

Original sponsors: Miles and Chatterton

Offered: 5/24/80
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 624 (Finance) am S

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the royalty on natural resources of
7 the state and the Alaska Royalty Oil and Gas Develop-
8 ment Advisory Board, and to the qualifications of
9 members of the Alaska Pipeline Commission; and providing
10 for an effective date."

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

12 * Section 1. AS 38.06.020 is amended to read:

13 Sec. 38.06.020. ESTABLISHMENT. There is established in the De-
14 partment of Commerce and Economic Development [NATURAL RESOURCES] the
15 Alaska Royalty Oil and Gas Development Advisory Board.

16 * Sec. 2. AS 38.06.025 is amended to read:

17 Sec. 38.06.025. MEMBERSHIP. (a) The board consists of the com-
18 missioner of commerce and economic development; [NATURAL RESOURCES, WHO
19 IS CHAIRMAN], the commissioner of revenue, and three public members.

20 (b) Each of the public members shall possess experience in petro-
21 leum-related fields in such areas as exploration, development, production
22 and economics, and shall be appointed by the governor to serve at his
23 pleasure for three-year staggered terms and confirmed by a vote of a
24 majority of the members of the legislature in joint session. The public
25 members may not be state officers or employees.

26 (c) A chairman shall be elected by the board from among the
27 public members.

28 (d) A public member, upon the expiration of his term, shall
29 continue to hold office until [UNDER] his successor is appointed and

1 qualifies.

2 (e) Vacancies in public membership shall be filled in the
3 same manner as original appointment. An appointee to fill a vacancy
4 shall hold office for the balance of the term for which his predecessor
5 on the board was appointed. A vacancy in board membership does not
6 impair the authority of a quorum of the board members to exercise all
7 the powers and duties of the board.

8 * Sec. 3. AS 38.06.055 is repealed and re-enacted to read:

9 Sec. 38.06.055. LEGISLATIVE APPROVAL. (a) The commissioner of
10 natural resources may not enter into a sale, exchange, or other disposi-
11 tion of oil or gas or of the rights or waiver of the rights to receive
12 future production of royalty oil or gas under AS 38.05.183 without the
13 prior approval of the legislature. The legislature may approve a sale,
14 exchange, or other disposition of oil or gas or of the rights or of a
15 waiver of the rights to receive future production of royalty oil or gas
16 only by enacting legislation. The approval required by this section is
17 in addition to the approval of the board required under AS 38.06.050.

18 (b) The provisions of (a) of this section do not apply to

19 (1) the sale, exchange, or other disposition of oil or gas
20 for one year or less which sale, exchange, or other disposition is
21 entered into to relieve storage or market conditions;

22 (2) contracts for the sale of state-owned royalty gas or oil
23 that specify the sale and delivery of not more than

24 (A) 400 barrels of crude oil per day;

25 (B) 460 barrels of natural gas liquids per day; or

26 (C) 2,400 Mcf of natural gas per day.

27 (c) A sale, exchange, or other disposition of oil or gas made
28 under (b)(1) of this section may not be continued after the end of one
29 year or renewed with the same party to provide relief for market or

1 storage conditions without the prior approval of the legislature under
2 (a) of this section.

3 * Sec. 4. AS 38.05.183(a) is repealed and re-enacted to read:

4 (a) The sale, exchange or other disposal of a mineral obtained by
5 the state as a royalty under AS 38.05.182, or the sale, exchange or
6 other disposal of a right to receive future mineral production under a
7 state lease under this chapter, shall be by competitive bid. The sale,
8 exchange or other disposal shall be made by the commissioner to the
9 bidder whose bid offers the greatest return to the state, determined by
10 evaluating

11 (1) the cash value of the bid; and

12 (2) the projected effects of the bid upon the economy of the
13 state, including,

14 (A) if the royalty is for oil or gas,

15 (i) the ability of the bidder to refine or process
16 the oil or gas in the state; and

17 (ii) the ability of the bidder to provide refined
18 products or by-products for distribution and sale in the state
19 with the best competitive price benefits to purchasers or
20 consumers;

21 (B) if the royalty is for any natural resource other
22 than oil or gas, the estimated effect of the bid, if accepted, on
23 investment, on employment of residents, on new industrial and
24 commercial development in the state directly related to use of the
25 royalty by the bidder, and on the development of other natural
26 resources of the state.

27 * Sec. 5. AS 38.05.183 is amended by adding a new subsection to read:

28 (e) Oil or gas taken in kind by the state as its royalty share may
29 not be sold or otherwise disposed of for export from the state until the

1 commissioner determines that the royalty-in-kind oil or gas is surplus
2 to the present and projected intrastate domestic and industrial needs.
3 The commissioner shall make public, in writing, the specific findings
4 and reasons on which his determination is based and shall, within 10
5 days of the convening of a regular session of the legislature, submit a
6 report showing the immediate and long-range domestic and industrial
7 needs of the state for oil and gas and an analysis of how these needs
8 are to be met.

9 * Sec. 6. AS 42.06.060 is amended to read:

10 Sec. 42.06.060. QUALIFICATIONS OF COMMISSIONERS. Members of the
11 commission shall be qualified as follows: one member shall be an
12 attorney admitted to practice law in the state, and preferably having
13 experience in administrative or regulatory law; one member shall be a
14 graduate of an accredited university with a major or a degree in land
15 management, civil engineering or transportation economics, preferably
16 with experience in oil and gas transportation; one member shall be a
17 graduate of an accredited university with a major or a minor [DEGREE] in
18 finance, accounting [,] or economics [, IF NOT OTHERWISE REPRESENTED ON
19 THE COMMISSION, TRANSPORTATION ECONOMICS]. No member of the commission
20 may hold any other state or federal office, position or employment,
21 either elective or appointive, except as a member of the armed forces of
22 the United States or of this state.

23 * Sec. 7. This Act takes effect immediately in accordance with AS 01.10.-
24 070(c).