

Introduced: 1/18/83
Referred: Resources and Finance

1 IN THE SENATE

BY MOSS

2

SENATE BILL NO. 46

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

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THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the disposal of state in kind
7 royalty oil and gas."

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

9 * Section 1. AS 38.05.183 is amended by adding a new subsection to
10 read:

11 (f) The provisions of this section do not apply to that portion
12 of oil and gas taken in kind by the state as its royalty share which
13 is disposed of under AS 38.05.336.

14 * Sec. 2. AS 38.05 is amended by adding a new section to read:

15 Sec. 38.05.336. DISPOSAL OF ROYALTY OIL AND GAS FOR PROCESSING
16 IN THE STATE. (a) All or part of the royalty oil and gas taken in
17 kind by the state under AS 38.05.182 may be given by the department to
18 a person who contracts with the state to process and distribute the
19 royalty oil or gas in the state in accordance with the provisions of
20 this section.

21 (b) A contract entered into for the disposal of oil or gas under
22 this section shall provide

23 (1) that the recipient of the oil or gas pass on to consum-
24 ers only the costs of processing and distributing the oil or gas plus
25 a reasonable profit on the processing and distribution;

26 (2) that if the recipient of the oil or gas contracts with
27 a retail distributor to deliver the oil or gas to consumers, the
28 contract shall provide that the retail distributor will not increase
29 the final price of the oil or gas to the consumer beyond an amount

1 necessary to pay the costs of retail distribution plus a reasonable
2 profit on the retail distribution;

3 (3) for penalties prescribed by regulation adopted by the
4 department if the recipient of the oil or gas or a retail distributor
5 sells the oil or gas to consumers in the state for more than the price
6 authorized by this section;

7 (4) that if oil or gas disposed of under this section is
8 delivered or consumed outside the state the person who received the
9 oil or gas from the state will pay the state an amount equal to the
10 value, before processing, of the oil or gas delivered or consumed
11 outside the state; in this paragraph "oil or gas consumed outside the
12 state" does not include small quantities of processed oil or gas sold
13 by a retail distributor in the state;

14 (5) that the contract may be terminated by the department
15 if the commissioner determines that the recipient is not using all or
16 most of the oil or gas supplied under this section to meet the demand
17 in the state for that oil or gas;

18 (6) that the recipient of the oil or gas will maintain
19 records on the processing, distribution, costs of processing and
20 distribution, and prices of oil or gas received under this section, in
21 a form prescribed by the commissioner, which shall be available for
22 examination by the commissioner or the commissioner's designated
23 representative at all times; and

24 (7) for other terms and conditions considered necessary by
25 the commissioner in accordance with regulations adopted by the depart-
26 ment.

27 (c) The department shall issue regulations providing for the
28 computation of allowable costs, reasonable profits, and for the imple-
29 mentation of this section.