Anchorage News Editorial Discusses 2 Per Cent Royalty

(From the Anchorage Daily News)

There's more confusion about the Native's two per cent revenue sharing than any other issue surrounding the land claim's position.

Like many of the other issues, this one has been clouded by charges which exploit racial fears. While it seems complex we think it is vital that all Alaskans understand revenue sharing and weigh what the Alaskan Natives are giving up against what they propose in exchange.

The two per cent royalty revenue sharing applies to the gross value of minerals developed from federal, and after selection state oil and gas leases.

Presently under the Federal Mineral Leasing Act there is a 12½ per cent royalty on minerals (oil and gas) from federally leased public lands. This is split 90-10 in favor of the state. On state lands, the state takes the full 12½ per cent.

Revenue sharing would increase the royalty cost to developers of federal and state mineral leases in Alaska by about 2 per cent. (The state could, of course, reduce its share to maintain royalty revenues at 12½ per cent, but it's doubtful that it would ever do this).

Some argue that this higher royalty will make the cost of Alaska federal and state oil and gas leases non-competitive. It's hard to imagine this happening in view of the exploration and development cost the oil companies are already prepared to incur to tap the state's vast riches.

In any case, the petroleum industry generally is willing, when it scents oil, to lease outer continental shelf and American Indian lands at the higher 16½ per cent figure. And most Alaska lands involve Indian claims.

Other Alaskans are concerned because they see "hundreds of billions of dollars" going into Native pockets.

It may be reasonable to question a 2 per cent grant in perpetuity. But it's doubtful that even Alaska's mineral resources are so great. . . measured by "forever" . . . that they could yield such extravagant sums.

The Natives and their counsel argue that both federal and state lands can legally be covered by an overriding royalty. The legal argument narrows down to one central question—whether or not a compact exists between the United States and Alaska. The Natives say there isn't a compact at all.

A compact is a contract or an agreement between a state and and the federal government. Like any other type of contract, it requires some acknowledgement by the parties, plus an offer and acceptance.

And because compacts frequently govern the allocation of power in our federal system, they are not treated lightly or entered into without thought, deliberation and clear intent. After all compacts can only be altered by both parties.

The only place a compact is mentioned in the Statehood Act is Section 4, the "disclaimer" section. That's the provision under which the state disclaims any rights and title to lands which may be subject to Native claims.

For the Mineral Leasing Act to enjoy compact status, it must be demonstrated that substantive provisions in the state constitution are matched by the Statehood Act (offer and acceptance.)

For openers, it's hard to believe that Congress would ever have elevated the Mineral Leasing Act to such status, for this would have required the State of Alaska to consent to any future Congressional amendment to the Mineral Leasing Act.

All the Statehood Act provides with respect to incorporation of the Mineral Leasing Act into Alaska's constitution is that the three provisions Alaskans voted on before statehood were adopted, then the Statehood Act was amended accordingly. These were: should Alaska immediately become a state; should the state's boundaries be approved, should the Act's provisions reserving powers to the United States and prescribing the terms of land grants to Alaska be consented to by the State.

The absence of any substantive corresponding provision to the Mineral Leasing Act in the state constitution led the Natives, and now Secretary Hickel's Department of the Interior, to say that the Act can be amended.

The Natives say that Congress made no such ironclad agreement in the Statehood Act. By virtue of the disclaimer, the Natives argue, Congress retained jurisdiction over extinguishing, however they please, the Natives' aboriginal title. Therefore, the Natives may ask for 2 per cent or whatever they want in a settlement.

Joe Josephson Tosses Hat for U.S. Senate

ANCHORAGE—State Senator Joe Josephson (D-Anch) formally announced this week his candidacy for the Democratic nomination to the United States Senate.

Josephson, a five-year veteran of the Alaska State Legislature and former Anchorage City Councilman, referred in his announcement to his experience as an aide to the late E.L. (Bob) Bartlett in 1959 and 1960.

"That background," Josephson said, "has taught me that the United States Senate is the world's greatest legislative body and that no American can aspire to any office higher than [such] service. . . I have consulted with many Alaskans about this decision.

"I have considered carefully the effect of this decision on my state and my family, and I have decided that in taking this campaign to the people of Alaska, we must wage it as we have always waged campaigns in the past—solely on the basis of the key issues which Alaskans face now and which will be so important in the future."

Josephson, an Anchorage attorney, is married. He and his wife, Karla—a former aide to Wisconsin Senator William Proxmire—have three children.

After leaving the staff of Senator Bartlett, Josephson entered political life in 1962, winning a seat in the Alaska House of Representatives. He was re-elected in 1964, and in 1966, won a seat on the Anchorage City Council.

Josephson returned to the legislative arena in 1968, gaining election to the Alaska State Senate.

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