

01-76-17

Jay Hammond ... [et al.]

September 16, 1976

Fairbanks, Alaska

“Town forum” continues from ORAL HISTORY 01-76-17

Those present include: Jay Hammond, Richard Burton, Commissioner of Public Safety, Andy Warwick, Commissioner of Administration, L.A. Tony Motley, Commissioner of Commerce, Avrum Gross, Attorney General, Lee McAnerny, Commissioner of Community and Regional Affairs, Guy Martin, Commissioner of Natural Resources and Ernst Miller, Commissioner of Environmental Conservation with B.G. Olson, moderator.

Av Gross comments about the court case on Cook Inlet Land Exchange. Judge Akapenny ruled that the trade violated the Alaska constitution. He believed that Judge Akapenny is completely wrong and they hope to appeal to the Alaska Supreme Court and have his decision reversed.

There was a question about opening the Haul Road to tour bus operation. Governor Hammond said that is a determination of the users and the types of fees to be charged. Initially it will not. Annual reassessment may allow that type of operation. He is inclined to open it up on a conservative basis.

There was a question why white Alaskan Natives were not included in the Alaska Land Claims. Hammond said congress chose to exclude them from the land bill. One of the commissioners said he was a legislative assistance to Begich when the bill was passed. Aboriginal land claims are recognized in a very special way [recording stops]

[incomplete statement compliments the state government on communication]

There was a question about why the administration is buying back the Kachemak oil lease. Governor Hammond said no one seems to be aware of the fact that the Supreme Court ruled that the leases were illegally conveyed. He said the state legislature took a look at all the facts and concluded there were improprieties in the conveyance of the leases and they passed legislation which asked the administration to negotiate with the lease holders and attempt to buy back the leases. The big impropriety was the commitment to the fishermen in the area that leasing would not take place and if they even contemplated leasing the fishermen would be informed. Jay Hammond said he is committed to Alaskans first. Mr. Gross (?) commented on the issues. He felt they were obligated to go to court to defend the title of the oil companies. The administration felt that the leases had never been given the proper public consideration. They decided that all private property is always subject to the government taking the property for a fair compensation for a higher public purpose. They are involved with the companies to repurchase the leases.

William Windsor asked how the state can legally close the Haul Road to the public. Governor Hammond said the public is not paying for transportation costs for roads and runways but rather they are subsidized through other sources than direct tax monies. Av Gross said it didn't close the Haul Road except on a temporary basis. They are determining future uses. The immediate plans such as fuel and trooper stations are not in place. Long-range planning must be determined. How can the road be used with minimum impact to the people living in the area. Eventually the road must be opened to the public.

Ray Creig asked about gross severance tax on the mining industry. Governor Hammond said there were discussions about tax proposals with mining industry members and representatives and Sterling Gallagher in Juneau. By and large they were supported by the industry. His concern is development of resources contribute to the state coffers above and beyond the cost of maintaining that operation. Mining taxes have been modest. We have to look at future mining development including monstrous mining operations that might escape paying taxes. Tony Motley said miners accepted the logic reluctantly. Mr. Martin said the question is not closed at this time. Previous proposals have been withdrawn. Anything that would tax exploration is not part of the proposed tax package. They intend to have a progressive tax which would hit the big guys the hardest. It is meant to be a revenue measure after production.

Monty Shay asked Governor Hammond about land for the private sector. Guy Martin said he initially agreed with leasing. He now thinks they should make a decision on land commitment and when they make it they should convey the land. The administration costs of leasing are great. He said they might give the land like agricultural title or development title instead of holding the land in speculation. Another commissioner talked about a payment program.

There was a question about increases in land leases and appraisals. Guy Martin said this is a difficult issue. When the administration came into office they found that land held under state leases had not been reappraised according to law. They had to reappraise the land. The increases were due to two factors: a lot of land speculation in Alaska and the increases hit all at one time. They plan to appoint a panel of people to address this question. Land is expensive now.

There was a question about the status of the salmon experimental farm. Guy Martin said there are at least two major hatcheries under way. Governor Hammond said the salmon rehabilitation program got off the ground but just barely a few years ago. He said the results have been favorable. He talked about a few sites that have been successful. He said it is a long term program. Unidentified person said there is a bond issue for the salmon rehabilitation.

