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CS FOR HOUSE BILL NO. 381(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE HOUSE ~~RULES~~**RESOURCES** COMMITTEE ~~BY REQUEST OF THE GOVERNOR~~

Introduced: 3/20/26

Offered:

Referred: ~~Resources, Finance~~

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

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

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

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

3 (1) the project maximizes the benefit to the state by ensuring direct and
 4 affordable access to natural gas to the residents of the state; and

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

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

8 (d) In this section, the full and true value of the taxable real and personal
 9 property does not include ~~a qualified~~ property ~~as defined in~~ subject to the alternative
 10 volumetric tax levied under AS 43.56.02759.020.

11 ~~* Sec. 2.~~ * Sec. 3. AS 14.17.990(6) is amended to read:

12 (6) "local contribution"

13 (A) means appropriations and the value of in-kind services
 14 made by a district; "local contribution"

15 (B) does not include appropriations of revenue received by
 16 a municipality under AS 43.56.02359.030;

17 ~~* Sec. 4.~~ ~~* Sec. 3.~~ AS 29.45.080(c) is amended to read:

18 (c) A municipality may levy and collect a tax on the full and true value of that
 19 portion of taxable property taxable under AS 43.56 as assessed by the Department of
 20 Revenue which value, when combined with the value of property otherwise taxable by
 21 the municipality, does not exceed the product of the percentage determined in (f) of
 22 this section of the average per capita assessed full and true value of property in the
 23 state multiplied by the number of residents of the taxing municipality. AProperty for
 24 which the municipality has, under AS 29.45.085(a), elected to have taxed under
 25 AS 43.59.020(b)(1) or (b)(3) is not included in the value of property for the
 26 purpose of making the calculation ~~made under this subsection shall exclude the~~
 27 amount of a tax levied under AS 43.56.022.

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

29 (c) A municipality may levy and collect a tax on the full and true value of that
 30 portion of taxable property taxable under AS 43.56 as assessed by the Department of
 31 Revenue which value, when combined with the value of property otherwise taxable by

1 the municipality, does not exceed the product of the percentage determined in (f) of
 2 this section of the average per capita assessed full and true value of property in the
 3 state multiplied by the number of residents of the taxing municipality. [PROPERTY
 4 FOR WHICH THE MUNICIPALITY HAS, UNDER AS 29.45.085(A), ELECTED
 5 TO HAVE TAXED UNDER AS 43.59.020(B)(1) OR (B)(3) IS NOT INCLUDED IN
 6 THE VALUE OF PROPERTY FOR THE PURPOSE OF MAKING THE
 7 CALCULATION UNDER THIS SUBSECTION.]

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

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

12 (1) abatement under AS 43.59.010 during the period described in
 13 AS 43.59.010; or

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

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

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

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

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

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

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

29 (3) must entitle the municipality to distributions, participation, voting
 30 and governance rights, contractual rights, and options, consistent with other equity
 31 holders.

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

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

4 ~~(g) Notwithstanding any other provision of this section, AS 29.45.090, or the~~
 5 ~~authority granted to a municipality under AS 29.45.050 to exempt or defer taxation, a~~
 6 ~~municipality may not levy a tax under this section on property that is a qualified~~
 7 ~~property as defined in AS 43.56.027.~~

8 (j) The commission shall certify a natural gas project in accordance with
 9 AS 43.59.030(c).

10 * Sec. 8. ~~* Sec. 5.~~ AS 43.56.010(a) is amended to read:

11 (a) Except as provided in AS 43.56.021~~59.010~~ and 43.56.022~~59.020~~, an
 12 [AN] annual tax of 20 mills is levied each tax year beginning January 1, 1974, on the
 13 full and true value of taxable property taxable under this chapter.

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

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

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

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

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

23 ~~(b) Except as provided in AS 29.45.080(g), a [A]~~(b) A municipality may
 24 levy and collect a tax under AS 29.45.080 at the rate of taxation that applies to other
 25 property taxed by the municipality. The tax shall be levied at a rate ~~not~~ [NO] higher
 26 than the rate applicable to other property taxable by the municipality. Except as
 27 provided in this section and AS 29.45.085, a [A] municipality may not exempt from
 28 taxation property authorized to be taxed under this chapter. Exemptions shall be
 29 limited to those in AS 29.45.030, 29.45.050, and AS 43.56.020.

