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Referred: Resources

1 IN THE SENATE

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2 SENATE CONCURRENT RESOLUTION NO. 25

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 Requesting the sale by the state of rights
6 to receive future production of royalty
7 oil and gas.

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

9 WHEREAS, among the various revenue alternatives before it, the state may
10 sell rights to receive future production of royalty oil and gas; and

11 WHEREAS transactions of this nature are specifically provided for in
12 existing law and are familiar transactions in financial circles; and

13 WHEREAS these transactions are consistent with the Constitution of Alaska
14 but may require, dependent upon market conditions and the commodity to be
15 sold, identification of a buyer having funds available for immediate payment
16 to the state; and

17 WHEREAS, in such a transaction, the state may retain the option of re-
18 purchasing the sold royalty interest, or may elect to sell only a fraction
19 of its right to receive future royalty oil and gas, retaining the option to
20 receive royalty oil and gas in kind to achieve other state purposes; and

21 WHEREAS the NANA regional corporation and certain other Native regional
22 corporations are acquainted with the immediate state quest for additional
23 funds during the interim before production of North Slope oil, and as cor-
24 porate citizens are ready, willing, and anxious to assist in meeting this
25 need and are structured so to do, either directly or through their development
26 subsidiaries; and

27 WHEREAS a sale by the state of the right to receive oil and gas in kind
28 need not now fix the future value or worth of the commodity sold, the quantity
29 of petroleum delivered to the buyer to vary, dependent upon the future value

1 or worth; and

2 WHEREAS the adoption of this alternative does not have adverse conse-
3 quences to state planning with respect to the environment, growth rate, or
4 infrastructure requirements, nor does it depress the value of leasable state
5 or Native properties by affecting adversely the profitability of potential
6 development, nor is it inequitable or of dubious constitutionality;

7 BE IT RESOLVED by the Alaska State Legislature that the Governor is
8 respectfully requested as follows:

9 (1) request the Alaska Royalty Oil and Gas Development Advisory
10 Board to give written approval of this transaction; and

11 (2) to supplement the revenues to meet budget requirements for
12 fiscal year 1976 or fiscal year 1977, commence negotiations for agreements
13 with any ready and willing Native regional corporations or their subsidiaries
14 whereby they may buy from the state the right to receive certain royalty
15 oil and gas in the future, upon the condition that they remit to the state
16 payments as consideration for the sale, and the state may retain the option of
17 repurchasing the sold royalty interest, or may elect to sell only a fraction
18 of its right to receive future royalty oil and gas, retaining the option to
19 receive royalty oil and gas in kind to achieve other state purposes.
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