

ALASKA STATE LEGISLATURE

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Sponsor Statement **SJR 15**

Requesting the United States Congress to repeal sec. 20001(b)(5) of the Tax Cuts and Jobs Act to honor the Alaska Statehood Act with respect to the state's share of bonuses, royalties, and rentals from exploration and development in the coastal plain of the Arctic National Wildlife Refuge

Under the Alaska Statehood Act of 1958 (P.L. 85-508), the State of Alaska is entitled to a 90% share of proceeds received by the federal government from sales, bonuses, royalties, and lease rentals for the resource development of federal lands within the state's borders, including lands located within Alaska's Coastal Plain in the Arctic National Wildlife Refuge (ANWR). The revenue sharing distribution was established in part because members of the United States Congress were concerned that, as a full-fledged state, with its geographical challenges and relatively low population, Alaska's fiscal future was uncertain and could face instability.

In 2017, federal congressional action on the Tax Cuts and Jobs Act (P.L. 115-97) allowed resource exploration and extraction to proceed in the previously protected northern coastal plain of ANWR. At the same time, Congress altered the 90% revenue-sharing requirement in this area of development, granting Alaska only a 50% share of those proceeds.

ANWR lease bonus bids alone are expected to generate about \$2.2 billion within a ten-year period, meaning under the 90% share of the Statehood Act, Alaska would have received nearly \$2.0 billion in proceeds. But if Alaska accepts the 50% share, it will lose \$880 million in revenue.

Senate Joint Resolution 15 urges the United States Congress to repeal the provisions of the Tax Cuts and Jobs Act which significantly reduced the revenue to which Alaska was entitled by resource development of ANWR.

A financial injury to Alaska is imminent. With the Department of the Interior releasing its Final Environmental Impact Statement last fall, which recommended opening the entire 1.6 million-acre coastal plain to leasing for oil and gas development, a lease sale in ANWR could occur anytime this year.

I appreciate your support on SJR 15.