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**STATE OF ALASKA
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**Questions and Answers:
Senate Finance – 3:00 PM – October, 30 2015**

Senator MacKinnon:

I understand that the impact payments for the AKLNG project are fixed at \$880 million and that doesn't change, with or without TC. I want to know what the impact on the PILT is, with and without TC. Does the State taking 25% equity change the amount of the PILT payment?

Department of Revenue (DOR) Response:

The Impact Payments have been proposed at a value equal of \$800 million over the project construction period, currently anticipated to be five years. The total value of the PILT over the first 25 years of operation has been proposed at a total value of \$15.7 billion. The proposal between the state and the producers is currently being reviewed by the MAGPRB. Unless they identify a major issue that was missed in the negotiation it's not anticipated that the underlying value of the PILT will be renegotiated prior to delivery to the legislature. Under the anticipated terms of a Firm Transportation Services (FTSA) with TC, both the Impact Fees and Property Taxes incurred by TC would be passed-through to the State for payment in the TC tariff. In addition, TC's income taxes would also be passed through to the State in the TC tariff. Note that the Impact Fees and Property Taxes would be assessed by the State against the Project property owner (not the Project equity participants). The Project property owner would then issue a cash call to the Project Participants to fund their proportionate share of the Impact Fees and Property Taxes. This allocation will not change with a TC buyout – the State will pay its proportionate share either directly without TC, or indirectly through TC. Whether this would affect municipalities will depend on how the Legislature determines to allocate the Impact Fee and Property Tax receipts from the Project property owner. The MAGPR Board is currently considering allocation options as well as acceptable target Impact Fee and Property Tax levels.