

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

March 8, 2023

1:05 p.m.

MEMBERS PRESENT

Representative Tom McKay, Chair
Representative George Rauscher, Vice Chair
Representative Josiah Patkotak
Representative Kevin McCabe
Representative Dan Saddler
Representative Stanley Wright
Representative Jennie Armstrong
Representative Donna Mears
Representative Maxine Dibert

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 50

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

- MOVED CSHB 50(RES) OUT OF COMMITTEE

HOUSE BILL NO. 49

"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."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 50

SHORT TITLE: CARBON STORAGE

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/27/23	(H)	READ THE FIRST TIME - REFERRALS
01/27/23	(H)	RES, FIN
02/10/23	(H)	RES AT 1:00 PM BARNES 124
02/10/23	(H)	Heard & Held

02/10/23	(H)	MINUTE (RES)
02/15/23	(H)	RES AT 1:00 PM BARNES 124
02/15/23	(H)	Heard & Held
02/15/23	(H)	MINUTE (RES)
02/17/23	(H)	RES AT 1:00 PM BARNES 124
02/17/23	(H)	Heard & Held
02/17/23	(H)	MINUTE (RES)
02/20/23	(H)	RES AT 1:00 PM BARNES 124
02/20/23	(H)	Heard & Held
02/20/23	(H)	MINUTE (RES)
02/22/23	(H)	RES AT 1:00 PM BARNES 124
02/22/23	(H)	Heard & Held
02/22/23	(H)	MINUTE (RES)
02/24/23	(H)	RES AT 1:00 PM BARNES 124
02/24/23	(H)	Bills Previously Heard/Scheduled
02/27/23	(H)	RES AT 1:00 PM BARNES 124
02/27/23	(H)	Heard & Held
02/27/23	(H)	MINUTE (RES)
03/01/23	(H)	RES AT 1:00 PM BARNES 124
03/01/23	(H)	Heard & Held
03/01/23	(H)	MINUTE (RES)
03/08/23	(H)	RES AT 1:00 PM BARNES 124

BILL: HB 49

SHORT TITLE: CARBON OFFSET PROGRAM ON STATE LAND
 SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/27/23	(H)	READ THE FIRST TIME - REFERRALS
01/27/23	(H)	RES, FIN
02/20/23	(H)	RES AT 1:00 PM BARNES 124
02/20/23	(H)	<Bill Hearing Canceled>
02/22/23	(H)	RES AT 1:00 PM BARNES 124
02/22/23	(H)	<Bill Hearing Canceled>
02/24/23	(H)	RES AT 1:00 PM BARNES 124
02/24/23	(H)	<Bill Hearing Canceled>
02/27/23	(H)	RES AT 1:00 PM BARNES 124
02/27/23	(H)	Scheduled but Not Heard
03/01/23	(H)	RES AT 1:00 PM BARNES 124
03/01/23	(H)	Heard & Held
03/01/23	(H)	MINUTE (RES)
03/08/23	(H)	RES AT 1:00 PM BARNES 124

WITNESS REGISTER

TONY STRUPULIS, State Pipeline Coordinator
 Central Office
 Division of Oil and Gas

Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on the proposed CS for HB 50, Version S.

JOHN CROWTHER, Deputy Commissioner
Office of the Commissioner
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on the CS for HB 50, Version S.

BRETT HUBER, Commissioner
Alaska Oil and Gas Conservation Commission
Department of Commerce, Community & Economic Development
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on the proposed CS for HB 50, Version S.

COLLEEN GLOVER, Director
Tax Division
Department of Revenue
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on the proposed CS for HB 50, Version S.

CRYSTAL KOENEMAN, Legislative Liaison
Office of the Commissioner
Department of Environmental Conservation
Juneau, Alaska

POSITION STATEMENT: Answered questions on amendments to the proposed CS for HB 50, Version S.

ED KING, Staff
Representative Tom McKay
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions on amendments to the proposed CS for HB 50, Version S, on behalf of Representative McKay.

RENA MILLER, Special Assistant
Office of the Commissioner
Department of Natural Resources
Juneau, Alaska

POSITION STATEMENT: Provided an overview of HB 49 via PowerPoint, on behalf of the bill sponsor, House Rules by request of the governor.

CHRISTY COLLES, Director
Division of Mining Land and Water
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 49.

ED KING, Staff
Representative Tom McKay
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided a summary of changes in the proposed CS for HB 49, Version S, on behalf of Representative McKay.

ACTION NARRATIVE

[1:05:54 PM](#)

CHAIR TOM MCKAY called the House Resources Standing Committee meeting to order at 1:05 p.m. Representatives McCabe, Patkotak, Rauscher, Saddler, Armstrong, Mears, Dibert, and McKay were present at the call to order. Representatives Wright arrived as the meeting was in progress.

HB 50-CARBON STORAGE

[1:07:11 PM](#)

CHAIR MCKAY announced that the first order of business would be HOUSE BILL NO. 50, "An Act relating to the geologic storage of carbon dioxide; and providing for an effective date." [Before the committee, adopted as the work draft on 3/1/23, was the proposed committee substitute (CS) for HB 50, Version 33-GH1567\S, Dunmire, 2/28/23, ("Version S").]

CHAIR MCKAY referenced a recent opinion piece suggesting that carbon dioxide pipelines could be dangerous. He asked Mr. Strupulis to discuss the pipeline safety procedures in place in Alaska.

[1:08:45 PM](#)

TONY STRUPULIS, State Pipeline Coordinator, Central Office, Division of Oil and Gas, Department of Natural Resources (DNR), described the systematic approach to the entire pipeline system, highlighting the thorough design reviews performed during the project development phase to guarantee that codes and regulations were met. In addition, field surveillance was done on a regular basis to ensure compliance with the lease stipulations, as well as regular coordination with a variety of state and federal agencies to ensure that pipeline safety and integrity were maintained.

[1:11:06 PM](#)

REPRESENTATIVE SADDLER questioned the responsibilities of the state pipeline coordinator's office should the need arise to regulate carbon dioxide pipelines.

MR. STRUPULIS affirmed that his office may need additional resources to meet the needs of the added workload. Nonetheless, he did not foresee a drastic change in the operational structure.

REPRESENTATIVE SADDLER asked whether the fees paid under regulation would be sufficient to pay the cost of the additional workload on the state pipeline coordinator's office.

