

Sectional Analysis for Committee Substitute for SB 153\I

Section 1. Amends AS 31.05.032(b) to create as new 1,000,000 gallon threshold for new or expanded above ground natural gas tank storage that can be certified by the AOGCC as eligible to apply for the credit under 43.20.046.

Section 2. Creates a new section under AS 38.05.096 that allows eligible above ground natural gas tank storage facilities, sited on state lands, to request an exemption from rental payments. To qualify, the tank must be have a storage capacity of at least 1,000,000 gallons. The exemption could extend for up to ten years following the commencement of commercial operations as long as the facility continues to operate. Information regarding the rental exemption is deemed to be “public” and is available to the RCA upon request. A person receiving a rental exemption must adjust the storage charge downward to reflect this state benefit and pass it through to the storage customers. The intent of this new section of law is to mirror the existing benefit offered to natural gas storage operations that eligible to apply for a rental payment exemption under AS 38.05.180(u).

Section 3. Amends the definition of “natural gas storage facility” and “facility” in AS 42.05.990(3) to assure that tank storage, or storage in a depleted or nearly depleted pool are afforded the same benefit that geologic natural gas storage already enjoys.

Section 4. Amends the existing gas storage facility tax credit in AS 43.20.046 by bifurcating it into two separate credits. The first will apply to non-tank facilities (geologic storage). This benefit is capped at fifteen million dollars or 25 percent of the facility development cost whichever is less. The second is a new credit for a tank storage facility which will be capped at fifteen million dollars or 50 percent of the development cost whichever is less. This restructuring retains existing language that assures that a tax credit under AS 43.20.046 is in addition to any other credits for which the storage facility is eligible for under this chapter.

Section 5. Amends the terms of what storage qualifies for a tax credit or payment under AS 43.20.046(b) by adding a 1,000,000 gallon threshold for above ground storage similar to the language in in section 1 of the legislation and including the potential for expansion of a new facility allowing for flexibility of who and how this project moves forward.

Sections 6 and 7. Amends AS 43.20.046(d)-(e) to add “or payment” for non-profit companies that are not subject to tax under this chapter. Legislative Legal expressed concern that there could be some question whether a “tax credit” would work for tax exempt storage operators. Addition of the words “or payment” extinguishes this ambiguity.

Section 8. Amends 43.20.046(h) to set forth how a company not subject to tax under this chapter, but received payments under this chapter shall be assessed for liability if its gas storage facility ceases commercial operations during the nine calendar years immediately following the calendar year in which the gas storage facility commenced commercial operations.

Section 9. Amends 43.20.046(i) to clarify that a person that receives a payment under AS 42.20.046 that the person was not entitled to must repay the state with interest determined under AS 43.05.225. This interest shall be calculated from the date the erroneous payment was made. The restructured language assures that storage operators that are subject to state corporate income tax and non-profit storage operators that are exempt from state income tax are treated equally.

Sections 10-14 make a number of conforming language changes to accommodate addition of the word “payment” in section 6 of the legislation for a new or expanded LNG storage facility..

Section 15. Established an immediate effective date for the legislation.