

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

March 6, 2024

1:37 p.m.

MEMBERS PRESENT

Representative Tom McKay, Chair
Representative Thomas Baker
Representative Kevin McCabe
Representative Dan Saddler
Representative Stanley Wright
Representative Jennie Armstrong
Representative Donna Mears
Representative Maxine Dibert

MEMBERS ABSENT

Representative George Rauscher, Vice Chair

COMMITTEE CALENDAR

HOUSE BILL NO. 387

"An Act relating to a tax credit for certain oil and gas equipment in the Cook Inlet sedimentary basin; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 223

"An Act relating to the production tax and royalty rates on certain gas; and providing for an effective date."

- MOVED CSHB 223 (RES) OUT OF COMMITTEE

HOUSE BILL NO. 388

"An Act relating to state loans for oil and gas projects in the Cook Inlet sedimentary basin; relating to the Alaska Energy Authority; relating to the Alaska Industrial Development and Export Authority; and providing for an effective date."

- BILL HEARING RESCHEDULED TO 3/11/24

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 92 (2D RES)

"An Act relating to state ownership of submerged land underlying navigable water within the boundaries of federal areas; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: HB 387

SHORT TITLE: OIL & GAS TAX CREDIT: JACK-UP RIG

SPONSOR(S): RESOURCES

02/26/24 (H) READ THE FIRST TIME - REFERRALS
02/26/24 (H) RES, FIN
03/06/24 (H) RES AT 1:00 PM BARNES 124

BILL: HB 223

SHORT TITLE: TAX & ROYALTY FOR CERTAIN GAS

SPONSOR(S): RAUSCHER

01/16/24 (H) PREFILE RELEASED 1/8/24
01/16/24 (H) READ THE FIRST TIME - REFERRALS
01/16/24 (H) RES, FIN
01/31/24 (H) RES AT 1:00 PM BARNES 124
01/31/24 (H) Heard & Held
01/31/24 (H) MINUTE(RES)
02/07/24 (H) RES AT 1:00 PM BARNES 124
02/07/24 (H) <Bill Hearing Rescheduled to 02/09/24>
02/09/24 (H) RES AT 1:00 PM BARNES 124
02/09/24 (H) Heard & Held
02/09/24 (H) MINUTE(RES)
02/19/24 (H) RES AT 1:00 PM BARNES 124
02/19/24 (H) -- MEETING CANCELED --
02/21/24 (H) RES AT 1:00 PM BARNES 124
02/21/24 (H) -- MEETING CANCELED --
02/23/24 (H) RES AT 1:00 PM BARNES 124
02/23/24 (H) Heard & Held
02/23/24 (H) MINUTE(RES)
02/26/24 (H) RES AT 1:00 PM BARNES 124
02/26/24 (H) Heard & Held
02/26/24 (H) MINUTE(RES)
03/01/24 (H) RES AT 1:00 PM BARNES 124
03/01/24 (H) Heard & Held
03/01/24 (H) MINUTE(RES)
03/04/24 (H) RES AT 1:00 PM BARNES 124
03/04/24 (H) Scheduled but Not Heard
03/06/24 (H) RES AT 1:00 PM BARNES 124

WITNESS REGISTER

TREVOR JEPSEN, Staff
Representative Tom McKay
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of the bill sponsor, Representative McKay, presented a PowerPoint regarding HB 387.

ACTION NARRATIVE

[1:37:30 PM](#)

CHAIR TOM MCKAY called the House Resources Standing Committee meeting to order at 1:37 p.m. Representatives Mears, Armstrong, Dibert, McCabe, Saddler, Wright, and McKay were present at the call to order. Representative Baker arrived as the meeting was in progress.

HB 387-OIL & GAS TAX CREDIT: JACK-UP RIG

[1:38:17 PM](#)

CHAIR MCKAY announced that the first order of business would be HOUSE BILL NO. 387, "An Act relating to a tax credit for certain oil and gas equipment in the Cook Inlet sedimentary basin; and providing for an effective date."