MR. STRUPULIS answered yes.

[1:12:24 PM](#)

JOHN CROWTHER, Deputy Commissioner, Office of the Commissioner, Department of Natural Resources (DNR), cited AS 38.35, which was amended in Sections 17-23 of the bill to add carbon dioxide pipelines to the state pipeline coordinator's statutory authorities. He noted that a cost recovery mechanism was included for pipeline applications to ensure that costs were recouped by the project development.

REPRESENTATIVE SADDLER referenced the disbandment of the Pipeline System's Integrity Office (PSIO) and asked whether that office provided additional comfort in the integrity of the Alaska pipeline systems.

MR. STRUPULIS said the PSIO was before his time with the state pipeline coordinator's office.

[1:13:49 PM](#)

MR. CROWTHER described the authorities under AS 38.35 as robust. In addition, he expressed the administration's support for a forthcoming amendment that would confirm DEC's existing statutory authority to regulate carbon dioxide pipelines. He further highlighted the suite of federal regulatory standards for the safety and operational capacity of pipelines through the Pipeline and Hazardous Materials Safety Administration. He shared his belief that existing lines were robustly regulated and operating safely, indicating that future lines would be so as well.

REPRESENTATIVE MCCABE asked whether there were material data safety sheets for carbon dioxide and whether it was considered a hazardous substance for transport or any other means.

MR. CROWTHER shared his understanding that material data safety sheets were not required for the transport of carbon dioxide, as it was not generally toxic or hazardous for human health. He stated that the op-ed referenced by Chair McKay relayed concerns associated with high concentrations of carbon dioxide. Consequently, in the course of designing pipelines, it would be important to understand and anticipate concentration issues. He further explained the dangers that occur when a very large volume of concentration meets a natural geologic low point, causing breathable air to be displaced in the few minutes before disbursement. Nonetheless, he stated that carbon dioxide was less dangerous than many other materials.

[1:16:35 PM](#)

REPRESENTATIVE MCCABE likened carbon dioxide to water, which also displaced oxygen, indicating carbon dioxide, like water, was not hazardous on its own.

CHAIR MCKAY moved to the second concern related to amalgamating property rights, as referenced in the bill. He asked Commissioner Huber to compare the process in the bill to the current practices for oil and gas units.

[1:17:34 PM](#)

BRETT HUBER, Commissioner, Alaska Oil and Gas Conservation Commission (AOGCC), Department of Commerce, Community & Economic Development (DCCED), stated that the process envisioned in HB 50 was the same as the existing process. He explained that the bill would give AOGCC the authority to amalgamate a property

owner who wasn't interested in being part of the project along with a voluntary property owner into a unit. He noted that the authority existed for oil and gas but was never utilized because often, people wanted to represent themselves instead of having their destiny determined by regulators. He explained that an operator would look for a project space with simple, public ownership patterns that did not involve multiple owners. Otherwise, the commission would have the ability to unitize by compelling the property owners to participate in the unit, volumetrically assess the property as a percentage of the total project, and allocate costs and proceeds based on that.

CHAIR MCKAY, continuing to the third concern, asked Ms. Glover to speak to the deductibility of cost related to carbon storage activities against a company's production tax liability.

[1:20:14 PM](#)

COLLEEN GLOVER, Director, Tax Division, Department of Revenue (DOR), explained that under AS 43.55.165, allowable lease expenditures were generally any cost in the unit directly for exploring or producing oil and gas unless expressly disallowed. Therefore, carbon projects would generally be allowable unless expressly stated otherwise. She added that a carbon capture, utilization, and storage (CCUS) project unrelated to oil and gas in any way would not qualify under statute as an allowable cost.

[1:21:34 PM](#)

CHAIR MCKAY asked Mr. Crowther to speak to the changes in the updated fiscal notes for Version S.

MR. CROWTHER directed the question to Commissioner Huber.

CHAIR MCKAY asked Commissioner Huber to speak to the changes in AOGCC's updated fiscal note.

COMMISSIONER HUBER said AOGCC's updated fiscal note better described the anticipated federal grant proceeds to supplant the general fund (GF) spend in the first two years. In addition, all out years reflected program receipts, as there were avenues within the bill for cost recovery.

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REPRESENTATIVE SADDLER asked where the federal funds were reflected on AOGCC's fiscal note.

COMMISSIONER HUBER directed attention to the last page of the fiscal note, adding that the anticipated federal funds were a grant program that AOGCC had applied for, as described in the analysis.

REPRESENTATIVE SADDLER asked Mr. Huber to speak to the commission's confidence in the ability to obtain those federal grants.

COMMISSIONER HUBER relayed that a \$50 million appropriation was available for all 50 states, of which a subset was actively seeking primacy for the grant funding. He calculated that with less than half the states pursuing this, Alaska could receive \$2 million or more. He portrayed his confidence level as "decent," because the U.S. Environmental Protection Agency (EPA) had asked states to participate in the program.

[1:25:24 PM](#)

CHAIR MCKAY moved to the consideration of amendments.

[1:25:48 PM](#)

REPRESENTATIVE ARMSTRONG moved to adopt Amendment 1 to HB 50, Version S, labeled 33-GH1567\S.3, Dunmire, 3/7/23, which read:

Page 1, line 5, following "**Resources**;"

Insert "**relating to carbon dioxide pipelines**;"

Page 30, following line 18:

Insert a new bill section to read:

* **Sec. 40.** AS 46.03.020 is amended to read:

Sec. 46.03.020. Powers of the department. The department may

(1) enter into contracts and compliance agreements necessary or convenient to carry out the functions, powers, and duties of the department;

(2) review and appraise programs and activities of state departments and agencies in light of the policy set out in AS 46.03.010 for the purpose of determining the extent to which the programs and activities are contributing to the achievement of that policy and to make recommendations to the departments and agencies, including environmental guidelines;

(3) consult with and cooperate with

(A) officials and representatives of any nonprofit corporation or organization in the state;

(B) persons, organizations, and groups, public and private, using, served by, interested in, or concerned with the environment of the state;

(4) appear and participate in proceedings before any state or federal regulatory agency involving or affecting the purposes of the department;

(5) undertake studies, inquiries, surveys, or analyses it may consider essential to the accomplishment of the purposes of the department; these activities may be carried out by the personnel of the department or in cooperation with public or private agencies, including educational, civic, and research organizations, colleges, universities, institutes, and foundations;

