

# ALASKA STATE LEGISLATURE

## HOUSE RESOURCES COMMITTEE



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Official Business

### Sectional Analysis: CS for HB 381 (RES) Work Order 34-GH2038\T 5.8.2026

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**Section 1:** Sets out legislative findings that the tax treatment in the bill is necessary to advance a major natural gas project, maximize benefits to Alaskans through affordable gas access, and protect affected communities from negative project impacts.

**Section 2:** Amends the school funding statute to exclude property subject to the new alternative volumetric tax from the calculation of full and true property value used to determine local school funding contributions.

**Section 3:** Amends the definition of "local contribution" for school funding purposes to exclude tax revenue from gas treatment plants, carbon capture facilities, and LNG facilities related to a natural gas project, as well as revenue municipalities receive under the new volumetric tax allocation statute.

**Section 4:** Authorizes municipalities to partially or totally exempt natural gas project property from taxation, or defer tax payments, for a designated period, subject to public hearing requirements, voter referendum rights, written application requirements, and the ability of elected service area boards to object.

**Section 5:** Creates a new municipal option allowing a municipality to exempt a gas treatment plant, carbon capture facility, or LNG plant from property tax and instead negotiate an equity ownership interest in those facilities, structured as an ownership interest, revenue interest, or equivalent participation proportional to the property's tax value.

**Section 6:** Establishes the Alaska Education Fund as a constitutionally separate fund in the state treasury, to be funded by North Slope natural gas project revenue remaining after payments to the Permanent Fund, municipalities, and the renewable energy grant fund, with the Commissioner of Revenue as fiduciary.

**Section 7:** Makes a conforming amendment to the renewable energy grant fund statute to reflect the new appropriation mechanism added in Section 8.

**Section 8:** Authorizes the legislature to appropriate up to 20 percent of the state's royalty gas revenue from an Alaska LNG project, after Permanent Fund payments, to the renewable energy grant fund each year.

**Section 9:** Amends the existing oil and gas property tax statute to provide an exception for property subject to the new alternative volumetric tax, so that such property is not subject to the standard 20-mill state property tax.

**Section 10:** A sunset provision that restores the standard 20-mill property tax language by removing the volumetric tax exception added in Section 9, effective January 1, 2056.

**Section 11:** Amends the oil and gas property tax statute to add a cross-reference to the new equity option provision, clarifying that municipalities may also exempt property under that new authority.

**Section 12:** A sunset provision that removes the equity option cross-reference added in Section 12, effective January 1, 2056.

**Section 13:** Broadens the existing property tax exemption for natural gas pipeline project property subject to the volumetric tax, removing prior limitations that tied the exemption specifically to AGDC-owned or financed projects and to the pre-commercial operations period.

**Section 14:** A sunset provision that restores the prior, narrower AGDC-specific and pre-commercial-operations property tax exemption language, effective January 1, 2056.

**Section 15:** Amends the definition of "taxable property" under the oil and gas property tax chapter to exclude property related to a gas treatment plant, as defined in Section 17 of this legislation.

**Section 16:** Enacts the new Chapter 59 of AS 43, establishing the alternative volumetric tax on natural gas throughput at \$0.15 per 1,000 cubic feet, adjusted for inflation, with eligibility requirements including a Fairbanks spur line, RCA certification, allocation of 50 percent of proceeds by pipeline length to local governments and 50 percent per capita to municipalities and communities, administrative appeal rights, a construction commencement deadline of January 1, 2032, and definitions for all key terms.

**Section 17:** Repeals the new provisions added by this Act (Sections 2–5, 7, 16, and 17) effective January 1, 2056, as part of the overall sunset of the alternative tax regime.

**Section 18:** Repeals AS 37.05.610, which was created by a provision of SB 138 from the 28<sup>th</sup> Legislature. AS 37.05.610 created the Affordable Energy Fund using 20% of a gasline project's royalty revenue. Section 8 of HB 381 redirects this revenue to the existing Renewable Energy Fund.

**Section 19:** Requires the Alaska Gasline Development Corporation to deliver a report to the legislature before a final investment decision on Phase Two of the

Alaska LNG project, covering the effects of this Act and any recommended further statutory changes.

**Section 20:** Provides that the inflation adjustment to the volumetric tax rate applies beginning January 1 after the first full year the tax is in effect.

**Section 21:** Makes the core provisions of the Act (Sections 1–5, 9, 11, 13, 15, 16, 19, and 20) conditionally effective, requiring the Commissioner of Revenue to determine before July 1, 2056, that each project owner has committed to deposit \$40 million into a community impact fund, negotiate a project labor agreement, and commit to construct the Fairbanks spur line before gas exports begin.

**Section 22:** Makes the Alaska Education Fund (Section 6) conditionally effective, requiring both voter approval of a constitutional amendment at the 2026 general election and satisfaction of the conditions in Section 21.

**Section 23:** Makes the sunset provisions (Sections 10, 12, 14, and 17) conditionally effective upon satisfaction of the conditions in Section 21.

**Sections 24–27:** Establish the effective dates: Sections 7, 8, 18, and 21–23 take effect immediately; the core provisions of the bill in Section 16 take effect the day after the Commissioner of Revenue certifies the Section 21 conditions are met; Section 6 takes effect conditionally if the Constitution is amended to include an Education Fund, and on the later of post-2026 election certification or post-Section 21 certification; and the sunset provisions take effect January 1, 2056.