr. President and Mr. Speaker, with your permission, I'd be pleased to try to answer any questions a member might have.

Q. Which two Senators read the bill?

A. Messenbaum and me.

Q. Are there questions of the Senator at this time? You have the floor, Mr. _____.

Q. Senator, on the railroad bill, now my understanding is that we are required to respond to the offer that is made within 12 months of the date the President signed the bill. What is the consequence if we do not accept the offer of the bill, not in that time frame?

A. If the State either rejects the offer or does not act within a year, the bill that you have before you directs the Secretary of Transportation to sell the railroad, to dispose of it, giving preference to a purchaser who will agree to operate the railroad. I want to caution you against jumping quickly to the conclusion that that might be the least expensive way for the State, however, to deal with this railroad. Because in the provisions that we deal with, with regard to the transfer to the State, we take care of the Native Land Claims issue, those claims are valid against other than railroad right-of-way property, which reduces the area that they are valid from 38,000 acres down to 3,500 acres at a maximum. As you know, that will take some time to adjudicate but a serious question as to whether they are valid against even the 3,500, but there was a serious question raised here in the legislature about that. Secondly, in terms of the right-of-way, the State will get a right-of-way of 200 feet along the railroad wherever the federal government owns 200 feet.

Under the disposal section, neither the Native Land Claims question nor the right-of-way question is settled, and there is no tax-free revenue bond provision that's applicable. In other words, that is a disposal. The theory of it is that it is a disposal to anyone, not necessarily the state. If the state got involved in that process it would not get the advantages of the portion of the bill that permits the transfer to the state under what we consider to be rather advantageous circumstances. The only disadvantage to the state under that is it would have to pay the evaluation price. But we think that that price will be offset by the other advantages that are under the bill. Incidentally, the State will get title in fee to the right-of-way, to the 38,000 acres with the exception of that short space in Mt. McKinley National Park in the Denali area, and there the right-of-way is a perpetual right-of-way so long as the right-of-way is used for railroad purposes, and the land will revert to the Park status if the railroad is ever abandoned. But I think you will find when you study that bill that if the state is going to acquire the railroad, it will be much better off to take it under the state transfer provisions than under the disposal clause. The provision is there to signify to everyone that this is a bill to dispose of the railroad as far as the federal government is concerned. That was the demand from the House of Representatives over a period of years and we would not have gotten the bill passed without that provision in there.

Q. Senator, last year you introduced the matter of the Continental Shelf revenue sharing bill. What _____

going to do [indiscern.] . . . reintroduce a similar bill this [indiscernible]

- A. Yes, Senator, we are working on a new version of that bill. We are working very closely with the Department of Interior and the whole administration as well as members of the House on it and we hope to reintroduce it soon. I believe Senator Murkowski will co-sponsor it when I reintroduce it. It is a bill that provides for a revenue sharing of a percentage of the revenues the federal government currently receives from the Outer Continental Shelf development to go to states and to the communities in the area of the development. It doesn't represent a very large proportion if you look at it, but it is a lot better than nothing. And those revenues are projected to be rather sizeable. We have difficulty with this bill, as I'm sure you would recognize, because we have 70% of the Outer Continental Shelf. So any bill that deals with the OCS is really a bill to assist Alaska. And at the present time most people in Congress don't think we need much financial assistance. But from the long range point of view, we have no income from that development of that Outer Continental Shelf, and there are burdens for the state and the communities that will come if the Shelf areas are developed. And I believe, eventually, we will get that bill passed. It looks like we will be able to work out the support of the administration with a few amendments that they are discussing with us now.

PRESIDENT: Senator Halford, you were seeking the floor?

- Q. Senator, there has been considerable discussion about the _____ ban on export of Alaskan oil. I wonder if you see any action in that area?

- A. Mr. Halford, there will be, I think. As you know, the President and Prime Minister Nakasoni appointed a task force of representatives of both Japan and the United States to review the whole question of Alaska resource policy as it affects the trade negotiations between Japan and the United States. And we expect a report from that commission soon. As far as developing the tactics for handling it, in the Senate at least Senator Murkowski is now on the Foreign Relations Committee and on Energy, and those are the two committees that that proposal will go before. I would urge you to discuss it with him when he is here next week. I personally favor, of course, the removal of that prohibition against export of Alaskan oil. I would call everyone's attention to the fact that the word Japan doesn't appear in that amendment. It is not a prohibition to Japan, it is a prohibition against export period. And we need, I feel, to develop an Alaska price for oil. I've spoken to the legislature about that in years gone by, but if we had an Alaska price for oil, as the OPEC pricing system breaks up, as it apparently is, I think that Alaska would be a lot better off. I think that that export provision is really a key to our future pricing mechanisms as far as the sale of the royalty oil of Alaska. So I'm hopeful that we will get some support on that. And I urge you to talk to Senator Murkowski about the timing of consideration of it.