(6) at reasonable times, enter and inspect with the consent of the owner or occupier any property or premises to investigate either actual or suspected sources of pollution or contamination or to ascertain compliance or noncompliance with a regulation that may be adopted under AS 46.03.020 - 46.03.040; information relating to secret processes or methods of manufacture discovered during investigation is confidential;

(7) conduct investigations and hold hearings and compel the attendance of witnesses and the production of accounts, books, and documents by the issuance of a subpoena;

(8) advise and cooperate with municipal, regional, and other local agencies and officials in the state, to carry out the purposes of this chapter;

(9) act as the official agency of the state in all matters affecting the purposes of the department under federal laws now or hereafter enacted;

(10) adopt regulations necessary to carry out the purposes of this chapter, including regulations providing for

(A) control, prevention, and abatement of air, water, or land or subsurface land pollution;

(B) safeguard standards for carbon dioxide, petroleum, and natural gas pipeline construction, operation, modification, or alteration;

(C) protection of public water supplies by establishing minimum drinking water standards, and standards for the construction, improvement, and maintenance of public water supply systems;

(D) collection and disposal of sewage and industrial waste;

(E) collection and disposal of garbage, refuse, and other discarded solid materials from industrial, commercial, agricultural, and community activities or operations;

(F) control of pesticides;

(G) other purposes as may be required for the implementation of the policy declared in AS 46.03.010;

(H) handling, transportation, treatment, storage, and disposal of hazardous wastes;

(11) inspect the premises of sellers and suppliers of paint, vessels, and marine and boating supplies, and take other actions necessary to enforce AS 46.03.715;

(12) notwithstanding any other provision of law, take all actions necessary to receive authorization from the administrator of the United States Environmental Protection Agency to administer and enforce a National Pollutant Discharge Elimination System program in accordance with 33 U.S.C. 1342 (sec. 402, Clean Water Act), 33 U.S.C. 1345 (sec. 405, Clean Water Act), 40 C.F.R. Part 123, and 40 C.F.R. Part 403, as amended;

(13) require the owner or operator of a facility to undertake monitoring, sampling, and reporting activities described in 33 U.S.C. 1318 (sec. 308, Clean Water Act);

(14) notwithstanding any other provision of law, take all actions necessary to receive federal authorization of a state program for the department and the Department of Natural Resources to administer and enforce a dredge and fill permitting program allowed under 33 U.S.C. 1344 (sec. 404, Clean Water Act) and to implement the program, if authorized.

Renumber the following bill sections accordingly.

Page 30, line 31:

Delete "Section 40"

Insert "Section 41"

REPRESENTATIVE RAUSCHER objected for the purpose of discussion.

REPRESENTATIVE ARMSTRONG explained that Amendment 1 ensured that CCUS projects were done with the highest standards for public

safety and environmental protection by giving DEC the statutory authority to regulate carbon dioxide pipelines.

[1:26:26 PM](#)

REPRESENTATIVE RAUSCHER asked whether the department considered Amendment 1 a friendly amendment.

MR. CROWTHER answered yes, the administration was in support of the proposed amendment. He deferred to the legislative liaison from the Department of Environmental Conservation (DEC).

[1:26:54 PM](#)

CRYSTAL KOENEMAN, Legislative Liaison, Office of the Commissioner, Department of Environmental Conservation (DEC), said DEC had no objections to the language proposed in Amendment 1.

[1:27:15 PM](#)

The committee took a brief at-ease.

[1:27:53 PM](#)

CHAIR MCKAY sought further questions on Amendment 1 from members of the committee.

REPRESENTATIVE RAUSCHER removed his objection. There being no further objection, Amendment 1 was adopted.

[1:28:32 PM](#)

REPRESENTATIVE MCCABE moved to adopt Amendment 2 to HB 50, Version S, as amended, labeled 33-GH1567\S.4, Dunmire, 3/7/23, which read:

Page 6, line 9, following "exploration":

Insert "and the leasing of state land for carbon storage"

Page 6, lines 12 - 14:

Delete all material and insert:

"(c) The commissioner shall establish in regulation minimum acceptable commercial terms for carbon storage exploration licenses and carbon storage leases, including license fees, rental payments,

injection charges, other forms of compensation, and financial assurances. The commissioner shall review and update a regulation adopted under this subsection at least every five years."

Page 6, line 30:

Delete "of at least \$20 an acre"

Insert "applicable to a carbon storage exploration license under regulations adopted under AS 38.05.700(c)"

Page 7, lines 4 - 6:

Delete "provide for the posting of a bond or other security acceptable to the department and in favor of the state"

Insert "meet the requirements of regulations adopted under AS 38.05.700(c)"

Page 7, lines 23 - 26:

Delete all material.

REPRESENTATIVE PATKOTAK objected.

[1:28:37 PM](#)

CHAIR MCKAY questioned the administration's position on Amendment 2.

MR. CROWTHER said the department was supportive of Amendment 2.

REPRESENTATIVE PATKOTAK removed his objection. There being no further objection, Amendment 2 was adopted.

[1:29:15 PM](#)

REPRESENTATIVE MEARS moved to adopt Amendment 3 to HB 50, Version S, as amended, labeled 33-GH1567\S.15, Dunmire, 3/7/23, which read:

Page 6, line 8, following "licensing":

Insert "and leasing"

Page 6, line 9, following "exploration":

Insert "and the leasing of state land for carbon storage"

Page 6, line 14, following "terms.":

Insert "If the lease holder sells carbon credits on the lease, the fee for an annual lease rental must be at least four percent of the lease holder's gross revenue from carbon credit sales on the lease plus four percent of the value of carbon oxide sequestration credits the lease holder is allowed for the lease under 26 U.S.C. 45Q (Internal Revenue Code). If the lease holder does not sell carbon credits on the lease, the fee for an annual lease rental must, for each ton of carbon injected, be at least equal to four percent of the average sale price of a California Carbon Allowance over the preceding 30 days on the New York Mercantile Exchange plus four percent of the value of carbon oxide sequestration credits the lease holder is expected to be allowed for the lease under 26 U.S.C. 45Q (Internal Revenue Code)."

