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Nauman
4/22/24

CS FOR HOUSE BILL NO. 223(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES RAUSCHER, Allard

A BILL

FOR AN ACT ENTITLED

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

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

4 *** Section 1.** AS 38.05.180 is amended by adding new subsections to read:

5 (mm) Notwithstanding and in lieu of a requirement in the leasing method
6 chosen of a minimum fixed royalty share or the royalty provision of a lease, for leases
7 issued in the Cook Inlet sedimentary basin, the lessee shall pay a royalty of zero
8 percent for qualified new gas and 50 percent of the minimum fixed royalty share for
9 qualified new oil, unless payment is lower under another subsection of this section.
10 The royalty reduction in this subsection applies until the earlier of either

11 (1) 10 years following the commencement of commercial production
12 that begins after July 1, 2024; or

13 (2) the date on which a commercial quantity of oil or gas produced
14 from the Cook Inlet sedimentary basin is shipped out of the state.

(nn) In (mm) of this section,

(1) "qualified new gas" means gas produced from

(A) a field or pool that the commissioner determines has not previously produced gas for commercial sale before January 1, 2024;

(B) a field or pool that has previously produced gas, but did not produce gas during calendar year 2024; or

(C) a well that did not exist on January 1, 2025, if the commissioner determines that production of that gas from the field or pool from an existing well was not economically feasible;

(2) "qualified new oil" means oil produced from

(A) a field or pool that the commissioner determines has not previously produced oil for commercial sale before January 1, 2024;

(B) a field or pool that has previously produced oil, but did not produce oil during calendar year 2024; or

(C) a well that did not exist on January 1, 2025, if the commissioner determines that production of that oil from the field or pool from an existing well was not economically feasible.

* **Sec. 2.** AS 31.05.030(i); AS 38.05.180(f)(5), and 38.05.180(dd) are repealed.

* **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).