

Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version:	SCS CSHB 50(FIN)
Fiscal Note Number:	16
(S) Publish Date:	5/12/2024

Identifier: HB050SCSCS(FIN)-DNR-DOG-05-11-24
 Title: CARBON STORAGE
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: (S)FIN

Department: Department of Natural Resources
 Appropriation: Oil & Gas
 Allocation: Oil & Gas
 OMB Component Number: 439

Expenditures/Revenues

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

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

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***

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 If yes, by what date are the regulations to be adopted, amended or repealed? **6/31/2025**

Why this fiscal note differs from previous version/comments:

Analysis narrative updated to reflect changes made in the SCS CSHB 50(FIN)

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 Agency: Natural Resources

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 Date: 05/11/2024 12:23 PM
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REPORTED OUT OF
SFC 05/12/2024

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION

Analysis

Purpose of Legislation

The purpose of this legislation is to establish a comprehensive regulatory structure for Carbon Capture, Utilization, and Storage ("CCUS") projects within the State of Alaska. The bill allows DNR Division of Oil & Gas to lease State lands for carbon storage projects, establishes a CCUS regulatory regime within the Alaska Oil & Gas Conservation Commission ("AOGCC"), and expands existing regulatory authority over oil & gas pipelines to carbon dioxide pipelines.

The bill also updates the the Division of Oil & Gas's regulation of geothermal resources, allowing for conversion of existing prospecting permits to licenses which is not anticipated to have any additional fiscal impact.

New Positions

The work necessary to stand up the Carbon Capture, Utilization, and Storage Program within the Division of Oil & Gas will be managed with existing staff resources.

Travel & Services

No travel or services are required for this bill.

Capital Costs

No capital costs are required for this bill.

New Fund - Carbon Storage Closure Trust Fund

The legislation creates a new "Carbon Storage Closure Trust Fund." The fund will be funded through payments from Carbon Storage Facility operators based on the volume of injected carbon. The payment amounts will be set by the Alaska Oil & Gas Conservation Commission at the time that a permit is issued for the facility. The fund is intended to be used for long-term monitoring and maintenance related to injected underground carbon after a carbon storage facility has ceased operation and the operator has dismantled infrastructure and remediated the facility site except for the underground carbon.

Regulations

This legislation is likely to result in DNR issuing new regulations concerning the evaluation of applications for carbon storage licenses and leases and for establishing a competitive bidding process for competing license applications. DNR anticipates that regulations should be promulgated within 12 months of final passage. DNR is likely to coordinate regulatory proposals with other agencies involved in CCUS oversight activities to ensure harmonization of regulatory programs given the complexity of the subject matter.