

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 264
 (H) Publish Date: 2/26/10

Identifier (file name): HB 264 DNR-CO-2-24-2010 Dept. Affected: Natural Resources
 Title: Pipeline from Outer Continental Shelf RDU: Resource Development
 Sponsor: Representative Ramras Component: Commissioner's Office
 Requester: House Community and Regional Affairs Committee Component Number: 423

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES								
CHANGE IN REVENUES ()		Indeterminate						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

This bill will require that DNR "expedite the review...on a right-of-way application" for oil pipelines that will serve federal outer continental shelf oil developments and deliver oil to the existing North Slope pipeline infrastructure. The State's costs associated with the adjudication of a right-of-way application are the responsibility of the applicant/lessee pursuant to AS 38.35.140 (b) and AS 38.35.145 (a).

It would also exempt these pipelines from property taxes for 20 years of the "commencement of commercial operations."

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Phone 269-8800
 Date/Time 2/24/10 12:00 PM
 Date 2/24/2010

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ANALYSIS CONTINUATION

There could be an impact of such legislation on future state revenues generated from the state's share of OCS federal royalties and possible indirect effects on royalty revenue from state land. Under the Outer Continental Shelf Lands Act, Section 8(g), Alaska receives 27 percent of the royalties, rents, and bonus bids from OCS lands in the area between three and six miles from shore.

Oil production from OCS development will also add to the throughput on North Slope pipelines and TAPS which will have an effect of reducing tariffs from what they might have been without OCS production. Lower tariffs means higher "netback" royalty values. If this bill provides some stimulus to OCS development that would not occur in the absence of the expedited ROW process and property tax exemptions, then there could be a positive impact of future state royalty revenues from the OCS and higher royalties.