Page 6, line 30:

Delete "of at least \$20 an acre"

Insert "applicable to a carbon storage exploration license under regulations adopted under AS 38.05.700(c)"

Page 7, lines 4 - 6:

Delete "provide for the posting of a bond or other security acceptable to the department and in favor of the state"

Insert "meet the requirements of regulations adopted under AS 38.05.700(c)"

Page 7, lines 23 - 26:

Delete all material.

REPRESENTATIVE RAUSCHER objected.

[1:29:39 PM](#)

REPRESENTATIVE MEARS stated that Amendment 3 was similar to Amendment 2 in terms of the technical corrections; however, it included more definite terms related to market value. She expressed concern about the business plan and the benefit to the state, noting that she was working through the bill to identify many of the undefined terms. She explained that Amendment 3 added a 4 percent market term, which was the minimum for oil production. She added that 4 percent was variable depending on the market and would allow the state to recoup funds.

REPRESENTATIVE RAUCHER questioned the administration's opinion on Amendment 3.

[1:31:04 PM](#)

MR. CROWTHER said he appreciated the intent and focus on retaining a fair return for the state; however, he believed that the previously adopted Amendment 2 would give flexibility to the department to recoup that return. He emphasized the importance of flexibility of commercial terms in the context of an evolving market to provide return for the state and to enable projects to proceed. For those reasons, he said the department did not support Amendment 3.

REPRESENTATIVE SADDLER pointed out that [the legislature] had overriding direction from the state constitution to obtain maximum benefit consistent with the public interest. He added that should there be excess value escaping the state's grasp, the regulation authority would allow the legislature to change those regulations to capture that value. He appreciated the amendment's intent; however, he believed that the overriding goal was accomplished elsewhere in the bill.

[1:32:08 PM](#)

REPRESENTATIVE MCCABE voiced his concern that Amendment 3 was "going down a rabbit trail" by specifying revenues in statute, and he shared his understanding that the revenue would be decided in the future through regulation. He said he was not in favor of the proposed amendment.

REPRESENTATIVE MEARS reiterated her concern about the absence of the ability to build a financial case for the bill. She expressed her interest in forming a subcommittee to continue working on the bill.

REPRESENTATIVE RAUSCHER said he appreciated the proposed amendment; however, he shared his belief that it failed to "hit the mark." He maintained his objection to Amendment 3.

[1:34:40 PM](#)

A roll call vote was taken. Representatives Armstrong, Mears, and Dibert voted in favor of Amendment 3. Representatives McCabe, Patkotak, Rauscher, Saddler, and McKay voted against it. Therefore, Amendment 3 failed by a vote of 3-5.

[1:35:29 PM](#)

The committee took a brief at-ease.

[1:36:29 PM](#)

REPRESENTATIVE MCCABE moved to adopt Amendment 4 to HB 50, Version S, as amended, labeled 33-GH1567\S.13, Dunmire, 3/7/23, which read:

Page 10, line 8:

Delete "satisfies the requirements of
AS 38.05.705(b) and"

Page 10, line 24:

Delete "apply for"
Insert "acquire"

Page 10, line 28:

Delete "an applicant under (a) of this section if
the applicant"
Insert "a lessee under AS 38.05.180 if the
lessee"

Page 11, line 3:

Delete "the minimum"
Following "terms":
Insert "acceptable to the department as"

Page 11, line 7:

Delete "; and"
Insert "."

Page 11, lines 8 - 15:

Delete all material and insert:

"(d) Before a carbon storage lease issued under this section may be transferred or assigned to an entity that is not the responsible party under the existing oil and gas lease under AS 38.05.180, the assuming party must provide financial assurance acceptable to the department that the obligations of the lease can be met.

(e) The department may adopt regulations that allow a lease issued under AS 38.05.180 to be transitioned to a lease under this section upon the receipt of a permit issued under AS 41.06.185."

Page 11, lines 25 - 26:

Delete "governing the joint management of a unit executed by two or more lessees"

Insert "by lessees with an interest in the unit, the state, and any other carbon storage lessor"

Page 12, following line 7:

Insert a new paragraph to read:

"(2) "enhanced oil or gas recovery" has the meaning in AS 41.06.210;"

Renumber the following paragraph accordingly.

Page 28, lines 25 - 27:

Delete all material and insert:

"(4) "enhanced oil or gas recovery" means the increased recovery of hydrocarbons, including oil and gas, from a common source of supply achieved by artificial means or by the application of energy extrinsic to the common source of supply, including pressuring, cycling, pressure maintenance or injection of a substance or form of energy, including injection of water, gas, carbon dioxide, or both gas and carbon dioxide, including immiscible and miscible floods, as long as the enhanced oil or gas recovery does not include injection of a substance or form of energy for the sole purpose of

(A) aiding in the lifting of fluids in the well; or

(B) stimulation of the reservoir at or near the well by mechanical, chemical, thermal, or explosive means;"

REPRESENTATIVE RAUSCHER objected for the purpose of discussion.

CHAIR MCKAY questioned the administration's position on Amendment 4.

[1:36:52 PM](#)

MR. CROWTHER said the administration was in support of Amendment 4 and appreciated the work for additional corrections to the bill language.

CHAIR MCKAY invited Mr. King to explain the purpose of Amendment 4.

[1:37:17 PM](#)

ED KING, Staff, Representative Tom McKay, Alaska State Legislature, on behalf of Representative McKay, explained that Amendment 4 was a cleanup amendment to the process involving a current oil and gas production lease with a storage opportunity. The language would clarify some of the technical aspects of transitioning from oil and gas activity to storage activity.

REPRESENTATIVE MCCABE sought to confirm that the proposed amendment clarified that the state was already injecting carbon. In addition, he asked whether it codified the process of shifting [the current production lease] over to a deep well.

MR. CROWTHER shared his understanding that the purpose of Amendment 4 was to cleanup sections related to coextensive operations in which an operator may be developing oil and gas and moving into a carbon storage posture.

REPRESENTATIVE SADDLER sought further explanation of the definition of "enhanced oil or gas recovery" on page 2, line 19 of Amendment 4.

MR. KING stated that the language was inserted at the request of AOGCC because the definition was lacking in the original version of the bill. He explained that the expansive definition in Amendment 4 was intended to replace a placeholder definition that was inserted in Version S.

REPRESENTATIVE SADDLER asked Mr. Huber to expound on the definition.