Bob Perkins asked about residency requirements for Alaska hire law. Governor Hammond said it has had some success and some failure. He feels it should be written into contracts. The law is on the books. He understands that Alaska hire law requires one year's residency. Another person said local hire law was never enforced until this administration came in. Once they implemented it they were sued and they won.

John Williams asked about energy production in the state. Governor Hammond said if the revenues were there to construct a dam and the public wished to do so it could happen. The revenues are not

available right now. He thinks it would be more appropriate to be a private industry project. Hydroelectric projects are being explored.

There was a question about using the missile site at Donnelly Dome for a prison. The commissioners said they were not familiar with the property. They talked about the expense of converting the property and having the staff to run it. Correctional institutions need a multitude of personnel. Courts have ruled there must be basic criteria for a corrections facility.

Olga Baker asked about mandatory auto insurance. Tony Motley asked if this was tied to no fault insurance. Av Gross said in this state you get one free accident and then you have to get insurance to get your license back. Some states have mandatory insurance but not in Alaska.

Lucille Trusdale asked about residency cards. Av Gross said if you have been physically present in the state and plan to make Alaska your home then you are qualified. He asked her to bring the problems to his office of the Labor Office.

There was a question about the university budget cuts. Governor Hammond said it drew a veto because there are not enough revenues. They are faced with a tough fiscal situation. They are borrowing again two hundred million dollars a year from future revenues. They are expending 1750 dollars per capita and only earning about 1250 dollars per year per capita. He said that it was better than when his administration took over. They are still unable to fund all the service requests. He announced that the state could not afford to spend more than 700 million, but the legislature passed a budget that exceeded that by 17 million. They applied certain criteria and impacted everyone. The university's cut was left up to the Board of Regions. The 17 million hurt many numbers of people, but they had to reduce virtually all programs. One of the unidentified commissioners said it was limiting the growth by fifteen percent at the university.

There was a question about bus service. Governor Hammond said he assumed there was a remedy through the local school board and if that doesn't work then through voting in the next election.

B.G. Olson read a statement from Charles Keim complementing the program.

There was a question about mandatory automobile inspection. Governor Hammond said he didn't like anything mandatory. He said there were some requirements from federal highway inspection. Dick Burton said he agreed with the governor. They decided to scrap the program. He would hope that everyone would do things without making it mandatory. He feels some vehicles do need to be inspected. They might have a safety program to have the Alaska Troopers do spot random inspections. Governor Hammond wondered about an additional penalty for those using unsafe vehicles. There was a short discussion about that possible plan.

There was a question about the 900 million dollar oil lease sale. Governor Hammond said it has all been obligated and it has been for some time. One of the commissioners said if it is separated out the last of the 900 million was used last March. They are now operating on monies that are borrowed from future royalties and taxes.

There was a question about the morale in the state Geological Survey Office. Mr. Martin said he was not familiar with the exact situation but they have undertaken some very meaningful changes in that office. It is meant to make the work in the office far more relevant to future state decision making. The survey

office was doing high quality work, but it was useful in the distant future and the changes were made to make their work more relevant.

There was a question about gas and oil construction destroying archeological and historical material and asked if the archeological program would be expanded. Guy Martin said he is very interested in the program and he is proposing to expand the program in next year's budget.

There was a question about combining Dept. of Fish and Game, Environmental Conservation and Natural Resources. Governor Hammond said there were plans years ago to combine departments but the plans did not go through. He said there has been effort to split the Dept. of Fish and Game. He doesn't agree with those plans because it removes even more input from local control.

There was a question about the Dept. of Revenue collecting state income taxes from defense contractors and prosecuting those contractors not withholding those taxes. Governor Hammond said he could not imagine the Department of Revenues not collecting those taxes. Governor Hammond encouraged the listener to contact him directly.

There was another question about using state revenues to fund housing programs instead of depending on national loaning institutions. Governor Hammond said unfortunately they do not have the revenues.

There was a question about the road the Shaw Creek to Richardson. Someone explained there was a seal coat on the road and in two years it would be resurfaced.

There was a question about notification of a bar on Badger Road. Governor Hammond understands that the local governments reflect on whether or not licensing would be approved.