

passed

28-GS2806\I.A.91
Nauman/Bullock
4/6/14

AMENDMENT

#27

OFFERED IN THE HOUSE

BY REPRESENTATIVE FEIGE

TO: CSSB 138(FIN) am

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

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

Page 54, line 23:

Delete ". (a)"

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

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

Reletter the following subsections accordingly.

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.

passed

28-GS2806\I.A.97
Nauman/Bullock
4/6/14

AMENDMENT

#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

28-GS2806\I.A.95
Bullock
4/6/14

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"

passed

28-GS2806\I.A.98
Bullock
4/6/14

AMENDMENT

#30

OFFERED IN THE HOUSE

BY REPRESENTATIVE HAWKER

TO: CSSB 138(FIN) am

1 Page 26, following line 24:

2 Insert a new bill section to read:

3 "** Sec. 33. AS 43.20.144(d) is amended to read:

4 (d) The sales factor of a taxpayer subject to this section is a fraction,

5 (1) the numerator of which is the sum of the following for the tax
6 period:

7 (A) the tariffs allowed and received by or for the taxpayer for
8 transporting oil or gas by pipeline in this state, regardless of whether the tariffs
9 are paid by third parties or by entities within the taxpayer's consolidated
10 business; and

11 (B) the total sales of the taxpayer in this state, determined in
12 accordance with AS 43.19 (Multistate Tax Compact), but excluding

13 (i) those sales already included in the tariffs described
14 in (A) of this paragraph;

15 (ii) constructive sales or deemed sales of natural gas
16 delivered to the state as payment of tax under an election made by
17 the taxpayer under AS 43.55.014;

18 (iii) fees, allowed and received, that are paid
19 between entities within the consolidated business of the taxpayer
20 for transporting the taxpayer's natural gas; and

21 (2) the denominator of which is the sum of the following for the tax
22 period:

23 (A) the tariffs allowed and received by or for the taxpayer's

consolidated business for transporting oil or gas by pipeline everywhere, regardless of whether the tariffs are paid by third parties or by entities within the taxpayer's consolidated business; and

(B) the total sales of the taxpayer's consolidated business everywhere, determined in accordance with AS 43.19 (Multistate Tax Compact), but excluding

(i) those sales already included in the tariffs described in (A) of this paragraph;

(ii) constructive sales or deemed sales of natural gas delivered to the state as payment of tax under an election made by the taxpayer under AS 43.55.014 or delivered in another tax jurisdiction under a law comparable to AS 43.55.014;

(iii) fees, allowed and received, that are paid between entities within the consolidated business of the taxpayer for transporting the taxpayer's natural gas."

Renumber the following bill sections accordingly.

Page 31, line 18:

Delete "sec. 37"

Insert "sec. 38"

Page 56, line 6:

Delete "37, 39, and 55 - 61"

Insert "38, 40, and 56 - 62"

Page 56, line 8:

Delete "Section 38"

Insert "Section 39"

Page 56, line 9:

- 1 Delete "secs. 62 and 63"
- 2 Insert "secs. 63 and 64"

passed

28-GS2806\I.A.96
Bullock
4/6/14

AMENDMENT

34

OFFERED IN THE HOUSE

BY REPRESENTATIVE HAWKER

TO: CSSB 138(FIN) am

1 Page 1, line 4, following "projects;":

2 Insert "making certain contracts by the Department of Natural Resources and the
3 Department of Law not subject to the State Procurement Code;"

4

5 Page 11, following line 19:

6 Insert a new bill section to read:

7 "** Sec. 13. AS 36.30.850(b) is amended by adding new paragraphs to read:

8 (47) contracts for professional and technical services by the
9 Department of Natural Resources to support the development of agreements and
10 contracts under AS 38.05.020(b)(10) and (11);

11 (48) contracts of the Department of Law developed with client
12 participation for legal services related to an Alaska liquefied natural gas project as that
13 project is defined in AS 31.25.390, except that, to the extent practicable, the
14 Department of Law shall use the procurement process under AS 36.30.320 with the
15 participation of the client."

