RDC seeks new fees structure for permits

Fees structure would be based on predictability and accountability

RDC board members and staff are working hard in Juneau this session to create a state agency permitting fees structure based on predictability and accountability.

The vehicle RDC is pinning its hopes on is House Bill 361, sponsored by the House Finance Committee. Companion legislation will be introduced in the Senate soon.

"While industry recognizes its responsibility to pay for the services it receives, the issue of allocating program costs between the public and the regulated community remains unresolved." said Bob Stiles, RDC's Senior Vice President and Chairman of the fees group. "RDC applauds the Legislature for its past involvement in this issue, and appreciates having had the time to design a well-crafted product."

From January through July of last year, the group worked to develop consensus points on state agency permitting fees and to draft legislation based on those consensus points. Throughout the development stage, the fees group worked closely with the Department of Environmental Conservation, as well as the Division of Governmental Coordination, and the Governor's Office. Since July, the group (Continued to page 4)
RDC sets legislative agenda

RDC recently ratified this year's legislative matrix - bills which we track, support, or oppose. At the top of the list is HB 361, legislation which seeks to establish in statute a flexible and predictable level of fees charged and accountability on the part of an agency charging the fee. Regulatory efficiency and recent streamlining can be accomplished in relatively small increments and that is why initially we are looking solely at a number of programs within DEC as a model to hopefully apply to other resource agencies in the future.

RDC is also supporting other measures that would bring efficiencies to state government. We are supportive of HJR 2 which would amend Alaska's Constitution to allow for biennial budgeting. Currently state agencies spend considerable time every year preparing for budget presentations to the legislature through hearings, debates and closeouts. Switching to a two-year cycle would bring about significant cost savings for the Legislature, Administration and the agencies.

We are also supporting SB 175, which proposes changes to the Alaska State Mining Law. This bill makes changes to the methods of locating mining claims and rental payments and proposes other minor changes to bring additional efficiencies to the current process. It also allows for the expanded use of modern electronic methods to reduce the time and cost for the state to process information. These changes only affect the process of locating mining claims and do not increase or decrease the rights established by claims. These changes simply help the process of staking mining claims and reduces errors during the staking, recording and filing process.

The Alaska Railroad wants to improve safety and efficiency of its operations by upgrading and realigning its track between Anchorage and Wasilla. To accomplish this project HB 362/SB 235 authorizes the Alaska Railroad to enter into intergovernmental agreements needed for a track upgrade and realignment project. Beyond many of the safety features the upgrade and realignment bring, it would also provide jobs through additional freight and passenger service and help to build a better infrastructure to support future economic development in Alaska.

RDC is opposing legislation that would change the state's income tax on the oil and gas industry from an apportionment approach to separate accounting HB 307/SB 214. The present state tax law apportionment assumes profit-making potential is generally uniform worldwide, and hence worldwide profits can be apportioned to Alaska in proportion to how much production, investment and sales are here. The separate accounting approach pretends that all the non-Alaskan portions of a unitary business do not exist and requires arbitrary rules to determine how much income and expense from multi-state activities will be allocated to Alaska.

Given much of the uncertainty already facing the oil and gas industry, now is not the time to destabilize Alaska's tax regime and discourage needed investments by making major changes to Alaska's tax structure. Separate accounting will increase vulnerability of state revenues to oil price fluctuations. Moreover, the relative tax impact of capital spending to separate accounting will generally be worse per barrel for new fields like Alpine than it will be for mature fields in decline, given the new fields tend to have more "Alaskan" profit per barrel under separate accounting than old fields, although precise effects will vary per field.

RDC is supporting resolutions in the House and the Senate opposing President Clinton's proposed roadless policy. The resolutions oppose inclusion of the Tongass and Chugach in the President's final policy and encourage the Governor to take appropriate legal action when necessary.

Please don't hesitate to call RDC on these or other legislative issues of interest. You can be assured that RDC will be working hard on these legislative issues to advance responsible resource management efforts in Alaska.

