

STATE OF ALASKA

THE LEGISLATURE

1978

Source

Legislative
Resolve No.

HCSSCR 102

43



Relating to a direct investment by the state in the Alaska natural gas pipeline project.

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

WHEREAS Northwest Alaskan Pipeline Company has been selected by the President and the Congress of the United States to construct a pipeline to transport Alaskan natural gas from Prudhoe Bay to markets in the lower 48 states; and

WHEREAS the cost of the project is estimated to be 10.5 billion dollars, 3.7 billion dollars of which will be used to construct over 700 miles of pipeline in Alaska; and

WHEREAS timely completion of the Alaska Highway Natural Gas project to transport North Slope natural gas is a matter of vital concern to the nation's energy future; and

WHEREAS construction of the project may produce important social and economic benefits for the people of Alaska, including new jobs, increased state and local tax revenue, enhanced availability of natural gas for Alaskan communities, and stimulus and expansion of private enterprise, including greater potential for development of in-state manufacturing, refining, and processing facilities; and

WHEREAS Northwest Alaskan Pipeline Company has advised the state that it would be of substantial assistance to the company in constructing the gas line if the state were to provide financial aid, both through the means of creating an authority with the power to issue tax-free bonds for investment in the pipeline and through the means of direct investment in the pipeline; and

WHEREAS Northwest Alaskan Pipeline Company has asserted that a direct investment up to a maximum of \$500,000,000 in the pipeline would be beneficial to Alaska and would create a substantial

return to Alaskans on the dollars invested; and

WHEREAS, unlike the creation of an authority to issue tax-free bonds, a direct investment would be a direct commitment of taxpayers' funds to the project and should only be undertaken after the legislature and the administration have had an opportunity to completely review all the economic data pertaining to the pipeline, the final financial plan for construction of the entire transmission system and have made a determination as to the effect of early withdrawal of gas from the Prudhoe Bay reservoir; and

WHEREAS, if a decision is made by the state to participate in the direct financing of the project during the First Session of the Eleventh Legislature, this decision will materially assist the project's planners;

BE IT RESOLVED by the Alaska State Legislature that

(1) there is established a joint interim committee on gas pipeline financing to review and consider possible direct investment by the State of Alaska in the pipeline project; the committee consists of three members from each house appointed by the presiding officer of each house; the committee shall elect its chairman;

(2) the committee, in consultation with the governor, shall determine if direct state financial participation in the project appears to be in the best interest of the state;

(3) if it is determined that such participation is desirable, the committee, again in consultation with the governor, shall prepare, and propose to the legislature, legislation to authorize a maximum of \$500,000,000 in direct state financial participation;

(4) the committee shall submit a written report to the legislature not later than January 31, 1979.