

ALASKA STATE LEGISLATURE

News from the House Majority

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FOR IMMEDIATE RELEASE: November 7, 2005

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Weigh Gas Line Deal on its Merits

By *REP. RALPH SAMUELS*

When it comes to all of the hoopla surrounding the gas pipeline, everything but the merits seems to be in the public discussion. But when the rubber hits the road, and a contract is actually delivered to the Legislature, the only thing that should matter is the merits.

In recent weeks, there has been a flurry of activity, with people on all sides of this very complex issue pontificating about one thing or another: "This deal is great for the state," or "the governor is giving away the farm." One thing is certain, and that is this: Not enough information is out for anyone in the public to decide whether or not they like the deal.

During the extensive public comment period, as well as during Legislative hearings, the policy choices that are being made will be discussed exhaustively. At the end of the day, the Legislature will make this decision based on the merits of the deal. Advertisements advocating one side or another will appear, political pressure will be brought to bear and Alaskans, as they are want to do, will very loudly make their opinions known, hopefully based not on preconceived notions or personalities, but on the merits of the proposal.

Alaskans should not make up their minds on this based on the current political arena, or one part of a proposal that is in the public, without looking at the context that it came out of.

The choices that will be made involve tens of billions of dollars and decades of gas flow. Neither the state nor any other entity involved can afford mistakes.

Should Alaska be a part owner in the pipe? How about the gas? What happens if the price of gas is too low to pay the pipeline tariff? What are the odds of that happening? Where will we get the money to make up the shortfall? How will we sell our gas in the open market? What happens in the Canadian regulatory environment? What happens in the U.S. Congress? There will be hundreds of policy choices for Alaskans to consider, and there will be practical as well as political implications no matter which road we as a state choose to take.

There will be constitutional questions to answer in any event. We have a constitutional duty to develop our resources. We also have a constitutional prohibition against tying the hands of future Legislatures on tax issues. The very heart of developing our gas points out the conflict between these two constitutional provisions. If we do not provide some assurance that we will not change the tax rules once the project is built, will it get built? As a private citizen, would you invest your money if

the government told you "Trust me?" Trust between the state and industry can pretty much be capsulated with the statement, "Both sides do what is best for their shareholders, in every instance."

There is good reason for both sides to be a bit wary of each other, particularly with the amount of money we are talking about.

I am deeply concerned that the rhetoric is already beginning to muddy the waters on this most important issue, before any of the facts have been released. If the Legislature doesn't feel the governor made the best deal possible, the Legislature should vote no, and if the Legislature feels the governor got a good deal, it should vote yes, but it is far too early for anyone to know how they will vote. Now is the time for all Alaskans to keep their powder dry and learn what the issues are. If politics and not merits win out, we all lose.

Rep. Ralph Samuels, R-Anchorage, is vice chairman of the Legislative Budget and Audit Committee, which will hold public hearings on any natural gas contract.

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