State policies earn Alaska mixed rating

Alaska has received mixed ratings on a report card reflecting the state's economic performance over the past several years. Robert Friedman, director of the Washington-based Corporation for Enterprise Development, gave Alaska grades ranging from A to F in four major categories.

For the important category of state policies encouraging economic growth, Alaska scored an F, ranking 49th among 50 states. This category measured equity of tax structures, ease of state permitting and aid to distressed communities. Friedman, who addressed RDC's "Great Opportunities" Conference, said Alaska's corporate tax structure, based largely on oil taxes, dragged down Alaska’s rating. The state also failed a major test in the ability to sustain a predictable level of income over a long period of time.

For business vitality, which measures such things as self-employment, new business formations and international exports, Alaska scored an A. It ranked first among 50 states.

In his address before RDC's "Great Opportunities" Conference in Anchorage earlier this month, Governor Steve Cowper outlined his plan to attract more investment, and help develop new entrepreneurs at home.

The governor also proposed creating an Alaska Science Foundation with a $300 million endowment. The foundation would finance a wide range of research projects ranging from research on King Crabs to the high rate of suicides in bush Alaska.

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After twelve years, Paula Easley to step to sidelines

It would be nice if Teddy Roosevelt could have known how many people's lives he influenced with a few well-spoken words. His observations have been an inspiration to me for many years. The words remind us:

"It is not the critic who counts, not the man who points out how the strong man stumbled or where the doer of deeds could have done better. The credit belongs to the man who is actually in the arena; whose face is marred by dust and sweat and blood; who strives valiantly; who errors and comes short again and again; who knows the great enthusiasms, the great devotions, and spends himself in a worthy cause; who at the best, knows in the end the triumph of high achievement; and who, at the worst, if he falls, at least falls while daring greatly, so that his place shall never be with those cold and timid souls who know neither victory nor defeat."

When I reflect on these words, I see members of the RDC staff. I see people working in all our divisions, and I see the board members who stand up for RDC in all our communities. I see the activists who have upheld the principles of RDC both within the organization and through other groups with which they are affiliated. To me it is a stellar group of unsung heroes. While many of these very special people have known the triumph of high achievement and have become leaders throughout the state, they have never lost that raw zeal that made Alaska a better place to live. And they continue to see the Resource Development Council as a unique organization that brings people from all walks of life together to learn, to share ideas and causes and to help each other in that important goal.

When I step to the sidelines of RDC this June, it will be with a warm feeling of sharing and accomplishment that has greatly enriched my life. Each of you has given me so much, and if you remain committed to the great enthusiasms of our work to improve the quality of life for all Alaskans, I'll know the last twelve years of my life were well spent.

A search committee has been formed to consider applications for the executive director position. Those interested in applying should send a resume and writing samples to: Search Committee, Box 100516, Anchorage, AK 99510.

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RDC supports legislation on mariculture

As a means of diversifying the seafood industry and creating resident employment, the Resource Development Council is supporting legislation on mariculture development.

The Council's fisheries committee headed by Michael Brilli has been working on legislation which addresses all types of mariculture projects. Existing law bars many forms of aqua farming in Alaska.

"We must facilitate all shellfish, sea vegetable and finfish operations if we are to take advantage of the market opportunities that mariculture presents," said Brilli. Mariculture projects compete in markets separate from commercially caught and processed seafood products by generating these new markets and introducing consumers to new, high-quality Alaska seafood products, all Alaska seafoods will benefit from a more positive image. Mariculture operations require full-time, year-round labor forces, noted Lynn Gabriel of Arctic Seas Development Group. "Not all regions of the state will be suitable for mariculture, but where it is feasible, it can provide a much-needed expansion and stabilization of local employment," said Gabriel, who is also a member of the Council's fisheries committee. "For some communities where traditional fisheries are declining and little or no opportunities exist in other industries, mariculture may be the bright spot on the horizon."

House Bill 108 and Senate Bill 106 provide a framework within which all areas of mariculture can be developed with concern for the environment and existing fishery activities.
North Dakota economic specialist offers strategy

William Schott, economic development coordinator for Basin Electric Power Cooperative in Bismarck, North Dakota, told RDC conference delegates that economic development is not necessarily limited to the creation of wealth for new business and industry, but also includes modifications of existing business activities to meet needs of a community and its citizens.

"The challenge which confronts us all is structuring the political, social and economic characteristics of an area to stimulate economic development activity," Schott said.

Volunteers are the best answer to turn the economy around at the grassroots level, Schott noted. "Rural people, city people, business people and utility leaders must all work together to survive together. We must give them the tools for developing strategies to meet their needs and make events happen.

Schott said local economic development efforts fail because they don't develop even the basic infrastructure such as detailed and precise costs and specific information on the community or region. He offered three strategies to make community development work. The first calls for development of information. Information about a community is leading to a detailed community profile to identify and better understand the community.

"Utilities and other economic development people know how to package block grants, start development corporations, develop industrial parks, prepare business plans and put together treatises and writing methods to get a business started," Schott said. "By getting to know the people on the state and national level, we can put them to use to help our volunteers get the job done."