[1:39:35 PM](#)

COMMISSIONER HUBER said the original placeholder definition excluded gas from the terms of "enhanced oil or gas recovery." He noted that the expansive definition was adopted from Oklahoma's definition [of "enhanced oil or gas recover"], which worked best for Alaska's purposes.

REPRESENTATIVE RAUSCHER removed his objection. There being no further objection, Amendment 4 was adopted.

[1:40:49 PM](#)

REPRESENTATIVE MEARS moved to adopt Amendment 5 to HB 50, Version S, as amended, labeled 33-GH1567\S.14, Dunmire, 3/7/23, which read:

Page 1, line 5, following "credits;":

Insert "**relating to the oil and gas production tax;**"

Page 10, line 8:

Delete "satisfies the requirements of AS 38.05.705(b) and"

Page 10, line 24:

Delete "apply for"
Insert "acquire"

Page 10, line 28:

Delete "an applicant under (a) of this section if the applicant"

Insert "a lessee under AS 38.05.180 if the lessee"

Page 11, line 3:

Delete "the minimum"
Following "terms":
Insert "acceptable to the department as"

Page 11, line 7:

Delete "; and"
Insert "."

Page 11, lines 8 - 15:

Delete all material and insert:

"(d) Before a carbon storage lease issued under this section may be transferred or assigned to an entity that is not the responsible party under the existing oil and gas lease under AS 38.05.180, the assuming party must provide financial assurance acceptable to the department that the obligations of the lease can be met.

(e) The department may adopt regulations that allow a lease issued under AS 38.05.180 to be converted to a lease under this section upon the receipt of a permit issued under AS 41.06.185."

Page 11, lines 25 - 26:

Delete "governing the joint management of a unit executed by two or more lessees"

Insert "by lessees with an interest in the unit, the state, and any other carbon storage lessor"

Page 12, following line 7:

Insert a new paragraph to read:

"(2) "enhanced oil or gas recovery" has the meaning in AS 41.06.210;"

Re-number the following paragraph accordingly.

Page 28, lines 25 - 27:

Delete all material and insert:

"(4) "enhanced oil or gas recovery" means the increased recovery of hydrocarbons, including oil and gas, from a common source of supply achieved by artificial means or by the application of energy extrinsic to the common source of supply, including pressuring, cycling, pressure maintenance or injection of a substance or form of energy, including injection of water, gas, carbon dioxide, or both gas and carbon dioxide, including immiscible and miscible floods, as long as the enhanced oil or gas recovery does not include injection of a substance or form of energy for the sole purpose of

(A) aiding in the lifting of fluids in the well; or

(B) stimulation of the reservoir at or near the well by mechanical, chemical, thermal, or explosive means;"

Page 30, following line 1:

Insert a new bill section to read:

"* **Sec. 39.** AS 43.55.165(e) is amended to read:

(e) For purposes of this section, lease expenditures do not include

(1) depreciation, depletion, or amortization;

(2) oil or gas royalty payments, production payments, lease profit shares, or other payments or distributions of a share of oil or gas production, profit, or revenue, except that a producer's lease expenditures applicable to oil and gas produced from a lease issued under AS 38.05.180(f)(3)(B), (D), or (E) include the share of net profit paid to the state under that lease;

- (3) taxes based on or measured by net income;
- (4) interest or other financing charges or costs of raising equity or debt capital;
- (5) acquisition costs for a lease or property or exploration license;
- (6) costs arising from fraud, wilful misconduct, gross negligence, violation of law, or failure to comply with an obligation under a lease, permit, or license issued by the state or federal government;
- (7) fines or penalties imposed by law;
- (8) costs of arbitration, litigation, or other dispute resolution activities that involve the state or concern the rights or obligations among owners of interests in, or rights to production from, one or more leases or properties or a unit;
- (9) costs incurred in organizing a partnership, joint venture, or other business entity or arrangement;
- (10) amounts paid to indemnify the state; the exclusion provided by this paragraph does not apply to the costs of obtaining insurance or a surety bond from a third-party insurer or surety;
- (11) surcharges levied under AS 43.55.201 or 43.55.300;
- (12) an expenditure otherwise deductible under (b) of this section that is a result of an internal transfer, a transaction with an affiliate, or a transaction between related parties, or is otherwise not an arm's length transaction, unless the producer establishes to the satisfaction of the department that the amount of the expenditure does not exceed the fair market value of the expenditure;
- (13) an expenditure incurred to purchase an interest in any corporation, partnership, limited liability company, business trust, or any other business entity, whether or not the transaction is treated as an asset sale for federal income tax purposes;
- (14) a tax levied under AS 43.55.011 or 43.55.014;
- (15) costs incurred for dismantlement, removal, surrender, or abandonment of a facility, pipeline, well pad, platform, or other structure, or for the restoration of a lease, field, unit, area, tract of land, body of water, or right-of-way in

conjunction with dismantlement, removal, surrender, or abandonment; a cost is not excluded under this paragraph if the dismantlement, removal, surrender, or abandonment for which the cost is incurred is undertaken for the purpose of replacing, renovating, or improving the facility, pipeline, well pad, platform, or other structure;

(16) costs incurred for containment, control, cleanup, or removal in connection with any unpermitted release of oil or a hazardous substance and any liability for damages imposed on the producer or explorer for that unpermitted release; this paragraph does not apply to the cost of developing and maintaining an oil discharge prevention and contingency plan under AS 46.04.030;

(17) costs incurred to satisfy a work commitment under an exploration license under AS 38.05.132;

(18) that portion of expenditures, that would otherwise be qualified capital expenditures, as defined in AS 43.55.023, incurred during a calendar year that are less than the product of \$0.30 multiplied by the total taxable production from each lease or property, in BTU equivalent barrels, during that calendar year, except that, when a portion of a calendar year is subject to this provision, the expenditures and volumes shall be prorated within that calendar year;

