

An Act relating to the duties and powers of the attorney general with respect to certain settlement directly related to oil and gas leases; providing exceptions for certain tax and regulatory matters; and providing for an effective date.

**SECTIONAL ANALYSIS
HB 109**

FOR THE HOUSE RESOURCES COMMITTEE February 2015

Section 1 amends AS 43.05.070, related to compromise of a tax or penalty, adding a new subsection (c) to clarify that new AS 44.23.020(i) would not apply to the approval of the attorney general for compromise of a tax or penalty. The ability of the attorney general to approve a compromise of a tax or penalty under AS 43.05.070 would be unchanged by this bill.

Section 2 amends AS 44.23.020(d), related to the powers and duties of the attorney general to settle, to provide conforming language that would make new subsection (i) an exception to the attorney general's general ability to settle.

Section 3 amends AS 44.23.020, related to the powers and duties of the attorney general, by adding new subsections (i), (j), and (k).

Subsection (i) would require the attorney general to determine that a settlement 1) is limited to necessary issues; 2) excludes unrelated matters; and 3) does not alter constitutional, statutory, or regulatory procedures required by law. The attorney general would be required to make that determination before finalizing a settlement on a civil action directly related to an oil and gas lease under the Alaska Land Act (AS 38.05.005-38.05.990). The ability of the attorney general to settle a criminal action related to activity on an oil and gas lease would be unchanged by this bill.

Subsection (j) clarifies that the requirement for a determination in new subsection (i) would not apply to the attorney general in matters under AS 44.23.020(e), related to the function of the Department of Law and participation of the attorney general as a party in a matter before the Regulatory Commission of Alaska. This section also clarifies that the requirement for a determination in new subsection (i) would not apply to the attorney general in matters related to an oil and gas pipeline or a products pipeline under the

jurisdiction of the Regulatory Commission of Alaska or another regulatory agency. For example, the ability of the attorney general to settle a matter before the Federal Energy Regulatory Commission would be unchanged by this bill.

Subsection (k) references the definition of “oil and gas lease” found in the definition statute for the Oil and Gas Production Tax and Oil Surcharge, AS 43.55.900. This section would clarify that the term “oil and gas lease” as used in new subsection (i) includes an oil and gas lease, a gas only lease, and an oil only lease.

Section 4 adds an applicability section to clarify that the changes in sections 2 and 3 of the bill would apply to settlements entered into by the attorney general on and after the effective date of the bill. The requirement for a determination in new AS 44.23.020(i) would not apply retroactively. Due to its temporary character, the applicability section would be in uncodified law.

Section 5 provides an immediate effective date for the bill.

Prepared by the Department of Law.