

CS FOR HOUSE BILL NO. 381(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:
Referred:

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

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the taxation of certain natural gas project property and related
2 facilities; relating to the calculation of the value of property for purposes of the local
3 contribution for public school funding; relating to limitations on municipal property
4 taxes and equity ownership agreements; relating to the duties of the Regulatory
5 Commission of Alaska; relating to an alternative volumetric tax on natural gas
6 throughput; relating to community benefit agreements for natural gas project impacts;
7 and providing for an effective date."

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

9 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
10 to read:

11 LEGISLATIVE FINDINGS. The legislature finds that the tax treatment in this Act is
12 necessary to advance a major natural gas project and to ensure that

13 (1) the project maximizes the benefit to the state by ensuring direct and

1 affordable access to natural gas to the residents of the state; and

2 (2) communities affected by the natural gas project are protected from the
3 negative effects of the project.

4 * **Sec. 2.** AS 14.17.510 is amended by adding a new subsection to read:

5 (d) In this section, the full and true value of the taxable real and personal
6 property does not include property subject to the alternative volumetric tax levied
7 under AS 43.59.020.

8 * **Sec. 3.** AS 14.17.990(6) is amended to read:

9 (6) "local contribution"

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

12 (B) does not include appropriations of revenue received by
13 a municipality under AS 43.59.030;

14 * **Sec. 4.** AS 29.45.080(c) is amended to read:

15 (c) A municipality may levy and collect a tax on the full and true value of that
16 portion of taxable property taxable under AS 43.56 as assessed by the Department of
17 Revenue which value, when combined with the value of property otherwise taxable by
18 the municipality, does not exceed the product of the percentage determined in (f) of
19 this section of the average per capita assessed full and true value of property in the
20 state multiplied by the number of residents of the taxing municipality. Property for
21 which the municipality has, under AS 29.45.085(a), elected to have taxed under
22 AS 43.59.020(b)(1) or (b)(3) is not included in the value of property for the
23 purpose of making the calculation under this subsection.

24 * **Sec. 5.** AS 29.45.080(c), as amended by sec. 4 of this Act, is amended to read:

25 (c) A municipality may levy and collect a tax on the full and true value of that
26 portion of taxable property taxable under AS 43.56 as assessed by the Department of
27 Revenue which value, when combined with the value of property otherwise taxable by
28 the municipality, does not exceed the product of the percentage determined in (f) of
29 this section of the average per capita assessed full and true value of property in the
30 state multiplied by the number of residents of the taxing municipality. [PROPERTY
31 FOR WHICH THE MUNICIPALITY HAS, UNDER AS 29.45.085(A), ELECTED

1 TO HAVE TAXED UNDER AS 43.59.020(B)(1) OR (B)(3) IS NOT INCLUDED IN
 2 THE VALUE OF PROPERTY FOR THE PURPOSE OF MAKING THE
 3 CALCULATION UNDER THIS SUBSECTION.]

4 * **Sec. 6.** AS 29.45 is amended by adding a new section to read:

5 **Sec. 29.45.085. Alternative volumetric tax election; equity option.** (a) A
 6 municipality may by ordinance elect to exempt from municipal taxation under
 7 AS 29.45.010 - 29.45.560 property eligible for

8 (1) abatement under AS 43.59.010 during the period described in
 9 AS 43.59.010; or

10 (2) the alternative volumetric tax under AS 43.59.020(b)(1) or (3).

11 (b) If a municipality by ordinance elects to exempt property from tax under (a)
 12 of this section, the municipality may by ordinance elect to

13 (1) have the state collect the volumetric tax under AS 43.59.020(b)(1)
 14 or (3), as applicable, and allocate revenue to the municipality under AS 43.59.040; or

15 (2) enter into an agreement with an owner of property that would be
 16 subject to the volumetric tax under AS 43.59.020(b)(1) or (3) to receive an equity
 17 interest in the property subject to tax under AS 43.59.020(b)(1) or (3) in lieu of the
 18 property taxes that would otherwise be collected by the municipality under
 19 AS 29.45.010 - 29.45.560.

