

Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version:	SCS CSHB 50(FIN)
Fiscal Note Number:	14
(S) Publish Date:	5/12/2024

Identifier: HB050SCSCS(FIN)-DCCED-AOGCC-05-12-24
 Title: CARBON STORAGE
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: (S) FINANCE

Department: Department of Commerce, Community and
Economic Development
 Appropriation: Alaska Oil and Gas Conservation Commission
 Allocation: Alaska Oil and Gas Conservation Commission
 OMB Component Number: 3269

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2025 Appropriation Requested	Included in Governor's FY2025 Request	Out-Year Cost Estimates					
			FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
OPERATING EXPENDITURES								
Personal Services		388.0	388.0	388.0	388.0	388.0	388.0	388.0
Travel								
Services		500.0	350.0	350.0	350.0	350.0	350.0	350.0
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	888.0	738.0	738.0	738.0	738.0	738.0	738.0

Fund Source (Operating Only)

1004 Gen Fund (UGF)		888.0						
1252 DGF Temp (DGF)			738.0	738.0	738.0	738.0	738.0	738.0
Total	0.0	888.0	738.0	738.0	738.0	738.0	738.0	738.0

Positions

Full-time		2.0	2.0	2.0	2.0	2.0	2.0
Part-time							
Temporary							

Change in Revenues

1252 DGF Temp (DGF)			738.0	738.0	738.0	738.0	738.0	738.0
Total	0.0	0.0	738.0	738.0	738.0	738.0	738.0	738.0

Estimated SUPPLEMENTAL (FY2024) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2025) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? Yes
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
 If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/25

Why this fiscal note differs from previous version/comments:

Updated fiscal note to reflect current version of the bill.

Prepared By:	Brett W. Huber, Sr., Chairman	Phone:	(907)793-1234
Division:	Alaska Oil and Gas Conservation Commission	Date:	05/12/2024
Approved By:	Hannah Lager, Administrative Services Director	Date:	05/12/24
Agency:	Commerce, Community, and Economic Development		

REPORTED OUT OF
SEC 05/12/2024

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION

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Analysis

This bill expands existing authority and responsibilities of the Alaska Oil and Gas Conservation Commission (AOGCC) to create a regulatory structure for carbon capture, utilization, and storage (CCUS) in Alaska. This bill grants AOGCC authority to pursue primacy from the U.S. Environmental Protection Agency (EPA) over Class VI wells needed for CCUS injection and amends the general property laws of Alaska to clarify pore space ownership for private parties. A robust outreach program will be required as part of the primacy application to educate and engage with all affected stakeholders, and Alaskans in general. Included in the FY2025 capital budget for AOGCC is the Underground Injection Control (UIC) Class VI Grant project, which includes federal authority for this grant program which will require extensive Alaska interstate travel, as well as multi-state, and possibly international travel, to ensure AOGCC is prepared for this major endeavor.

AOGCC anticipates that program management and administration may be accomplished through a combination of existing staff and contractual support. In FY2025, this program will be supported by two existing staff and existing funding added as part of SB 48 which passed during the 2023 legislative session. In this fiscal note, costs for program support are included in the personal services and service line beginning in FY2026 to continue those positions and support the work associated with this legislation.

Personal Services: \$388.0 per year for one fully-exempt Senior Carbon Engineer (R26) and one fully-exempt Carbon Assistant (R18).

Services: \$300.0 in each year for other contractual services, which may include contracted expertise for project development and operation.
\$50.0 for statewide and department allocated core services costs.

FY2025 activity will mainly be focused on obtaining primacy. Some expenditures for this program may be offset by potential grant receipts through the EPA Class VI Grant Program, included in the FY2025 capital budget.

The volume of permit applications and program activity beginning in FY2026 is not known. Revenues collected will be deposited into the new Carbon Dioxide Storage Facility Administrative Fund and used to support the costs of regulating the program following its inception (anticipated in FY2026). Revenue collections are shown in this note as equal to expenditures beginning in FY2026.

Regulations in support of the program will be required.

The most recent version of this bill includes: language expanding gas storage regulation in Cook Inlet; an updated definition of geothermal resources and expansion of the Department of Natural Resources licensing and leasing programs; and language clarifying qualified lease expenditures. These changes have no impact on AOGCC.