



**Opening Statement
Hearing on DOI's FY 2018 Budget Request
Chairman Lisa Murkowski
June 20, 2017**

Good morning, everyone. The committee will come to order.

We're here this morning to consider the President's budget request for the Department of the Interior for Fiscal Year 2018. This is the second of three budget hearings before our committee this year, following the Forest Service last week and the Department of Energy coming up on Thursday.

Secretary Zinke, I want to welcome you back before the committee, for your first appearance since our bipartisan vote in favor of your confirmation on March 1st. It was nice to give you the official tally today.

I want to start by noting that you have taken on some tough tasks at the Department, including some challenges that have gone unaddressed for years, and you are off to a good start. I have enjoyed working with you during the early months of your tenure as Secretary. And I appreciated the opportunity to host you and some members Alaska a couple weeks back, for meetings in Anchorage, for a wonderful Memorial Day ceremony at Byers Lake, and to show you our vast potential to produce more oil on the North Slope. I think it was a really important and very productive time while you were in Alaska.

Our hearing today actually coincides with a big milestone for Alaska: the 40th anniversary of the first oil moving through our Trans-Alaska Pipeline System. It was on this day, back in 1977, that our 800-mile long pipeline carried the first of what is now more than 17 billion barrels of oil south to Valdez.

We had an opportunity while you were in Alaska to be at the start of the pipeline, mile 0, along with Senator Barrasso and Senator Daines of our committee and a

couple others. I believe you understand why Alaskans say that TAPS is not just a pipeline, but also our economic lifeline. You wasted no time signing a secretarial order that will help us begin to refill that important asset.. And your Department's budget request includes a number of proposals that will continue to help Alaska get back on track.

The administration has requested a total of \$11.7 billion in discretionary appropriations for the Department of the Interior in Fiscal Year 2018. Overall, that is a reduction of more than \$1 billion from the current level, in line with the administration's efforts to shift funding to defense needs.

We will be reviewing all of the cuts this budget proposes very carefully. I do not expect many of them to become reality, especially those targeting popular programs. But I will also say that the positives, in my opinion, outweigh the negatives. For every item that many of us will not be able to support, there is another that we can. And I haven't been able to make that statement for quite some time.

A good example is in the administration's decision to seek to end offshore revenue sharing for Gulf Coast states, something that my colleague at the end of the row here is clearly engaged on. Like most Alaskans, I want to expand revenue sharing, rather than end it. Frankly, I don't see that proposal going anywhere. Yet, it is also clear that the administration understands the need to strengthen our energy security, because I see proposals for both a new Five-Year Leasing Program, which will hopefully restore access to Alaska's Arctic OCS, and a proposal to open the non-wilderness portion of ANWR to responsible production.

I've been asked a couple times in recent weeks: why is now the right time to open the 1002 Area? So I want to take a moment to explain why I believe this is so important for us to act on.

First of all, it is critical to understand that we are talking about part of ANWR that Congress explicitly set aside for oil and gas exploration. In 1987—thirty years ago, this year—the federal government recommended it be opened for that purpose. And today we are in a place where Alaska, with the highest unemployment rate in the nation, needs more jobs. Alaska, with a dire state budget situation, needs more revenues. And with global oil discoveries falling, but global demand projected to increase, we also know the world will need more oil.

So what will opening the 1002 Area deliver? By developing just about one ten-thousandth of the refuge—just 2,000 surface acres, in an area roughly the size of South Carolina—we can create thousands of new jobs. We can generate tens of billions of dollars of new revenues. We can bring energy online, right when we will need it, to strengthen our security and our competitiveness. And this is something that most Alaskans—more than 70 percent—strongly support.

I also appreciate the administration taking a deliberative and constructive approach on a potential royalty for hardrock minerals. I'll be interested to see the results of the study that the Department of the Interior is now conducting. But with our mineral security in a perilous state, and our nation importing at least 50 percent of 50 different minerals, our first goal must be to do no harm. And that's what exactly what I see here.

The administration's proposal to extend PILT, the Payment in Lieu of Taxes program, is another good sign. I would note, however, that PILT should be mandatory. And it should not be subject to an across-the-board cut—not unless the federal government is willing to divest some of its lands, and allow local governments to find alternative means to recoup their lost property tax base.

Again, while I do not agree with everything in this request, it is better than we have seen in recent years. It doesn't rely on budget gimmicks. It asks us to look for areas where we can cut spending, which we will do. It focuses on taking care of the lands the federal government already owns, rather than continuing to buy more. And it will help western states, especially Alaska, to increase the responsible production of our natural resources.

Secretary Zinke, thank you again for being here this morning, and for the steps you are taking to help restore Alaskans' trust in your Department.

Ranking Member Cantwell, I'll now turn to you for your opening remarks.

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