20 (c) An equity interest accrued under (b)(2) of this section

21 (1) may be structured as an ownership interest, revenue interest, or
 22 other equivalent participation;

23 (2) must be in proportion to the value determined as if the property
 24 were subject to municipal property tax;

25 (3) must entitle the municipality to distributions, participation, voting
 26 and governance rights, contractual rights, and options, consistent with other equity
 27 holders.

28 (d) An equity interest accrued under this section is exempt from the limitations
 29 in AS 29.45.080(c) - (f) and 29.45.090.

30 * **Sec. 7.** AS 42.05.141 is amended by adding a new subsection to read:

31 (j) The commission shall certify a natural gas project in accordance with

1 AS 43.59.030(c).

2 * **Sec. 8.** AS 43.56.010(a) is amended to read:

3 (a) **Except as provided in AS 43.59.010 and 43.59.020, an** [AN] annual tax
4 of 20 mills is levied each tax year beginning January 1, 1974, on the full and true
5 value of taxable property taxable under this chapter.

6 * **Sec. 9.** AS 43.56.010(a), as amended by sec. 8 of this Act, is amended to read:

7 (a) Except as provided in **AS 43.59.020** [AS 43.59.010 AND 43.59.020], an
8 annual tax of 20 mills is levied each tax year beginning January 1, 1974, on the full
9 and true value of taxable property taxable under this chapter.

10 * **Sec. 10.** AS 43.56.010(a), as amended by secs. 8 and 9 of this Act, is amended to read:

11 (a) **An** [EXCEPT AS PROVIDED IN AS 43.59.020, AN] annual tax of 20
12 mills is levied each tax year beginning January 1, 1974, on the full and true value of
13 taxable property taxable under this chapter.

14 * **Sec. 11.** AS 43.56.010(b) is amended to read:

15 (b) A municipality may levy and collect a tax under AS 29.45.080 at the rate
16 of taxation that applies to other property taxed by the municipality. The tax shall be
17 levied at a rate **not** [NO] higher than the rate applicable to other property taxable by
18 the municipality. **Except as provided in this section and AS 29.45.085, a** [A]
19 municipality may not exempt from taxation property authorized to be taxed under this
20 chapter. Exemptions shall be limited to those in AS 29.45.030, 29.45.050, and
21 AS 43.56.020.

22 * **Sec. 12.** AS 43.56.010(b), as amended by sec. 11 of this Act, is amended to read:

23 (b) A municipality may levy and collect a tax under AS 29.45.080 at the rate
24 of taxation that applies to other property taxed by the municipality. The tax shall be
25 levied at a rate not higher than the rate applicable to other property taxable by the
26 municipality. Except as provided in this section [AND AS 29.45.085], a municipality
27 may not exempt from taxation property authorized to be taxed under this chapter.
28 Exemptions shall be limited to those in AS 29.45.030, 29.45.050, and AS 43.56.020.

29 * **Sec. 13.** AS 43.56.020(d) is amended to read:

30 (d) Taxable property **subject to the tax abatement levied under**
31 **AS 43.59.010 or to the volumetric tax imposed under AS 43.59.020** [OF A

1 NATURAL GAS PIPELINE PROJECT OWNED OR FINANCED BY THE
2 ALASKA GASLINE DEVELOPMENT CORPORATION OR A JOINT VENTURE,
3 PARTNERSHIP, OR OTHER ENTITY THAT INCLUDES THE ALASKA
4 GASLINE DEVELOPMENT CORPORATION] is exempt from state taxes levied or
5 authorized under AS 43.56.010(a) and, if elected by the municipality under
6 AS 29.45.085, municipal taxes levied or authorized under AS 43.56.010(b) [BEFORE
7 THE COMMENCEMENT OF COMMERCIAL OPERATIONS OF THAT
8 NATURAL GAS PIPELINE PROJECT. IN THIS SUBSECTION,
9 "COMMENCEMENT OF COMMERCIAL OPERATIONS" MEANS THE FIRST
10 FLOW OF NATURAL GAS IN THE PROJECT THAT GENERATES REVENUE
11 TO THE OWNERS OF THE NATURAL GAS PIPELINE PROJECT].

