

**SB**

**104**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 3/5/93

FURTHER:

DATE TURNED INTO OFFICE: \_\_\_\_\_

The Finance Committee considered SB 104

STATE SHARE OF FEDERAL GAS ROYALTIES

*Died in SFC 1994  
See HB 116*

and recommends:

- replace with \_\_\_\_\_ CS \_\_\_\_\_ (FINANCE)  
or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)  
 attaches amendment(s)

- same title  
 new title  
 technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

### NEW FISCAL NOTES

Department	Date	Zero	Fiscal

### PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

OTHER RECOMMENDATIONS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

1. \_\_\_\_\_  
Co-Chair: Signature/Recommendation

2. \_\_\_\_\_  
Co-Chair: Signature/Recommendation

*Frank*

**SENATE COMMITTEE REPORT**  
FIRST COMMITTEE OF REFERRAL

DATE: 2/8/93

FURTHER: FINANCE

Date of 5-Day Notice: 2/25/93  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3/3/93

RESOURCES Committee considered SB 104

Directing the commissioner of natural resources to accept, under certain circumstances, the contract price agreed to between a lessee of federal land and a gas or electric utility as the value of the federal government's royalty share from natural gas production when royalty is payable to the state under applicable federal law; efd.

and recommends: and a majority of the committee recommends do pass  
[ ] replace with \_\_\_\_\_ CS \_\_\_\_\_ ( ) [ ] same title  
[ ] attaches amendment(s) [ ] new title  
[ ] technical title change (HB only)

[ ] adopts \_\_\_\_\_ Letter of Intent

[ ] further referral to the \_\_\_\_\_

[ ] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

*07 N*

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal
DNR	2/18	✓	

Department	Date	Zero	Fiscal

[ ] Appropriation No Fiscal Note

[ ] Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

OTHER RECOMMENDATIONS:

*Andrew A. Lewan*  
*Frank* FRANK

*Donley* NO REC

*Mike Miller*

\_\_\_\_\_

*Mike Miller* Do PASS  
Chair: Signature and Recommendation

**ALASKA STATE LEGISLATURE**  
**SENATE BILL NO. 104**

**HISTORY IN THE SENATE**

1993

Read first time and referred to:

2/8

RES, FIN

3/5

RES RPT( ) CS 4 DP 1 NR \_\_\_ DNP \_\_\_ AM  
 \_\_\_ New Title \_\_\_ Same Title \_\_\_ Previous FN  
 \_\_\_ FN  OFN To FIN

\_\_\_ RPT( ) CS \_\_\_ DP \_\_\_ NR \_\_\_ DNP \_\_\_ AM  
 \_\_\_ New Title \_\_\_ Same Title \_\_\_ Previous FN  
 \_\_\_ FN \_\_\_ OFN To \_\_\_

\_\_\_ RPT( ) CS \_\_\_ DP \_\_\_ NR \_\_\_ DNP \_\_\_ AM  
 \_\_\_ New Title \_\_\_ Same Title \_\_\_ Previous FN  
 \_\_\_ FN \_\_\_ OFN To \_\_\_

\_\_\_ Rules Calendar( ) CS \_\_\_ AM \_\_\_ Other  
 \_\_\_ New Title \_\_\_ Same Title \_\_\_ Previous FN  
 \_\_\_ FN \_\_\_ OFN

Read second time

\_\_\_ CS Adopted ( ) \_\_\_ New Title  
 \_\_\_ Amended \_\_\_ Advanced

Read third time

\_\_\_ Letter of Intent adopted  
 \_\_\_ Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration

Reconsideration not taken up

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed  
 Signed by President, to House

\_\_\_\_\_  
 Secretary of the Senate

**HISTORY IN THE HOUSE**

19

Read first time and referred to:

\_\_\_ RPT CS( ) \_\_\_ New Title  
 \_\_\_ DP \_\_\_ DNP \_\_\_ NR \_\_\_ AM  
 \_\_\_ FN \_\_\_ OFN \_\_\_ Previous FN

\_\_\_ RPT CS( ) \_\_\_ New Title  
 \_\_\_ DP \_\_\_ DNP \_\_\_ NR \_\_\_ AM  
 \_\_\_ FN \_\_\_ OFN \_\_\_ Previous FN

\_\_\_ RPT CS( ) \_\_\_ New Title  
 \_\_\_ DP \_\_\_ DNP \_\_\_ NR \_\_\_ AM  
 \_\_\_ FN \_\_\_ OFN \_\_\_ Previous FN

Read second time

CS( ) Adopted

Amended

Advanced

Read third time

Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

\_\_\_ Intent adopted

Reconsideration

Reconsideration not taken up

PASSED ON RECON.	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

\_\_\_ Intent adopted

Reported correctly engrossed, signed by the Speaker  
 and returned to the Senate

\_\_\_\_\_  
 Chief Clerk of the House

FISCAL NOTE

No. 1

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Bill Version: SB 104  
(S) Publish Date: 3-5-93  
Natural Resources

Revision Date Original Department Affected: Natural Resources  
Title: "State Share of Federal Gas Royalties" BRU: Resource Development  
Components: Oil & Gas Development  
Sponsor: Senator Pearce  
Requestor: Senator Pearce Component Serial No. 439

