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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 **and**
2 **related facilities; relating to local contributions for public school funding; relating to**
3 **municipal ~~taxation limitations; establishing~~property taxes and equity ownership**
4 **agreements; relating to revenue from a North Slope natural gas project; relating to**
5 **revenue received from the state's royalty gas; relating to** an alternative volumetric tax
6 on natural gas throughput; relating to ~~the allocation of revenue from the alternative~~
7 ~~volumetric tax~~**agreements related to a natural gas project and a designated community**
8 **impact fund; 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

16 (i) tax revenue resulting from property taxes on a
17 gas treatment plant, carbon capture facility, or liquefied natural
18 gas facility related to a natural gas project, as defined in
19 AS 43.59.100;

20 (ii) appropriations of revenue received by a
21 municipality under AS 43.56.02359.040;

22 ~~* Sec. 3.~~ AS 29.45.080(e) is amended to read:

23 (e) ~~A municipality may levy and collect a tax on the full and true value of that~~
24 ~~portion of taxable property taxable under AS 43.56 as assessed by the Department of~~
25 ~~Revenue which value, when combined with the value of property otherwise taxable by~~
26 ~~the municipality, does not exceed the product of the percentage determined in (f) of~~
27 ~~this section of the average per capita assessed full and true value of property in the~~
28 ~~state multiplied by the number of residents of the taxing municipality. A calculation~~
29 ~~made under this subsection shall exclude the amount of a tax levied under~~
30 ~~AS 43.56.022.~~

31 * Sec. 4. -AS 29.45.080050 is amended by adding a new subsection to read:

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

5 ~~(aa) A municipality may by ordinance partially or totally exempt from~~
6 ~~taxation or provide an alternate tax rate for all or some property related to a natural gas~~
7 ~~project for a designated period. A municipality may by ordinance permit deferral of~~
8 ~~payment of taxes on a natural gas project for a designated period. A municipality may~~
9 ~~apply an exemption or deferral under this subsection to taxes levied for special~~
10 ~~services in a service area that is supervised by an elected service area board under~~
11 ~~AS 29.35.460 unless the elected service area board objects to the exemption or~~
12 ~~deferral by resolution adopted not later than 60 days after the effective date of the~~
13 ~~municipal ordinance enacting the tax exemption or deferral. A municipality may adopt~~
14 ~~an ordinance under this subsection only if, before it is adopted, copies of the proposed~~
15 ~~ordinance made available at a public hearing on it contain written notice that the~~
16 ~~ordinance, if adopted, may be repealed by the voters through referendum. An~~
17 ~~ordinance adopted under this subsection must include specific eligibility requirements~~
18 ~~and require a written application for each exemption or deferral. In this subsection,~~
19 ~~"natural gas project" has the meaning given in AS 43.59.100.~~

20 * **Sec. 5.** AS 29.45 is amended by adding a new section to read:

21 ~~Sec. —AS 43.56.29.45.085. Alternative volumetric tax election; equity~~
22 ~~option. (a) A municipality may by ordinance elect to exempt from municipal taxation~~
23 ~~under AS 29.45.010(a) - 29.45.560 a gas treatment plant, carbon capture facility, or~~
24 ~~liquefied natural gas plant.~~

25 ~~(b) If a municipality by ordinance elects to exempt property from tax under (a)~~
26 ~~of this section, the municipality may by ordinance elect to enter into an agreement~~
27 ~~with the owner of the gas treatment plant, carbon capture facility, or liquefied natural~~
28 ~~gas plant to receive an equity interest in the gas treatment plant, carbon capture~~
29 ~~facility, or liquefied natural gas plant.~~

30 ~~(c) An equity interest accrued under (b) of this section~~

31 ~~(1) may be structured as an ownership interest, revenue interest, or~~

1 other equivalent participation;

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

4 (3) must entitle the municipality to distributions, participation, voting
5 and governance rights, contractual rights, and options, consistent with other equity
6 holders.

