

LEGAL SERVICES

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MEMORANDUM

December 17, 2025

SUBJECT: Kitchen Lights Unit Royalties (Work Order No. 34-LS1225\A)

TO: Representative Zack Fields
Attn: Evan Anderson

FROM: Emily Nauman 
Director

Attached is a draft bill codifying a royalty modification for the Kitchen Lights Unit. The bill has the potential to violate the constitutional prohibition on local or special legislation.

The Alaska Constitution states: "The legislature shall pass no local or special act if a general act can be made applicable. Whether a general act can be made applicable shall be subject to judicial determination."¹ The court decides local and special legislation challenges on a case-by-case basis.

Notably, in *Baxley v. State*, the Alaska Supreme Court upheld law similar to the attached bill. In *Baxley*, the court upheld an act modifying oil and gas leases on the NorthStar field. The court stated the special legislation was justified because, "the high [net profit share] terms [of the lease] present the State with a unique problem: in the later years of the lease, the lessee would reap only a slight profit from continuing to extract oil, giving the lessee a strong incentive to abandon the field before extracting all the oil."² To reach its conclusion, the court relied heavily on the legislative intent and record, noting that the legislature found that amending the leases would "maximize the economic benefits of oil and gas production to the people of the state by encouraging timely production from the unit." The court went on to say that those and other legislative findings "express the legitimate purposes of encouraging and providing for development of state resources for the benefit of the people."³

¹ Art. II, sec. 19.

² *Id.* at 431.

³ *Baxley v. State*, 958 P.2d 422, 431 (Alaska 1998).

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To assist in surviving a constitutional challenge, the bill includes a legislative findings section. Please also consider developing a strong legislative record demonstrating the purpose and necessity of special legislation.

If I can be of further assistance, please advise.

ELN:lei

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Attachment