[1:39:01 PM](#)

CHAIR MCKAY, on behalf of the House Resources Standing Committee, sponsor, presented the sponsor statement for HB 387 [included in the committee packet], which read as follows [original punctuation provided]:

As we face the reality of a shortage in natural gas production in Cook Inlet, the backbone of Southcentral Alaska's energy supply, the urgency to act has never been more critical. Cook Inlet gas has been an invaluable resource as an affordable, reliable energy source that has powered homes, businesses, and industry for decades. Projections indicate a rapid decrease in gas supply in the coming years under the current market conditions, a scenario that threatens the energy security of over half of Alaska's population and could lead to our reliance on imported Liquefied Natural Gas (LNG), which is likely to be significantly more expensive.

Jack-up rigs are specialized offshore drilling rigs necessary for developing Cook Inlet gas reserves. Currently the state has only one rig available, a handcuff on any significant increase in drilling activity. The bill proposes a targeted incentive that will increase the project economics for investing in another jack-up rig to be used in Cook Inlet to explore for and extract natural gas by providing a carry-forward tax credit equal to the costs associated with purchasing and transporting the rig to Alaska. HB 387 has a clear goal: to increase exploration and production activities, thereby enhancing Cook Inlet gas reserves and increasing gas production.

I urge my colleagues of the 33rd Legislature and the people of Alaska to support HB 387 as a step towards energy development, economic resilience, and the long-term prosperity of our great state.

CHAIR MCKAY added that this legislation would result in a large increase in local job creation.

[1:41:06 PM](#)

TREVOR JEPSEN, Staff, Representative Tom McKay, Alaska State Legislature, on behalf of the House Records Standing Committee, sponsor, presented a PowerPoint [hard copy included in the committee packet], entitled "HB 387 - Cook Inlet Jack-Up Rig Credit." He covered the information on slide 2, which read as follows [original punctuation provided]:

Cook Inlet Gas Shortage

- South Central will face an increasing gas production shortage in the coming years
- Fallback solution to Cook Inlet gas is LNG imports
- LNG imports estimated to be significantly more expensive, however exact increase is currently speculative

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MR. JEPSEN explained that the results of a July 2023 public opinion poll of Southcentral residents showed a 72 percent opposition to importing natural gas and a nearly 60 percent level of support for incentives to find and produce more Cook Inlet gas. If liquified natural gas (LNG) imports were significantly cheaper, there would be more support, but that

likely will not be the case. Many reliable stakeholders in the state such as Enstar and the Alaska Energy Authority (AEA) expect LNG imports to be more expensive than what is produced with Cook Inlet gas. To avoid the potential economic impacts of rapidly increasing energy costs and to take public opinion into account, the legislature owes it to Alaskans to find solutions and incentivize more Cook Inlet gas exploration, production, and development. He explained that figure 1 on slide 2 showed the AEA's projected costs of coal, natural gas, and LNG over the next 16 years.

[1:43:04 PM](#)

MR. JEPSEN moved to slide 3, which read as follows [original punctuation provided]:

Jack-Up Drilling Rigs 3

- Specialized rig for relatively shallow offshore drilling in the mobile offshore drilling unit (MODU) class of drill rigs
- Consists of floating hull and extendable legs
- Necessary for exploration, development, and production of Cook Inlet gas

MR. JEPSON called the committee's attention to figure 2, which illustrated types of drilling rigs and pointed out the jack-up rig, the type of drill rig used for offshore shallow waters.

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MR. JEPSON explained that there was only one jack-up rig in Cook Inlet and HB 387 was solely aimed at getting a second rig and then potentially a third in the future. He showed slide 4, which read as follows [original punctuation provided]:

Why HB 387?

- Second jack-up rig in Cook Inlet will be required to adequately explore for and develop gas reserves
- Current jack-up rig in Cook Inlet (Spartan 151) will be drilling for the foreseeable future; any new major development (Cosmopolitan, Kitchen Lights) will require the presence of a second rig.
- Federal leases in Cook Inlet require a rig with longer reach capabilities

MR. JEPSEN explained that the decrease in production from Cook Inlet is due in part to the lack of a second rig, so the

development of additional gas reserves is not possible. In addition to developing the known reserves available on state land, there are federal leases which are in deeper water and will need upgraded drilling equipment to develop those southern Cook Inlet leases. Market interest regarding investing in Cook Inlet development is currently not a popular option due to risk and rate of return. The high cost of operation in Cook Inlet impacts both these factors. If the state subsidized the purchase or the fixing up of a rig specifically for development of Cook Inlet offshore reserves, it would partially offset both risk and rate of return for a potential project. There would be risk to the state because potentially it could cost \$50 million. He pointed out that there is not a silver bullet solution to the gas conundrum the state is in. Alaskans want incentives for development rather than having to pay for importing LNG.