12 * **Sec. 14.** AS 43.56.020(d), as amended by sec. 13 of this Act, is amended to read:

13 (d) Taxable property subject to the [TAX ABATEMENT LEVIED UNDER
14 AS 43.59.010 OR TO THE] volumetric tax imposed under AS 43.59.020 is exempt
15 from state taxes levied or authorized under AS 43.56.010(a) and, if elected by the
16 municipality under AS 29.45.085, municipal taxes levied or authorized under
17 AS 43.56.010(b).

18 * **Sec. 15.** AS 43.56.020(d), as amended by secs. 13 and 14 of this Act, is amended to read:

19 (d) Taxable property of a natural gas pipeline project owned or financed
20 by the Alaska Gasline Development Corporation or a joint venture, partnership,
21 or other entity that includes the Alaska Gasline Development Corporation
22 [SUBJECT TO THE VOLUMETRIC TAX IMPOSED UNDER AS 43.59.020] is
23 exempt from state taxes levied or authorized under AS 43.56.010(a) and [, IF
24 ELECTED BY THE MUNICIPALITY UNDER AS 29.45.085,] municipal taxes
25 levied or authorized under AS 43.56.010(b) before the commencement of
26 commercial operations of that natural gas pipeline project. In this subsection,
27 "commencement of commercial operations" means the first flow of natural gas in
28 the project that generates revenue to the owners of the natural gas pipeline
29 project.

30 * **Sec. 16.** AS 43 is amended by adding a new chapter to read:

31 **Chapter 59. Natural Gas Project Temporary Tax Abatement and Volumetric Tax.**

1 **Sec. 43.59.010. Temporary abatement.** (a) A natural gas project and any real
2 or personal property used or committed by contract or other agreement for the
3 construction, operation, or maintenance of the project is not subject to the taxes levied
4 under AS 29.45.080 or AS 43.56.010(a) during the ramp-up period for that project.
5 For purposes of this section, the ramp-up period begins on the first date of
6 commencement of commercial operations of a major component of the project and
7 ends on the earlier of

8 (1) the day after the major component of the project achieves a
9 throughput of 250,000,000 cubic feet of natural gas per day, calculated as a rolling
10 average over a consecutive 30-day period; or

11 (2) six years after the date of commencement of commercial operations
12 of the major component of the project.

13 (b) During the ramp-up period, each owner of property subject to tax under
14 this section shall submit quarterly reports to the department detailing the daily volume
15 of natural gas throughput. Based on the reports submitted under this subsection, the
16 commissioner shall determine whether the throughput threshold under (a)(1) of this
17 section has been met and the ramp-up period has ended. Upon termination of the
18 ramp-up period under either (a)(1) or (2) of this section, the commissioner shall issue a
19 written determination to the owner of the taxable property. The abatement provided in
20 (a) of this section expires permanently upon the issuance of the written determination
21 and

22 (1) does not resume if the daily gas volume later decreases below the
23 throughput threshold; and

24 (2) only applies once.

25 (c) The tax abatement described in this section

26 (1) does not apply to a spur line; taxable property associated with a
27 spur line remains subject to tax under AS 43.56.010; and

28 (2) applies only to property that a municipality has elected to be
29 exempt from municipal property tax under AS 29.45.085(a).

30 (d) A natural gas project may receive the tax abatement under this section only
31 if the department determines that the project is eligible under AS 43.59.030.

