

CS FOR SENATE BILL NO. 243(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE RESOURCES COMMITTEE

Offered: 3/22/10

Referred: Finance

Sponsor(s): SENATOR MCGUIRE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the royalty obligation for geothermal resources."**

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

3 * **Section 1.** AS 38.05.181(g) is amended to read:

4 (g) Each geothermal lease shall be conditioned upon payment by the lessee of
5 a royalty of **1.75 percent** [NOT LESS THAN 10 PERCENT BUT NOT MORE
6 THAN 15 PERCENT] of the gross revenues derived from the production, sale, or use
7 of geothermal resources under the lease **during the first 10 years immediately**
8 **following the date the geothermal resource first generates gross income and 3.5**
9 **percent of the gross revenues derived from the production, sale, or use of**
10 **geothermal resources under the lease after that first 10-year period.** Royalties
11 may be taken in kind rather than in value if the commissioner determines that taking in
12 kind would be in the best interest of the state.

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

15 **APPLICABILITY; AMENDMENT OF EXISTING LEASES.** (a) Section 1 of this

1 Act applies to a lease for a geothermal resource or the renewal of a lease for a geothermal
2 resource entered into on or after the effective date of this Act.

3 (b) The commissioner of natural resources shall offer the royalty rates in
4 AS 38.05.181(g), as amended by sec. 1 of this Act, as an amendment to a lease or renewal of
5 lease entered into before the effective date of this Act.