

SENATE CONCURRENT RESOLUTION NO. 4
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY SENATOR MCGUIRE

Introduced: 1/26/11

Referred: Resources, Finance

A RESOLUTION

1 **Creating and relating to the Alaska Oil and Gas Competitiveness Review Task Force.**

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

3 **WHEREAS** Alaska is a vibrant and attractive place to live, work, and invest, and
4 offers outstanding opportunities for current and future generations; and

5 **WHEREAS** the fiscal and regulatory structure of Alaska helps enable the oil and gas
6 sector to be competitive, successful, and sustainable, thereby delivering maximum value to
7 Alaskans; and

8 **WHEREAS** the state receives more than 87 percent of its unrestricted general fund
9 revenue from taxes and royalties on the production of the state's oil and gas resources; and

10 **WHEREAS** oil production in the state has declined nearly 70 percent from its peak
11 production and has declined more than 30 percent since 2000; and

12 **WHEREAS** the legislature has a constitutional obligation to develop the state's
13 resources for the maximum benefit of the state's residents; and

14 **WHEREAS** maximizing oil and gas production and benefits from oil and gas
15 production is in the best interest of the state; and

16 **WHEREAS** the tax, royalty, and other fiscal structures in place in the state's oil and

1 gas sector affect the competitive ability of the state to maintain and attract new capital
2 investments; and

3 **WHEREAS** the oil and gas industry operates in a diverse and competitive global
4 market; and

5 **WHEREAS**, although a stable and competitive tax structure is important to maintain
6 and attract new capital investments, it is appropriate to reevaluate periodically the state's
7 system of oil and gas taxes and regulatory environment for the purpose of determining the
8 most appropriate system for encouraging increased and ongoing long-term capital investment
9 in and production of the resources of the state;

10 **BE IT RESOLVED** by the Alaska State Legislature that the Alaska Oil and Gas
11 Competitiveness Review Task Force is created in the legislative branch and shall consist of
12 seven members as follows:

13 (1) one senator appointed by the president of the senate;

14 (2) one representative appointed by the speaker of the house of
15 representatives;

16 (3) five members of the public, including one member who is a petroleum
17 engineer, one member who is a petroleum geologist, and one member who is an economist,
18 appointed jointly by the president of the senate and the speaker of the house of
19 representatives; and be it

20 **FURTHER RESOLVED** that the senator and representative appointed to the task
21 force shall be cochairs; the legislative staff of the cochairs shall provide administrative
22 support for the task force; and be it

23 **FURTHER RESOLVED** that a vacancy on the task force shall be filled in the
24 manner of the original appointment; and be it

25 **FURTHER RESOLVED** that public members of the task force serve without
26 compensation but shall receive per diem and travel expenses authorized for boards and
27 commissions under AS 39.20.180; and be it

28 **FURTHER RESOLVED** that the task force may meet during and between legislative
29 sessions; and be it

30 **FURTHER RESOLVED** that the duties of the task force include the following:

31 (1) to review historical, current, and potential levels of investment in the

1 state's oil and gas sector;

2 (2) to identify factors that affect investment in oil and gas exploration,
3 development, and production in the state, including tax structure, rates, and credits; royalty
4 requirements; infrastructure; workforce availability; and regulatory requirements;

5 (3) to review the competitive position of the state to attract and maintain
6 investment in the oil and gas sector in the state as compared to the competitive position of
7 other regions with oil and gas resources;

8 (4) in order to facilitate the work of the task force, to establish procedures to
9 accept and keep confidential information that is beneficial to the work of the task force,
10 including the creation of a secure data room and confidentiality agreements to be signed by
11 individuals having access to the confidential information;

12 (5) to make written findings and recommendations, together with suggested
13 legislation, to the Alaska State Legislature before July 1, 2011, or as soon thereafter as
14 practicable, regarding

15 (A) changes to the state's fiscal regime that would be conducive to
16 increased and ongoing long-term investment in and development of the state's oil and
17 gas resources; and

18 (B) alternative means for increasing the state's ability to attract and
19 maintain investment in and development of the state's oil and gas resources, including
20 the creation of a state entity to engage in oil and gas exploration, development,
21 production, or pipeline transportation; and

22 (6) to make written findings and recommendations, together with suggested
23 legislation, to the Alaska State Legislature before November 1, 2011, or as soon thereafter as
24 practicable, regarding changes to the state's regulatory environment that would be conducive
25 to encouraging increased investment while protecting the interests of Alaskans and the
26 environment; and be it

27 **FURTHER RESOLVED** that the Alaska State Legislature respectfully requests the
28 Governor to direct the commissioner of revenue, the commissioner of natural resources, the
29 commissioner of environmental conservation, and other commissioners and agency personnel
30 who have responsibility for and maintain information related to oil and gas investment and
31 activity in the state to contribute to the work of the task force by providing information

1 relevant to the purposes and responsibilities of the task force; and be it

2 **FURTHER RESOLVED** that the continuation or termination of the task force shall
3 be evaluated during the Second Regular Session of the Twenty-Seventh Alaska State
4 Legislature; if the task force is not otherwise extended, the task force shall terminate on the
5 last day of the Second Regular Session of the Twenty-Seventh Alaska State Legislature.