



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Revenue

COMMISSIONER'S OFFICE

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April 27, 2026

The Honorable Robyn Niayuq Frier
House Resources Committee, Co-Chair
Alaska State Legislature
State Capitol, Room 108
Juneau, AK 99801

The Honorable Maxine Dibert
House Resources Committee, Co-Chair
Alaska State Legislature
State Capitol, Room 126
Juneau, AK 99801

Dear Co-Chairs Frier and Dibert,

The purpose of this letter is to provide you with responses to the questions posed to the Department of Revenue (DOR) regarding House Bill 381 (HB 381) on April 15, 2026. Please see the questions in italics and our responses immediately below the questions.

1. Can the cumulative revenue sensitivity results be converted into tables showing annual income at specific volume levels?

Yes. DOR has provided annual revenue tables in place of the cumulative sensitivity results.

Slides 3-4 of the attached slide deck present annual municipal revenues for 2026-2035 under current law and HB 381 as proposed for the full AKLNG project. Slides 5-7 provide Phase 1 assumptions and slides 8-9 present annual municipal revenues under current law and HB 381 as proposed for the Phase 1-only scenario (in-state gas sales only, no exports).

The full project reflects higher throughput, reaching approximately 3.5 billion cubic feet per day project throughput at full capacity (about 3 billion cubic feet per day of delivered gas), while the Phase 1 scenario reflects lower throughput, beginning at 165 million cubic feet per day and eventually reaching approximately 300 million cubic feet per day. Expanded annual

revenue tables showing revenues for all government entities from 2022 through 2062 for each scenario are included in an attachment.

2. Provide conversion of flow rate to revenue for initial 6c per mcf AVT for varying flow rates, such as 100 million, 200 million, 250, 500, 750 million per day.

See slide 10 of the attached slide deck converting daily throughput levels to estimated annual AVT revenue at the initial \$0.06 per mcf rate.

The table shows total annual AVT revenue as well as the allocation of that revenue between the state and municipalities based on statutory formulas. The calculation is based on daily flow rate multiplied by 365 days and the \$0.06 per mcf AVT rate, prior to application of the annual escalation factor.

3. How is "commencement of commercial operations" defined?

"Commencement of commercial operations" is defined in AS 43.56.020(d) as:

"In this subsection, 'commencement of commercial operations' means the first flow of natural gas in the project that generates revenue to the owners of the natural gas pipeline project."

Statute reference: <https://www.akleg.gov/basis/statutes.asp#43.56.020>.

4. Can DOR model alternative tax structures where the AVT ramps up at lower throughput levels (e.g., 100–750 MMcf/day)?

DOR has modeled an alternative scenario in which the Alternative Volumetric Tax (AVT) is applied from initial operations (2029), rather than beginning at the 1 Bcf/day threshold specified in HB 381. This does not change the structure of the tax but instead changes the timing of when AVT is applied.

This approach serves as a proxy for lower throughput thresholds and illustrates the resulting change in the timing and profile of revenues. Results for this alternative scenario are presented on slide 12 of the attached slide deck. For reference, baseline results under current law and HB 381 as proposed are included in the appendix on slides 19 and 20.

5. Can DOR provide revenue modeling for lower throughput scenarios, including an in-state-only pipeline?

DOR has provided revenue modeling for a lower throughput scenario represented by a Phase 1-only development (in-state gas sales only, no exports). Phase 1 assumptions are provided on slides 5-7, and results for this scenario are presented on slides 13-14 of the attached slide deck under current law and HB 381 as proposed.

The full project reflects higher throughput, reaching approximately 3.5 billion cubic feet per day project throughput (about 3 billion cubic feet per day delivered gas) at full capacity, while the Phase 1 scenario reflects lower throughput, starting around 165 million cubic feet per day and eventually reaching approximately 300 million cubic feet per day. For reference, full project baseline results under current law and HB 381 as proposed are included in the appendix.

6. What exact year does the state recover its equity investment? Provide the break-even date.

DOR has estimated the break-even year for recovery of the state's equity investment under both current law and HB 381 as proposed and using the baseline AKLNG modeling assumptions.

Under current law, the state reaches break-even in 2039. Under HB 381 as proposed, the state reaches break-even in 2038.

7. Can DOR model different escalation rates (e.g., 1.1%, 1.5%, 1.75%) instead of the 1% annual increase?

DOR has modeled alternative AVT escalation rates of 1.1%, 1.5%, 1.75%, 2.0%, and 2.5% per year, compared to the 1.0% rate specified in HB 381 as proposed.

Results are presented as cash flow summaries and cost of supply estimates for each scenario on slides 16-20 of the attached slide deck. For reference, baseline results under current law and HB 381 are included in the appendix.

Please let me know if the department can be of further assistance.

Sincerely,



Janelle L. Earls
Acting Commissioner

Enclosure: Response Presentation
Question 1 Tables

cc: Jordan Shilling, Legislative Director, Office of the Governor
Lacey Sanders, Director, Office of Management and Budget