

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

3112 SCOMM 143: SENATE SPEC.COMM.ON NATURAL GAS DEV. 2005-2006

Sections 1 and 4 of Article IX of the Alaska Constitution read together provide the authority to enter into a fiscal contract that would be enforceable under the federal contract clause.

- Art. IX, § 1 provides: “The power of taxation shall never be surrendered. This power shall not be suspended or contracted away, *except as provided in this article.*”
- Art. IX, § 4 provides for specific exemptions from taxes – such as for properties owned by state and local governments and nonprofits – and also provides: “*Other exemptions of like or different kind may be granted by general law.*”

The history of §§ 1 and 4 shows that the Framers chose to give the Legislature the flexibility to provide for tax exemptions by general law to develop industries in Alaska.

- The Framers rejected stricter language.
- The Framers endorsed economic development incentives.
- The Framers were familiar with contemporaneous industrial incentive acts.

- The Framers specifically considered and rejected a Model Provision put forward by the National Municipal League that stated that “[t]he power of taxation shall never be surrendered, suspended or contracted away.”
- Instead, the Framers adopted the language in Art. IX, § 1 which states: “The power of taxation shall never be surrendered. This power shall not be suspended or contracted away, except as provided in this article.”
- The Model Provision arose from concerns that some states had restricted their power to tax businesses through approval of long term tax rates in corporate charters which were later upheld by the U.S. Supreme Court under the contracts clause.
- Consultants to the Framers noted that, without the Model Provision, Alaska could be bound by the types of fiscal contracts other states had authorized.
- Nonetheless, the Framers rejected the Model Provision in light of Alaska’s unique circumstances as a resource-rich but sparsely populated state without the local capital available to develop its resources.

What did the Framers mean in § 1 when they stated that the power of taxation “shall not be suspended or contracted away, *except as provided in this article*”?

- The Official Commentary about § 1 explained that “[t]he power to tax is never to be surrendered, but under terms that may be established by the legislature, it may be suspended or temporarily contracted away. This could include industrial incentives, for example.”
- The Convention history demonstrates that the Framers were referencing the tax exemption power provided in § 4 of Article IX, which states that “*Other exemptions of like or different kind may be granted by general law. ...*”
- The Official Commentary to § 4 explained that “the legislature is authorized to make further tax exemptions to encourage, among other purposes, new industry....”

- Delegate White stated: “And then in the last paragraph of that section [4] it provides that other exemptions may be provided by general law. This would allow for, *among other things*, for a granting of tax incentives to new industries.”
- Delegate Nerland stated “...this is the provision that allows for some exemption or inducement to industries or similar things.”

- Delegate Smith asked: “Isn’t that, in effect, saying that exemptions of any kind may be granted? Delegate Nerland responded: “Yes, that was the purpose of it.”
- Such archival history demonstrates that although the prohibition against surrendering taxation power may be absolute, the prohibition against suspending or contracting away taxing power is not absolute, but is qualified by the permissible exemption provision in § 4.

Consistent with the Framers' intent, the SGDA provides fiscal certainty for the length of the Project in order to realize the State's long term goal of an ANS gas line necessary to monetize our vast gas resources.

- The Finance and Taxation Committee expressly considered but chose not to include any time limit on tax exemptions provided for in § 4.

- If tax liability could constitutionally be entirely extinguished by granting an exemption for a particular industry, it follows that tax liability could also constitutionally be extinguished in favor of fixed payments in lieu of those taxes for a set term.
- In short, the proposed SGDA Contract is within the parameters established by the Framers in §§ 1 and 4 to use the State's tax structure to encourage development for the maximum benefit of the people.

- To address the need for an economic base, Congress granted 103 million acres of federal land to Alaska – including land containing the North Slope oil and gas fields – as an endowment that would yield income to meet the costs associated with becoming a State.
- The Framers recognized that developing Alaska's resources according to the mandate of Article VIII might require an innovative tax regime, as reflected in their rejection of the highly restrictive Model Provision in favor of § 1 of Article IX and the adoption of the "like or different" exemption language in § 4 of Article IX.

Finally, it is significant that fiscal contracts have been employed in Alaska to attract new industries since Territorial days.

- In 1949, the Territory authorized the tax commissioner to enter into fiscal contracts for new industrial enterprises.
- In 1957, after the Alaska Constitution was ratified, the Territory enacted an industrial incentive act that permitted businesses to apply for fiscal contracts to encourage new investments in Alaska.

- In 1968, the Legislature enacted the Alaska Industrial Incentive Tax Credits Act.
  - In 1971, the Alaska Supreme Court held that the grant of tax relief provided for in the 1968 Act was “in the broadest possible form and that the legislature intended that a credit could be provided for almost any tax within the State of Alaska.”
- The proposed SGDA Contract is more favorable to the State than the tax exemptions previously required to attract industry to Alaska.
  - It is not a complete exemption from payment of taxes.
  - It requires continuous payments in lieu of taxes.
  - It will provide a steady source of revenue to Alaska at the same time that it provides an incentive to the Sponsor Group to build a gas line in order to develop Alaska's gas resources.

