

Introduced: 5/1/70
Referred: Resources and
Judiciary

1 IN THE HOUSE

BY THE LABOR AND MANAGEMENT
COMMITTEE

2 HOUSE JOINT RESOLUTION NO. 125

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - SECOND SESSION

5 Relating to the issue of oil and gas
6 leases.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS, if HOUSE BILL 518 becomes state law in the form passed by the
9 House it provides that until July 1, 1972, no oil and gas leases may be
10 issued upon state lands without the prior consent of the legislature as
11 expressed by the passage of a joint resolution; and

12 WHEREAS planned lease sales during the 1970-71 fiscal year are estimated
13 to produce bonuses of \$40,540,000 for the state; and

14 WHEREAS five-year budget and revenue forecasts indicate a reduction in
15 the state surplus from the present \$900,000,000 to \$556,000,000 even without
16 the additional expenditure increases either adopted or seriously considered
17 for adoption in the current legislative session; and

18 WHEREAS these additional expenditures, totaling more than \$184,800,000
19 for the 1970-71 fiscal year, plus the continuing costs of the programs
20 involved, and plus the loss of earnings on the funds required, all total
21 approximately \$398,000,000 over the next five years; and

22 WHEREAS the initial projected surplus at the end of five years of
23 \$556,000,000 would thus drop to \$158,000,000; and

24 WHEREAS failure to realize the \$40,540,000 from bonuses as scheduled,
25 plus the loss of earnings thereon of seven per cent per year for five years,
26 would further lower the five-year surplus by \$56,878,000 to \$101,000,000; and

27 WHEREAS a two-year delay in the previously expected completion of the
28 TAPS pipeline would result in further loss of oil royalties and severance
29 taxes for the five-year period, totaling an estimated \$212,400,000, as well

1 as earnings on it of approximately \$10,700,000, thus further reducing the
2 five-year surplus by \$223,100,000 down to minus \$122,000,000; and

3 WHEREAS a summary analysis of the state's surplus at the end of five
4 years, considering the above, would appear as follows:

5	Surplus at end of five years as initially projected	\$556,000,000
6	Deduct:	
7	Additional expenditures	\$398,000,000
8	Loss of bonus revenues (first year sales) approx.	\$ 57,000,000
9	Loss of revenues due to two-year delay of pipeline	<u>\$223,000,000</u>
10	Total reductions	\$678,000,000
11	Revised surplus at end of five years (deficit)	<u>(\$122,000,000)</u>

12 and

13 WHEREAS the foregoing clearly emphasizes the urgent need for state
14 revenues; and

15 WHEREAS interest in acquiring oil and gas leases has been expressed by
16 many responsible potential bidders; and

17 WHEREAS oil and gas lease sales are based on the evaluation of costly
18 and highly technical data which is confidential in nature; and

19 WHEREAS the adequacy of bids offered is judged by the Department of
20 Natural Resources on the evaluation of similarly confidential and technical
21 information as is the judgment as to the conduct and timing of a lease sale;
22 and

23 WHEREAS an open public debate by the legislature could not include those
24 matters essential in arriving at a judgment as to whether a sale should be
25 held, without revealing such confidential information with consequent serious
26 detriment to lease values and the state's best interests;

27 BE IT RESOLVED, if HOUSE BILL 518 becomes law, that by this Resolution
28 the Alaska State Legislature hereby consents to the holding of a lease sale
29 or sales during the fiscal year ending June 30, 1971 as determined by the

1 Department of Natural Resources to be in the best interests of the state;
2 and be it

3 FURTHER RESOLVED that this consent does not extend to that Bristol Bay
4 area specified in House Resources Committee Substitute for SENATE BILL 384.

5 COPIES of this Resolution shall be sent to the Honorable Keith H.
6 Miller, Governor, and the Honorable Thomas E. Kelly, Commissioner, Department
7 of Natural Resources.

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29