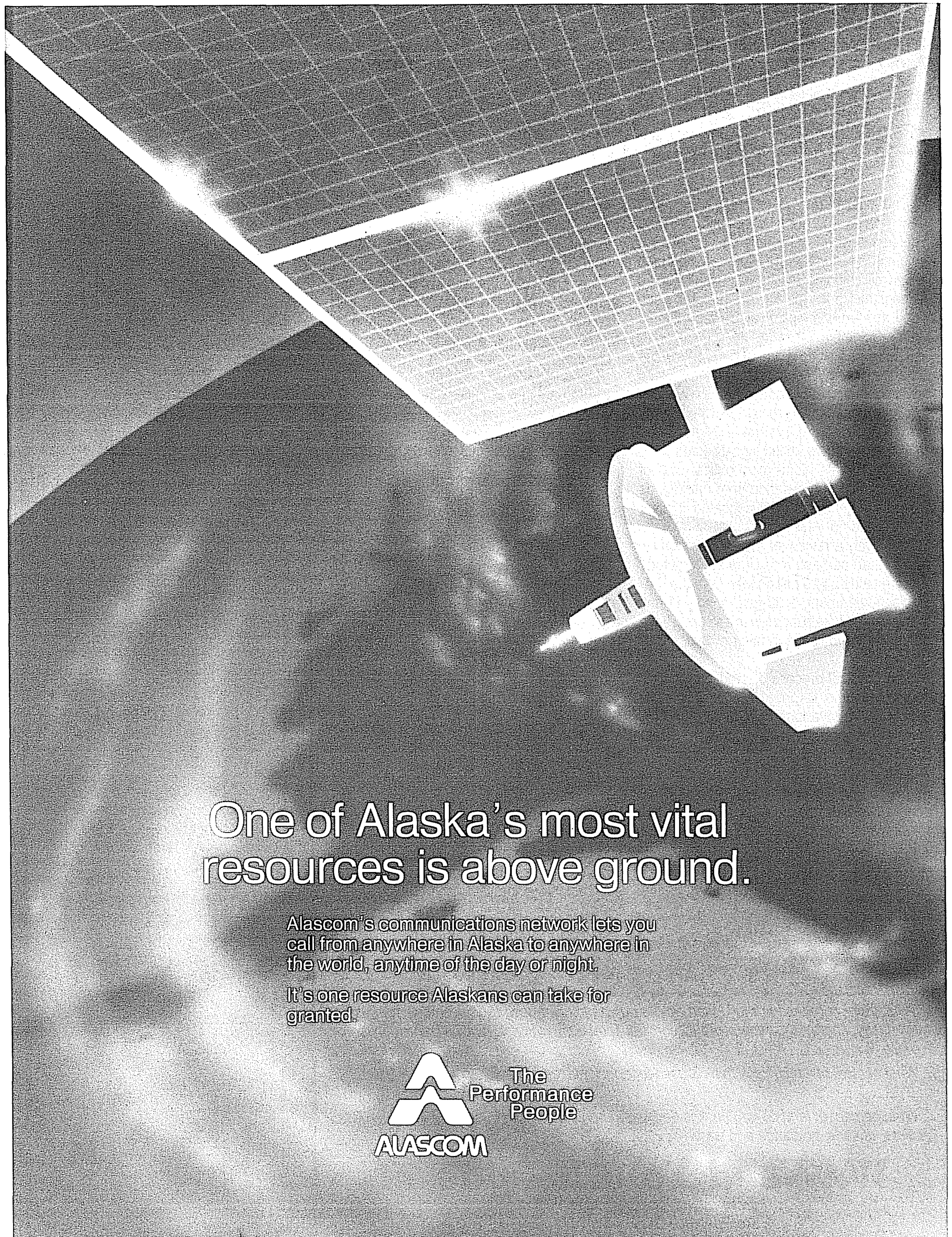

March 1986 sponsored by **Alascom, Inc.**

Resource Review

Resource Development Council for Alaska, Inc. P.O. Box 100516, Anchorage, AK 99510

Regulatory impact law is sought

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.