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

31 (b) A municipality may levy and collect a tax under AS 29.45.080 at the rate

1 of taxation that applies to other property taxed by the municipality. The tax shall be
 2 levied at a rate not higher than the rate applicable to other property taxable by the
 3 municipality. Except as provided in this section [AND AS 29.45.085], a municipality
 4 may not exempt from taxation property authorized to be taxed under this chapter.
 5 Exemptions shall be limited to those in AS 29.45.030, 29.45.050, and AS 43.56.020.

6 * **Sec. 7-13.** AS 43.56.020(d) is amended to read:

7 (d) Taxable property ~~of a major component of a natural gas pipeline project~~
 8 that is a qualified property as defined in ~~subject to the tax abatement levied under~~
 9 AS 43.56.027 [owned ~~59.010 or financed by~~ to the volumetric tax imposed under
 10 AS 43.59.020 [OF A NATURAL GAS PIPELINE PROJECT OWNED OR
 11 FINANCED BY THE ALASKA GASLINE DEVELOPMENT CORPORATION ~~or a~~
 12 ~~joint venture, partnership, or other entity that included~~ OR A JOINT VENTURE,
 13 PARTNERSHIP, OR OTHER ENTITY THAT INCLUDES THE ALASKA
 14 GASLINE DEVELOPMENT CORPORATION] is exempt from state taxes levied or
 15 authorized under AS 43.56.010(a) and, if elected by the municipality under
 16 AS 29.45.085, municipal taxes levied or authorized under AS 43.56.010(b) [BEFORE
 17 THE COMMENCEMENT OF COMMERCIAL OPERATIONS OF THAT
 18 NATURAL GAS PIPELINE PROJECT. IN THIS SUBSECTION,
 19 "COMMENCEMENT OF COMMERCIAL OPERATIONS" MEANS THE FIRST
 20 FLOW OF NATURAL GAS IN THE PROJECT THAT GENERATES REVENUE
 21 TO THE OWNERS OF THE NATURAL GAS PIPELINE PROJECT].

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

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

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

29 (d) Taxable property of a natural gas pipeline project owned or financed
 30 by the Alaska Gasline Development Corporation or a joint venture, partnership,
 31 or other entity that includes the Alaska Gasline Development Corporation

1 [SUBJECT TO THE VOLUMETRIC TAX IMPOSED UNDER AS 43.59.020] is
 2 exempt from state taxes levied or authorized under AS 43.56.010(a) and [, IF
 3 ELECTED BY THE MUNICIPALITY UNDER AS 29.45.085,] municipal taxes
 4 levied or authorized under AS 43.56.010(b) **before the commencement of**
 5 **commercial operations of that major component of the natural gas pipeline**
 6 **project. The exemption under this subsection applies to real and personal**
 7 **property used or committed by contract or other agreement for the construction,**
 8 **operation, or maintenance of the qualified property. In this subsection,**
 9 **"commencement of commercial operations" means the first flow of natural gas in**
 10 **the project that generates revenue to the owners of the natural gas pipeline**
 11 **project.**

12 ~~(1) "commencement of commercial operations" means the first flow of~~
 13 ~~natural gas in the qualified property that generates revenue to the owners of a major~~
 14 ~~component of the natural gas pipeline project;~~

15 ~~(2) "major component of a natural gas pipeline project" means~~
 16 ~~each part of an Alaska liquefied natural gas project as defined in AS 31.25.390,~~
 17 ~~an in-state natural gas pipeline as defined in AS 31.25.390, and integrated carbon~~
 18 ~~capture, utilization, and storage infrastructure, including a carbon dioxide~~
 19 ~~storage facility under AS 41.06;~~

20 ~~(3) "taxable property" has the meaning given in AS 43.56.027.~~

21 * **Sec. 8-16.** AS 43.56 is amended by adding a new sectionschapter to read:

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

23 **Sec. 43.56.02159.010. Temporary abatement.** ~~(a) Taxable property of a~~
 24 ~~qualified property~~ **(a) A natural gas project** and any real or personal property used or
 25 committed by contract or other agreement for the construction, operation, or
 26 maintenance of the ~~qualified property~~ **project** is not subject to the ~~tax levied under~~
 27 ~~AS 43.56.010(a) or a municipal tax~~ **taxes** levied under AS 29.45.080 ~~or~~
 28 ~~AS 43.56.010(a) during the ramp-up period.~~ **for that project.** For purposes of this
 29 ~~subsection~~ **section,** the ramp-up period begins on the **first** date of commencement of
 30 commercial operations, ~~as defined in AS 43.56.020(d),~~ **of a major component of the**
 31 **project** and ends on the earlier of

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

4 (2) ~~10~~six years after the date of commencement of commercial
 5 operations: of the major component of the project.

6 (b) During the ramp-up period ~~described in (a) of this section, the~~, each owner
 7 of a ~~qualified~~ property subject to tax under this section shall submit quarterly reports
 8 to the department detailing the daily volume of natural gas throughput. ~~Upon~~
 9 ~~verification that~~Based on the reports submitted under this subsection, the
 10 commissioner shall determine whether the throughput threshold under (a)(1) of this
 11 section has been met and the ramp-up period has ended. Upon termination of the
 12 ramp-up period under either (a)(1) or (2) of this section, the commissioner shall issue a
 13 written determination to the owner ~~and to any municipality within which the~~
 14 ~~qualified~~of the taxable property ~~is located~~. The abatement provided in (a) of this
 15 section expires permanently upon the issuance of the written determination and ~~does~~
 16 ~~not resume if the daily gas volume subsequently decreases below the throughput~~
 17 ~~threshold.~~

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

20 (2) only applies once.

21 (c) The ~~provisions of tax abatement described in~~ this section ~~do~~

22 (1) does not apply to a spur line. ~~In this subsection, "spur line" means a~~
 23 ~~natural gas transmission line or lateral line that branches from the main natural gas~~
 24 ~~pipeline project to deliver natural gas to a local community or utility distribution~~
 25 ~~system, including a line described in AS 31.25.005(4) and 31.25.390 or similar~~
 26 ~~infrastructure not serving as the primary export or mainline transmission facility and~~
 27 ~~not defined as a major component under AS 43.56.020(d). Taxable;~~ taxable property
 28 associated with a spur line remains subject to ~~taxation~~tax under AS 43.56.010 ~~without~~
 29 ~~the benefit of the abatement in (a) of this section;~~ and

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

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

3 Sec. Sec. 43.56.022**59.020. Imposition of alternative volumetric tax.** (a) The
 4 owner of ~~a qualified~~ property subject to tax under this section shall pay an alternative
 5 volumetric tax on the throughput of the ~~qualified~~ property. The alternative volumetric
 6 tax applies beginning on the day after the expiration of the ramp-up period for the
 7 natural gas project, as described in AS 43.~~56.021~~59.010.

8 (b) The ~~rate of~~volumetric tax is

9 (1) \$0.06~~per~~05 for each 1,000 cubic feet of natural gas transported
 10 through a gas treatment plant or carbon capture facility;

11 (2) \$0.05 for each 1,000 cubic feet of natural gas ~~throughput. The rate~~
 12 ~~in this subsection increases~~transported through a gas pipeline;

13 (3) \$0.10 for each 1,000 cubic feet of natural gas processed by ~~one~~
 14 ~~percent of the rate imposed during the prior year~~liquefied natural gas plant.

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

21 ~~(e)~~(d) A natural gas project is subject to the alternative volumetric tax under
 22 this section only if the department determines that the project is eligible under
 23 AS 43.59.030.

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

25 (1) all state taxes levied on taxable property, including property used
 26 or committed by contract or other agreement for use in the ~~qualified property~~natural
 27 gas project;

28 (2) taxes levied under AS 43.56.010; and

29 (3) ~~ad valorem~~ taxes levied under AS 29.45.080; ~~and~~;

30 ~~(4) during the construction, operation, or maintenance of the qualified~~
 31 ~~property, any municipal sales or use tax levied under AS 29.45.650 or 29.45.700,~~

1 ~~municipal taxes on or measured by gross or net income, or any municipal license,~~
2 ~~excise, fee charge, or other tax on or pertaining to the purchase, use, consumption, or~~
3 ~~ownership of property or services.~~

4 ~~(d) A~~(f) The taxes levied under (b)(1) and (3) this section apply only if the
5 municipality in which the taxable property is located has elected under AS 29.45.085
6 to exempt the property from taxation under AS 29.45.085(a).

