

**SB 280**  
**Summary of Changes**  
**SRES Committee Substitute**  
**Version G**

**SENATE RESOURCES COMMITTEE**

**APRIL 20, 2026**

**#34-GS2038\G**

## **The SB 280 CS Incorporates Most Provisions of SB 275, with Some Changes:**

- **Transparency to the public and lawmakers, e.g., waivers and nondisclosure agreements**
  - Clarifies access to information by public agents, including legislators, and attendance at regular or executive sessions
  - Clarifies items that, following enactment, may not be kept confidential, including information about project economics that could lead to significant fiscal impacts to the state that the legislature must consider in policymaking decisions; values may be summarized, estimated, and provided as a range of potential values

## **Items incorporated from SB 275, continued:**

- **Enhancements to legislative oversight for state's option for acquiring an interest in revenue-generating projects**
  - Technical clarifications to procedures of state's ability to acquire an interest, including legislative notification, timeframe permitted to exercise the option, and requiring AGDC and DOR assistance
- **Separate accounting, online public disclosures, foreign entity business relationships, and notification of partner entity ownership change**
  - Minor technical changes to online public disclosures and notification of partner entity ownership change to effect original intent

## **Items incorporated from SB 275, continued:**

- **DNR and DOR duties for determinations of prevailing value to ensure state's royalty and production tax share**
- **Pass-through entity (S-corp & LLC) tax**
  - Modified to a bracketed increment structure with tax rates starting at zero for taxable income below \$1 million to 9.4% for taxable income at \$5 million or more
  - Now includes production and pipeline transportation of oil, not just the gasoline industry
- **No gas lease expenditure deductions against oil production taxes**
  - Clarifies DOR to determine the allocation of lease expenditures of oil versus gas based on respective BTU equivalents

## **The SB 280 CS Omits the Following Items of SB 275:**

- **LB&A oversight authority**
- **Changes to producer ability to elect to pay gas production taxes in-kind & permitting the state to elect to accept gas production taxes in-kind**
- **The LNG processing surcharge**

## **New Features of SB 280:**

- **Requires AGDC to maximize state economic benefits by utilizing in-state contractors and suppliers in development and construction of gasline projects**
- **Requires that AGDC ensure state public utilities receive priority over other supply sales if gasline capacity is reduced**
- **Mandates AGDC to pursue a spur line to serve the Fairbanks North Star Borough**

## **New Features of SB 280, continued:**

- **Restricts AGDC from recouping cost overruns from construction of the pipeline by increasing rates charged to a public utility**
- **Prevents AGDC from charging a public utility more than \$12/Mcf prior to commercial operations of the LNG Export Facility or \$5/Mcf upon commercial operations of the LNG Export facility**
- **Adds a legislative approval requirement to AGDC bond issuance authority**
- **Incorporates the policy of SB 180, repealing FERC exclusive jurisdiction over an import facility**

## **The SB 280 CS Makes Changes to the Structure and Application of the Alternative Volumetric Tax:**

- **The CS maintains an AVT concept as the mechanism for taxation in lieu of current property taxes.**
- **The AVT is broken into three separate tax components, taxed at separate rates:**
  - Phase 1 – Gas Pipeline: \$0.15/Mcf
  - Phase 2(a) – Gas Treatment Plant/CCUS Facility: \$0.15/Mcf
  - Phase 2(b) – LNG Export Facility: \$0.25/Mcf
- **A quantity of natural gas is subject to each tax rate when processed through more than one project component.**

## Changes to the AVT, continued:

- **No “ramp up” – Taxes take effect when each major project component becomes commercially operational, respectively.**
- **Examples:**
  - Ex. 1: For the pipeline only, first in-state use of the gas at 65 Bcf/year, estimated annual AVT payment is \$10 million.
  - Ex. 2: For the pipeline, GTP/CCUS plant, and LNG export facility, for in-state gas and exporting at planned maximum capacity of 3.3 Bcf/day (exporting 2.7 Bcf/day), estimated annual AVT payment is \$610 million.
- **After ten years of commercial operations, an inflation adjustment is made annually based on CPI.**

## Changes to the AVT, continued:

- **Revenue sharing & distributions:**

Phase 1 – Gas Pipeline:

→50% to municipalities along the corridor, based on ratio of miles of pipeline located in municipal boundary; for unorganized boroughs, state retains proceeds

→50% apportioned to all municipalities in the state via the Community Assistance Program

Phase 2(a) – Gas Treatment Plant/CCUS Facility:

→50% to the North Slope Borough

→50% to the state

Phase 2(b) – LNG Export Facility:

→50% to the Kenai Peninsula Borough

→50% to the state

## **Changes to the AVT, continued:**

- **The AVT sunsets, and current property tax laws are re-established, if construction of the gas pipeline has not commenced by January 1, 2028, or its commercial operations have not commenced by January 1, 2032.**

## **The SB 280 CS Creates a New Feature for Impact Payments during Phase 1 Gas Pipeline Construction:**

- **Developer is assessed \$1 million per mile of pipeline constructed in the prior year.**
  - The legislature may appropriate the funds for activities, services, and facilities for municipalities experiencing actual impacts due to pipeline construction or operation.
  - A grant program is established in the Department of Commerce, Community, and Economic Development to which impacted municipalities apply.
  - DCCED annually reports to the legislature on the program, including which communities received the grants, further eligibility, and making recommendations for grant awards.

# **Additional Discussion & Questions?**