

(LIMITED RUN SHOWING ALL ADDITIONAL SPONSORSHIPS)

**CS FOR HOUSE CONCURRENT RESOLUTION NO. 22(RES)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

**BY THE HOUSE RESOURCES COMMITTEE****Offered: 4/16/14****Referred: Rules****Sponsor(s): REPRESENTATIVES TAMMIE WILSON, Feige, Isaacson, Tuck****A RESOLUTION**

1 **Urging the governor, the commissioner of natural resources, and the attorney general to**  
 2 **seek resolution of TAPS quality bank disputes before January 1, 2015, in a manner that**  
 3 **will provide long-term quality bank stability and reduce the cost of quality bank**  
 4 **adjustments paid by in-state refiners of Alaska North Slope crude oil.**

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

6 **WHEREAS** refineries in the state provide employment and economic opportunities to  
 7 communities throughout the state; and

8 **WHEREAS** the state receives direct and indirect financial benefits from the operation  
 9 of in-state refineries by way of TAPS quality bank charges and royalty-in-kind sales of oil;  
 10 and

11 **WHEREAS** the Flint Hills and Petro Star refineries mitigate the effects of low oil  
 12 flow in the Trans Alaska Pipeline System by increasing the temperature of the crude oil in the  
 13 pipeline as a result of refinery operations; and

14 **WHEREAS** Petro Star Inc. is the supplier of jet fuel and marine diesel to military  
 15 bases in the state; and

1           **WHEREAS** the Ted Stevens International Airport is the largest cargo hub in North  
2 America and offers a market opportunity for the manufacture and sale of jet fuel that is  
3 refined in the state; and

4           **WHEREAS** the sale of jet fuel that is refined in the state adds value to the state's  
5 crude oil, and in-state refining provides refined products to meet other energy needs in the  
6 state; and

7           **WHEREAS** refineries in the state face increasing competition from imported jet fuel  
8 and other refined products; and

9           **WHEREAS** the cost of obtaining crude oil for refineries in the state is higher than that  
10 for out-of-state refineries because of TAPS quality bank charges, higher energy costs, and  
11 crude oil prices that are higher than the price of West Texas Intermediate crude oil; and

12           **WHEREAS**, in February 2014, Flint Hills Resources Alaska LLC announced plans  
13 for closing the company's refinery in North Pole; and

14           **WHEREAS** the absence of refineries in the state would directly and indirectly  
15 negatively affect the labor market in the state, negatively affect the state's general fund,  
16 jeopardize the security of Alaska's military bases, and drive up the long-term cost of fuel  
17 products for the people of the state; and

18           **WHEREAS** the TAPS quality bank and the cost of adjustments that must be paid by  
19 refineries in the state have, for many years, been subject to prolonged and recurrent litigation  
20 before the Federal Energy Regulatory Commission and the Regulatory Commission of  
21 Alaska;

22           **BE IT RESOLVED** that the Alaska State Legislature urges the governor, the  
23 commissioner of natural resources, and the attorney general to seek resolution of TAPS  
24 quality bank disputes before January 1, 2015, in a manner that will provide long-term quality  
25 bank stability and reduce the cost of quality bank adjustments paid by in-state refiners of  
26 Alaska North Slope crude oil.