

SB 275 - Alaska Gasline Transparency & Accountability Act

Policy Proposal & Rationale Summary

Version H (34-LS1241\H)

3/18/2026

| Legislation Topic | Policy Category | Topic Summary | Rationale for Policy Component | Implementing Statute | Primary Bill Section | Bill Page Number |
|---|---------------------------|---|--|--------------------------------------|----------------------|------------------|
| LB&A Oversight | Governance & Transparency | Provides LB&A oversight over AGDC for annual post-audits and to evaluate ownership and management interests, investments, and projects of AGDC. | Tracking the activities and spending of state corporations is important to the public trust. LB&A express oversight for audits and performance reviews currently exist in law over various state corporations like APFC, AHFC, and AIDEA, but was missing for AGDC; it would be established by the bill. | AS 24.20.201(11); AS 24.20.206(8) | Sec. 1; Sec. 2 | Pages 2-3 |
| Discretionary Nondisclosure Agreements with Legislators | Governance & Transparency | Clarifies that AGDC may enter into nondisclosure agreements with public agents, expressly including members of the legislature and their staffers and advisors, for review of items protected by confidentiality agreements. | Current law allows AGDC, on its own discretion, to enter into nondisclosure agreements with various government bodies but did not include individual legislators and their agents, who would now be permitted access to review information currently protected by confidentiality agreements. | AS 31.25.090(g) | Sec. 5 | Page 7 |
| Mandatory Nondisclosure Agreements with Legislators | Governance & Transparency | Establishes that upon the effective date of the Act, at the request of a legislator, AGDC shall enter into a nondisclosure agreement with the legislator and other public agents; items may be discussed in committee in executive session. | Moving forward, AGDC would not have discretion on nondisclosure agreements with legislators; legislators would have a right to sign nondisclosure agreements to review information protected by confidentiality agreements, along with select agents. Items may also be discussed in executive sessions of legislative committees. These changes help legislators understand the issues and represent Alaska's interest on gasline projects. | AS 31.25.090(j) | Sec. 7 | Page 8 |
| Waiver of Confidentiality | Governance & Transparency | Provides an express avenue for parties to an existing confidentiality agreement to waive confidentiality, in whole or in part, to allow publication of documents, including with redactions as necessary. | An explicit waiver procedure for release of information protected by confidentiality agreements encourages parties to disclose information that would provide policymakers and the public better transparency in the project development process and a better grasp of the State's obligations, risks, liabilities, and expected financial returns. | AS 31.25.090(k) | Sec. 7 | Pages 8-9 |

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| Divestment of Subsidiaries; Legislative Approval | Governance & Transparency | Prohibits AGDC from further divesting ownership in a subsidiary without legislative authorization. | State corporations exist for the public interest and should be subject to public accountability in actions that affect Alaskans. In this case, after expending \$485 million in public funds on the gasline since 2011, 75% of Alaska's interest was transferred at no cost to a private entity; without this protection in law, the remainder of the state interest could be transferred or sold without any public input or scrutiny. | AS 31.25.120 | Sec. 8 | Page 9 |
| State Option to Acquire an Interest in Revenue-Generating Project; Legislative Approvals | Fiscal; Governance & Transparency | AGDC shall negotiate a contractual option to acquire an interest in revenue-generating projects which must be approved by the legislature. When the State's option to acquire the interest becomes ripe, AGDC shall notify the legislature. The State must have, at minimum, six months to exercise its option to acquire the interest. DOR shall assist, including proposing sources of funding to enable exercise of the option. The legislature must approve acquiring the interest by law. Revenue generated from the project must be separately accounted and placed in separate fund and available for appropriation. | When major infrastructure projects that affect the public interest are considered--potentially expending large sums of public funds--it's imperative that government officials act for the shorter term and long term benefit of Alaska. Establishing definitive procedures in law to govern the state's involvement in gasline projects and enforcing balance and oversight mechanisms, including weighing risks, liabilities, investment of public dollars, and expected returns, while maintaining a transparent public process, is critical when government must act with due diligence and accountability to the people. | AS 31.25.125 | Sec. 9 | Pages 9-10 |
| Subsidiary Revenue Separate Accounting; Appropriations | Fiscal; Governance & Transparency | Revenue generated to the State through AGDC's ownership or investment share in a subsidiary must be separately accounted and placed in separate fund and available for appropriation, including for AGDC operations. | The public is protected by an express requirement to track and account for public dollars accruing to AGDC subsidiaries and a mandated public appropriations process for expending the funds. | AS 31.25.145 | Sec. 10 | Page 11 |

