

HB

488

HFIN

FILE

HOUSE COMMITTEE REPORT

(1)

Date Referred to Committee: April 17, 1998

FURTHER REFERRALS:

Date of Committee Action: 4/28/98

The FINANCE Committee considered:

HB 488

HOUSE BILL NO. 488

ROYALTY OIL & GAS DEVEL. ADV. BOARD

"An Act relating to the Alaska Royalty Oil and Gas Development Advisory Board."

recommends it be replaced with the following committee substitute HB 488 the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) DNR fiscal note(s) _____
 zero fiscal note(s) _____ zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Therriault</i>	Therriault	X			
<i>Pat Kelly</i>	Kelly			✓	
<i>Terry Martin</i>	Martin	X			
<i>Wendy Kohring</i>	Kohring	X			
<i>Glen Minder</i>	Minder	X			
<i>J. Davies</i>	J. Davies			X	
<i>Grussendorf</i>	Grussendorf	X			
<i>G. Davis</i>	- G. Davis			X	

CHAIR'S SIGNATURE *Gene Therriault*
 Therriault +

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB488

Revision Date: _____ Dept Affected: Natural Resources
 Title: An Act relating to the Alaska Royalty Oil and Gas Development Advisory Board. BRU: Resource Development
 Component: Oil & Gas Development
 Sponsor: House Rules by Request
 Requestor: (H)FIN Component Serial No. 439

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY99	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES						
TRAVEL	1.5	1.5	1.5	1.5	1.5	1.5
CONTRACTUAL SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	1.5	1.5	1.5	1.5	1.5	1.5

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES (fund code)	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1.5	1.5	1.5	1.5	1.5	1.5
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	1.5	1.5	1.5	1.5	1.5	1.5

Estimate of any current year (FY98) cost: \$ none

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This legislation increases the number of public members of the Alaska Royalty Oil and Gas Advisory Board from three to five. Compensation for the Royalty Board members is limited to travel and per diem costs. The actual cost for this legislation will depend on where the Board members live, where the meetings are held, and the number of meetings held.

Assumptions for this fiscal note include:
 2 additional public Board members
 1 Board meeting annually
 Cost per meeting/per member = \$750.00 (airfare and per diem)

Prepared by: Kenneth A. Boyd, Director Phone: 269-8800
 Division: Oil & Gas Date: 27-Apr-98
 Approved by Commissioner: [Signature] Date: 4-27-98
 Agency: Natural Resources

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

HOUSE FINANCE COMMITTEE

April 28, 1998

6:20 P.M.

TAPE HFC 98 - 132, Side 1.

TAPE HFC 98 - 132, Side 2.

CALL TO ORDER

Co-Chair Therriault called the House Finance Committee meeting to order at 6:20 P.M.

PRESENT

Co-Chair Hanley	Representative Kelly
Co-Chair Therriault	Representative Kohring
Representative J. Davies	Representative Martin
Representative G. Davis	Representative Moses
Representative Foster	Representative Mulder
Representative Grussendorf	

ALSO PRESENT

Speaker Gail Phillips; r. Ivan Ivan; R. Alan Austerman; R. Jerry Sanders; ~~Portia Parker~~, Staff, Senator Mike Miller; ~~Wendy Redman~~, Vice President, University of Alaska; ~~Carol Carroll~~, Director, Division of Administrative Services, Department of Natural Resources; ~~Dwayne Wise~~, (Testified via Teleconference), Rural Loans Program Manager, Alaska Housing Finance Corporation, Department of Revenue, Anchorage; ~~John Bitney~~, (Testified via Teleconference), Alaska Housing Finance Corporation, Department of Revenue, Anchorage.

SUMMARY

SJR 35 Proposing an amendment to the Constitution of the State of Alaska relating to participation in an abortion.

HCS CSSJR 35 (FIN) was reported out of Committee with a "do pass" recommendation and with a fiscal note by the Office of the Governor dated 2/17/98.

HB 230 An Act relating to housing assistance provided by the Alaska Housing Finance Corporation and to its

rural housing programs, to the corporation's supplemental housing development grants to regional housing authorities, and to housing programs of regional housing authorities; permitting regional housing authorities to make, originate, and service loans for the purchase and development of residential housing; and amending definitions relating to various housing programs; and providing for an effective date.

CS HB 230 (FIN) was reported out of Committee with a "do pass" recommendation and with a zero fiscal note by the Department of Revenue.

HB 488 An Act relating to the Alaska Royalty Oil and Gas Development Advisory Board.

HB 488 was reported out of Committee with a "do pass" recommendation and with a fiscal note by the Department of Natural Resources.

