

# Fiscal Note

State of Alaska  
2023 Legislative Session

Bill Version:	SB 49
Fiscal Note Number:	2
(S) Publish Date:	1/27/2023

Identifier: 0567-3-DCCED-AOGCC-01-26-23  
 Title: CARBON STORAGE  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: Governor

Department: Department of Commerce, Community and  
 Economic Development  
 Appropriation: Alaska Oil and Gas Conservation Commission  
 Allocation: Alaska Oil and Gas Conservation Commission  
 OMB Component Number: 3269

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2024	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2024 Request	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
<b>OPERATING EXPENDITURES</b>	<b>FY 2024</b>	<b>FY 2024</b>					
Personal Services	388.0		388.0				
Travel							
Services	650.0		650.0	1,038.0	1,038.0	1,038.0	1,038.0
Commodities	20.0						
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>1,058.0</b>	<b>0.0</b>	<b>1,038.0</b>	<b>1,038.0</b>	<b>1,038.0</b>	<b>1,038.0</b>	<b>1,038.0</b>

**Fund Source (Operating Only)**

1004 Gen Fund (UGF)	1,058.0						
1252 DGF Temp (DGF)			1,038.0	1,038.0	1,038.0	1,038.0	1,038.0
<b>Total</b>	<b>1,058.0</b>	<b>0.0</b>	<b>1,038.0</b>	<b>1,038.0</b>	<b>1,038.0</b>	<b>1,038.0</b>	<b>1,038.0</b>

**Positions**

Full-time	2.0		2.0				
Part-time							
Temporary							

**Change in Revenues**

None	***	***	***	***	***	***	***
<b>Total</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

**Estimated SUPPLEMENTAL (FY2023) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2024) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** Yes  
*(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
 If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/23

**Why this fiscal note differs from previous version/comments:**

Not applicable, initial version.

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Division:	Alaska Oil and Gas Conservation Commission	Date:	01/26/2023 08:38 AM
Approved By:	Hannah Lager, Acting Administrative Services Director	Date:	01/26/23
Agency:	Department of Commerce, Community, and Economic Development		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2023 LEGISLATIVE SESSION

## Analysis

This bill draft expands existing authority and responsibilities of the Alaska Oil and Gas Conservation Commission (AOGCC) to create a regulatory structure for carbon capture, utilization, and storage (CCUS) in Alaska. This bill grants AOGCC authority to pursue primacy from the U.S. Environmental Protection Agency over Class VI wells needed for CCUS injection, and amends the general property laws of Alaska to clarify pore space ownership for private parties. The bill also creates a carbon storage closure trust fund to pay for post-closure maintenance and monitoring of carbon dioxide storage facilities by the state, and establishes AOGCC's regulatory authority over carbon dioxide injection and storage facilities.

If the bill passes the following expenses will be incurred:

Personal Services:                   \$388.0 per year in FY2024 and FY2025 for one fully-exempt Senior Carbon Engineer (R26) and one fully-exempt Carbon Assistant (R18)

Services:                               \$50.0 in FY2024 and FY2025 for statewide and department allocated core services costs  
   \$300.0 for legal support through the Department of Law  
   \$300.0 per year for other contractual services, which may include contracted expertise for project development  
   \$388.0 per year in FY2026 to FY2029 for contractual costs for permit management support

Commodities:                         \$20.0 in FY2024 only for setup costs for new employees

The volume of permit applications and program activity beginning in FY2026 is not known at this time. Permit management and administration may be managed via contractual support or by AOGCC staff. In this fiscal note, costs for permit support are included in the services line from FY2026-FY2029.

This legislation also creates the Carbon Storage Closure Trust Fund (CSCTF). The amount and timing of revenue to support operations is not yet known; in the first year, operations are funded from general funds. Revenues collected in the CSCTF will be used to support the costs of regulating the program incurred by the AOGCC starting in year 2. The amount of revenue to be collected in the fund cannot be determined at this time.

Regulations in support of the program will be required.