

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

March 21, 2025

3:31 p.m.

MEMBERS PRESENT

Senator Cathy Giessel, Chair
Senator Bill Wielechowski, Vice Chair (via teleconference)
Senator Matt Claman
Senator Scott Kawasaki
Senator Shelley Hughes
Senator Robert Myers

MEMBERS ABSENT

Senator Forrest Dunbar

COMMITTEE CALENDAR

SENATE BILL NO. 125

"An Act establishing the Alaska Gasline Finance Corporation; and relating to contributions from permanent fund dividends for the financing of a natural gas pipeline."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 125

SHORT TITLE: AK GASLINE FINANCE CORPORATION

SPONSOR(S): SENATOR(S) YUNDT

03/12/25	(S)	READ THE FIRST TIME - REFERRALS
03/12/25	(S)	RES, FIN
03/21/25	(S)	RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

SENATOR ROBERT YUNDT, District N
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 125.

RYAN MCKEE, Staff, Senator Robert Yundt
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Presented the sectional analysis for and answered questions on SB 125.

ACTION NARRATIVE

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CHAIR GIESSEL called the Senate Resources Standing Committee meeting to order at 3:31 p.m. Present at the call to order were Senators Myers, Kawasaki, Claman, Hughes, Wielechowski (via teleconference) and Chair Giessel.

SB 125-AK GASLINE FINANCE CORPORATION

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CHAIR GIESSEL announced the consideration of SENATE BILL NO. 125 "An Act establishing the Alaska Gasline Finance Corporation; and relating to contributions from permanent fund dividends for the financing of a natural gas pipeline."

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SENATOR ROBERT YUNDT, District N, Alaska State Legislature, Juneau, Alaska, Sponsor of SB 125, said SB 125 was an early-stage proposal aimed at allowing Alaska residents to voluntarily invest in a future gas pipeline, if it was built. He explained that residents could voluntarily opt in to purchase a minimum \$2,500 share, potentially by committing portions of their next three Permanent Fund Dividends (PFDs) until that amount was reached. Residents could also make a one-time upfront investment with no maximum limit. He said the proposal envisioned participation from hundreds of thousands of Alaskans, potentially raising several billion dollars, with the investment being transferable and inheritable like any other private investment. The fund would be structured to be self-sustaining and not impose costs on taxpayers, with fiscal impacts still undetermined. He said the details would be finalized only if and when the gas pipeline project moved forward.

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RYAN MCKEE, Staff, Senator Robert Yundt, Alaska State Legislature, Juneau, Alaska, presented the sectional analysis for SB 125:

[Original punctuation provided.]

**Sectional Analysis
SB 125**

**Section 1: Adds a new chapter to read: Chapter 27.
Alaska Gasline Finance Corporation.**

Sec. 31.27.010: Establishes the Alaska Gasline Finance Corporation within the Department of Revenue.

Sec. 31.27.020: Specifies that the board of directors will consist of 4 public members, the commissioner of revenue, and a public member appointed by the governor.

Sec. 31.27.030: Specifies how the corporation will operate.

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MR. MCKEE continued to present the sectional analysis for SB 125:

Sec. 31.27.040: Establishes the fund for the AK Gasline Finance Corporation and specifies what the fund will consist of.

Sec. 31.27.050: Specifies the minimum amount an individual can invest in shares of a natural gas pipeline, except for the initial share offering where there will be no minimum or maximum investment amount.

Sec: 31.27.060: Establishes regulations.

Sec. 31.27.090: Establishes definitions in this chapter.

Section 2: Adds a new section

43.23.135: Natural Gas Pipeline Share Purchase. Outlines how an individual can purchase a share and specifies what they are not allowed to contribute to, if they do purchase shares.

Section 3: Amends the uncodified law of the State of Alaska by adding a new section specifying the terms of the initially appointed public members.

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SENATOR HUGHES referred to SB 125, Section 2. She noted the mechanism for purchasing shares in the pipeline through

deductions from PFDs and asked whether it would be possible to purchase shares by writing a check.

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SENATOR YUNDT said yes.

