REPRESENTATIVE
GEORGE RAUSCHER
House District 29

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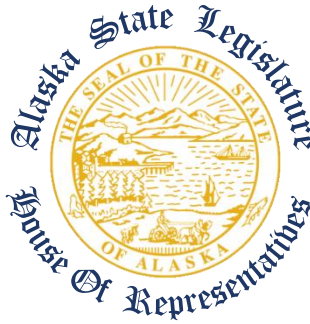
House Bill 223
Sponsor Statement

"An Act relating to royalty rates and payments for certain oil and gas; and providing for an effective date."

House Bill No. 223 represents a crucial step in revitalizing Alaska's critical natural gas industry in the Cook Inlet sedimentary basin and acts as a legislative response to the impending natural gas availability shortage. This bill addresses a longstanding barrier to new investment and production in this sector: the current royalty rates. By proposing strategic modifications to these rates, HB 223 aims to elevate Alaska's competitiveness and attractiveness for natural gas investments in new and underutilized fields.

This legislation introduces a significant adjustment to the royalty rates and payments structure for certain oil and gas production, by reducing the royalty payments to zero for qualified new gas and cutting the minimum fixed royalty share by 50% for qualified new oil, this legislation creates a more favorable economic environment for energy companies to invest in untapped resources. These incentives are designed to catalyze the commercial production of oil and gas from fields or pools that have not been previously utilized for commercial sale before January 1, 2024.

This legislation is a testament to Alaska's commitment to fostering innovation and investment within the energy sector, addressing the immediate challenges faced by the Cook Inlet and Railbelt region, and laying the groundwork for a prosperous and energy-secure future. The enactment of House Bill No. 223 will mark a significant step forward in achieving these objectives, demonstrating Alaska's proactive approach to energy policy and economic development.

If you have additional questions, please contact Craig Valdez in my office at 907-465-4859.

House District 29 — Alaska At Its best!