

34-GS2038S
Nauman
5/17/26

CS FOR SENATE BILL NO. 280(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE RESOURCES COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to oil and gas; relating to the determination of the value of taxable real**
2 **and personal property for purposes of calculating the local contribution for public**
3 **school funding; relating to limitations on municipal oil and gas property taxes; relating**
4 **to the regulation of liquefied natural gas import facilities and utility rates approved by**
5 **the Regulatory Commission of Alaska; relating to the Alaska Gasline Development**
6 **Corporation; establishing an income tax on certain entities producing or transporting**
7 **oil or gas in the state; relating to the taxation of certain natural gas pipeline property**
8 **and related facilities; relating to the minimum production tax on oil; establishing an**
9 **infrastructure maintenance surcharge on oil and a related Dalton Highway pipeline**
10 **corridor maintenance fund; relating to an alternative volumetric throughput tax on**
11 **certain natural gas pipelines and related facilities; creating an Alaska gasline**
12 **community impact fund; and providing for an effective date."**

1 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

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

4 SHORT TITLE. This Act may be known as the Supporting a Gasline for Alaskans
5 Act.

6 * **Sec. 2.** AS 14.17.510 is amended by adding a new subsection to read:

7 (d) In this section, the full and true value of the taxable real and personal
8 property does not include a qualified property as defined in AS 43.59.100.

9 * **Sec. 3.** AS 29.45.050 is amended by adding a new subsection to read:

10 (aa) A municipality may by ordinance exempt or partially exempt from
11 taxation a spur line that services a Fairbanks natural gas utility.

12 * **Sec. 4.** AS 29.45.080(c) is amended to read:

13 (c) A municipality may levy and collect a tax on the full and true value of that
14 portion of taxable property taxable under AS 43.56 as assessed by the Department of
15 Revenue which value, when combined with the value of property otherwise taxable by
16 the municipality, does not exceed the product of the percentage determined in (f) of
17 this section of the average per capita assessed full and true value of property in the
18 state multiplied by the number of residents of the taxing municipality. **Property**
19 **subject to the alternative volumetric tax levied under AS 43.59.010 is not**
20 **included in the value of property for the purpose of making the calculation under**
21 **this subsection.**

22 * **Sec. 5.** AS 29.45.080(c), as amended by sec. 4 of this Act, is amended to read:

23 (c) 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. [PROPERTY
29 SUBJECT TO THE ALTERNATIVE VOLUMETRIC TAX LEVIED UNDER
30 AS 43.59.010 IS NOT INCLUDED IN THE VALUE OF PROPERTY FOR THE
31 PURPOSE OF MAKING THE CALCULATION UNDER THIS SUBSECTION.]

1 * **Sec. 6.** AS 29.45.080 is amended by adding a new subsection to read:

2 (g) Notwithstanding any other provision of this section, AS 29.45.090, or the
3 authority granted to a municipality under AS 29.45.050 to exempt or defer taxation, a
4 municipality may not levy a tax under this section on qualified property, as defined in
5 AS 43.59.100, if the qualified property is subject to the alternative volumetric tax
6 levied under AS 43.59.010.

7 * **Sec. 7.** AS 29.60.860 is amended by adding a new subsection to read:

8 (d) Amounts allocated under AS 44.33.850(c) for distribution on a per capita
9 basis shall be distributed to municipalities, reserves, and communities in the
10 unorganized borough in accordance with this section.

11 * **Sec. 8.** AS 29.60.860 is amended by adding a new subsection to read:

12 (e) Amounts allocated under AS 43.59.040(3) for distribution on a per capita
13 basis shall be distributed to municipalities, reserves, and communities in the
14 unorganized borough in accordance with this section.

15 * **Sec. 9.** AS 31.25.010 is amended to read:

16 **Sec. 31.25.010. Structure.** The Alaska Gasline Development Corporation is a
17 public corporation and government instrumentality acting in the best interest **and as a**
18 **fiduciary** of the state for the purposes required by AS 31.25.005, located for
19 administrative purposes in the Department of Commerce, Community, and Economic
20 Development, but having a legal existence independent of and separate from the state.
21 The corporation may not be terminated as long as it has bonds, notes, or other
22 obligations outstanding. The corporation may dissolve when no bonds, notes, or other
23 obligations of the corporation or a subsidiary of the corporation are outstanding and
24 the corporation or a subsidiary of the corporation is no longer engaged in the
25 development, financing, construction, or operation of an in-state natural gas pipeline
26 or an Alaska liquefied natural gas project. Upon termination of the corporation, its
27 rights and property pass to the state.

28 * **Sec. 10.** AS 31.25.030 is amended by adding a new subsection to read:

29 (f) Notwithstanding application of AS 44.62.310 - 44.62.319 (Open Meetings
30 Act) under AS 31.25.130, absent exigent circumstances, the board shall provide at
31 least 10 working days' public notice before a meeting. In the event of exigent

1 circumstances, the board shall provide at least three working days' public notice before
2 a meeting. The board shall provide public notice of a regularly scheduled meeting
3 within 24 hours after the meeting is scheduled. In this subsection, "working day"
4 means a calendar day other than Saturday, Sunday, an official federal holiday, or an
5 official holiday of this state.

6 * **Sec. 11.** AS 31.25.040(b) is amended to read:

7 (b) The board shall **by regulation adopted under AS 44.62 (Administrative**
8 **Procedure Act)** adopt and publish procedures to govern the procurement by the
9 corporation of supplies, services, professional services, and construction. The
10 procurement procedures must

11 **(1) reflect competitive bidding principles and provide vendors**
12 **reasonable and equitable opportunities to participate in the procurement**
13 **process;**

14 **(2) include procurement methods to meet emergency and**
15 **extraordinary circumstances;**

16 **(3) comply with the five percent preference under AS 36.30.321(a);**
17 **and**

18 **(4) provide for an Alaska veterans' preference that is consistent with**
19 **the Alaska veterans' preference in AS 36.30.175.**

20 * **Sec. 12.** AS 31.25.080(a) is amended to read:

21 (a) In addition to other powers granted in this chapter, the corporation may

22 (1) determine the form of ownership and the operating structure of an
23 in-state natural gas pipeline developed by the corporation and may, **subject to**
24 **AS 31.25.120(b)**, enter into agreements with other persons for joint ownership, joint
25 operation, or both of an in-state natural gas pipeline or an Alaska liquefied natural gas
26 project;

27 (2) plan, finance, construct, develop, acquire, maintain, and operate a
28 pipeline system and other transportation mechanism, including pipelines, compressors,
29 storage facilities, and other related facilities, equipment, and works of public
30 improvement, in the state to facilitate production, transportation, and delivery of
31 natural gas or other related natural resources to the point of consumption or to the

1 point of distribution for consumption;

2 (3) lease or rent facilities, structures, and properties;

3 (4) exercise the power of eminent domain and file a declaration of
4 taking under AS 09.55.240 - 09.55.460 to acquire land or an interest in land that is
5 necessary for an in-state natural gas pipeline or an Alaska liquefied natural gas project;
6 the exercise of powers by the corporation under this paragraph may not exceed the
7 permissible exercise of the powers by the state;

8 (5) acquire, by purchase, lease, or gift, land, structures, real or personal
9 property, an interest in property, a right-of-way, a franchise, an easement, or other
10 interest in land, or an interest in or right to capacity in a pipeline system determined to
11 be necessary or convenient for the development, financing, construction, or operation
12 of an in-state natural gas pipeline project or an Alaska liquefied natural gas project or
13 part of an in-state natural gas pipeline project or an Alaska liquefied natural gas
14 project;

15 (6) **subject to AS 31.25.120(b)**, transfer or otherwise dispose of all or
16 part of an in-state natural gas pipeline project, an Alaska liquefied natural gas project,
17 or an interest in an asset of the corporation;

18 (7) elect to provide transportation of natural gas as a contract carrier,
19 common carrier, or otherwise;

20 (8) provide light, water, security, and other services for property of the
21 corporation;

22 (9) conduct hearings to gather and develop data consistent with the
23 purpose and powers of the corporation;

24 (10) advocate for new pipeline capacity before the Federal Energy
25 Regulatory Commission;

26 (11) make and execute agreements, contracts, and other instruments
27 necessary or convenient in the exercise of the powers and functions of the corporation
28 under this chapter, including a contract with a person, firm, corporation, governmental
29 agency, or other entity;

30 (12) sue and be sued in its own name;

31 (13) adopt an official seal;

1 (14) adopt bylaws for the regulation of its affairs and the conduct of its
2 business and adopt regulations and policies in connection with the performance of its
3 functions and duties;

4 (15) employ fiscal consultants, engineers, attorneys, appraisers, and
5 other consultants and employees that may, in the judgment of the corporation, be
6 required and fix and pay their compensation from funds available to the corporation;

7 (16) procure insurance against a loss in connection with its operation;

8 (17) borrow money as provided in this chapter to carry out its
9 corporate purposes and issue its obligations as evidence of borrowing;

10 (18) include in a borrowing the amounts necessary to pay financing
11 charges, to pay interest on the obligations, and to pay the interest, consultant, advisory,
12 and legal fees, and other expenses that are necessary or incident to the borrowing;

13 (19) receive, administer, and comply with the conditions and
14 requirements of an appropriation, gift, grant, or donation of property or money;

15 (20) do all acts and things necessary, convenient, or desirable to carry
16 out the powers expressly granted or necessarily implied in this chapter;

17 (21) invest or reinvest, subject to its contracts with noteholders and
18 bondholders, money or funds held by the corporation, including funds in the in-state
19 natural gas pipeline fund (AS 31.25.100) and the Alaska liquefied natural gas project
20 fund (AS 31.25.110), in obligations or other securities or investments in which banks
21 or trust companies in the state may legally invest funds held in reserves or sinking
22 funds or funds not required for immediate disbursement, and in certificates of deposit
23 or time deposits secured by obligations of, or guaranteed by, the state or the United
24 States;

25 (22) enter into, as it determines to be necessary or appropriate, any
26 swap or hedge, cap, or other contract providing for payments based on levels of or
27 changes in interest rates or indices or in the cost or price of any commodity, supply, or
28 expense expected to be used or incurred in connection with the acquisition,
29 construction, or operation of any facility or property owned, leased, or operated by the
30 corporation, or an option with respect to any of the foregoing;

31 (23) except as provided in (g) of this section, acquire an ownership or

1 participation interest in an Alaska liquefied natural gas project, natural gas treatment
2 facilities, natural gas pipeline facilities, liquefaction facilities, marine terminal
3 facilities related to the infrastructure of an Alaska liquefied natural gas project, or an
4 entity or joint venture that has an ownership interest in or is engaged in the planning,
5 financing, acquisition, maintenance, construction, and operation of an Alaska liquefied
6 natural gas project;

7 (24) after consultation with the commissioner of revenue and the
8 commissioner of natural resources, enter into contracts relating to an Alaska liquefied
9 natural gas project, including contracts for services related to operation, marketing,
10 transportation, gas treatment, marine terminal operation, or liquefaction.

11 * **Sec. 13.** AS 31.25.080 is amended by adding new subsections to read:

12 (h) The corporation shall, to the maximum extent possible, use contractors and
13 suppliers in the state in order to benefit from the experience of workers and businesses
14 in the state in arctic engineering and construction.

15 (i) A gas sales agreement entered into by the corporation, or a subsidiary of
16 the corporation,

17 (1) shall require that a public utility in the state, or an entity shipping
18 gas for delivery to a public utility in the state, have priority over sales to out-of-state
19 purchasers if the transportation capacity of a gas pipeline is reduced; and

20 (2) may include other reasonable terms and conditions that are
21 consistent with this chapter and that are for the mutual benefit of the gas pipeline and
22 the public.

