

CS FOR SENATE BILL NO. 280(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to oil and gas; relating to the regulation of liquefied natural gas import**
2 **facilities by the Regulatory Commission of Alaska; relating to the Alaska Gasline**
3 **Development Corporation; establishing an income tax on certain entities producing or**
4 **transporting oil or gas in the state; relating to the taxation of certain natural gas**
5 **pipeline property and related facilities; relating to the calculation of the value of oil- and**
6 **gas-related property for purposes of the local contribution for public school funding;**
7 **relating to limitations on municipal oil and gas property taxes; relating to an alternative**
8 **volumetric throughput tax on certain natural gas pipelines and related facilities and a**
9 **pipeline community impact fee; and providing for an effective date."**

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

11 * **Section 1.** AS 14.17.510 is amended by adding a new subsection to read:

12 (d) In this section, the full and true value of the taxable real and personal

property does not include a qualified property as defined in AS 43.59.100.

* **Sec. 2.** AS 14.17.990(6) is amended to read:

(6) "local contribution"

(A) means appropriations and the value of in-kind services made by a district;

(B) does not include appropriations of tax revenue received by a municipality under AS 43.59.050;

* **Sec. 3.** AS 29.45.080(c) is amended to read:

(c) A municipality may levy and collect a tax on the full and true value of that portion of taxable property taxable under AS 43.56 as assessed by the Department of Revenue which value, when combined with the value of property otherwise taxable by the municipality, does not exceed the product of the percentage determined in (f) of this section of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality. Property subject to the alternative volumetric tax levied under AS 43.59.010 or the community impact fee assessed under AS 43.59.020 is not included in the value of property for the purpose of making the calculation under this subsection.

* **Sec. 4.** AS 29.45.080(c), as amended by sec. 3 of this Act, is amended to read:

(c) A municipality may levy and collect a tax on the full and true value of that portion of taxable property taxable under AS 43.56 as assessed by the Department of Revenue which value, when combined with the value of property otherwise taxable by the municipality, does not exceed the product of the percentage determined in (f) of this section of the average per capita assessed full and true value of property in the state multiplied by the number of residents of the taxing municipality. [PROPERTY SUBJECT TO THE ALTERNATIVE VOLUMETRIC TAX LEVIED UNDER AS 43.59.010 OR THE COMMUNITY IMPACT FEE ASSESSED UNDER AS 43.59.020 IS NOT INCLUDED IN THE VALUE OF PROPERTY FOR THE PURPOSE OF MAKING THE CALCULATION UNDER THIS SUBSECTION.]

* **Sec. 5.** AS 29.45.080 is amended by adding a new subsection to read:

(g) Notwithstanding any other provision of this section, AS 29.45.090, or the authority granted to a municipality under AS 29.45.050 to exempt or defer taxation, a

1 municipality may not levy a tax under this section on qualified property, as defined in
2 AS 43.59.100, if the qualified property is subject to the alternative volumetric tax
3 levied under AS 43.59.010.

4 * **Sec. 6.** AS 29.60.860(a) is amended to read:

5 (a) Subject to (b) of this section, if the amount available for distribution under
6 AS 29.60.850(c) exceeds the amount needed to fully fund all the basic community
7 assistance payments, the balance, **combined with the amount appropriated under**
8 **AS 43.59.050**, shall be distributed on a per capita basis to municipalities, to reserves,
9 and to communities in the unorganized borough.

10 * **Sec. 7.** AS 29.60.860(a), as amended by sec. 6 of this Act, is amended to read:

11 (a) Subject to (b) of this section, if the amount available for distribution under
12 AS 29.60.850(c) exceeds the amount needed to fully fund all the basic community
13 assistance payments, the balance [, COMBINED WITH THE AMOUNT
14 APPROPRIATED UNDER AS 43.59.050,] shall be distributed on a per capita basis to
15 municipalities, to reserves, and to communities in the unorganized borough.

16 * **Sec. 8.** AS 31.25.080(a) is amended to read:

17 (a) In addition to other powers granted in this chapter, the corporation may

18 (1) determine the form of ownership and the operating structure of an
19 in-state natural gas pipeline developed by the corporation and may, **subject to**
20 **AS 31.25.120(b)**, enter into agreements with other persons for joint ownership, joint
21 operation, or both of an in-state natural gas pipeline or an Alaska liquefied natural gas
22 project;

23 (2) plan, finance, construct, develop, acquire, maintain, and operate a
24 pipeline system and other transportation mechanism, including pipelines, compressors,
25 storage facilities, and other related facilities, equipment, and works of public
26 improvement, in the state to facilitate production, transportation, and delivery of
27 natural gas or other related natural resources to the point of consumption or to the
28 point of distribution for consumption;

29 (3) lease or rent facilities, structures, and properties;

30 (4) exercise the power of eminent domain and file a declaration of
31 taking under AS 09.55.240 - 09.55.460 to acquire land or an interest in land that is

1 necessary for an in-state natural gas pipeline or an Alaska liquefied natural gas project;
2 the exercise of powers by the corporation under this paragraph may not exceed the
3 permissible exercise of the powers by the state;

4 (5) acquire, by purchase, lease, or gift, land, structures, real or personal
5 property, an interest in property, a right-of-way, a franchise, an easement, or other
6 interest in land, or an interest in or right to capacity in a pipeline system determined to
7 be necessary or convenient for the development, financing, construction, or operation
8 of an in-state natural gas pipeline project or an Alaska liquefied natural gas project or
9 part of an in-state natural gas pipeline project or an Alaska liquefied natural gas
10 project;

11 (6) subject to AS 31.25.120(b), transfer or otherwise dispose of all or
12 part of an in-state natural gas pipeline project, an Alaska liquefied natural gas project,
13 or an interest in an asset of the corporation;

14 (7) elect to provide transportation of natural gas as a contract carrier,
15 common carrier, or otherwise;

16 (8) provide light, water, security, and other services for property of the
17 corporation;

18 (9) conduct hearings to gather and develop data consistent with the
19 purpose and powers of the corporation;

20 (10) advocate for new pipeline capacity before the Federal Energy
21 Regulatory Commission;

22 (11) make and execute agreements, contracts, and other instruments
23 necessary or convenient in the exercise of the powers and functions of the corporation
24 under this chapter, including a contract with a person, firm, corporation, governmental
25 agency, or other entity;

26 (12) sue and be sued in its own name;

27 (13) adopt an official seal;

28 (14) adopt bylaws for the regulation of its affairs and the conduct of its
29 business and adopt regulations and policies in connection with the performance of its
30 functions and duties;

31 (15) employ fiscal consultants, engineers, attorneys, appraisers, and

1 other consultants and employees that may, in the judgment of the corporation, be
2 required and fix and pay their compensation from funds available to the corporation;

3 (16) procure insurance against a loss in connection with its operation;

4 (17) borrow money as provided in this chapter to carry out its
5 corporate purposes and issue its obligations as evidence of borrowing;

6 (18) include in a borrowing the amounts necessary to pay financing
7 charges, to pay interest on the obligations, and to pay the interest, consultant, advisory,
8 and legal fees, and other expenses that are necessary or incident to the borrowing;

9 (19) receive, administer, and comply with the conditions and
10 requirements of an appropriation, gift, grant, or donation of property or money;

11 (20) do all acts and things necessary, convenient, or desirable to carry
12 out the powers expressly granted or necessarily implied in this chapter;

13 (21) invest or reinvest, subject to its contracts with noteholders and
14 bondholders, money or funds held by the corporation, including funds in the in-state
15 natural gas pipeline fund (AS 31.25.100) and the Alaska liquefied natural gas project
16 fund (AS 31.25.110), in obligations or other securities or investments in which banks
17 or trust companies in the state may legally invest funds held in reserves or sinking
18 funds or funds not required for immediate disbursement, and in certificates of deposit
19 or time deposits secured by obligations of, or guaranteed by, the state or the United
20 States;