The second strategy demands good training courses for community volunteers so that they can understand the economic process. "Unions are professionally working in economic development, we are volunteers," Schott said. "This includes a community's mayor and city commission."

The third strategy stresses technical assistance to volunteers. This strategy becomes important once a community has developed a profile and has trained its local leaders and volunteers.

"Intraurban development people have to know the political climate, how to get a government grant and put together treatises to make things happen," Schott said. "This is a challenge for us to understand what the state and national level, we can put them to use to help our volunteers get the job done."

Anchorage as an international financial hub?

Alaska could dramatically boost foreign trade and entice major worldwide investors if it successfully attracts an international financial center to Anchorage, according to Yoon S. Park, a leading George Washington University business professor.

Speaking at the April 4 keynote luncheon of the RDC "Great Opportunities" Conference, Park said, "Anchorage possesses many advantages as a potential international financial center. Some of these obvious advantages include political stability, convenient air transportation links to Europe and Asia and well-developed telecommunications facilities. Because of Alaska's high-tech communication capability, Anchorage is well situated to take advantage of the international development opportunities. This includes the development of financial expertise in Anchorage and entice major worldwide investors if it successfully attracts an international financial center. Some of the 12 billion barrels of oil that is currently unrecoverable at Prudhoe will hold the key to new recovery and increasing production. Oil producers say the state house bill would penalize them for increasing production. Some of the 12 billion barrels of oil that is currently unrecoverable at Prudhoe will hold the key to new recovery and increasing production. Oil producers say the state house bill would penalize them for increasing production.

For off shore Eurocurrency deposits, financial expertise and reputation, Park believes it would also attract offshore Eurocurrency deposits, insurance and reinsurance business for the Asian region, commodity broking, precious metals trading and other related business. "Anchorage as an international financial center? Park asked, "Difficult, yes, but impossible, no."

Conference report stacked with info

The proceedings of the 1987 "Great Opportunities" Conference, including a wide range of new economic development ideas from leaders throughout the United States, will be available soon.

The bound several hundred-page document includes the prepared texts of 16 speakers, an executive summary of the conference and collected papers for publication. Reports on the community leadership, including the work of the Resource Development Council, will also be included along with a complete list of names and addresses of conference speakers and attendees.

General editor of the Conference Proceedings is Bill Schott, a partner in the Anchorage law firm of Nelson, Greenberg, Noonan and Nitigela. The legal rights of Alaska's resource industries have been violated. The Ninth Circuit said that the pre

RDC elects new officers

Long-time Alaska businessman Joseph R. Henzi has been elected President of the Resource Development Council. Henzi's election to the one-year term came at the Council's 12th annual meeting of the Board of Directors in Anchorage this week. A 78-member statewide board was also elected along with a new Executive Committee which meets weekly in Anchorage.

Owner and operator of South Central Timber Development, Inc., an Alaska logging and farming firm, Henzi is currently a vice president of RDC last year. He has been an active member of the RDC board and executive committee, and has engaged in the private practice of law.

Other new officers include vice presidents John Forceville, president of Teamsters Local 959, Shelby Stastny, a CPA with Arthur Young & Company, and John Rense, vice president for resources at National Aeronautics Corpora

The Council's Board of Directors also adopted a resolution forming a student chapter of the Resource Development Council. The chapter, recommended by university and high school students participating in the recent Great Opportunities Conference, would encourage involvement of youth in the Council and provide a significant contribution toward their education and understanding of resource development's vital role in the Alaska economy.

To add to the new officers, the 1987 Executive Committee is comprised of Sharon Anderson, Seward; Earl Batisch, Fairbanks; Floyd Brownfield, Anchorage and the leadership workshops, which followed the conference, are also available for purchase. For details call RDC at 276-0760.

Tax law would cut new oil revenues

The Resource Development Council is urging Alaska legislators to oppose a bill that would cut the Economic Limit Factor (ELF) in the state's severance tax. While higher oil taxes would be generated in the short run from the tax law change, the loss of hundreds of jobs and revenues would occur in the long-term, according to the RDC Oil and Gas Division.

Submitted by Governor Steve Cowper, House Bill 164 would postpone the application of the ELF to Prudhoe Bay for five additional years. Enactment of this bill would result in the Prudhoe Bay of producers paying more taxes than they would under current law, which already makes the Alaska tax rate the highest in the nation. If the ELF is applied to Prudhoe Bay as originally intended, the tax rate on the new oil would increase. HB 164 basically a zero tax rate would decline in several years because oil companies would not be inclined to spend money to increase field production.

Oil producers say the state house bill would penalize them for increasing production. According to RDC, HB 164 is clearly "tax increase legislation." The Council argues that increasing taxes on Alaska's depressed oil industry makes no sense. The new legislation would make new investments in Alaska petroleum development less attractive.

Oil companies are looking at ways to extend Prudhoe's production life by drilling new development wells. However, if enactment of the ELF is delayed, future drilling at America's largest oil field could be reduced by 25 percent, resulting in lower prices for Alaska's oil.