16

17 Renumber the following bill sections accordingly.

18

19 Page 14, line 3:

20 Delete "sec. 14"

21 Insert "sec. 15"

22

23 Page 17, line 24:

1 Delete "sec. 17"

2 Insert "sec. 18"

3

4 Page 21, line 16:

5 Delete "sec. 27"

6 Insert "sec. 28"

7

8 Page 25, line 9:

9 Delete "sec. 30"

10 Insert "sec. 31"

11

12 Page 31, line 18:

13 Delete "sec. 37"

14 Insert "sec. 38"

15

16 Page 53, lines 24 - 25:

17 Delete "sec. 23"

18 Insert "sec. 24"

19

20 Page 54, line 25:

21 Delete "sec. 14"

22 Insert "sec. 15"

23

24 Page 56, line 6:

25 Delete "Sections 1 - 14, 16, 17, 23 - 27, 29, 30, 37, 39, and 55 - 61"

26 Insert "Sections 1 - 15, 17, 18, 24 - 28, 30, 31, 38, 40, and 56 - 62"

27

28 Page 56, line 8:

29 Delete "Section 38"

30 Insert "Section 39"

31

- 1 Page 56, line 9:
- 2 Delete "secs. 62 and 63"
- 3 Insert "secs. 63 and 64"

passed

28-GS2806I.A.21
Bullock
4/1/14

AMENDMENT

#38

OFFERED IN THE HOUSE

BY REPRESENTATIVE PEGGY WILSON

TO: CSSB 138(FIN) am

- 1 Page 11, line 28:
- 2 Delete "10"
- 3 Insert "20"

*passed
as amended*

28-GS2806\A.99
Bullock
4/6/14

AMENDMENT

#40

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSSB 138(FIN) am

1 Page 15, following line 30:

2 Insert a new bill section to read:

3 **** Sec. 16.** AS 38.05 is amended by adding a new section to read:

4 **Sec. 38.05.023. State access to data developed under contract.** An
5 agreement or contract in which the state or an agent of the state is a party that is
6 negotiated under AS 38.05.020(b)(11) must include a requirement that, if the
7 commissioner determines that the North Slope natural gas project is not making
8 adequate progress toward a final investment decision, the state shall have access to
9 data developed under the agreement or contract in which the state has participated
10 financially. Access by the state to the data may not be on terms that are more
11 restrictive than the terms that are applicable for access by any other party in the North
12 Slope natural gas project."
13

14 Renumber the following bill sections accordingly.

15

16 Page 17, line 24:

17 Delete "sec. 17"

18 Insert "sec. 18"

19

20 Page 21, line 16:

21 Delete "sec. 27"

22 Insert "sec. 28"

23

*insert
"directly"*

1 Page 25, line 9:

2 Delete "sec. 30"

3 Insert "sec. 31"

4

5 Page 31, line 18:

6 Delete "sec. 37"

7 Insert "sec. 38"

8

9 Page 53, lines 24 - 25:

10 Delete "sec. 23"

11 Insert "sec. 24"

12

13 Page 56, line 6:

14 Delete "16, 17, 23 - 27, 29, 30, 37, 39, and 55 - 61"

15 Insert "16 - 18, 24 - 28, 30, 31, 38, 40, and 56 - 62"

16

17 Page 56, line 8:

18 Delete "Section 38"

19 Insert "Section 39"

20

21 Page 56, line 9:

22 Delete "secs. 62 and 63"

23 Insert "secs. 63 and 64"

passed

28-GS2806\I.A.103
Bullock
4/8/14

AMENDMENT

#41

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSSB 138(FIN) am

1 Page 15, following line 30:

2 Insert a new bill section to read:

3 **"* Sec. 16.** AS 38.05 is amended by adding a new section to read:

