

AMENDMENT #1 By Sen. McGuire

OFFERED IN THE SENATE

TO: HB 3001(efd fld)

1 Page 1, following line 10:

2 Insert a new bill section to read:

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

5 CONTINGENT EFFECT OF LICENSE APPROVAL: INDEMNIFICATION FOR  
6 LIABILITIES TO WITHDRAWN PARTNERS. (a) The provisions of sec. 1 of this Act are  
7 contingent on the commissioner of revenue and the commissioner of natural resources  
8 obtaining from the licensee the licensee's written agreement that the state will not reimburse  
9 the licensee for qualified expenditures under AS 43.90.110(a)(1) before the licensee  
10 indemnifies the state against any loss of revenue because of a liability of the licensee to  
11 withdrawn partners. The indemnification is required regardless of whether the state receives  
12 its royalty share of the production of natural gas in kind or in value. In this subsection,  
13 "licensee" includes the licensee and a successor in interest to the licensee subject to AS 43.90.

14 (b) To implement this section, the commissioner of revenue, in consultation with the  
15 commissioner of natural resources and the attorney general, shall

16 (1) review the partnership agreement and other documents associated with the  
17 Alaskan Northwest Natural Gas Transportation Company, commonly referred to a ANNGTC;

18 (2) identify the partners and the successors in interest to the partners in the  
19 Alaskan Northwest Natural Gas Transportation Company;

20 (3) determine the extent of any liability or potential liability of the licensee to  
21 each partner or successor to a partner based on any partnership agreement or other agreement  
22 between the partners of the Alaskan Northwest Natural Gas Transportation Company;

23 (4) determine the effect on revenue to the state should the licensee be found

1 liable to a partner or successor to a partner under the partnership agreement and other  
2 agreements between the partners and their successors in the Alaskan Northwest Natural Gas  
3 Transportation Company; the effect on revenue to the state includes

4 (A) the costs associated with delays in the construction of the project;

5 (B) an effect on the tariff;

6 (C) an effect on the state's taxes and royalties;

7 (D) the effect on the state if the state acquires an ownership interest in  
8 the project; and

9 (E) other effects on revenue to the state identified by the commissioner  
10 of revenue; and

11 (5) determine the form and amount of indemnification required to be provided  
12 by the licensee to the state to shield the state from the possible effects on revenue determined  
13 under (4) of this subsection.

14 (c) Unless the parties otherwise agree, an agreement entered into under this section  
15 may provide that a dispute between the commissioner of revenue and the licensee over the  
16 extent of any liability of the licensee determined under this section and the form and amount  
17 of indemnification required to be provided by the licensee shall be resolved under  
18 AS 44.62.330 - 44.62.630 (Administrative Procedure Act) or other form of alternative dispute  
19 resolution agreed to by the licensee and the commissioner of revenue, in consultation with the  
20 attorney general.

21 (d) In this section,

22 (1) "licensee" and "project" have the meanings given in AS 43.90.900;

23 (2) "withdrawn partners" means the partners and successors in interest to the  
24 partners of the Alaskan Northwest Natural Gas Transportation Company identified by the  
25 commissioner of revenue in (b)(2) of this section."