(19) costs incurred for repair, replacement, or deferred maintenance of a facility, a pipeline, a structure, or equipment, other than a well, that results in or is undertaken in response to a failure, problem, or event that results in an unscheduled interruption of, or reduction in the rate of, oil or gas production; or costs incurred for repair, replacement, or deferred maintenance of a facility, a pipeline, a structure, or equipment, other than a well, that is undertaken in response to, or is otherwise associated with, an unpermitted release of a hazardous substance or of gas; however, costs under this paragraph that would otherwise constitute lease expenditures under (a) and (b) of this section may be treated as lease expenditures if the department determines that the repair or replacement is solely necessitated by an act of war, by an unanticipated grave natural disaster or other natural phenomenon of an exceptional, inevitable, and irresistible

character, the effects of which could not have been prevented or avoided by the exercise of due care or foresight, or by an intentional or negligent act or omission of a third party, other than a party or its agents in privity of contract with, or employed by, the producer or an operator acting for the producer, but only if the producer or operator, as applicable, exercised due care in operating and maintaining the facility, pipeline, structure, or equipment, and took reasonable precautions against the act or omission of the third party and against the consequences of the act or omission; in this paragraph,

(A) "costs incurred for repair, replacement, or deferred maintenance of a facility, a pipeline, a structure, or equipment" includes costs to dismantle and remove the facility, pipeline, structure, or equipment that is being replaced;

(B) "hazardous substance" has the meaning given in AS 46.03.826;

(C) "replacement" includes renovation or improvement;

(20) costs incurred to construct, acquire, or operate a refinery or crude oil topping plant, regardless of whether the products of the refinery or topping plant are used in oil or gas exploration, development, or production operations; however, if a producer owns a refinery or crude oil topping plant that is located on or near the premises of the producer's lease or property in the state and that processes the producer's oil produced from that lease or property into a product that the producer uses in the operation of the lease or property in drilling for or producing oil or gas, the producer's lease expenditures include the amount calculated by subtracting from the fair market value of the product used the prevailing value, as determined under AS 43.55.020(f), of the oil that is processed;

(21) costs of lobbying, public relations, public relations advertising, or policy advocacy;

(22) costs associated with carbon capture or storage, including construction and modification of new or existing infrastructure as well as costs associated with obtaining or operating a license or lease.

Renumber the following bill sections accordingly.

Page 30, line 17:
Delete "Section 40"
Insert "Section 41"

REPRESENTATIVE MCCABE objected.

REPRESENTATIVE MEARS highlighted an area of concern regarding geological sequestration. Further, she opined that there was a lack of clarity on the transition from enhanced oil recovery to carbon storage and the double dipping that could occur between the oil and gas production tax exemptions and qualification for 45Q federal tax credits. She said Amendment 5 would "brighten that line" between oil and gas recovery and carbon sequestration.

CHAIR MCKAY asked Ms. Glover to address Amendment 5 and describe whether it was [necessary for] Version S.

[1:42:53 PM](#)

MS. GLOVER shared her understanding that Amendment 5 would disallow any costs related to lease expenditures for enhanced oil recovery; consequently, it could be challenging to administer and differentiate costs between an enhanced oil recovery project that had some carbon components.

REPRESENTATIVE MCCABE asked how page 3, line 5 of Amendment 5 pertained to the bill.

[1:45:26 PM](#)

REPRESENTATIVE MEARS responded that page 6, lines 7-9, which added an additional exclusion for the oil and gas production tax, was the substantive area of the amendment.

[1:45:58 PM](#)

The committee took an at-ease from 1:45 p.m. to 1:47 p.m.

[1:47:05 PM](#)

CHAIR MCKAY asked for guidance from Deputy Commissioner Crowther on Amendment 5.

MR. CROWTHER stated that storage projects would not be eligible under the current statute and therefore, Amendment 5 would not be needed. Further, to the degree that lease expenditures for

enhanced oil recovery projects were eligible under the current system, he did not believe there should be a change. He opined that the bill should remain focused on the framework and production tax changes should be left out at this time.

[1:48:23 PM](#)

REPRESENTATIVE MCCABE maintained his objection.

[1:48:58 PM](#)

A roll call vote was taken. Representatives Dibert, Armstrong, and Mears voted in favor of Amendment 5. Representatives McCabe, Patkotak, Saddler, Wright, and McKay voted against it. Therefore, Amendment 5 failed by a vote of 3-5.

[1:49:49 PM](#)

REPRESENTATIVE MEARS moved to adopt Amendment 6 to HB 50, Version S, as amended, labeled 33-GH1567\S.2, Dunmire, 3/7/23, which read:

Page 1, lines 1 - 6:

Delete all material and insert:

"An Act relating to the duties of the Alaska Oil and Gas Conservation Commission and the control of underground injection in class VI wells; and relating to carbon oxide sequestration tax credits."

Page 1, line 8, through page 2, line 5:

Delete all material.

Page 2, line 6:

Delete "**Sec. 3**"

Insert "**Section 1**"

Page 2, line 14, through page 30, line 11:

Delete all material.

Renumber the following bill sections accordingly.

Page 30, lines 16 - 31:

Delete all material.

REPRESENTATIVE MCCABE objected.

[1:50:03 PM](#)

REPRESENTATIVE MEARS shared her belief that the bill was "not ready for prime time" and opined there was more work to be done in committee. She stated that Amendment 6 would seek primacy for class VI wells and remove the state's liability for federal Q45 tax credits while deleting the rest of the bill.

CHAIR MCKAY questioned the administration's position on Amendment 6.

MR. CROWTHER explained his opposition to Amendment 6, as he did not support separating class VI primacy. He opined that moving forward as a package was needed to advance the state's interest.

[1:52:10 PM](#)

REPRESENTATIVE MCCABE commented that the committee had spent almost 20 hours of committee time on HB 50, not including time spent researching and drafting the bill. He opined that amendment 6 "neuters" the entire legislation and emphasized that the bill was a framework bill. He shared his belief that the bill should be sent to the House Finance Committee and reiterated his opposition to Amendment 6.

[1:54:41 PM](#)

REPRESENTATIVE MEARS in wrap up, said she appreciated the framework and wanted to support moving forward on the bill without delaying the primacy for class VI wells. Nonetheless, she stated that there were too many questions about the framework, such as the differentiation between enhanced oil recovery and carbon storage. She reiterated her belief that the framework was not ready.

REPRESENTATIVE MCCABE maintained his objection.

[1:56:05 PM](#)

A roll call vote was taken. Representative Mears voted in favor of Amendment 6. Representatives Dibert, McCabe, Patkotak, Saddler, Wright, Armstrong, and McKay voted against it. Therefore, Amendment 6 failed by a vote of 1-7.