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MR. JEPSEN moved to slide 5, which read as follows [original punctuation provided]:

Jack-Up Rig Credit Details

- Title 43 tax liability reduction credit, not cash credit
- Applies only to jack-up rigs for Cook Inlet
- Adding language to ensure rigs will be used in Cook Inlet
- No significant risk to the state; either Alaska benefits from a second rig & increase drilling, or credit is not utilized

MR. JEPSEN pointed out that the current language in the bill would not ensure the rigs would be used for drilling in Alaska. This would be addressed in a proposed amendment. Additionally, a three-year drilling contract would be required to receive the credit to provide incentives to drill in Alaska rather than just to transport the rigs.

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CHAIR MCKAY commented that it is highly likely the rig would be leased rather than purchased.

MR. JEPSON responded that he has had conversations with people in the industry, and there was potential interest in purchasing a rig as well as leasing.

[1:48:34 PM](#)

REPRESENTATIVE MEARS asked about the limitations of the jack-up rigs to reach other federal leases and whether there would be interest in another type of rig.

[1:49:08 PM](#)

MR. JEPSON explained that it was particular to that type of rig. The Spartan Rig has a capability of 150 to 200 feet, so a second rig would need to reach another couple hundred feet. The second jack-up rig would be more expensive but more capable of operating in deeper water. At this point in time, there is no particular interest in the federal deep-water leases.

CHAIR MCKAY pointed out that different jack-ups have different leg heights so that they can work in deeper water. After determining the drilling location, the appropriate size jack-up would be chosen to reach those ocean water depths.

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REPRESENTATIVE MEARS inquired about the cost to own or lease and the transportation for a jack-up. She pointed out that the previous statute that dealt with jack-up rigs had a \$20-million limit.

MR. JEPSON responded that the cost to purchase and transport a rig would be \$50-\$75 million. He explained that credit referred to by Representative Mears was under AS 43.55.425. That credit was a direct cash payout based on the cost of an exploration well. By contrast, HB 387 incentivizes purchasing and getting a rig to Cook Inlet. The previous credits were focused on exploration drills, and there was less risk because if a company drilled a dry hole, they were still covered. The earlier credit was aimed at the first three wells being drilled for a jack-up rig. The requirements for the credits under this bill are significantly different from those mentioned by Representative Mears.

REPRESENTATIVE MEARS requested additional information regarding the tax credits and how long they would be on the books.

MR. JEPSON responded that HB 387 was written to be relatively broad and applied to all of Title 43 which deals with corporate income tax to all oil and gas taxes. It was structured in that manner in order not to limit the credits to oil and gas

companies that might bring a rig to Alaska. It would also apply to other entities such as a Native corporation or a transportation company that might want to invest in a jack-up rig. The previous jack-up rig credits were only for oil and gas companies that were drilling a well. The specifics of the tax credits and the length of time they would be on the books would depend on whether the credits would be used by a large company or a smaller entity.

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REPRESENTATIVE SADDLER asked whether the tax credit could be applied against any Title 43 tax, whether it is a corporate income tax or an oil and gas tax.

MR. JEPSON answered that is correct.

REPRESENTATIVE SADDLER asked who would qualify. He also requested a break-down of rig purchase and transportation costs.

MR. JEPSON explained there is not full cost analysis but reiterated that the total costs would range between \$50 and \$75 million.

REPRESENTATIVE SADDLER wanted to know whether the credits would extend beyond the initial purchase and transportation costs.

MR. JEPSON responded that an amendment had been drafted which would be presented as a committee substitute. It would require the rig to be used in Alaska for a minimum of three to five years.

REPRESENTATIVE SADDLER asked whether a second jack-up rig would devalue the rig currently operating.

MR. JEPSON explained that that was difficult to answer. However, meeting energy needs would require two rigs going full time. Overall, the bill would target a jack-up rig, but the overarching idea would be to increase project economics for a large-scale development project.

[1:56:44 PM](#)

CHAIR MCKAY explained where some of the rigs might come from. A company that wanted to make an investment could bring a jack-up rig on a heavy lift vessel from the Gulf of Mexico through the

Panama Canal or from Southeast Asia which would avoid going through the Panama Canal.

