The Resource Development Council is urging the Alaska Legislature to pass a bill that requires all state agencies to disclose the full impacts of proposed regulations on the people and businesses they affect.

In testimony before the House State Affairs Committee, Mike Abbott, Projects Coordinator for the Resource Development Council, said HB 458 would generate a more responsive regulatory climate which should spur economic growth in Alaska.

HB 458, introduced by Representative Marco Pignalberi, would make a number of amendments to the Administrative Procedures Act, the system now used by state agencies to adopt regulations. The Council maintains that regulations have the force of law without the benefits of thorough legislative review.

"The Council recognizes that some of the most formidable roadblocks to the state's development -- and these affect all economic sectors -- are regulatory, tax and land use policies," Abbott said. "Our support of this legislation is tied to a fundamental belief that the regulatory adoption process should be more sensitive to those who will bear the impacts of the regulations."

One of the major points of the bill mandates preparation of the financial estimate of the cost or savings that will be incurred by individuals and entities directly affected by proposed actions. The objective is to provide all reviewers of a proposed regulation an opportunity to see the regulation in the light of its direct impacts on the private sector.

Although the United States is among the most productive of the major world economies, America's competitive edge has narrowed considerably with certain resource-based industries facing significant challenges of survival, according to Dan Maxim, President of Everest Consulting Services of Cranbury, New Jersey.

Addressing some 450 delegates at the Resource Development Council's Sixth Annual International Conference on Alaska's Resources, Maxim said unless challenges arising from excessive environmental legislation and regulations are met, America faces a continual erosion of its international competitive position in resource industries. He warned that this would be particularly unfortunate for Alaska, a state with substantial undeveloped natural resources.

Maxim pointed out that depressed commodity prices and other factors, such as aggressive and partially-subsidized foreign competition, and U.S. government mandated expenditures for environmental controls have forced plant closings, layoffs and mounting losses in place of accustomed profits.

"While the U.S. may not yet be facing a crisis, a continuation of current trends would lead to a world economic order quite different from that which we know today," he said. "No longer can America take it for granted that its children will enjoy the highest standard of living among the major industrialized countries."

Alaskans...Working with Alaskans to improve the quality of life through sound resource development.
Multi-year project
Alaska's Economic Priorities: A Five-Year Strategy

In 1984 the Resource Development Council embarked upon a multi-year project to ascertain actions needed to achieve Alaska's economy as state petroleum revenues began their projected decline.

To obtain the necessary information, over 200 communities and organizations were consulted and asked to begin setting priorities which could be formulated into a statewide economic strategy. Industries and government agencies also became involved in identifying constraints and solutions to the multitude of problems facing Alaska's young economy.

The project was undertaken with these assumptions:

1) Unless immediate efforts were initiated to increase jobs and revenues from other industries, the burden would fall on the petroleum industry to make up revenue shortfalls.
2) The scope of the project would be limited to enhancement of Alaska's basic industries, with consensus reached that growth of the state's secondary or service industries would follow basic industry expansion.
3) Alaska communities would play a leadership role in initiating policies, programs and capital improvements that would enhance local or regional industry growth.
4) Recommendation for necessary action would reflect realistic assessments of what could be accomplished in a five-year period.
5) The Council would assume a coordinating role in developing the economic strategy.

Status of the Project
The process of developing a strategic plan is a major step in breaking down the complacency about future growth, which has retarded efforts for new approaches. Building a broader base of public support and commitment will be a major objective.

The Council's next step is to distribute the position papers across the state to encourage widespread involvement in the process and raise the issue as a major concern on the public policy agenda.

The Council is confident that within a year Alaska's economic strategy can be in place.

Who owns the land?

1. What percent of land in the United States do you think is used for settlement, commerce and industry, energy and mineral production, transportation, water storage and other consumptive uses?