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

9 (e) In this section, "carbon capture facility," "gas treatment plant," and
10 "liquefied natural gas plant" mean a "carbon capture facility," "gas treatment plant," or
11 "liquefied natural gas plant" associated with a natural gas project, as defined in
12 AS 43.59.100.

13 * Sec. 6. AS 37.14 is amended by adding a new section to read:

14 **Article 12. Constitutional Education Fund.**

15 **Sec. 37.14.900. Alaska education fund.** (a) Under art. IX, sec. 18,
16 Constitution of the State of Alaska, the Alaska education fund is established as a
17 separate fund in the state treasury.

18 (b) Notwithstanding any other provision of law, the Alaska education fund
19 consists of all revenue received by the state associated with a North Slope natural gas
20 project that remains after

21 (1) the payment to the Alaska permanent fund under AS 37.13.010;

22 (2) the payments to municipalities, reserves, and communities in the
23 unorganized borough under AS 43.59.040; and

24 (3) the payment to the renewable energy grant fund under
25 AS 42.45.045(m).

26 (c) The commissioner of revenue is the fiduciary of the Alaska education
27 fund. The commissioner of revenue shall manage and invest the fund assets as
28 provided in AS 37.10.071.

29 (d) In this section, "North Slope natural gas project" has the meaning given to
30 "natural gas project" in AS 43.59.100.

31 * Sec. 7. AS 42.45.045(b) is amended to read:

1 (b) The authority shall administer the fund as a fund distinct from other funds
 2 of the authority. The fund consists of

3 (1) money appropriated to the fund by the legislature, **including**
 4 **appropriations made under (m) of this section**, to provide grants for certain energy
 5 projects determined by the legislature;

6 (2) gifts, bequests, contributions from other sources, and federal
 7 money;

8 (3) interest earned on the fund balance; and

9 (4) investments to be managed by the Department of Revenue, which
 10 shall be the fiduciary of the fund under AS 37.10.071.

11 * **Sec. 8.** AS 42.45.045 is amended by adding a new subsection to read:

12 (m) Each year, the legislature may appropriate to the fund 20 percent of the
 13 revenue received from the state's royalty gas transported in an Alaska liquefied natural
 14 gas project that remains after the payment to the Alaska permanent fund under
 15 AS 37.13.010. In this subsection, "Alaska liquefied natural gas project" has the
 16 meaning given in AS 31.25.390.

17 * **Sec. 9.** AS 43.56.010(a) is amended to read:

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

21 * **Sec. ~~6-10.~~** AS 43.56.010(a), as amended by sec. 9 of this Act, is amended to read:

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

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

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

1 those in AS 29.45.030, 29.45.050, and AS 43.56.020.

2 * **Sec. 7-12.** AS 43.56.010(b), as amended by sec. 11 of this Act, is amended to read:

3 (b) A municipality may levy and collect a tax under AS 29.45.080 at the rate
4 of taxation that applies to other property taxed by the municipality. The tax shall be
5 levied at a rate not higher than the rate applicable to other property taxable by the
6 municipality. Except as provided in this section [AND AS 29.45.085], a municipality
7 may not exempt from taxation property authorized to be taxed under this chapter.
8 Exemptions shall be limited to those in AS 29.45.030, 29.45.050, and AS 43.56.020.

9 * **Sec. 13.** AS 43.56.020(d) is amended to read:

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

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

25 (d) Taxable property of a natural gas pipeline project owned or financed
26 by the Alaska Gasline Development Corporation or a joint venture, partnership,
27 or other entity that includes the Alaska Gasline Development Corporation
28 [SUBJECT TO THE VOLUMETRIC TAX IMPOSED UNDER AS 43.59.020] is
29 exempt from state taxes levied or authorized under AS 43.56.010(a) and municipal
30 taxes levied or authorized under AS 43.56.010(b) before the commencement of
31 commercial operations of that major component of the natural gas pipeline