HB 458 would prevent an agency from adopting, repealing or amending a regulation if more than one year has passed since the regulation was initially promulgated. This insures that proposed regulations are given adequate public review in the same time frame they are enacted. Agencies presently have the ability to publish a proposed regulation, accept public comment, withdraw the regulation and issue it years later without any additional public comment.

The Council explained that the legislation amending the regulatory adoption process would also mandate inclusion of a summary of the justification of need for any regulatory change. This summary, the bill states, must be available to the public and must describe the problem the proposed regulation is intended to address, specify the factual basis for the agency's determination that the regulation is reasonably necessary and describe practical and reasonable alternatives to the proposed regulation.

(Continued on page 4)

Resource industries face challenge to survive

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 yet 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."

(continued on page 5)

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 help diversify 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 identifying 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 coordinative role in developing the economic strategy.

Status of the Project

In the spring of 1986, plummeting oil prices have necessitated advancing the project more quickly than originally anticipated. The Council had hoped to have more specific direction on community priorities before publishing *Alaska's Economic Priorities: A Five-Year Strategy*. It is now expected that the necessary information will follow as the document undergoes statewide review. An example of the specificity the Council sought from communities to describe their economic development needs is this one from St. George Island:

"Seek additional legislative funding of $3 million in 1986 to complete harbor construction. Purpose: Provide support services for oil industry exploration and expand capabilities for servicing increased fish catching and processing."

The purpose of collecting and assembling such a body of information was to design a strategy for state investments that would result in private-sector growth and new job creation. Through a public/private effort to provide guidance to state leaders, state funds and resources could more effectively be leveraged to meet mutual goals.

Today there does not exist a process or method for evaluating and ranking projects or programs that would enhance private-sector growth. Funding decisions are made haphazardly in the absence of an accepted economic strategy.

Identification of Industry-specific Actions Needed

In March 1986 the Council invited representatives of private industry, government, universities, labor organizations, trade associations, regional and village corporations and various economic development entities to assist with identifying actions needed to generate measurable growth in Alaska's basic industries to 1990.

As members or advisors to RDC, these individuals accepted the challenge and began their work. Task forces were formed to address oil and gas, fisheries, agriculture, tourism, minerals and coal, wood products, non-fuel energy, international trade and industrial development.

Participants were asked to respond to the question: "Where do you want this industry sector to be in 1990 and what actions must be taken to get there?"

They were asked to examine all the policies and programs that affected the productivity of each industry and recommend changes, if needed, in position papers targeted at each industry.

The following policies and programs were identified as those which should be addressed as they applied to each economic sector:

*Land Ownership and Management
*Regulations, Permitting and Environmental Protection
*Incentives and Taxation
*Infrastructure Financing
*Education and Employment
*Science and Technology

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 support and commitment will be a major objective.

The Council's next step is to distribute the position papers across Alaska 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.

Resource Development Council, Inc.

The Resource Development Council (RCD) is Alaska's largest privately funded nonprofit economic development organization working to develop Alaska's natural resources in an orderly manner and to create a broad-based, diversified economy while protecting and enhancing the environment.

RDC invites members and the general public to its weekly breakfast meeting featuring local and nationally-known speakers on economic and resource development issues. The meetings are held on Thursday at 7:30 a.m. in the Northern Lights Inn. Reservations are requested by calling 276-0700.

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The RDC business is located at 807 G Street, Suite 200, Anchorage.

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Carl Portman
Editor & Advertising Manager

Resource Review encourages its readers to submit articles, announcements and letters to the editor for publication. Send all correspondence to Resource Development Council, Resource Review, Box 100516, Anchorage, Alaska 99510.

722C

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/chipping facility in Seward) opted to construct and operate a structural wood panel (waferboard) 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 to U.S. consumers, including Alaskans.

State officials blame economics, cost of transportation and distance from markets as the reason Louisiana Pacific located its plant in B.C., and not 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 rate incentives and tax breaks as tipping the balance in favor of British Columbia.

The physical process of producing a product from Interior B.C. and Interior Alaska are similar. Both have long cold winters and require several hundred miles of trucking or railroading to get the product to Tidewater.

This leads observers, both within the American and Canadian forest product communities and government to determine that the only real reason for a U.S. firm to locate 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.