PRESIDENT: Senator Ray and then Representative Wendte.

- Q. Thank you. Senator Stevens, this is merely a parochial request, or question if you like. You touched briefly on the energy needs, and last year we inadvertently, we, meaning the legislature, passed legislation concerning

Snettisham and Crater Lake development, in which we appropriated the money and used the wrong language. It was federal funds, I believe, that were going to be available or could be available to assist us in the engineering preparation. I wondered, sir, if you could help us in getting that money, or at least assist us in some way.

- A. Well, Mr. Ray, I certainly hope that we are able to secure the cooperation that we need between the state and federal governments to get the future development of Snettisham assured. At my request, we did add on to the budget last year for public works, the monies to start that third phase as far as Snettisham is concerned. The difficulty that I have is, having gotten the money appropriated, we have not been able to get it released. I would urge that you do everything you can to make certain that the State of Alaska's portion of that funding is there and waiting, because if there are any strings on it at all, we'll not be able to get the federal money released and we are going to be standing there, you know, on the _____ routine. The state's participation has to be clear and unequivocal before we can get that money released. So anything you can do, here, will enable us to do what we have to do there. I agree with you one hundred percent about the need for that project. It is a project that was started as a federal project and ought to be continued with federal participation. But it does need state assistance in doing so.

[END OF SIDE 1, TAPE 1]

. . . I understand that's another project. They said, what would you ever do with the power? In a few short years, we need the power. That was the addition of Crater Lake.

PRESIDENT: Representative Wendte?

- Q. Thank you, Mr. President. I hope the Speaker doesn't take the Senator's words too seriously and introduce a four-minute session limit bill. But I do have a question for the Senator. Senator, there is widespread opposition in Alaska, if not total opposition, to the current wording of the Canadian bilateral salmon treaty. Would you care to comment on the gravity of Alaska's position should they oppose that treaty? Perhaps even more importantly, what options are there within the consideration of an international treaty by the Senate to alter or revise the U.S. position on that treaty?

- A. Well, answering the last part first -- I do think that there are mechanisms that we have in the Senate. You have all heard of reservations that we are capable of putting on a treaty. We are not able to modify the treaty text as such, but we can condition the Senate's ratification of a treaty on action contained in a reservation of the treaty. My position has been that we ought not to be, as a state, responsible for destroying that treaty process. We need the treaty in the long run more than anyone else. But we don't need this current draft of that treaty -- is pretty obvious. We all have, I think, discovered the inequities and the errors in the current draft of the treaty. We hope to convince our Canadian counterparts that that treaty is inequitable, if you look at the treatment of cobos, you

look at the treatment of the past efforts to curtail taking, we are, in effect, penalized for what we have done in the past since they're taking the average taking of the past few years where we have had the controls on our people and the Canadians have been very slow to put any controls on theirs. But the treaty process means more to us than anyone else, primarily because the _____ decision is starting to be extended over into Alaska waters. The federal courts there in Washington cannot have any impact on Canada, obviously, but they can have impact upon us if there is any kind of proof that we are harvesting salmon destined to enter into the jurisdiction of the court under the Indian Treaty in the State of Washington. A new treaty would have precedence over that existing treaty, as far as the protection of this resource base. And I think in the long term, we need that treaty, as I said, as much or more than anyone else. So I'm hopeful. I'm going to have a series of meetings with Elmer Rasmussen and his International North Pacific Fisheries Commission the first of next week. I hope to meet with fishermen throughout the state. And I will be down here, I hope, to discuss with individuals here in the legislature who have great interest in that. I hope we can set up a procedure whereby we articulate our feelings about the deficiencies of this treaty process to date. But we don't take it upon ourselves to kill that treaty process. That we want the treaty process to work and have it produce a document in the end, or a series of documents that can protect our interest. I think that's possible if we approach it the right way. And I would urge you, as you consider resolu-