7 (g) Each owner of property subject to tax under this section shall file a return
8 shall be filed with the department and to each municipality that taxes qualified
9 property under this section on or before the last day of each month. The return must
10 state the throughput, in cubic feet of natural gas per day, for the each property subject
11 to tax for the month preceding month's throughput. The tax the month in which the
12 return is due. The owner of the property shall be paid to the department with, at the
13 time the return is filed, pay the tax due under this section for the month preceding the
14 return.

15 (eh) A payment is considered late if the payment is not received by the
16 department on or before the last day of the month in which the return is due.
17 which the return is due.

18 ~~(f) The provisions of~~(i) Notwithstanding AS 43.56.090, 43.56.100, 43.56.135,
19 43.56.140, and 43.56.150 ~~do not apply to the alternative volumetric tax levied under~~
20 ~~this section.~~

21 ~~(g) When~~05.220, if the tax levied in this section ~~becomes~~is delinquent, the
22 department shall assess a penalty of 1015 percent shall be added. Interest of the amount
23 of delinquent taxes and interest on the delinquent taxes, exclusive of penalty, ~~shall be~~
24 ~~assessed~~ at the rate specified in AS 43.05.225.

25 ~~(h) The remedy of distraint of property set out in~~Sec. AS 43.20.270 applies to
26 ~~the tax levied in this section. However, only the qualified property may be distrained.~~

27 **43.59.030. Eligibility.** (a) A natural gas project is eligible for the tax
28 abatement under AS 43.59.010 or the alternative volumetric tax under AS 43.59.020
29 only if the department determines that the plans for the project meet the requirements
30 of this section.

31 (b) To be eligible under this section, plans for the project must include a spur

1 line meeting the requirements of this subsection that serves the City of Fairbanks and
2 the Fairbanks North Star Borough. The spur line must

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

5 (2) be scheduled to begin operations within two years after the
6 commencement of commercial operations of a major component of the natural gas
7 project;

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

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

13 (5) allocate costs, including capital, financing, construction,
14 operations, and maintenance costs,

15 (A) across all consumers systemwide; costs related to
16 financing, construction, operations, or maintenance of the spur line may not be
17 allocated solely to the Interior area of the state; in this subparagraph,
18 "systemwide" means the area from the North Slope to the Southcentral regions
19 of the state; and

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

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

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

24 (2) the plans for the project meet the requirements of (b) of this
25 section.

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

31 Sec. ~~Sec.~~ 43.56.02359.040. Allocation of alternative tax. (a) ~~A municipality~~

1 ~~shall levy and collect the alternative volumetric tax on the portion of the qualified~~
 2 ~~property located within the municipality. The state (a) The department shall levy and~~
 3 ~~collect the alternative volumetric tax on the portion of the qualified property located in~~
 4 ~~the imposed by this chapter.~~

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

7 (1) 50 percent of the tax collected under AS 43.59.020(b)(2) to the
 8 portion of the state through which a gas pipeline runs, with appropriations
 9 proportionately divided among the municipalities and unorganized borough, through
 10 which the gas pipeline runs; to determine the proportional distribution under this
 11 paragraph, the length of pipeline in a municipality is divided by the total length of the
 12 pipeline; the state shall retain the portions of the tax for the proportion of the pipeline
 13 in the unorganized borough that is also outside a municipality; and

14 ~~(b) Revenue collected by the state under (a)(2) 100 percent of this section~~
 15 ~~shall be deposited in the general fund.~~

16 ~~(c) The department shall adopt regulations providing for a methodology to~~
 17 ~~determine the amount that each municipality and the state may levy based on the~~
 18 ~~original cost of the portion of the qualified property located within each municipality~~
 19 ~~and the unorganized borough. If a portion of the qualified property is located within~~
 20 ~~both a borough and a city within that borough, the department shall develop a~~
 21 ~~methodology by regulation to allocate the tax revenue between the taxing~~
 22 ~~jurisdictions.~~