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

The British Columbians have learned that attracting long-term 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 successes can be traced to such things as allowing trucks to carry larger loads on public highways than is allowed in Alaska, to allow wood processors to dispose of waste materials in burners, to establishing long-term timber supplies and to conducting research and development in cooperation with private industry.

British Columbia gains by these activities, and (if unfortunate for the American, including Alaskan producers who 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 Alaska public officials about the loss of this potential plant are thus incomplete. Why doesn't the state just admit that industries such as timber, mining, private agriculture, petrochemicals, and others using Alaska's resources, have just not been sincerely desired?

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, including rangelands? ________ %

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 Resource Development Council, P.O. Box 100516, Anchorage, Alaska 99510

Portrait

Kelsey helps transform Valdez

John Kelsey has seen a lot of change in the small Prince William Sound community of Valdez in the 40 years he has been directing the Valdez Dock Company.

Called the Switzerland of America for its rugged snowy mountains, Valdez is known across the world as the terminus of the 800-mile Trans-Alaska pipeline. the pipeline and its terminal have transformed the community from a tiny fishing village before the booming pipeline era to a prosperous diverse economy of the 1980s.

John played a leading role in that transformation since he was largely responsible for bringing a two billion dollar municipal bond issue to Valdez to finance the Alyeska Pipeline Terminal facility. The bond package is believed to be the largest successful municipal bond issue ever put together in the United States.

A long-time supporter of economic development in Alaska, Kelsey served as a president of the Alaska State Development Corporation which administered over $9 million in loans for various development projects across the state. His work over the years on behalf of development has varied widely from tackling past challenges to the Matanuska Valley dairy industry to attacking problems facing Northern Alaska reindeer herds.

A member of RDC's Executive Committee, John has played a major role in Council activities since its inception eleven years ago.

Today John believes the Council's work is more important then ever as "defender of the rights of individuals and firms who suffer from unfair regulations and over-zealous bureaucrats that succumb to the pressures of those who would stop all development in the state."

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. 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 lawsuit argues that before approving a mine, the BLM must conduct environmental assessments, review subsistence uses of the area, and, in the 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 Rose Rybachek, 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 on state mining loans, according to Senator Bettye Fahrenkamp. In addition, programs designed to develop new taechnology, such as state grants and federal research aimed at minimizing environmental impacts, could be killed.

In coupling the BLM suit with two other related lawsuits, it appears that environmental groups are making a strong concerted effort to end mining in Alaska, says Anita Williams, Director of RDC's Minerals Division. Williams noted environmentalists have already won the first round in a lawsuit aimed at shutting down mining on federal lands administered by the National Park Service. Just recently, as part of an on-going lawsuit over leasing of mineral lands, environmentalists have filed a brief suggesting an injunction also halting mining on state lands.

Congressman Don Young warned that if the most recent suit is successful, it would likely lead to the decimation of an industry which contributes approximately $100 million annually to Alaska's economy, and destroy a way of life for thousands of Alaskans whose livelihoods are directly and indirectly related to mining.

Alaska Miners Association's Rybachek claimed that if environmentalists are successful in destroying the industry, their efforts would impact the entire state.

"We cannot stand idly by and watch our entire way of life, let alone the future of our children, be placed in jeopardy by a group of self-righteous, self-centered environmental extremists, most of whom live in the Lower 48," Rybachek said.

In an editorial, the Fairbanks News-Miner pointed out that "mining played such a significant role in the development of our state that it's difficult for many of us to imagine our state without it. And frankly, it would be foolhardy to do so as we daily watch oil prices tumble and realize more and more that we badly need a more diverse state economy."

The newspaper stressed that "mining is a part of our heritage, our lifestyle and our economy. We need to be doing all we can to foster its growth and development in environmentally-sound ways."

For over 100 years, Alaskans harvest fish, gold

For over 100 years, men and women have harvested both the gold and the fish of Alaska 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.

"Placer mining adds no chemicals or foreign matter to Alaska's streams," the brochure pointed out. "It 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.

"We're Alaskans 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.

"But what has happened to those goals when they turned into government regulations? They require the miners to create cleaner water than what Nature makes."

The miners brochure noted that placer mining has resulted in better salmon habitat in a number of Alaska streams. It also pointed out graphically that over the last century statistics have shown no correlation between mining activity and fishery cycles.