23 (j) A gas pipeline advanced, operated, or owned, in whole or in part, by the
24 corporation, or a subsidiary of the corporation, must include a direct spur line to serve
25 the City of Fairbanks and the Fairbanks North Star Borough.

26 (k) An owner or operator of a gas pipeline advanced, operated, or owned, in
27 whole or in part, by the corporation, or a subsidiary of the corporation,

28 (1) may not recoup cost overruns from the construction of the first
29 phase of a gas pipeline by increasing the rates charged to a utility; in this paragraph,

30 (A) "cost overrun" means a cost in excess of \$15,000,000,000;

31 (B) "first phase of a gas pipeline" means at least 730 miles of

42-inch pipeline constructed to transport natural gas from the North Slope and deliver the natural gas to in-state consumers;

(2) may not charge a utility in the state more than

(A) \$12 for each 1,000 cubic feet of natural gas after completion of the gas pipeline, but before the completion of a related liquefied natural gas plant;

(B) \$5 for each 1,000 cubic feet of natural gas after completion of a liquefied natural gas plant related to the gas pipeline.

(l) An owner or operator of a gas pipeline advanced, operated, or owned, in whole or in part, by the corporation or a subsidiary of the corporation, shall ensure that natural gas that is produced from the Cook Inlet sedimentary basin and available for sale and transportation is transported, on commercially reasonable terms, by the gas pipeline. This subsection does not apply if the commissioner of natural resources determines in writing that the supply of economically recoverable natural gas available for commercial sale from the Cook Inlet sedimentary basin is insufficient.

* **Sec. 14.** AS 31.25.090(f) is amended to read:

(f) Subject to the restrictions in this section, the [THE] corporation may enter into confidentiality agreements necessary to acquire or provide information to carry out its functions. If a state agency determines that a law or provision of a contract to which the state agency is a party requires the state agency to preserve the confidentiality of the information and that delivering the information to the corporation would violate the confidentiality provision of that law or contract, the state agency shall

(1) identify the applicable law or contract provision to the corporation;

and

(2) obtain the consent of the person who has the right to waive the confidentiality of the information under the applicable law or contract provision before the state agency transfers the information to the corporation.

* **Sec. 15.** AS 31.25.090 is amended by adding new subsections to read:

(j) The parties to a confidentiality agreement entered into under (f) of this section may agree to waive confidentiality, in whole or in part, to allow the release of

1 information to a legislator or a public agent or for publication. Information released
2 under this subsection may include reasonable redactions. Information released under
3 this subsection may include

4 (1) a contract or agreement or a specific term of a contract or
5 agreement;

6 (2) a pending contract or agreement or a specific term of a pending
7 contract or agreement;

8 (3) a record, file, or other information in possession of the corporation,
9 a subsidiary of the corporation, or an entity partnered with the corporation; or

10 (4) the confidentiality agreement or terms of the confidentiality
11 agreement.

12 (k) A confidentiality agreement entered into under (f) of this section may not

13 (1) prevent compliance with an administrative or court order
14 mandating disclosure;

15 (2) make confidential contract terms, including terms for in-kind
16 payments or services, or prospective contract terms, that bind the corporation, a
17 subsidiary of the corporation, or an entity with which the corporation, or a subsidiary
18 of the corporation, has a legal relationship to assume fiscal or performance liability,
19 obligation, or risk that could extend to or encumber the state, either directly or
20 indirectly; in this paragraph, "legal relationship" means a partnership, joint venture,
21 joint ownership agreement, or other legally binding business arrangement formed for
22 the purpose of shared ownership or management of, or pooling of resources for, an
23 entity in which the corporation, or a subsidiary of the corporation, has an ownership or
24 management interest;

25 (3) make confidential information that is related to known or
26 reasonably anticipated project economics that may lead to a significant fiscal effect or
27 liability to the state and that is necessary for the state to consider for a policy decision,
28 including a decision related to appropriations or other state funding or in-kind
29 payments or services from the state;

30 (4) make confidential contract terms governing the ownership or
31 management structure of a subsidiary of the corporation; or

1 (5) make confidential information related to a state interest option
2 under AS 31.25.125.

3 (l) Upon request of a legislative committee or a member of the legislature, the
4 corporation or a subsidiary of the corporation shall provide information disclosable
5 under (k)(2) - (5) of this section. A legislative committee or member of the legislature
6 may request the information to be provided in a summarized format, with written
7 explanations, as necessary to assist the legislature in assessing relevant fiscal effects,
8 liabilities, or risks to the state.

9 (m) If the public disclosure of the information described in (k)(3) of this
10 section would cause commercial or competitive harm to an entity involved in a
11 component of the Alaska liquefied natural gas project, the information may be made
12 confidential under a confidentiality agreement entered into under (f) of this section if,
13 under the agreement,

14 (1) reasonable estimations or ranges of estimations of the information
15 may be publicly disclosed; or

16 (2) the information can be publicly disclosed in a redacted or
17 generalized format and the information disclosed is accurate and sufficient for a public
18 agent to assess the related fiscal effect, risk, or liability to the state.

19 (n) In this section, "public agent" means

20 (1) a public agency, as defined in AS 40.25.220, or an agent or
21 contractor of a public agency;

22 (2) an agent or contractor of a member of the legislature or of a
23 legislative committee.

24 * **Sec. 16.** AS 31.25.120 is amended by adding a new subsection to read:

25 (b) Unless the legislature approves the action by law, the corporation may not
26 transfer, sell, or otherwise dispose of an ownership or management interest in a
27 subsidiary of the corporation.

28 * **Sec. 17.** AS 31.25 is amended by adding a new section to read:

29 **Sec. 31.25.125. Involvement in revenue-generating projects.** (a) If the
30 corporation negotiates with another entity for participation by the corporation in a
31 revenue-generating project, the corporation shall negotiate an option for the state to

1 acquire an interest in the project. The corporation shall immediately notify the
2 president of the senate, the speaker of the house of representatives, and the chairs of
3 the finance committee of each house of the legislature on each occasion that an option
4 is available for consideration by the legislature.

5 (b) An option negotiated under this section must

6 (1) before being agreed to, be approved by the legislature by law; and

7 (2) allow the state to exercise the option for at least 12 months after
8 notification of the legislature under (d) of this section.

9 (c) At the request of the legislature, a state agency shall cooperate with and
10 assist the legislature in determining whether to approve under (b)(1) of this section the
11 terms of an option negotiated under (a) of this section.

12 (d) The corporation shall immediately notify the president of the senate, the
13 speaker of the house of representatives, and the chairs of the finance committee of
14 each house of the legislature on each occasion that the state may exercise an option
15 negotiated under (a) of this section. The corporation shall notify the legislature under
16 this subsection on the later of the date that

17 (1) the corporation determines, with reasonable assurance and
18 considering the totality of circumstances, including review of all relevant financial
19 information, that the revenue-generating project will be completed, with or without
20 state investment; or

21 (2) a final investment decision is made for the revenue-generating
22 project.

23 (e) The state may not acquire an interest in a revenue-generating project under
24 this section unless the interest is approved by the legislature by law. When making an
25 investment decision under this section, the legislature shall act as a prudent investor.

26 (f) The Department of Revenue shall cooperate with and assist the legislature
27 in determining whether to acquire an interest in a revenue-generating project under (e)
28 of this section by exercising an option negotiated under (a) of this section, including
29 by identifying potential funding sources for exercising the option and potential fiscal
30 effects on the state. If requested by the legislature, another state agency shall cooperate
31 with and assist the legislature with making a determination under (e) of this section.

(g) The corporation, and any other entity participating in a revenue-generating project, shall

(1) cooperate with and assist the legislature in determining whether to approve the terms of an option negotiated under (a) of this section or to acquire an interest in the project by exercising an option negotiated under this section;

(2) provide information requested by the legislature related to the project, including

(A) information necessary for the legislature to act as a prudent investor; and

(B) financial records of or related to the revenue-generating project; and

(3) ensure that at least one representative of the corporation and of each participating entity are available to testify during public hearings of legislative committees requesting testimony.

(h) In this section,

(1) "corporation" includes a subsidiary of the corporation; notwithstanding the definition of "subsidiary of the corporation" in AS 31.25.390, a subsidiary of a corporation does not include a partially owned subsidiary for purposes of this section;

(2) "revenue-generating project" means a project, entity ownership, legal business arrangement, partnership, joint venture, or other commercial endeavor expected to generate revenue.

* **Sec. 18.** AS 31.25.130(a) is amended to read:

(a) Except as otherwise provided in this chapter and except for AS 44.62.310 - 44.62.319 (Open Meetings Act), AS 44.62 (Administrative Procedure Act) does not apply to this chapter. The corporation shall make available to members of the public copies of the regulations adopted under (b) - (e) of this section.

* **Sec. 19.** AS 31.25 is amended by adding a new section to article 1 to read:

Sec. 31.25.145. Accounting. (a) The corporation shall deposit into separate accounts in the general fund revenue

(1) generated by a subsidiary of the corporation; and

1 (2) resulting from an option negotiated under AS 31.25.125.

2 (b) Each year, the legislature may appropriate the annual estimated balance in
3 the account described in (a)(1) of this section for operations of the corporation or for
4 any other purpose.

5 * **Sec. 20.** AS 31.25.160 is amended by adding a new subsection to read:

6 (g) The corporation, or a subsidiary of the corporation, may issue bonds only
7 if the legislature approves issuance of the bonds, except for refunding bonds.
8 Refunding bonds may be issued without further approval by the legislature in a
9 principal amount sufficient to provide funds for the payment of all bonds to be
10 refunded by the refunding bonds and, in addition, for the payment of all other amounts
11 that the corporation considers appropriate in connection with the refunding, including
12 expenses incident to the redeeming, calling, retiring, or paying of the outstanding
13 bonds, the funding of reserves, and the issuance of the refunding bonds.

14 * **Sec. 21.** AS 31.25.260(a) is amended to read:

15 (a) The exercise of the powers granted by this chapter is, in all respects, for
16 the benefit of the people of the state, for the people's [THEIR] well-being and
17 prosperity, and for the improvement of the people's [THEIR] social and economic
18 conditions, and, except as provided in AS 43.59.010(f), the corporation is not
19 required to pay a tax or assessment on any property owned by the corporation under
20 the provisions of this chapter or on the income from it, including state taxes levied or
21 authorized under AS 43.56.010(a) and municipal taxes under AS 43.56.010(b) as
22 provided in AS 43.56.020.

23 * **Sec. 22.** AS 31.25.260(a), as amended by sec. 21 of this Act, is amended to read:

24 (a) The exercise of the powers granted by this chapter is, in all respects, for
25 the benefit of the people of the state, for the people's well-being and prosperity, and
26 for the improvement of the people's social and economic conditions, and [, EXCEPT
27 AS PROVIDED IN AS 43.59.010(f),] the corporation is not required to pay a tax or
28 assessment on any property owned by the corporation under the provisions of this
29 chapter or on the income from it, including state taxes levied or authorized under
30 AS 43.56.010(a) and municipal taxes under AS 43.56.010(b) as provided in
31 AS 43.56.020.