## IN CONCLUSION:

- There is always a degree of uncertainty in trying to anticipate what action a future legislature might take and how a court might rule on that action.
- The proposed SGDA Contract is within the parameters established by the Framers in §§ 1 and 4 to use the State's tax structure to encourage development for the maximum benefit of the people.
- Additionally, Article 11.1 of the proposed contract coupled with a legislative act authorizing the Governor to sign the contract will constitute a clear and unequivocal statement of intent to alienate the power to change taxes for the terms established in the contract, and thus, the contract will be enforceable under the contracts clause.

July 25, 2006

The Honorable Thomas Wagoner  
Alaska State Senate  
State Capital  
Juneau, Alaska

Re: 2001 Production Tax proposal

Dear Senator Wagoner:

Please find attached the report which I prepared April 29, 2001 for Governor Knowles regarding changes to the ELF. Jim Clark asked me to send this to you in view of your interest in a gross based production tax.

The 2001 report recommended major changes to the ELF based production tax. However, the main concept remained a production tax based on the gross value of the production.

The changes included:

- Adjustments to the ELF formula,
- Making the production tax price progressive,
- A special tax credit in order to encourage re-investment, and
- Special provisions for heavy oil.

My recommendation was endorsed by Revenue Commissioner Wilson Condon. Unfortunately, Governor Knowles decided at the time against any changes to the production tax.

I still regret that Governor Knowles decided not adopt my recommendations at the time. If my proposal had passed the Legislature, Alaska would have been \$6 billion better off today on a cumulative basis.

I re-introduced my recommendation in 2003 for Governor Murkowski. However, the Governor indicated that he was willing to consider fundamental change to the production tax. This induced me to propose to the Governor the PPT concept. I recommended the PPT concept over my earlier production tax proposal based on gross because this system has many advantages.

However, prior to explaining these advantages it is important to emphasize the critical role tax credits play in the future of Alaska.

Already in 2001 it was clear that the production tax system was outdated and that production was declining and therefore it was important to induce more investment.

In the 2003 version of the production tax based on gross, it was suggested to include up to a 40% tax credit.

These tax credits play a fundamental role in significantly increasing investment in the State.

In a system without such tax credits, investors count a \$ 1 million capital expenditure as \$ 1 million, as far as production tax is concerned.

If there are tax credits of 40%, investors count a \$ 1 million capital expenditure only as a \$ 600,000 expenditure, because they get \$ 400,000 back in tax credits. In other words they perceive the **net investment** as a \$ 600,000 expenditure.

Needless to say an investment based on a net investment of \$ 600,000 rather than a gross investment of \$ 1 million is far more profitable. This is the basic reason why such tax credits make investments in the State significantly more attractive and the result is a much higher level of investment and therefore production decline can be slowed down or halted.

What is very important is that governments do not loose revenues relative to the revenue targets by providing tax credits. All government do is first increase taxes to a somewhat higher level than their revenue target. Then they simply give some of it back to the investors if they re-invest in their jurisdiction. In the end governments end up with the total revenues they want. But investors see this as a reduction of tax payable.

The choice is therefore very simple:

1. Either Alaska collects tax based on a revenue target, without tax credits, and ends up with a low level of investor interest in re-investment, or
2. Alaska collects somewhat more tax and then provides tax credits ending up with the same revenue target, but creates a high level of investor interest in re-investment.

Most governments recognize that option two is the best. They get the revenues they want and strong investment.

All important oil and gas producing OECD jurisdictions have adopted this broad concept in different forms, including Norway, the UK, Denmark, the Netherlands, Alberta, Newfoundland, Canada (NWT) and Australia. Furthermore, there are at least 60 other nations which have profit or profit oil based systems.

Assuming that Alaska adopts tax credits, the question then arises why did I recommend the PPT to the Governor rather than an updated 2001 recommendation based on gross with tax credits. There are very important reasons for my recommendation to the Governor to adopt the PPT concept rather than a production tax based on gross with credits as I proposed in 2001 and 2003.

Firstly, Alaska has already a fiscal feature based on gross, which is the royalty. The royalties provide about half the Alaska revenues from oil and gas. Combining a royalty with a tax that is also on gross is a complex economic task because the two features together have to fit a wide spectrum of economic conditions from marginal to profitable fields. This is the reason why the current production tax is based on an ELF formula.