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SENATOR HUGHES asked whether the vision for SB 125 included working with investors across the country and conceivably worldwide to finance a natural gas pipeline.

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SENATOR YUNDT affirmed that the vision was to reserve a portion of the investment pool for Alaska residents while still opening the project to outside investors as needed. He said Alaskans alone could not fully fund the project, and the goal was to give residents a meaningful opportunity to participate at a small to medium level as the project moved forward.

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SENATOR KAWASAKI said he thought there was strong interest in a gas pipeline project. He asked for clarification on to understand how the investment would work under Title 43, specifically:

- How a person would buy shares
- How the value of the shares would be determined

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SENATOR YUNDT said the corporation would need to provide regular reports, likely annually, with quarterly payouts being the most practical. He said updates would be managed by the Board of Directors, similar to how an investor receives updates from a broker.

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SENATOR KAWASAKI noted that in similar legislation, the entity would be a state instrument to minimize tax issues. He asked whether individual investments and dividends would be taxable.

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SENATOR YUNDT affirmed that any profits in life will be taxable events.

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SENATOR CLAMAN asked whether, under SB 125, the investment opportunity would initially be open only to Alaska residents.

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SENATOR YUNDT clarified that the fund would not be limited exclusively to Alaska residents, but would include a designated pool for Alaska residents with varying levels of share ownership.

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SENATOR CLAMAN asked whether a publicly available investment could legally distinguish between Alaska residents and non-residents, even if the investment is structured into separate pools.

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SENATOR YUNDT said it would be easiest to [administer the investment program] through the MyAlaska accounts through which Alaska residents apply for their PFDs. He said it would be necessary to make the investment opportunity available to others.

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SENATOR CLAMAN suggested the sponsor consult with legislative legal counsel. He noted that residency requirements applied to the Permanent Fund Dividend (PFD), and he recalled the Zobel case in the 1980's which clarified the requirement for equal treatment of individuals regardless of the length of their residency. He expressed concern that offering a public investment while distinguishing between residents and non-residents may raise federal legal issues.

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SENATOR YUNDT said he would research the issue and follow up with the committee. He emphasized the goal of giving Alaska residents an affordable opportunity to invest by committing future PFDs. He acknowledged the legal question raised and expressed appreciation for it.

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SENATOR CLAMAN asking what would happen if an Alaska resident investor later moved out of state and whether they would remain in the Alaska investment pool or be shifted to a non-resident pool.

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SENATOR YUNDT said he expected that the investment would remain in the original investment pool.

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SENATOR CLAMAN asked how Alaska resident investment would work in a pipeline that was only partially state-owned. Specifically, he questioned whether Alaska investors could increase the state's initial ownership share, for example 10 percent, by investing more money, or whether Alaska ownership would remain fixed at the percentage negotiated with private owners, regardless of additional in-state investment.

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SENATOR YUNDT argued that the ownership structure would need to be fixed and the investment offering closed at a certain point to avoid legal issues. He said Alaska's ownership percentage would be determined by the amount committed when the offering closed and would remain permanent, since changing it later would likely lead to lawsuits.

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SENATOR CLAMAN asked whether an Alaskan's share of the Alaska pool would depend on how much other Alaskans invested.

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SENATOR YUNDT confirmed that it would. He pointed out that if \$1 billion dollars were raised up front, then the original [fixed] investment amount would be a larger [share of the total Alaska pool] than if \$2 billion were raised.

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SENATOR MYERS asked whether an individual who purchased shares would be able to resell them to other residents or out of state.

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SENATOR YUNDT said he hoped the fund would simply cash someone out. He said it should be inheritable, allowing it to be passed on to children. He noted that the decision was subject to the legislative process to determine whether the fund would buy the shareholder out or whether the shareholder would need to sell their interest.

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SENATOR MYERS noted mention in SB 125 of money appropriated to the fund by the legislature. He asked whether the shares would be equal in value, for example \$2,500.

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SENATOR YUNDT said each share would be of equal value, regardless of who purchased it. He said the provision allowing

the legislature to appropriate to the fund was to allow the legislature to commit some money on behalf of all Alaskans.

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CHAIR GIESSEL asked whether SB 125 specified that only Alaska residents could participate in the investment.