[1:56:45 PM](#)

CHAIR MCKAY sought final comment on HB 50, Version S, as amended.

[1:56:54 PM](#)

MR. CROWTHER thanked the committee for the work that had been done and anticipated furthering that work with every interested member of the legislature.

REPRESENTATIVE SADDLER commended the administration for trying to find alternate ways to utilize resources in new and innovative ways.

REPRESENTATIVE WRIGHT thanked DNR for providing the information in a way that was easy to understand.

[1:59:36 PM](#)

The committee took an at-ease at 1:59 p.m.

[2:00:41 PM](#)

REPRESENTATIVE MCCABE moved to report CSHB 50, Version 33-GH1567\S, Dunmire, 2/28/23, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

[2:01:19 PM](#)

REPRESENTATIVE MEARS objected.

[2:01:54 PM](#)

A roll call vote was taken. Representatives Armstrong, Dibert, McCabe, Patkotak, Saddler, Wright, and McKay voted in favor of reporting CSHB 50, Version S, out of committee. Representative Mears voted against it. Therefore, CSHB 50(RES) was reported out of the House Resources Standing Committee by a vote of 7-1.

[2:03:19 PM](#)

The committee took an at-ease from 2:03 p.m. to 2:06 p.m.

HB 49-CARBON OFFSET PROGRAM ON STATE LAND

[2:06:14 PM](#)

CHAIR MCKAY announced that the final order of business would be HOUSE BILL NO. 49, "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."

[2:06:44 PM](#)

RENA MILLER, Special Assistant, Office of the Commissioner, Department of Natural Resources (DNR), provided an overview of HB 49 via PowerPoint [hard copy included in the committee packet], on behalf of the bill sponsor, House Rules by request of the governor. She explained that HB 49 would provide opportunities to generate revenue. She shared her belief that the bill would provide a framework for the state to start taking advantage of revenue generating opportunities from Alaska's natural resources in a way that works with other resource development and supports existing land use by the public. She offered an outline of the presentation on slide 2, explaining that the department was looking for ways to store atmospheric emissions in living matter. Greenhouse gases were reduced by taking actions in a project that increases carbon storage capacity, she said, adding that the department was looking at maintaining and increasing the amount of carbon in the landscape over time. She noted that one metric ton of carbon removed from the atmosphere and stored equates to one credit, which becomes a commodity that the state can sell on a voluntary market. She explained that the credits had real value to many corporations that were looking to reduce their emissions or meet net zero goals. She shared her belief that carbon offset projects offered a new way to use natural resources and generate revenue.

[2:09:41 PM](#)

REPRESENTATIVE MCCABE attempted to clarify Ms. Miller's reference to "net zero goals," emphasizing that those goals were company specific and not set by the governor.

MS. MILLER confirmed that nothing in the bill would institute any requirements on companies to reduce their emissions. She added that emission reduction was happening on a voluntary basis in the private economy external to any state regulations.

[2:11:27 PM](#)

MS. MILLER continued to slide 3, which offered a simplified depiction of carbon management. Slide 4 was a visual summation of the anticipated growth in the marketplace, demonstrating the existing projects that were generating credits and revenue. She

highlighted the significant growth in the voluntary market, which was valued at \$2 billion in 2021 - four times the value in 2020. The forecasted growth was pictured on the right side of the slide with a potential of five times the amount of growth by 2030. She referenced a report by Shell and the Boston Consulting Group (BCG), which identified real verifiable offsets as the highest priority of those purchasing credits.

REPRESENTATIVE MCCABE expressed concern about bad actors taking advantage of carbon offset programs. He pointed out that Alaska had verifiable assets, like land and trees, to offset the carbon emissions.

MS. MILLER agreed that there have been bad actors in the voluntary emission reduction space. She explained that the state would work through a registry of entities - often nonprofits - with standardized rules, protocols, and processes for monitoring emission reduction projects.

[2:16:40 PM](#)

REPRESENTATIVE MCCABE sought to confirm that these entities were turning towards Alaska because the state had a reputation of "doing things the right way" when it comes to resource development and monetization.

MS. MILLER agreed that Alaska had a solid track record. She resumed the presentation on slide 5 by discussing Alaska's potential for carbon markets due to the sheer amount of land in the state, including three state forests, millions of acres of submerged land, and uplands. She said the land base, the sheer scale, and the resources on the land were a potential positive for Alaska. She pointed out that Alaska Native corporations had had some success in carbon offset projects in the compliance markets and the voluntary marketplaces. She discussed the potential benefits of land management techniques that make for successful carbon projects.

CHAIR MCKAY asked whether tundra lands were suitable for carbon storage.

MS. MILLER answered, "potentially," adding that carbon offset projects were not limited to forests. Once the framework was in place, she said registries could be consulted to develop protocols for tundra projects.

REPRESENTATIVE WRIGHT inquired about kelp farming.

MS. MILLER directed the question to Ms. Colles.

[2:21:38 PM](#)

CHRISTY COLLES, Director, Division of Mining Land and Water, Department of Natural Resources (DNR), reported that there were about 60-70 [aquatic] farms in Alaska, half of which were growing kelp for consumptive purposes. One [aquatic farm] application, she said, was considering partial sequestration.

REPRESENTATIVE WRIGHT asked how long the mariculture industry had existed in Alaska.

MS. COLLES answered that the program was established in the late 1990s and took off in the 2000s. Beginning in 2015, the department started seeing numerous applications for aquatic farms. She noted that Alaska was one of the fastest states in adjudicating mariculture applications.

[2:23:00 PM](#)

REPRESENTATIVE MCCABE said he wanted to explore the word, "charisma."

MS. MILLER stated that added value to a credit was driven by the values of the marketplace via charisma. She continued the presentation on slide 6, which listed the following benefits of carbon markets: adds a new, revenue-generating tool to the state's lands management toolkit; compatible with other land uses; likely economic/value-added benefits.

[2:26:08 PM](#)

REPRESENTATIVE ARMSTRONG asked whether the rate of logging would increase, decrease, or maintain as a result of carbon offset.