The miners also explained that clearing land for agriculture and mining from the 1940s to the early 1960s resulted in more favorable browse for moose, thus contributing to a substantial increase in the moose population.

Regarding water quality, the brochure pointed out that Alaska has over 35,000 streams and rivers with miners recovering gold on fewer than 1% of them.

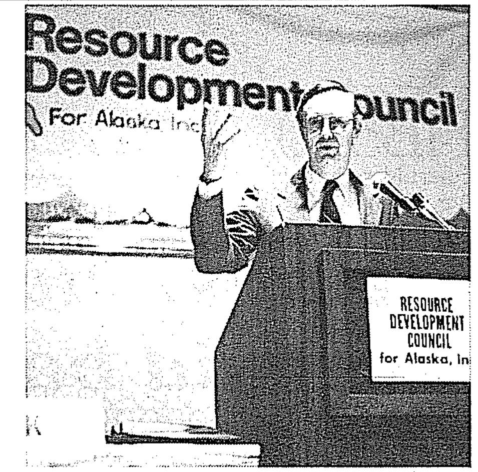
"Regulations now require that the water discharged from all placer mines be as pure as municipal drinking water, regardless of the quality of water upstream ... and regardless of weather downstream water would be used for human consumption."

The publication stressed that current water standards cannot be met by any existing technology by 95 percent of the placer mines in Alaska. It also cited U.S. Geological Survey records that show Alaska's streams naturally carry 225 million tons of sediments every year.

Placer mines with settling ponds annually add less than 1.35 million tons to that load. At that rate, it would take over 1,000 years to duplicate the impact on the environment that occurred during placer mining peak years, 1899-1940, when there were no environmental regulations.

The Resource Development Council and the Alaska Miners Association are urging state and federal officials to adopt reasonable regulations which protect both the environment and peoples' livelihoods.

Alaska needs strategy to chart course through lean, turbulent times



Scott R. Fosler addresses economic development strategies before RDC's resource conference in February.

Alaska needs an economic strategy to preserve and strengthen its foundations and to chart a course through turbulent times, according to Scott R. Fosler, Vice President and Director of Government Studies for the Washington, D.C.-based Committee for Economic Development

Speaking before RDC's resource conference last month, Fosler recommended that strategies sensibly assess resources and take a flexible approach to how they might be developed. He urged Alaska to develop a strategy that looks toward the long term, instead of one banking on quick fixes.

The substance of an economic strategy cannot be divorced from the process by which it is fashioned and pursued, Fosler pointed out. He focused on several deficiencies in the

First, because economic concerns are narrowly defined, they tend to be equated with the state agency which bears the "economic development" label, Fosler said. Second, efforts at broader definition, even when they are attempted, usually fail to be translated into a cohesive policy or implemented in a coordinated fashion. Fosler said few governors appear to have developed organizational mechanisms that effectively link key elements of economic policy so that their implementation in practice matches their connection in concept.

In his third point, Fosler said economic concerns are defined with an insufficient view of the long run. He said it is rare when policy genuinely looks beyond the time horizon of the next gubernatorial or legislative election.

Another problem, according to Fosler, is that in the absence of a broader and longer term perspective, economic policy at the state level is determined by numerous decisions made in isolation of each other and driven by individual administrative and political agendas.

He warned that state economic policy must be seen as the sum total of actions taken in every aspect of state government that affect economic performance. States that fail to confront this reality will be at a competitive disadvantage to those states that do, Fosler said.

The Proceedings of the 1986 International Conference on Alaska's Resources are now available. The bound 313-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 conference speakers and registrants.

This useful document may be ordered at a cost of $35 per copy. To order your copy, send check to Resource Development Council, P.O. Box 100516, Anchorage, Alaska 99510 or call in credit card information to (907).276-0700.

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

RDC vice president John Forceskie, secretary Boyd Brownfield and Executive Committee member Pete Nelson enjoy a lively discussion at the head table.

Easy Gilbreth, Assistant Executive Director of the Alaska Oil and Gas Association and RDC Executive Committee member, addresses a question to conference speaker Dan Maxim.

Conference delegates packed the All-Alaska Exposition for an Energy Break sponsored by the Alaska Railroad Corporation. KTUU-Channel 2 also sponsored a special break.