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SENATOR YUNDT referred to SB 125, page 2, line 28. He said the only benefit Alaska residents would have over non-residents was the ability to commit PFD's to the fund.

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CHAIR GIESSEL referred to SB 125, page 2, line 30 and 31, and quoted, "at the time of initial share offering, the corporation shall offer shares with no minimum or maximum investment amount." She asked for clarification, referring to SB 125, page 2, lines 27 - 29 which specified a minimum investment amount of \$2,500.

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MR. MCKEE said the initial investment could be made as a one-time contribution with no minimum or maximum amount. After that initial investment, all subsequent contributions must meet a minimum requirement of \$2,500.

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SENATOR YUNDT clarifies that his original intent was to require a \$2,500 minimum investment. He acknowledged the need to revisit this with legal. He said the \$2,500 minimum existed to ensure meaningful participation, with the option for those without the full amount upfront to commit future PFDs to reach the minimum, since very small investments would be impractical to manage.

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CHAIR GIESSEL asked what would prevent someone from investing \$800,000 or even \$1 million.

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SENATOR YUNDT said nothing would prevent that and he hoped they would.

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SENATOR HUGHES asked for clarification on when the program would begin, given that it involved a large, multi-billion-dollar project developed in stages. She noted the absence of an

effective date in the bill and asked at what point shares would become available

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SENATOR YUNDT said he intentionally omitted an effective date. He said he would want guidance from the Department of Revenue (DOR) to determine an appropriate effective date.

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CHAIR GIESSEL noted that a single investment might be \$800,000. She asked whether there would be a cap on the share price.

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SENATOR YUNDT said the share price would be determined [and fixed], for example, at \$2500, but there would be no cap on the number of shares an Alaska resident could purchase.

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CHAIR GIESSEL asked what would happen if there was a flood of outside investors that came in and purchased up shares. She questioned whether there would be unlimited shares.

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SENATOR YUNDT explained that shares would be allocated when the offering closed, based on the total upfront equity raised. Using a hypothetical \$48 billion project, if investors contributed \$16 billion and the rest was financed through bank loans, shares would be calculated by dividing the invested amount by \$2,500. Share ownership would vary by investor, but key factors, such as share value, investment duration, and total equity required, would need to be determined in advance, based on how much cash was raised upfront and how much debt financing banks were willing to provide.

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CHAIR GIESSEL asked whether these decisions would be made by the fund's board of directors.

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SENATOR YUNDT affirmed that they would be board decisions. He expressed doubt about the accuracy of the current cost estimates, noting that rising steel and labor prices meant construction costs were likely to increase and that the figures had not been updated recently.

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SENATOR CLAMAN observed that if a project was primarily owned by private investors, for example, 90 percent, with a smaller public ownership portion, ten percent, then before any public shares could be sold, there must be an agreement with the private owners defining the structure and terms under which the public's ownership stake was offered.

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SENATOR YUNDT said an upfront ownership agreement was not needed. Instead, public ownership would be determined by how much capital was raised through the offering. There would be no predetermined percentage for Alaska residents; rather, share price and total capital needs would be set, and the final ownership percentage would be established when the offering closed based on how much Alaskans invested.

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SENATOR CLAMAN argued that without knowing the Alaska ownership stake, it was premature to define investment terms like minimum contributions. He said SB 125 should first address ownership structure and secure approval from the majority owner of the pipeline to sell any minority interest. He emphasized that, from an investor's perspective, clarity was needed on how a personal investment related to the majority owner's rights and control. He said shares should not be offered until the ownership structure and relationship with the majority owner were clearly established.

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SENATOR YUNDT concurred and noted that discussions with the Department of Revenue were ongoing. He acknowledged that the identity of the majority owner was not yet known and that many broader questions about the pipeline remained unresolved. However, he confirmed that ownership structure and related issues would need to be determined upfront before moving forward.

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CHAIR GIESSEL referred to SB 125, page 2, lines 1 - 7 and said she supported including the Commissioner of the Department of Revenue on the board but suggested that the qualifications for all board members should be more clearly defined. She recommended specifying expertise requirements similar to the requirements for members of other regulatory bodies. She also raised the question of whether board members must be Alaskans, noting that necessary expertise may not always be available within the state.

