

**SENATE CS FOR CS FOR HOUSE CONCURRENT RESOLUTION NO. 39(RES)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered: 5/10/04

Referred: Rules

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

**A RESOLUTION**

1 **Requesting a study and report on the competitiveness of the state's oil and gas tax and**  
2 **royalty structure.**

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

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

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

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

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

12 **WHEREAS** the tax and royalty structures in place in the state's oil and gas sector  
13 affect the competitive ability of the state to maintain and attract new capital investments; and

14 **WHEREAS** although a stable and competitive tax structure is important to maintain  
15 and attract new capital investments, it is appropriate to reevaluate periodically the state's  
16 system of oil and gas taxes as the scope and cost of oil and gas exploration and production

1 operations change over time;

2 **BE IT RESOLVED** that the Alaska State Legislature requests the Legislative Budget  
3 and Audit Committee to contract with consultants who have expertise in domestic and global  
4 oil and gas fiscal structures to perform a comprehensive study of the state's oil and gas tax and  
5 royalty structure and prepare a report on the results of the study; and be it

6 **FURTHER RESOLVED** that the Legislative Budget and Audit Committee shall  
7 issue a request for proposals by June 15, 2004, to select consultants to perform the study and  
8 contract with the consultants by July 30, 2004, or as soon after that date as is practicable; and  
9 be it

10 **FURTHER RESOLVED** that the study to be performed by the consultants must  
11 identify alternative state revenue and industry incentive structures that, after considering the  
12 probable range of world oil and gas prices, would maximize the state's oil and gas revenue  
13 over the long term, promote development of known oil and gas resources, and encourage  
14 additional exploration and development; and be it

15 **FURTHER RESOLVED** that the study to be performed by the consultants must  
16 analyze the consequences of existing and alternative oil and gas tax structures on the state's  
17 competitiveness in maintaining existing oil and gas industry investment and attracting new oil  
18 and gas industry investment; and be it

19 **FURTHER RESOLVED** that the consultants shall document the results of the study  
20 in a final report and provide the report to the Legislative Budget and Audit Committee not  
21 later than November 15, 2004; and be it

22 **FURTHER RESOLVED** that the Legislative Budget and Audit Committee shall  
23 submit the report provided by the consultants to the Twenty-Third Alaska State Legislature  
24 not later than December 15, 2004, by submitting it to the Alaska Legislative Council.