~~project. The exemption under this subsection applies to real and personal property used or committed by contract or other agreement for the construction, operation, or maintenance of the qualified property. 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.~~

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

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

~~§~~ * **Sec. 15.** AS 43.56.210(5) is amended to read:

~~(5) "taxable property" has the meaning given in AS 43.56.027.~~

~~(A) means~~ * **Sec. 8.** AS 43.56 is amended by adding new sections to read:

~~Sec. 43.56.021. Temporary abatement. (a) Taxable property of a qualified property and any real or and tangible personal property used or committed by contract or other agreement for the construction, operation, or maintenance of the qualified property is not subject to the tax levied under AS 43.56.010(a) or a municipal tax levied under AS 29.45.080 during the ramp-up period. For purposes of this subsection, the ramp-up period begins on the date of commencement of commercial operations, as defined in AS 43.56.020(d), and ends on the earlier of~~

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

~~(2) 10 years after the date of commencement of commercial operations.~~

~~(b) During the ramp-up period described in (a) of this section, the owner of a qualified property shall submit quarterly reports to the department detailing the daily~~

1 volume of natural gas throughput. Upon verification that the throughput threshold has
2 been met and the ramp-up period has ended, the commissioner shall issue a written
3 determination to the owner and to any municipality~~use~~ within which the qualified
4 property is located. The abatement provided in (a) of this section expires permanently
5 upon the issuance of the written determination and does not resume if the daily gas
6 volume subsequently decreases below the throughput threshold.

7 (c) The provisions of this section do not apply to a spur line. In
8 this subsection, "spur line" means a natural gas transmission line or lateral line
9 that branches from the main natural gas pipeline project to deliver natural gas
10 to a local community or utility this state primarily in the exploration for,
11 production of, or pipeline transportation of gas or unrefined oil (except for
12 property used solely for the retail distribution system, including a line
13 described in AS 31.25.005(4) and 31.25.390 or liquefaction of natural gas), or
14 in the operation or maintenance of facilities used in the exploration for,
15 production of, or pipeline transportation of gas or similar infrastructure not
16 servicing as the primary export or mainline transmission facility and not defined
17 as a major component under AS 43.56.020(d). Taxable property associated
18 with a spur line remains subject to taxation under AS 43.56.010 without the
19 benefit of the abatement in (a) of this section.unrefined oil; "taxable property"
20 includes

21 (i) machinery, appliances, supplies, and equipment;

22 (ii) drilling rigs, wells (whether producing or not),
23 gathering lines and transmission lines, pumping stations, compressor
24 stations, power plants, topping plants, and processing units;

25 (iii) roads, tank farms, tanker terminals, docks and other
26 port facilities, and air strips;

27 (iv) aircraft and motor vehicles owned by a person
28 whose principal business in the state is the exploration for, production
29 of, or pipeline transportation of gas or unrefined oil and whose
30 operation of the aircraft or motor vehicle directly relates to the conduct
31 of that business;

1 (v) maintenance equipment and facilities, and
2 maintenance camps and other related facilities; and

3 (vi) communications facilities owned by a person
4 whose principal business in the state is the exploration for, production
5 of, or pipeline transportation of gas or unrefined oil and whose
6 operation of the communications facilities directly relates to the
7 conduct of that business;

8 (B) does not include

9 (i) permanent residences;

10 (ii) office buildings requiring substantial local
11 government services;

12 (iii) oil and gas pipeline systems owned and operated by
13 a public utility that is certificated under AS 42.05.221 and is regulated
14 by the Regulatory Commission of Alaska;

15 (iv) aircraft and motor vehicles, except aircraft and
16 motor vehicles taxable under (A)(iv) of this paragraph; [AND]

17 (v) communications facilities, except communications
18 facilities taxable under (A)(vi) of this paragraph; and

19 (vi) property related to a gas treatment plant, as
20 defined in AS 43.59.100;

21 * Sec. 16. AS 43 is amended by adding a new chapter to read:

22 **Chapter 59. Natural Gas Project Volumetric Tax.**

23 **Sec. 43.56.022**59.020. Imposition of alternative volumetric tax. (a) The
24 owner of ~~a qualified~~ property subject to tax under this section shall pay an alternative
25 volumetric tax on the throughput of the ~~qualified~~ property. The alternative volumetric
26 tax applies beginning on the ~~day after the expiration of the ramp-up period described~~
27 in AS 43.56.021 first date of commencement of commercial operations of a major
28 component of the project.