Support!

HB570
Forest Management Agreements

RDC Legislative Priorities

HB458
Regulatory Impacts

Forest Management Agreements would boost timber production

The Resource Development Council is encouraging Alaska lawmakers to support a new concept in Alaska timber development which could lead to the creation of 25,000 forestry jobs and add an additional $1.5 billion to the leveling Alaska economy.

The Council is calling for creation of forest management agreements, a system used by most Canadian provincial governments. The concept is the main focal point of the Council's 1986 forestry platform.

The platform calls for implementing long-term government-private forest management agreements wherein private interests contract to manage government forest land for highest and best uses. It directs the legislature to give the Executive Branch authority to enter into long-term forest management agreements with qualified private parties on any state-owned forest land.

Under forest management agreements, private companies would harvest timber at the highest sustainable yield, commensurate with ecnonomic and environmental conditions. As part of their agreement with the government, private parties would perform reforestation and site improvements and provide other resource needs.

HB 570, sponsored by Representative Robin Taylor, would set up the forest management agreement concept for Alaska.

The forest management agreements differ greatly from the state's current system of selling timber rights to the highest bidder. The new system is designed to encourage forest companies to develop labor-intensive sawmills and other processing plants by granting long-term rights to tracts of state forest land. The land continues to belong to the state, but the forest company builds logging roads and

replants trees to ensure a continual supply of timber from the tracts. These costs are deducted from timber fees owed to the state.

The long-term agreements assure a forest company of a long-term supply of timber, making it easier for the company to acquire financing to build modern facilities.

In Canada the agreements have replaced the policing duties of the government with contractual agreements beneficial to both parties. The contracts contain stiff penalties for poor performance and incentives to stimulate good performance.

HB 570, which Representative Taylor and the Council hope will pass this year and go into effect next year, is modeled after the system instituted in the Canadian province of Ontario. He says the state would remain in control of its forests as each 15-year agreement would be reviewed every three to five years to check performance of the forestry company.

Passage of Taylor's legislation could really help diversify the Alaska economy, according to Terry Brady of the Council's Lands and Renewable Resources Division.

Brady pointed out that the agreements could help the forest industry increase production four-fold before reaching its sustained yield. Such an increase is possible even when land withdrawals, access problems, land competition and other criteria prohibiting commercial forest management are considered, Brady said.

Brady contends a four-fold increase in the timber harvest would not jeopardize the timber base or impose on other resource uses.

Between 1979 and 1984, the export value of Alaska forest products was about $1.55 billion, second only to fisheries at $1.85 billion. The forest products export was generated from an industry operating at about 25 percent of its potential while the fisheries harvest was at or near its maximum sustained yields, helped along by hatcheries and other state-supported or encouraged programs.

Brady noted that government can encourage a substantial forest products industry in Alaska by not only adopting the forest management agreements, but advocating use of Alaska wood products, both within and outside the state as well.

Most of the wood products used within the state for home construction and other needs are imported from the Pacific Northwest and Canada. With the proper encouragement and competitively-priced, high-quality products, Alaska's timber industry can be expected to capture a large portion of the domestic market, the Council pointed out.

Regulations law is sought by RDC

(Continued from page 1)

Pignalberi's bill would require state agencies to hold public hearings on poposed regulations if at least ten individuals submit written requests for a public hearing. Such a measure would insure that public hearings are held in those instances in which hearings are warranted, but not those which have generated little or no public interest.

Abbott explained that changes to the Administrative Procedures Act are necessary to reach a balance in the regulatory promulgation process.

"At present the private sector is truly at the mercy of state agencies, with little protection to the citizenry from onerous or arbitrary action, Abbott said. "These steps are necessary if we hope to bring new business and economic activity to Alaska or even keep the ones that we have today."

Higher oil taxes not in state's best interest

Much attention over the last year has been focused on whether the state should change its system for taxing oil companies. The present system, called modified apportionment, already results in a special, higher rate of taxation which is imposed only on the oil companies. A switch to the separate accounting method would raise taxes to an even higher level.

The Resource Development Council believes that higher taxes of any kind would work against the long-term best interests of the state since it would end the climate of tax stability that has existed over the past several years. The current stable tax policy has encouraged additional investment and development, and has helped maintain the health of an industry that serves as the economic foundation of Alaska.

