

AMENDMENT #1

Rep. Summer

OFFERED IN THE HOUSE

TO: HCS SB 239(L&C), Draft Version "S"

1 Page 1, line 1, following "Authority;":

2 Insert "relating to state loans for oil and gas development projects in the Cook
3 Inlet sedimentary basin;"

4

5 Page 1, following line 3:

6 Insert new bill sections to read:

7 **** Section. 1. AS 42.05.141 is amended by adding a new subsection to read:**

8 (g) The commission shall, as required under AS 44.88.850(b), determine
9 whether the sale price in a gas sales agreement for gas produced through a project
10 partially or fully funded by a loan under AS 44.88.850 constitutes a just and
11 reasonable immediate delivery price for gas.

12 * **Sec. 2. AS 44.25.020 is amended to read:**

13 **Sec. 44.25.020. Duties of department.** The Department of Revenue shall

14 (1) enforce the tax laws of the state;
15 (2) collect, account for, have custody of, invest, and manage all state
16 funds and all revenues of the state except revenues incidental to a program of licensing
17 and regulation carried on by another state department, funds managed and invested by
18 the Alaska Retirement Management Board, and as otherwise provided by law;

19 (3) invest and manage the balance of the power development fund in
20 accordance with AS 44.83.386;

21 (4) administer the surety bond program for licensure as a fish
22 processor or primary fish buyer;

23 (5) provide reasonable assistance to the Alaska Industrial

Development and Export Authority under AS 44.88.850(c).

* Sec. 3. AS 44.37.020 is amended by adding a new subsection to read:

(d) The Department of Natural Resources shall provide reasonable assistance to the Alaska Industrial Development and Export Authority under AS 44.88.850(c)."

Page 1, line 4:

Delete "Section 1"

Insert "Sec. 4"

Renumber the following bill sections accordingly.

Page 5, following line 20:

Insert a new bill section to read:

**** Sec. 6. AS 44.88 is amended by adding new sections to read:**

Article 10A. Cook Inlet Reserve-Based Lending.

Sec. 44.88.850. Cook Inlet reserve-based lending account. (a) The Cook Inlet reserve-based lending account is established in the revolving fund. The account consists of money or assets deposited into the account by the authority and contributions from other sources.

(b) The authority may use money in the account to make one or more reserve-based loans to fund oil and gas development projects the authority considers necessary to increase oil and gas production from the Cook Inlet sedimentary basin. The authority may, as a term of the loan, accept an ownership share in the project funded by the loan. If the authority accepts an ownership share as a term of the loan, the ownership share must be in the form of a carried interest that does not obligate the authority to contribute to the development costs of the project. The authority may make a loan under this section only

(1) to a legal entity in compliance with state and federal laws;

(2) if the loan applicant provides a written waiver permitting the authority to access or obtain copies of the loan applicant's confidential records that are in possession of the Department of Natural Resources or the Department of Revenue;

1 information provided to the authority under this section shall be kept confidential by
2 the authority unless disclosure is authorized by the loan applicant or borrower;

3 (3) if the authority obtains an independent study performed by an
4 experienced, qualified expert that confirms the valuation of the loan security and the
5 capacity of the loan to support the oil and gas development project and to cause or
6 increase the commercial production of oil or gas from the Cook Inlet sedimentary
7 basin;

8 (4) if the Regulatory Commission of Alaska determines, under
9 AS 42.05.141(g), that the sale price in a gas sales agreement for gas produced through
10 a project partially or fully funded by a loan under this section does not exceed a just
11 and reasonable immediate delivery price for gas;

12 (5) if the authority determines that the sales price for oil and gas
13 produced through a project partially or fully funded by a loan under this section is
14 reasonable and in the best interests of residents of the state.

15 (c) The authority may request assistance from the Department of Revenue
16 under AS 44.25.020(a)(5) or the Department of Natural Resources under
17 AS 44.37.020(d) to execute this section.

18 (d) The authority may accept an overriding royalty interest in a lease for
19 which a loan has been extended under (b) of this section if, as a term of the loan, the
20 overriding royalty interest is subject to prior approval by the Department of Natural
21 Resources. The authority may only have the overriding royalty interest transferred to
22 the authority if the borrower defaults.