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE fund source:						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ See attached page

ANALYSIS: (Attach a separate page if necessary)  
  
SEE ATTACHED PAGE

Prepared by: Jim Eason, Director Phone: 762-2547  
Division: Oil & Gas Date: 18-Feb-93  
Approved by Commissioner: Glenn A. Olds Date: 18-Feb-93  
Agency: Department of Natural Resources

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ALASKA STATE LEGISLATURE  
SENATE BILL NO. 104

HISTORY IN THE SENATE

1993

Read first time and referred to:

2/8

RES, FIN

3/5

RES RPT( ) CS 4 DP 1 NR    DNP    AM  
 \_\_\_ New Title \_\_\_ Same Title \_\_\_ Previous FN  
 \_\_\_ FN  OFN To FIN

\_\_\_ RPT( ) CS \_\_\_ DP \_\_\_ NR \_\_\_ DNP \_\_\_ AM  
 \_\_\_ New Title \_\_\_ Same Title \_\_\_ Previous FN  
 \_\_\_ FN \_\_\_ OFN To \_\_\_

\_\_\_ RPT( ) CS \_\_\_ DP \_\_\_ NR \_\_\_ DNP \_\_\_ AM  
 \_\_\_ New Title \_\_\_ Same Title \_\_\_ Previous FN  
 \_\_\_ FN \_\_\_ OFN To \_\_\_

\_\_\_ Rules Calendar( ) CS \_\_\_ AM \_\_\_ Other  
 \_\_\_ New Title \_\_\_ Same Title \_\_\_ Previous FN  
 \_\_\_ FN \_\_\_ OFN

Read second time

\_\_\_ CS Adopted ( ) \_\_\_ New Title  
 \_\_\_ Amended \_\_\_ Advanced

Read third time

\_\_\_ Letter of Intent adopted  
 \_\_\_ Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration

Reconsideration not taken up

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed  
 Signed by President, to House

Secretary of the Senate

HISTORY IN THE HOUSE

19

Read first time and referred to:

\_\_\_ RPT CS( ) \_\_\_ New Title  
 \_\_\_ DP \_\_\_ DNP \_\_\_ NR \_\_\_ AM  
 \_\_\_ FN \_\_\_ OFN \_\_\_ Previous FN

\_\_\_ RPT CS( ) \_\_\_ New Title  
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 \_\_\_ FN \_\_\_ OFN \_\_\_ Previous FN

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Chief Clerk of the House

SENATE-HOUSE HISTORY Continued

19

Received from the House

Version: \_\_\_\_\_

Concur in House amendment

Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

\_\_\_\_\_ Efd same or Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

Failed to concur in House amendment, ask House recede

Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

House failed to / receded from amendment

Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

CC appointed by Senate \_\_\_\_\_ Chair

CC appointed by House \_\_\_\_\_ Chair

(S) Granted Limited Powers of Free Conference

(H) Granted Limited Powers of Free Conference

19

(S) Adopted CC Rpt \_\_\_\_\_

Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_  
\_\_\_\_\_ Efd same or Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

(H) Adopted CC Rpt \_\_\_\_\_

Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_  
\_\_\_\_\_ Efd same or Y \_\_\_ N \_\_\_ E \_\_\_ A \_\_\_

To enrolling

Received from enrolling

Sent to Governor

\_\_\_\_\_ By Governor

Chapter Number \_\_\_\_\_

Filed with Lieutenant Governor

FISCAL NOTE

No. 1

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Bill Version: SB 104

BILL # (S) Publish Date: 3-5-93

Revision Date Original Department Affected: Natural Resources  
 Title: "State Share of Federal Gas Royalties" BRU: Resource Development  
 Components: Oil & Gas Development  
 Sponsor: Senator Pearce  
 Requestor: Senator Pearce Component Serial No. 439

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PART-TIME						
TEMPORARY						

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ANALYSIS: (Attach a separate page if necessary)  
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Prepared by: Jim Eason, Director Phone: 762-2547  
 Division: Oil & Gas Date: 18-Feb-93  
 Approved by Commissioner: Glenn A. Olds Date: 18-Feb-93  
 Agency: Department of Natural Resources

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February 18, 1993

The retroactive application provisions of the bill make it difficult to evaluate the fiscal impact of the bill. It is not known, at this time, if any refunds, except for the one described below, will be due the federal lessees because of the proposed retroactive change in state policy. An audit of past federal/state royalty collection policies beginning in 1959, which will require a considerable amount of time and resources, would have to be completed in order to determine the full fiscal impact of this bill.

What is known today is that if the bill becomes law, the state will be barred from advocating for higher royalty values for gas production from federal leases in the Beluga River field for past production periods. The state believes that as of April 15, 1992, approximately \$10.4 million is owed for the audit period between October 1, 1984 through June 30, 1987. Because interest continues to accrue on the past due principle, the amount of the claim continues to grow.

At this point in time, the amount owed is based on a claim by the state. However, the state's position in support of the area pricing theory or median value pricing theory, and the amount sought may or may not be sustained by a court with jurisdiction for this issue.