21 (22) enter into, as it determines to be necessary or appropriate, any
22 swap or hedge, cap, or other contract providing for payments based on levels of or
23 changes in interest rates or indices or in the cost or price of any commodity, supply, or
24 expense expected to be used or incurred in connection with the acquisition,
25 construction, or operation of any facility or property owned, leased, or operated by the
26 corporation, or an option with respect to any of the foregoing;

27 (23) except as provided in (g) of this section, acquire an ownership or
28 participation interest in an Alaska liquefied natural gas project, natural gas treatment
29 facilities, natural gas pipeline facilities, liquefaction facilities, marine terminal
30 facilities related to the infrastructure of an Alaska liquefied natural gas project, or an
31 entity or joint venture that has an ownership interest in or is engaged in the planning,

1 financing, acquisition, maintenance, construction, and operation of an Alaska liquefied
2 natural gas project;

3 (24) after complying with AS 31.25.280, if applicable, and after
4 consultation with the commissioner of revenue and the commissioner of natural
5 resources, enter into contracts relating to an Alaska liquefied natural gas project,
6 including contracts for services related to operation, marketing, transportation, gas
7 treatment, marine terminal operation, or liquefaction.

8 * **Sec. 9.** AS 31.25.080 is amended by adding new subsections to read:

9 (h) The corporation shall, to the maximum extent possible, use contractors and
10 suppliers in the state in order to benefit from the experience of workers and businesses
11 in the state in arctic engineering and construction.

12 (i) A transportation agreement entered into by the corporation, or a subsidiary
13 of the corporation,

14 (1) shall require that a public utility in the state, or an entity shipping
15 gas for delivery to a public utility in the state, have priority over other shippers if the
16 transportation capacity of a gas pipeline is reduced; and

17 (2) may include other reasonable terms and conditions that are
18 consistent with this chapter and that are for the mutual benefit of the gas pipeline and
19 the public.

20 (j) A gas pipeline advanced, operated, or owned, in whole or in part, by the
21 corporation, or a subsidiary of the corporation, must include a direct spur line to serve
22 the City of Fairbanks and the Fairbanks North Star Borough. An owner or operator of
23 a gas pipeline advanced, operated, or owned, in whole or in part, by the corporation, or
24 a subsidiary of the corporation,

25 (1) may not recoup cost overruns from the construction or operation of
26 the gas pipeline by increasing the rates charged to a utility; in this paragraph "cost
27 overrun" means a cost in excess of those initially projected before commencement of
28 construction of the pipeline;

29 (2) may not charge a utility in the state more than

30 (A) \$12 for each 1,000 cubic feet of natural gas after
31 completion of the gas pipeline, but before the completion of a related liquefied

1 natural gas plant;

2 (B) \$5 for each 1,000 cubic feet of natural gas after completion
3 of a liquefied natural gas plant related to the gas pipeline.

4 * **Sec. 10.** AS 31.25.090(f) is amended to read:

5 (f) **Subject to the restrictions in this section, the** [THE] corporation may
6 enter into confidentiality agreements necessary to acquire or provide information to
7 carry out its functions. If a state agency determines that a law or provision of a
8 contract to which the state agency is a party requires the state agency to preserve the
9 confidentiality of the information and that delivering the information to the
10 corporation would violate the confidentiality provision of that law or contract, the state
11 agency shall

12 (1) identify the applicable law or contract provision to the corporation;

13 and

14 (2) obtain the consent of the person who has the right to waive the
15 confidentiality of the information under the applicable law or contract provision before
16 the state agency transfers the information to the corporation.

17 * **Sec. 11.** AS 31.25.090(g) is amended to read:

18 (g) The portions of records containing information acquired or provided by the
19 corporation under a confidentiality agreement are not subject to AS 40.25.100 -
20 40.25.295. The corporation may enter into confidentiality agreements with a
21 **legislator, public agent, or** public agency, as defined in AS 40.25.220, to allow
22 release of confidential information. The portions of the records and files of a public
23 agency bound by a confidentiality agreement that reflect, incorporate, or analyze
24 information subject to a confidentiality agreement under this subsection are not public
25 records. Confidentiality agreements entered into under this subsection are valid and
26 binding against all parties in accordance with the terms of the confidentiality
27 agreement.

28 * **Sec. 12.** AS 31.25.090(h) is amended to read:

29 (h) Information and trade secrets of the corporation are confidential and not
30 subject to AS 40.25.100 - 40.25.295 if the corporation determines that disclosure
31 would cause commercial or competitive harm or damage to the corporation.

1 Information that discloses the particulars of a business or the affairs of a private
2 enterprise, investor, advisor, consultant, counsel, or manager that is developed or
3 obtained by the corporation and related to the development, financing, construction, or
4 operation of an in-state natural gas pipeline project by the corporation is confidential
5 and not subject to AS 40.25.100 - 40.25.295. **This subsection does not apply to**
6 **information required to be made public by the corporation under AS 31.25.275.**

7 The corporation may waive the confidentiality described in this subsection, except for
8 information that is confidential under another provision of state law or under a federal
9 law or regulation and except for information acquired from another person that is
10 subject to a confidentiality agreement, if the waiver is consistent with the interests of
11 the state and will facilitate the development, financing, or construction of an in-state
12 natural gas pipeline. On the date that the in-state natural gas pipeline project becomes
13 operational, the corporation shall make available, upon request under AS 40.25.100 -
14 40.25.295, records that were exempt from AS 40.25.100 - 40.25.295 under this
15 subsection or (g) of this section, unless the corporation determines that

16 (1) maintaining the confidentiality of the information is necessary to
17 protect the economic interests of the corporation or the state; or

18 (2) disclosure of the information will violate another provision of state
19 law, a federal law or regulation, or the terms of a confidentiality agreement or other
20 agreement to which the corporation is a party or that is binding on the corporation.

21 * **Sec. 13.** AS 31.25.090 is amended by adding new subsections to read:

22 (j) A subsidiary of the corporation, whether wholly or partially owned, may
23 not enter into a confidentiality agreement with any party.

24 (k) The parties to a confidentiality agreement entered into under (f) of this
25 section may agree to waive confidentiality, in whole or in part, to allow the release of
26 information to a legislator or a public agent or for publication. Information released
27 under this subsection may include reasonable redactions. Information released under
28 this subsection may include

29 (1) a contract or agreement or a specific term of a contract or
30 agreement;

31 (2) a pending contract or agreement or a specific term of a pending

1 contract or agreement;

2 (3) a record, file, or other information in possession of the corporation,
3 a subsidiary of the corporation, or an entity partnered with the corporation; or

4 (4) the confidentiality agreement or terms of the confidentiality
5 agreement.

6 (l) At the request of a legislator, the corporation shall enter into a
7 confidentiality agreement with the legislator or a public agent to allow the release of
8 information covered by a confidentiality agreement entered into under (f) of this
9 section. Information released under this subsection may include reasonable redactions.

10 (m) Information released to a legislator or a public agent under (g), (k), or (l)
11 of this section may be discussed by a legislative committee in executive session if
12 each legislator and public agent attending the executive session has signed a
13 confidentiality agreement under (g), (k), or (l) of this section relating to the
14 information discussed. Information for which confidentiality has been waived under
15 (k) or (l) of this section that has not been published under (k) or (l) of this section may
16 be discussed by a legislative committee in executive session if each legislator and
17 public agent attending the executive session has been granted a waiver under (k) or (l)
18 of this section. Notwithstanding (g), (k), and (l) of this section, information subject to
19 a confidentiality agreement entered into by the corporation may be discussed in a
20 legislative committee in regular or executive session if the parties to the
21 confidentiality agreement consent to the session, the consent is lawful, and one or
22 more of the consenting parties is available to testify at the session.

