

ALASKA STATE LEGISLATURE

HOUSE RESOURCES COMMITTEE



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Official Business

Sectional Analysis – CS for HB 381 (RES) Work Order 34-GH2038\G 4.27.2026

Members:

Representative
Carolyn Hall

Section 1 – Intent Language: States that the purpose of the Act's tax treatment is to advance a major natural gas project that maximizes benefits to Alaskans through affordable gas access, and to protect affected communities from impacts of construction and operation of the project.

Representative
Donna Mears

Section 2 – Excludes property subject to the alternative volumetric tax from the calculation of "full and true value" used in the local contribution for public school funding.

Representative
Zack Fields

Representative
Dan Saddler

Section 3 – Clarifies that revenue a municipality receives under the alternative volumetric tax allocation statute is not included in calculating local contribution for public school funding.

Representative
Mike Prax

Section 4 – Modifies the municipal property tax cap calculation to exclude natural gas project property that is taxed under the volumetric tax.

Representative
Julie Coulombe

Section 5 – Sunets Section 4 effective July 1, 2046.

Representative
Bill Elam

Section 6 – Creates a new statute allowing the North Slope Borough and the Kenai Peninsula Borough to either receive a share of the state-collected volumetric tax or take an equity interest in the project in lieu of property taxes on the gas treatment plant or the LNG facility, respectively.

Section 7 – Requires the Regulatory Commission of Alaska to certify a natural gas project pursuant to the eligibility requirements established elsewhere in the Act.

Section 8 – Amends AS 43.56 property tax statute to exempt property subject to either the temporary abatement or the alternative volumetric tax established by this Act.

Section 9 – Further amends AS 43.56 property tax statute to exempt only property subject to the volumetric tax (removing the abatement reference), effective once the ramp-up period ends.

Section 10 – Restores the oil and gas property tax to its original form with no exceptions for natural gas project property, effective July 1, 2046.

Section 11 – Amends the municipal property tax statute to allow municipalities to exempt natural gas project property from taxation when they have made the volumetric tax election under Section 6 of this bill.

Section 12 – Sunsets Section 6, effective July 1, 2046.

Section 13 – Broadens the existing exemption from AS 29.45 property taxes to cover property subject to either the new temporary abatement or the volumetric tax, replacing the prior language that limited the exemption to AGDC pipeline property before commercial operations.

Section 14 – Further narrows the exemption to AS 29.45 property taxes to cover only property subject to the volumetric tax, removing the temporary abatement reference, effective once the ramp-up period ends.

Section 15 – Restores the original pre-commercial-operations exemption for AGDC natural gas pipeline property from SB 138, effective July 1, 2046.

Section 16 – Creates the central new statutory framework, including: a temporary tax abatement during a "ramp-up period" (43.59.010); an alternative volumetric tax on gas throughput after the ramp-up period (43.59.020); eligibility requirements including a Fairbanks spur line (43.59.030); allocation of tax revenues to municipalities and the State (43.59.040); administrative appeals procedures (43.59.050); a January 1, 2030 termination if commercial operations have not begun (43.59.060); rulemaking authority (43.59.070); and definitions (43.59.100).

Section 17 – Amends the volumetric tax provision to remove the limitation tying its start date to the end of the ramp-up period, effective once the ramp-up period ends.

Section 18 – Amends the 2030 termination clause to refer only to the volumetric tax (not the abatement), and adds a definition of "commencement of commercial operations" specific to that section.

Section 19 – Repeals the municipal election option for the abatement (AS 29.45.085(a)(1)) and the temporary abatement statute itself (AS 43.59.010) once the ramp-up period ends.

Section 20 – Sunsets Sections 2, 3, 6, 7, and 16 effective July 1, 2046.

Section 21 – Requires AGDC to deliver a report to the legislature before a final investment decision on Phase Two of the Alaska LNG Project, covering the Act's effectiveness and any suggested further legal changes.

Section 22 – Specifies that the inflation adjustment to the volumetric tax rate begins on January 1 after the first full year in which the volumetric tax rates apply.

Section 23 – Makes most of the Act's provisions contingent on the Commissioner of Revenue determining that the project property owner has committed to community benefit agreements with nearby communities; the creation of an impact fund; a project labor agreement; and beginning spur line construction within two years of completing 750 miles of pipeline.

Section 24 – Makes the post-ramp-up sections (Sections 9, 14, and 17–19) take effect automatically upon the Commissioner's determination that the ramp-up period has ended.

Sections 25–26 – Specify that the conditionally effective sections take effect the day after the Commissioner of Revenue makes the relevant determinations under Sections 23 and 24.

Section 27 – Sets July 1, 2046 as the effective date for the full repeal provisions in Sections 5, 10, 12, 15, and 20.