2. What percent of land do you think is used for agriculture and forestry, rangeland and wildland?

3. What percent of land do you think is devoted to non-consumptive uses (parks, wilderness, glaciers, deserts, wildlands and water)?

We Need Your Response!

Please return your answers immediately to the Resource Development Council,
P.O. Box 100516, Anchorage, Alaska 99510

Louisiana Pacific's decision to locate plant in Canada raises questions

by Terry Brady

The Alaska State government has recently been receiving hard questions on why Louisiana Pacific Corporation, which owns a pulp mill in Ketchikan (and formerly operated a sawmill in Seward) opted to construct and operate a structural wood panel (waterboard) plant at Dawson Creek, British Columbia, Canada.

Louisiana Pacific is one of the giants of the American wood products industry, with facilities from coast to coast. It has never before found it necessary to go out of the country to manufacture a product that will be marketed in the United States. State officials blame economics, cost of transportation and distance from markets as the reason Louisiana Pacific located its plant in B.C., and not in Alaska.

However, a review of the LP decision reveals other, perhaps more important factors, which include a $25 million loan from the Provincial government, a 20-year supply of raw material, freight costs which breaks even if both plants are to be considered as a prime example of how in the best interests.

British Columbia gains by these activities, and (if unfortunate for the American, including Alaskan producers, which must operate under extreme restrictions) the American consumer is also gaining, because Canadian produced products are less expensive.

Obviously, the current exchange rates between U.S. and Canadian dollars is contributory, but Canadian and U.S. officials state that is not the overriding cause of the LP decision. Exchange rates fluctuate.

The answers given to those questioning the possible loss of the Ketchikan plant are thus incomplete. Why doesn't the state just admit that industries such as timber, mining, and agriculture are being lost because of the forest policy strategy of the B.C. government?

The Alaskans have rightly recognized that their renewable natural resources can be managed to provide amenities, including those of a financial nature, and improve the standard of living for their people.

The British Columbia have learned that retaining local interest in the industry is in their best interests, and have indicated their willingness to make reasonable allowances to gain such industries.

Some significant examples of the B.C. forest products incentives, and resulting success, are: (1) The industry in B.C. over Alaska is the fact that the industry is "wanted" in Canada and is recognized as a producer of jobs, gross product and cash flow.

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Lawsuits threaten 3,000 jobs, $100 million to Alaska economy

As many as 3,000 mining jobs and the loss of over $100 million dollars to the Alaska economy are at stake in a lawsuit filed against the federal government over management of the industry.

A number of legislators and Alaska’s mining community have asked Governor Bill Sheffield to intervene in a lawsuit brought by a coalition of environmental groups against the Bureau of Land Management in federal district court in Anchorage to “stop work at every mine on the area, and, in the case of national wild and scenic rivers, complete the lawsuit would stop mining development on lands managed by BLM. However, Sheffield has refused, despite the severe economic consequences that could result should environmentalists prevail.

The Governor admitted the state has a direct interest in seeing that miners keep working, but stressed the state must also protect the environment.

The suit asks that before approving a mine, the BLM must conduct environmental assessments, review subsistence uses of the area, and, in case of national wild and scenic rivers, complete an environmental impact statement. The groups have asked the federal district court in Anchorage to “stop work at every mine on Alaska’s public lands, whether previously approved or not” until the BLM reviews the environmental effects of each.

Such assessments could take years, according to Rosy Rychabek, president of the Alaska Miners Association. If successful, the lawsuit would stop mining development on lands managed by BLM, which comprises approximately 90 percent of the placer mining in Alaska.

Because most miners owe money on equipment loans and need to operate every year, the lawsuit would cause numerous defaults and bankruptcy. One banker said the “on-again, off-again” mining industry would default if the environmental groups are successful.

RDC's members would provide information to the conference in February.

For over 100 years, Alaskans harvest fish, gold

For over 100 years, men and women have harvested both the gold and fish of Alaska’s streams. It’s a century-long record of high yield for both resources.

