

CLERK'S OFFICE
AMENDED AND APPROVED
Date: 5-3-05

Submitted by: Assemblymember SULLIVAN
Prepared by: Department of Assembly
For reading: May 3, 2005

ANCHORAGE, ALASKA
AR NO. 2005-101 (as amended)

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY SUPPORTING THE PROPOSED LEGISLATION BY THE STATE OF ALASKA TO USE THE AMERADA HESS SETTLEMENT EARNINGS TO IMPROVE THE STATE'S AND COMMUNITIES' TRANSPORTATION SYSTEMS AND OTHER CAPITAL IMPROVEMENTS.

WHEREAS, in 1977, shortly after oil started flowing in the Trans Alaska Pipeline, the State filed suit against the oil companies that were producing North Slope oil, with the claim that the companies were undervaluing the wellhead price of the State's royalty oil, thus depriving Alaskans of the full value for their resource; and

WHEREAS, this lawsuit became known as the *Amerada Hess* case, named after the first oil company listed in the complaint, and was settled 18 years later before trial; and

WHEREAS, under the terms of the court settlement and subsequent legislation, the income from the settlement was specifically excluded from the annual Permanent Fund dividend calculation; and

WHEREAS, House Bills 187 and 188 and Senate Bills 121 and 122 will leverage the *Amerada Hess* account's interest earnings to sell \$340 million in self-supporting bonds to finance much-needed capital projects that will put the settlement to work on behalf of Alaskans without impacting the Alaska Permanent Fund dividend; and

WHEREAS, under the proposal, the annual debt service would be paid from the *Amerada Hess* account's annual earnings; and

WHEREAS, State funds available to finance capital infrastructure and to address deferred maintenance needs have been limited for a number of years, and the proposed legislation will allow construction to begin on transportation projects three to ten years earlier with considerable project savings than if financed with federal funds, and will allow the State to fund its own priorities rather than the Federal government's priorities, as required when using federal funds.

NOW, THEREFORE, the Anchorage Assembly resolves to support legislation examining multiple approaches that ~~would~~ including leveraging the *Amerada Hess* settlement earnings to fund important transportation projects and other critically needed infrastructure investments.

PASSED AND APPROVED by the Anchorage Assembly this 3rd day of May, 2005.

Anna J. Farclough
Chair

ATTEST:

Salma S. Duest
Municipal Clerk