



April 30, 2026

The Honorable Cathy Giessel
Chair, Senate Resources Committee
Alaska State Capitol, Room 121
Juneau, AK 99801

Chair Giessel:

This letter provides responses to questions and requests for information from the hearing regarding SB 280, Oil and Gas Property Tax; Muni Tax, on April 24, 2026. The first series of questions was about material sales of gravel for the Alaska Liquefied Natural Gas (AKLNG) project under 11 AAC 71.090, as recently amended.¹ While most state material sales, such as gravel, rock, and sand, are initiated through the Division of Mining, Land, and Water, the State Pipeline Coordinator's Section (SPCS) within the Division of Oil & Gas, conducts material sales for pipelines under AS 38.35.020(c). For example, SPCS executes gravel material sales with Alyeska Pipeline Service Company for the Trans-Alaska Pipeline System.

The amended regulation, 11 AAC 71.090(b), would be applied to determine a cost of \$0.00 for material under a sales contract if the applicant is a "state agency or public corporation" and if it is "in the public interest and serves a public purpose." Any such sales would be subject to a 14-day public notice under the current process.

Additionally, to clarify a response to questions asked regarding Dismantling, Removal, and Restoration (DR&R) in the context of AKLNG, there is provision for dismantlement, removal, and restoration of state lands for a pipeline project and associated facilities under AS 38.35.100² as part of a broader process known as the "fit, willing, and able" determination. There is no provision in statute for this requirement to be waived by the DNR Commissioner.

Please let me know if you have any questions or concerns.

Sincerely,

A handwritten signature in blue ink that reads "John Crowther".

John Crowther
Commissioner-designee

cc: Jordan Shilling, Legislative Director, Office of the Governor

¹ <https://aws.state.ak.us/OnlinePublicNotices/Notices/Attachment.aspx?id=159814>

² <https://www.akleg.gov/basis/statutes.asp#38.35.100>