MS. MILLER shared her belief that carbon offset was compatible with continued timber harvest. The amount it would change would depend on a specific project, she said. She directed attention to slide 7, which featured a graph of global carbon capture by the International Energy Agency. She emphasized that carbon management was not an "either/or," indicating that production and use of Alaska's other resources, such as natural gas, would continue within the construct. She continued to slide 8, titled "Next steps," which read as follows [original punctuation provided]:

- Charge the Department of Natural Resources (DNR) with exploring opportunities for new projects that align with Alaska's resource, land interests and responsibilities
- Enable carbon offset projects on state land and shorelines

REPRESENTATIVE SADDLER asked to what degree the state was considering "the entire universe of opportunities," as opposed to a clear path forward as to what the authorization for the bill would mean to Alaska.

MS. MILLER specified the necessary steps to move forward after creating the framework set forth in HB 49. She explained that forest offset credits were in demand and represented a large component of the market; consequently, it would make for a reasonable initial step. She explained that the department would like to field interest with the framework and solicit additional interests while determining what projects would maximize value and be in the best interest of the state.

REPRESENTATIVE SADDLER asked what the passage of HB 49 would give Alaska that it didn't already have.

MS. MILLER replied that it would send a signal that Alaska was ready to engage in the carbon offset world. She noted that state legislation related to carbon capture, utilization and storage (CCUS) and offsets was mentioned in a national carbon-related newsletter.

[2:31:02 PM](#)

MS. MILLER resumed the presentation on slide 9, titled "HB 49: Overview," which read as follows [original punctuation provided]:

- Enables private parties to lease state land for carbon management projects
- Establishes the Carbon Offset Program at DNR
- Authorizes use of the 3 state forests for statesponsored [sic] carbon offset projects

REPRESENTATIVE MCCABE asked whether a corporation that leased an acre of land in Alaska to offset carbon could exclude Alaskans from that land.

MS. MILLER deferred to Ms. Colles.

MS. COLLES said it depended on the type of authorization requested. She noted that the department would have the ability to write regulations, which could be an option to consider. The intent would be to avoid locking up the land in a typical lease with site control.

[2:33:33 PM](#)

REPRESENTATIVE MCCABE offered his understanding that Alaskans were concerned with access to state land and would be upset by the idea of a foreign company fencing up the land and keeping them out. He said he wanted to ensure that carbon offset leases did not exclude Alaskans from the land.

MS. MILLER said the department would be happy to work on additional safeguards.

REPRESENTATIVE SADDLER asked Ms. Miller to list the names, locations, and sizes of the three state forests.

MS. MILLER listed the Haines State Forest Resource Management Area, the Tanana Valley State Forest, which was over 2 million acres, and the Southeast State Forest at around 44,000 acres.

[2:36:16 PM](#)

REPRESENTATIVE MEARS addressed the risk of lightning strikes that lead to wildfires in the interior, in addition to the risk of human activity and recreation. She surmised that the risk portfolio would be higher for Alaska's forests, as opposed to cutting them off from recreation.

MS. MILLER acknowledged that wildfire poses a risk to carbon projects, describing carbon stored land that burns as a "reversal" because the carbon is released back into the atmosphere. She explained that carbon offset projects pay a percentage of their credits into the registry's risk buffer, which is essentially an insurance pool amongst similar projects within the protocol against "acts of god" and actions that are outside one's control. In addition, there were ways within the project design to incorporate tools to avoid catastrophic fires or reduces their power, such as fire breaks.

REPRESENTATIVE MEARS believed that there was an opportunity to value out the forest by increasing management for fire mitigation.

MS. MILLER agreed.

REPRESENTATIVE MCCABE asked whether [the bill] would help Alaska bypass the roadless rule and manage the Tongass National Forest.

MS. MILLER offered to follow up with the requested information.

[2:41:08 PM](#)

MS. MILLER began the sectional analysis for HB 49 on slides 11-12, which read as follows [original punctuation provided]:

Section 1: Exempts carbon offset program contracts from procurement code

Section 2: Directs program revenue into a new fund to pay for program costs

Section 3: Conforms to Sec. 4 / waives typical lease award process

Section 4: Sets new leasing process for carbon management purposes

Section 5: Conforms to Sec. 4 / exempts carbon land lessee from lease preference statute

MS. MILLER invited Ms. Colles to expound on Section 4.

[2:43:47 PM](#)

MS. COLLES described many of the general leasing requirements that were included in the bill, such as no preference rights, renewable lease options at the end of the term, subleasing and lease assignment options, and extensions.

CHAIR MCKAY sought clarity on subleasing.

MS. COLLES confirmed that all subleasing was approved by the department.

MS. MILLER resumed the sectional analysis on slide 13, which read as follows [original punctuation provided]:

Section 6: Establishes the Carbon Offsets Program at DNR 13

- Affirms private landowner rights
- Sets project evaluation criteria, including viability and state/local economic impacts
- Requires best interest finding and public process
- Allows DNR to register, sell offset credits
- Protects existing access, use of state lands
- Establishes new fund for project revenues, costs

Sections 7-9: Enable DNR carbon offset projects within Haines State Forest Resource Management Area Sections

10-13: Enable DNR carbon offset projects within other state forests

[2:51:03 PM](#)

REPRESENTATIVE MEARS asked for more insight on the "ins and outs" of the carbon offset revenue fund.

MS. MILLER offered to follow up with the requested information. She continued the sectional analysis on slides 14-15, which read as follows [original punctuation provided]:

Sections 7-9: Enable DNR carbon offset projects within Haines State Forest Resource Management Area Sections

10-13: Enable DNR carbon offset projects within other state forests

Section 14: Authorizes DNR to adopt regulations implementing the bill

Section 15: Sets immediate effective date for authority to adopt regulations

[2:55:28 PM](#)

REPRESENTATIVE MCCABE moved to adopt the proposed committee substitute (CS) for HB 49, Version 33-GH1372\S, Dunmire, 3/3/23, as the work draft.

CHAIR MCKAY objected for the purpose of discussion.

ED KING, Staff, Representative Tom McKay, Alaska State Legislature, on behalf of Representative McKay, provided a summary of changes in the proposed CS for HB 49, Version S, [included in the committee packet], which read as follows [original punctuation provided]:

Change 1: Technical drafting changes were made throughout the bill

Change 2: The effective date was expanded to cover the entire bill (Page 9, line 17)

CHAIR MCKAY removed his objection. There being no further objection, Version S was before the committee.

CHAIR MCKAY announced that HB 49, Version S, was held over.

[2:58:13 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:58 p.m.