29 (b) The ~~rate of~~ volumetric tax is ~~\$0.06 per~~ 15 for each 1,000 cubic feet of
30 natural gas transported through a gas pipeline.

31 (c) Beginning the first year the tax applies to throughput. ~~The~~ of a gas

1 ~~pipeline, the rate in~~ of tax for throughput under this subsection ~~increases by one~~
2 ~~percent of the rate imposed during the prior year~~ shall be adjusted on January 1 of each
3 year ~~following the first year of imposition~~ for inflation, using 100 percent of the
4 change over the preceding five calendar years in the Consumer Price Index for all
5 urban consumers for urban Alaska, as determined by the United States Department of
6 Labor, Bureau of Labor Statistics.

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

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

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

14 (2) taxes levied under AS 43.56.010; and

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

16 ~~(4) during the construction, operation, or maintenance~~ (f) Each owner
17 of the qualified property, any municipal sales or use tax levied under AS 29.45.650 or
18 29.45.700, municipal taxes on or measured by gross or net income, or any municipal
19 license, excise, fee charge, or other tax on or pertaining subject to the purchase, use,
20 consumption, or ownership of property or services.

21 ~~(d)~~ A tax under this section shall file a return ~~shall be filed~~ with the
22 department ~~and to each municipality that taxes qualified~~ on or before the last day of
23 each month. The return must state the throughput, in cubic feet of natural gas for each
24 day, for each property subject to tax for the month preceding the month in which the
25 return is due. The owner of the property shall, at the time the return is filed, pay the
26 tax due under this section ~~on or before the last day of each month for the preceding~~
27 ~~month's throughput. The tax shall be paid to the department with~~ for the month
28 preceding the return.

29 (eg) A payment is considered late if the payment is not received by the
30 department on or before the last day of the month in which the return is due.
31 ~~which the return is due.~~

1 ~~(f) The provisions of AS 43.56.090, 43.56.100, 43.56.135, 43.56.140, and~~
2 ~~43.56.150 do not apply to the alternative volumetric tax levied under this section.~~

3 ~~(g) When~~(h) Notwithstanding AS 43.05.220, if the tax levied in this section
4 ~~becomes~~is delinquent, the department shall assess a penalty of ~~10~~15 percent ~~shall be~~
5 ~~added. Interest~~of the amount of delinquent taxes and interest on the delinquent taxes,
6 exclusive of penalty, at the rate specified in AS 43.05.225.

7 Sec. 43.59.030. Eligibility. (a) A natural gas project is eligible for the
8 alternative volumetric tax under AS 43.59.020 only if the department determines that
9 the plans for the project meet the requirements of this section.

10 (b) To be eligible under this section, plans for the project must include a spur
11 line meeting the requirements of this subsection that serves the City of Fairbanks and
12 the Fairbanks North Star Borough. The spur line must

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

15 (2) be scheduled to begin operations within two years after the
16 commencement of commercial operations of a major component of the natural gas
17 project;

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

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

23 (5) allocate costs, including capital, financing, construction,
24 operations, and maintenance costs,

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

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

31 (c) If the department determines that the requirements of (b) of this section

1 ~~have been met, the department shall be assessed at the rate specified in AS 43.05.225.~~

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

4 ~~Sec. 43.56.023 issue a written determination that the natural gas project is~~
5 ~~eligible for. Allocation of alternative tax. (a) A municipality shall levy and collect~~
6 ~~the alternative volumetric tax under AS 43.59.020.~~