23 ~~(d) The assessment collected under AS 43.59.020(b)(1) and (3) and 50~~
 24 ~~percent of the tax levied on qualified property for purposes of this section is legally~~
 25 ~~vested in the department. Any dispute regarding the assessment, including the~~
 26 ~~allocation or jurisdiction of the tax, shall be treated as an administrative~~
 27 ~~decision collected under AS 43.56.02459.020(b)(2) to municipalities, reserves, and~~
 28 ~~communities in the unorganized borough, distributed on a per capita basis.~~

29 **Sec. Sec. 43.56.02459.050. Administrative appeals; distraint of property.**

30 (a) ~~Notwithstanding AS 43.56.120, a~~A decision by the department regarding the
 31 imposition or calculation of the tax levied under AS 43.~~56.022~~59.020 may be appealed

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

3 ~~(b) The State Assessment Review Board established under AS 43.56.040 does~~
4 ~~not have jurisdiction over a qualified property.~~

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

8 **Sec. 43.56.02559.060. Termination of status.** The ~~benefit~~tax abatement and
9 alternative volumetric tax ~~status provided for~~applicable to a ~~qualified property~~natural
10 gas project under AS 43.56.02159.010 and 43.56.02259.020 terminate on January 1,
11 ~~2040~~2030, if ~~the qualified property has not commenced~~commencement of commercial
12 operations, ~~as defined in AS 43.56.020(d), on or before~~ of the project has not begun by
13 that date.

14 **Sec. 43.56.02659.070. Regulations.** The department shall adopt regulations
15 under AS 44.62 (Administrative Procedure Act) to implement ~~AS 43.56.021—~~
16 ~~43.56.027, including procedures for throughput reporting, the determination of~~
17 ~~original cost for allocation purposes, and the calculation of the rolling average.~~
18 Regulations adopted under this section shall further define throughput for the purposes
19 of AS 43.56.021—43.56.027.this chapter, including procedures for

20 (1) measuring throughput;

21 (2) throughput reporting;

22 (3) calculating the rolling average of throughput.

23 **Sec. 43.56.02759.100. Definitions.** In ~~AS 43.56.021—43.56.027~~this chapter,

24 (1) ~~"qualified property~~commencement of commercial operations"
25 means ~~an Alaska liquified~~ the first flow of natural gas through a natural gas project ~~as~~
26 ~~defined~~that delivers a commercial supply of natural gas to the Southcentral or Interior
27 area of the state;

28 (2) "gas pipeline"

29 (A) means a main natural gas pipeline from the outlet flange of
30 the gas treatment plant on the North Slope to the inlet flange of the liquefied
31 natural gas plant located in AS 31.25.390the Southcentral region of the state;

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

3 (3) "liquefied natural gas plant" means a facility for liquefying natural
4 gas and includes structures, equipment, underlying land rights, and other associated
5 systems, storage, and facilities ~~or sub-projects attendant~~ for off-loading liquefied
6 natural gas;

7 (4) "natural gas project" and "project" means a natural gas project that
8 includes, collectively, a Prudhoe Bay unit gas transmission line, a Point Thomson unit
9 gas transmission line, a gas pipeline, a gas treatment plant, a liquefied natural gas
10 plant, and a marine terminal; in this paragraph,

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

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

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

21 (5) "spur line"

22 (A) means

23 (i) a natural gas transmission or lateral line that
24 branches from the main gas pipeline for the primary purpose of
25 delivering natural gas to a local community or utility distribution
26 system; and

27 (ii) compressing and metering equipment and
28 interconnection facilities related to the ~~project or integrated carbon~~
29 capture, utilization, and storage transmission or lateral line described in
30 (A)(i) of this paragraph;

31 (B) does not include infrastructure, ~~that, at the commencement~~

1 of construction of the first major component of the project, was owned or
 2 financed by an instrumentality of the state used for the export of natural gas or
 3 a joint venture, partnership, lateral lines not necessary for delivering natural gas
 4 to a local community or other affiliated entity that included an instrumentality
 5 of the state that commenced construction on or after January 1, 2026; utility
 6 distribution system;