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MR. JEPSON completed the presentation with the sectional analysis, which read as follows [original punctuation provided]:

Section 1: Amends AS 43.98 by adding a new section (43.98.080) which introduces a tax credit for persons installing a jack-up rig in the Cook Inlet sedimentary basin.

Section 2: Provides for an effective date.

[1:58:16 PM](#)

REPRESENTATIVE MEARS asked whether been an economic analysis which would show the cost/benefit to the State of Alaska.

MR. JEPSON explained that would be a highly speculative economic analysis because it would be based on the belief that LNG imports would be significantly more expensive. If gas prices doubled and tripled over the next 10 to 15 years, then a \$50 to \$100 million credit would far offset the cost to the ratepayers over that period of time, which would be hundreds of millions or billions of dollars in extra fuel costs in that same time period. From a high-level extrapolation, it seemed pretty clear the credit would be worth it if those costs could be avoided. However, it would come back to the level of risk the state is willing to take.

CHAIR MCKAY commented that the state would be leveraging oil and gas that is in the ground which might never be produced, and if it doesn't get produced, then it has no value. There would be no cash out of the treasury unlike the old oil tax credit program of the previous decade.

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REPRESENTATIVE MEARS described some of her research into the economics of purchasing LNG and found a reference to purchased LNG at \$12 per one thousand cubic feet (MCF). She suggested that might be helpful in a cost analysis.

MR. JEPSON offered clarification by referring to data showing that LNG would likely come in at \$16 per MCF and there would be

strong upward pressure for that to increase in the following years.

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REPRESENTATIVE SADDLER asked whether the tax credits would provide the most incentives for companies that had property or who were already producers rather than new entrants into the market that would have to purchase, transport, and drill and would probably be in the red for a number of years.

MR. JEPSON agreed that it would probably not be economical for new entrants. However, if a non-oil and gas company were to bring the rig here with the idea of leasing it out, it would help new entrants because there would be a second jack-up rig available to lease, and there would be a downstream effect.

[2:02:51 PM](#)

CHAIR MCKAY announced that HB 387 was held over.

HB 223-TAX & ROYALTY FOR CERTAIN GAS

[2:02:53 PM](#)

CHAIR MCKAY announced that the final order of business would be HOUSE BILL NO. 223, "An Act relating to the production tax and royalty rates on certain gas; and providing for an effective date." [Before the committee, adopted as the working document on 2/23/24 was the proposed committee substitute (CS), Version 33-LS0886\S, Nauman, 2/10/24, ("Version S"), as amended by the adoption of Amendment 1 on 3/1/24.]

[2:03:35 PM](#)

The committee took an at-ease from 2:03 to 2:04 p.m.

[2:04:52 PM](#)

REPRESENTATIVE MEARS moved to adopt Amendment 4 to HB 223, Version S, labeled 33-LS0886\S.5, Nauman, 2/20/24, which read as follows:

Page 1, line 1, following "gas;":
Insert "**relating to oil and gas production tax credits;**"

Page 9, following line 24:

Insert new bill sections to read:

"* Sec. 5. AS 43.55.024 is amended by adding a new subsection to read:

(k) In a calendar year, for each lease, property, or unit, a producer may not apply against the producer's tax liability under AS 43.55.011(e) credits earned under (i) or (j) of this section in an amount that exceeds the producer's qualified capital expenditures for the lease, property, or unit. A producer may not carry forward an unused credit under this subsection. In this subsection, "qualified capital expenditure" has the meaning given in AS 43.55.023(o).

*** Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. AS 43.55.024(k), as amended by sec. 5 of this Act, applies beginning the first calendar year after the effective date of sec. 5 of this Act."

Renumber the following bill sections accordingly.

REPRESENTATIVE MCCABE objected.

[2:05:11 PM](#)

REPRESENTATIVE MEARS spoke to Amendment 4. She said it was clear that a multi-faceted plan is needed for Southcentral and Railbelt energy as well as energy in general for Alaska. She pointed out that the finances are out of balance in the state and the amendments she was offering addressed issues that needed to be under discussion in the state. Amendment 4 would provide accountability for some long-term continued drilling of at least ten wells a year. There would also be some accountability for oil tax credits. She explained that she did not believe the amendment would affect operations in the near term such as for the 15 new wells being drilled by Hillcorp for the next several years, but it would provide accountability that at least ten wells would be drilled.