The Bureau of Land Management (BLM) has authorized ARCO to begin its winter exploration program on some of the federal oil rights that it acquired in May's lease sale in the National Petroleum Reserve - Alaska (NPR-A).

ARCO is authorized to drill up to eight exploration wells. However, this work may be spread over three seasons. Only two or three wells are expected to be completed this year before works ends in the spring.

BLM has issued the necessary right-of-way permit and approved the company's application for permit to drill. No permanent roads or facilities will be constructed for this exploration program and access will be by ice roads.

Meanwhile, BLM is continuing to plan work on its seismic studies for the Northstar project and is cutting ice in preparation for trenching for pipeline installation later this spring. Workers are currently welding pipe in one-mile lengths. The company expects to have the offshore portion of the pipeline in place before summer.

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Thoughts from the President by Jim Branch

Roadless policy has potential to double wilderness

Only one-quarter of existing roads passable by two-wheel drive automobiles

The rationale for the policy is that 383,000 acres of roads already exist in national forests. But only one-fourth of these roads are arterial or collector roads that can be used by automobiles. Three-quarters are only passable with high-clearance, four-wheel drive vehicles. More than 78,000 miles of national forest roads were closed many years ago primarily for recreation and access to natural resources. Many of the roads built for logging have either been closed or maintained for public recreation.

President Bill Clinton's proposed roadless policy would, at a minimum, more than double the number of acres set aside as wilderness from the forests of Maine to California and Alaska - all without congressional authorization.

The policy, which is now on the fast-track to approval by year's end, would block road access to so-called roadless areas. The policy would also close many existing roads.

Multiple-Use Sustained Yield Act and the 1976 National Forest Management Act. These and other legislation are seen as a reflection of the advent of a new philosophy among American public in their concept of national forest policy and has heralded the arrival of a new philosophy, referred to by some as "The New Environmental Paradigm." Although many components of the Progressive Conservation Movement still exist such as the "wise-use" philosophy, the current paradigm is seen to reflect a "realization of the finite limitations of natural resources and the need for a balance of nature."

The New Environmental Paradigm movement has been championed by preservation, preservation, and environmental groups in general and is seen by many to reflect the true nature of American public attitude and belief as large. It is a belief that moves away from the support for industry that the Progressive Conservation Movement was seen by some as having supported. There are problems with this belief as Dr. Jo Ellen Force and Greg Fizzell reported at the Society of American Foresters National Convention in Portland, Oregon last year. Speaking on "How Social Values Have Affected Forest Policy, Force and Fizzell defined social values as "preferences that people share for certain types of outcomes or certain types of conduct." They sought to clarify obvious conflicts between economic, political, and quite different indicators of social values - a nationwide belief, based upon public opinion polls over the past 20 years, in the "New Environmental Paradigm" and our national buying behaviors for wood products.

Force and Fizzell observed that "public opinions do not directly affect forest resources, our behavior does" which consequently places foresters and effective national forest policies in a dilemma. A review of national buying behaviors since the 1950s clearly indicates a choice by the public for increased production and consumption of forest products. During these past 50 years, although the average household size has declined, the size of the average new family home has nearly doubled. Another noticeable change was the dramatic per capita increase in paper consumption. Another example of conflicting attitudes and behaviors is with the public's desire to maintain natural events such as wildlife which are contracted by the public's demand for fire control in urban-rural interfaces.

The United States, as a net importer of wood products indicates a developing national policy that prefers to keep all public forests as preserves with the implication that fulfilling our demand for forest products will be acquired from foreign sources.

By: Bob Wheeler
Alaska Cooperative Extension

Guest Opinion by Bob Wheeler

U.S. needs enduring national forest policy

"Do public opinion polls on management of forests and the environment, and our increasing demand for forest products indicate a developing national policy that prefers to keep all public forests as preserves with the implication that fulfilling our demand for forest products will be acquired from foreign sources?"

