

**HJR**

**4**

<TARGET><BILL>HJR 4</BILL><SUBJECT>HJR  
4</SUBJECT><COMM>SRES29</COMM></TARGET>

# SENATE COMMITTEE REPORT

DATE: 3/6/15

FURTHER: Rules  
 DATE TURNED IN TO OFFICE: 3/23/15

**Resources Committee** considered HOUSE JOINT RESOLUTION NO. 4

## HJR 4 OFFSHORE OIL & GAS REVENUE SHARING

Urging the United States Congress to provide a means for consistently and equitably sharing with all oil and gas producing states adjacent to federal outer continental shelf areas a portion of revenue generated from oil and gas development on the outer continental shelf to ensure that those states develop necessary infrastructure to support outer continental shelf development and preserve environmental integrity.

and recommends:

- be replaced with SCS HJR 4 (SRE) [ ] Same Title [ ] Technical Title Change  
 New Title/SCR No. 8
- [ ] adopt previous SCS \_\_\_\_\_ (\_\_\_\_\_) [ ] Same Title [ ] Technical Title Change  
 New Title/SCR No. \_\_\_\_\_
- [ ] attached amendment(s)
- [ ] adopt \_\_\_\_\_ Letter of Intent
- [ ] further referral to \_\_\_\_\_ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
CRT	LEG
EED	MVA
DEC	DNR
DFG	DPS
GOV	REV
DHS	DOT
AJS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
<u>HRE7</u>			<u>X</u>	<u>1</u>

[ ] APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Costello	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Wielechowski	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Coghill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Micciche	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Stedman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Stoltze	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CHAIR:	Giessel	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(LIMITED RUN SHOWING ALL ADDITIONAL SPONSORSHIPS)

**SENATE CS FOR HOUSE JOINT RESOLUTION NO. 4(RES)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered: 3/23/15

Referred: Rules

Sponsor(s): REPRESENTATIVES SADDLER, Herron, Millett, Chenault, Hawker, Gattis, Johnson, Josephson, LeDoux, Hughes, Vazquez, Tilton

SENATORS Costello, McGuire, Dunleavy, Gardner, Coghill, Stevens, Micciche, Bishop, Giessel, MacKinnon, Stedman, Meyer

**A RESOLUTION**

1 **Urging the United States Congress to provide a means for consistently and equitably**  
2 **sharing with all oil and gas producing states adjacent to federal outer continental shelf**  
3 **areas a portion of revenue generated from oil and gas development on the outer**  
4 **continental shelf to ensure that those states develop necessary infrastructure to support**  
5 **outer continental shelf development and preserve environmental integrity; urging the**  
6 **United States Congress to reject any proposal to divert or otherwise reduce revenue**  
7 **sharing to the coastal states and their political subdivisions under the Gulf of Mexico**  
8 **Energy Security Act of 2006; and urging the President of the United States to direct, to**  
9 **the maximum extent possible, federal funds received from outer continental shelf**  
10 **development, and not dedicated to states or other federal programs, to federal**  
11 **infrastructure in the affected states.**

12 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

13 **WHEREAS** the state, which has more coastline than the rest of the United States

1 combined, requests that the United States Congress pass legislation that allows the state to  
2 equitably share revenue generated on the outer continental shelf of the state; and

3 **WHEREAS**, under the Outer Continental Shelf Lands Act, the federal government  
4 recognizes the effect oil and gas development in federal near-shore areas has on states by  
5 sharing with those states 27 percent of revenue collected from federal oil and gas leases  
6 within three miles of the states' coastlines; and

7 **WHEREAS**, under the Gulf of Mexico Energy Security Act of 2006, the federal  
8 government recognizes the effect that oil and gas development in federal offshore areas has  
9 on the states of Alabama, Louisiana, Mississippi, and Texas, and recognizes the contributions  
10 to national energy, security, and economic interests made by sharing with those states 37.5  
11 percent of revenue from leases covered under phase one of the Gulf of Mexico Energy  
12 Security Act of 2006; phase two of the Gulf of Mexico Energy Security Act of 2006 expands  
13 the definition of "qualified outer continental shelf revenue" and continues to share revenue on  
14 an adjacency factor but includes an annual revenue-sharing cap of \$500,000,000 that applies  
15 through 2055; and

16 **WHEREAS** the federal government fails to recognize the same effects on and  
17 contributions made by other oil and gas producing states adjacent to federal outer continental  
18 shelf areas, including this state and California; and

19 **WHEREAS** the Alaska outer continental shelf region encompasses the Beaufort,  
20 Chukchi, and Bering seas, Cook Inlet, and the Gulf of Alaska, includes over 1,000,000,000  
21 acres, and contains more than 6,000 miles of coastline, which is more coastline than the rest  
22 of the United States combined; and

23 **WHEREAS** there are presently 607 active oil and gas leases and more than 3,300,000  
24 acres of leased land in the Alaska outer shelf continental region; and

