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Referred: Rules

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 311

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for the sale, exchange or other
7 disposition of minerals obtained by the state as
8 royalty under state leases or of rights to receive
9 future mineral production under state leases; and
10 providing for an effective date."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. AS 38.05.183 is amended by adding new subsections to read:

13 (e) Oil or gas taken in kind by the state as its royalty share
14 may not be sold or otherwise disposed of until the commissioner with
15 the approval of the Alaska Royalty Oil and Gas Development Advisory
16 Board determines that the royalty-in-kind oil or gas is surplus to the
17 present and projected intrastate domestic and industrial needs. The
18 commissioner shall make public, in writing, the specific findings and
19 reasons on which his determination is based and shall, within 10 days
20 of the convening of a regular session of the legislature, submit a
21 report showing the immediate and long-range domestic and industrial
22 needs of the state for oil and gas and an analysis of how these needs
23 are to be met.

24 (f) If more than one user requests use of the same royalty-in-
25 kind oil or gas and the commissioner determines that the sale, exchange
26 or disposition of the oil or gas would, overall, bring equal benefits
27 to the state regardless of which user prevails, he shall enter into
28 negotiations with the competing users with the object of arriving at a
29 pro rata distribution which will be acceptable to all parties. If pro

1 rata distribution is not feasible, the commissioner shall make a
2 complete analysis of the positions of each user and of the benefits
3 which will accrue to the state under each position and submit this
4 analysis and his recommendations to the legislature within 10 days of
5 the convening of a regular session or upon completion of the analysis,
6 if completed before adjournment of a regular session of the legislature.
7 The legislature may, by concurrent resolution, accept or reject the
8 commissioner's recommendations. If the legislature fails to act on
9 the commissioner's recommendations during the session in which sub-
10 mitted, this failure may be treated by the commissioner as acceptance
11 of his recommendations.

12 * Sec. 2. AS 38 is amended by adding a new chapter to read:

13 CHAPTER 06. ALASKA ROYALTY OIL AND GAS

14 DEVELOPMENT ADVISORY BOARD.

15 Sec. 38.06.010. PURPOSE. It is the purpose of this chapter to
16 facilitate the wise development of Alaska's oil and gas royalty inter-
17 ests by providing means and procedures for sales, exchanges or other
18 disposition of those interests in ways calculated to promote private
19 economic growth consistent with applicable environmental standards and
20 public fiscal stability, and in accordance with AS 38.05.183.

21 Sec. 38.06.020. ESTABLISHMENT. There is in the Department of
22 Natural Resources the Alaska Royalty Oil and Gas Development Advisory
23 Board.

24 Sec. 38.06.025. MEMBERSHIP. The board consists of the com-
25 missioner of natural resources, who is chairman, the commissioner of
26 economic development, the commissioner of revenue, and three public
27 members appointed by the governor to serve at his pleasure for three
28 staggered terms and confirmed by a vote of a majority of the members
29 of the legislature in joint session. The public members may be removed

1 by the governor only for cause. The public members may not be state
2 officers or employees. A public member, upon the expiration of his
3 term, shall continue to hold office until his successor is appointed
4 and qualifies. Vacancies in public membership shall be filled in the
5 same manner as original appointment. An appointee to fill a vacancy
6 shall hold office for the balance of the term for which his predecessor
7 on the board was appointed. A vacancy in board membership does not
8 impair the authority of a quorum of the board members to exercise all
9 the powers and duties of the board.

10 Sec. 38.06.030. COMPENSATION: PER DIEM, TRAVEL EXPENSES. Members
11 of the board are in the exempt service under AS 39.25.110 and shall
12 receive \$100 a day for each day or portion of a day spent in actual
13 meeting or on authorized official business incident to their duties,
14 and they are entitled to per diem and travel allowances as provided by
15 law for other boards and commissions. If a member of the board is a
16 full-time officer or employee of the state, he may not receive the
17 \$100 a day compensation.

18 Sec. 38.06.035. MEETINGS, RULES, QUORUM, VOTES REQUIRED. The
19 board shall prescribe its own rules of procedure. It shall meet at a
20 time and place determined by the chairman, and at other times and
21 places as the chairman, or a majority of the board members, consider
22 necessary. A quorum is a majority of the members of the board. The
23 votes of the board members shall be recorded. Effective action to
24 carry out the powers granted under this chapter requires the affirma-
25 tive vote of a majority of the board members. No board member may,
26 with respect to a matter before the board, vote for or on behalf of
27 another member of the board.

28 Sec. 38.06.040. POWERS. The board may

29 (1) direct the commissioner of natural resources to solicit

1 inquiries, development plans or bids from persons for the sale, exchange
2 or other disposition of oil or gas or both obtained by the state as a
3 royalty under AS 38.05.182, or for the sale, exchange or other disposi-
4 tion in whole or part of rights to receive future oil or gas pro-
5 duction or both under a state lease, subject to terms and conditions
6 established by the board;

7 (2) examine proposed sales, exchanges or other dispositions
8 of oil or gas or both obtained by the state as a royalty under AS 38.
9 05.182, or of rights to receive future oil or gas production or both
10 under a state lease, for the purpose of approving or disapproving the
11 proposed sale, exchange or other disposition under AS 38.05.183;

12 (3) hire an executive director, consultants expert in
13 technical, economic or other relevant professions and other persons as
14 necessary to assist the board in the exercise of its powers;

15 (4) promulgate regulations under the Administrative Pro-
16 cedure Act (AS 44.62) that it considers necessary or appropriate in
17 the exercise of its powers; and

18 (5) take whatever other actions are reasonably necessary in
19 the furtherance of the purposes of this chapter.

20 Sec. 38.06.050. BOARD APPROVAL REQUIRED. No sale, exchange or
21 other disposition of oil or gas or of the rights to receive future
22 production of oil or gas may be made by the commissioner of natural
23 resources under AS 38.05.183 without the prior written approval of the
24 board.

25 Sec. 38.06.060. CRITERIA. In the exercise of its powers under
26 sec. 40(1) - (2) and sec. 50 of this chapter the board shall consider

27 (1) the revenue needs and projected fiscal condition of the
28 state;

29 (2) the existence and extent of local and regional needs

1 for oil and gas products and by-products, the effect of state or
2 federal commodity allocation requirements which might be applicable to
3 those products and by-products, and the priorities among competing
4 needs;

5 (3) the desirability of localized capital investment,
6 increased payroll, secondary development and other possible effects of
7 the sale, exchange or other disposition of oil and gas or both;

8 (4) the projected social impacts of the transaction;

9 (5) the projected additional costs and responsibilities
10 which would be imposed upon the state and affected political subdivi-
11 sions by development related to the transaction;

12 (6) the existence of specific local or regional labor or
13 consumption markets or both which should be met by the transaction;

14 (7) the projected positive and negative environmental
15 effects related to the transaction; and

16 (8) the projected effects of the proposed transaction upon
17 existing private commercial enterprise and patterns of investments.

18 Sec. 38.06.080. DEFINITIONS. In this chapter

19 (1) "board" means the Alaska Royalty Oil and Gas Development
20 Advisory Board;

21 (2) "state lease" means an oil and gas lease on state land.

22 * Sec. 3. AS 39.25.110 is amended by adding a new paragraph to read:

23 (14) the members and executive director of the Alaska
24 Royalty Oil and Gas Development Advisory Board.

25 * Sec. 4. This Act takes effect on the day after its passage and approval
26 or on the day it becomes law without approval.
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