

CS FOR HOUSE CONCURRENT RESOLUTION NO. 39(RLS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE

Offered: 5/7/04

Referred: Today's Calendar

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, INTERNATIONAL TRADE, AND TOURISM

A RESOLUTION

1 **Establishing the Alaska Royalty and Revenue Committee.**

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

3 **WHEREAS** the oil and gas industry operates in a diverse, competitive, and global
4 market; and

5 **WHEREAS** the state receives more than 70 percent of its unrestricted general fund
6 revenue from taxes and royalties on the production of its oil and gas resources; and

7 **WHEREAS** the legislature has a constitutional obligation to develop the state's
8 resources for the maximum benefit of Alaskans; and

9 **WHEREAS** Alaska's major oil and gas taxes are the oil and gas property production
10 (severance) tax (AS 43.55), which was last significantly revised in 1989, the oil and gas
11 corporate income tax (AS 43.20.072), which was last significantly revised in 1981, and the oil
12 and gas exploration, production, and pipeline transportation property tax (AS 43.56), which
13 was enacted in 1973 and has had only relatively minor changes since then; and

14 **WHEREAS** a tax structure that retains an inadequate value of those resources for
15 Alaskans violates the constitutional obligation to develop the state's resources for the
16 maximum benefit of Alaskans; and

1 **WHEREAS** maximizing oil and gas production and the benefits from the production
2 of oil and gas is in the best interests of the state; and

3 **WHEREAS** the tax and royalty structures in place in the state's oil and gas sector are
4 a portion of the cost of production and affect the competitive ability of Alaska to maintain and
5 attract new capital investments; and

6 **WHEREAS** it is appropriate to reevaluate periodically the state's system of oil and
7 gas taxes as the scope and cost of oil and gas exploration and production operations change
8 over time;

9 **BE IT RESOLVED** that the Alaska State Legislature establishes the Alaska Royalty
10 and Revenue Committee to review and analyze the state's current oil and gas royalty and tax
11 structures; and be it

12 **FURTHER RESOLVED** that the committee shall be composed of seven members to
13 include three members of the House of Representatives appointed by the speaker of the
14 House, one of whom shall be a member of the minority, three members of the Senate
15 appointed by the Senate President, one of whom shall be a member of the minority, and the
16 chair of the Legislative Budget and Audit Committee; and be it

17 **FURTHER RESOLVED** that the Speaker of the House of Representatives shall
18 appoint the committee chair; and be it

19 **FURTHER RESOLVED** that the committee may study issues and collect
20 information, including confidential information under terms and conditions that preserve its
21 confidentiality, hold hearings should the committee consider hearings desirable with the
22 power to compel attendance by subpoena if necessary, work with outside consultants, and
23 take whatever other action may be appropriate; and be it

24 **FURTHER RESOLVED** that the committee retain consultants with expertise in
25 global oil and gas fiscal structures to perform a comprehensive study and prepare a report on
26 the state's oil and gas tax and royalty regime; and be it

27 **FURTHER RESOLVED** that the study identify alternative state revenue and
28 industry incentive structures that maximize the state's oil and gas revenue, promote
29 development of known oil and gas resources, and encourage additional exploration and
30 development with consideration of the widest possible range of world oil prices; and be it

31 **FURTHER RESOLVED** that the study analyze the consequences of existing and

1 alternative tax structures on Alaska's competitiveness in maintaining existing and attracting
2 new industry investment; and be it

3 **FURTHER RESOLVED** that the results shall be documented in a final report of
4 findings made to the committee; and be it

5 **FURTHER RESOLVED** that the committee shall assist and facilitate the contractor
6 or contractors in the performance of the study; and be it

7 **FURTHER RESOLVED** that the committee begin work on June 1, 2004, or as soon
8 after that date as possible; and be it

9 **FURTHER RESOLVED** that the committee may meet during the interim; and be it

10 **FURTHER RESOLVED** that the committee shall submit the report of findings to the
11 Legislative Budget and Audit Committee, who shall present the report to the Twenty-Fourth
12 Alaska State Legislature not later than March 1, 2005; and be it

13 **FURTHER RESOLVED** that the committee is terminated not later than the
14 adjournment of the First Regular Session of the Twenty-Fourth Alaska State Legislature.