25 **WHEREAS** federal government grants do not adequately address the need for  
26 additional investment in state infrastructure or the increased demands on state and local  
27 government resources resulting from outer continental shelf development, especially in this  
28 state, which has more coastline, more rural communities, and less infrastructure than any  
29 other state; and

30 **WHEREAS** outer continental shelf revenue sharing would allow states to build  
31 infrastructure such as marine ports, airports, utilities, and housing, and increase state services,

1 such as oil spill and emergency response and environmental monitoring and mitigation, which  
2 would likely lead to expanded, safer exploration and development activity and increase  
3 overall revenue to the federal government; and

4 **WHEREAS** additional state infrastructure and increased availability of state and local  
5 government resources would likely increase interest in and bids during future federal outer  
6 continental shelf oil and gas lease sales, which have generated over \$2,750,000,000 in  
7 revenue for the federal government in the Alaska outer continental shelf region alone since  
8 2005; and

9 **WHEREAS** outer continental shelf revenue sharing could provide a stable funding  
10 source for and help fulfill the mission of the Land and Water Conservation Fund, a national  
11 fund created to safeguard natural areas, water resources, and cultural heritage and to provide  
12 recreation opportunities or, alternatively, could be used for deficit reduction;

13 **BE IT RESOLVED** that the Alaska State Legislature urges the United States  
14 Congress to provide a means for consistently and equitably sharing with all oil and gas  
15 producing states adjacent to federal outer continental shelf areas a portion of revenue  
16 generated from outer continental shelf oil and gas production to ensure the states develop  
17 necessary infrastructure to support outer continental shelf development and preserve  
18 environmental integrity; and be it

19 **FURTHER RESOLVED** that the Alaska State Legislature urges the United States  
20 Congress to reject any proposal to divert or otherwise reduce revenue sharing to the coastal  
21 states and their political subdivisions under the Gulf of Mexico Energy Security Act of 2006;  
22 and be it

23 **FURTHER RESOLVED** that the Alaska State Legislature urges the President of the  
24 United States to direct, to the maximum extent possible, federal funds received from outer  
25 continental shelf development, and not dedicated to states or other federal programs, to  
26 federal infrastructure in affected states.

27 **COPIES** of this resolution shall be sent to the Honorable Barack Obama, President of  
28 the United States; the Honorable Joseph R. Biden, Jr., Vice-President of the United States and  
29 President of the U.S. Senate; the Honorable Sally Jewell, United States Secretary of the  
30 Interior; the Honorable John Boehner, Speaker of the U.S. House of Representatives; the  
31 Honorable Kevin McCarthy, Majority Leader of the U.S. House of Representatives; the

1 Honorable Nancy Pelosi, Minority Leader of the U.S. House of Representatives; the  
2 Honorable Mitch McConnell, Majority Leader of the U.S. Senate; the Honorable Harry Reid,  
3 Minority Leader of the U.S. Senate; the Honorable Lisa Murkowski, Chair of the U.S. Senate  
4 Committee on Energy and Natural Resources; the Honorable Dan Sullivan, U.S. Senator, and  
5 the Honorable Don Young, U.S. Representative, members of the Alaska delegation in  
6 Congress; and all other members of the 114th United States Congress.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

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Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

March 17, 2015

**SUBJECT:** Change of Title to HJR 4  
(Amendment A.1 to HJR 4; Work Order No. 29-I.S0281\A.1)

**TO:** Senator John Coghill  
Attn: Chad Hutchison

**FROM:** Emily Nauman   
Legislative Counsel

Enclosed is amendment A.1 to HJR 4. If the amendment is adopted, the resolution requires a title change in the Senate because joint resolutions are treated like bills in all respects under Uniform Rule 49(a)(5). If you would like me to prepare a concurrent resolution to waive the Uniform Rules that prohibit a title change in the second body, please let me know.

ELN:lnd  
15-236.lnd

Enclosure

*Sen. Coghill*  
*w/memo*

AMENDMENT

OFFERED IN THE SENATE  
TO: HJR 4

BY SENATOR COGHILL

1 Page 1, line 5, following "integrity":

2 Insert "; urging the United States Congress to reject any proposal to divert or  
3 otherwise reduce revenue sharing to the coastal states and their political subdivisions  
4 under the Gulf of Mexico Energy Security Act of 2006; and urging the President of the  
5 United States to direct, to the maximum extent possible, federal funds received from  
6 outer continental shelf development and not dedicated to national deficit reduction or to  
7 the Land and Water Conservation Fund to federal infrastructure in affected states"

8

9 Page 1, lines 7 - 13:

10 Delete all material and insert:

11 "WHEREAS the state, which has more coastline than the rest of the United States  
12 combined, requests that the United States Congress pass legislation that allows the state to  
13 equitably share revenue generated on the outer continental shelf of the state; and"

