



Summary of Changes

To SB 48 in Senate Resources and Finance Committees

The Senate Resources and Finance Committee made the following changes:

Overall: Adopted revisions recommended by Legislative Legal Services to conform the bill with legislative drafting standards.

Title: The title was revised to accommodate the addition of section 1 related to the Alaska Oil and Gas Conservation Commission (AOGCC) and section 16 related to oil and gas lease expenditures.

Section 1: Incorporated authority for the AOGCC to acquire from the Environmental Protection Agency primary enforcement responsibility for Class VI wells used to inject carbon dioxide into underground formations. This authority was also before the Legislature in a separate, more involved bill related to underground carbon capture, sequestration and storage (SB49/HB50).

Section 2: Removed a broad waiver so contracts entered into by the Department of Natural Resources (DNR) for a carbon offset project are subject to the state procurement code, except for contracts with registries that host project rules and methodologies. A project will seek out the registry that hosts the project methodology best suited to the project.

Section 5: Required performance requirements be included in a lease. Restructured a permissive lease termination authority to require DNR terminate a lease if 1) the lease is not being used for the carbon purpose or 2) the lessee fails to follow lease terms after an opportunity to come into compliance.

Incorporated program receipt authority for the Division of Mining, Land and Water related to the carbon management purpose land leases.

Required a solicitation of competitive interest when DNR receives a carbon management purpose lease application and refined the factors DNR will consider when evaluating competing applications.

Added requirements that a written finding required for a state land lease for carbon management purposes include the reasonably foreseeable effects a

project may have on the state or local economy and on other resource development sectors; assessment of known mineral potential; and anticipated lease revenue and total lease value to the state.

Added provision that state land leased for carbon management must remain open to the public for access and generally allowed uses, to the extent possible, and to other resource development. Clarified that a carbon use doesn't qualify as an exemption to the requirement that legislative approval is needed to close an area to mineral entry.

Incorporated a requirement for the department to report annually to the legislature detailed information about the carbon management purpose leases.

Section 8: Added requirements that a written finding required for a state carbon offset project include the reasonably foreseeable effects a project may have on other resource development sectors; assessment of known mineral potential; and anticipated lease revenue and total lease value to the state.

Added provisions that along with public access and use, land used for a state carbon offset project must remain open to other resource development. Clarified that a carbon project doesn't qualify as an exemption to the requirement that legislative approval is needed to close an area to mineral entry.

Removed language establishing a new fund to collect carbon offset project revenues. Added provision dedicating 20% of carbon offset project revenues to the renewable energy grant fund.

Established criteria for DNR to consider revenue to the state when evaluating contract proposals received under the procurement code process. Prohibited DNR from accepting a contract with a commission of more than 30% of revenue generated by a project.

Required an annual report to the legislature on specific details of the carbon offset program.

Revised several definitions to avoid overly specific definitions that are common in the industry today but may not be used uniformly across all registries and that could change as the carbon sector evolves.

- Section 13:** Clarified that land within a state forest would be managed in part under a carbon offset project only if a project has been undertaken on that land.
- Section 14:** Replaced the word ‘nontimber’ with ‘other’ to more accurately describe state forest uses other than the primary timber purpose.
- Section 16:** Amended the bill to disallow as oil and gas production tax lease expenditures certain carbon management purpose lease and state carbon offset project costs.