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| Public Disclosure of Owners, Investors, and Gas Purchasers | Governance & Transparency | Requires AGDC to publicly disclose in an internet database information regarding owners and investors in gasline projects and purchasers of the gas. | Alaskans have a right to know who owns and controls their North Slope natural gas pipeline, who is purchasing the gas, and the markets where it's used. From public statements and reporting, the amount of gas expected to be consumed in-state is 0.25 Bcf/day while the expected foreign export market could be more than ten times more, at 3.0 Bcf/day. Requiring transparency in these public disclosures will help policymakers shape future decisionmaking concerning Alaska's gasline. | AS 31.25.275 | Sec. 11 | Pages 11-14 |
| Legal Relationships with Foreign Entities; Legislative Approval | Governance & Transparency | Prohibits AGDC and its subsidiaries and business partners from forming a legal relationship with a foreign entity without legislative authorization. | State corporations exist for the public interest and should be expected accountability in actions that affect Alaskans. There is concern that agreements made by AGDC that have been kept confidential could lead to ownership and control of Alaska's gasline and natural gas resources by certain foreign nations and foreign companies unintended by the people of Alaska, without their knowledge or input. | AS 31.25.280 | Sec. 11 | Page 14 |
| Partner Entity Notification of Significant Change of Ownership Structure | Governance & Transparency | Requires AGDC to notify the legislature when an entity in a legal business relationship with AGDC has a significant change in ownership structure, i.e., if the partnering entity of at least 10% share significantly divests or AGDC becomes aware of the entity's plan to significantly divest ownership in an AGDC subsidiary, AGDC shall report the circumstance to the legislature. | Alaskans have a right to know who owns and controls their gasline and natural gas resources. For example, because AGDC's current partnering entity is not a publicly traded corporation, there is concern that divestment of its interests could lead to ownership and control of Alaska's gasline by unknown or unvetted entities, increasing burdens and risks on the State. This provision seeks to ensure a level of transparency on this issue. | AS 31.25.285 | Sec. 11 | Pages 14-15 |

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| Royalty Prevailing Value Determination | Fiscal | Mandates DNR to ensure that when royalty is taken in money, it is appropriately paid even when oil or gas is sold at a price that does not represent the reasonably prevailing value; DNR must determine a reasonably prevailing value and must publish online a specific, written rationale. | Alaska's gas royalty share is typically 12.5% of the gross value of production, normally taken in-value. In hearings of the legislature, it's been publicly explained that gas will be supplied to the pipeline carrier directly at the wellhead and suggested that the cost of that gas to the carrier could be minimal despite its ultimate marketability. This policy component is intended to ensure that when gas is supplied to the pipeline owner at unreasonably low value, the DNR commissioner must set a reasonable prevailing value against which Alaska will receive its 12.5%. | AS 38.05.180(mm) | Sec. 13 | Pages 15-16 |
| Gasline Pass-Through Entity Income Tax | Fiscal | Under AS 43.20 (corporate income tax), establishes a 9.4% tax on the income over \$5 million of S-corp and LLC natural gas pipeline carriers, producers, and entities performing carbon capture and LNG processing activities, and those comprising the unitary business. | When Alaska repealed its personal income tax in 1980, while maintaining income tax on C-corporations, it inadvertently created an anomaly preventing taxation of the income of owners of pass-through entities. Today, oil and gas S-corps and LLCs--like AGDC's current partnering entity--can be just as wealthy and profitable in developing Alaska's natural resources as their corporate counterparts, yet do not pay income tax to the State at either the entity-level or owner-level. The bill seeks to close the loophole, establishing approximate tax parity with C-corporations in the context of the gasline. | AS 43.20.019 | Sec. 16 | Pages 17-20 |
| Gas Production "Tax-in-Kind" | Fiscal | Eliminates ability of a gas producer to unilaterally elect to pay gas production taxes in physical gas product instead of monetary payment; establishes that the State can unilaterally elect to accept gas production taxes in physical gas. | The current election by the gas producer to pay production taxes "in-kind" is eliminated by the bill, but re-established as a potential election by the State, which may be especially desirable if the State ultimately owns or invests in gasline projects, particularly the LNG processing plant. | AS 43.55.014(a) | Sec. 21 | Page 22 |

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| Gas Tax Prevailing Value Determination | Fiscal | Mandates DOR to ensure that production tax is appropriately paid even when oil or gas is sold at a price that does not represent the reasonably prevailing value; DOR must determine a reasonably prevailing value and must publish online a specific, written rationale. | Alaska's gas production tax is 13% of the gross value at the point of production. In hearings of the legislature, it's been publicly explained that gas will be supplied to the pipeline carrier directly at the wellhead and suggested that the cost of that gas to the carrier could be minimal despite its ultimate marketability. This policy component is intended to ensure that when gas is supplied to the pipeline owner at unreasonably low value, DOR must set a reasonable prevailing value against which Alaska may assess its 13% production tax. | AS 43.55.020(f); AS 43.55.020(n) | Sec. 24; Sec. 25 | Pages 24-25 |
| Preventing Gas Lease Expenditure Deductions | Fiscal | Eliminates deductions against oil production taxes for gas lease expenditures. | Under the current net production tax regime, oil and gas producers making all of their profits from oil production alone can deduct lease expenditures from their oil production taxes for capital expenditures on gas development infrastructure. Without this safeguard of the bill, Alaska would likely experience significant losses to its oil production tax revenue--likely even net negative revenue. | AS 43.55.160(h); AS 43.55.165(t) | Sec. 30; Sec. 33 | Pages 28; 34 |
| LNG Processing Surcharge | Fiscal | Under AS 43.55 (oil & gas production tax), establishes a surcharge of \$0.15 per 1000 cubic feet for processing and liquefaction of natural gas. | The overwhelming use of Alaska's gasline is intended to supply natural gas to foreign markets, directly benefitting those nations as well as the private gasline owner by monetizing Alaska's natural resources; in fact, the gasline is not feasible except by this ultimate plan. The in-state demand for the gas could be less than one-tenth of the total transported volume of 3.0 Bcf/day. Unlike the in-state portion, the gas destined to foreign markets will require LNG processing at a Nikiski plant. The construction, maintenance, and operations of the large-scale gasline and its related facilities will necessarily generate additional impacts to the state. The surcharge is a mechanism to capture additional revenue from these expansive operations for their presence and effects of this new industry on Alaska. | AS 43.55.320 | Sec. 35 | Pages 34-35 |