1 **Sec. 43.59.020. Imposition of alternative volumetric tax.** (a) The owner of
2 property subject to tax under this section shall pay an alternative volumetric tax on the
3 throughput of the property. The alternative volumetric tax applies beginning on the
4 day after the expiration of the ramp-up period for the natural gas project, as described
5 in AS 43.59.010.

6 (b) The volumetric tax is

7 (1) \$0.05 for each 1,000 cubic feet of natural gas transported through a
8 gas treatment plant or carbon capture facility;

9 (2) \$0.05 for each 1,000 cubic feet of natural gas transported through a
10 gas pipeline;

11 (3) \$0.10 for each 1,000 cubic feet of natural gas processed by a
12 liquefied natural gas plant.

13 (c) Beginning the first year the tax applies to throughput of a gas pipeline, the
14 rate of tax for throughput under this subsection shall be adjusted on January 1 of each
15 year for inflation, using 100 percent of the change over the preceding five calendar
16 years in the Consumer Price Index for all urban consumers for urban Alaska, as
17 determined by the United States Department of Labor, Bureau of Labor Statistics.

18 (d) A natural gas project is subject to the alternative volumetric tax under this
19 section only if the department determines that the project is eligible under
20 AS 43.59.030.

21 (e) The tax levied under this section is in place of

22 (1) all state taxes levied on taxable property, including property used
23 or committed by contract or other agreement for use in the natural gas project;

24 (2) taxes levied under AS 43.56.010; and

25 (3) taxes levied under AS 29.45.080.

26 (f) The taxes levied under (b)(1) and (3) this section apply only if the
27 municipality in which the taxable property is located has elected under AS 29.45.085
28 to exempt the property from taxation under AS 29.45.085(a).

29 (g) Each owner of property subject to tax under this section shall file a return
30 with the department on or before the last day of each month. The return must state the
31 throughput, in cubic feet of natural gas per day, for each property subject to tax for the

1 month preceding the month in which the return is due. The owner of the property
2 shall, at the time the return is filed, pay the tax due under this section for the month
3 preceding the return.

4 (h) A payment is considered late if the payment is not received by the
5 department on or before the last day of the month in which the return is due.

6 (i) Notwithstanding AS 43.05.220, if the tax levied in this section is
7 delinquent, the department shall assess a penalty of 15 percent of the amount of
8 delinquent taxes and interest on the delinquent taxes, exclusive of penalty, at the rate
9 specified in AS 43.05.225.

10 **Sec. 43.59.030. Eligibility.** (a) A natural gas project is eligible for the tax
11 abatement under AS 43.59.010 or the alternative volumetric tax under AS 43.59.020
12 only if the department determines that the plans for the project meet the requirements
13 of this section.

14 (b) To be eligible under this section, plans for the project must include a spur
15 line meeting the requirements of this subsection that serves the City of Fairbanks and
16 the Fairbanks North Star Borough. The spur line must

17 (1) have sufficient capacity to serve reasonably projected residential,
18 commercial, and industrial demand in the Interior area of the state;

19 (2) be scheduled to begin operations within two years after the
20 commencement of commercial operations of a major component of the natural gas
21 project;

22 (3) be designed to connect with local distribution infrastructure
23 capable of delivering natural gas to the City of Fairbanks and the surrounding urban
24 area;

25 (4) be designed and operated to deliver gas at the lowest reasonable
26 cost consistent with safe and reliable service; and

27 (5) allocate costs, including capital, financing, construction,
28 operations, and maintenance costs,

29 (A) across all consumers systemwide; costs related to
30 financing, construction, operations, or maintenance of the spur line may not be
31 allocated solely to the Interior area of the state; in this subparagraph,

1 "systemwide" means the area from the North Slope to the Southcentral regions
2 of the state; and

3 (B) justly, reasonably, and not unduly discriminatorily.

