

Original sponsor: Rules Committee
by request

Offered: 4/27/79
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE CONCURRENT RESOLUTION NO. 33

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

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

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

9 WHEREAS in 1978 the legislature adopted Senate Concurrent Resolution No.
10 102 relating to a direct investment by the state in the Alaska natural gas
11 pipeline project; and

12 WHEREAS in that resolution the legislature recognized the benefits which
13 may result to the State of Alaska through timely construction of the natural
14 gas pipeline; and

15 WHEREAS that resolution established a Joint Interim Committee on Gas
16 Pipeline Financing to review and consider the merits of direct investment by
17 the State of Alaska in the pipeline project; and

18 WHEREAS the committee was directed, in consultation with the governor,
19 to determine if direct state financial participation in the pipeline project
20 appeared to be in the best interests of the state; and

21 WHEREAS, if direct participation was in the best interests of the state,
22 the committee, again in consultation with the governor, was directed to
23 propose legislation to authorize a maximum of \$500,000,000 in direct state
24 financial participation in the pipeline project; and

25 WHEREAS the committee has been organized, co-chairmen elected, and its
26 work initiated under Senate Concurrent Resolution No. 102; and

27 WHEREAS the committee submitted a written report to the legislature on
28 January 31, 1979; and

29 WHEREAS, because of delays beyond the committee's control in the develop-

1 ment of data necessary and pertinent to the scheduling of financing and
2 construction of the Alaska natural gas pipeline, it was considered irrespon-
3 sible for the committee, in consultation with the governor, to make recommen-
4 dations regarding state financial participation in the report made to the
5 legislature on January 31, 1979; and

6 WHEREAS certain matters concerning construction of the Alaska natural
7 gas pipeline, such as wellhead pricing and rolled-in pricing, have been
8 resolved satisfactorily by Congress; and

9 WHEREAS the legislative finance division has forecast that state general
10 fund revenues will be insufficient to support an outright cash investment of
11 \$500 million even under the most optimistic circumstances;

12 BE IT RESOLVED by the Alaska State Legislature that the Joint Interim
13 Committee on Gas Pipeline Financing is directed to consult with appropriate
14 financial and legal experts and obtain for the legislature

15 (1) a formal opinion of bond counsel on whether general obligation
16 bonds may be legally used to finance state equity participation in the
17 natural gas pipeline;

18 (2) if bond counsel determines that the use of general obligation
19 bonds would be legal for this purpose, expert financial opinion on how the
20 issuance of the bonds would affect the state's ability to finance other
21 needed capital projects;

22 (3) detailed projections of the state's general fund balances
23 using diverse income and revenue assumptions in order to determine if there
24 are any circumstances under which the state could prudently make a direct
25 cash investment in the gas pipeline; and

26 (4) expert financial and legal opinions on other methods for pro-
27 viding financial assistance to the gas pipeline project, including the pledg-
28 ing of Prudhoe Bay royalty gas or the use of revenue bonds; and be it

29 FURTHER RESOLVED that the Joint Interim Committee on Gas Pipeline

1 Financing is directed to monitor the administration's negotiations for the
2 sale of Prudhoe Bay Royalty Gas; and be it

3 FURTHER RESOLVED that the Joint Interim Committee on Gas Pipeline Financ-
4 ing is directed to continue its efforts to develop, in consultation with the
5 governor, a report for the legislature examining the economic feasibility of
6 the natural gas pipeline and alternative methods by which the legislature may
7 assist timely construction of the pipeline, including the desirability of
8 direct financial participation in the pipeline; and be it

9 FURTHER RESOLVED that the Joint Interim Committee on Gas Pipeline Financ-
10 ing submit a written report to the Second Session of the Eleventh Legislature.

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