1 * **Sec. 23.** AS 31.25 is amended by adding new sections to read:

2 **Sec. 31.25.280. Relationships with foreign entities.** (a) The corporation shall
3 promptly provide written notice to the president of the senate, the speaker of the house
4 of representatives, and the chairs of the finance committee of each house of the
5 legislature if the corporation, or a subsidiary of the corporation, enters into a legal
6 relationship with a foreign entity, either directly or indirectly through another person
7 or entity. The notification under this section must

8 (1) be provided at least quarterly on the calendar year;

9 (2) include

10 (A) the full legal name of the foreign entity;

11 (B) a description of the legal relationship and any project
12 related to the legal relationship;

13 (C) the name of at least one individual authorized to bind the
14 foreign entity on matters related to the legal relationship;

15 (D) the physical address of the primary business operations of
16 the foreign entity; and

17 (E) the date the legal relationship was entered into.

18 (b) In addition to providing notification under (a) of this section, the
19 corporation shall ensure that an agent of the corporation or a subsidiary of the
20 corporation, if requested, is available to testify relating to the legal relationship during
21 one or more public hearings of legislative committees requesting testimony.

22 (c) In this section, "legal relationship" means a partnership, joint venture, joint
23 ownership agreement, merger, or other legal agreement made for the purpose of
24 investing in, obtaining monetary returns from, or obtaining an ownership interest in

25 (1) a project developed by the corporation or a subsidiary of the
26 corporation;

27 (2) a project in which the corporation or a subsidiary of the corporation
28 has an ownership or management interest; or

29 (3) an entity engaged in a project described in (1) or (2) of this
30 subsection.

31 **Sec. 31.25.285. Legislative notification of ownership change.** (a) The

1 corporation shall promptly notify the president of the senate, the speaker of the house
2 of representatives, and the chairs of the finance committee of each house of the
3 legislature if

4 (1) an entity in a legal relationship with the corporation, or a subsidiary
5 of the corporation, has a significant change in ownership structure; or

6 (2) the corporation becomes aware that an entity in a legal relationship
7 with the corporation, or a subsidiary of the corporation, plans to make a significant
8 change in ownership structure.

9 (b) In this section, "legal relationship" means a partnership, joint venture, joint
10 ownership agreement, or other legally binding business arrangement

11 (1) of which the corporation, or a subsidiary of the corporation, has at
12 least a 10 percent interest; or

13 (2) that has an interest in a third entity in which the corporation, or a
14 subsidiary of the corporation, also has at least a 10 percent interest; and

15 (3) that formed for the purpose of shared ownership or shared
16 management of, or pooling of resources for, an entity in which the corporation, or a
17 subsidiary of the corporation, has an ownership or management interest.

18 * **Sec. 24.** AS 31.25.390 is amended by adding new paragraphs to read:

19 (8) "foreign entity" means

20 (A) an entity whose primary operations are not physically
21 located in the United States and that is not managed primarily by citizens of
22 the United States; or

23 (B) a natural person who is not a citizen of the United States;

24 (9) "subsidiary of the corporation" includes a subsidiary partially
25 owned by the corporation.

26 * **Sec. 25.** AS 38.05.180 is amended by adding a new subsection to read:

27 (mm) Before taking oil or gas royalties in value, the commissioner shall
28 determine that the value taken is based on the value of oil or gas of the same kind,
29 quality, and character prevailing for that field, unit, or area during the calendar month
30 the oil or gas is produced. The commissioner may take royalties on oil or gas that is
31 produced but not sold and may take royalties on gas that is produced and stored in a

1 gas storage facility. The commissioner may not, when making a value determination
2 under this subsection, base a value for oil or gas on oil or gas sold at no cost or at a
3 cost substantially lower than that of other oil or gas of the same kind, quality, and
4 character.

5 * **Sec. 26.** AS 42.05 is amended by adding a new section to read:

6 **Sec. 42.05.387. Rates charged by Alaska Gasline Development**
7 **Corporation gas pipeline.** (a) An owner or operator of a gas pipeline advanced,
8 operated, or owned, in whole or in part, by the Alaska Gasline Development
9 Corporation, or a subsidiary of the corporation,

10 (1) may not recoup cost overruns from the construction of the first
11 phase of a gas pipeline by increasing the rates charged to a utility; in this paragraph,
12 "cost overrun" and "first phase of a gas pipeline" have the meanings given in
13 AS 31.25.080;

14 (2) may not charge a utility in the state more than

15 (A) \$12 for each 1,000 cubic feet of natural gas after
16 completion of the gas pipeline, but before the completion of a related liquefied
17 natural gas plant;

18 (B) \$5 for each 1,000 cubic feet of natural gas after completion
19 of a liquefied natural gas plant related to the gas pipeline.

20 (b) The commission has jurisdiction to enforce this section to the extent not
21 preempted by federal law.

22 (c) In this section,

23 (1) "gas pipeline" has the meaning given in AS 31.25.390;

24 (2) "liquefied natural gas plant" has the meaning given in
25 AS 31.25.390.

26 * **Sec. 27.** AS 43.20 is amended by adding a new section to read:

27 **Sec. 43.20.019. Tax on income of certain oil and gas pass-through entities.**

28 (a) Each taxable year, a tax is imposed on the entire taxable income derived from
29 sources in the state of every qualified entity. The tax is computed as follows:

30	If the taxable income is:	Then the tax is:
31	Less than \$1,000,000	zero

1	\$1,000,000 but less than \$2,000,000	5 percent of the
2		taxable income over \$1,000,000
3	\$2,000,000 but less than \$3,000,000	\$50,000 plus 6 percent of the
4		taxable income over \$2,000,000
5	\$3,000,000 but less than \$4,000,000	\$110,000 plus 7 percent of the
6		taxable income over \$3,000,000
7	\$4,000,000 but less than \$5,000,000	\$180,000 plus 8 percent of the
8		taxable income over \$4,000,000
9	\$5,000,000 or more	\$260,000 plus 9.4 percent of the
10		taxable income over \$5,000,000.

(b) For purposes of calculating taxable income under this section,

(1) taxable income of a qualified entity is determined under AS 43.20.144 as if the qualified entity were taxable as a C corporation, as defined by 26 U.S.C. 1361(a)(2) (Internal Revenue Code), as that section read on January 1, 2026;

(2) notwithstanding AS 43.20.021 and AS 43.20.036, a qualified entity may not apply as a credit or deduction against tax liability a credit or deduction allowed as to federal taxes under 26 U.S.C. (Internal Revenue Code), except that the qualified entity may take a credit or deduction allowed for a C corporation under (1) of this subsection.

(c) The tax under this section does not apply to a corporation subject to tax under AS 43.20.011 or to an entity that is part of a unitary business with a corporation subject to tax under AS 43.20.011.

(d) A public corporation is exempt from the tax under this section. If a qualified entity is held in part by a public corporation, income in proportion to the ownership interest held by the public corporation is exempt from the tax under this section. The department may direct each owner of a qualified entity that is owned in part by the Alaska Gasline Development Corporation (AS 31.25) to file a return with the department. Notwithstanding AS 40.25.100(a) and AS 43.05.230(a), a return filed by the Alaska Gasline Development Corporation under this subsection is a public record and is not confidential.

1 (e) For the purpose of determining the tax due under this section, the
2 department shall

3 (1) aggregate the taxable income of two or more entities if the
4 department determines that, without the provisions of this section, the taxable income
5 would reasonably be expected to be attributed to a single entity;

6 (2) except as provided in (c) of this section, include in the calculation
7 of taxable income of the qualified entity income that is attributable to an entity that is
8 part of a unitary business with the qualified entity paying tax under this section; and

9 (3) adopt regulations to prevent evasion of taxes imposed under this
10 section.

11 (f) For purposes of calculating income under this section, a qualified entity
12 may deduct from income a payment to the shareholder, owner, member, or partner of
13 the qualified entity, if

14 (1) the shareholder, owner, member, or partner is a taxpayer under this
15 chapter;

16 (2) the payment does not include a transfer of property;

17 (3) the payment is included in the shareholder's, owner's, member's, or
18 partner's income for purposes of this chapter; and

19 (4) the payment was not made with the specific intent to reduce or
20 evade the payment of tax under this chapter.

21 (g) In this section,

22 (1) "carbon capture" and "carbon storage" have the meanings given in
23 AS 43.55.165(e)(23);

24 (2) "pipeline" means a pipeline that transports oil or gas from north of
25 68 degrees North latitude to a location outside of the lease or property where the oil or
26 gas is produced for the direct purpose of sale and delivery of the oil or gas to a
27 commercial market;

28 (3) "qualified entity"

29 (A) means a sole proprietorship, partnership, limited liability
30 company, or entity that has elected to file federal returns under 26 U.S.C. 1361
31 - 1379 (Internal Revenue Code) that

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- (i) has taxable income;
- (ii) owns, operates, manages, or controls an entity that has taxable income;
- (iii) holds an ownership, investment, or similar interest in an entity that has taxable income; or
- (iv) owns an operating right, operating interest, or working interest in a mineral interest of an entity with taxable income;
- (B) does not include a natural person;
- (4) "taxable income" means income
 - (A) from the production of oil or gas from a lease or property in the state;
 - (B) from the transportation of oil or gas by pipeline in the state;
 - (C) from the supply of oil or gas for transportation by pipeline in the state, whether directly, to an intermediary, or as an intermediary;
 - (D) from gas treatment, carbon capture, or carbon storage activities in the state;
 - (E) from liquefied natural gas processing in the state;
 - (F) from the marine transportation of liquefied natural gas produced in the state; and
 - (G) of an entity that is part of a unitary business with a carrier or producer paying tax under this section as provided under (e)(2) of this section.

* **Sec. 28.** AS 43.20.030(a) is amended to read:

- (a) If a **taxpayer** [CORPORATION], or a partnership that has a **taxpayer** [CORPORATION] as a partner, is required to make a return under the provisions of the Internal Revenue Code, **the taxpayer** [IT] shall file with the department, within 30 days after the federal return is required to be filed, a return setting out
 - (1) the amount of tax due under this chapter, less credits claimed against the tax; and
 - (2) other information for the purpose of carrying out the provisions of this chapter that the department requires.

1 * **Sec. 29.** AS 43.20.031(i) is amended to read:

2 (i) A **taxpayer that** [CORPORATION WHICH] is a member of a group of
3 unitary corporations **or entities that** [WHICH] collectively has income from business
4 activity taxable both inside and outside the state, or income from other sources both
5 inside and outside the state, shall determine its income from sources in this state by
6 use of the combined method of accounting.