7 ~~Sec. 43.59.040. Allocation of alternative tax. on the portion of the qualified~~
8 ~~property located within the municipality. (a) The state department shall levy and collect~~
9 ~~the alternative volumetric tax on the portion of the qualified property located in the~~
10 ~~imposed by this chapter.~~

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

13 ~~(1) 50 percent of the tax collected under AS 43.59.020(b) to the~~
14 ~~portion of the state through which a gas pipeline runs, with appropriations~~
15 ~~proportionately divided among the municipalities and unorganized borough. through~~
16 ~~which the gas pipeline runs; to determine the proportional distribution under this~~
17 ~~paragraph, the length of pipeline in a municipality is divided by the total length of the~~
18 ~~pipeline; the state shall retain the portions of the tax for the proportion of the pipeline~~
19 ~~in the unorganized borough that is also outside a municipality; and~~

20 ~~(b) Revenue (2) 50 percent of the tax collected by the state under (a) of this~~
21 ~~section shall be deposited under AS 43.59.020(b) to municipalities, reserves, and~~
22 ~~communities in the general fund.~~

23 ~~(c) The department shall adopt regulations providing for a methodology~~
24 ~~to determine the amount that each municipality and the state may levy based on the~~
25 ~~original cost of the portion of the qualified property located within each municipality~~
26 ~~and the unorganized borough. If a portion of the qualified property is located within~~
27 ~~both a borough and a city within that borough, the department shall develop a~~
28 ~~methodology by regulation to allocate the tax revenue between the taxing~~
29 ~~jurisdictions, distributed on a per capita basis.~~

30 ~~(d) The assessment of the tax levied on qualified property for purposes of this~~
31 ~~section is legally vested in the department. Any dispute regarding the assessment,~~

1 ~~including the allocation or jurisdiction of the tax, shall be treated as an administrative~~
2 ~~decision under AS 43.56.024.~~

3 **Sec. 43.56.024~~59.050~~. Administrative appeals; distrain of property.** (a)
4 ~~Notwithstanding AS 43.56.120, a~~ decision by the department regarding the
5 imposition or calculation of the tax levied under AS 43.56.022~~59.020~~ may be appealed
6 to the department for an informal conference under AS 43.05.240, and a final decision
7 may be appealed to the office of administrative hearings under AS 43.05.405.

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

10 (b) The remedy of distrain of property set out in AS 43.20.270 applies to the
11 tax levied in this section. However, only the property subject to tax under
12 AS 43.59.020 may be distrained.

13 **Sec. 43.56.025~~59.060~~. Termination of status.** The ~~benefits and~~ alternative
14 volumetric tax status provided for applicable to a qualified property natural gas project
15 under AS 43.56.021 ~~and 43.56.022 terminate~~59.020 terminates on January 1,
16 ~~2040~~2032, if ~~the qualified property~~commencement of construction of the first 730
17 miles of the gas pipeline has not ~~commenced commercial operations, as defined in~~
18 AS 43.56.020(d), on or beforebegun by that date.

19 **Sec. 43.56.026~~59.070~~. Regulations.** The department shall adopt regulations
20 under AS 44.62 (Administrative Procedure Act) to implement ~~AS 43.56.021—~~
21 ~~43.56.027, including procedures for throughput reporting, the determination of~~
22 ~~original cost for allocation purposes, and the calculation of the rolling average.~~
23 ~~Regulations adopted under this section shall further define throughput for the purposes~~
24 ~~of AS 43.56.021—43.56.027.~~this chapter, including procedures for

25 (1) measuring throughput;

26 (2) throughput reporting;

27 (3) calculating the rolling average of throughput.