4 (c) The Regulatory Commission of Alaska, in consultation with the Alaska
5 Gasline Development Corporation and the department, shall certify in writing that

6 (1) the project is designed to maximize in-state use of natural gas; and

7 (2) the plans for the project meet the requirements of (b) of this
8 section.

9 (d) The department shall review a certification issued under (c) of this section.
10 After review, and if the certification is found to be accurate and complete, the
11 department shall issue a written determination that the natural gas project is eligible
12 for the tax abatement under AS 43.59.010 and the alternative volumetric tax under
13 AS 43.59.020.

14 **Sec. 43.59.040. Allocation of alternative tax.** (a) The department shall levy
15 and collect the alternative volumetric tax imposed by this chapter.

16 (b) The department shall separately account for the tax collected by the state
17 under AS 43.59.020. Each year, the legislature may appropriate

18 (1) 50 percent of the tax collected under AS 43.59.020(b)(2) to the
19 portion of the state through which a gas pipeline runs, with appropriations
20 proportionately divided among the municipalities and unorganized borough through
21 which the gas pipeline runs; to determine the proportional distribution under this
22 paragraph, the length of pipeline in a municipality is divided by the total length of the
23 pipeline; the state shall retain the portions of the tax for the proportion of the pipeline
24 in the unorganized borough that is also outside a municipality; and

25 (2) 100 percent of the tax collected under AS 43.59.020(b)(1) and (3)
26 and 50 percent of the tax collected under AS 43.59.020(b)(2) to municipalities,
27 reserves, and communities in the unorganized borough, distributed on a per capita
28 basis.

29 **Sec. 43.59.050. Administrative appeals; distraint of property.** (a) A
30 decision by the department regarding the imposition or calculation of the tax levied
31 under AS 43.59.020 may be appealed to the department for an informal conference

1 under AS 43.05.240, and a final decision may be appealed to the office of
2 administrative hearings under AS 43.05.405.

3 (b) The remedy of distraint of property set out in AS 43.20.270 applies to the
4 tax levied in this section. However, only the property subject to tax under
5 AS 43.59.020 may be distrained.

6 **Sec. 43.59.060. Termination of status.** The tax abatement and alternative
7 volumetric tax applicable to a natural gas project under AS 43.59.010 and 43.59.020
8 terminate on January 1, 2030, if commencement of commercial operations of the
9 project has not begun by that date.

10 **Sec. 43.59.070. Regulations.** The department shall adopt regulations under
11 AS 44.62 (Administrative Procedure Act) to implement this chapter, including
12 procedures for

- 13 (1) measuring throughput;
- 14 (2) throughput reporting;
- 15 (3) calculating the rolling average of throughput.

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

17 (1) "commencement of commercial operations" means the first flow of
18 natural gas through a natural gas project that delivers a commercial supply of natural
19 gas to the Southcentral or Interior area of the state;

20 (2) "gas pipeline"

21 (A) means a main natural gas pipeline from the outlet flange of
22 the gas treatment plant on the North Slope to the inlet flange of the liquefied
23 natural gas plant located in the Southcentral region of the state;

24 (B) does not include any gas lines downstream of any offtake
25 point between a gas treatment plant and a liquefied natural gas plant;

26 (3) "liquefied natural gas plant" means a facility for liquefying natural
27 gas and includes structures, equipment, underlying land rights, and other associated
28 systems, storage, and facilities for off-loading liquefied natural gas;

29 (4) "natural gas project" and "project" means a natural gas project that
30 includes, collectively, a Prudhoe Bay unit gas transmission line, a Point Thomson unit
31 gas transmission line, a gas pipeline, a gas treatment plant, a liquefied natural gas

1 plant, and a marine terminal; in this paragraph,

2 (A) "marine terminal" means a terminal and those facilities
3 required to receive liquefied natural gas from the boundary of the liquefied
4 natural gas plant for marine transportation, including auxiliary vessels used in
5 the operation of the terminal;