7 * **Sec. 30.** AS 43.55.011(f) is amended to read:

8 (f) The levy of tax under (e) of this section for

9 (1) oil and gas produced before January 1, 2022, from leases or
10 properties that include land north of 68 degrees North latitude, other than gas subject
11 to (o) of this section, may not be less than

12 (A) four percent of the gross value at the point of production
13 when the average price per barrel for Alaska North Slope crude oil for sale on
14 the United States West Coast during the calendar year for which the tax is due
15 is more than \$25;

16 (B) three percent of the gross value at the point of production
17 when the average price per barrel for Alaska North Slope crude oil for sale on
18 the United States West Coast during the calendar year for which the tax is due
19 is over \$20 but not over \$25;

20 (C) two percent of the gross value at the point of production
21 when the average price per barrel for Alaska North Slope crude oil for sale on
22 the United States West Coast during the calendar year for which the tax is due
23 is over \$17.50 but not over \$20;

24 (D) one percent of the gross value at the point of production
25 when the average price per barrel for Alaska North Slope crude oil for sale on
26 the United States West Coast during the calendar year for which the tax is due
27 is over \$15 but not over \$17.50; or

28 (E) zero percent of the gross value at the point of production
29 when the average price per barrel for Alaska North Slope crude oil for sale on
30 the United States West Coast during the calendar year for which the tax is due
31 is \$15 or less; [AND]

1 (2) oil produced on and after January 1, 2022, **and before January 1,**
 2 **2027,** from leases or properties that include land north of 68 degrees North latitude,
 3 may not be less than

4 (A) four percent of the gross value at the point of production
 5 when the average price per barrel for Alaska North Slope crude oil for sale on
 6 the United States West Coast during the calendar year for which the tax is due
 7 is more than \$25;

8 (B) three percent of the gross value at the point of production
 9 when the average price per barrel for Alaska North Slope crude oil for sale on
 10 the United States West Coast during the calendar year for which the tax is due
 11 is over \$20 but not over \$25;

12 (C) two percent of the gross value at the point of production
 13 when the average price per barrel for Alaska North Slope crude oil for sale on
 14 the United States West Coast during the calendar year for which the tax is due
 15 is over \$17.50 but not over \$20;

16 (D) one percent of the gross value at the point of production
 17 when the average price per barrel for Alaska North Slope crude oil for sale on
 18 the United States West Coast during the calendar year for which the tax is due
 19 is over \$15 but not over \$17.50; or

20 (E) zero percent of the gross value at the point of production
 21 when the average price per barrel for Alaska North Slope crude oil for sale on
 22 the United States West Coast during the calendar year for which the tax is due
 23 is \$15 or less; **and**

24 **(3) oil produced on and after January 1, 2027, from leases or**
 25 **properties that include land north of 68 degrees North latitude, may not be less**
 26 **than**

27 **(A) six percent of the gross value at the point of production**
 28 **when the average price per barrel for Alaska North Slope crude oil for**
 29 **sale on the United States West Coast during the calendar year for which**
 30 **the tax is due is more than \$25;**

31 **(B) three percent of the gross value at the point of**

1 production when the average price per barrel for Alaska North Slope
 2 crude oil for sale on the United States West Coast during the calendar
 3 year for which the tax is due is over \$20 but not over \$25;

4 (C) two percent of the gross value at the point of production
 5 when the average price per barrel for Alaska North Slope crude oil for
 6 sale on the United States West Coast during the calendar year for which
 7 the tax is due is over \$17.50 but not over \$20;

8 (D) one percent of the gross value at the point of production
 9 when the average price per barrel for Alaska North Slope crude oil for
 10 sale on the United States West Coast during the calendar year for which
 11 the tax is due is over \$15 but not over \$17.50; or

12 (E) zero percent of the gross value at the point of
 13 production when the average price per barrel for Alaska North Slope
 14 crude oil for sale on the United States West Coast during the calendar
 15 year for which the tax is due is \$15 or less.

16 * **Sec. 31.** AS 43.55.020(a) is amended to read:

17 (a) For a calendar year, a producer subject to tax under AS 43.55.011 shall pay
 18 the tax as follows:

19 (1) for oil and gas produced before January 1, 2014, an installment
 20 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied
 21 as allowed by law, is due for each month of the calendar year on the last day of the
 22 following month; except as otherwise provided under (2) of this subsection, the
 23 amount of the installment payment is the sum of the following amounts, less 1/12 of
 24 the tax credits that are allowed by law to be applied against the tax levied by
 25 AS 43.55.011(e) for the calendar year, but the amount of the installment payment may
 26 not be less than zero:

27 (A) for oil and gas not subject to AS 43.55.011(o) or (p)
 28 produced from leases or properties in the state outside the Cook Inlet
 29 sedimentary basin, other than leases or properties subject to AS 43.55.011(f),
 30 the greater of

31 (i) zero; or

1 (ii) the sum of 25 percent and the tax rate calculated for
2 the month under AS 43.55.011(g) multiplied by the remainder obtained
3 by subtracting 1/12 of the producer's adjusted lease expenditures for the
4 calendar year of production under AS 43.55.165 and 43.55.170 that are
5 deductible for the oil and gas under AS 43.55.160 from the gross value
6 at the point of production of the oil and gas produced from the leases or
7 properties during the month for which the installment payment is
8 calculated;

9 (B) for oil and gas produced from leases or properties subject
10 to AS 43.55.011(f), the greatest of

11 (i) zero;

12 (ii) zero percent, one percent, two percent, three
13 percent, or four percent, as applicable, of the gross value at the point of
14 production of the oil and gas produced from the leases or properties
15 during the month for which the installment payment is calculated; or

16 (iii) the sum of 25 percent and the tax rate calculated for
17 the month under AS 43.55.011(g) multiplied by the remainder obtained
18 by subtracting 1/12 of the producer's adjusted lease expenditures for the
19 calendar year of production under AS 43.55.165 and 43.55.170 that are
20 deductible for the oil and gas under AS 43.55.160 from the gross value
21 at the point of production of the oil and gas produced from those leases
22 or properties during the month for which the installment payment is
23 calculated;

24 (C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for
25 each lease or property, the greater of

26 (i) zero; or

27 (ii) the sum of 25 percent and the tax rate calculated for
28 the month under AS 43.55.011(g) multiplied by the remainder obtained
29 by subtracting 1/12 of the producer's adjusted lease expenditures for the
30 calendar year of production under AS 43.55.165 and 43.55.170 that are
31 deductible under AS 43.55.160 for the oil or gas, respectively,

1 produced from the lease or property from the gross value at the point of
2 production of the oil or gas, respectively, produced from the lease or
3 property during the month for which the installment payment is
4 calculated;

5 (D) for oil and gas subject to AS 43.55.011(p), the lesser of

6 (i) the sum of 25 percent and the tax rate calculated for
7 the month under AS 43.55.011(g) multiplied by the remainder obtained
8 by subtracting 1/12 of the producer's adjusted lease expenditures for the
9 calendar year of production under AS 43.55.165 and 43.55.170 that are
10 deductible for the oil and gas under AS 43.55.160 from the gross value
11 at the point of production of the oil and gas produced from the leases or
12 properties during the month for which the installment payment is
13 calculated, but not less than zero; or

14 (ii) four percent of the gross value at the point of
15 production of the oil and gas produced from the leases or properties
16 during the month, but not less than zero;

17 (2) an amount calculated under (1)(C) of this subsection for oil or gas
18 subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by
19 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as
20 applicable, for gas or set out in AS 43.55.011(k) for oil, but substituting in
21 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable
22 gas produced during the month for the amount of taxable gas produced during the
23 calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced
24 during the month for the amount of taxable oil produced during the calendar year;

25 (3) an installment payment of the estimated tax levied by
26 AS 43.55.011(i) for each lease or property is due for each month of the calendar year
27 on the last day of the following month; the amount of the installment payment is the
28 sum of

29 (A) the applicable tax rate for oil provided under
30 AS 43.55.011(i), multiplied by the gross value at the point of production of the
31 oil taxable under AS 43.55.011(i) and produced from the lease or property

1 during the month; and

2 (B) the applicable tax rate for gas provided under
3 AS 43.55.011(i), multiplied by the gross value at the point of production of the
4 gas taxable under AS 43.55.011(i) and produced from the lease or property
5 during the month;

6 (4) any amount of tax levied by AS 43.55.011, net of any credits
7 applied as allowed by law, that exceeds the total of the amounts due as installment
8 payments of estimated tax is due on March 31 of the year following the calendar year
9 of production;

10 (5) for oil and gas produced on and after January 1, 2014, and before
11 January 1, 2022, an installment payment of the estimated tax levied by
12 AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each
13 month of the calendar year on the last day of the following month; except as otherwise
14 provided under (6) of this subsection, the amount of the installment payment is the
15 sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be
16 applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount
17 of the installment payment may not be less than zero:

18 (A) for oil and gas not subject to AS 43.55.011(o) or (p)
19 produced from leases or properties in the state outside the Cook Inlet
20 sedimentary basin, other than leases or properties subject to AS 43.55.011(f),
21 the greater of

22 (i) zero; or

23 (ii) 35 percent multiplied by the remainder obtained by
24 subtracting 1/12 of the producer's adjusted lease expenditures for the
25 calendar year of production under AS 43.55.165 and 43.55.170 that are
26 deductible for the oil and gas under AS 43.55.160 from the gross value
27 at the point of production of the oil and gas produced from the leases or
28 properties during the month for which the installment payment is
29 calculated;

30 (B) for oil and gas produced from leases or properties subject
31 to AS 43.55.011(f), the greatest of

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(i) zero;

(ii) zero percent, one percent, two percent, three percent, or four percent, as applicable, of the gross value at the point of production of the oil and gas produced from the leases or properties during the month for which the installment payment is calculated; or

(iii) 35 percent multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the oil and gas under AS 43.55.160 from the gross value at the point of production of the oil and gas produced from those leases or properties during the month for which the installment payment is calculated, except that, for the purposes of this calculation, a reduction from the gross value at the point of production may apply for oil and gas subject to AS 43.55.160(f) or (g);

(C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for each lease or property, the greater of

(i) zero; or

(ii) 35 percent multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible under AS 43.55.160 for the oil or gas, respectively, produced from the lease or property from the gross value at the point of production of the oil or gas, respectively, produced from the lease or property during the month for which the installment payment is calculated;

(D) for oil and gas subject to AS 43.55.011(p), the lesser of

(i) 35 percent multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the oil and gas under AS 43.55.160 from the gross value at the point of production of the oil and gas produced from the leases or

1 properties during the month for which the installment payment is
2 calculated, but not less than zero; or

3 (ii) four percent of the gross value at the point of
4 production of the oil and gas produced from the leases or properties
5 during the month, but not less than zero;

6 (6) an amount calculated under (5)(C) of this subsection for oil or gas
7 subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by
8 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as
9 applicable, for gas or set out in AS 43.55.011(k) for oil, but substituting in
10 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable
11 gas produced during the month for the amount of taxable gas produced during the
12 calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced
13 during the month for the amount of taxable oil produced during the calendar year;

14 (7) for oil and gas produced on or after January 1, 2022, an installment
15 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied
16 as allowed by law, is due for each month of the calendar year on the last day of the
17 following month; except as otherwise provided under (10) of this subsection, the
18 amount of the installment payment is the sum of the following amounts, less 1/12 of
19 the tax credits that are allowed by law to be applied against the tax levied by
20 AS 43.55.011(e) for the calendar year, but the amount of the installment payment may
21 not be less than zero:

22 (A) for oil produced from leases or properties subject to
23 AS 43.55.011(f), the greatest of

24 (i) zero;

25 (ii) **the percent applicable under AS 43.55.011(f)**
26 [ZERO PERCENT, ONE PERCENT, TWO PERCENT, THREE
27 PERCENT, OR FOUR PERCENT, AS APPLICABLE,] of the gross
28 value at the point of production of the oil produced from the leases or
29 properties during the month for which the installment payment is
30 calculated; or

31 (iii) 35 percent multiplied by the remainder obtained by

1 subtracting 1/12 of the producer's adjusted lease expenditures for the
2 calendar year of production under AS 43.55.165 and 43.55.170 that are
3 deductible for the oil under AS 43.55.160(h)(1) from the gross value at
4 the point of production of the oil produced from those leases or
5 properties during the month for which the installment payment is
6 calculated, except that, for the purposes of this calculation, a reduction
7 from the gross value at the point of production may apply for oil
8 subject to AS 43.55.160(f) or 43.55.160(f) and (g);

9 (B) for oil produced before or during the last calendar year
10 under AS 43.55.024(b) for which the producer could take a tax credit under
11 AS 43.55.024(a), from leases or properties in the state outside the Cook Inlet
12 sedimentary basin, no part of which is north of 68 degrees North latitude, other
13 than leases or properties subject to AS 43.55.011(o) or (p), the greater of

