

HOUSE JOURNAL
ALASKA STATE LEGISLATURE
THIRTY-THIRD LEGISLATURE
FIRST SESSION

Juneau, Alaska

Friday

January 27, 2023

Eleventh Day

Pursuant to adjournment the House was called to order by Speaker Tilton at 10:31 a.m.

Roll call showed 39 members present. Representative Wright had been excused from a call of the House today.

The invocation was offered by the Chaplain, Pastor Kristi McGuire of Aldersgate United Methodist Church. Representative Vance moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered.

It is with the deepest respect for the religious beliefs of all Alaskans, that I invite you to join in this a time of prayer and reflection:

Come, Holy Spirit.

Creator God, be in our hearts and minds as we come together today as forty houses become one for the betterment of all in our state. We come today as people of privilege, grateful for this opportunity and hopeful for our future. May each of us from our own traditions begin our work today in the spirit of unity.

Understanding that we are all connected to one another, let us acknowledge and embrace our oneness. We pray that we may be loving and able stewards of the abundant resources that we enjoy and that we share. Let us acknowledge our differences as we work toward understanding and decision-making, so

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that we faithfully represent the present and the future of the people in Alaska.

We pray that we have the strength to recognize when it is difficult to overcome the inertia that impacts us during these challenging times. We recognize the occasional tiredness in our heads, our souls, and in our hearts. We call upon your strength that each one of us might be the best person that we are called to be. May we work to be the change that we seek.

As we renew these goals in our hearts on this day and the days that come before us, let us say, with confidence, in the name of Christ, Amen!

The Pledge of Allegiance was led by Representative Cronk.

CERTIFICATION OF THE JOURNAL

Representative Saddler moved and asked unanimous consent that the journal for the ninth and tenth legislative days be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

MESSAGES FROM THE GOVERNOR

A letter dated January 26 was read stating that, in accordance with AS 14.40.150 and art. VII, sec. 3 Constitution of the State of Alaska, the Governor submits the following name for legislative confirmation of appointment to the position noted.

The Speaker referred the following to the Education Committee:

University of Alaska Board of Regents

Paula Harrison – Anchorage

Appointed: 2/6/2023

Term Expires: 2/6/2031

A resume for the appointment is on file in the Chief Clerk's office.

MESSAGES FROM THE SENATE

A message dated January 25 was read stating the Senate ratified the following member to the Select Committee on Legislative Ethics pursuant to AS 24.60.130:

Gerald A. McBeath

COMMUNICATIONS

The following were received:

A letter dated January 24, was received from Daniel E. Winfree, Chief Justice of the Alaska Supreme Court, stating that he nominated the following public member for reappointment to the Select Committee on Legislative Ethics pursuant to AS 24.60.130 and AS 24.60.131.

Deborah Fancher

The Speaker referred the appointment to the Judiciary Committee.

Dept. of Administration
Monetary Terms of Agreement
Between the State and the Inlandboatmen's Union
January 23, 2023
(as required by AS 23.40.215)

Dept. of Administration
Monetary Terms of Agreement
Between the State and the Teacher's Education Association of Mt. Edgecumbe
January 23, 2023
(as required by AS 23.40.215)

The Speaker referred the monetary terms to the Finance Committee.

Dept. of Public Safety
2022 Annual Drug Report
January 2023
<https://dps.alaska.gov/getmedia/d2b7aeb9-0497-434a-a9f7-c4e1cbe5b01b/2022-Annual-Drug-Report.pdf>
(as required by AS 18.65.085)

Dept. of Revenue
Alaska Municipal Bond Bank Authority
Certification of Reserves
(as required by AS 44.85.270)

INTRODUCTION OF CITATIONS

The following citations were introduced and referred to the Rules Committee for placement on the calendar:

In Memoriam – Dr. Jon Robert "Rob" Duke
By Representatives Carrick, Stapp

In Memoriam – Noel Merrill Wien
By Senator Giessel

In Memoriam – Margaret Piggott
By Senator Kiehl; Representatives Story, Hannan

**INTRODUCTION, FIRST READING, AND REFERENCE
OF HOUSE BILLS****HB 49**

HOUSE BILL NO. 49 by the House Rules Committee by request of the Governor, entitled:

"An Act authorizing the Department of Natural Resources to lease land for carbon management purposes; establishing a carbon offset program for state land; authorizing the sale of carbon offset credits; and providing for an effective date."

was read the first time and referred to the Resources and Finance Committees.