28 **Sec. 43.56.027~~59.100~~. Definitions.** In ~~AS 43.56.021—43.56.027~~this chapter,

29 (1) ~~"qualified property~~commencement of commercial operations"
30 means ~~an Alaska liquified~~the first flow of natural gas through a natural gas project ~~as~~
31 ~~defined~~that delivers a commercial supply of natural gas to the Southcentral or Interior

1 area of the state;

2 (2) "gas pipeline"

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

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

8 (3) "gas treatment plant" means a facility and the related activities
9 required to receive natural gas from a Prudhoe Bay unit gas transmission line, a Point
10 Thomson unit gas transmission line, or other facilities ~~or sub-projects attendant or~~
11 ~~related to the project~~, to treat the natural gas to pipeline specifications, to dispose of or
12 ~~integrated carbon capture, utilization, and deliver byproducts, to deliver liquid~~
13 products for further transportation, and to deliver treated natural gas for transportation
14 through a gas pipeline;

15 (4) "liquefied natural gas plant" means a facility for liquefying natural
16 gas and includes structures, equipment, underlying land rights, and other associated
17 systems, storage, and facilities for off-loading liquefied natural gas;

18 (5) "natural gas project" and "project" means a natural gas project that
19 includes, collectively, a Prudhoe Bay unit gas transmission line, a Point Thomson unit
20 gas transmission line, a gas pipeline, a gas treatment plant, a liquefied natural gas
21 plant, and a marine terminal; in this paragraph,

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

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

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

1 (6) "spur line"

2 (A) means

3 (i) a natural gas transmission or lateral line that
4 branches from the main gas pipeline for the primary purpose of
5 delivering natural gas to a local community or utility distribution
6 system; and

7 (ii) compressing and metering equipment and
8 interconnection facilities related to the transmission or lateral line
9 described in (A)(i) of this paragraph;

10 (B) does not include infrastructure, that, at the commencement
11 of construction of the first major component of the project, was owned or
12 financed by an instrumentality of the state or a joint venture, partnership, or
13 other affiliated entity that included an instrumentality of the state that
14 commenced construction on or after January 1, 2026; used for the export of
15 natural gas or lateral lines not necessary for delivering natural gas to a local
16 community or utility distribution system;

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

23 (3) ~~(7)~~ "throughput"

24 (A) means

25 (i) the volume of natural gas measured by summing all
26 volumes sold or otherwise delivered at each outlet or offtake point, as
27 along the gas pipeline ~~as defined in AS 31.25.390; "throughput"~~
28 includes natural, transported through a gas consumed as fuel for the
29 operation of a liquefaction ~~treatment plant or carbon capture~~ facility ~~but~~
30 does not include, or processed by a liquefied natural gas ~~consumed as~~
31 fuel for pipeline compression ~~plant, as applicable; and~~

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

3 (B) does not include natural gas consumed as fuel for pipeline
4 compression.

5 * **Sec. 17.** AS 14.17.510(d), 14.17.990(6)(B); AS 29.45.050(aa), 29.45.085; AS 37.14.900;
6 AS 43.56.210(5)(B)(vi); AS 43.59.020, 43.59.030, 43.59.040, 43.59.050, 43.59.060,
7 43.59.070, and 43.59.100 are repealed.

8 * **Sec. 18.** AS 37.05.610 is repealed.

9 * **Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to
10 read:

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

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

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

20 (b) In this section,

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

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

26 * **Sec. 20.** The uncodified law of the State of Alaska is amended by adding a new section to
27 read:

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

31 * **Sec. 21.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 CONDITIONAL EFFECT: BILL; NOTIFICATION TO THE REVISOR OF
3 STATUTES. (a) Sections 1 - 5, 9, ~~This~~, 11, 13, 15, 16, 19, and 20 of this Act take effect only
4 if, before July 1, 2056, the commissioner of revenue determines that

5 (1) each owner of property that could be taxable under AS 43.59.020, added
6 by sec. 16 of this Act, has committed to

7 (A) deposit \$40,000,000 into a designated community impact fund
8 with the following conditions:

9 (i) the fund administrator shall pay an impacted municipality
10 from the fund 25 percent of the anticipated costs to the municipality related to
11 construction of the gas pipeline;