7 (2) "taxable property" has the meaning given in AS 43.56.210, except
 8 it includes property used for the liquefaction of natural gas and carbon capture,
 9 utilization, and storage infrastructure integrated with a natural gas pipeline project,
 10 including a carbon dioxide storage facility under AS 41.06; "taxable property"
 11 includes real and personal property used or committed by contract or other agreement
 12 for the qualified property described in AS 43.56.020(d);

13 (3) ~~"throughput"~~ (6) "throughput"

14 (A) means

15 (i) the volume of natural gas measured by summing all
 16 volumes sold or otherwise delivered at each outlet or offtake point, as
 17 along the gas pipeline as defined in AS 31.25.390; "throughput"
 18 includes natural, transported through a gas consumed as fuel for the
 19 operation of a liquefaction treatment plant or carbon capture facility but
 20 does not include, or processed by a liquefied natural gas consumed as
 21 fuel for pipeline compression plant, as applicable; and

22 (ii) natural gas consumed as fuel for the operation of a
 23 liquefaction facility;

24 (B) does not include natural gas consumed as fuel for pipeline
 25 compression.

26 * Sec. 9. This 17. AS 43.59.020(a), enacted by sec. 16 of this Act takes effect immediately,
 27 is amended to read:

28 (a) The owner of property subject to tax under AS 01.10 this section shall pay
 29 an alternative volumetric tax on the throughput of the property. [THE
 30 ALTERNATIVE VOLUMETRIC TAX APPLIES BEGINNING ON THE DAY
 31 AFTER THE EXPIRATION OF THE RAMP-UP PERIOD FOR THE NATURAL

1 GAS PROJECT, AS DESCRIBED IN AS 43.59.010.]

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

3 Sec. 43.59.060. Termination of status. The [TAX ABATEMENT AND]
4 alternative volumetric tax applicable to a natural gas project under AS 43.59.020
5 terminates [AS 43.59.010 AND 43.59.020 TERMINATE] on January 1, 2030, if
6 commencement of commercial operations of the project has not begun by that date. In
7 this section, "commencement of commercial operations" means the first flow of
8 natural gas in the project that delivers a commercial supply of natural gas to the
9 Southcentral or Interior area of the state.

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

11 * Sec. 20. AS 14.17.510(d), 14.17.990(6)(B); AS 29.45.085; AS 42.05.141(j);
12 AS 43.59.010, 43.59.020, 43.59.030, 43.59.040, 43.59.050, 43.59.060, 43.59.070, and
13 43.59.100 are repealed.

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

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

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

23 (2) if applicable, suggestions for additional changes to law related to the
24 Alaska liquefied natural gas project, before implementation of phase two.

25 (b) In this section,

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

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

31 * Sec. 22. The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

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

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

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

11 (1) enter into a community benefit agreement with each community within 50
12 miles of

13 (A) a gas treatment plant, carbon capture facility, or liquefied natural
14 gas plant; or

15 (B) the gas pipeline corridor;

16 (2) set aside a portion of revenue from a gas treatment plant, carbon capture
17 facility, liquefied natural gas plant, or gas pipeline, as applicable, deposit the revenue into an
18 impact fund, and distribute the revenue in the fund to compensate communities described in
19 (1) of this subsection for the actual and direct effects of the gas treatment plant, carbon
20 capture facility, liquefied natural gas plant, or gas pipeline, in accordance with the terms of
21 the community benefit agreement required under (1) of this subsection;

22 (3) negotiate a project labor agreement for the construction of the gas pipeline;
23 in this paragraph, "project labor agreement" means a comprehensive collective bargaining
24 agreement between the owner of the gas treatment plant, carbon capture facility, liquefied
25 natural gas plant, or gas pipeline and the appropriate labor representatives to ensure expedited
26 construction with labor stability by employing qualified residents of the state; and

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

30 (b) If the commissioner of revenue determines that the conditions in (a) of this section
31 have been met, the commissioner of revenue shall notify the revisor of statutes in writing

1 within 30 days after making the determination.

2 (c) In this section,

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

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

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

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

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

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

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

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