23 (n) A confidentiality agreement entered into under (f) of this section may not

24 (1) prevent the publication of information required to be published
25 under AS 31.25.275;

26 (2) prevent compliance with an administrative or court order
27 mandating disclosure;

28 (3) make confidential contract terms, or prospective contract terms,
29 that bind the corporation, a subsidiary of the corporation, or an entity with which the
30 corporation, or a subsidiary of the corporation, has a legal relationship to assume fiscal
31 or performance liability, obligation, or risk that could extend to or encumber the state

1 with that fiscal or performance liability, obligation, or risk, either directly or
2 indirectly; in this paragraph, "legal relationship" means a partnership, joint venture,
3 joint ownership agreement, or other legally binding business arrangement formed for
4 the purpose of shared ownership or management of, or pooling of resources for, an
5 entity in which the corporation, or a subsidiary of the corporation, has an ownership or
6 management interest;

7 (4) except as provided in (o) of this section, make confidential
8 information that may lead to a significant fiscal liability, obligation, or risk to the state,
9 or a necessary policy decision by the state, including a decision related to
10 appropriations or other state funding or in-kind payments or services from the state;

11 (5) make confidential contract terms governing the ownership or
12 management structure of a subsidiary of the corporation; or

13 (6) make confidential information related to a state interest option
14 under AS 31.25.125.

15 (o) A confidentiality agreement entered into under (f) of this section may
16 make confidential specific known or reasonably anticipated project economics or costs
17 related to the Alaska liquefied natural gas project only if the parties to the contract
18 agree

19 (1) that release of the project economics or costs would cause
20 commercial or competitive harm to an entity involved in the Alaska liquefied natural
21 gas project; and

22 (2) to release reasonable estimated ranges or a summarization of
23 project economics and costs sufficient for a legislator or a public agent to assess the
24 fiscal liability, obligation, or risk to the state.

25 (p) In this section, "public agent" means

26 (1) a public agency, as defined in AS 40.25.220, or an agent or
27 contractor of a public agency;

28 (2) an agent or contractor of a member of the legislature or of a
29 legislative committee.

30 * **Sec. 14.** AS 31.25.120 is amended by adding a new subsection to read:

31 (b) Unless the legislature approves the action by law, the corporation may not

1 transfer, sell, or otherwise dispose of an ownership or management interest in a
2 subsidiary of the corporation.

3 * **Sec. 15.** AS 31.25 is amended by adding a new section to read:

4 **Sec. 31.25.125. Involvement in revenue-generating projects.** (a) If the
5 corporation negotiates with another entity for participation by the corporation in a
6 revenue-generating project, the corporation shall negotiate an option for the state to
7 acquire an interest in the project. The corporation shall immediately notify the
8 president of the senate, the speaker of the house of representatives, and the chairs of
9 the finance committee of each house of the legislature on each occasion that an option
10 is available for consideration by the legislature under (b)(1) of this section.

11 (b) An option negotiated under this section must

12 (1) before being agreed to, be approved by the legislature by law; and

13 (2) allow the state to exercise the option for at least 12 months after
14 notification of the legislature under (d) of this section.

15 (c) At the request of the legislature, a state agency shall cooperate with and
16 assist the legislature in determining whether to approve under (b)(1) of this section the
17 terms of an option negotiated under (a) of this section.

18 (d) The corporation shall immediately notify the president of the senate, the
19 speaker of the house of representatives, and the chairs of the finance committee of
20 each house of the legislature on each occasion that the state may exercise an option
21 negotiated under (a) of this section. The corporation shall notify the legislature under
22 this subsection on the later of the date that

23 (1) the corporation determines, with reasonable assurance and
24 considering the totality of circumstances, including review of all relevant financial
25 information, that the revenue-generating project will be completed, with or without
26 state investment; or

27 (2) a final investment decision is made for the revenue-generating
28 project.

29 (e) The state may not acquire an interest in a revenue-generating project under
30 this section unless the interest is approved by the legislature by law. When making an
31 investment decision under this section, the legislature shall act as a prudent investor.

1 (f) The Department of Revenue shall cooperate with and assist the legislature
2 in determining whether to acquire an interest in a revenue-generating project under (e)
3 of this section by exercising an option negotiated under (a) of this section, including
4 by identifying potential funding sources for exercising the option and potential fiscal
5 effects on the state. If requested by the legislature, another state agency shall cooperate
6 with and assist the legislature with making a determination under (e) of this section.

7 (g) The corporation, and any other entity participating in a revenue-generating
8 project, shall

9 (1) cooperate with and assist the legislature in determining whether to
10 approve the terms of an option negotiated under (a) of this section or to acquire an
11 interest in the project by exercising an option negotiated under this section;

12 (2) provide information requested by the legislature related to the
13 project, including

14 (A) information necessary for the legislature to act as a prudent
15 investor; and

16 (B) financial records of or related to the revenue-generating
17 project; and

18 (3) ensure that at least one representative of the corporation and of
19 each participating entity are available to testify during public hearings of legislative
20 committees requesting testimony.

21 (h) The corporation shall deposit into a separate account in the general fund
22 revenue resulting from an option negotiated under this section. The legislature may
23 appropriate the annual estimated balance in the account for any purpose.

24 (i) In this section,

25 (1) "corporation" includes a subsidiary of the corporation;
26 notwithstanding the definition of "subsidiary of the corporation" in AS 31.25.390, a
27 subsidiary of a corporation does not include a partially owned subsidiary for purposes
28 of this section;

29 (2) "revenue-generating project" means a project, entity ownership,
30 legal business arrangement, partnership, joint venture, or other commercial endeavor
31 expected to generate revenue.

1 * **Sec. 16.** AS 31.25 is amended by adding a new section to article 1 to read:

2 **Sec. 31.25.145. Separate accounting.** The corporation shall deposit into a
3 separate account in the general fund revenue generated by a subsidiary of the
4 corporation. The legislature may appropriate the annual estimated balance in the
5 account for operations of the corporation or for any other purpose.

6 * **Sec. 17.** AS 31.25.160 is amended by adding a new subsection to read:

7 (g) The corporation, or a subsidiary of the corporation, may issue bonds only
8 if the legislature approves issuance of the bonds.

9 * **Sec. 18.** AS 31.25 is amended by adding new sections to read:

10 **Sec. 31.25.275. Required public disclosures.** (a) For each project developed
11 by the corporation or project in which the corporation has an ownership or
12 management interest, the corporation shall publish on a publicly available Internet
13 website the following information related to the owners of, investors in, lenders to,
14 and creditors of the project:

15 (1) the full legal name of each owner, investor, lender, and creditor;

16 (2) the mailing and physical address of each owner, investor, lender,
17 and creditor;

18 (3) the name of the project;

19 (4) categorization as an owner, investor, lender, or creditor;

20 (5) whether each owner, investor, lender, and creditor is a foreign
21 entity or domestic entity;

22 (6) the name, title or position, and contact information of each natural
23 person legally authorized to bind an owner, investor, lender, or creditor in matters
24 related to the project;

25 (7) the name, title or position, and contact information of each natural
26 person authorized to act as an intermediary for or communicate on behalf of an owner,
27 investor, lender, or creditor in matters related to the project;

28 (8) the physical address of the location of the primary business
29 operations for each owner, investor, lender, and creditor;

30 (9) for each owner, the percentage of ownership in the project, a
31 history of past ownership percentage, and the dates of changes to an ownership

1 percentage; the total ownership percentages published must add up to 100 percent; and

2 (10) for each investor, lender, or creditor,

3 (A) the value of initial investment, loan, or credit; this
4 subparagraph applies only to an initial investment, loan, or credit amount that
5 exceeds \$2,000,000;

6 (B) a description of the asset invested, loaned, or credited; and

7 (C) the dates of the initial and any subsequent increases or
8 changes to the amount invested, loaned, or credited.