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Kinross sets sights on True North prospect

Kinross Gold Corporation plans to spend more than $50 million in the next three years to bring its True North gold prospect on line.

True North, located 25 miles north of Fairbanks near the company's Fort Knox gold mine, is expected to begin production in early 2001. About 100 new jobs will be created at the site. The company has submitted a draft plan to state officials to locate state agencies gauge the permitting process with respect to staffing and fees. A final plan will be submitted this spring, at which time the public review process would begin.

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Fees would be based on estimated and reasonable direct cost of service (Continued from page 1)

has continued to receive feedback from the administration and has been fine-tuning the bill.

"Our work with DEC staff has been particularly productive," Stiles said.

HB 361 accomplishes several important objectives. First, it requires the resource agencies to establish a schedule of fixed fees for relatively simple and repetitive regulatory activities. These fees must be based on the estimated and reasonable direct cost of providing the service and cannot include additional charges such as program overhead.

This change is important for two reasons. It will provide the regulated community with more predictability in determining the costs to permit an activity. Also, it ensures the person requiring a designated regulatory service will only pay for the costs associated directly with providing that service.

Secondly, recognizing that not all services provided by the resource agencies lend themselves to fixed fees, the bill directs the resource agencies to enter into negotiations with any person requiring a service to determine the costs of complex or controversial permitting activities. In the event that negotiations are unsuccessful, the bill requires the agency to bill on a strict time and expenses basis for the work.

"We strongly believe this legislation is an appropriate step toward fulfilling Alaska's promise of being open and ready for business." - Tadd Owens, Projects Coordinator

Arctic economic development summit set for April

The Arctic is rich in natural resources, home to America's largest oil fields and rich in untapped coal and mineral prospects. It is a harsh, yet sensitive environment in which to live and do business. Economic development in Alaska's Arctic requires forward-looking vision, a long-term and coordinated strategy, sensitivity toward the environment and respect of the culture, traditions and lifestyles of local residents.

For these reasons, the Northwest Arctic Borough and the North Slope Borough, in conjunction with the Resource Development Council are hosting the Arctic Economic Development Summit in Kotzebue April 18-19.

The summit will bring together representatives from the Arctic regions of Alaska, state and federal officials and industry leaders to share their visions of economic development in the Arctic and should occur in Arctic Alaska.

"Local leaders will share their vision of economic development, viable communities and traditional ways," said Lori Henry, Summit Coordinator. "Companies currently operating in the region have been invited to discuss their new and existing projects," she explained. "State and federal officials will review their roles and current efforts to encourage economic development."

"We need to sit down together in mutual respect and understanding in establishing a forward-looking vision and long-term strategy for economic development in the Arctic." - Stan Foo, RDC Treasurer

A panel of Arctic leaders will address maintaining traditional subsistence lifestyles and how large projects might affect the land and wildlife. Panelists will share their experiences, research and viewpoints.

"Unlike any other state, there are great economic interdependencies between urban and rural Alaska, which makes this summit especially important in establishing a strategy for economic development in the Arctic," said Stan Foo, RDC Treasurer. "A sustainable level of economic prosperity will only occur by acknowledging the interdependence between urban and rural Alaska," Foo said. "We all know Alaska's economy is largely driven by the development of our natural resources, but do Alaskans truly understand that almost all of this activity occurs outside Anchorage and other urban centers?"

Foo encouraged RDC board members to attend the summit and take an active role in the deliberations, noting it has been a long-standing priority of RDC to work closely with rural Alaskans to bridge the urban-rural divide.

"We need to sit down together in mutual respect and understanding in establishing a forward-looking vision and long-term strategy for economic development in the Arctic, Foo said." There is no registration fee for the summit, which will be held at the Kotzebue Armory. Additional information on the summit is available through Lori Henry at the North Slope Borough Office in Anchorage at 561-5144. Accommodations are available at the Nulagvik Hotel, 907-442-3331. Special round-trip air fares to Kotzebue are available through Alaska Airlines.

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