14 (i) zero; or

15 (ii) 35 percent multiplied by the remainder obtained by
16 subtracting 1/12 of the producer's adjusted lease expenditures for the
17 calendar year of production under AS 43.55.165 and 43.55.170 that are
18 deductible for the oil under AS 43.55.160(h)(2) from the gross value at
19 the point of production of the oil produced from the leases or properties
20 during the month for which the installment payment is calculated;

21 (C) for oil and gas produced from leases or properties subject
22 to AS 43.55.011(p), except as otherwise provided under (8) of this subsection,
23 the sum of

24 (i) 35 percent multiplied by the remainder obtained by
25 subtracting 1/12 of the producer's adjusted lease expenditures for the
26 calendar year of production under AS 43.55.165 and 43.55.170 that are
27 deductible for the oil under AS 43.55.160(h)(3) from the gross value at
28 the point of production of the oil produced from the leases or properties
29 during the month for which the installment payment is calculated, but
30 not less than zero; and

31 (ii) 13 percent of the gross value at the point of

1 production of the gas produced from the leases or properties during the
2 month, but not less than zero;

3 (D) for oil produced from leases or properties in the state, no
4 part of which is north of 68 degrees North latitude, other than leases or
5 properties subject to (B), (C), or (F) of this paragraph, the greater of

6 (i) zero; or

7 (ii) 35 percent multiplied by the remainder obtained by
8 subtracting 1/12 of the producer's adjusted lease expenditures for the
9 calendar year of production under AS 43.55.165 and 43.55.170 that are
10 deductible for the oil under AS 43.55.160(h)(4) from the gross value at
11 the point of production of the oil produced from the leases or properties
12 during the month for which the installment payment is calculated;

13 (E) for gas produced from each lease or property in the state
14 outside the Cook Inlet sedimentary basin, other than a lease or property subject
15 to AS 43.55.011(o) or (p), 13 percent of the gross value at the point of
16 production of the gas produced from the lease or property during the month for
17 which the installment payment is calculated, but not less than zero;

18 (F) for oil subject to AS 43.55.011(k), for each lease or
19 property, the greater of

20 (i) zero; or

21 (ii) 35 percent multiplied by the remainder obtained by
22 subtracting 1/12 of the producer's adjusted lease expenditures for the
23 calendar year of production under AS 43.55.165 and 43.55.170 that are
24 deductible under AS 43.55.160 for the oil produced from the lease or
25 property from the gross value at the point of production of the oil
26 produced from the lease or property during the month for which the
27 installment payment is calculated;

28 (G) for gas subject to AS 43.55.011(j) or (o), for each lease or
29 property, the greater of

30 (i) zero; or

31 (ii) 13 percent of the gross value at the point of

1 production of the gas produced from the lease or property during the
2 month for which the installment payment is calculated;

3 (8) an amount calculated under (7)(C) of this subsection may not
4 exceed four percent of the gross value at the point of production of the oil and gas
5 produced from leases or properties subject to AS 43.55.011(p) during the month for
6 which the installment payment is calculated;

7 (9) for purposes of the calculation under (1)(B)(ii), (5)(B)(ii), and
8 (7)(A)(ii) of this subsection, the applicable percentage of the gross value at the point
9 of production is determined under AS 43.55.011(f) [AS 43.55.011(f)(1) or (2)] but
10 substituting the phrase "month for which the installment payment is calculated" in
11 AS 43.55.011(f)(1) and (2) for the phrase "calendar year for which the tax is due";

12 (10) an amount calculated under (7)(F) or (G) of this subsection for oil
13 or gas subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by
14 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as
15 applicable, for gas, or set out in AS 43.55.011(k) for oil, but substituting in
16 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable
17 gas produced during the month for the amount of taxable gas produced during the
18 calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced
19 during the month for the amount of taxable oil produced during the calendar year.

20 * **Sec. 32.** AS 43.55.020 is amended by adding a new subsection to read:

21 (n) If oil or gas is produced and sold at no cost or under circumstances in
22 which the sales price does not represent the prevailing value for oil or gas of like kind,
23 quality, or character for the field, unit, or area from which the product is produced, the
24 department shall require tax to be paid based on the value of the oil or gas. To
25 determine the value of the oil or gas for purposes of this subsection, the department

26 (1) shall base the value for oil or gas on the value of oil or gas of the
27 same kind, quality, and character prevailing for that field, unit, or area during the
28 calendar month of production or sale; and

29 (2) may not base a value for oil or gas on oil or gas sold at no cost or at
30 a cost substantially lower than that of other oil or gas of the same kind, quality, and
31 character.

1 * **Sec. 33.** AS 43.55.023(c) is amended to read:

2 (c) A credit or portion of a credit under this section

3 (1) may not be used to reduce a person's tax liability under
4 AS 43.55.011(e) for any calendar year below zero;

5 (2) may, if not used under this subsection, be applied in a later
6 calendar year;

7 (3) may, regardless of when the credit was earned, be used to satisfy a
8 tax, interest, penalty, fee, or other charge that

9 (A) is related to the tax due under this chapter for a prior year,
10 except for a surcharge under AS 43.55.201 - 43.55.299, [OR] 43.55.300, or
11 43.55.320 or the tax levied by AS 43.55.011(i) or 43.55.014; and

12 (B) has not, for the purpose of art. IX, sec. 17(a), Constitution
13 of the State of Alaska, been subject to an administrative proceeding or
14 litigation.

15 * **Sec. 34.** AS 43.55.023(e) is amended to read:

16 (e) A person to which a transferable tax credit certificate is issued under (d) of
17 this section may transfer the certificate to another person, and a transferee may further
18 transfer the certificate. Subject to the limitations set out in (a) - (d) of this section, and
19 notwithstanding any action the department may take with respect to the applicant
20 under (g) of this section, the owner of a certificate may apply the credit or a portion of
21 the credit shown on the certificate

22 (1) against a tax levied by AS 43.55.011(e); however, a credit shown
23 on a transferable tax credit certificate may not be applied under this paragraph to
24 reduce a transferee's total tax liability under AS 43.55.011(e) for oil and gas produced
25 during a calendar year to less than 80 percent of the tax that would otherwise be due
26 without applying that credit; any portion of a credit not used under this paragraph may
27 be applied in a later period; or

28 (2) regardless of when the credit was earned, to satisfy a tax, interest,
29 penalty, fee, or other charge that

30 (A) is related to the tax due under this chapter, except for a
31 surcharge under AS 43.55.201 - 43.55.299, [OR] 43.55.300, or 43.55.320 or

1 the tax levied by AS 43.55.011(i) or 43.55.014;

2 (B) is for a calendar year before the year in which the
3 certificate is applied; and

4 (C) has not, for the purpose of art. IX, sec. 17(a), Constitution
5 of the State of Alaska, been subject to an administrative proceeding or
6 litigation.

7 * **Sec. 35.** AS 43.55.025(h) is amended to read:

8 (h) A producer that purchases a production tax credit certificate may apply the
9 credits against its production tax levied by AS 43.55.011(e). Regardless of the price
10 the producer paid for the certificate, the producer may receive a credit against its
11 production tax liability for the full amount of the credit, but for not more than the
12 amount for which the certificate is issued. A production tax credit or a portion of a
13 production tax credit or a production tax credit certificate or a portion of a production
14 tax credit certificate allowed under this section

15 (1) may not be applied more than once;

16 (2) may be applied in a later calendar year;

17 (3) may, regardless of when the credit was earned, be applied to satisfy
18 a tax, interest, penalty, fee, or other charge that

19 (A) is related to the tax due under this chapter for a prior year,
20 except for a surcharge under AS 43.55.201 - 43.55.299, [OR] 43.55.300, or
21 43.55.320 or the tax levied by AS 43.55.011(i) or 43.55.014; and

22 (B) has not, for the purpose of art. IX, sec. 17(a), Constitution
23 of the State of Alaska, been subject to an administrative proceeding or
24 litigation.

25 * **Sec. 36.** AS 43.55.165(e) is amended to read:

26 (e) For purposes of this section, lease expenditures do not include

27 (1) depreciation, depletion, or amortization;

28 (2) oil or gas royalty payments, production payments, lease profit
29 shares, or other payments or distributions of a share of oil or gas production, profit, or
30 revenue, except that a producer's lease expenditures applicable to oil and gas produced
31 from a lease issued under AS 38.05.180(f)(3)(B), (D), or (E) include the share of net

1 profit paid to the state under that lease;

2 (3) taxes based on or measured by net income;

3 (4) interest or other financing charges or costs of raising equity or debt
4 capital;

5 (5) acquisition costs for a lease or property or exploration license;

6 (6) costs arising from fraud, wilful misconduct, gross negligence,
7 violation of law, or failure to comply with an obligation under a lease, permit, or
8 license issued by the state or federal government;

9 (7) fines or penalties imposed by law;

10 (8) costs of arbitration, litigation, or other dispute resolution activities
11 that involve the state or concern the rights or obligations among owners of interests in,
12 or rights to production from, one or more leases or properties or a unit;

13 (9) costs incurred in organizing a partnership, joint venture, or other
14 business entity or arrangement;

15 (10) amounts paid to indemnify the state; the exclusion provided by
16 this paragraph does not apply to the costs of obtaining insurance or a surety bond from
17 a third-party insurer or surety;

18 (11) surcharges levied under AS 43.55.201, [OR] 43.55.300, **or**
19 **43.55.320**;

20 (12) an expenditure otherwise deductible under (b) of this section that
21 is a result of an internal transfer, a transaction with an affiliate, or a transaction
22 between related parties, or is otherwise not an arm's length transaction, unless the
23 producer establishes to the satisfaction of the department that the amount of the
24 expenditure does not exceed the fair market value of the expenditure;

25 (13) an expenditure incurred to purchase an interest in any corporation,
26 partnership, limited liability company, business trust, or any other business entity,
27 whether or not the transaction is treated as an asset sale for federal income tax
28 purposes;

29 (14) a tax levied under AS 43.55.011 or 43.55.014;

30 (15) costs incurred for dismantlement, removal, surrender, or
31 abandonment of a facility, pipeline, well pad, platform, or other structure, or for the

1 restoration of a lease, field, unit, area, tract of land, body of water, or right-of-way in
2 conjunction with dismantlement, removal, surrender, or abandonment; a cost is not
3 excluded under this paragraph if the dismantlement, removal, surrender, or
4 abandonment for which the cost is incurred is undertaken for the purpose of replacing,
5 renovating, or improving the facility, pipeline, well pad, platform, or other structure;

6 (16) costs incurred for containment, control, cleanup, or removal in
7 connection with any unpermitted release of oil or a hazardous substance and any
8 liability for damages imposed on the producer or explorer for that unpermitted release;
9 this paragraph does not apply to the cost of developing and maintaining an oil
10 discharge prevention and contingency plan under AS 46.04.030;

11 (17) costs incurred to satisfy a work commitment under an exploration
12 license under AS 38.05.132;

13 (18) that portion of expenditures, that would otherwise be qualified
14 capital expenditures, as defined in AS 43.55.023, incurred during a calendar year that
15 are less than the product of \$0.30 multiplied by the total taxable production from each
16 lease or property, in BTU equivalent barrels, during that calendar year, except that,
17 when a portion of a calendar year is subject to this provision, the expenditures and
18 volumes shall be prorated within that calendar year;