6 (B) "Point Thomson unit gas transmission line" means a natural
7 gas transmission line from the outlet flange of the Point Thomson unit
8 production facility to the inlet flange of the gas treatment plant; and

9 (C) "Prudhoe Bay unit gas transmission line" means a natural
10 gas transmission line from the outlet flange of the Prudhoe Bay unit central gas
11 facility to the inlet flange of the gas treatment plant;

12 (5) "spur line"

13 (A) means

14 (i) a natural gas transmission or lateral line that
15 branches from the main gas pipeline for the primary purpose of
16 delivering natural gas to a local community or utility distribution
17 system; and

18 (ii) compressing and metering equipment and
19 interconnection facilities related to the transmission or lateral line
20 described in (A)(i) of this paragraph;

21 (B) does not include infrastructure used for the export of
22 natural gas or lateral lines not necessary for delivering natural gas to a local
23 community or utility distribution system;

24 (6) "throughput"

25 (A) means

26 (i) the volume of natural gas measured by summing all
27 volumes sold or otherwise delivered at each outlet or offtake point, as
28 along the gas pipeline, transported through a gas treatment plant or
29 carbon capture facility, or processed by a liquefied natural gas plant, as
30 applicable; and

31 (ii) natural gas consumed as fuel for the operation of a

1 liquefaction facility;

2 (B) does not include natural gas consumed as fuel for pipeline
3 compression.

4 * **Sec. 17.** AS 43.59.020(a), enacted by sec. 16 of this Act, is amended to read:

5 (a) The owner of property subject to tax under this section shall pay an
6 alternative volumetric tax on the throughput of the property. [THE ALTERNATIVE
7 VOLUMETRIC TAX APPLIES BEGINNING ON THE DAY AFTER THE
8 EXPIRATION OF THE RAMP-UP PERIOD FOR THE NATURAL GAS PROJECT,
9 AS DESCRIBED IN AS 43.59.010.]

10 * **Sec. 18.** AS 43.59.060, enacted by sec. 16 of this Act, is amended to read:

11 **Sec. 43.59.060. Termination of status.** The [TAX ABATEMENT AND]
12 alternative volumetric tax applicable to a natural gas project under AS 43.59.020
13 terminates [AS 43.59.010 AND 43.59.020 TERMINATE] on January 1, 2030, if
14 commencement of commercial operations of the project has not begun by that date. **In**
15 **this section, "commencement of commercial operations" means the first flow of**
16 **natural gas in the project that delivers a commercial supply of natural gas to the**
17 **Southcentral or Interior area of the state.**

18 * **Sec. 19.** AS 29.45.085(a)(1) and AS 43.59.010 are repealed.

19 * **Sec. 20.** AS 14.17.510(d), 14.17.990(6)(B); AS 29.45.085; AS 42.05.141(j);
20 AS 43.59.010, 43.59.020, 43.59.030, 43.59.040, 43.59.050, 43.59.060, 43.59.070, and
21 43.59.100 are repealed.

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

24 **REQUIRED REPORT: PHASE TWO OF THE ALASKA LIQUEFIED NATURAL**
25 **GAS PROJECT.** (a) Before a final investment decision is made on phase two of the Alaska
26 liquefied natural gas project, the Alaska Gasline Development Corporation shall deliver a
27 report to the senate secretary and the chief clerk of the house of representatives and shall
28 notify the legislature that the report is available. The report must include

29 (1) a discussion and review of the effects and effectiveness of this Act on the
30 Alaska liquefied natural gas project;

31 (2) if applicable, suggestions for additional changes to law related to the

1 Alaska liquefied natural gas project, before implementation of phase two.

2 (b) In this section,

3 (1) "Alaska liquefied natural gas project" has the meaning given in
4 AS 31.25.390;

5 (2) "phase two" means a phase of the Alaska liquefied natural gas project that
6 includes a liquefied natural gas plant, as defined in AS 31.25.390, and other related
7 infrastructure required for the export of liquefied natural gas.

