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Bullock
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CS FOR SENATE BILL NO. 243(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered:

Referred:

Sponsor(s): SENATOR MCGUIRE

A BILL

FOR AN ACT ENTITLED

"An Act relating to the royalty obligation for geothermal resources."

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

*** Section 1.** AS 38.05.181(g) is amended to read:

(g) Each geothermal lease shall be conditioned upon payment by the lessee of a royalty of 1.75 percent [NOT LESS THAN 10 PERCENT BUT NOT MORE THAN 15 PERCENT] of the gross revenues derived from the production, sale, or use of geothermal resources under the lease during the first 10 years immediately following the date the geothermal resource first generates gross income and 3.5 percent of the gross revenues derived from the production, sale, or use of geothermal resources under the lease after that first 10-year period. Royalties may be taken in kind rather than in value if the commissioner determines that taking in kind would be in the best interest of the state.

*** Sec. 2.** The uncoded law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. Section 1 of this Act applies to a lease for a geothermal resource or

- 1 the renewal of a lease for a geothermal resource entered into on or after the effective date of
2 this Act.