19 (19) costs incurred for repair, replacement, or deferred maintenance of
20 a facility, a pipeline, a structure, or equipment, other than a well, that results in or is
21 undertaken in response to a failure, problem, or event that results in an unscheduled
22 interruption of, or reduction in the rate of, oil or gas production; or costs incurred for
23 repair, replacement, or deferred maintenance of a facility, a pipeline, a structure, or
24 equipment, other than a well, that is undertaken in response to, or is otherwise
25 associated with, an unpermitted release of a hazardous substance or of gas; however,
26 costs under this paragraph that would otherwise constitute lease expenditures under (a)
27 and (b) of this section may be treated as lease expenditures if the department
28 determines that the repair or replacement is solely necessitated by an act of war, by an
29 unanticipated grave natural disaster or other natural phenomenon of an exceptional,
30 inevitable, and irresistible character, the effects of which could not have been
31 prevented or avoided by the exercise of due care or foresight, or by an intentional or

1 negligent act or omission of a third party, other than a party or its agents in privity of
2 contract with, or employed by, the producer or an operator acting for the producer, but
3 only if the producer or operator, as applicable, exercised due care in operating and
4 maintaining the facility, pipeline, structure, or equipment, and took reasonable
5 precautions against the act or omission of the third party and against the consequences
6 of the act or omission; in this paragraph,

7 (A) "costs incurred for repair, replacement, or deferred
8 maintenance of a facility, a pipeline, a structure, or equipment" includes costs
9 to dismantle and remove the facility, pipeline, structure, or equipment that is
10 being replaced;

11 (B) "hazardous substance" has the meaning given in
12 AS 46.03.826;

13 (C) "replacement" includes renovation or improvement;

14 (20) costs incurred to construct, acquire, or operate a refinery or crude
15 oil topping plant, regardless of whether the products of the refinery or topping plant
16 are used in oil or gas exploration, development, or production operations; however, if
17 a producer owns a refinery or crude oil topping plant that is located on or near the
18 premises of the producer's lease or property in the state and that processes the
19 producer's oil produced from that lease or property into a product that the producer
20 uses in the operation of the lease or property in drilling for or producing oil or gas, the
21 producer's lease expenditures include the amount calculated by subtracting from the
22 fair market value of the product used the prevailing value, as determined under
23 AS 43.55.020(f), of the oil that is processed;

24 (21) costs of lobbying, public relations, public relations advertising, or
25 policy advocacy;

26 (22) costs incurred as part of a capital expenditure or other action taken
27 for a carbon management purpose under AS 38.05.081 or a carbon offset project under
28 AS 38.95.400 - 38.95.499;

29 (23) costs incurred for carbon capture or carbon storage, including fees
30 incurred under AS 41.06.160, surcharges incurred under AS 41.06.175, or costs
31 associated with obtaining, operating, or maintaining a license or lease under

1 AS 38.05.700 - 38.05.795; in this paragraph,

2 (A) "carbon capture" means the process of capturing carbon
3 dioxide from a chemical, mechanical, or industrial process, or directly from the
4 ambient atmosphere, and reducing the carbon dioxide to a concentrated form,
5 including a supercritical fluid; "carbon capture" does not include gas
6 processing or gas treatment;

7 (B) "carbon storage" means the long-term geologic storage of
8 carbon dioxide in a carbon storage facility permitted under AS 41.06.120 or a
9 Class VI injection well, as defined in 40 C.F.R. 146.5(f).

10 * **Sec. 37.** AS 43.55.201(b) is amended to read:

11 (b) The surcharge imposed by (a) of this section is in addition to the tax
12 imposed by AS 43.55.011 and is due on the last day of the month on oil produced
13 from each lease or property during the preceding month. The surcharge is in addition
14 to the surcharge imposed by AS 43.55.300 - 43.55.310 and 43.55.320.

15 * **Sec. 38.** AS 43.55 is amended by adding new sections to article 3 to read:

16 **Sec. 43.55.320. Infrastructure maintenance surcharge on oil.** (a) Every
17 producer of oil shall pay a surcharge of \$0.30 per barrel of oil produced from each
18 lease or property in the state, less any oil the ownership or right to which is exempt
19 from taxation.

20 (b) The surcharge imposed by (a) of this section is in addition to the tax
21 imposed by AS 43.55.011 and the surcharges imposed by AS 43.55.201 and
22 43.55.300.

23 (c) A tax credit authorized under this chapter may not be applied to reduce a
24 producer's liability for the surcharge.

25 (d) The surcharge is due on the last day of the month on oil produced from
26 each lease or property during the preceding month. The surcharge shall be paid at the
27 same time and in the same manner as the surcharge imposed under AS 43.55.201.

28 **Sec. 43.55.325. Dalton Highway pipeline corridor maintenance fund.** (a)
29 The Dalton Highway pipeline corridor maintenance fund is established in the general
30 fund.

31 (b) The legislature may appropriate to the fund the revenue collected under

AS 43.55.320 and other money.

(c) Money in the fund may be used by the legislature to make appropriations for maintenance and operation costs of the James Dalton Highway (AS 19.40) and within the James Dalton Highway corridor.

(d) Nothing in this section creates a dedicated fund.

* Sec. 39. AS 43.55.900(24) is amended to read:

(24) "surcharge" means

(A) when used in AS 43.55.201 - 43.55.299, the surcharge levied by AS 43.55.201;

(B) when used in AS 43.55.300 - 43.55.310, the surcharge levied by AS 43.55.300;

(C) when used in AS 43.55.320 - 43.55.325, the surcharge levied by AS 43.55.320;

* Sec. 40. AS 43.56.020(b) is amended to read:

(b) There is exempt from state taxes levied or authorized under AS 43.56.010(a),

(1) before the construction commencement date, property that is committed by contract or other agreement for use in this state primarily for the production or pipeline transportation of gas or unrefined oil, or in the operation or maintenance of facilities for the production or pipeline transportation of gas or unrefined oil; **and**

(2) a spur line that services a Fairbanks natural gas utility.

* Sec. 41. AS 43.56.020(d) is amended to read:

(d) **Real or personal property used or committed by contract or other agreement for the construction, operation, or maintenance** [TAXABLE PROPERTY] of a natural gas pipeline project [OWNED OR FINANCED BY THE ALASKA GASLINE DEVELOPMENT CORPORATION OR A JOINT VENTURE, PARTNERSHIP, OR OTHER ENTITY THAT INCLUDES THE ALASKA GASLINE DEVELOPMENT CORPORATION] is exempt from state taxes levied or authorized under AS 43.56.010(a) and municipal taxes levied or authorized under AS 43.56.010(b) [BEFORE THE COMMENCEMENT OF COMMERCIAL

1 OPERATIONS OF THAT NATURAL GAS PIPELINE PROJECT]. In this
2 subsection, **"natural gas pipeline project" means a natural gas pipeline project**
3 **subject to, or expected by the department to be subject to, the tax under**
4 **AS 43.59.010** ["COMMENCEMENT OF COMMERCIAL OPERATIONS" MEANS
5 THE FIRST FLOW OF NATURAL GAS IN THE PROJECT THAT GENERATES
6 REVENUE TO THE OWNERS OF THE NATURAL GAS PIPELINE PROJECT].

7 * **Sec. 42.** AS 43.56.020(d), as amended by sec. 41 of this Act, is amended to read:

8 (d) **Taxable property** [REAL OR PERSONAL PROPERTY USED OR
9 COMMITTED BY CONTRACT OR OTHER AGREEMENT FOR THE
10 CONSTRUCTION, OPERATION, OR MAINTENANCE] of a natural gas pipeline
11 project **owned or financed by the Alaska Gasline Development Corporation or a**
12 **joint venture, partnership, or other entity that includes the Alaska Gasline**
13 **Development Corporation** is exempt from state taxes levied or authorized under
14 AS 43.56.010(a) and municipal taxes levied or authorized under AS 43.56.010(b)
15 **before the commencement of commercial operations of that natural gas pipeline**
16 **project.** In this subsection, **"commencement of commercial operations" means the**
17 **first flow of natural gas in the project that generates revenue to the owners of the**
18 **natural gas pipeline project** ["NATURAL GAS PIPELINE PROJECT" MEANS A
19 NATURAL GAS PIPELINE PROJECT SUBJECT TO, OR EXPECTED BY THE
20 DEPARTMENT TO BE SUBJECT TO, THE TAX UNDER AS 43.59.010].

21 * **Sec. 43.** AS 43.56.030 is amended to read:

22 **Sec. 43.56.030. In place of other taxes.** Except for those taxes imposed under
23 AS 43.55, the taxes levied or authorized under AS 43.56.010(b) are in place of

24 (1) all other ad valorem taxes or other taxes imposed by a municipality
25 on property subject to tax under this chapter or exempted from taxation by
26 AS 43.56.020; and

27 (2) all other taxes imposed by a municipality on or with respect to the
28 property subject to tax under this chapter or exempted from taxation by AS 43.56.020,
29 including [, BUT NOT LIMITED TO,]

30 (A) taxes on the retail sale or use of the property except for the
31 retail sales tax on the first \$1,000 of each sale;

(B) taxes on the sale or use of gas, **including liquefied natural gas,** or unrefined oil;

(C) taxes on the sale or use of services used in or associated with the property or in its maintenance or operation except for the sales tax on the first \$1,000 of each sale;

(D) taxes on or measured by gross or net income from the property, including income from

(i) the exploration for, production of, or pipeline transportation of gas or unrefined oil or property; **or**

(ii) a liquefied natural gas plant; and

(E) any license, excise, fee, charge or other tax on or pertaining to the property or services.

* **Sec. 44.** AS 43.56.060(a) is amended to read:

(a) The department shall assess, **at its full and true value as of January 1 of the assessment year,** property for the tax levied under AS 43.56.010(b) and AS 29.45.080 on property used or committed by contract or other agreement for use

(1) for the pipeline transportation of gas or unrefined oil or for the production of gas or unrefined oil;

(2) as part of or related to a liquefied natural gas plant [AT ITS FULL AND TRUE VALUE AS OF JANUARY 1 OF THE ASSESSMENT YEAR].

* **Sec. 45.** AS 43.56.210(5) is amended to read:

(5) "taxable property"

(A) means real and tangible personal property used or committed by contract or other agreement for use within this state primarily in the exploration for, production of, or pipeline transportation of gas or unrefined oil (except for property used solely for the retail distribution or liquefaction of natural gas), or in the operation or maintenance of facilities used in the exploration for, production of, or pipeline transportation of gas or unrefined oil; "taxable property" includes

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

(ii) drilling rigs, wells (whether producing or not),

gathering lines and transmission lines, pumping stations, compressor stations, power plants, topping plants, and processing units;

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

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

(v) maintenance equipment and facilities, and maintenance camps and other related facilities; [AND]

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

(vii) a marine export terminal;

(B) means a liquefied natural gas plant;

(C) does not include

(i) permanent residences;

(ii) office buildings requiring substantial local government services;

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

(iv) aircraft and motor vehicles, except aircraft and motor vehicles taxable under (A)(iv) of this paragraph; and

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

* **Sec. 46.** AS 43.56.210 is amended by adding new paragraphs to read:

(7) "liquefied natural gas plant" means a facility for liquefying natural

1 gas and includes structures, equipment, underlying land rights, other associated
2 systems, storage, and facilities for off-loading liquefied natural gas;

3 (8) "marine export terminal" means

4 (A) a terminal and related facilities required to export gas or
5 unrefined oil by marine transportation; and

6 (B) auxiliary vessels used in the operation of the terminal.

