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SPONSOR STATEMENT

HCR 19 – AIDEA REPORT ON IN-STATE FUEL STORAGE

In 2009 the House Judiciary Committee investigated the unusually high price of gasoline in the state of Alaska relative to the rest of the country. The public outrage had grown steadily as the prices in the Lower 48 sank and the prices in Alaska did not. To further annoy consumers, Alaskan crude oil had fallen from an all time high in July 2008 of \$144.00 per barrel back to \$40.00 a barrel a year later, yet gasoline prices at the pump lacked the same elasticity.

At the same time the House Judiciary was conducting its investigation, the Attorney General was exploring whether there was any evidence of collusion among companies in Alaska to either expressly or tacitly agree to fix petroleum prices. The Attorney General concluded there was not.

Throughout these investigations, two different approaches to address the problem emerged. On the one hand, some legislators and constituents called for government controlled pricing or “price gouging” legislation, on the other hand were those who strongly believed that price controls do more to hurt the economy and result in unintended consequences – even causing a counter-productive affect of discouraging potential competitors from entering the market; competition that might force prices down. People opposed to government price controls sought other ways to impact the market without increasing government regulation.

HCR 19 is designed to encourage public discourse on other ways to impact the market without increasing government regulation of oil refineries and gasoline distributors. HCR 19 urges the Alaska Development and Export Authority (AIDEA) to analyze whether or not a fuel storage facility in the state, financed by AIDEA and operated by an independent third party, would be economically viable and assist the state in meeting the fuel needs of Alaskans at competitive prices. With the Anchorage port’s recent expansion there is room for a new fuel storage facility. New storage capacity could encourage in-state suppliers to receive bulk shipments of fuel from refiners outside of the state to supplement fuels produced by in-state refiners; and in-state refiners will be able to stock-pile fuel to meet demand surges at more stable prices for consumers.