8 * **Sec. 22.** The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 **APPLICABILITY.** The adjustment for inflation of the volumetric tax, required under
11 AS 43.59.020(c), added by sec. 16 of this Act, applies January 1 after the first full year of tax
12 under the rates set out in AS 43.59.020(b), added by sec. 16 of this Act.

13 * **Sec. 23.** The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 **CONDITIONAL EFFECT: BILL; NOTIFICATION TO THE REVISOR OF**
16 **STATUTES.** (a) Sections 2 - 4, 6 - 8, 11, 13, 16, 21, and 22 of this Act take effect only if the
17 commissioner of revenue determines that each owner of property that could be taxable under
18 AS 43.59.020, added by sec. 16 of this Act, has committed to

19 (1) enter into a community benefit agreement with each community within 50
20 miles of

21 (A) a gas treatment plant, carbon capture facility, or liquefied natural
22 gas plant; or

23 (B) the gas pipeline corridor;

24 (2) set aside a portion of revenue from a gas treatment plant, carbon capture
25 facility, liquefied natural gas plant, or gas pipeline, as applicable, deposit the revenue into an
26 impact fund, and distribute the revenue in the fund to compensate communities described in

27 (1) of this subsection for the actual and direct effects of the gas treatment plant, carbon
28 capture facility, liquefied natural gas plant, or gas pipeline, in accordance with the terms of
29 the community benefit agreement required under (1) of this subsection;

30 (3) negotiate a project labor agreement for the construction of the gas pipeline;
31 in this paragraph, "project labor agreement" means a comprehensive collective bargaining

1 agreement between the owner of the gas treatment plant, carbon capture facility, liquefied
2 natural gas plant, or gas pipeline and the appropriate labor representatives to ensure expedited
3 construction with labor stability by employing qualified residents of the state; and

4 (4) begin construction on a spur line to the City of Fairbanks and the
5 Fairbanks North Star Borough within two years after constructing 750 miles of the gas
6 pipeline.

7 (b) If the commissioner of revenue determines that the conditions in (a) of this section
8 have been met, the commissioner of revenue shall notify the revisor of statutes in writing
9 within 30 days after making the determination.

10 (c) In this section,

11 (1) "community" means a municipality but does not include a city inside a
12 borough;

13 (2) "community benefit agreement" means an agreement related to a
14 community's unique needs for emergency response, local hire, infrastructure and housing,
15 decommissioning, and any other concerns and priorities of the community relating to a natural
16 gas project;

17 (3) "gas pipeline" means a gas pipeline, as defined in AS 31.25.390, that is
18 expected to be subject to the temporary tax abatement under AS 43.59.010 or the alternative
19 volumetric tax under AS 43.59.020.

20 * **Sec. 24.** The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 **CONDITIONAL EFFECT: END OF TAX ABATEMENT; NOTIFICATION TO**
23 **THE REVISOR OF STATUTES.** Sections 9, 14, and 17 - 19 of this Act take effect upon the
24 termination of the ramp-up period, as described in AS 43.59.010, added by sec. 16 of this Act.
25 The commissioner of revenue shall notify the revisor of statutes in writing within 30 days
26 after making the determination that the ramp-up period has ended.

27 * **Sec. 25.** If, under sec. 23 of this Act, secs. 2 - 4, 6 - 8, 11, 13, 16, 21, and 22 of this Act
28 take effect, they take effect on the day after the date the commissioner of revenue determines
29 that the conditions in sec. 23(a) of this Act have been met.

30 * **Sec. 26.** If, under sec. 24 of this Act, secs. 9, 14, and 17 - 19 of this Act take effect, they
31 take effect on the day after the date the commissioner of revenue determines that the ramp-up

1 period has ended.

2 * **Sec. 27.** Sections 5, 10, 12, 15, and 20 of this Act take effect July 1, 2046.