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SENATE COMMITTEE REPORT

FURTHER

4/4/89

DATE TURNED INTO OFFICE _____

Mr. President:

FINANCE Committee considered SB 60

making a special appropriation to the Office of the Governor for activities to encourage the federal government to permit export of oil from the state; efd and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

Bill Died in Committee.

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Chairman signature and recommendation

Committee Backup attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

6-03784

Date of 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER

FINANCE

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

1/9/89

DATE TURNED INTO OFFICE 4/3/89

Mr. President:

RESOURCES Committee considered SB 60

making a special appropriation to the Office of the Governor for activities to encourage the federal government to permit export of oil from the state; efd.

and recommended:

- replace with CS SB 60 (Resources) same title new title
- attached amendment(s) and
- and majority do pass letter of intent adopted
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

FN

4/4
FN - focusing on CS
IS FUTURE
XCS

FISCAL NOTE(S) attached zero fiscal impact
 appropriation no FN attached Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

1 Rick Halford
1 [Signature]
1 [Signature] Frank

OTHER RECOMMENDATIONS

2 Arthur Sturgulinski No Rec.
2 Fred T. Zhauff No Rec.

[Signature] Do Pass
Chairman signature and recommendation

Committee backup attached

Offered: 4/4/89
Referred: Finance

6-0378H

Original sponsors: Fahrenkamp, Kelly,
and Kerttula

Funding Information
General Fund \$150,000
Other Funds -0-
\$150,000

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 60 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the legis-
7 lative council for activities to encourage the fed-
8 eral government to permit export of oil from the
9 state; and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. The sum of \$150,000 is appropriated from the general fund
12 to the legislative council for activities to encourage the federal govern-
13 ment to enact legislation to permit the export of oil from the state to
14 foreign countries.

15 * Sec. 2. The unexpended and unobligated portion of the appropriation
16 made by this Act lapses into the general fund June 30, 1990.

17 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

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Funding Information

General Fund	\$1,500,000
Other Funds	-0-
	<u>\$1,500,000</u>

1 IN THE SENATE

BY FAHRENKAMP, KELLY
AND KERTTULA

2 SENATE BILL NO. 60

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Office
7 of the Governor for activities to encourage the
8 federal government to permit export of oil from the
9 state; and providing for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. The sum of \$1,500,000 is appropriated from the general
12 fund to the Office of the Governor for activities to encourage the federal
13 government to enact legislation to permit the export of oil from the state
14 to foreign countries.

15 * Sec. 2. The unexpended and unobligated portion of the appropriation
16 made by this Act lapses into the general fund June 30, 1990.

17 * Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

REQUEST:

Revision Date: 1/14/89
Title: Removal of Export Ban on Alaska Oil

Agency Affected: Department of Revenue
BRU: Oil and Gas Audit

Sponsor: Senator Fahrenkamp
Requestor: Senate Resources Committee

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE	\$35 to \$100 Million					

FUNDING: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The above numbers reflect the savings in transportation costs and thus the gain to the state. The numbers assume no upward movement in West Coast prices due to competitive factors.

Prepared By: Chuck Loqsdon
Division: Oil and Gas Audit Division

Phone: 277-5627
Date: 2/14/89

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: 2/14/89

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Analysis of SB60

Removal of the export ban on ANS (Alaska North Slope) crude oil would have a significant impact on State severance tax and royalties through the enhancement of the value of our oil resource. The increased value would derive from two sources: 1. reduction of the transportation costs of moving our oil to market and 2. bringing the price of ANS sold on the West Coast up to world market levels.

It is not clear what the exact transport cost savings would be since the oil might or might not be eligible to be moved in foreign tankers. It is also not clear how close to the world market price the West Coast would be given the concentration of buyers (refiners) in this market and the integrated nature of the West Coast ANS producer/refiner network. In the long run it is clear however, that competitive forces should raise the price of ANS above its current level.

At a minimum we anticipate the State could realize an additional \$35 million per year in revenue assuming Jones Act tankers move the oil to the Pacific Rim importers and assuming this sale has no effect on the West Coast Price. Allowing the price assumption on the West Coast to approach parity with the Gulf Coast price and allowing export in foreign tankers raises an additional \$150 million per year.