A brochure depicting that record has recently been published by the Alaska Miners Association to educate the public of the mining industry’s track record in the 49th state.

The brochure adds “mining adds no chemicals or foreign matter to Alaska’s streams” and “fishing simply takes the original matter from the stream bed, washes it with water, extracts the gold, and returns the rest to the stream.”

But government regulations “effectively designed to put people out of business” and “well-meaning groups ... concerned about preserving fish, water quality and the recreational value of Alaska’s wild streams” are about to end all that according to the miners brochure.

“Alaskans are too concerned, not only with our livelihood, but about the unique quality of life here. And that means making sure the Alaska we pass along to our children is every bit as rich in fish, good water, and scenery as it is today,” the brochure stated.

“This is not about the environment, it’s about the unique quality of life here. And that means making sure the Alaska we pass along to our children is every bit as rich in fish, good water, and scenery as it is today,” the brochure stated.

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The miners also explained that clearing land for agriculture and mining from the hills of Alaska’s streams added to the environment.

RDC's members would provide information to the conference in February.

The Proceedings of the 1986 International Conference on Alaska’s Resources are now available. The bound 312-page report includes the prepared text of each speaker’s presentation, an executive summary of the conference, solicited papers for publication and names and addresses of all conference speakers and registrants.

This useful document may be ordered at a cost of $25 per copy. To order your copy, send check to Resource Development Council, P.O. Box 10516, Anchorage, Alaska 99510 or call in credit card information to 907/274-0750.

RDC president Charles Webber, center, joins Senator Frank Murkowski, right, and RDC treasurer Shelby Strandly, left, for lunch at the conference keynote address.

Easy Ulrich, Assistant Executive Director of the Alaska Oil and Gas Association and RDC Executive Committee member Pete Nelison enjoy a lively discussion at the head table.

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Forest Management Agreements would boost timber production

The Resource Development Council is en-
couraging Alaska lawmakers to support a new concept in Alaska timber development which already results in a special, higher rate of tax-

ation which is imposed only on the oil com-
pa

panies. The separate accounting method would raise taxes to an even higher level.

The Resource Development Council be-

lieves that higher taxes of any kind would work against the long-term best interests of the state since it will end the climate of tax stability that has existed over the past several years. The current stable tax policy has en-
couraged additional investment and develop-
ment, and has helped maintain the health of an industry that serves as the economic foun-
dation of Alaska.

Under the separate accounting method, production income is measured by calculating the wellhead value of the crude oil and deduct-
ing certain production costs, to arrive at net income. The state's tax rate is then applied to this income.

The industry has invested more in Alaska facilities and pipelines than it has received in profits. The industry maintains higher taxes would leave them with less capital to invest in future Alaska operations.

In Alaska, the other major revenue sources for the state, namely oil severance taxes and royalties, are already directly tied to the price of crude oil. These latter two sources make up over 70 percent of Alaska's revenues. Be-

cause the state revenues are heavily depend-
dent on crude prices, RDC believes the most sensible policy for the state is to have an in-
come tax which is not tied directly to oil prices.

That would help dampen the effects of price changes and stabilize the state's revenue stream. The current system achieves this goal.

A change to separate accounting violates the Council's long-standing position for tax stability. It would put Alaska out of step with the rest of the country with respect to income taxes, causing administrative difficulties as well as creating double taxation.

Separate accounting does not provide Alaska the revenue stability the state so vitally needs. Maintaining a stable tax structure is the better policy for today and the future.

Regulations law is sought by RDC

(Continued from page 1)

Maxim stressed that the development of Alaska's rich unexploited mineral deposits could be an important factor in maintaining the competitiveness of the mining sector. How-

ever, he pointed out that access to govern-

ment lands, environmental requirements, health and safety regulations, tariffs and trade arrange-
tments and the structure and technical provi-
sions of tax laws are increasingly important when it comes to developing minerals and maintaining a competitive edge in the world market.