23 **Sec. 44.88.855. Cook Inlet oil and gas development projects; report.** (a)
24 The authority shall evaluate oil and gas development projects the authority believes
25 have reasonable potential to increase oil and gas production from the Cook Inlet
26 sedimentary basin. Each year, the authority shall prepare a report related to those oil
27 and gas development projects and shall, by the first day of each regular session of the
28 legislature, deliver the report to the senate secretary and the chief clerk of the house of
29 representatives and notify the legislature that the report is available. At the request of a
30 legislative committee, a representative of the authority shall appear in that committee
31 to review the report. For each oil and gas development project, the report must include

- (1) a cost estimate for the project;
- (2) the potential recoverable gas from the project;
- (3) the projected rate of return for the project;
- (4) if the authority recommends a reserve-based loan for the project, the amount of funds necessary for deposit into the Cook Inlet reserve-based lending account to provide a loan for the project and the recommended source of funds for the deposit.

(b) Notwithstanding AS 44.88.215, 44.88.850(b)(2), or any other law, a borrower's information shall be subject to the public reporting requirements under this section. Each year, the authority shall prepare a report related to Cook Inlet reserve-based loans made under AS 44.88.850 and shall, by the first day of each regular session of the legislature, deliver the report to the senate secretary and the chief clerk of the house of representatives and notify the legislature that the report is available. At the request of a legislative committee, a representative of the authority shall appear in that committee to review the report. The report must

(1) identify each entity borrowing funds under AS 44.88.850;
(2) list the amount borrowed by each borrower and the date each loan was approved:

(3) include a summary of the terms of the lending agreement with each borrower;

(4) summarize each project for which a loan was made, including the status of the project and the volume of oil and gas produced and expected to be produced from the project;

(5) list the status of payments made on the loan, including whether the loan is or ever was in default."

Renumber the following bill sections accordingly.

Page 6, following line 24:

Insert a new bill section to read:

31 ** Sec. 9. AS 44.88.900 is amended by adding new paragraphs to read:

(20) "oil and gas development project" means a development project to produce proven oil or gas reserves;

(21) "reserve-based loan" means a loan made against and fully secured by an oil and gas field, proven undeveloped or developed oil and gas reserves, or other assets of the entity receiving the loan."

AMENDMENT #2

Rep. Summer

OFFERED IN THE HOUSE

TO: HCS SB 239(L&C), Draft Version "S"

1 Page 1, line 1:

2 Delete "and"

3

4 Page 1, line 2, following "projects":

5 Insert "; and authorizing the Alaska Industrial Development and Export
6 Authority to issue bonds to finance infrastructure that supports development of critical
7 mineral, rare earth element, and energy projects"

8

9 Page 6, following line 24:

10 Insert a new bill section to read:

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

13 LEGISLATIVE APPROVAL: STATEWIDE CRITICAL MINERAL, RARE EARTH
14 ELEMENT, AND ENERGY INFRASTRUCTURE PROJECTS. (a) The Alaska Industrial
15 Development and Export Authority may issue bonds to finance infrastructure and construction
16 costs of infrastructure that support the development of critical mineral, rare earth element, and
17 energy projects located in the state. The critical mineral, rare earth element, and energy
18 project infrastructure shall be owned and operated by the authority or financed under
19 AS 44.88.172, 44.88.650 - 44.88.690, or 44.88.800 - 44.88.840. The principal amount of the
20 bonds provided by the authority for critical mineral, rare earth element, and energy projects
21 may not exceed \$300,000,000 and may include the costs of issuing bonds considered
22 reasonable and appropriate by the authority. The bonds shall be repaid from revenues of the
23 authority.

6 (c) The bonds authorized by this section may not be considered in calculating the
7 authority's bonding limitation for a 12-month period under AS 44.88.095(a).

8 (d) This section constitutes legislative approval required by AS 44.88.095(g)."

AMENDMENT #3

OFFERED IN THE HOUSE

BY REPRESENTATIVE FIELDS

TO: SB 239

- 1 Page 2, lines 13 - 14:
2 Delete "containing five or more dwelling units"
- 3
- 4 Page 5, line 22:
5 Delete "containing five or more dwelling units"
- 6
- 7 Page 6, lines 26 - 27:
8 Delete "containing five or more dwelling units"
- 9
- 10 Page 6, line 29, through page 7, line 1:
11 Delete "that costs the occupants less than 30 percent of the income of a household
12 with 120 percent of the area median family income, as determined by the United States
13 Department of Housing and Urban Development, for where the housing is constructed"
14 Insert "containing five or more dwelling units"