

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 76

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY SENATORS THERRIAULT, Wilken, Kelly, Green

REPRESENTATIVES Harris, Chenault, James

Introduced: 3/29/01

Referred: Resources

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Alaska Right-of-Way Leasing Act; and providing for an effective**
2 **date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 38.35.110 is amended to read:

5 **Sec. 38.35.110. Term of lease.** Each lease of state land for pipeline right-of-
6 way purposes must contain a provision that the lease shall run for a specified term of
7 not greater than 30 years, and shall be renewable for additional periods of up to **30**
8 [10] years each, so long as the lessee is in commercial operation and is in full
9 compliance with all state law, including but not limited to state law pertaining to
10 regulation and taxation of the pipeline facility, and is in compliance with all terms of
11 the lease. In making this determination, the commissioner shall take into
12 consideration the cost of the proposed pipeline, its useful life, and the probable
13 financing requirement for the proposed pipeline.

14 * **Sec. 2.** AS 38.35.110 is amended by adding a new subsection to read:

(b) If the lessee has timely requested and is pursuing renewal and the determination on the renewal has not been issued before expiration of the existing lease term, the commissioner shall continue the lease subject to the terms and conditions that were applicable to the lease in effect at the time of expiration of the lease's term until the commissioner issues a final determination on the renewal.

* **Sec. 3.** AS 38.35.140(b) is amended to read:

(b) The lessee shall reimburse the state for all reasonable costs incurred in processing an application filed under AS 38.35.050 and in monitoring the construction, operation, maintenance, and termination of the pipeline on the right-of-way. The commissioner shall use best efforts to reach agreement with the lessee addressing the details of cost reimbursement under this subsection and shall provide the lessee with an annual estimate of the projected costs and scope of the work.

* **Sec. 4.** AS 38.35.230(9) is amended to read:

(9) "state land" means

(A) "state land" as defined in AS 38.05.965;

(B) public land of the United States selected by the state under sec. 6 of the Alaska Statehood Act of 1958 (P.L. 85-508; 72 Stat. 399), as amended, and real property of the United States transferred to the state under secs. 21, 35, and 45 of the Alaska Omnibus Act of 1959 (P.L. 86-70; 73 Stat. 141), as amended;

(C) any interest owned by the state in land if the interest is sufficient to permit the state to lease it under the authority of this chapter;

* **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to read:

COMMISSIONER OF NATURAL RESOURCES TO AMEND CERTAIN EXISTING LEASES UNDER ALASKA RIGHT-OF-WAY LEASING ACT TO INCORPORATE PROVISION FOR RENEWAL PERIODS OF UP TO 30 YEARS. If, before expiration of the term of the original specified term of a lease first entered into under AS 38.35 that is in effect on the effective date of this Act, the lessee makes a written request, the commissioner of natural resources shall amend the lease to amend the terms under which

- 1 the lease is renewable to conform to AS 38.35.110(a), amended by sec. 1 of this Act.
- 2 * **Sec. 6.** This Act takes effect immediately under AS 01.10.070(c).