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Representative Jay Ramras
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Sponsor Statement

House Bill 264 - Pipeline From Outer Continental Shelf

HB 264 addresses recent public concern over the future of oil production in the state and the consequential reduction in Alaska State revenues. Currently the Trans Alaska Pipeline System (TAPS) moves about 680,000 barrels a day, but Alyeska officials expect that volume to drop to 500,000 barrels a day by 2014. Development on Alaska's outer continental shelf could be a potential source of new through-put for TAPS if the off-shore crude is delivered to shore, rather than shipped on oil tankers to global markets. Representative Ramras introduced HB 264 to incentivize oil production on the outer continental shelf and to encourage potential developers to transport the unrefined oil in the safest way possible to North Slope shores.

House Bill 264 accomplishes these goals by giving the Commissioner of the Department of Natural Resources the power to expedite review of right-of-way applications for the construction and operation of a submerged pipeline that would deliver oil from the outer continental shelf to a state pipeline system. It also provides a tax incentive to prospective pipeline developers to construct such a pipeline by providing a twenty-year exemption from state taxes on certain property that would be used to transport unrefined oil from the outer continental shelf to an oil pipeline system in the state.

HB 264 also may help address concerns raised by North Slope communities who are potentially affected by outer continental shelf development of oil and gas resources in the Chukchi Sea, Beaufort Sea and Hope Basin. Reducing the numbers of large tankers plying the icy waters of the Arctic will reduce environmental risks and ensure unimpeded migration of the bowhead whales – a significant cultural and subsistence resource to communities along the North Slope. At this time, leaseholders on the outer continental shelf have the option of shipping oil in tankers; HB 264 provides them an incentive for shipping via submerged pipelines instead.