9 (b) Except as provided in (c) of this section, for each gas purchase agreement
10 for gas transported through or processed by a project developed by the corporation or
11 project in which the corporation has an ownership or management interest, the
12 corporation shall publish on a publicly available Internet website the following
13 information related to each purchase agreement:

14 (1) the full legal name of each purchaser;

15 (2) the mailing and physical address of each purchaser;

16 (3) whether the purchaser is a foreign entity or domestic entity;

17 (4) the name, title or position, and contact information of each natural
18 person authorized to bind the purchaser in matters related to the project;

19 (5) the name, title or position, and contact information of each natural
20 person authorized to act as an intermediary for or communicate on behalf of the
21 purchaser in matters related to the project;

22 (6) the physical address of the location of the primary business
23 operations of the purchaser;

24 (7) the state or nation expected to use the gas;

25 (8) the volume of gas contracted for sale; and

26 (9) the start and end dates of the agreement and any optional
27 extensions of the agreement.

28 (c) The corporation shall redact from the Internet website required by this
29 section personally identifying information related to a gas purchase agreement made
30 for the purpose of providing gas to a private individual for residential use.

31 (d) The corporation shall maintain the Internet website required by this

1 section. To comply with this subsection, the corporation shall

2 (1) update the Internet website as often as reasonably practicable, but
3 at least once each calendar quarter;

4 (2) include an entry on the Internet website for each

5 (A) owner, investor, lender, and creditor for each project
6 developed by the corporation or project in which the corporation has an
7 ownership or management interest; and

8 (B) gas purchase agreement for gas transported through or
9 processed by a project developed by the corporation or project in which the
10 corporation has an ownership or management interest;

11 (3) ensure the Internet website is searchable; at a minimum, the
12 Internet website must be searchable by the following categories:

13 (A) for information published under (a) of this section:

14 (i) legal name;

15 (ii) project name;

16 (iii) categorization as an owner, investor, lender, or
17 creditor;

18 (iv) foreign or domestic entity status;

19 (v) name of natural person authorized to bind an entity;

20 (vi) name of natural person authorized to act as an
21 intermediary; and

22 (vii) country of primary business operations; and

23 (B) for information published under (b) of this section:

24 (i) legal name;

25 (ii) foreign or domestic entity status;

26 (iii) state or nation expected to use the gas;

27 (iv) name of natural person authorized to bind the
28 entity;

29 (v) name of natural person authorized to act as an
30 intermediary; and

31 (vi) country of primary business operations; and

1 (4) list the date of each entry and the date of any change to an entry on
2 the Internet website.

3 (e) Notwithstanding AS 09.50.250, a civil action or claim for damages or costs
4 alleging violation of a confidentiality agreement may not be brought against the
5 corporation, a state agency, an officer or employee of the corporation, or the state for
6 publishing the information required under this section.

7 (f) In this section, "corporation" includes a subsidiary of the corporation.

8 **Sec. 31.25.280. Legislative approval of relationships with foreign entities.**

9 (a) Unless the legislature approves the action by law, the corporation, or a subsidiary
10 of the corporation, may not enter into a legal relationship with a foreign entity, either
11 indirectly through another person or entity or directly. Before a legal relationship is
12 approved under this section, the corporation shall

13 (1) notify the president of the senate, the speaker of the house of
14 representatives, and the chairs of the finance committee of each house of the
15 legislature of the corporation's or subsidiary's request to enter into the legal
16 relationship; and

17 (2) provide legislative committees the opportunity to hold public
18 hearings relating to the proposed legal relationship.

19 (b) To facilitate approval under (a) of this section, to the greatest extent
20 possible, the corporation or the subsidiary of the corporation, as applicable, shall
21 cooperate with the legislature, including by

22 (1) providing all allowable information requested by the legislature or
23 a committee of the legislature; and

24 (2) ensuring that a representative of the foreign entity is available, if
25 requested, to testify relating to the proposed legal relationship during public hearings
26 of legislative committees requesting testimony.

27 (c) In this section, "legal relationship" includes a partnership, joint venture,
28 joint ownership agreement, merger, gas purchase agreement, or other legal agreement
29 made for the purpose of investing in, obtaining monetary returns from, or obtaining an
30 ownership interest in

31 (1) a project developed by the corporation or a subsidiary of the

1 corporation;

2 (2) a project in which the corporation or a subsidiary of the corporation
3 has an ownership or management interest; or

4 (3) an entity engaged in a project described in (1) or (2) of this
5 subsection.

6 **Sec. 31.25.285. Legislative notification of ownership change.** (a) The
7 corporation shall promptly notify the president of the senate, the speaker of the house
8 of representatives, and the chairs of the finance committee of each house of the
9 legislature if

10 (1) an entity in a legal relationship with the corporation, or a subsidiary
11 of the corporation, has a significant change in ownership structure; or

12 (2) the corporation becomes aware that an entity in a legal relationship
13 with the corporation, or a subsidiary of the corporation, plans to make a significant
14 change in ownership structure.

15 (b) In this section, "legal relationship" means a partnership, joint venture, joint
16 ownership agreement, or other legally binding business arrangement

17 (1) of which the corporation, or a subsidiary of the corporation, has at
18 least a 10 percent interest; or

19 (2) that has an interest in a third entity in which the corporation, or a
20 subsidiary of the corporation, also has at least a 10 percent interest; and

21 (3) that formed for the purpose of shared ownership or shared
22 management of, or pooling of resources for, an entity in which the corporation, or a
23 subsidiary of the corporation, has an ownership or management interest.

24 * **Sec. 19.** AS 31.25.390 is amended by adding new paragraphs to read:

25 (8) "foreign entity" means

26 (A) an entity whose primary operations are not physically
27 located in the United States and that is not managed primarily by citizens of
28 the United States; or

29 (B) a natural person who is not a citizen of the United States;

30 (9) "subsidiary of the corporation" includes a subsidiary partially
31 owned by the corporation.

1 * **Sec. 20.** AS 38.05.180 is amended by adding a new subsection to read:

2 (mm) Before taking oil or gas royalties in value, the commissioner shall
3 determine that the value taken is based on the value of oil or gas of the same kind,
4 quality, and character prevailing for that field, unit, or area during the calendar month
5 the oil or gas is produced. The commissioner may take royalties on oil or gas that is
6 produced but not sold and may take royalties on gas that is produced and stored in a
7 gas storage facility. The commissioner may not, when making a value determination
8 under this subsection, base a value for oil or gas on oil or gas sold at no cost or at a
9 cost substantially lower than that of other oil or gas of the same kind, quality, and
10 character. After determining the value of oil or gas under this subsection, the
11 commissioner shall

12 (1) prepare a written report evidencing the determination of value;

13 (2) publish on the department's Internet website

14 (A) the determined value;

15 (B) a summary of the reasoning for the determination; and

16 (C) notice that the written determination required under (1) of
17 this subsection is available as a public record under AS 40.25.100 - 40.25.295
18 (Alaska Public Records Act); and

19 (3) maintain the publication required under (2) of this subsection on
20 the department's Internet website for at least 10 years.

21 * **Sec. 21.** AS 43.05.230(a) is amended to read:

22 (a) It is unlawful for a current or former officer, employee, or agent of the
23 state to divulge the amount of income or the particulars set out or disclosed in a report
24 or return made under this title, except

25 (1) in connection with official investigations or proceedings of the
26 department, whether judicial or administrative, involving taxes due under this title;

27 (2) in connection with official investigations or proceedings of the
28 child support enforcement agency, whether judicial or administrative, involving child
29 support obligations imposed or imposable under AS 25 or AS 47;

30 (3) as provided in AS 38.05.036 pertaining to audit functions of the
31 Department of Natural Resources;

(4) as provided in AS 43.05.405 - 43.05.499; [AND]

(5) as otherwise provided in this section or AS 43.55.890; **and**

(6) in connection with publication of a determination as required

by AS 43.55.020(o).