tions concerning that treaty, to express what I think we would all agree upon, and that is our disappointment with the document that we have now, but express the desire for that process to continue and to have it worked out. So we are not in the position, ultimately, that the East Coast ended up in. And I urge you to study that. When the treaty dealing with the Canadian/U.S. fishery problems on the East Coast came before the Senate, it had such heavy attack from all U.S. sources, that the President finally withdrew it. As a consequence, there is no arrangement between Canada and the United States on the East Coast and the people who objected are the ones that are bearing the brunt of having no relationship at all to solve the problems that exist there. Now, we have a similar problem here on the West Coast. As a matter of fact, it is exacerbated because we have north and south and the Canadians have the middle ground, literally, in this fishery controversy. And I do believe that with the State of Washington and our state working together we ought to be able to fashion a document that will put it back in the hands of the Canadians expressing our point of view that the resource base needs protection, but the current draft is inequitable. And I think we are going to have substantial support from the State of Washington in that regard. But I urge you as you talk about it and visit with your constituents, to try to get this Alaska approach a positive one, and not get us in a position where people can say that Alaska killed the salmon treaty. Because I think we need it in the long run.

PRESIDENT: Are there any further questions of the Senator?

You have the floor.

Q. Thank you. Senator, it certainly is a pleasure to see you here today and [indiscernible] ...been noted that, I believe it was on the 3rd of February, the limited entry on the halibut fisheries that's gone on the register. And I think it is probably safe to say that the two areas concerning the limited entry in the halibut fisheries center around the share-quota system and the proposed moritorium. The share-quota system has probably very much gained opposition statewide whereas the moritorium, depending on which community you are from and the feelings of that community, whether the moritorium is good or whether it is bad, I think, is kind of an individual thing. Possibly in your encounters with the fishermen throughout the state, you may wish to include as part of your discussions with them, possibly for my benefit and for the benefit of my colleagues here and maybe for our constituents throughout the state, what actually happens when something like this gets on the register? I understand we have about a 45-day period for comments, things of this nature. Maybe you could just elaborate the procedures as to what happens and if you have further input into this.

A. Well, during the period of the publication, as you know, comments are invited on the proposed action. And this is the time for Alaskans to come forward and register their support or opposition to the proposal. I might say this,

that you have to back up to the 200-mile legislation itself, to see what's involved because in that bill we asked the states to delegate a portion of their powers to regional councils. And the federal government delegated a portion of its powers to regional councils. And what is out there is a publication of a government which is between the states and the federal government. It stands alone and deals with only one kind of an issue, and that is the protection of the fishery species within the water column of the 200-mile limit. But as a practical matter, it has great power as a government entity to propose solutions to existing problems. I think it doesn't come to us until, once the process is over and the action is finally approved, it goes to the Secretary of Commerce, where the federal government retains a veto power over the proposal. We have just changed the 200-mile limit so that that review by the federal government must be rapid rather than take two or three years as it has in the past. I expect this to be a very controversial issue within the state. I think the solutions that have been suggested are obvious solutions and the problems that are being discussed are individual problems with a new concept. Again, though, I would caution Alaskans, because we are the only state that has a majority of the boating members living within a state that control a regional council. And if we get in the position where we attack that regional council and what it wants to do, what those residents of Alaska say is in the best interest of the fishery, the only result is that the problem goes back to Washington. And we passed the 200-mile limit bill to get those solutions to the regions that were effected. So the disapproval of this

suggestion, again, would be to the disadvantage to the very people that would be complaining about it. If there is opposition to what has been suggested, it's imperative that the people within Alaska that are effected by that proposal come forward with alternatives that will work to solve the problem involved. Otherwise, I'm sure you know that if that's not solved, an interim regulation can be issued by the Department of Commerce under the 200-mile limit law. And the net result would be that we would not have the input that we should have on the development of our own fisheries. So, while I understand the problem, the aversion that some people have to the limited entry concept being extended out, and that's what I understand is the impact of this. On the other hand, I hope that there is a general understanding in Alaska that we sought that power for Alaskans, they proposed a solution, and if people disagree with it, it's really encumbant upon other Alaskans to come forward with a better solution, not just shoot that one down. And I hope that's the result that we see out of this.

PRESIDENT: There are one or two more question. Senator Josephson had been seeking the floor, then next, Rep. Vaska.

- Q. Senator, before I ask my question I want to take this opportunity to ask my colleagues not to read my bill while we're here.
- A. What you do, Joe, is you get someone to oppose them, and at the very last minute you run in and you say, this has got to pass because he's removed his objection. It's a nice little thing. But I want you to know that I don't control Messenbaum well enough to make him _____.

