

Sectional Analysis for SB2001

Senate Finance Committee

June 1, 2026



The Alaska Gasline Development Corporation (AGDC):

- Independent, public corporation owned by the State of Alaska (SOA).
- Created by the Alaska State Legislature.

Mission

- Maximize the benefit of Alaska's vast North Slope natural gas resources through the development of infrastructure necessary to move the gas to local and international markets.

ALASKA GASLINE
DEVELOPMENT CORP. 



SECTION 1: Legislative findings and intent

- Legislature finds that property tax changes are necessary to advance natural gas pipeline.
- That this Act not serve as a precedent, guidance or interpretative authority for any other property subject to taxation under AS 29.45 or AS 43.56.

SECTION 2: Amends AS 14.17.510

- Ensures that property taxed under this section does not include property subject to the alternative volumetric tax levied under AS 43.59.

SECTION 3: AS 29.45.080(c)

- Caps how much property tax a municipality tax can tax. When calculating that property subject to the new gas volumetric tax (AS 43.90.020) is left out of the calculation – its handled separately under the new tax framework rather than counted against the municipalities' normal ceiling.

SECTION 4: AS 31.25.010

- Identifies that Alaska Gasline Development Corporation is acting as a fiduciary.
- AGDC can only be wound down once AGDC and any subsidiary it owns have paid off their debts and are no longer involved in building, financing or running an in-state gas pipeline or the Alaska LNG project.

SECTION 5: AS 31.25.040(b) (AGDC Procurement)

- Requires AGDC to procurement regulations that include competitive bidding, provide reasonable opportunities to participate, emergency regulation procedures, provide for 5% bidders preference.

SECTION 6: AS 31.25.080(a) (AGDC Powers)

- Updates and expands the list of things AGDC is legally allowed to do. Joint ownership and joint operation deals, as well as project transfers or sell-offs, now require legislative approval by law. AGDC gets explicit authority to acquire an ownership or participation interest in an Alaska LNG project and related facilities (treatment plant, pipeline, liquification plant, marine terminal) and enter project-related contracts.

SECTION 7: AS 31.25.080 New subsections (h) (l)

- IF AGDC or one of its subsidiaries negotiates the right to buy equity stake in the Alaska LNG project and decides not to take the full amount itself, AGDC must offer the remaining piece to Alaska municipalities, through an entity AGDC manages. Municipalities can't hold direct interest in the project- their participation runs through that AGDC managed entity.
- AGDC must use Alaska contractors and suppliers to the maximum extent possible, to tap into the state's arctic engineering and construction experience.

SECTION 8:

- ADGC may not acquire an interest in a revenue generating project unless approved by law.
- Information can only be kept confidential if the parties agree that release of the project economics or costs if AGDC identifies that applicable law and obtains consent of the person who has the ability to waive confidentiality.

SECTION 9: AS 31.25.090 (New subsections (j) - (n))

- Sets ground rules for AGDC's use of non-disclosure agreements (NDAs). Under subsection (j), the parties can agree to waive confidentiality to share contracts, pending contracts, records, or the NDA itself with legislators or public agents (reasonable redactions allowed).
- Under (k), confidential material can be discussed in a legislative committee (open or executive session) if everyone bound by the NDA agrees and at least one of those parties is on hand to testify.
- Under (l) a confidentiality agreement entered into under (f) of this section may not prevent compliance with administrative or court orders mandating disclosure; may make confidential information related to state investment options.
- Under (m) confidential agreements under (f) of this section may keep confidential economics and costs only if it is agreed that release would cause commercial or competitive harm.
- (n) defines public agent as a public agency, as defined in AS 40.25.220, or an agent or contractor of a public agency; or an agent or contractor of a member of the legislature or of a legislative committee.

SECTION 10

- AGDC may not transfer sell or otherwise dispose of an ownership or management interest in a subsidiary unless approved by law. The legislature has 90 days to approve or disapprove. If not done in 90 days AGDC may move forward.