* **Sec. 22.** AS 43.05.405 is amended to read:

Sec. 43.05.405. Jurisdiction. The office has original jurisdiction to hear formal appeals from informal conference decisions of the Department of Revenue under AS 43.05.240. Appeal to the office may be taken only from an informal conference decision under AS 43.05.240. AS 44.64.060 does not apply to an administrative hearing under the jurisdiction of the office under this section. Jurisdiction of the office under this section is limited to, and AS 43.05.405 - 43.05.499 and AS 44.64.070 apply to and govern, an administrative appeal regarding

(1) electric and telephone cooperative taxes under AS 10.25;

(2) a seafood marketing assessment under AS 16.51;

(3) all taxes levied under AS 43, except the

(A) property tax assessed under AS 43.56; and

(B) alternative volumetric tax and community impact fee

levied under AS 43.59; and

(4) any other taxes administered by the Department of Revenue.

* **Sec. 23.** AS 43.20 is amended by adding a new section to read:

Sec. 43.20.019. Tax on income of certain oil and gas pass-through entities.

(a) Each taxable year, a tax is imposed on the entire taxable income derived from sources in the state of every qualified entity. The tax is computed as follows:

If the taxable income is:	Then the tax is:
Less than \$1,000,000	zero
\$1,000,000 but less than \$2,000,000	5 percent of the
	taxable income over \$1,000,000
\$2,000,000 but less than \$3,000,000	\$50,000 plus 6 percent of the
	taxable income over \$2,000,000
\$3,000,000 but less than \$4,000,000	\$110,000 plus 7 percent of the
	taxable income over \$3,000,000

1 (3) adopt regulations to prevent evasion of taxes imposed under this
2 section.

3 (f) When providing a tax return under AS 43.20.030, a qualified entity shall
4 provide the information necessary, as directed by the department, for the department
5 to determine the income of the qualified entity as if the qualified entity were taxable
6 under AS 43.20.011.

7 (g) For purposes of calculating income under this section, a qualified entity
8 may deduct from income a payment to the shareholder, owner, member, or partner of
9 the qualified entity, if

10 (1) the shareholder, owner, member, or partner is a taxpayer under this
11 chapter;

12 (2) the payment does not include a transfer of property;

13 (3) the payment is included in the shareholder's, owner's, member's, or
14 partner's income for purposes of this chapter; and

15 (4) the payment was not made with the specific intent to reduce or
16 evade the payment of tax under this chapter.

17 (h) In this section,

18 (1) "carbon capture" and "carbon storage" have the meanings given in
19 AS 43.55.165(e)(23);

20 (2) "pipeline" means a pipeline that transports oil or gas from north of
21 68 degrees North latitude to a location outside of the lease or property where the oil or
22 gas is produced for the direct purpose of sale and delivery of the oil or gas to a
23 commercial market;

24 (3) "qualified entity"

25 (A) means a sole proprietorship, partnership, limited liability
26 company, or entity that has elected to file federal returns under 26 U.S.C. 1361
27 - 1379 (Internal Revenue Code) that

28 (i) has taxable income;

29 (ii) owns, operates, manages, or controls an entity that
30 has taxable income;

31 (iii) holds an ownership, investment, or similar interest

1 in an entity that has taxable income; or

2 (iv) owns an operating right, operating interest, or
3 working interest in a mineral interest of an entity with taxable income;

4 (B) does not include a natural person;

5 (4) "taxable income" means income

6 (A) from the production of oil or gas from a lease or property
7 in the state;

8 (B) from the transportation of oil or gas by pipeline in the state;

9 (C) from the supply of oil or gas for transportation by pipeline
10 in the state, whether directly, to an intermediary, or as an intermediary;

11 (D) from gas treatment, carbon capture, or carbon storage
12 activities in the state;

13 (E) from liquefied natural gas processing in the state;

14 (F) from the sale of oil or gas produced in the state;

15 (G) from the marine transportation of oil or gas produced in the
16 state; and

17 (H) of an entity that is part of a unitary business with a carrier
18 or producer paying tax under this section as provided under (d)(2) of this
19 section.

20 * **Sec. 24.** AS 43.20.030(a) is amended to read:

21 (a) If a **taxpayer** [CORPORATION], or a partnership that has a **taxpayer**
22 [CORPORATION] as a partner, is required to make a return under the provisions of
23 the Internal Revenue Code, **the taxpayer** [IT] shall file with the department, within 30
24 days after the federal return is required to be filed, a return setting out

25 (1) the amount of tax due under this chapter, less credits claimed
26 against the tax; and

27 (2) other information for the purpose of carrying out the provisions of
28 this chapter that the department requires.

29 * **Sec. 25.** AS 43.20.031(i) is amended to read:

30 (i) A **taxpayer that** [CORPORATION WHICH] is a member of a group of
31 unitary corporations **or entities that** [WHICH] collectively has income from business

1 activity taxable both inside and outside the state, or income from other sources both
2 inside and outside the state, shall determine its income from sources in this state by
3 use of the combined method of accounting.

4 * **Sec. 26.** AS 43.55.020(f) is repealed and reenacted to read:

5 (f) The department, based on the value determined under (n) of this section,

6 (1) may require tax to be paid on oil or gas that is produced, but not
7 sold;

8 (2) may require tax to be paid on gas that is produced and stored in a
9 gas storage facility;

10 (3) shall require tax to be paid on oil or gas that is produced and sold at
11 no cost or under circumstances where the sale price does not represent the prevailing
12 value for oil or gas of like kind, quality, or character for the field, unit, or area from
13 which the product is produced;

14 (4) shall publish information related to the value of the oil or gas as
15 required under (o) of this section.

16 * **Sec. 27.** AS 43.55.020 is amended by adding new subsections to read:

17 (n) When making a value determination for purposes of the payment of tax
18 under (f) of this section, the department

19 (1) shall base the value for oil or gas on the value of oil or gas of the
20 same kind, quality, and character prevailing for that field, unit, or area during the
21 calendar month of production or sale; and

22 (2) may not base a value for oil or gas on oil or gas sold at no cost or at
23 a cost substantially lower than that of other oil or gas of the same kind, quality, and
24 character.

25 (o) After determining the value of oil or gas for purposes of (f) of this section,
26 the department shall

27 (1) prepare a written report evidencing the determination of value;

28 (2) publish on the department's Internet website

29 (A) the determined value;

30 (B) a summary of the reasoning for the determination; and

31 (C) notice that the written determination required under (1) of

1 this subsection is available as a public record under AS 40.25.100 - 40.25.295
2 (Alaska Public Records Act); and

3 (3) maintain the publication required under (2) of this subsection on
4 the department's Internet website for at least 10 years.

