

Introduced: 4/20/78
Referred: The Special Committee
on the Sale of Royalty Oil & Gas
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE CONCURRENT RESOLUTION NO. 126

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 Relating to a direct investment
6 by the state in the Alaska natural
7 gas pipeline project.

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

9 WHEREAS, Northwest Alaskan Pipeline Company has been selected by the
10 President and the Congress of the United States to construct a pipeline to
11 transport Alaskan natural gas from Prudhoe Bay to markets in the lower 48
12 states; and

13 WHEREAS, the cost of the project is estimated to be 10.5 billion
14 dollars, 3.7 billion dollars of which will be used to construct over 700
15 miles of pipeline in Alaska; and

16 WHEREAS, timely completion of the Alaska Highway Natural Gas project
17 to transport North Slope natural gas is a matter of vital concern to the
18 nation's energy future; and

19 WHEREAS, construction of the project will produce important social and
20 economic benefits for the people of Alaska, including approximately 20,000
21 new jobs, increased state and local tax revenue, enhanced availability of
22 natural gas for Alaskan communities, and stimulus and expansion of private
23 enterprise, including greater potential for development of in-state manu-
24 facturing, refining, and processing facilities; and

25 WHEREAS, Northwest Alaskan Pipeline Company has advised the state that
26 it would be of substantial assistance to the company in constructing the
27 gas line if the state were to provide financial aid, both through the means
28 of creating an authority with the power to issue tax-free bonds for invest-
29 ment in the pipeline and through the means of direct investment in the

1 pipeline; and

2 WHEREAS, Northwest Alaskan Pipeline Company has asserted that a direct
3 investment in the pipeline would be beneficial to Alaska, not only because
4 it would hasten the construction of the pipeline, but because it would
5 create a substantial return to Alaskans on the dollars invested; and

6 WHEREAS, unlike the creation of an authority to issue tax-free bonds,
7 a direct investment would be a direct commitment of taxpayers' funds to the
8 project and should only be undertaken after the legislature and the admini-
9 stration have had an opportunity to completely review all the economic data
10 pertaining to the pipeline, as well as the final financial plan for construc-
11 tion of the pipeline; and

12 WHEREAS, decision by the state not later than the first quarter of
13 1979 to participate in the direct financing of the project will materially
14 assist the project, and thereby realize the potential benefits of the
15 project for Alaskans;

16 BE IT RESOLVED by the Alaska State Legislature that

17 (1) under provisions of AS 24.20.090 and Rule 48(c), Uniform
18 Rules of the Alaska State Legislature, the Legislative Council is directed
19 to establish a joint interim committee on gas pipeline financing, consisting
20 of three members from each house of the legislature, to review and consider
21 a possible direct investment by the State of Alaska in the pipeline project;

22 (2) the governor, in consultation with the committee, is respect-
23 fully requested to determine if direct state financial participation in the
24 project appears to be in the best interest of the state;

25 (3) if it is determined that such participation is desirable,
26 the governor, again in consultation with the committee, is respectfully
27 requested to negotiate and enter into a specific agreement for direct state
28 financial participation; and

29 (4) if such an agreement is entered into, it must be submitted

1 to the legislature not later than the 15th day of the 1979 legislative
2 session for approval by law.

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