FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number:	
Bill Version:	**HB 264**
() Publish Date:	

Identifier (file name):	HB 264 DNR-CO-2-24-2010	Dept. Affected:	Natural Resources
Title	Pipeline from Outer Continental Shelf	RDU	Resource Development
		Component	Commissioner's Office
Sponsor	Representative Ramras		
Requester	House Community and Regional Affairs Committee	Component Number	423

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	**FY 2011**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ( )	**Indeterminate**						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimate of any current year (FY2010) cost:

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: *(Attach a separate page if necessary)*

This bill will require that DNR “expedite the review…on a right-of-way application” for oil pipelines that will serve federal outer continental shelf oil developments and deliver oil to the existing North Slope pipeline infrastructure. The State's costs associated with the adjudication of a right-of-way application are the responsibility of the applicant/lessee pursuant to AS 38.35.140 (b) and AS 38.35.145 (a).

It would also exempt these pipelines from property taxes for 20 years of the “commencement of commercial operations.”

Prepared by:	Kevin Banks, Director	Phone	269-8800
Division	Oil and Gas	Date/Time	2/24/10 12:00 PM
Approved by:	Marty Rutherford, Deputy Commissioner	Date	2/24/2010
	Department of Natural Resources		

STATE OF ALASKA **BILL NO.** HB 264
2010 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

There could be an impact of such legislation on future state revenues generated from the state's share of OCS federal royalties and possible indirect effects on royalty revenue from state land. Under the Outer Continental Shelf Lands Act, Section 8(g), Alaska receives 27 percent of the royalties, rents, and bonus bids from OCS lands in the area between three and six miles from shore.

Oil production from OCS development will also add to the throughput on North Slope pipelines and TAPS which will have an effect of reducing tariffs from what they might have been without OCS production. Lower tariffs means higher "netback" royalty values. If this bill provides some stimulus to OCS development that would not occur in the absence of the expedited ROW process and property tax exemptions, then there could be a positive impact of future state royalty revenues from the OCS and higher royalties.