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1 IN THE HOUSE

2 SS HOUSE BILL NO. 219

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing for permits and fees for the con-
7 struction of shore facilities associated with outer
8 continental shelf natural resource extraction; and
9 providing for an effective 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 OFFSHORE 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
19 local 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 with
24 resource development projects wholly inside 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 in-
29 crease in demand.

1 Sec. 41.45.020. SHORE FACILITIES CONSTRUCTION PERMIT. A person
2 engaged in the exploration, development or production of oil or gas
3 under terms of a lease from the United States in outer continental shelf
4 areas shall, before constructing, leasing, or in any other manner pro-
5 viding for shore facilities associated with the exploration, development,
6 or production, apply for and obtain from the Department of Community and
7 Regional Affairs a shore facilities construction permit and pay the
8 permit fee provided in sec. 30 of this chapter.

9 Sec. 41.45.030. FEE FOR SHORE FACILITIES PERMIT. (a) The fee for
10 a shore facilities construction permit is equal to the proportion of
11 the anticipated outer continental shelf oil and gas development within
12 the affected area which the facility represents of gross impact costs
13 less development revenues. For purposes of this section

14 (1) "gross impact cost" equals the maximum anticipated popu-
15 lation increase attributable to outer continental shelf oil and gas
16 development in the affected area during a 20-year period multiplied by
17 the per capita costs of state and local government in the affected area
18 in the year in which application is made for a permit; and

19 (2) "development revenue" equals the sum of estimated petro-
20 leum property taxes and general property taxes levied and collected on
21 onshore facilities in the affected area, estimated income taxes collected
22 from Alaska residents in the affected area, and anticipated outer con-
23 tinental shelf oil and gas development grants for which application may
24 be made to the United States government, each of which shall be dis-
25 counted on a cash flow basis using a discount rate which includes both
26 the cost of money to the state and anticipated reductions in purchasing
27 power due to inflation.

28 (b) The applicant shall be provided access to the data used by the
department in calculating the permit fee, and shall be given notice

1 and opportunity for hearing by the department before determination of
2 the permit fee.

3 Sec. 41.45.040. REIMBURSEMENT TO MUNICIPALITIES. The department
4 shall allocate to each municipality affected by a project an amount
5 equal to that portion of the permit fee which is attributable to the
6 provision of public facilities and services by the municipality.

7 Sec. 41.45.050. REGULATIONS. The department shall promulgate
8 regulations to implement this chapter.

9 Sec. 41.45.060. DEFINITIONS. In this chapter

10 (1) "department" means the Department of Community and Re-
11 gional Affairs;

12 (2) "shore facility" means a facility which is an integral
13 part of, or directly associated with, the exploration for, or extrac-
14 tion, production or transportation of, oil or gas from the outer conti-
15 nental shelf, and which is owned by, or committed by contract or other
16 agreement to, persons exploring for or producing or transporting oil or
17 gas from the outer continental shelf; "shore facility" includes but is
18 not limited to pumping stations, compressor stations, power plants,
19 topping plants, processing units, roads, tank farms, tanker terminals,
20 docks and other port facilities, air strips and communication equipment
21 and facilities, maintenance equipment and facilities, construction camps
22 and maintenance camps and other related facilities.

23 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
24 070(c).