

Introduced: 3/15/79
Referred: Finance

BY THE RULES COMMITTEE BY
BY REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE CONCURRENT RESOLUTION NO. 23

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 Relating to the financial and Alaska
6 impact plan submitted by the Alaska
7 Gas Pipeline Financing Authority.

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

9 WHEREAS, if the state makes a final determination that production of
10 natural gas from the Prudhoe Bay reservoir will be consistent with optimal
11 recovery of oil and gas from the reservoir, and if the Congress of the United
12 States and federal regulatory agencies take favorable action with respect to
13 matters of Alaska natural gas policy, then timely construction of the Alaska
14 Highway natural gas pipeline project will be in the best interest of the
15 state and of the United States; and

16 WHEREAS state assistance to the financing of the project will promote an
17 essential public purpose in assuring timely transportation to market of
18 Prudhoe Bay natural gas; and

19 WHEREAS the project is essential to the development of the natural
20 resources and the long-term economic growth of the state, and will directly
21 and indirectly provide employment in the state; and

22 WHEREAS additional benefits to Alaska from the project include increased
23 state and local tax revenues, enhanced availability of natural gas for Alaska
24 communities, and stimulus and expansion of the private sector economy, in-
25 cluding greater potential for development of in-state manufacturing, refining
26 and processing facilities; and

27 WHEREAS construction of the project is a matter of statewide concern;
28 and

29 WHEREAS it is a public purpose of the State of Alaska to promote timely

1 completion of the project and to that end the state has created the Alaska
2 Gas Pipeline Financing Authority, an instrumentality empowered to sell
3 revenue bonds, the interest on which is exempt from federal income tax except
4 when held by a substantial user or related person as these terms are defined
5 in sec. 103 of the Internal Revenue Code of 1954, as amended, and to use the
6 proceeds to purchase or otherwise acquire obligations issued with respect to
7 the project; and

8 WHEREAS an amendment by Act of Congress to sec. 103 of the Internal
9 Revenue Code of 1954, as amended, is required if the authority is to be
10 empowered to sell revenue bonds, the interest on which is exempt from federal
11 income tax; and

12 WHEREAS the establishment of the authority is the state's sole direct or
13 indirect financial support of the project unless the legislature approves
14 equity-related state financing; and

15 WHEREAS there are still many unresolved issues with respect to engi-
16 neering, technical, financial and regulatory matters relating to the project
17 which make a final and complete financial and Alaska impact plan under
18 AS 44.55.100 impossible at this time; and

19 WHEREAS because of these unresolved matters the Alaska Gas Pipeline
20 Financing Authority has recommended in its financial and Alaska impact plan
21 that the plan be approved on the conditions that no bonds be sold until the
22 plan is amended and approved by the legislature, that the amendments include
23 definitive answers to all matters presently unresolved, unanswered or
24 undocumented, and that all matters reported upon in the present plan be
25 expounded upon and detailed in greater specificity to the legislature;

26 BE IT RESOLVED by the Alaska State Legislature that the financial and
27 Alaska impact plan be accepted with the following conditions:

28 (1) no bonds may be sold until the plan is amended by the Alaska
29 Gas Pipeline Financing Authority and approved by the legislature by con-

1 current resolution; and

2 (2) the amendments shall include definitive answers under
3 AS 44.55.100 to all matters presently unresolved, unanswered, or undocumented
4 and all matters reported upon in the present plan shall be expounded upon and
5 detailed in greater specificity.

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