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SENATOR YUNDT agreed that requirements for board members merited further consideration and said a proposed structure would be presented at the next committee hearing. He emphasized that setting the qualifications was ultimately the legislature's responsibility and should be decided collaboratively by lawmakers.

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CHAIR GIESSEL explained that the board qualifications and compensation were defined in statute for the Regulatory Commission of Alaska in the prior year. She indicated that a similar statutory framework would be expected in this case.

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SENATOR CLAMAN recommended that board members be subject to legislative confirmation and serve fixed terms rather than at the governor's pleasure. He argued that this would ensure board independence, continuity, and institutional knowledge, preventing governors from replacing members based on political or personal disagreement, similar to the structure of the Regulatory Commission of Alaska.

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SENATOR YUNDT concurred and noted that investors would support board stability to avoid policy swings driven by election changes.

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SENATOR KAWASAKI asked how SB 125 would affect the current and ongoing international discussions, particularly with countries like Taiwan and Japan, and whether the bill would complement, add to, or potentially hinder those efforts.

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SENATOR YUNDT expressed hope that SB 125 would be complementary to ongoing international efforts but noted that this will become clearer over time. He acknowledged speculation about potential partners and emphasized that the project could not be completed alone and will require support from Washington, DC, and international allies.

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SENATOR MYERS raised a concern that allowing out-of-state investors could also permit foreign individuals or corporations to purchase shares and asked whether that had been considered.

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SENATOR YUNDT explained that SB 125 did not address foreign or out-of-state investment, as its primary purpose was to establish a framework for resident participation through PFD commitments and a minimum share amount. He acknowledged, however, that foreign investment will need to be addressed, since completing the project will likely require involvement from non-U.S. companies.

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CHAIR GIESSEL suggested that SB 125 could include provisions to prevent or limit foreign investment, from China for example, in the program.

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SENATOR HUGHES concurred. She referred to SB 125, page 2, lines 12 - 16 and asked whether the intent was to contract staff to support the board rather than state employees.

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SENATOR YUNDT said that was correct.

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SENATOR HUGHES asked whether the sponsor of SB 125 had had any discussions with Glenfarne, Frank Richards, or the governor regarding SB 125, noting that there may already be conversations or deals in progress.

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SENATOR YUNDT said he had discussed SB 125 with the governor's team, but no one else.

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SENATOR HUGHES asked whether he received any feedback in favor of or in opposition to SB 125.

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SENATOR YUNDT said no one opposed allowing Alaskan residents to invest, and those present seemed open and optimistic about the idea. He deferred to Mr. McKee.

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MR. MCKEE referred to SB 125, page 2, lines 27-28 and suggested clarifying the language to define the public as individual, non-corporate, in-state investors, thereby preventing companies or out-of-state entities from buying large amounts of shares.

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SENATOR HUGHES questioned whether restricting investment to Alaskans might raise [United States] constitutional issues, despite supporting the idea, and asked whether there were any legal concerns.

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SENATOR YUNDT said his goal with SB 25 was not to exclude non-residents, but to create an accessible investment option for Alaskans using future PFDs. He said a legal opinion would be needed only if exclusion were intended.

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SENATOR CLAMAN acknowledging limited experience in this area, expressed concerns about legally restricting who can buy or sell shares, whether to Alaskans only, individuals, or excluding corporations and investment groups. He recognized potential issues, but said he was uncertain of the legal validity.

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SENATOR YUNDT emphasized that while SB 125 aimed to allow Alaska residents to invest, the sale of shares should remain open to anyone to ensure free market access and maximize value for shareholders.

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CHAIR GIESSEL invited closing remarks on SB 125.

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SENATOR YUNDT expressed appreciation for the questions and comments on SB 125. He compared the intended opportunity to invest in a gas pipeline to the Pick, Click, Give program.

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CHAIR GIESSEL held SB 125 in committee.

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There being no further business to come before the committee, Chair Giessel adjourned the Senate Resources Standing Committee meeting at 4:08 p.m.