

passed

AMENDMENT

#27

OFFERED IN THE HOUSE

BY REPRESENTATIVE FEIGE

TO: CSSB 138(FIN) am

1 Page 2, line 5, following "credit;":

2 Insert "**requiring the commissioner of revenue to provide a report to the**
3 **legislature on financing options for state ownership and participation in a North Slope**
4 **natural gas project;**"

5

6 Page 54, line 23:

7 Delete ". (a)"

8 Insert "; IDENTIFICATION OF AND REPORT ON FINANCING OPTIONS FOR
9 STATE OWNERSHIP AND PARTICIPATION IN A NORTH SLOPE NATURAL GAS
10 PROJECT. (a) The commissioner of revenue shall identify and report to the legislature on a
11 range of financing options for state acquisition of an ownership interest and participation in a
12 North Slope natural gas project. The report must include a description of the risk associated
13 with each option and the effect of each option on the bonding capacity and bond rating of the
14 state. In this subsection, "North Slope natural gas project" has the meaning given in
15 AS 38.05.965, as amended by sec. 23 of this Act.

16 (b) The commissioner shall make an interim draft of the report described in (a) of this
17 section available to the legislature on the first day of the First Regular Session of the Twenty-
18 Ninth Alaska State Legislature, and a final report at the time the commissioner of natural
19 resources submits the first agreement or contract to the legislature for approval under
20 AS 38.05.020(b)(11), enacted by sec. 14 of this Act."

21

22 Reletter the following subsections accordingly.

23

1 Page 54, line 28:

2 Delete "of"

3 Insert "and analysis by"

4

5 Page 55, line 21:

6 Delete "and"

7

8 Page 55, line 23, following "interest":

9 Insert ";

10 (8) whether the ownership interest held by a municipality, regional
11 corporation, or resident would be subject to project assessments;

12 (9) how cash calls for the project and the expansion of the project would be
13 managed;

14 (10) the income tax consequences to the holder of an ownership interest,
15 including the timing and recognition of income related to the ownership interest, including
16 differentiating income related to the ownership interest from the receipt of dividends or other
17 distributions;

18 (11) the risk that the receipt of a benefit from the project by a person other
19 than the state would make income received from the project by the state subject to federal
20 income tax; and

21 (12) constitutional issues that may be implicated by restricting ownership
22 interests under the plan to residents and municipalities in the state"

23

24 Page 55, following line 24:

25 Insert a new paragraph to read:

26 "(1) "municipality" has the meaning given in AS 01.10.060;"

27

28 Renumber the following paragraphs accordingly.

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#28

OFFERED IN THE HOUSE

BY REPRESENTATIVE FEIGE

TO: CSSB 138(FIN) am

1 Page 2, line 14, following "**project**";

2 Insert "**relating to the duties of the Oil and Gas Competitiveness Review Board**;"

3

4 Page 53, following line 13:

5 Insert a new bill section to read:

6 **** Sec. 57.** AS 43.98.050 is amended to read:

7 **Sec. 43.98.050. Duties.** The duties of the board include the following:

8 (1) establish and maintain a salient collection of information related to
9 oil and gas exploration, development, and production in the state and related to tax
10 structures, rates, and credits in other regions with oil and gas resources;

11 (2) review historical, current, and potential levels of investment in the
12 state's oil and gas sector;

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

17 (4) review the competitive position of the state to attract and maintain
18 investment in the oil and gas sector in the state as compared to the competitive
19 position of other regions with oil and gas resources;

20 (5) in order to facilitate the work of the board, establish procedures to
21 accept and keep confidential information that is beneficial to the work of the board,
22 including the creation of a secure data room and confidentiality agreements to be
23 signed by individuals having access to confidential information;

1 (6) make written findings and recommendations to the Alaska State
2 Legislature before

3 (A) January 31, 2015, or as soon thereafter as practicable,
4 regarding

5 (i) changes to the state's regulatory environment and
6 permitting structure that would be conducive to encouraging increased
7 investment while protecting the interests of the people of the state and
8 the environment;

9 (ii) the status of the oil and gas industry labor pool in
10 the state and the effectiveness of workforce development efforts by the
11 state;

12 (iii) the status of the oil-and-gas-related infrastructure of
13 the state, including a description of infrastructure deficiencies; and

14 (iv) the competitiveness of the state's fiscal oil and gas
15 tax regime when compared to other regions of the world;

16 (B) **January 15, 2017, regarding**

17 **(i) the state's tax structure and rates on oil and gas**
18 **produced south of 68 degrees North latitude;**

19 **(ii) a tax structure that takes into account the unique**
20 **economic circumstances for each oil and gas producing area south**
21 **of 68 degrees North latitude;**

22 **(iii) a reduction in the gross value at the point of**
23 **production for oil and gas produced south of 68 degrees North**
24 **latitude that is similar to the reduction in gross value at the point of**
25 **production in AS 43.55.160(f) and (g);**

26 **(iv) other incentives for oil and gas production south**
27 **of 68 degrees North latitude;**

28 (C) January 31, 2021, or as soon thereafter as practicable,
29 regarding

30 (i) changes to the state's fiscal regime that would be
31 conducive to increased and ongoing long-term investment in and

1 development of the state's oil and gas resources;
2 (ii) alternative means for increasing the state's ability to
3 attract and maintain investment in and development of the state's oil
4 and gas resources; and
5 (iii) a review of the current effectiveness and future
6 value of any provisions of the state's oil and gas tax laws that are
7 expiring in the next five years."
8

9 Renumber the following bill sections accordingly.

10

11 Page 56, line 6:

12 Delete "61"

13 Insert "62"

14

15 Page 56, line 9:

16 Delete "secs. 62 and 63"

17 Insert "secs. 63 and 64"

passed

AMENDMENT

#29

OFFERED IN THE HOUSE

BY REPRESENTATIVE TARR

TO: CSSB 138(FIN) am

1 Page 18, following line 17:

2 Insert a new bill section to read:

3 **"* Sec. 19.** AS 38.05.182(a) is amended to read:

4 (a) Any royalty provided for in AS 38.05.135 - 38.05.181 may be taken in
5 kind rather than in money if the commissioner determines that the taking in kind
6 would be in the best interest of the state. However, royalties on oil and gas shall be
7 taken in kind unless the commissioner determines that the taking in money would be
8 in the best interest of the state. It is not in the best interest of the state to take
9 royalty on gas in money from a lessee transporting gas in the North Slope natural
10 gas project if the lessee has committed to dispose of or market the state's royalty
11 gas taken in kind on the same terms and conditions as the lessee markets or
12 disposes of the lessee's gas."

13

14 Renumber the following bill sections accordingly.

15

16 Page 21, line 16:

17 Delete "sec. 27"

18 Insert "sec. 28"

19

20 Page 25, line 9:

21 Delete "sec. 30"

22 Insert "sec. 31"

23

- 1 Page 31, line 18:
- 2 Delete "sec. 37"
- 3 Insert "sec. 38"
- 4
- 5 Page 53, lines 24 - 25:
- 6 Delete "sec. 23"
- 7 Insert "sec. 24"
- 8
- 9 Page 56, line 6:
- 10 Delete "23 - 27, 29, 30, 37, 39, and 55 - 61"
- 11 Insert "24 - 28, 30, 31, 38, 40, and 56 - 62"
- 12
- 13 Page 56, line 8:
- 14 Delete "Section 38"
- 15 Insert "Section 39"
- 16
- 17 Page 56, line 9:
- 18 Delete "secs. 62 and 63"
- 19 Insert "secs. 63 and 64"