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

Under modified apportionment, a company's total income worldwide is calculated and then "apportioned" to Alaska. This "apportionment" is accomplished by comparing the company's property, production and sales everywhere. The state's tax rate is then applied to that part of the total income apportioned to Alaska.

Although the separate accounting methodology appears to be the most straightforward, in reality it's not. First of all, it's difficult to accurately measure in-state profitability since most of the crude oil produced in Alaska is shipped outside to refineries for processing into refined products such as gasoline. Much of the income is generated in Alaska as a result of research, tests, experience and analyses done outside the state.

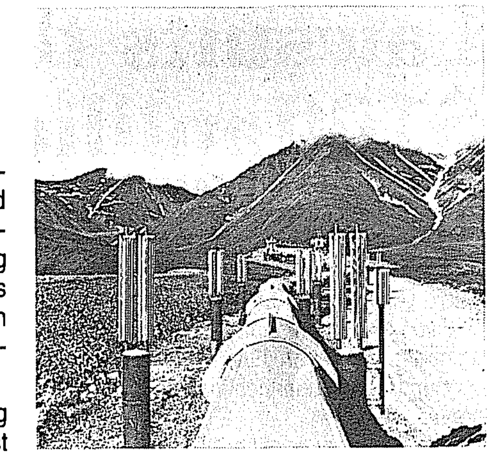
The oil industry maintains that a simpler and fairer tax system is the apportionment approach because instead of trying to determine profits in a particular state, a company's overall income is used. This approach is by far the most accepted methodology, used by 42 of the 45 states which tax corporate net income.

Because most states use the apportionment approach, a part of Alaska production income is taxed by other states. If Alaska used separate accounting, the state would be subjecting its primary industry to double taxation. The industry would find itself in a position where 100 percent of its Alaska income is taxed by the 49th state with additional taxes on that same income elsewhere. Such a situation would not provide the industry with much incentive to expand high-cost Alaska operations, especially during marginal times.

A study conducted by the Alaska Department of Revenue last year indicated that over a 20-year period a return to separate accounting would increase state revenues. However, such a determination needs a closer look in light of the dramatic fall in world oil prices.

The Department of Revenue concluded in its October 1985 study that the separate accounting tax is more price sensitive than the modified apportionment tax. What this means is that as prices drop, tax revenues from separate accounting shrink faster than under modified apportionment. In today's current price situation, the separate accounting tax might actually decrease state revenues further.

The separate accounting tax is more price sensitive because the tax is tied to the value of crude oil. In contrast, under modified apportionment, an oil company's total income is used to calculate the tax.



The oil industry has invested more in Alaska facilities and pipelines than it has received back 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. Because the state revenues are heavily dependent on crude prices, RDC believes the most sensible policy for the state is to have an income 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.

Notable Quotes

"Instead of putting others in their place, try putting yourself in their place."

—Pulpit Helps

"In the end, the give-and-take of open debate is as important as the final decision. The same independent free-spirited, damn-the-government attitude that motivates many Alaska's trappers has to hold sway in the arena of public decisions, too. You can't win your own freedom by taking some from somebody else."

—Howard Weaver
—Managing Editor, Anchorage Daily News

"Neither the pest-control industry nor any industry can survive when every part of society it deals with has the option to judge that industry, make public statements about it without being restricted to the truth, and then has the unlimited ability to sue.

—Executive Vice President S. Gold
National Pest Control Association
Pest Mgt. August 1985

Likening Alaska to a new shopping mall . . .

"If you get one good tenant the rest will follow. All we really have in Alaska is placer mining. You can't overestimate the importance of placer mining. It's a perceived barometer of our performance as a state for other prospective tenants and how we will treat them."

—Pedro Denton, Director
DNR Division of Mining

Challenge to survive . . .

(continued from page 1)

Maxim stressed that the development of Alaska's rich unexploited mineral deposits coud be an important factor in maintaining the competitiveness of the minerals sector. However, he pointed out that access to government lands, environmental requirements, health and safety regulations, tariffs and trade actions and the structure and technical provisions of tax laws are increasingly important when it comes to developing minerals and maintaining a competitive edge in the world market.