7 * **Sec. 47.** AS 43 is amended by adding a new chapter to read:

8 **Chapter 59. Pipeline Alternative Volumetric Tax.**

9 **Sec. 43.59.010. Alternative volumetric tax.** (a) The owner of a qualified
10 property shall pay an alternative volumetric tax on the throughput of the qualified
11 property. Subject to AS 43.59.015, the alternative volumetric tax applies beginning the
12 day after the commencement of commercial operations of the qualified property. If a
13 qualified property has multiple owners, each owner shall pay the tax in proportion to
14 ownership.

15 (b) The volumetric tax for each 1,000 cubic feet of natural gas

16 (1) transported through a gas treatment plant or carbon capture facility
17 is

18 (A) \$0.06 before the date that throughput of natural gas
19 transported through the gas treatment plant or carbon capture facility first
20 exceeds 250,000,000 cubic feet of natural gas a day;

21 (B) \$0.10 on and after the date that throughput of natural gas
22 transported through the gas treatment plant or carbon capture facility first
23 exceeds 250,000,000 cubic feet of natural gas a day;

24 (2) transported through a gas pipeline is

25 (A) \$0.06 on and after the date the gas pipeline commences
26 commercial operations but before throughput of natural gas transported
27 through the gas pipeline first exceeds 250,000,000 cubic feet of natural gas a
28 day;

29 (B) \$0.15 on and after the date that throughput of natural gas
30 transported through the gas pipeline first exceeds 250,000,000 cubic feet of
31 natural gas a day;

1 (3) processed by a liquefied natural gas plant is \$0.15 on and after the
2 date the liquefied natural gas plant commences commercial operations.

3 (c) The department shall adjust each tax rate under (b) of this section for
4 inflation, based on the percentage increase during the previous calendar year in the
5 Consumer Price Index for all urban consumers for urban Alaska, as determined by the
6 United States Department of Labor, Bureau of Labor Statistics. The department shall
7 adjust the tax rate

8 (1) under (b)(1)(A) of this section beginning January 1 following five
9 full calendar years of application of the tax under (b)(1)(A) of this section;

10 (2) under (b)(1)(B) of this section beginning January 1 following the
11 first full calendar year of application of the tax under (b)(1)(B) of this section;

12 (3) under (b)(2)(A) of this section beginning January 1 following the
13 first full five calendar years after the gas pipeline commences commercial operations;

14 (4) under (b)(2)(B) of this section beginning January 1 following the
15 first full calendar year of application of the tax under (b)(2)(B) of this section;

16 (5) under (b)(3) of this section beginning January 1 following the first
17 full calendar year after the liquefied natural gas plant commences commercial
18 operations.

19 (d) For purposes of determining throughput as required to assess the tax rate
20 under (b) of this section, the department shall calculate throughput as a rolling average
21 over a consecutive 30-day period.

22 (e) The tax levied under this section is in place of all property taxes levied on
23 qualified property, including taxes levied under AS 43.56.010 and AS 29.45.080.

24 (f) The Alaska Gasline Development Corporation (AS 31.25), or a subsidiary
25 of the corporation, shall pay the tax levied under this section.

26 (g) The alternative tax under this section does not apply to a spur line. Except
27 as provided in AS 43.56.020(b)(2), property associated with a spur line remains
28 subject to taxation under AS 43.56.010. In this subsection, "spur line" means a natural
29 gas transmission line or lateral line

30 (1) that branches from the main natural gas pipeline project to deliver
31 natural gas to a local community or utility distribution system; or

1 (2) described in AS 31.25.005(4), or similar infrastructure not serving
2 as the primary export or mainline transmission facility.

3 **Sec. 43.59.015. Additional payment; application of alternative volumetric**
4 **tax.** (a) The owner of qualified property shall

5 (1) make a payment of at least \$50,000,000, as described in
6 AS 44.33.850(b), to the state during the calendar year in which construction of a gas
7 pipeline commences; for purposes of this paragraph, construction of a gasline
8 commences when

9 (A) multiple sections of steel pipe that are intended for use as
10 part of a gas pipeline are laying and welding together in an excavated trench;
11 and

12 (B) at least one work camp has been established along the gas
13 pipeline route that is intended to provide crew quarters and services during
14 construction of the gas pipeline;

15 (2) for each of the five calendar years after the payment made under
16 (1) of this subsection, make a payment of at least \$30,000,000, as described in
17 AS 44.33.850(c), to the state.

18 (b) The tax under AS 43.59.010 is suspended for the calendar year
19 immediately after a calendar year in which an owner of qualified property does not
20 make a payment required under (a)(2) of this section. If the tax under AS 43.59.010 is
21 suspended under this subsection, an owner of qualified property shall pay all other
22 property taxes levied on the qualified property, including taxes levied under
23 AS 43.56.010 and AS 29.45.080.

24 (c) Except as provided in (b) of this section, there is not a penalty or other
25 consequence for failing to make a payment under this section.

26 **Sec. 43.59.020. Returns; payment of tax and fee.** (a) Every person having
27 direct ownership or control of an interest in qualified property subject to tax under
28 AS 43.59.010 shall file a return with the department on or before the last day of each
29 month. The return must state the throughput, in cubic feet of natural gas a day, of the
30 qualified property for the month preceding the month in which the return is due. The
31 owner of the qualified property shall, at the time the return is filed, pay the tax due

1 under AS 43.59.010 for the month preceding the return. A payment under this
2 subsection is considered late if the payment is not received by the department on or
3 before the last day of the month in which the return is due.

4 (b) If payment of the tax levied under AS 43.59.010 is delinquent, the
5 department shall assess a penalty of 10 percent of the amount of delinquent taxes and
6 interest on the delinquent taxes, exclusive of penalty, at the rate specified in
7 AS 43.05.225.

8 **Sec. 43.59.030. Remedy.** The remedy of distraint of property set out in
9 AS 43.20.270 applies to the tax levied under AS 43.59.010. However, only the
10 qualified property may be distrained.

11 **Sec. 43.59.040. Allocation of volumetric tax.** The department shall separately
12 account for the tax collected under AS 43.59.010(b)(1), (2), and (3). Each year, the
13 legislature may appropriate

14 (1) to the North Slope Borough, 50 percent of the tax collected on the
15 throughput of a gas treatment plant or carbon capture facility under
16 AS 43.59.010(b)(1);

17 (2) 50 percent of the tax collected on pipeline throughput under
18 AS 43.59.010(b)(2) to affected areas of the state, with appropriations proportionately
19 divided among the municipalities and the unorganized borough through which the gas
20 pipeline runs; to determine the proportional distribution under this paragraph, the
21 length of pipeline in a municipality is divided by the total length of the pipeline; the
22 state shall retain the portions of the tax for the proportion of the pipeline in the
23 unorganized borough;

24 (3) 50 percent of the tax collected on pipeline throughput under
25 AS 43.59.010(b)(2) to municipalities, to reserves, and to communities in the
26 unorganized borough, distributed on a per capita basis under AS 29.60.860;

27 (4) to the Kenai Peninsula Borough, 50 percent of the tax collected on
28 the throughput of a liquefied natural gas plant under AS 43.59.010(b)(3).

29 **Sec. 43.59.050. Throughput; regulations.** The department shall adopt
30 regulations under AS 44.62 (Administrative Procedure Act) to implement this chapter,
31 including procedures for measuring throughput, throughput reporting, and calculating

1 the rolling average of throughput. For purposes of measuring throughput in regulations
2 adopted under this section, natural gas

3 (1) sold or otherwise delivered at an outlet or offtake point along the
4 gas pipeline is included in throughput;

5 (2) consumed as fuel for the operation of a liquefaction facility,
6 including fuel consumed for refrigeration, is not included in throughput when
7 calculating the tax for natural gas processed by a liquefied natural gas plant under
8 AS 43.59.010(b)(3);

9 (3) consumed as fuel for pipeline compression is not included in
10 throughput.

11 **Sec. 43.59.100. Definitions.** In this chapter,

12 (1) "commencement of commercial operations" means the first flow of
13 natural gas in the qualified property that generates revenue to the owners of the
14 qualified property;

15 (2) "department" means the Department of Revenue;

16 (3) "gas pipeline" has the meaning given in AS 31.25.390;

17 (4) "gas treatment plant" has the meaning given in AS 31.25.390;

18 (5) "liquefied natural gas plant" has the meaning given in
19 AS 31.25.390;

20 (6) "qualified property" means a major component of an Alaska
21 liquefied natural gas project as defined in AS 31.25.390, taxed under AS 43.59.010(b)

22 (A) for which construction commenced on or after January 1,
23 2026; and

24 (B) that is owned by an instrumentality of the state or a joint
25 venture, partnership, or other affiliated entity that includes an instrumentality
26 of the state.

27 * **Sec. 48.** AS 44.33 is amended by adding a new section to read:

28 **Article 13A. Alaska Gasline Community Impact Fund.**

29 **Sec. 44.33.850. Alaska gasline community impact fund.** (a) The Alaska
30 gasline community impact fund is established as a separate fund in the state treasury.
31 The fund consists of money appropriated to the fund. The department shall administer

1 the fund for the purposes set out in this section. Money in the fund does not lapse.
2 Nothing in this section creates a dedicated fund.

3 (b) The gasline construction impact account is created as a separate account in
4 the fund. The account consists of money appropriated to the account. Upon the state's
5 receipt of a one-time payment intended to offset the effects of construction of a gas
6 pipeline from an entity that has partnered with the Alaska Gasline Development
7 Corporation (AS 31.25), the legislature may appropriate \$50,000,000 of the payment
8 to the account. The department shall timely distribute grants from the account to
9 communities for activities, services, or facilities that offset actual or expected effects
10 of construction of a gas pipeline. When administering grants from the account, the
11 department shall prioritize granting awards based on the needs of the community, the
12 severity of the effects caused by construction of the pipeline, and the correlation of the
13 effect to the construction of the pipeline.

14 (c) The statewide gasline impact account is created as a separate account in
15 the fund. The account consists of money appropriated to the account. Each year, the
16 legislature may appropriate to the account up to \$30,000,000 of revenue or receipts
17 received by the state as a result of construction of a gas pipeline or from an entity that
18 has partnered with the Alaska Gasline Development Corporation (AS 31.25). Each
19 year, the department shall distribute the money in the account to eligible
20 municipalities, to reserves, and to communities on a per capita basis in accordance
21 with AS 29.60.860.

22 (d) The department shall submit an annual report of fund activity to the senate
23 secretary and the chief clerk of the house of representatives on or before the first day
24 of each regular session of the legislature and shall notify the legislature that the report
25 is available. The report must contain

26 (1) a summary of the grants provided from the gasline construction
27 impact account established under (b) of this section, including

28 (A) the name of each grantee for the preceding calendar year;

29 (B) a summary of projects funded in the preceding calendar
30 year and an explanation of how the project offset an actual or expected effect
31 of the construction of a gas pipeline;

1 (C) a determination of whether the grants provided in the
 2 preceding calendar year offset the entire expected effect of the construction of
 3 a gas pipeline, as described in the grant request for that project;

4 (D) a list of outstanding grant applications;

5 (E) a list of all grant payments, beginning on inception of the
 6 grant program;

7 (2) a list of all communities that, in the preceding calendar year,
 8 received funds distributed from the statewide gasline impact account established under
 9 (c) of this section.

10 (e) In this section,

11 (1) "department" means the Department of Commerce, Community,
 12 and Economic Development;

13 (2) "fund" means the Alaska gasline community impact fund
 14 established under (a) of this section;

15 (3) "gas pipeline" has the meaning given in AS 31.25.390.

16 * **Sec. 49.** AS 31.25.030(d) and AS 42.05.711(v) are repealed.

