

**SB 280
SRES Committee Substitute
Version G**

Alternative Volumetric Tax & Community Impacts Program

SENATE RESOURCES COMMITTEE

APRIL 21, 2026

#34-GS2038\G

Background: Rationale for Revising Alternative Volumetric Tax

- **Guidance taken from the 2014-2016 work of the Municipal Advisory Group (MAG) of state and local officials.**
 - Total “payments in lieu of taxes” agreed to by project sponsors at the time: \$15.7 billion over 25 years
 - Average \$628 million/year
 - MAG had yet to agree on allocation methodology
 - Additional \$800 million impact payments over 5 years of construction

A guidance letter to Governor Parnell & the 28th Alaska Legislature, signed by 7 of 9 House Resources members upon passage of SB 138, concerning AK LNG contract negotiations as expected later to be submitted to the legislature for authorization:

- **Any change to property taxes enabled via a payment in lieu of taxes may not reduce the revenue that would be received by the state and municipalities to to less than what would have been otherwise received under the current property tax statutes.**

Signed by the Honorable Representatives: Paul Seaton, Eric Feige, Peggy Wilson, Kurt Olson, Craig Johnson, Geran Tarr, Scott Kawasaki

Dated: April 15, 2014

Background: Rationale for Revising AVT, continued

- **Concept: Attempt to replicate total annual revenues, at full project capacity, in line with work of the 2015 MAG.**
 - Gas Pipeline: \$170 million
 - Gas Treatment Plant/CCUS Facility: \$170 million
 - LNG Export Facility: \$285 million

Total = \$625 million

The SB 280 CS AVT Structure – Rates

- **The AVT is broken into three separate tax components, taxed at separate rates [Sec. 33, page 28, Sec. 43.59.010(a)]:**

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

→ Allows clear separation and direct correlation to the taxes due: Phase 1 pays the pipeline AVT, while the Phase 2 LNG Export Facility and the GTP would begin to pay once those facilities are commercially operational, respectively.

→ Enables more targeted sharing methodologies with local governments.

The SB 280 CS AVT Structure – Rate Application

- **Examples:**

Ex. 1: For the Gas Pipeline only, at \$0.15/Mcf – First in-state use of the gas at 65 Bcf/year, estimated annual AVT payment is \$10 million.

Ex. 2: For the Gas Pipeline, GTP/CCUS Facility, and LNG Export Facility, at \$0.55/Mcf – For in-state gas and processing at planned maximum capacity of 3.3 Bcf/day (exporting 2.7 Bcf/day), estimated annual AVT payment is \$610 million.

The SB 280 CS AVT Structure - Allocation

- **Revenue sharing** [Sec. 33, pages 29-30, Sec. 43.59.050]:

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

Estimated Total AVT Revenue – Full Development Select Municipalities (\$ Millions)

	State	Anchorage	Fairbanks	North Slope	Kenai Peninsula	Mat-Su	Denali	Other	Total
Gas Pipeline (miles)	\$35		\$1	\$20	\$4	\$20	\$10		\$90
Gas Pipeline (per capita)		\$36	\$8*	\$1	\$5*	\$11*	\$1	\$28	\$90
GTP/CCUS Facility	\$90			\$90					\$180
LNG Facility	\$125				\$125				\$250
Total	\$250	\$36	\$9	\$111	\$134	\$31	\$11	\$28	\$610

* Fairbanks, Mat-Su, and Kenai show population distributions to the Borough only. Cities within those boroughs will each have their own separate distributions.

The SB 280 CS AVT Structure - Other Parameters

- Remains in lieu of state and local property taxes. [Sec. 33, page 28, Sec. 43.59.010(c)]
- Eliminates tax-free “ramp up” abatement period under SB 280 Version N.
- After ten years of commercial operations for each respective component, an inflation adjustment is made annually based on CPI. [Sec. 33, page 28, Sec. 43.59.010(c)]
- Does not apply to a “spur line.” [Sec. 33, page 28, Sec. 43.59.010(e)]
- Currently retains exemption from consideration in the full taxable real property value of a school district for required local contribution under SB 280 Version N. [Sec. 1, pages 1-2, AS 14.17.510(d)]
- Termination date of January 1, 2040, based on commencement of commercial operations under SB 280 Version N is replaced with conditional effect that existing law is re-established if gas pipeline construction has not started by January 1, 2028 or commercial operations of pipeline is not achieved by January 1, 2032. [Sec. 45, pages 34-35, uncodified law]

The SB 280 CS Community Impacts Fee & Allocation Program

- **Developer is assessed \$1 million per mile of gas pipeline constructed in the prior year.** [Sec. 33, pages 28-29, Sec. 43.50.020; Sec. 33, page 30, Sec. 43.59.060]
 - The legislature may appropriate the funds for activities, services, and facilities for communities 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 communities may 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?