

HOUSE CS FOR CS FOR SENATE BILL NO. 158(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/4/01

Referred: Rules

Sponsor(s): SENATE RESOURCES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act directing the commissioner of revenue to prepare a report to the legislature**
2 **relating to the state's participation in owning or financing a gas pipeline project; and**
3 **providing for an effective date."**

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

5 *** Section 1.** The uncoded law of the State of Alaska is amended by adding a new section
6 to read:

7 REPORT OF THE COMMISSIONER OF REVENUE. (a) In furtherance of the
8 public policy that the State of Alaska "encourage . . . the development of its resources by
9 making them available for maximum use consistent with the public interest," and the
10 obligation of the legislature to "provide for the utilization, development, and conservation of
11 all natural resources belonging to the State . . . for the maximum benefit of its people," the
12 commissioner of revenue shall, not later than January 31, 2002, provide to the governor and
13 legislature a comprehensive report, with recommendations, addressing options for the state to
14 participate in the commercial development of the state's natural gas resources through

ownership of or provision of financing for a gas pipeline project. The report must consider whether

(1) the state should participate by taking an equity position in a gas pipeline project by

(A) owning all or a portion of the project; or

(B) establishing a state-owned public corporation or authority to construct and operate the project;

(2) the state should participate in financing the project and, if so,

(A) whether it should

(i) issue debt, in the form of its general obligation bonds or revenue bonds of a state-owned public corporation or authority or in another appropriate form; or

(ii) guarantee debt; and

(B) what terms it, or its public corporation or authority, should require as conditions for provision of financial support for the project;

(3) the state is able to participate under (1) or (2) of this subsection; the consideration given under this subsection must examine the effect of that participation on the state's cash flow, its continuing ability to pay for essential public services, and the effect of its participation on the state's financial integrity and creditworthiness;

(4) state participation under (1) or (2) of this subsection would

(A) create additional risks for the completion and operation of the project;

(B) more likely than not cause the project to be completed and to operate successfully; and

(C) accrue benefits or detriments for other parties participating with the state or its public corporation or authority in the completion and operation of the project; and

(5) the state should participate in a gas pipeline project by establishing a private corporation, which would be composed of Alaska residents who wish to become shareholders, that would own a portion of the project or assist in the construction and operation of the project.

1 (b) The commissioner of revenue shall

2 (1) contract with a qualified and suitable firm or person qualified by education
3 or experience or of demonstrated competence for the performance of the requirements
4 described in (a) of this section; the contract awarded under this paragraph is made for a
5 purpose in which timely performance is essential that makes a procurement under AS 36.30
6 through competitive sealed bidding or competitive sealed proposals impracticable;

7 (2) require, as a term of the contract, that the person or one or more
8 representatives of the firm with which the commissioner contracts under (1) of this subsection
9 meet with the legislators who, during the Twenty-Second Alaska State Legislature, constitute
10 the membership of the Joint Committee on Natural Gas Pipelines, for the purposes of
11 allowing review of the data and providing information to those legislators or designees
12 regarding the preparation and content of the report to be prepared under (a) of this section;

13 (3) provide progress reports regarding the preparation of the report to the
14 chairs of the committees described in (2) of this subsection at intervals of no more than 60
15 days; and

16 (4) prepare and deliver a comprehensive report with final recommendations.

17 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 **CONDITIONAL EFFECT.** This Act takes effect only if the Twenty-Second Alaska
20 State Legislature adopts a final version of Senate Concurrent Resolution 14, establishing the
21 Joint Committee on Natural Gas Pipelines as a joint interim committee of the Alaska State
22 Legislature.

23 * **Sec. 3.** If under sec. 2 of this Act this Act takes effect, it takes effect immediately under
24 AS 01.10.070(c).