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CS FOR HOUSE BILL NO. 119(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES STAPP, Carrick, Prax, Tomaszewski, Elam, Allard, Schwanke, Dibert,
Burke

A BILL

FOR AN ACT ENTITLED

"An Act relating to an in-state natural gas pipeline developed by the Alaska Gasline
Development Corporation; relating to use of certain gas production tax revenue; and
providing for an effective date."

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

* **Section 1.** AS 31.25.005 is amended to read:

Sec. 31.25.005. Purpose. The corporation shall, for the benefit of the state, to
the fullest extent possible,

(1) develop and have primary responsibility for developing natural gas
pipelines, an Alaska liquefied natural gas project, and other transportation mechanisms
to deliver natural gas in-state for the maximum benefit of the people of the state;

(2) when developing natural gas pipelines, an Alaska liquefied natural
gas project, and other transportation mechanisms to deliver natural gas in-state,
provide economic benefits in the state and revenue to the state;

(3) assist the Department of Natural Resources and the Department of

Revenue to maximize the value of the state's royalty natural gas, natural gas delivered to the state as payment of tax, and other natural gas received by the state;

(4) advance an in-state natural gas pipeline as described in the July 1, 2011, project plan prepared under former AS 38.34.040 by the corporation while a subsidiary of the Alaska Housing Finance Corporation, with modifications determined by the corporation to be appropriate to develop, finance, construct, and operate an in-state natural gas pipeline in a safe, prudent, economical, and efficient manner, for the purpose of making natural gas, including propane and other hydrocarbons associated with natural gas other than oil, available to Fairbanks, the Southcentral region of the state, and other communities in the state at the lowest rates possible; **an in-state natural gas pipeline advanced under this paragraph must include a direct spur line to the City of Fairbanks and the Fairbanks North Star Borough;**

(5) advance an Alaska liquefied natural gas project by developing infrastructure and providing related services, including services related to transportation, liquefaction, a marine terminal, marketing, and commercial support; if the corporation provides a service under this paragraph to the state, a public corporation or instrumentality of the state, a political subdivision of the state, or another entity of the state, the corporation may not charge a fee for the service in an amount greater than the amount necessary to reimburse the corporation for the cost of the service; **an in-state natural gas pipeline advanced under this paragraph must include a direct spur line to the City of Fairbanks and the Fairbanks North Star Borough;**

(6) endeavor to develop natural gas pipelines and other transportation mechanisms to deliver natural gas, including propane and other hydrocarbons associated with natural gas other than oil, to public utility and industrial customers in areas of the state to which the natural gas, including propane and other hydrocarbons associated with natural gas other than oil, may be delivered at commercially reasonable rates; and

(7) endeavor to develop natural gas pipelines and other transportation mechanisms that offer commercially reasonable rates for shippers and access for shippers who produce natural gas, including propane and other hydrocarbons

1 associated with natural gas other than oil, in the state.

2 * **Sec. 2.** AS 43.55.011 is amended by adding a new subsection to read:

3 (q) The department shall separately account for the amount of tax levied under
4 this section from gas that was transported through a pipeline or other infrastructure
5 developed under AS 31.25.005(4) or (5). The legislature may appropriate the amount
6 accounted for under this section to construct natural gas line connections to places of
7 business and residence.

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