14

15 Page 2, lines 7 - 8:

16 Delete "federal oil and gas leases in outer continental shelf areas adjacent to each  
17 state"

18 Insert "leases covered under phase one of the Gulf of Mexico Energy Security Act of  
19 2006; phase two of the Gulf of Mexico Energy Security Act of 2006 expands the definition of  
20 "qualified outer continental shelf revenue" and continues to share revenue on an adjacency  
21 factor but includes an annual revenue-sharing cap of \$500,000,000 that applies through 2055"

22

23 Page 3, line 5, following "opportunities":

1           Insert "or, alternatively, could be used for deficit reduction"

2

3   Page 3, line 11, following "integrity":

4           Insert new material to read:

5           "; and be it

6           **FURTHER RESOLVED** that the Alaska State Legislature urges the United States  
7   Congress to reject any proposal to divert or otherwise reduce revenue sharing to the coastal  
8   states and their political subdivisions under the Gulf of Mexico Energy Security Act of 2006;  
9   and be it

10          **FURTHER RESOLVED** that the Alaska State Legislature urges the President of the  
11   United States to direct, to the maximum extent possible, federal funds received from outer  
12   continental shelf development and not dedicated to national deficit reduction or to the Land  
13   and Water Conservation Fund to federal infrastructure in affected states"

29-LS0761\A  
Nauman  
3/18/15

**SENATE CONCURRENT RESOLUTION NO.**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-NINTH LEGISLATURE - FIRST SESSION**

**BY**

**Introduced:**  
**Referred:**

**A RESOLUTION**

1 **Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State**  
2 **Legislature, concerning House Joint Resolution No. 4, urging the United States Congress**  
3 **to provide a means for consistently and equitably sharing with all oil and gas producing**  
4 **states adjacent to federal outer continental shelf areas a portion of revenue generated**  
5 **from oil and gas development on the outer continental shelf to ensure that those states**  
6 **develop necessary infrastructure to support outer continental shelf development and**  
7 **preserve environmental integrity.**

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

9 That under Rules 49(a) and 54, Uniform Rules of the Alaska State Legislature, the  
10 provisions of Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State  
11 Legislature, regarding changes to the title of a bill, are suspended in consideration of House  
12 Joint Resolution No. 4, urging the United States Congress to provide a means for consistently  
13 and equitably sharing with all oil and gas producing states adjacent to federal outer  
14 continental shelf areas a portion of revenue generated from oil and gas development on the

- 1 outer continental shelf to ensure that those states develop necessary infrastructure to support
- 2 outer continental shelf development and preserve environmental integrity.

# ALASKA STATE LEGISLATURE

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## REPRESENTATIVE DAN SADDLER

### Sponsor Statement

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#### House Joint Resolution 4 – Relating to OCS Revenue Sharing

House Joint Resolution 4 urges the United States Congress to extend outer continental shelf (OCS) revenue sharing to all coastal states, including Alaska, where OCS oil and gas development could occur.

Currently, the federal government shares with states 50 percent of all revenue collected from oil and gas development on federal onshore lands, 27 percent of all revenue collected from oil and gas development on federal near-shore (within three miles of the coastline) leases, and 37.5 percent of all revenue collected from oil and gas development on federal offshore leases in OCS areas of Gulf Coast states only. There is currently no provision for federal OCS revenue sharing in Alaska, which has more coastline, more rural communities, and less infrastructure than any other state.

Oil and gas development in federal areas – regardless of whether it is onshore, near-shore, or offshore – requires additional investment in state infrastructure and increases demand on state and local government resources. OCS revenue sharing would help provide funding for Alaska to build infrastructure such as marine ports, airports, utilities, and housing and enhance critical state services such as oil spill and emergency response and environmental monitoring and mitigation.

At a time when federal OCS policies are in flux – with proposals to expand OCS offerings in the Atlantic coast, and to cut off OCS offerings in the Beaufort and Chukchi seas – it is imperative for Alaska to reassert its case for a fair apportionment of OCS revenues.

I urge you to join me in sending a strong message to Congress in support of federal revenue sharing for Alaska's OCS.

# Fiscal Note

State of Alaska  
2015 Legislative Session

Bill Version:	HJR 4
Fiscal Note Number:	1
(H) Publish Date:	3/2/2015

Identifier:  
Title: OFFSHORE OIL & GAS REVENUE SHARING  
Sponsor: SADDLER  
Requester: Gary Zepp

Department:  
Appropriation:  
Allocation:  
OMB Component Number: 0

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>OPERATING EXPENDITURES</b>	<b>FY 2016</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
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>0.0</b>

**Fund Source (Operating Only)**

None							
<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>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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**Estimated SUPPLEMENTAL (FY2015) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2016) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Initial Version - One Page Note
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Prepared By: Representative Nageak Phone: (907)465-3473  
House Resources Committee Date: 02/27/2015  
Representative Talerico  
House Resources Committee