The following fiscal note(s) apply:

1. Fiscal, Dept. of Natural Resources
2. Fiscal, Dept. of Natural Resources
3. Fiscal, Dept. of Natural Resources

The Governor's transmittal letter dated January 26 follows:

"Dear Speaker Tilton:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill related to carbon management and establishing carbon offset projects on state lands.

There is increasing global interest in carbon offset programs as companies and governments attempt to meet greenhouse gas emissions targets and net zero goals. Participation in this growing industry presents an economic opportunity for Alaska because of our abundant state land and waters. This bill capitalizes on the carbon market opportunity by establishing a statewide carbon offset program within the Department of Natural Resources (DNR). The proposed carbon offset program has the potential to generate additional revenue for the State of Alaska through biologic carbon storage projects that can mitigate a portion of the carbon dioxide emitted by activities around the state, nation, and world.

The bill would allow the state to participate in the evolving carbon market in two ways. First, DNR would be authorized to lease state lands to private parties for carbon management purposes. These projects include greenhouse gas mitigation measures or non-geologic carbon sequestration projects that generate revenue as established in a lease agreement.

Second, it would establish a carbon offset program authorizing DNR to implement carbon offset projects on state lands, including state forest lands. The bill identifies the criteria to be used to establish the program, provides administrative direction for the department, requires a public decision process for carbon offset projects on state lands, and allows for the sale of carbon offset credits. Revenue from carbon offset sales will be placed in a new carbon offset revenue fund to provide funding for the administration and implementation of the program, and excess funding can be drawn from the fund for general state expenses in the future.

This bill presents a strong economic opportunity for the state. I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Mike Dunleavy
Governor"

HB 50

HOUSE BILL NO. 50 by the House Rules Committee by request of the Governor, entitled:

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"An Act relating to the geologic storage of carbon dioxide; and providing for an effective date."

was read the first time and referred to the Resources and Finance Committees.

The following fiscal note(s) apply:

1. Fiscal, Dept. of Commerce, Community, & Economic Development
2. Fiscal, Dept. of Natural Resources
3. Fiscal, Dept. of Revenue
4. Indeterminate, Dept. of Environmental Conservation

The Governor's transmittal letter dated January 26 follows:

"Dear Speaker Tilton:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to carbon capture, utilization, and storage (CCUS) and providing for an effective date.

This bill is a key component of the state's efforts to monetize its immense carbon storage potential and maximize utilization of resources. CCUS projects capture carbon dioxide emitted from point sources or the atmosphere and inject it deep underground into geologic formations for utilization in industrial processes, such as enhanced oil recovery, or for permanent sequestration.

Industry interest in CCUS is growing around the country and the world, driven by regulatory requirements, corporate objectives, and government financing and tax incentives. Alaska's participation in the industry could bring new industrial activity into the state, provide new revenue through CCUS exploration licensing, leasing, and permitting programs, and burnish the state's credentials for environmentally responsible resource development. Alaska is uniquely positioned for success in the CCUS industry, having large, state-owned subsurface acreage positions with highly prospective geologic formations ideal for the underground storage of carbon dioxide.

This omnibus CCUS bill establishes a CCUS leasing and regulatory program for the state. The bill creates a framework for the Department of Natural Resources (DNR) and the Alaska Oil and Gas Conservation Commission (AOGCC) to permit and regulate carbon storage facilities on lands within the state. The bill establishes an exploration licensing and leasing program, along with a pathway for the conversion of enhanced oil recovery operations to sequestration operations. The bill also establishes a mechanism by which the state will assume title to sequestered carbon dioxide following storage facility closure, and an industry-funded trust fund to cover possible long-term liabilities.

The bill provides DNR with the authority to grant carbon storage exploration licenses, and then leases, for the underground storage of carbon dioxide on state land. Generally, a license would have a five-year term with mandatory work commitments including an annual fee of at least \$20 per acre and annual reporting requirements. The bill contains minimum annual rent requirements, a per-ton injection charge for stored carbon dioxide, and requirements for bonding or other financial security. Due to the mineral nature of pore space leased for carbon storage, twenty-five percent of lease payments would be deposited into the Alaska Permanent Fund. Carbon storage lessees would be required to file for approval of a plan of development with the commissioner of DNR in a process similar to current oil and gas lessees. The bill requires carbon storage licenses and leases to include covenants to prevent unreasonable interference with the rights of existing mineral lessees and to indemnify the state for any unreasonable interference.

