

Introduced: 1/14/76
Referred: Resources and
Finance

BY PARR, BROWN, COTTEN, COWPER,
GRUENING, KELLEY, MCKINNON,
MILLER, OSTERBACK, OSTROSKY,
PARKER AND WALLIS

1 IN THE HOUSE

2 HOUSE BILL NO. 564

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for permits and fees for the construc-
7 tion of shore facilities associated with off-shore
8 natural resource extraction; and providing for an effec-
9 tive date."

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

11 * Section 1. AS 41 is amended by adding a new chapter to read:

12 CHAPTER 45. SHORE FACILITIES FOR OFF-SHORE RESOURCE EXTRACTION.

13 Sec. 41.45.010. LEGISLATIVE FINDINGS AND DECLARATION OF PURPOSE.

14 (a) The legislature finds that major resource development projects
15 create an immediate demand for greatly increased state and municipal
16 services in areas contiguous to the project and that tax revenues de-
17 rived from these projects are received by the state and local govern-
18 ments only after significant impact on and expense by the state and local
19 governments in providing necessary services has already occurred.

20 (b) The legislature considers it probable that the initial demand
21 for publicly provided services related to outer-continental shelf oil
22 and gas development projects will exceed corresponding initial tax
23 revenues from the project by an even greater proportion than occurs
24 with resource development projects wholly within the state.

25 (c) It is the purpose of this chapter to provide a mechanism by
26 which the increase in demand for state and municipal services occurring
27 as the result of an outer-continental shelf oil or gas development pro-
28 ject will be met by revenue from the project responsible for the increase
29 in demand.

1 Sec. 41.45.020. SHORE FACILITY CONSTRUCTION PERMIT. A person con-
2 structing a shore facility associated with outer-continental shelf oil or
3 gas development shall, before commencement of construction, apply for
4 and obtain from the Department of Community and Regional Affairs a shore
5 facility construction permit and pay the permit fee provided in sec. 30
6 of this chapter.

7 Sec. 41.45.030. FEE FOR SHORE FACILITY PERMIT. (a) The fee for a
8 shore facility construction permit is a sum which equals the estimated
9 cost to the state and local governments in providing additional public
10 services necessitated by the oil or gas development project of which the
11 shore facility is a part. The amount of the fee shall be determined by
12 the department with the assistance of the division of planning and
13 research in the Office of the Governor. The applicant shall be provided
14 with access to the data used by the department in estimating public
15 service expenses and revenues related to the project and calculating the
16 fee, and shall be afforded notice and opportunity for a hearing before
17 determination of the permit fee.

18 (b) In computing the permit fee, the department's evaluation shall
19 include, but is not limited to, the following services provided in
20 direct support of the project, to persons employed in the construction of
21 the shore facility or otherwise in the outer-continental shelf oil or
22 gas development or increased services provided to other residents of
23 the area necessitated by the outer-continental shelf development:

- 24 (1) road construction and maintenance;
25 (2) airport or air transportation facility construction and
26 maintenance and operation;
27 (3) school construction and maintenance and operation;
28 (4) water and power supply, sewers, sewage treatment, and
29 solid waste collection and disposal;

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

(5) police and fire protection;

(6) docking and harbor facilities construction, maintenance and operation; and

(7) additional personnel utilized to monitor and regulate the project.

(c) An applicant complaining of the fee determined by the department may have the department's action reviewed by filing a petition for review in the superior court within 60 days after notice of the proposed fee.

Sec. 41.45.040. REIMBURSEMENT OF LOCAL GOVERNMENTS. The department shall allocate to each local government impacted by the project an amount estimated to reimburse the local government for that portion of total service expenses uncompensated by tax revenues which will be borne by the local government.

Sec. 41.45.050. TAX CREDIT. An amount equal to the fee for the shore facility construction permit is allowable as a credit against state and local taxes levied against the project, and the excess of the credit over taxes due may be carried over until the credit is exhausted. The credit against municipal tax is limited to the amount by which the local government was reimbursed under sec. 40 of this chapter.

Sec. 41.45.060. REGULATIONS. The department shall promulgate regulations to implement this chapter.

Sec. 41.45.070. DEFINITIONS. In this chapter

(1) "department" means the Department of Community and Regional Affairs;

(2) "shore facility" means a facility which is an integral part of, or directly associated with, the exploration for, or extraction, production or transportation of, oil or gas from the outer continental shelf, and which is owned by, or committed by contract or other agree-

1 ment to, persons exploring for or producing or transporting oil or gas
2 from the outer continental shelf; "shore facility" includes but is not
3 limited to pumping stations, compressor stations, power plants, topping
4 plants, processing units, roads, tank farms, tanker terminals, docks
5 and other port facilities, air strips and communication equipment and
6 facilities, maintenance equipment and facilities, construction camps
7 and maintenance camps and other related facilities.

8 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
9 070(c).