

# FISCAL NOTE

**STATE OF ALASKA**  
**2001 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: SSSB 76  
 (S) Publish Date: 4/3/01  
 Dept. Affected: Natural Resources  
 BRU: Oil & Gas Development  
 Component: Pipeline Coordinator  
 Component Number: 1191

Revision Date/Time (Note if correction): \_\_\_\_\_  
 Title: Right-of-Way Leasing Act: Term & Renewal  
 Sponsor: Senators Therriault, Wilken, Kelly and Green  
 Requester: (S) RES

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	*	*	*	*	*	*

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	*	*	*	*	*	*

Estimate of any current year (FY2001) cost: none

Check this box (X) if funding for this bill is included in the Governor's FY2002 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

Potential savings to the state from passage of Section 1 of SSSB 76 will begin to accrue in 2014. The right-of-way for TAPS and five pipelines on the North Slope expire in 2004. Without the passage of Section 1, renewals would then occur at least every 10 years. A portion of the cost of those renewal processes would pass to the state through tariffs. It is not possible to estimate the timing or magnitude of the savings.

There are no fiscal impacts associated with Section 2 of SSSB 76.

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 Division: State Pipeline Coordinator's Office Date/Time 30-Mar-01  
 Approved by: Pat Pourchot Date \_\_\_\_\_  
 Agency: Natural Resources

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There are no fiscal impacts associated with Section 3 of SSSB 76. Section 3 will codify the status quo. At present, the requirement to reimburse the state for oversight of operations, maintenance, and termination exists within individual leases or through an agreement between a pipeline operator and the state. Passage of Section 3 will eliminate the need for the individual lease provisions and individual agreements. At present, the SPCO executes a memorandum of understanding, which includes summaries of work and budget projects, with each applicant and operator providing reimbursement. Section 3 will codify this process.

Failure to pass Section 4 of SSSB 76 could result in serious fiscal impacts to the state, although it is not possible to estimate the timing or magnitude. The existing language in the Right-of-Way Leasing Act could require a pipeline project proponent to obtain a right-of-way from the state over lands in which the state has insufficient interest to issue the right-of-way.

Sections 5 and 6 will have no fiscal impact.