

SENATE BILL NO. 216

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY SENATORS WIELECHOWSKI, French

Introduced: 2/21/12

Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to participation by the Alaska Industrial Development and Export**
2 **Authority in the development of oil and gas resources in the state."**

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

4 *** Section 1.** AS 44.88.080 is amended by adding a new paragraph to read:

5 (32) to acquire an interest in a project as necessary or appropriate to
6 provide working or venture capital for an oil or natural gas development project under
7 AS 44.88.650 - 44.88.660, whether by purchase, gift, or lease;

8 *** Sec. 2.** AS 44.88 is amended by adding new sections to read:

9 **Sec. 44.88.650. Acquisition of interest in businesses.** (a) The authority may
10 acquire, through purchase or other means, an interest in an in-state asset of a
11 corporation or other business entity that has a lease interest in an oil or natural gas
12 field in the state that has been explored, but only if the authority determines the
13 leaseholder has made reasonable efforts to obtain financing from the private sector to
14 develop the lease and those efforts have, in whole or part, been unsuccessful. The

1 authority shall exercise due diligence in acquiring an interest in an in-state asset of a
2 business entity under this section.

3 (b) If the authority acquires an interest in an in-state asset of a business entity
4 under this section, the authority may use the authority's assets, as appropriate, to aid in
5 the development of the oil or natural gas field in which the business entity has a lease
6 interest.

7 **Sec. 44.88.660. Alaska resource development fund.** (a) The Alaska resource
8 development fund is established in the authority for the purpose of developing oil and
9 gas resources, and consists of appropriations to the fund. The authority shall manage
10 the fund and may create separate accounts within it. Income of the fund or of
11 enterprises of the authority shall be separately accounted for and may be appropriated
12 to the fund.

13 (b) The authority may use money from the fund to carry out the fund's
14 purposes set out in (a) of this section.

15 * **Sec. 3.** AS 44.88.900(9) is amended to read:

16 (9) "project" means

17 (A) a plant or facility used or intended for use in connection
18 with making, processing, preparing, transporting, or producing in any manner,
19 goods, products, or substances of any kind or nature or in connection with
20 developing or utilizing a natural resource, or extracting, smelting, transporting,
21 converting, assembling, or producing in any manner, minerals, raw materials,
22 chemicals, compounds, alloys, fibers, commodities and materials, products, or
23 substances of any kind or nature;

24 (B) a plant or facility used or intended for use in connection
25 with a business enterprise;

26 (C) commercial activity by a business enterprise;

27 (D) a plant or facility demonstrating technological advances of
28 new methods and procedures and prototype commercial applications for the
29 exploration, development, production, transportation, conversion, and use of
30 energy resources;

31 (E) infrastructure for a new tourism destination facility or for

1 the expansion of a tourism destination facility; in this subparagraph, "tourism
2 destination facility" does not include a hotel or other overnight lodging facility;

3 (F) a plant or facility, other than a plant or facility described in
4 (D) of this paragraph, for the generation, transmission, development,
5 transportation, conversion, or use of energy resources;

6 (G) a plant or facility that enhances, provides for, or promotes
7 economic development with respect to transportation, communications,
8 community public purposes, technical innovations, prototype commercial
9 applications of intellectual property, or research;

10 (H) a plant or facility used or intended for use as a federal
11 facility, including a United States military, national guard, or coast guard
12 facility;

13 **(I) development of an oil and gas lease by providing**
14 **working or venture capital in exchange for an equity interest;**

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

17 ANALYSIS AND REPORT ON ALASKA RESIDENT INVESTMENT PROGRAM.

18 The Alaska Industrial Development and Export Authority shall research the possibility of
19 creating a program through which a resident of the state could invest the resident's permanent
20 fund dividend or other funds in an in-state oil or gas asset acquired by the authority under
21 AS 44.88.650 and report its findings to the legislature on December 31, 2012.