

**SB**

**164**

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB 164  
 ( ) Publish Date: \_\_\_\_\_  
 Dept. Affected: Natural Resources  
 BRU: Oil & Gas Development  
 Component: Pipeline Coordinator  
 Component Number: 1191

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title: No Gas Pipeline over Beaufort Sea  
 Sponsor: Senators Torgerson, Halford, Pearce, et al.  
 Requester: (S) RES

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: none  
 Check this box (X) if funding for this bill is included in the Governor's FY2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

There is no anticipated fiscal impact to the State Pipeline Coordinator's Office associated with implementation of this legislation.

Prepared by: Bill Britt Phone 271-4304  
 Division: State Pipeline Coordinator's Office Date/Time 27-Mar-01  
 Approved by: Pat Pourchot Date 28-Mar-01  
 Agency: Natural Resources

For distribution information, call the Governor's Legislative Office



# ALASKA STATE LEGISLATURE

## SENATOR JOHN TORGERSON

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## Sponsor Statement

### SB 164

### Prohibiting a Right-of-Way Lease for an Over the Top Gas Pipeline Route

Commercialization of North Slope natural gas has been one of the legislature's top priorities. The potential benefits of commercialization include short and long-term jobs, additional state and municipal revenues, opportunities for new industries, and cheap, clean energy for much of the state. Individually legislators have opposed the "over the top" route because it does not maximize these potential benefits. This bill would amend AS 38.35, the Right-of-Way Leasing Act, to preclude the DNR Commissioner from issuing a right-of-way lease for an over the top route. Passage of this bill shows that the legislature finds that this route would not be in the state's best interests.

The bill would amend the declaration of the legislative policy regarding the issuance of a right-of-way lease. AS 38.35.010 currently reflects that a pipeline:

1. can "significant[ly] contribut[e] to the welfare of the people of the state;" and
2. should "maximize the contribution to the development of human resources of this state, increase the standard of living for all of its residents, advance existing and potential sectors of its economy, strengthen free competition in its private enterprise system, and carefully protect its incomparable natural environment."

The bill would add these policies:

1. the constitutional requirements that the state's resources be developed for the "maximum use consistent with the public interest," and directing the legislature to provide for "the utilization, development, and conservation of all natural resources belonging to the State ... for the maximum benefit of its people;"
2. North Slope natural gas should be available to meet in-state demand;
3. North Slope natural gas should be developed to maximize short-term construction, and long-term operation and maintenance employment;
4. North Slope natural gas should be developed to add to the long term property tax base;

#### REPRESENTING THE KENAI PENINSULA

*Anchor Point Bear Creek Clam Gulch Cooper Landing Crown Point Fritz Creek Happy Valley Halibut Cove  
Homer Hope Kachemak City Kachemak Selo Kasilof Lowell Point Moose Pass Nanwalek Nikolaevsk  
Ninilchik Port Graham Razdolna Seward Seldovia Soldotna Stariski Sterling Voznesenka*

5. a North Slope natural gas pipeline to the North American market should be designed and located to enhance the possibilities for construction of new industries in Alaska and other pipelines to Alaska tidewater; and
6. a North Slope natural gas pipeline should use available infrastructure and utility corridors for construction of the pipeline and to minimize environmental impacts.

Finally, the bill would conclude that based on these policies, the commissioner may not grant a right-of-way across state lands in and adjacent to the Beaufort Sea for an over the top route until a southern route is built. Basically, the bill recognizes that an "over the top" route is not in the state's best interests.