

Original sponsor: Rules Committee by  
request of the Governor

Offered: 6/9/78  
Referred: Finance

1 IN THE SENATE

BY THE SPECIAL COMMITTEE ON THE  
SALE OF ROYALTY OIL AND GAS

2 HOUSE CS FOR SENATE CONCURRENT RESOLUTION NO. 102

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 Relating to a direct investment by  
6 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 dollars,  
14 3.7 billion dollars of which will be used to construct over 700 miles of  
15 pipeline in Alaska; and

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

19 WHEREAS, construction of the project may produce important social and  
20 economic benefits for the people of Alaska, including new jobs, increased  
21 state and local tax revenue, enhanced availability of natural gas for Alaskan  
22 communities, and stimulus and expansion of private enterprise, including  
23 greater potential for development of in-state manufacturing, refining, and  
24 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 gas  
27 line if the state were to provide financial aid, both through the means of  
28 creating an authority with the power to issue tax-free bonds for investment  
29 in the pipeline and through the means of direct investment in the pipeline;

1 and

2 WHEREAS, Northwest Alaskan Pipeline Company has asserted that a direct  
3 investment up to a maximum of \$500,000,000 in the pipeline would be benefi-  
4 cial to Alaska and would create a substantial return to Alaskans on the  
5 dollars invested; and

6 WHEREAS, unlike the creation of an authority to issue tax-free bonds, a  
7 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, the final financial plan for construction of the  
11 entire transmission system and have made a determination as to the effect of  
12 early withdrawal of gas from the Prudhoe Bay reservoir; and

13 WHEREAS, if a decision is made by the state to participate in the direct  
14 financing of the project during the First Session of the Eleventh Legisla-  
15 ture, this decision will materially assist the project's planners;

16 BE IT RESOLVED by the Alaska State Legislature that

17 (1) There is established a joint interim committee on gas pipeline  
18 financing to review and consider possible direct investment by the State of  
19 Alaska in the pipeline project. The committee consists of three members from  
20 each house appointed by the presiding officer of each house. The committee  
21 shall elect its chairman.

22 (2) the committee, in consultation with the governor, shall deter-  
23 mine if direct state financial participation in the project appears to be in  
24 the best interest of the state;

25 (3) if it is determined that such participation is desirable, the  
26 committee, again in consultation with the governor, shall prepare, and pro-  
27 pose to the legislature, legislation to authorize a maximum of \$500,000,000  
28 in direct state financial participation;

29 (4) the committee shall submit a written report to the legislature

1 not later than January 31, 1979.

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