Maybe someday we'll develop that relationship, but I don't have it now.

- Q. Senator, on the question of fairness [indiscernible]
- A. We have studied that. And I think if you look at Senator Dickson's bill, he's the leader of this, Senator Dickson and Senator Durenberger, and coming from the Mid West have a bi-partisan approach to this. I think if you look at their bill you will find it's rather ingenious, and that fairness question really doesn't come forward. I think that the compact we have with the federal government in statehood entitles us to the same rights of other states. This bill would apply to other states, but it would not have the same impact on them it would have on us. Because we're the only state that has the amount of income from severance taxes that we do. There are other ways, incidentally, that the federal government could get to that. One of them is the Canadian solution. I don't know if you've heard about that -- when they had the problems between Alberta and the Canadian federal government, the federal government finally passed a law that said that severance taxes imposed by the Alberta government were deductible from federal income tax only to the extent of eight percent. And that just meant that people stopped drilling for oil until the severance taxes got down to eight percent, because no one could afford to pay both the income tax of the federal government and pay the Alberta severance tax. The final result was that Alberta reduced its severance taxes. So there are other ways that they could do this besides the Dixon Bill, and it's going to be a tough fight. I want you to know we are looking at -- you know the figures we are looking at -- I don't need to

tell you in terms of income per capita. But the current severance tax, the Library of Congress tells us, is not transferred to the consumers of other states. The only thing they can talk about now is, is it fair for Alaska to have that kind of income when other states have enormous deficits. So the fairness issue goes the other way. And it's not a question of fairness under the compact, it's a question of fairness of bearing the burden of local government, and they say we have too much income and that we should share it. As you know, one presidential candidate in the last election suggested that. And I want you to know the growing number of members of the Senate have told me that they believe that there's some substance to this argument, that we have too much income and that the federal government ought to find a way to take that income into the federal treasury. It's a very serious problem for us in this Congress.

PRESIDENT: Rep. Vaska, you had been seeking the floor.

Q. Mr. President, Senator Stevens, I appreciate fully the fact that you gave a lot of thought to the sovereignty issues that are facing Alaska Native peoples and your thoughts that this legislature and governor should deal with that. My question deals specifically with the trust responsibility that the federal government has with Native people and it's applicability to Alaska Natives and Alaska Native villages. There are obviously a lot of resource conflicts involved with this trust responsibility and just recently, last Friday, the Department of Interior came out with proposed regulations governing the Norton Sound Lease Sale and the last week or couple of weeks the people of Western Alaska have come up very strongly against the Secretary of the Interior holding that lease sale at the present time.

As a matter of fact, I find little opposition among Western Alaskans to stopping that development completely. Except that they have asked for a five year delay, and the governor recently asked for a two year delay, presumably to get ready for the kind of development that OCS development will have in that area. The problem seems to be with the Secretary of the Interior carrying out his responsibilities to people along the West Coast. My problem is the State's responsibility making sure that that legal relationship has some validity in the eyes of Congress and in the eyes of the President, and in the eyes of the State. Would you care to comment on that?

A. Well, I can tell you, in my opinion, there is no trust responsibility of the federal government in terms of areas to be leased. There is trust responsibility to use people who are on shore. And the question is to work out the two responsibilities. One, the direction of the Congress, the Secretary of Interior, that mandates him to lease. As a matter of fact, the budget for the current fiscal year includes an estimate of revenue from that leasing. And currently, the Secretary of Interior has cancelled the Shelikof Straits, has cancelled the Lower Cook Inlet, has postponed part of the Beaufort Sea, and I've warned people all along that the time is going to come when the ball stops bouncing, and it stopped bouncing in Norton Sound. He said he is not going to delay Norton Sound. As a matter of fact, I don't think he has anything else he could substitute for Norton Sound. Now we have approached it on a different basis, and that is to try to get an agreement to delay development. Leasing itself is no risk to the people of the area, it's the development

