

HOUSE CS FOR CS FOR SENATE BILL NO. 158(O&G)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON OIL AND GAS

Offered: 4/19/01

Referred: Resources, Finance

Sponsor(s): SENATE RESOURCES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act directing the commissioner of revenue to prepare a report to the legislature**
2 **relating to the state's participation in owning or financing a gas pipeline project; and**
3 **providing for an effective date."**

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

5 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 REPORT OF THE COMMISSIONER OF REVENUE. (a) In furtherance of the
8 public policy that the State of Alaska "encourage . . . the development of its resources by
9 making them available for maximum use consistent with the public interest," and the
10 obligation of the legislature to "provide for the utilization, development, and conservation of
11 all natural resources belonging to the State . . . for the maximum benefit of its people," the
12 commissioner of revenue shall, not later than January 31, 2002, provide to the governor and
13 legislature a comprehensive report, with recommendations, addressing options for the state to
14 participate in the commercial development of the state's natural gas resources through

1 ownership of or provision of financing for a gas pipeline project. The report must consider
2 whether

3 (1) the state should participate by taking an equity position in a gas pipeline
4 project by

5 (A) owning all or a portion of the project; or

6 (B) establishing a state-owned public corporation or authority to
7 construct and operate the project;

8 (2) the state should participate in financing the project and, if so,

9 (A) whether it should

10 (i) issue debt, in the form of its general obligation bonds or
11 revenue bonds of a state-owned public corporation or authority or in another
12 appropriate form; or

13 (ii) guarantee debt; and

14 (B) what terms it, or its public corporation or authority, should require
15 as conditions for provision of financial support for the project;

16 (3) the state is able to participate under (1) or (2) of this subsection; the
17 consideration given under this subsection must examine the effect of that participation on the
18 state's cash flow, its continuing ability to pay for essential public services, and the effect of its
19 participation on the state's financial integrity and creditworthiness;

20 (4) state participation under (1) or (2) of this subsection would

21 (A) create additional risks for the completion and operation of the
22 project;

23 (B) more likely than not cause the project to be completed and to
24 operate successfully; and

25 (C) accrue benefits or detriments for other parties participating with
26 the state or its public corporation or authority in the completion and operation of the
27 project; and

28 (5) the state should participate in a gas pipeline project by establishing a
29 private corporation, which would be composed of Alaska residents who wish to become
30 shareholders, that would own a portion of the project or assist in the construction and
31 operation of the project.

1 (b) The commissioner of revenue shall

2 (1) contract with a qualified and suitable firm or person qualified by education
3 or experience or of demonstrated competence for the performance of the requirements
4 described in (a) of this section; the contract awarded under this paragraph is made for a
5 purpose in which timely performance is essential that makes a procurement under AS 36.30
6 through competitive sealed bidding or competitive sealed proposals impracticable;

7 (2) require, as a term of the contract, that the person or one or more
8 representatives of the firm with which the commissioner contracts under (1) of this subsection
9 meet with the legislators who, during the Twenty-Second Alaska State Legislature, chair the
10 committees that have legislative jurisdiction over natural resources as provided in the
11 Uniform Rules of the Alaska State Legislature or their designees, for the purposes of allowing
12 review of the data and providing information to those legislators or designees regarding the
13 preparation and content of the report to be prepared under (a) of this section;

14 (3) provide progress reports regarding the preparation of the report to the
15 chairs of the committees described in (2) of this subsection at intervals of no more than 60
16 days; and

17 (4) prepare and deliver a comprehensive report with final recommendations.

18 * **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).