4 **Sec. 38.05.023. Limitation on the application of a payment in lieu of**
5 **property tax.** A proposed agreement or contract associated with a North Slope natural
6 gas project may not include a provision that changes a payment in lieu of property tax
7 on property that was previously taxable under AS 43.56."
8

9 Renumber the following bill sections accordingly.
10

11 Page 17, line 24:

12 Delete "sec. 17"

13 Insert "sec. 18"
14

15 Page 21, line 16:

16 Delete "sec. 27"

17 Insert "sec. 28"
18

19 Page 25, line 9:

20 Delete "sec. 30"

21 Insert "sec. 31"
22

23 Page 31, line 18:

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

*Passed
as amended*

28-GS2806V.A.100
Bullock
4/7/14

AMENDMENT

Rep. Tarr

#43

OFFERED IN THE HOUSE

TO: CSSB 138(FIN) am

1 Page 1, line 7, following "on gas;":

2 Insert "relating to a report and recommendations by the commissioner of natural
3 resources regarding the delivery and availability of North Slope natural gas in the state,
4 including the identification of risks and recommendations for mitigation;"

5
6 Page 53, following line 14:

7 Insert a new bill section to read:

8 "** Sec. 58. The uncoded law of the State of Alaska is amended by adding a new section to
9 read:

10 REPORT AND RECOMMENDATIONS BY THE COMMISSIONER OF
11 NATURAL RESOURCES ON THE DELIVERY AND AVAILABILITY OF NORTH
12 SLOPE NATURAL GAS IN THE STATE; IDENTIFICATION OF RISKS AND
13 RECOMMENDATIONS FOR MITIGATION. (a) The commissioner of natural resources
14 shall prepare and make available to the legislature a report on a plan and alternatives to make
15 North Slope natural gas available for delivery and use in the state. The report must address

*insert
in
consultation
with
the
AGDC*

16 (1) the means by which North Slope natural gas may be delivered for use in
17 the state;

*insert
to the
state*

18 (2) the anticipated benefits, risks, and liabilities associated with the sale by the
19 state to utilities and other customers in the state of natural gas received by the state as royalty
20 in kind or as payment of tax;

21 (3) the effect and consequences, including the fiscal effect and liability to third
22 parties, of the state's transport of a reduced amount of natural gas south of an in-state delivery
23 point or underutilizing capacity in a liquefied natural gas plant; and

1 (4) other issues the commissioner of natural resources determines are relevant
 2 to the delivery and use of North Slope natural gas in the state and should be considered by the
 3 legislature.

4 (b) In conjunction with the report in (a) of this section, the commissioner of natural
 5 resources shall recommend the means for eliminating or minimizing the risks and liabilities
 6 identified in the report. [The recommendations for minimizing risk and liabilities while still
 7 allowing the state to meet the natural gas requirements of residents of the state may include
 8 authorizing the commissioner of natural resources to

9 (1) negotiate agreements with other shippers to provide natural gas to the state
 10 in proportion to the shipper's share of the capacity in a North Slope natural gas project for the
 11 purposes of maintaining balance in the system downstream of a delivery point;

12 (2) acquire additional incremental transportation capacity on an as-needed
 13 basis to meet demand for natural gas in the state; or

14 (3) make unused transportation capacity held by the state available to other
 15 shippers subject to terms that do not reduce the state's receipt of revenue below the amount
 16 the state would receive if the state's gas were not sold in the state. [

17 (c) The commissioner of natural resources shall make the report and
 18 recommendations required by this section available to the legislature on or before the date a
 19 firm transportation services agreement in a North Slope natural gas project to which the state
 20 is a party is submitted to the legislature for approval.

21 (d) In this section, "North Slope natural gas project" has the meaning given in
 22 AS 38.05.965, as amended by sec. 23 of this Act."

23

24 Renumber the following bill sections accordingly.

25

26 Page 56, line 6:

27 Delete "61"

28 Insert "62"

29

30 Page 56, line 9:

31 Delete "secs. 62 and 63"

Delete

1 Insert "secs. 63 and 64"