SECTION 11: AS 31.25.125 adds a new section describing AGDC involvement in revenue generating project

- AGDC shall negotiate an option for the state to acquire and interest in the project
- There are notification requirements
- States that AGDC may not acquire an interest in a revenue generating project unless approved by law
- DOR and other state agencies to cooperate with and assist the legislature in determining whether to acquire an interest in a revenue-generating project, including by identifying potential funding sources for exercising the option and potential fiscal effects on the state

SECTION 12

- Makes clear Open meetings act applies meaning AGDC's Board meetings

SECTION 13: Adds new section (AS 31.25)

- Earnings shall be deposited in a separate account in the general fund; legislature may appropriate from this account to support operations of AGDC

SECTION 14: Adds a new section (AS 31.25)

- Requires AGDC notify the legislature when an entity in a legal relationship changes or makes plans to change ownership.
- Defines legal relationship.

SECTION 15

- Defines subsidiary to mean a subsidiary controlled by AGDC.

SECTION 16: AS 43.56.010(a)

- The standard 20-mill state property tax on oil and gas property (AS 43.56) doesn't apply to property that falls under the new gas-project tax framework in AS 43.59 (either the temporary abatement or the volumetric tax). The new framework replaces the old one for project property.

SECTION 17: AS 43.56.020(d)

- Updates the property tax exemption to match the new framework. Property covered by either the new abatement (AS 43.59.010) or the new volumetric tax (AS 43.59.020) is exempt from both the state and municipal oil and gas property taxes. The earlier, narrower exemption is replaced by this project-specific exemption.

SECTION 18: Adds Chapter 59

- Abatement until earlier of 500 mcf/ day or 5 years of commercial operations, subject to DOR eligibility determination
- Alternative Volumetric Tax is:
 - Pipeline: $\$0.06/ \text{ mcf} \times \text{ capital expenditure weight}$
 - GTP: $\$0.12/ \text{ mcf} \times \text{ capital expenditure weight}$
 - LNG plant: $\$0.12/ \text{ mcf} \times \text{ capital expenditure weight}$
 - Capital expenditure weights recalculated after each component completion
- Adjusted by 1% annually, beginning after first full year:
 - Monthly payments/ returns w/ April 30 true-up – looks good.

SECTION 18: Continued

- Eligibility
 - Project plans must include Fairbanks spur w costs allocated to all in-state customers (HRES language).
 - Collection – state levies for unorganized borough only, municipalities levy for their share based on allocations determined by the state.
- AVT expires if Phase 1 construction is not started by 1/1/32
- Definition of importance
- “Throughput“:
 - (A) means:
 - i. The volume of natural gas measured by summing all volumes sold or otherwise delivered at each outlet or offtake point along the gas pipeline; and
 - ii. Natural gas consumed as fuel for the operation of a liquefaction facility.
 - (B): does not include natural gas consumed as fuel for pipeline compression.

SECTION 19: AS 44.33 adds a new section AS 44.33.850

- New AKLNG mitigation fund – as a designated fund.
- Up to \$90 mm/ year may be appropriate from revenue received related to AKLNG by DCCED if:
 - \$30mm or less – shared equally NSB, FNSB, Denali, Matsu, MOA, KPB.
 - \$30-60mm, \$5mm each to the 6 then remainder shared equal NSB/ KPB.
 - \$60mm, \$5mm each then \$15mm to NSB/ KPB then remainder to all municipalities in state per capita.

SECTION 20: AS 42.05.711(v) Repealed

- Repeals a provision of the Alaska Public Utilities Regulatory Act (AS 42.05.711(v)) that exempted certain LNG import facilities from Regulatory Commission of Alaska (RCA) oversight. With the exemption gone, LNG import facilities will be regulated by the RCA like other utilities.

SECTION 21: Required Report - Phase Two of the Alaska LNG Project (Uncodified)

- Before AGDC makes a final investment decision on phase two of the project, the LNG plant and the export-related infrastructure, it must deliver a written report to the Senate Secretary and the Chief Clerk of the House, notifying the Legislature that the report is available. The report has to review how this Act is working with the project so far and suggest any additional statutory changes the Legislature should consider before phase two moves forward.

SECTION 22: Applicability (Uncodified)

- Clarifies that several of the new rules in this Act apply going forward only they don't reach back to deals already in place.

SECTION 23: Transition - Existing Options (Uncodified)

- Within 30 days after the new option rules in Section 12 take effect, AGDC must give the Senate President, House Speaker, and chairs of both finance committees a list of any options to invest in a revenue-generating project that AGDC already had on the books. For options agreed to before Section 12 took effect, the state gets at least 180 days to decide whether to exercise the option after AGDC notifies the Legislature.