- amended pg 2 line 5

HOUSE BILL NO. 488

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE RULES COMMITTEE

Introduced: 4/17/98

Referred: House Special Committee on Oil and Gas, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the Alaska Royalty Oil and Gas Development Advisory
2 Board."

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

4 * Section 1. AS 38.06.025(a) is amended to read:

5 (a) The board consists of the commissioner of commerce and economic
6 development; the commissioner of community and regional affairs [REVENUE]; the
7 commissioner of natural resources, who is a nonvoting member; and five [THREE]
8 public members.

9 * Sec. 2. AS 38.06.025(b) is amended to read:

10 (b) The [EACH OF THE] public members shall [POSSESS EXPERIENCE IN
11 PETROLEUM-RELATED FIELDS IN SUCH AREAS AS EXPLORATION,
12 DEVELOPMENT, PRODUCTION AND ECONOMICS, AND SHALL] be appointed
13 by the governor to serve at the pleasure of the governor for five-year [THREE-YEAR]
14 staggered terms and confirmed by a vote of a majority of the members of the

1 legislature in joint session. The public members may not be state officers or
 2 employees. Four of the public members may not be, nor have been in the past,
 3 employed by a person whose primary business is, or who owns a controlling
 4 interest in a corporation whose primary business is, the exploration for or
 5 development, production, [transportation, sale, refining, or processing of petroleum
 6 products. One of the public members shall possess experience in petroleum-
 7 related fields in such areas as exploration, development, production, and
 8 economics. DELETE

9 * Sec. 3. TRANSITIONAL PROVISIONS. Notwithstanding the provisions of
 10 AS 38.06.025, as amended by secs. 1 and 2 of this Act, the three public members serving on
 11 the Alaska Royalty Oil and Gas Development Advisory Board on the effective date of this Act
 12 may continue to serve on the board for the remainder of the terms for which the members
 13 were appointed. The governor shall appoint two additional public members, subject to
 14 confirmation by the legislature, to the board within 90 days after the effective date of this Act.
 15 One of the additional public members shall serve a six-year term, and, notwithstanding the
 16 provisions of AS 38.06.025(b), as amended by sec. 2 of this Act, the other additional public
 17 member shall serve a seven-year term. Neither may be, nor have been in the past, employed
 18 by a person whose primary business is, or who owns a controlling interest in a corporation
 19 whose primary business is, the exploration for or development, production, transportation, sale,
 20 refining, or processing of petroleum products.

Alaska State Legislature House of Representatives

Committees

Rules Committee, Chair
Legislative Council
International Trade & Tourism
Military & Veterans Affairs
World Trade & State/Federal Relations



Interim:
10928 Eagle River Rd. Suite 141
Eagle River, AK 99577

Session:
Alaska State Capitol
Juneau, AK 99801

SPONSOR STATEMENT

HB 488

Alaska Royalty Oil & Gas Development Advisory Board

Hours of public testimony from the mining, logging, fishing, trucking and other Alaskan industries have left little doubt that high fuel prices have a definite retardant effect on the economic development and quality of living in the State of Alaska.

Alaska refiners strongly influence regional prices through company owned retail outlets and distributors. Refiners are attempting to replace independent retail outlets and distributors with company operated outlets to solidify their control over prices. Neither capacity nor availability of supply is a determining factor in the cost of fuel in Alaska. Refiners say, "We charge what the market will bear." Alaskans would not bear these high prices if they had any alternative.

The Alaska Royalty Oil & Gas Development Advisory Board is charged to protect the Alaskan public under Statutes 38.05.183 and 38.06.070 from obscenely high fuel prices.

HB488 changes the makeup of the board increasing public members. HB 488 has three main objectives:

1. Replace the Commissioner of Revenue with the Commissioner of DCRA on the board.
2. Raise the number of voting members from five to seven (the Commissioner of Natural Resources is a non-voting member).
3. Change the number of members with petroleum related backgrounds from three to one. This leaves on the board four members whom are not from a petroleum background or members of the administration.

The Alaska Royalty Oil and Gas Development Advisory Board under AS38.06.070 gives Alaskans the opportunity to receive all possible benefits from the sale of Alaska royalty oil. By switching the commissioner of the department of revenue to the commissioner of

Representative Pete Kott



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community & regional affairs, a broader range of Alaskans will be represented while still ensuring that revenue generated to the general fund is maintained.

Currently, all public members are required to have a petroleum-related background. This limits the number of people who wish to serve on the board. Allowing people who do not have a petroleum background will make the board more diversified. This will provide fairer representation to Alaskans.