that's the risk to the people of the area. And we've been talking about trying to find a way to slip that development program for a year or two in order to deal with the problems that you are talking about. We had a similar problem in Yakutat. For those of us who lived through it, and some of you were here in the Legislature at the time that developed know that a similar problem developed when drilling took place off Yakutat. As a matter of fact, there's an excellent film that was made after that was all over that I would urge you to look at if you haven't seen. But the trust responsibility onshore cannot prevent the Secretary of the Interior from carrying out the direction of Congress offshore. And that, unfortunately, is what's being asked. He is being asked solely because of onshore trust relationships to delay an offshore lease sale which in and of itself does not have any damage to the onshore trust responsibility. The development might. But the leasing does not. And obviously once it's leased, the development is going to come on. But the question of timing of that, vis-a-vis balancing the efforts of the federal government and state government to meet the problems of that area, I think, are serious. Let me tell you, I talked to members of the oil industry and I told them this. I said, "you've got to recognize that that area is adverse to forming local self-government under state law. The North Slope did it. They've got a borough and they've got a city. And the city and borough of the North Slope are taxing the the oil industry and are receiving a benefit to their constituents from the development that's going on. These people don't have a government that can do that." And I told them, "what you ought to do instead of forcing these people

to get together and form a borough and bring on the taxing authority, is paying them some payments in lieu of taxes." The real problem there, in my opinion, is that that area is just like the state government, it has no chance at all to have any income derived from the Outer Continental Shelf development and yet it knows it has got burdens coming that it must face because of the Outer Continental Shelf development. And we've got to find, between you and those of us who represent the state in Washington, an answer to that problem. That isn't the Secretary of Interior's problem. It's not a trust relationship problem. He's got money, if they really _____ burdens in some areas that he can help them alleviate that problem. But the real problem is meeting the decision of the people of that area not to form areas of local self government under state law. Instead, as I mentioned, they want to use the federal system of the Indian Recovery Act Villages which, I think, would put them in conflict with you here in the State Legislature and with the state government. I think it is incumbent upon us to help the Secretary out of that problem. But I've got to tell you, I did not ask him to delay the sale, I asked him to delay the development. And I think that is really what we need. That was in the Yakutat solution, incidentally, was a period of delay while they built up local confidence in what they were doing.

PRESIDENT: The Senator has been here for a long hour. I will try to remember to recognize some when Senator Murkowski is here that were not recognized last time, and perhaps some of the similar questions that they wish to ask now will be asked of the Senator. I really thank you for having us.

SENATOR STEVENS: Would you permit me, Mr. President, I'd like to introduce my wife. You were introduced? Thank you very much, I wasn't here. Secondly, I'd like to say one thing and that is, it takes your time and it takes our time to come to do this. But I hope you realize we are the only state in the union that does it, that has a situation where we meet and it's public. That the people can listen to the questions that you ask us and our answers and we have a dialogue. It is quite similar, as a matter of fact, to the Canadian dialogue that goes on, both within the Parliament and within their system of returning back to their constituencies and dealing with town meetings and with provincial meetings in the Canadian system. It has been meaningful to me and this is my 15th time to come back before you. And some of you are still here who were here when I was here, and I congratulate you on your perseverance, as a matter of fact. I do hope that it is meaningful to you that we do this. And I have encouraged both Senator Murkowski and Don Young to continue the tradition and I know that you have invited them. It's a courtesy to us and we don't try to abuse it. And I appreciate your courtesy to me and I appreciate the help that you've given us. I was just talking to someone this morning -- my last comment to you will be this -- we're a small state, we've got enormous problems, we've got a tremendous future, we can only destroy that future if we get into the point where we try to take somewhere else our problems and ask them to solve them for us. And I'm delighted with the relationships we have with Governor Sheffield and his staff and the work that is going on, the fact

that Johnny Katz is coming back to Washington means a lot to us because it does solidify that basic cooperation that we must have. If we stay together, we're going to win these battles. But if we try to take to Washington the problems, whether they be fisheries problems or energy problems or any of these problems, and we're not together, Washington, I'll tell you, will never solve a problem where there's two sides of a state represented before a Congressional Committee. The Congressional Delegation on this side and the Governor or the State Legislature on that side, they will not act. It's just an impasse. And I have done that myself. I've just said, you people settle it and come to us and tell us what your state wants. Now, that's our advice to you, I urge you to continue this relationship we've had in the past. I thank you for it, personally, and I thank you for even some that's been well-known to be -- what was it you said, Mr. President -- friendly, critical advice, which I have accepted and followed. Thank you very much.

PRESIDENT: He got the last word again.

SENATOR STEVENS: Not quite.

PRESIDENT: Senator Ray?

SENATOR RAY: Mr. President, I move and ask unanimous consent that the Joint Session be adjourned.

PRESIDENT: The Joint Session is adjourned.