5 * **Sec. 28.** AS 43.55.160(h) is amended to read:

6 (h) For oil produced on and after January 1, 2022, except as provided in (b),
7 (f), and (g) of this section, for the purposes of AS 43.55.011(e)(3), the annual
8 production tax value of oil taxable under AS 43.55.011(e) produced by a producer
9 during a calendar year

10 (1) from leases or properties in the state that include land north of 68
11 degrees North latitude is the gross value at the point of production of that oil, less the
12 producer's lease expenditures under AS 43.55.165 for the calendar year incurred to
13 explore for, develop, or produce oil and gas deposits located in the state north of 68
14 degrees North latitude or located in leases or properties in the state that include land
15 north of 68 degrees North latitude, as adjusted under AS 43.55.170; **for oil produced**
16 **on and after January 1, 2026, lease expenditures deductible under this paragraph**
17 **may not include costs incurred to explore for, develop, or produce gas deposits**
18 **located in the state north of 68 degrees North latitude or located in leases or**
19 **properties in the state that include land north of 68 degrees North latitude;**

20 (2) before or during the last calendar year under AS 43.55.024(b) for
21 which the producer could take a tax credit under AS 43.55.024(a), from leases or
22 properties in the state outside the Cook Inlet sedimentary basin, no part of which is
23 north of 68 degrees North latitude, other than leases or properties subject to
24 AS 43.55.011(p), is the gross value at the point of production of that oil, less the
25 producer's lease expenditures under AS 43.55.165 for the calendar year incurred to
26 explore for, develop, or produce oil and gas deposits located in the state outside the
27 Cook Inlet sedimentary basin and south of 68 degrees North latitude, other than oil
28 and gas deposits located in a lease or property that includes land north of 68 degrees
29 North latitude or that is subject to AS 43.55.011(p) or, before January 1, 2027, from
30 which commercial production has not begun, as adjusted under AS 43.55.170;

31 (3) from leases or properties subject to AS 43.55.011(p) is the gross

1 value at the point of production of that oil, less the producer's lease expenditures under
2 AS 43.55.165 for the calendar year incurred to explore for, develop, or produce oil and
3 gas deposits located in leases or properties subject to AS 43.55.011(p) or, before
4 January 1, 2027, located in leases or properties in the state outside the Cook Inlet
5 sedimentary basin, no part of which is north of 68 degrees North latitude from which
6 commercial production has not begun, as adjusted under AS 43.55.170;

7 (4) from leases or properties in the state no part of which is north of 68
8 degrees North latitude, other than leases or properties subject to (2) or (3) of this
9 subsection, is the gross value at the point of production of that oil less the producer's
10 lease expenditures under AS 43.55.165 for the calendar year incurred to explore for,
11 develop, or produce oil and gas deposits located in the state south of 68 degrees North
12 latitude, other than oil and gas deposits located in a lease or property in the state that
13 includes land north of 68 degrees North latitude, and excluding lease expenditures that
14 are deductible under (2) or (3) of this subsection or would be deductible under (2) or
15 (3) of this subsection if not prohibited by (b) of this section, as adjusted under
16 AS 43.55.170; a separate annual production tax value shall be calculated for

17 (A) oil produced from each lease or property in the Cook Inlet
18 sedimentary basin;

19 (B) oil produced from each lease or property outside the Cook
20 Inlet sedimentary basin, no part of which is north of 68 degrees North latitude,
21 other than leases or properties subject to (3) of this subsection.

22 * **Sec. 29.** AS 43.55.165(a) is amended to read:

23 (a) For purposes of this chapter, a producer's lease expenditures for a calendar
24 year are

25 (1) costs, other than items listed in (e) of this section, that are

26 (A) **except as provided in (t) of this section,** incurred by the
27 producer during the calendar year after March 31, 2006, to explore for,
28 develop, or produce oil or gas deposits located within the producer's leases or
29 properties in the state or, in the case of land in which the producer does not
30 own an operating right, operating interest, or working interest, to explore for
31 oil or gas deposits within other land in the state; and

1 (B) allowed by the department by regulation, based on the
2 department's determination that the costs satisfy the following three
3 requirements:

4 (i) the costs must be incurred upstream of the point of
5 production of oil and gas;

6 (ii) the costs must be ordinary and necessary costs of
7 exploring for, developing, or producing, as applicable, oil or gas
8 deposits; and

9 (iii) the costs must be direct costs of exploring for,
10 developing, or producing, as applicable, oil or gas deposits;

11 (2) a reasonable allowance for that calendar year, as determined under
12 regulations adopted by the department, for overhead expenses that are directly related
13 to exploring for, developing, or producing, as applicable, the oil or gas deposits; and

14 (3) lease expenditures incurred in a previous calendar year, subject to
15 (l) - (r) of this section, that

16 (A) met the requirements of AS 43.55.160(e) in the year in
17 which the lease expenditures were incurred;

18 (B) have not been deducted in the determination of the
19 production tax value of oil and gas under AS 43.55.160(a) or (h) in a previous
20 calendar year;

21 (C) were not the basis of a credit under this title; and

22 (D) were incurred to explore for, develop, or produce an oil or
23 gas deposit located in the state outside the Cook Inlet sedimentary basin.

24 * **Sec. 30.** AS 43.55.165 is amended by adding a new subsection to read:

25 (t) For oil produced on and after January 1, 2026, lease expenditures under
26 this section do not include costs incurred to explore for, develop, or produce gas
27 deposits located in the state north of 68 degrees North latitude or located in leases or
28 properties in the state that include land north of 68 degrees North latitude. For
29 purposes of this section and AS 43.55.160(h), the department shall establish a
30 reasonable method for allocating lease expenditures between the production of oil and
31 the production of gas. When determining the reasonable method for allocation under

1 this subsection, the department shall consider allocation of lease expenditures in
2 proportion of BTU equivalent barrels of oil and gas produced from each lease or
3 property.

4 * **Sec. 31.** AS 43.56.020(d) is amended to read:

5 (d) **Real or personal property used or committed by contract or other**
6 **agreement for the construction, operation, or maintenance** [TAXABLE
7 PROPERTY] of a natural gas pipeline project [OWNED OR FINANCED BY THE
8 ALASKA GASLINE DEVELOPMENT CORPORATION OR A JOINT VENTURE,
9 PARTNERSHIP, OR OTHER ENTITY THAT INCLUDES THE ALASKA
10 GASLINE DEVELOPMENT CORPORATION] is exempt from state taxes levied or
11 authorized under AS 43.56.010(a) and municipal taxes levied or authorized under
12 AS 43.56.010(b) [BEFORE THE COMMENCEMENT OF COMMERCIAL
13 OPERATIONS OF THAT NATURAL GAS PIPELINE PROJECT]. In this
14 subsection, **"natural gas pipeline project" means a natural gas pipeline project**
15 **subject to, or expected by the department to be subject to, the tax under**
16 **AS 43.59.010 or the fee under AS 43.59.020** ["COMMENCEMENT OF
17 COMMERCIAL OPERATIONS" MEANS THE FIRST FLOW OF NATURAL GAS
18 IN THE PROJECT THAT GENERATES REVENUE TO THE OWNERS OF THE
19 NATURAL GAS PIPELINE PROJECT].

20 * **Sec. 32.** AS 43.56.020(d), as amended by sec. 31 of this Act, is amended to read:

21 (d) **Taxable property** [REAL OR PERSONAL PROPERTY USED OR
22 COMMITTED BY CONTRACT OR OTHER AGREEMENT FOR THE
23 CONSTRUCTION, OPERATION, OR MAINTENANCE] of a natural gas pipeline
24 project **owned or financed by the Alaska Gasline Development Corporation or a**
25 **joint venture, partnership, or other entity that includes the Alaska Gasline**
26 **Development Corporation** is exempt from state taxes levied or authorized under
27 AS 43.56.010(a) and municipal taxes levied or authorized under AS 43.56.010(b)
28 **before the commencement of commercial operations of that natural gas pipeline**
29 **project**. In this subsection, **"commencement of commercial operations" means the**
30 **first flow of natural gas in the project that generates revenue to the owners of the**
31 **natural gas pipeline project** ["NATURAL GAS PIPELINE PROJECT" MEANS A

1 NATURAL GAS PIPELINE PROJECT SUBJECT TO, OR EXPECTED BY THE
2 DEPARTMENT TO BE SUBJECT TO, THE TAX UNDER AS 43.59.010 OR THE
3 FEE UNDER AS 43.59.020].