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CHAIR MCKAY opined that no one is going to drill ten exploration wells although they might drill 10 development wells. He asked whether there would be a penalty if a company were to drill only nine wells.

REPRESENTATIVE MEARS answered in the affirmative.

[2:07:24 PM](#)

REPRESENTATIVE SADDLER foresaw that under this scenario, a company that tried to drill 10 wells but only got nine drilled would find its investment for the first nine would come at a much higher cost. He said Amendment 4, overall, seems to undermine the value of a tax credit, allowing no carry forward and with a hard limit, which would tend not to incentivize investment. He said this is counter to the intent of the bill; therefore, he opposed Amendment 4, as it would run counter to the intent of HB 223.

REPRESENTATIVE MEARS reiterated her belief that Amendment 4 represented an opportunity for accountability.

[2:08:29 PM](#)

A roll call vote was taken. Representative Mears voted in favor of Amendment 4. Representatives Armstrong, Dibert, McCabe, Baker, Saddler, Wright, and McKay voted against it. Therefore, Amendment 4 failed to be adopted by a vote of 1-7.

REPRESENTATIVE MEARS said she would not be offering Amendment 5 at this time.

[2:09:26 PM](#)

REPRESENTATIVE MEARS moved to adopt Amendment 6 to HB 223, Version S, labeled 33-LS0886\S.6, Nauman, 2/20/24, which read as follows:

Page 1, line 1, following "**gas**":

Insert "**establishing an income tax on certain entities producing or transporting oil or gas in the state**;"

Page 9, following line 24:

Insert new bill sections to read:

"* **Sec. 5.** AS 43.20 is amended by adding a new section to read:

Sec. 43.20.019. Tax on income attributable to a qualified entity. (a) If an entity has qualified taxable income over \$4,000,000 in a tax year, the

entity shall pay a tax of 9.4 percent on the qualified taxable income over \$4,000,000.

(b) The tax under this section does not apply to a corporation paying tax under AS 43.20.011.

(c) The department may aggregate the qualified taxable income of two or more entities for the purpose of determining the tax due under this section if the department determines that, without the provisions of this section, the qualified taxable income would reasonably be expected to be attributed to a single entity.

(d) In this section,

(1) "entity" means a

(A) sole proprietorship;

(B) partnership; or

(C) entity that has elected to file federal returns under 26 U.S.C. 1361 - 1379 (Internal Revenue Code);

(2) "qualified taxable income" means income from the production of oil or gas from a lease or property in the state or from the transportation of oil or gas by pipeline in the state before deductions for

(A) dividends and gifts; and

(B) wages, salaries, bonuses, or other similar payments to owners, partners, members, or shareholders of the entity.

* **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. AS 43.20.019, added by sec. 5 of this Act, applies to the tax year of an entity beginning on or after the effective date of sec. 5 of this Act."

Renumber the following bill sections accordingly.

REPRESENTATIVE MCCABE objected.

REPRESENTATIVE MEARS explained the purpose of Amendment 6 was to close a corporate loophole because of the change in the corporate income tax rates and the subsequent loss of corporate tax income.

[2:11:02 PM](#)

REPRESENTATIVE MCCABE maintained his objection.

A roll call vote was taken. Representatives Armstrong, Mears, Dibert voted in favor of Amendment 6 to HB 223. Representatives Wright, McCabe, Baker, Saddler, and McKay voted against it. Therefore, Amendment 6 failed to be adopted by a vote of 3-5.

[Amendment 7 failed to be adopted on 3/1/24.]

[2:12:07 PM](#)

REPRESENTATIVE MEARS moved to adopt Amendment 8 to HB 223, Version S, labeled 33-LS0886\S.2, Nauman, 2/19/24, which read as follows:

Page 1, line 1, following "gas;":

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

Page 9, following line 24:

Insert new bill sections to read:

"* **Sec. 5.** AS 43.55.024(j) is amended to read:

(j) A producer may apply against the producer's tax liability for the calendar year under AS 43.55.011(e) a tax credit in the amount specified in this subsection for each barrel of oil taxable under AS 43.55.011(e) that does not receive a reduction in the gross value at the point of production under AS 43.55.160(f) or (g) and that is produced during a calendar year after December 31, 2013, from leases or properties north of 68 degrees North latitude. A tax credit under this subsection may not reduce a producer's tax liability for a calendar year under AS 43.55.011(e) below the amount calculated under AS 43.55.011(f). The amount of the tax credit for a barrel of taxable oil subject to this subsection produced during a month of the calendar year is