Some of the 12 billion barrels of oil that is currently unrecoverable at Prudhoe Bay under today's technology could be captured once new technology is developed. However, major capital investment would be required to develop such technology necessary to extract the oil.

A change in the tax structure would only serve to dampen the economics of these new, marginal projects, the council has stated. While Prudhoe Bay is currently not a marginal field, some industry analysts believe that the field is becoming marginal and that companies that acquire new oil out of the Prudhoe formation will hold the key to new recovery and state.

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Members of the new Executive Committee include, at its right in back row, former president Boyd Brownfield, Pete Nelson, Treasurer Larry Laughton, President Joseph Henzi, Secretary Steve Ellis, John Kelsey, Ethel H. "Pete" Nelson, Anchorage, Vince O'Reilly, Kenai, and Tom Farquharson, Sitka, David Smith, Dallas, Steve Doug, Rick Webber, and Chuck Webber, of Anchorage.

Progress in resource lawsuits

The legal rights of Alaska's resource industries took several significant steps forward in the past few weeks. In the most wide-reaching case, the United States Supreme Court finally overturned the Ninth Circuit's 1967 decision to stop all small mining operations on federal lands controlled by the Bureau of Land Management. While an appeal of a district court ruling against the Swins Club is underway, the appeals court has stayed all mining operations pending the outcome of the Swins case. In one of the first cases following the Supreme Court's new ruling, the Ninth Circuit has reinstated a production ban on BLM's Chatanika project on April 24.

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Mining is on the rise, except here

While gold mining is booming in neighboring Yukon Territory, only British Columbia because of higher gold prices and improving technology. Alaska experienced a 36 percent decrease in placer mining, a 16 percent decrease in gold production and a loss of 390 jobs in 1986. Aside from gold and copper mining, ash, gravel mining and coal mining have welcomed 14 new mines and 1,580 new jobs while British Columbia has seen a 24 percent increase in gold exploration activity. Recently constructed infrastructure in remote areas of the two Canadian provinces is expected to spark additional mining development as projects become more economically viable with road access.

Debate over “core calving area” continues

The consulting biologist who did field work on which the U.S. Fish and Wildlife Service is basing its designations of ANWR “core calving areas” claims the concept is unfounded. Biological Dave Roseau of Fairbanks said “caribou are a highly migratory, versatile species capable of handling a variety of sometimes harsh, rapidly changing and often widely varying conditions in their environment. The annual variations that have occurred in wintering areas, migratory routes, calving areas and post-calving areas are examples of the abilities of caribou to utilize success more than just one specific, fixed area.”

“arbitration committee of the state Department of Environmental Conservation believes that if regulations are successfully more than just one specific, fixed area.”

“Legislation prepared by RDC requires a permit to meet only a standard which is compatible with the immediate downstream use. Unless there is an immediate downstream use, the requirements should reflect a range of values which are technically and economically attainable and which are satisfactory for other downstream uses. The Council is also calling for values to be no more restrictive then federal standards. The Council believes that if there is to be a placer mining industry in Alaska, it is time for the legislature and administration to put this issue to bed by adopting SB 98 and HB 109 so the miners can get back to work.

From his headquarters in Cleveland, the chairman of the Standard Oil Company told Alaskans that the key to maximizing the state’s great opportunities depends on increasing or high tax rates and a government which is focused on the side of encouraging enterprises. Robert B. Horton, chief operating officer of the parent company of Standard Alaska Production Company, addressed the opening keynote luncheon of RDC’s annual conference by videotape, played across a large 14-foot screen in the Sheraton ballroom. Horton had planned to deliver the presentation in person, but was forced to curtail his recent trip to purchase Standard. He stressed that Alaska’s future prosperity is dependent upon three pillars — raw material riches, inventive individually and a government that supports enterprise.

“Take one pillar away and the whole falls down,” Horton warned. “We must rely upon human ingenuity and encouragement from government to create opportunities.

Emphasizing that Alaska’s opportunities depend upon the three pillars standing together, Horton said that Alaska has the opportunity right now at critical time to develop known resource deposits. “The stark fact of life is that with prices low, we can hope to develop current prospects only if we lower our expectations,” Horton said. “We will have to rely on the help — not hindrances — of government and society.”

Denting the high cost of regulations, Horton pointed out that proposed federal regulations to classify drilling mud as hazardous waste could cost the oil industry $20 billion. He asked how many wells and jobs would that single regulation about.

Mining and coal face similar problems, Horton noted. “I wonder how many more American miners will see their employers disappear because of new environmental regulations?”

Horton said that if Alaska is to remove barriers to opportunity, then “the twin swords of regulation and taxation must be turned into plowshares for not just U.S. consumers, but producers, as well.” He warned that raising more tax revenues from industry would “roll the well dry sooner, with less overall revenue in the long run.”

Horton stressed that oil and gas development in the Arctic National Wildlife Refuge would bring great opportunity to Alaska, noting that the industry spent over $36 billion to develop other North Slope oil fields in an environmentally-sound manner. He asserted his view that new development would not spoil wildlife habitat. “We continue to pledge to work with every sensible expert to make sure wildlife continues to thrive,” he said. “The oil industry minds its manners much better than Mother Nature.”