4 * **Sec. 33.** AS 43 is amended by adding a new chapter to read:

5 **Chapter 59. Pipeline Volumetric Tax and Community Impact Fee.**

6 **Sec. 43.59.010. Alternative volumetric tax.** (a) The owner of a qualified
7 property shall pay an alternative volumetric tax on the throughput of a qualified
8 property. The alternative volumetric tax applies beginning on the day after the
9 commencement of commercial operations of the qualified property.

10 (b) The volumetric tax is

11 (1) \$0.15 for each 1,000 cubic feet of natural gas transported through a
12 gas treatment plant or carbon capture facility;

13 (2) \$0.15 for each 1,000 cubic feet of natural gas transported through a
14 gas pipeline;

15 (3) \$0.25 for each 1,000 cubic feet of natural gas processed by a
16 liquefied natural gas plant.

17 (c) Beginning January 1 following 10 years after the commencement of
18 commercial operations, and every year thereafter, the department shall adjust the tax
19 rates under (b) of this section based on the percentage increase during the previous
20 calendar year in the Consumer Price Index for all urban consumers for urban Alaska,
21 as determined by the United States Department of Labor, Bureau of Labor Statistics.

22 (d) The tax levied under this section is in place of all property taxes levied on
23 qualified property, including taxes levied under AS 43.56.010 and AS 29.45.080.

24 (e) The alternative tax under this section does not apply to a spur line.
25 Property associated with a spur line remains subject to taxation under AS 43.56.010.
26 In this subsection, "spur line" means a natural gas transmission line or lateral line

27 (1) that branches from the main natural gas pipeline project to deliver
28 natural gas to a local community or utility distribution system; or

29 (2) described in AS 31.25.005(4), or similar infrastructure not serving
30 as the primary export or mainline transmission facility.

31 **Sec. 43.59.020. Community impact fee.** Before commencement of

1 commercial operations of a gas pipeline, the owner of a gas pipeline shall pay a
2 community impact fee of \$1,000,000 for each mile or portion of a mile installed in the
3 previous calendar year.

4 **Sec. 43.59.030. Returns; payment of tax and fee.** (a) The owner of a
5 qualified property subject to tax under AS 43.59.010 shall file a return with the
6 department on or before the last day of each month. The return must state the
7 throughput, in cubic feet of natural gas per day, of the qualified property for the month
8 preceding the month in which the return is due. The owner of the qualified property
9 shall, at the time the return is filed, pay the tax due under AS 43.59.010 for the month
10 preceding the return. A payment under this subsection is considered late if the
11 payment is not received by the department on or before the last day of the month in
12 which the return is due.

13 (b) The owner of a gas pipeline subject to the fee under AS 43.59.020 shall
14 file a return with the department on or before March 31 each year after construction of
15 the gas pipeline has begun and ending March 31 of the year following the completion
16 of construction of the gas pipeline. The return must state the number of miles or
17 portion of miles of gas pipeline installed in the preceding calendar year. The owner of
18 the gas pipeline shall pay the fees due under AS 43.59.020 to the department at the
19 time the return is filed. A payment under this subsection is considered late if the
20 payment is not received by the department on or before March 31 of the year in which
21 the return is due.

22 (c) If a tax or fee levied under AS 43.59.010 or 43.59.020 is delinquent, the
23 department shall assess a penalty of 10 percent of the amount of delinquent taxes and
24 interest on the delinquent taxes, exclusive of penalty, at the rate specified in
25 AS 43.05.225.

26 **Sec. 43.59.040. Remedy.** The remedy of distraint of property set out in
27 AS 43.20.270 applies to the tax and fee levied under AS 43.59.010 and 43.59.020.
28 However, only the qualified property may be distrained.

29 **Sec. 43.59.050. Allocation of volumetric tax.** The department shall separately
30 account for the tax collected under AS 43.59.010(b)(1), (2), and (3). Each year, the
31 legislature may appropriate

1 (1) to the North Slope Borough, 50 percent of the tax collected on the
2 throughput of a gas treatment plant or carbon capture facility under
3 AS 43.59.010(b)(1);

4 (2) 50 percent of the tax collected on pipeline throughput under
5 AS 43.59.010(b)(2) to affected areas of the state, with appropriations proportionately
6 divided among the municipalities and the unorganized borough through which the gas
7 pipeline runs; to determine the proportional distribution under this paragraph, the
8 length of pipeline in a municipality is divided by the total length of the pipeline; the
9 state shall retain the portions of the tax for the proportion of the pipeline in the
10 unorganized borough;

11 (3) 50 percent of the tax collected on pipeline throughput under
12 AS 43.59.010(b)(2) to municipalities, to reserves, and to communities in the
13 unorganized borough, distributed on a per capita basis under AS 29.60.860;

14 (4) to the Kenai Peninsula Borough, 50 percent of the tax collected on
15 the throughput of a liquefied natural gas plant under AS 43.59.010(b)(3).

16 **Sec. 43.59.060. Allocation of community impact fee.** (a) The department
17 shall separately account for the fees collected under AS 43.59.020. Each year, the
18 legislature may appropriate to the Department of Commerce, Community, and
19 Economic Development the amount of fees collected under AS 43.59.020 for grants
20 for activities, services, and facilities to municipalities that are experiencing or will
21 experience the most direct or severe impact as a result of the construction or operation
22 of the gas pipeline.

23 (b) The Department of Commerce, Community, and Economic Development
24 shall fund all meritorious grant applications out of the money appropriated to it each
25 year under (a) of this section. Within 10 days after the convening of each regular
26 session of the legislature, the Department of Commerce, Community and Economic
27 Development shall submit to the legislature a list of all municipalities that have
28 received grants, a list of all municipalities determined by the Department of
29 Commerce, Community, and Economic Development to be eligible for further grants,
30 a recommendation of the amount of money to be granted for those additional
31 applications, and written justification of each past and potential grant.

1 **Sec. 43.59.070. Administrative appeals.** A decision by the department
2 regarding the imposition or calculation of the tax or a fee levied under AS 43.59.010
3 or 43.59.020 may be appealed to the department for an informal conference under
4 AS 43.05.240, and a final decision may be appealed to the office of administrative
5 hearings under AS 43.05.405.

6 **Sec. 43.59.080. Throughput; regulations.** The department shall adopt
7 regulations under AS 44.62 (Administrative Procedure Act) to implement this chapter,
8 including procedures for measuring throughput, throughput reporting, and calculating
9 the rolling average of throughput. For purposes of measuring throughput in regulations
10 adopted under this section, natural gas

11 (1) sold or otherwise delivered at an outlet or offtake point along the
12 gas pipeline is included in throughput;

13 (2) consumed as fuel for the operation of a liquefaction facility is
14 included in throughput;

15 (3) consumed as fuel for pipeline compression is not included in
16 throughput.

17 **Sec. 43.59.100. Definitions.** In this chapter,

18 (1) "commencement of commercial operations" means the first flow of
19 natural gas in the qualified property that generates revenue to the owners of the
20 qualified property;

21 (2) "department" means the Department of Revenue;

22 (3) "gas pipeline" has the meaning given in AS 31.25.390;

23 (4) "gas treatment plant" has the meaning given in AS 31.25.390;

24 (5) "liquefied natural gas plant" has the meaning given in
25 AS 31.25.390;

26 (6) "qualified property" means a major component of an Alaska
27 liquefied natural gas project as defined in AS 31.25.390, taxed under AS 43.59.010(b)

28 (A) for which construction commenced on or after January 1,
29 2026; and

30 (B) that is owned by an instrumentality of the state or a joint
31 venture, partnership, or other affiliated entity that includes an instrumentality

1 of the state.

2 * **Sec. 34.** AS 42.05.711(v) is repealed.

3 * **Sec. 35.** AS 14.17.510(d), 14.17.990(6)(B); AS 29.45.080(g); AS 43.05.405(3)(B);
4 AS 43.59.010, 43.59.020, 43.59.030, 43.59.040, 43.59.050, 43.59.060, 43.59.070, 43.59.080,
5 and 43.59.100 are repealed.

