

**CS FOR HOUSE JOINT RESOLUTION NO. 58(FIN)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-FIRST LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered: 3/15/00**

**Referred: Rules**

**Sponsor(s): HOUSE FINANCE COMMITTEE**

**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 appropriation of the money received from this source for the  
19 continued support of the state's power cost equalization program for the general benefit of the  
20 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.