(1) **\$5** [\$8] for each barrel of taxable oil if the average gross value at the point of production for the month is less than \$80 a barrel;

(2) **\$4** [\$7] for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$80 a barrel, but less than \$90 a barrel;

(3) **\$3** [\$6] for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$90 a barrel, but less than \$100 a barrel;

(4) \$2 [\$5] for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$100 a barrel, but less than \$110 a barrel;

(5) \$1 [\$4] for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$110 a barrel, but less than \$120 a barrel;

(6) zero [\$3] for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$120 a barrel [, BUT LESS THAN \$130 A BARREL];

(7) \$2 FOR EACH BARREL OF TAXABLE OIL IF THE AVERAGE GROSS VALUE AT THE POINT OF PRODUCTION FOR THE MONTH IS GREATER THAN OR EQUAL TO \$130 A BARREL, BUT LESS THAN \$140 A BARREL;

(8) \$1 FOR EACH BARREL OF TAXABLE OIL IF THE AVERAGE GROSS VALUE AT THE POINT OF PRODUCTION FOR THE MONTH IS GREATER THAN OR EQUAL TO \$140 A BARREL, BUT LESS THAN \$150 A BARREL;

(9) ZERO IF THE AVERAGE GROSS VALUE AT THE POINT OF PRODUCTION FOR THE MONTH IS GREATER THAN OR EQUAL TO \$150 A BARREL].

* **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. AS 43.55.024(j), as amended by sec. 5 of this Act, applies to oil produced on or after the effective date of sec. 5 of this Act."

Renumber the following bill sections accordingly.

REPRESENTATIVE MCCABE objected.

REPRESENTATIVE MEARS explained that the intent of Amendment 8 was a step-down reduction of oil production tax credits. She explained that it was important to look at the state's entire energy portfolio. Research shows that since 2014, the state has paid out \$7.2 billion in energy credits and is expected to pay out another \$8.7 billion in credits over the next nine years. That would be equivalent to 10 percent of the budget every year.

[2:13:01 PM](#)

CHAIR MCKAY observed that the underlying bill is addressed toward incentivizing gas production and this amendment appears to be focused almost exclusively on oil.

[2:13:16 PM](#)

REPRESENTATIVE SADDLER commented that the proposed amendment represents a wholesale change in tax structure and is not really appropriate for inclusion in HB 223, Version S.

REPRESENTATIVE MEARS said she looked forward to discussing this further.

[2:13:56 PM](#)

REPRESENTATIVE MCCABE maintained his objection.

A roll call vote was taken. Representative Mears voted in favor of Amendment 8. Representatives Saddler, Wright, Armstrong Dibert, McCabe, Baker, and McKay voted against it. Therefore, Amendment 8 failed to be adopted by a vote of 1-7.

[2:15:10 PM](#)

REPRESENTATIVE MCCABE moved to report CSHB 223, Version 33-LS0886\S, Nauman, 2/10/24, [as amended], out of committee with individual recommendations and the accompanying fiscal notes.

[2:15:32 PM](#)

REPRESENTATIVE MEARS objected.

[2:15:39 PM](#)

A roll call vote was taken. Representatives Saddler, Wright, Armstrong, Dibert, McCabe, Baker, and McKay voted in favor of reporting CSHB 223, Version 33-LS0886\S, Nauman, 2/10/24, [as amended], out of committee. Representative Mears voted against it. Therefore, CSHB 223(RES) was reported out of the House Resources Standing Committee by a vote of 7-1.

[2:16:33 PM](#)

The committee took a brief at-ease at 2:16 p.m.

[2:17:30 PM](#)

CHAIR MCKAY authorized Legislative Legal Services to make any necessary technical or conforming changes to CSHB 223 (RES). He noted that HB 388 would be rescheduled.

[2:18:25 PM](#)

REPRESENTATIVE MEARS commented for the record that she is supportive of Alaska's natural gas industry in Cook Inlet. It is the foundation for electricity and heat in Southcentral Alaska. The infrastructure is built around it, and the storage of natural gas not expansion is going to be key to future energy evolution in Southcentral. She expressed her belief that there needed to be more accountability in the work moving forward.

[2:19:26 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:19 p.m.