

HOUSE JOINT RESOLUTION NO. 58

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Introduced: 2/28/00

Referred: Finance

A RESOLUTION

1 **Respectfully requesting the members of the Alaska Congressional delegation to**
2 **sponsor and support passage of an amendment to the statute relating to the**
3 **disposition of federal funds received by the state from oil and gas leases in the**
4 **National Petroleum Reserve - Alaska to authorize use of the funds for the state's**
5 **power cost equalization program.**

6 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 **WHEREAS** the United States Congress, by passage in 1980 of P.L. 96-514, Title I,
8 94 Stat. 2964, later codified as 42 U.S.C. 6508, requires the federal government to share
9 equally with the state the receipts derived from competitive leasing of oil and gas in the
10 National Petroleum Reserve - Alaska; and

11 **WHEREAS** the federal statute requires that, in the allocation of the funds that the state
12 receives, the state must give priority to those political subdivisions of the state most directly
13 or severely affected by the development of oil and gas in the National Petroleum Reserve -
14 Alaska leases; and

15 **WHEREAS**, to comply with the substantive requirement of the federal law, the state

1 has established in the state treasury the "National Petroleum Reserve - Alaska special revenue
2 fund," into which is deposited and from which is paid amounts intended to assist the affected
3 municipalities in responding to actual or probable effects; and

4 **WHEREAS** virtually all of the National Petroleum Reserve - Alaska lies within the
5 corporate limits of the North Slope Borough, a home rule regional political subdivision of the
6 state that exercises areawide regional land use planning and zoning and taxation authority and
7 provides services of a regional nature for its residents; and

8 **WHEREAS**, like so much of the state, the North Slope Borough and the communities
9 within it are rural in character; in contrast to communities in other parts of Alaska, however,
10 the North Slope Borough, the regional government that is the chief beneficiary of the financial
11 assistance provided under the federal statute and the state's special revenue fund, has enjoyed
12 exceptional revenues based on its ability to levy and collect taxes on other sources, notably
13 the petroleum properties on state-leased land within the borough outside the National
14 Petroleum Reserve; and

15 **WHEREAS** other rural areas, whether organized as municipal governments or
16 remaining unincorporated within the state's unorganized borough, face problems of providing
17 government services without having the benefit of the tax base that has developed on Alaska's
18 North Slope; and

19 **WHEREAS**, by providing for the distribution of a significant portion of the revenue
20 due each regional corporation from timber resources and the subsurface estate among all
21 regional corporations, Congress, in 43 U.S.C. 1606(i) (sec. 7(i), Alaska Native Claims
22 Settlement Act), initiated the concept of sharing the net revenue from the development,
23 production, and marketing of subsurface natural resources in one geographical area for the
24 wider benefit of the residents of rural Alaska; and

25 **WHEREAS**, in 1993, as a partial response to a problem faced by rural residents in
26 common, the state enacted legislation to establish a power cost equalization program, intended
27 as a long-term commitment to respond to the need for adequate, reliable electric service at
28 affordable rates, with the expectation that the electric industry and its lenders would develop
29 plans, make investments, and take other actions to meet the utility needs of rural residents;
30 within the program, the legislation identified the power cost equalization and rural electric
31 capitalization fund as the source of money intended to subsidize and reduce per kilowatt-hour

1 costs of electricity in rural areas and to provide grants to improve rural utility operations; and
2 **WHEREAS**, with the expectation that leasing and early development of key National
3 Petroleum Reserve - Alaska tracts under a 1997 Congressional Act would return additional
4 revenue to the state's special revenue fund, the legislature recently amended the power cost
5 equalization and rural electric capitalization fund to identify money provided to and
6 appropriated from the state's National Petroleum Reserve - Alaska special revenue fund as a
7 source of additional financial assistance; and

8 **WHEREAS**, with probable development of leases in the National Petroleum Reserve -
9 Alaska, there is now an opportunity to extend the benefits from the development of these
10 subsurface resources through the state's power cost equalization program for the ongoing
11 direct benefit of rural residents, but the legislature is reluctant to act without a clear expression
12 by the United States Congress that the legislature may make a commitment of this anticipated
13 additional revenue for that purpose;

14 **BE IT RESOLVED** that the Alaska State Legislature respectfully requests the
15 members of the Alaska congressional delegation to sponsor and support passage, during the
16 106th Congress, of an amendment to 42 U.S.C. 6508, the statute relating to the disposition
17 of federal funds received by the state from oil and gas leases in the National Petroleum
18 Reserve - Alaska, to authorize annual appropriation of money received from this source for
19 the continued support of the state's power cost equalization program for the general benefit
20 of the residents of rural Alaska.

21 **COPIES** of this resolution shall be sent to the Honorable Ted Stevens and the
22 Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S.
23 Representative, members of the Alaska delegation in Congress.