The bill amends statutes for pipeline rights-of-way leasing on state land to include pipelines for the transportation of carbon dioxide. This allows the state to administer pipeline infrastructure for transportation of captured carbon dioxide to geological storage facilities.

The bill provides the AOGCC with the authority to seek primacy from the United States Environmental Protection Agency for permitting over Class VI underground injection wells. States with primacy over these wells are anticipated to enjoy a competitive advantage in this burgeoning industry due to quicker well permitting. The bill also grants AOGCC statewide regulatory authority over carbon storage facilities to maintain reservoir integrity, protect property rights, and

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ensure public health and safety. AOGCC would charge application fees to cover the anticipated costs of processing applications. Once carbon dioxide is being injected into a permitted carbon storage facility, the facility operator would pay AOGCC a fee for each ton of carbon dioxide injected to cover anticipated expenses during the operation of the carbon storage facility. Also, AOGCC would set a surcharge based on carbon dioxide injected to address the expenses the state will incur post-closure. The surcharge payments would be deposited into the carbon storage closure trust fund created in the bill. DNR would assume title and management of the facilities and stored carbon post-closure.

This bill has an immediate effective date to allow the state to capitalize on these new opportunities as soon as possible.

This bill is part of my long-term fiscal solution and plan to attract investment to Alaska. The public will benefit from new potential sources of revenue for the state and boroughs, which can be directed to funding programs to benefit Alaskans. The private sector will benefit from new opportunities for industries associated with the capture, transportation, use, and geological storage of carbon dioxide. The state will benefit from an inclusive carbon management strategy that can alleviate investor concerns over Arctic energy and infrastructure projects and strengthen Alaska's resource development opportunities.

I urge your prompt and favorable action on this measure.

Sincerely,

/s/

Mike Dunleavy
Governor"

CONSIDERATION OF THE DAILY CALENDAR

LEGISLATIVE CITATIONS

Representative Saddler moved and asked unanimous consent that the House approve the citation on the calendar. There being no objection, the following citation was approved and sent to enrolling:

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In Memoriam - Tony Strong
By Senator Kiehl; Representatives Hannan, Story

UNFINISHED BUSINESS

Representative Saddler moved and asked unanimous consent that the following members be excused from a call of the House. There being no objection, the members were excused as noted:

Representative Sumner – from:

9:00 p.m., today to 9:21 a.m., January 30
8:00 p.m., February 22 to 10:00 a.m., February 27

Representative Vance – from 1:00 p.m., February 3 to 8:00 p.m., February 5

Representative Mears – from:

5:00 a.m., January 28 to 9:00 a.m., January 30
9:00 a.m., February 3 to 10:00 a.m., February 6

HB 21

The Speaker removed the Community & Regional Affairs Committee referral from the following:

HOUSE BILL NO. 21

"An Act relating to group insurance coverage and self-insurance coverage for school district employees, employees of the University of Alaska, and employees of other governmental units in the state; and providing for an effective date."

HB 21 was referred to the Education Committee.

The Speaker made the following appointments:

HR 6

House Special Committee on Energy: added Wright

HR 2

House Special Committee on Fisheries: added Carpenter

HB 1

Representative McCabe added as a cosponsor to:

HOUSE BILL NO. 1

"An Act relating to elections."

HB 4

Representative McCabe added as a cosponsor to:

HOUSE BILL NO. 4

"An Act relating to elections."

HB 17

Representative Fields added as a cosponsor to:

HOUSE BILL NO. 17

"An Act relating to insurance coverage for contraceptives and related services; relating to medical assistance coverage for contraceptives and related services; and providing for an effective date."

HB 24

Representative McCabe added as a cosponsor to:

HOUSE BILL NO. 24

"An Act relating to the membership of the Board of Governors of the Alaska Bar."

HB 32

Representative McCabe added as a cosponsor to:

HOUSE BILL NO. 32

"An Act relating to appeals of administrative decisions related to oil or gas; establishing an oil and gas production working group; and providing for an effective date."

ANNOUNCEMENTS

House committee schedules are published under separate cover.

ADJOURNMENT

Representative Saddler moved and asked unanimous consent that the House adjourn until 11:00 a.m., January 30. There being no objection, the House adjourned at 11:25 a.m.

Crystaline Jones
Chief Clerk