17 * **Sec. 50.** AS 14.17.510(d); AS 29.45.050(aa), 29.45.080(g); AS 29.60.860(e);
 18 AS 43.56.020(b)(2); AS 43.59.010, 43.59.020, 43.59.030, 43.59.040, 43.59.050, and
 19 43.59.100 are repealed.

20 * **Sec. 51.** AS 44.33.850 is repealed.

21 * **Sec. 52.** AS 44.33.850(b) is repealed.

22 * **Sec. 53.** AS 29.60.860(d) and AS 44.33.850(c) are repealed.

23 * **Sec. 54.** The uncodified law of the State of Alaska is amended by adding a new section to
 24 read:

25 APPROPRIATIONS TO THE ALASKA GASLINE COMMUNITY IMPACT FUND
 26 AND THE STATEWIDE GASLINE IMPACT ACCOUNT. (a) The legislature may
 27 appropriate to the gasline construction impact account established under AS 44.33.850(b),
 28 added by sec. 48 of this Act, \$50,000,000 of revenue or receipts received by the state as a
 29 result of the construction of a gas pipeline or from an entity that has partnered with the Alaska
 30 Gasline Development Corporation (AS 31.25).

31 (b) The legislature may appropriate to the statewide gasline impact account

1 established under AS 44.33.850(c), added by sec. 48 of this Act, revenue or receipts for five
2 consecutive fiscal years, beginning the fiscal year after the legislature appropriates
3 \$50,000,000 to the gasline construction impact account, as described (a) of this section.

4 * **Sec. 55.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 APPLICABILITY: ALASKA GASLINE DEVELOPMENT CORPORATION
7 CONFIDENTIALITY AGREEMENTS, SUBSIDIARIES, NOTIFICATIONS, LEGAL
8 RELATIONSHIPS. (a) AS 31.25.080(a)(1), (6), and (24), as amended by sec. 12 of this Act,
9 apply to a transfer or disposition occurring on or after the effective date of sec. 12 of this Act.

10 (b) AS 31.25.090(k) and (m), added by sec. 15 of this Act, apply to a confidentiality
11 agreement entered into on or after the effective date of sec. 15 of this Act.

12 (c) AS 31.25.145, added by sec. 19 of this Act, applies to revenue generated on and
13 after the effective date of sec. 19 of this Act.

14 (d) AS 31.25.280, added by sec. 23 of this Act, applies to a legal relationship with a
15 foreign entity entered into on or after the effective date of sec. 23 of this Act. In this
16 subsection, "legal relationship" has the meaning given in AS 31.25.280(c), added by sec. 23
17 of this Act.

18 (e) AS 31.25.285, added by sec. 23 of this Act, applies to a legal relationship entered
19 into on or after the effective date of sec. 23 of this Act. In this subsection, "legal relationship"
20 has the meaning given in AS 31.25.285(b), added by sec. 23 of this Act.

21 * **Sec. 56.** The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 APPLICABILITY: OIL AND GAS ENTITY TAX. The tax established under
24 AS 43.20.019, added by sec. 27 of this Act, applies to a qualified entity for a tax year
25 beginning on or after January 1, 2026. In this section, "qualified entity" has the meaning given
26 in AS 43.20.019(g), added by sec. 27 of this Act.

27 * **Sec. 57.** The uncodified law of the State of Alaska is amended by adding a new section to
28 read:

29 APPLICABILITY: OIL AND GAS VALUATION. AS 43.55.020(n), added by sec.
30 32 of this Act, applies to oil and gas produced on and after the effective date of sec. 32 of this
31 Act.

1 * **Sec. 58.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 APPLICABILITY: OIL AND GAS PROPERTY TAX ON LIQUEFIED NATURAL
4 GAS PLANTS. Notwithstanding AS 43.56.030, as amended by sec. 43 of this Act,
5 AS 43.56.060(a), as amended by sec. 44 of this Act, AS 43.56.210(5), as amended by sec. 45
6 of this Act, and AS 43.56.210(7), added by sec. 46 of this Act, a liquefied natural gas plant
7 existing on January 1, 2026, shall pay property taxes under AS 43.56.030, 43.56.060, and
8 43.56.210, as those sections read on January 1, 2026, until January 1, 2030. In this section,
9 "liquefied natural gas plant" means a facility for liquefying natural gas and includes
10 structures, equipment, underlying land rights, other associated systems, storage, and facilities
11 for off-loading liquefied natural gas.

12 * **Sec. 59.** The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

14 TRANSITION: EXISTING OPTIONS. (a) Within 30 days after the effective date of
15 sec. 17 of this Act, the Alaska Gasline Development Corporation shall notify the president of
16 the senate, the speaker of the house of representatives, and the chairs of the finance committee
17 of each house of the legislature of any existing options to invest in a revenue-generating
18 project, as required under AS 31.25.125, added by sec. 17 of this Act.

19 (b) An option for state participation in a revenue-generating project negotiated by the
20 Alaska Gasline Development Corporation agreed to before the effective date of AS 31.25.125,
21 added by sec. 17 of this Act, must allow the state to exercise the option for at least 12 months
22 after the corporation notifies the legislature under AS 31.25.125, added by sec. 17 of this Act.

23 * **Sec. 60.** The uncodified law of the State of Alaska is amended by adding a new section to
24 read:

25 TRANSITION: PAYMENT OF TAX. A person subject to the tax levied under
26 AS 43.20.019, added by sec. 27 of this Act, before the effective date of sec. 27 of this Act,
27 shall pay the balance of the tax due for a tax year ending before January 1, 2027, by
28 January 1, 2027. Until January 1, 2027, the Department of Revenue shall waive interest that
29 would otherwise accrue under AS 43.05.225 and civil and criminal penalties accruing under
30 AS 43.05.220, 43.05.245, and 43.05.290, that are a result of the retroactivity of secs. 27 - 29
31 of this Act.

1 * **Sec. 61.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 ACCOUNT SUNSET; NOTIFICATION. (a) After the first appropriation to the
4 gasline construction impact account established under AS 44.33.850(b), added by sec. 48 of
5 this Act, is deposited in the account, the commissioner of commerce, community, and
6 economic development shall notify the revisor of statutes when the balance of the account is
7 zero.

8 (b) After the first appropriation to the statewide gasline impact account established
9 under AS 44.33.850(c), added by sec. 48 of this Act, is deposited in the account, the
10 commissioner of commerce, community, and economic development shall notify the revisor
11 of statutes when the balance of the account is zero.

12 * **Sec. 62.** The uncodified law of the State of Alaska is amended by adding a new section to
13 read:

14 RETROACTIVITY OF REGULATIONS. Notwithstanding a contrary provision of
15 AS 44.62.240, if the Department of Revenue expressly designates in a regulation that the
16 regulation applies retroactively to a specific date, a regulation adopted by the Department of
17 Revenue to implement, interpret, make specific, or otherwise carry out secs. 27 - 29 of this
18 Act applies retroactively to that date.

19 * **Sec. 63.** The uncodified law of the State of Alaska is amended by adding a new section to
20 read:

21 RETROACTIVITY. Sections 27 - 29, 56, and 60 of this Act are retroactive to
22 January 1, 2026.

23 * **Sec. 64.** The uncodified law of the State of Alaska is amended by adding a new section to
24 read:

25 CONDITIONAL EFFECT: PIPELINE VOLUME TAX; NOTIFICATION. (a)
26 Sections 2 - 4, 6, 8, 21, 40, 41, and 47 of this Act only take effect if, on or before January 1,
27 2038, the state receives a one-time payment of at least \$50,000,000, as described in
28 AS 44.33.850(b), added by sec. 48 of this Act, intended to offset the effects of construction of
29 a gas pipeline, from an entity that has partnered with the Alaska Gasline Development
30 Corporation (AS 31.25).

31 (b) The commissioner of revenue shall, on or before January 1, 2038, notify the

1 revisor of statutes whether the state has received the one-time payment described under (a) of
2 this section.

3 * **Sec. 65.** The uncodified law of the State of Alaska is amended by adding a new section to
4 read:

5 **CONDITIONAL EFFECT: NATURAL GAS PROJECTS; NOTIFICATION.** (a)
6 Sections 5, 22, 42, and 50 of this Act take effect only if secs. 2 - 4, 6, 8, 21, 40, 41, and 47 of
7 this Act take effect under sec. 64 of this Act and,

8 (1) by January 1, 2028, construction of a natural gas pipeline has not begun;

9 (2) by January 1, 2032, at least one major component of the Alaska liquefied
10 natural gas project, as defined in AS 31.25.390, has not been completed; or

11 (3) 10 years after commencement of commercial operation of a liquefied
12 natural gas plant, neither contingency under (1) or (2) of this subsection has occurred.

13 (b) The commissioner of revenue shall,

14 (1) on or before January 1, 2028, notify the revisor of statutes whether
15 construction of a natural gas pipeline has not begun;

16 (2) on or before January 1, 2032, notify the revisor of statutes whether at least
17 one major component of the Alaska liquefied natural gas project has not been completed; and

18 (3) notify the revisor of statutes when 10 years have elapsed since
19 commencement of commercial operation of a liquefied natural gas plant.

20 (c) In this section,

21 (1) "construction of a natural gas pipeline" means

22 (A) laying and welding together in an excavated trench multiple
23 sections of steel pipe that are intended for use as part of a gas pipeline; and

24 (B) establishment of at least one work camp along the gas pipeline
25 route that is intended to provide crew quarters and services during construction of the
26 gas pipeline;

27 (2) "gas pipeline" has the meaning given in AS 31.25.390;

28 (3) "liquefied natural gas plant" has the meaning given in AS 31.25.390;

29 (4) "qualified property" has the meaning given in AS 43.59.100, added by sec.
30 47 of this Act.

31 * **Sec. 66.** If secs. 2 - 4, 6, 8, 21, 40, 41, and 47 of this Act take effect under sec. 64(a) of

1 this Act, they take effect the day after the one-time payment described in sec. 64(a) of this Act
2 is received by the state.

3 * **Sec. 67.** If secs. 5, 22, 42, and 50 of this Act take effect under sec. 65(a)(1) of this Act,
4 they take effect January 1, 2028.

5 * **Sec. 68.** If secs. 5, 22, 42, and 50 of this Act take effect under sec. 65(a)(2) of this Act,
6 they take effect January 1, 2032.

7 * **Sec. 69.** If secs. 5, 22, 42, and 50 of this Act take effect under sec. 65(a)(3) of this Act,
8 they take effect on the earlier of

9 (1) 10 years after commencement of commercial operation of a liquefied
10 natural gas plant; or

11 (2) January 1, 2050.

12 * **Sec. 70.** Sections 30 and 31 of this Act take effect January 1, 2027.

13 * **Sec. 71.** Sections 33 - 39 of this Act take effect July 1, 2026.

14 * **Sec. 72.** Section 52 of this Act takes effect on the earlier of

15 (1) the day after the balance of the gasoline construction impact account
16 established under AS 44.33.850(b), added by sec. 48 of this Act, is zero; or

17 (2) January 1, 2038.

18 * **Sec. 73.** Section 53 of this Act takes effect on the earlier of

19 (1) the day after the balance of the statewide gasoline impact account
20 established under AS 44.33.850(c), added by sec. 48 of this Act, is zero; or

21 (2) January 1, 2044.

22 * **Sec. 74.** Section 51 of this Act takes effect one year after the later of

23 (1) the repeal of AS 44.33.850(b) under secs. 52 and 72 of this Act; or

24 (2) the repeal of AS 44.33.850(c) under secs. 53 and 73 of this Act.

25 * **Sec. 75.** Except as provided in secs. 66 - 74 of this Act, this Act takes effect immediately
26 under AS 01.10.070(c).