SECTION 24: Transition - Existing Options (Uncodified)

- Within 30 days after the new option rules in Section 11 take effect, AGDC must give the Senate President, House Speaker, and chairs of both finance committees a list of any options to invest in a revenue-generating project that AGDC already had on the books. For options agreed to before Section 11 took effect, the state gets at least 180 days to decide whether to exercise the option after AGDC notifies the Legislature.

SECTION 25: Condition Effect - Alternative Volumetric Tax; Notification to the Revisor of the statutes.

- Sets conditional language for AVT and property tax exemption conditioned on DOR commissioner determination that:
 - Developer committed to deposit \$40 million into community impact fund.
 - Developer has committed to negotiate project labor agreement for pipeline construction.
 - Developer has committed to pursue a Fairbanks spur line.
 - Developer must begin permit/ regulatory process before finishing Phase 1 construction.
 - Developer must begin spur line construction within 1 year of receiving all permits/ regulatory approval.

SECTION 26

- Conditional provisions in Sec 25 take effect day after DOR commissioner certifies AVT provisions.

SECTION 27

- Immediate effective date otherwise including for fund changes/ creations, establishing conditions for tax relief, and AGDC provisions.

AGDC

<http://www.agdc.us/>

<https://agdc.us/contact-agdc/>

Alaska LNG

<https://alaska-lng.com/>

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Social Media

Twitter <https://twitter.com/alaskalng>

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AGDC.us

ALASKA
GASLINE
DEVELOPMENT CORP.

The logo for Alaska Gasline Development Corp. features the text "ALASKA GASLINE DEVELOPMENT CORP." in a blue, sans-serif font. To the right of the text is a stylized outline of the state of Alaska, composed of several blue stars of varying sizes arranged to form the state's shape. A single blue star is positioned above the main outline.

Acronyms

ACC	Arctic Carbon Capture	Gt	Gigatonne
AFN	Alaska Federation of Natives	GTP	Gas Treatment Plant
AGDC	Alaska Gasline Development Corporation	HH	Henry Hub
ANCSA	Alaska Native Claims Settlement Act	HOA	Heads of Agreement
ANVCA	Alaska Native Village Corporation Association	IOC	International Oil Company
AOGCC	Alaska Oil and Gas Conservation Commission	IPT	Integrated Project Team
AP-X	Air Products Liquefaction Technology	IRR	Internal Rate of Return
Bbl	Barrel	JKM	Japan Korea Marker
Bblsd	Barrels per Day	Kbblsd	Thousand Barrels per Day
Bcf	Billion Cubic Feet	LNG	Liquefied Natural Gas
Bcfd	Billion Cubic Feet Per Day	LOI	Letter of Intent
BLM	Bureau of Land Management	M3	Cubic Meters
Capex	Capital Expenditure	MMBtu	Metric Million British Thermal Unit
CB&I	Chicago Bridge & Iron Company	MOU	Memorandum of Understanding
CCS	Carbon Capture and Sequestration	MT	Metric Tons
CIT	Corporate Income Tax	MTPA	Million Tonnes Per Annum
CO ₂	Carbon Dioxide	NETL	National Energy Technology Laboratory
CO ₂ E	CO ₂ Equivalent	NPRA	National Petroleum Reserve Alaska
DES	Delivered Ex-Ship	O&M	Operations & Maintenance
DOE	Department of Energy	OCS	Outer Continental Shelf
DOT&PF	(Alaska) Department of Transportation and Public Facilities	Opex	Operating Expenses
EA	Environmental Assessment	QRA	Quantitative Risk Analysis
EIS	Environmental Impact Statement	ROW	Right-Of-Way
EPC	Engineering, Procurement & Construction	SPA	Sale and Purchase Agreement
FEED	Front End Engineering Design	TAPS	Trans-Alaska Pipeline System
FERC	Federal Energy Regulatory Commission	Tbtu/yr	Trillion British Thermal Units per Year
FID	Final Investment Decision	Tcf	Trillion Cubic Feet
FOB	Free on Board	TPA	Tonne per Year
FTA	Free Trade Agreement	USGS	United States Geological Society
GHG	Greenhouse Gas	VDR	Virtual Data Room