12 (ii) in addition to the payments under (i) of this subparagraph,
13 an impacted municipality may submit to the fund administrator additional
14 actual costs related to the effects of construction for reimbursement from the
15 fund;

16 (iii) the fund administrator shall pay reimbursements under (ii)
17 of this subparagraph to impacted municipalities at least quarterly;

18 (iv) the fund shall be administered by the primary owner who
19 contributes to the fund;

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

26 (2) each owner of property that could be taxable under AS 43.59.020, added
27 by sec. 16 of this Act, who would be responsible for constructing a spur line has committed to
28 construct the spur line; to meet the requirement of this paragraph, the owner shall

29 (A) on or before completion of construction of 730 miles of the gas
30 pipeline, timely and in good faith begin all necessary permit applications and take
31 action on any other regulatory requirements necessary for the construction of the spur

1 line, including, if the Regulatory Commission of Alaska has jurisdiction over the
2 tariffs,

3 (i) initiating a tariff proceeding; and

4 (ii) filing with the commission for systemwide tariff treatment
5 for the spur line; and

6 (B) begin construction on a spur line within one year after receiving all
7 permits and meeting the necessary regulatory requirements described in (A) of this
8 paragraph.

9 (b) If the commissioner of revenue determines that the conditions in (a) of this section
10 have been met, the commissioner of revenue shall notify the revisor of statutes in writing
11 within 30 days after making the determination.

12 (c) In this section,

13 (1) "gas pipeline" means a gas pipeline, as defined in AS 31.25.390, that is
14 expected to be subject to the alternative volumetric tax under AS 43.59.020, enacted by sec.
15 16 of this Act;

16 (2) "impacted municipality" means the North Slope Borough, Fairbanks North
17 Star Borough, Denali Borough, Municipality of Anchorage, Matanuska-Susitna Borough, and
18 Kenai Peninsula Borough;

19 (3) "spur line" means a spur line, as defined in AS 43.59.100, enacted by sec.
20 16 of this Act, that serves the City of Fairbanks and the Fairbanks North Star Borough;

21 (4) "systemwide" has the meaning given in AS 43.59.030(b)(5)(A), enacted by
22 sec. 16 of this Act.

23 * Sec. 22. The uncodified law of the State of Alaska is amended by adding a new section to
24 read:

25 CONDITIONAL EFFECT: EDUCATION FUND. Section 6 of this Act takes effect
26 only if

27 (1) a constitutional amendment to art. IX, Constitution of the State of Alaska,
28 establishing an education fund and allowing the proceeds of a state tax or license to be
29 dedicated to and deposited into the fund by law is passed by the Thirty-Fourth Alaska State
30 Legislature and approved by the voters at the 2026 general election; and

31 (2) the conditions in sec. 21(a) of this Act are met.

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

3 CONDITIONAL EFFECT: TAX SUNSET. Sections 10, 12, 14, and 17 of this Act
4 take effect only if the conditions in sec. 21(a) of this Act are met.

5 * Sec. 24. Sections 7, 8, 18, and 21 - 23 of this Act take effect immediately under
6 AS 01.10.070(c).

7 * Sec. 25. If, under sec. 21 of this Act, secs. 1 - 5, 9, 11, 13, 15, 16, 19, and 20 of this Act
8 take effect, they take effect on the day after the date the commissioner of revenue determines
9 that the conditions in sec. 21(a) of this Act have been met.

10 * Sec. 26. If, under sec. 22 of this Act, sec. 6 of this Act takes effect, it takes effect on the
11 later of

12 (1) the day after the date the 2026 general election is certified; or

13 (2) the day after the date the commissioner of revenue determines that the
14 conditions in sec. 21(a) of this Act have been met.

15 * Sec. 27. If, under sec. 23 of this Act, secs. 10, 12, 14, and 17 of this Act take effect, they
16 take effect January 1, 2056.