6 * **Sec. 36.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 APPLICABILITY: ALASKA GASLINE DEVELOPMENT CORPORATION
9 CONFIDENTIALITY AGREEMENTS, SUBSIDIARIES, NOTIFICATIONS, LEGAL
10 RELATIONSHIPS. (a) AS 31.25.080(a)(1), (6), and (24), as amended by sec. 8 of this Act,
11 apply to a transfer or disposition occurring on or after the effective date of sec. 8 of this Act.

12 (b) If a subsidiary of the Alaska Gasline Development Corporation, whether wholly
13 or partially owned, entered into a confidentiality agreement before the effective date of secs.
14 11 - 13 of this Act, AS 31.25.090(g), as amended by sec. 11 of this Act, AS 31.25.090(h), as
15 amended by sec. 12 of this Act, and AS 31.25.090(k) - (o), added by sec. 13 of this Act, apply
16 to the subsidiary as if it were the corporation.

17 (c) The prohibition in AS 31.25.090(j), added by sec. 13 of this Act, on a subsidiary
18 of the Alaska Gasline Development Corporation, whether wholly or partially owned, from
19 entering into a confidentiality agreement applies to an agreement entered into on or after the
20 effective date of sec. 13 of this Act.

21 (d) AS 31.25.090(l), added by sec. 13 of this Act, applies to requests of a legislator or
22 public agent made on or after the effective date of sec. 13 of this Act.

23 (e) AS 31.25.090(n) and (o), added by sec. 13 of this Act, apply to a confidentiality
24 agreement entered into on or after the effective date of sec. 13 of this Act.

25 (f) AS 31.25.145, added by sec. 16 of this Act, applies to revenue generated on and
26 after the effective date of sec. 16 of this Act.

27 (g) AS 31.25.280, added by sec. 18 of this Act, applies to a legal relationship with a
28 foreign entity entered into on or after the effective date of sec. 18 of this Act. In this
29 subsection, "legal relationship" has the meaning given in AS 31.25.280(c).

30 (h) AS 31.25.285, added by sec. 18 of this Act, applies to a legal relationship entered
31 into on or after the effective date of sec. 18 of this Act. In this subsection, "legal relationship"

1 has the meaning given in AS 31.25.285(b).

2 * **Sec. 37.** The uncodified law of the State of Alaska is amended by adding a new section to
3 read:

4 **APPLICABILITY: ALASKA GASLINE DEVELOPMENT CORPORATION**
5 **PUBLIC DISCLOSURES.** The public disclosure requirement in AS 31.25.275, added by sec.
6 18 of this Act, requires the publication of information received by the Alaska Gasline
7 Development Corporation before the effective date of sec. 18 of this Act.

8 * **Sec. 38.** The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 **APPLICABILITY: OIL AND GAS ENTITY TAX.** The tax established under
11 AS 43.20.019, added by sec. 23 of this Act, applies to a qualified entity for a tax year
12 beginning on or after January 1, 2026. In this section, "qualified entity" has the meaning given
13 in AS 43.20.019(h).

14 * **Sec. 39.** The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

16 **APPLICABILITY: OIL VALUATION.** AS 43.55.020(f), as repealed and reenacted by
17 sec. 26 of this Act, and AS 43.55.020(n), added by sec. 27 of this Act, apply to oil and gas
18 produced on and after the effective date of secs. 26 and 27 of this Act.

19 * **Sec. 40.** The uncodified law of the State of Alaska is amended by adding a new section to
20 read:

21 **TRANSITION: EXISTING OPTIONS.** (a) An option for state participation in a
22 revenue-generating project negotiated by the Alaska Gasline Development Corporation
23 agreed to before the effective date of AS 31.25.125, added by sec. 15 of this Act, must allow
24 the state to exercise the option for at least 180 days after the effective date of sec. 15 of this
25 Act.

26 (b) Within 30 days after the effective date of sec. 15 of this Act, the corporation shall
27 notify the president of the senate, the speaker of the house of representatives, and the chairs of
28 the finance committee of each house of the legislature of any existing options to invest in a
29 revenue-generating project, as required under AS 31.25.125.

30 * **Sec. 41.** The uncodified law of the State of Alaska is amended by adding a new section to
31 read:

1 TRANSITION: PUBLICATION. The Alaska Gasline Development Corporation shall,
2 by January 1, 2027, first publish the information required under AS 31.25.275, added by sec.
3 18 of this Act. The first publication required under AS 31.25.275 must include information
4 about each

5 (1) owner, investor, lender, and creditor since July 1, 2024, for each project
6 developed by the corporation or project in which the corporation has an ownership or
7 management interest; and

8 (2) gas purchase agreement entered into since July 1, 2024, for gas transported
9 through or processed by a project developed by the corporation or project in which the
10 corporation has an ownership or management interest.

11 * **Sec. 42.** The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 TRANSITION: PAYMENT OF TAX. A person subject to the tax levied under
14 AS 43.20.019, added by sec. 23 of this Act, before the effective date of sec. 23 of this Act,
15 shall pay the balance of the tax due for a tax year ending before January 1, 2027, by
16 January 1, 2027. Until January 1, 2027, the Department of Revenue shall waive interest that
17 would otherwise accrue under AS 43.05.225 and civil and criminal penalties accruing under
18 AS 43.05.220, 43.05.245, and 43.05.290, that are a result of the retroactivity of secs. 23 - 25
19 of this Act.

20 * **Sec. 43.** The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 RETROACTIVITY OF REGULATIONS. Notwithstanding a contrary provision of
23 AS 44.62.240, if the Department of Revenue expressly designates in the regulation that the
24 regulation applies retroactively to a specific date, a regulation adopted by the department to
25 implement, interpret, make specific, or otherwise carry out secs. 23 - 25 and 28 - 30 of this
26 Act applies retroactively to that date.

27 * **Sec. 44.** The uncodified law of the State of Alaska is amended by adding a new section to
28 read:

29 RETROACTIVITY. Sections 23 - 25, 28 - 30, 38, and 42 of this Act are retroactive to
30 January 1, 2026.

31 * **Sec. 45.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 CONDITIONAL EFFECT; NOTIFICATION. (a) Sections 4, 7, 32, and 35 of this Act
3 take effect if,

4 (1) by January 1, 2028, construction of a natural gas pipeline has not begun; or

5 (2) by January 1, 2032, commencement of commercial operations of qualified
6 property has not begun.

7 (b) The commissioner of revenue shall,

8 (1) on or before January 1, 2028, notify the revisor of statutes whether
9 construction of a natural gas pipeline has not begun; and

10 (2) on or before January 1, 2032, notify the revisor of statutes whether
11 commencement of commercial operations of qualified property has begun.

12 (c) In this section,

13 (1) "commencement of commercial operations" has the meaning given in
14 AS 43.59.100;

15 (2) "construction of a natural gas pipeline" means

16 (A) laying and welding together in an excavated trench multiple
17 sections of steel pipe that are intended for use as part of a gas pipeline; and

18 (B) establishment of at least one work camp along the gas pipeline
19 route intended to provide crew quarters and services during construction of the
20 project;

21 (3) "gas pipeline" has the meaning given in AS 31.25.390;

22 (4) "qualified property" has the meaning given in AS 43.59.100.

23 * **Sec. 46.** If secs. 4, 7, 32, and 35 of this Act take effect under sec. 45(a)(1) of this Act, they
24 take effect on January 1, 2028.

25 * **Sec. 47.** If secs. 4, 7, 32, and 35 of this Act take effect under sec. 45(a)(2) of this Act, they
26 take effect on January 1, 2032.

27 * **Sec. 48.** Except as provided in secs. 46 and 47 of this Act, this Act takes effect
28 immediately under AS 01.10.070(c).