However, such economic formulas have a relatively short "shelf" life. The current ELF formula worked well for about 10 years and then became outdated. Now it has taken already more than five years to try to replace this system. The "shelf" life is short because the formulas are quickly overtaken by new economic and technical developments. It is not possible to design formulas based on gross that are so sophisticated that they automatically adjust to a wide range of new circumstances. The petroleum industry is changing too rapidly and the future is too uncertain. The international experience is that systems based on net revenues adjust better to new and unexpected circumstances. Therefore, they are more durable as well.

Secondly, in order to be flexible, production tax systems based on gross have to be "field" based. In order to extract the maximum benefit for the State, the formula has to adjust downward for marginal fields and upward for profitable fields. The problem is that it becomes increasingly difficult to define what a "field" is on the North Slope. Most of the new developments today are not new field developments. They relate to deeper and shallower reservoirs, reservoir extensions, satellite fields, EOR in existing reservoirs, etc. This creates significant problems in "field" definition. It also creates serious distortions between the application of the formulas to different type of investments. These distortions create administrative difficulties and require significant administrative discretion. Alaska has already experienced problems in this regard and the Governor already took action earlier to avoid the related negative effects for the State. A "field" based system requires separate tax calculations for each "field". It is much simpler to have a State wide system that is based on net revenues, based on a single tax return per company.

Thirdly, any system based on gross has to consider heavy oil separately. The system has to be more generous for heavy oil than for light oil since the production costs of heavy oil are much higher. This creates a wide range of problems as follows:

- It is rather difficult to define what heavy oil is in the first place. There are no separate clearly defined "light" oil and "heavy" oil fields on the North Slope. There is a full spectrum of reservoirs with different gravities ranging from 25 to 14 degrees API and also with different viscosities. In fact, in the same reservoir lighter and heavier oils could occur in different parts of the reservoir. Apart from heavy oils there are also viscous light oils in shallow formations which behave from a production perspective as heavy oils.

- There is a considerable problem in defining the economic differences in order to determine a formula based on gross. We really do not know and therefore have no economic basis for judging the cost differences between 25, 20, 18 or 14 degree API crude oils in different style reservoirs. We can only make guesstimates of this. It is precisely heavy oil development that will be subject to very considerable technological changes over the next decade. What appears to be costly oil today may be relatively cheap ten years from now. Therefore, providing incentives for heavy oil today on a gross formula basis may well be perceived as a "give away" within a few years. This is a very significant problem because most of the future oil developments on the North Slope will be heavy or viscous oils.
- Finally, it would be difficult to administer a system that provides sliding scales or different formulas for heavy oil. There could be considerable disputes as to how and where the gravity of the oil would be determined. In order to be effective in stimulating heavy oil development, the measurement should preferably be as differentiated as possible among reservoirs, etc. The more crude blended before measurement, the less effective the fiscal feature would be.

For all these reasons a system based on net revenues is far more preferable. A profit based system deals effectively with heavy oil. It does not matter what the gravity or viscosity of the oil is or whether costs are high or low—a profit based system accommodates both. Therefore, profit based systems ensure that under a much wider range of conditions the State will receive its fair share. It is for this reason that Alberta is developing the oil sands as well as a large heavy oil field called Cold Lake very successfully with a profit based system.

Finally, most other important oil producing countries have adopted profit based systems either with or without a royalty. Therefore these systems are well known around the world. For instance in the OECD area, Norway, the UK, Denmark, the Netherlands, Alberta (oil sands and heavy oils), Newfoundland, Nova Scotia, Canada (NWT) and Australia have operated these systems successfully since the early 1980's. In addition there are more than 60 other jurisdictions with profit based or profit oil based systems. Therefore, there is ample experience around the world that profit based systems work well for governments.

I understand that the interest in a production tax based on gross revenues is largely based on the concern that cost control under a net revenue based system will be difficult for Alaska to implement. There is concern that Alaska may be "cheated" out of the taxes that are due through inappropriate high cost declarations or other practices.

The international experience is that the matter of cost control is always an issue and need to be taken seriously. Inappropriate deductions do slip through. Tax collection is never perfect. It is therefore, that the PPT bill already contains a variety of features that deny certain cost deductions and make administration easier.

The PPT bill contains a highly up to date list of costs that are not deductible in order to make cost control easier, these include:

1. Depreciation, depletion, amortization
2. Financing charges and costs of raising equity
3. Acquisition costs of leases
4. Costs of litigation and arbitration
5. Partnership, joint-venture and other organizational costs
6. Any expenditures in excess of fair market value
7. Expenditures to purchase a company or business
8. Certain abandonment costs
9. Losses and damages related to oil discharges.

However, cost control should be considered in perspective. Typical costs on the Alaska North Slope today may be \$ 6 per barrel (50% capital and 50% operating costs). If a certain unscrupulous oil company would over-declare these costs by 30% and the administration would not identify this, the total extra deduction would still only be \$ 1.80 per barrel resulting in a tax loss (at a 20% tax) of \$ 0.36 per barrel and the undeserved tax credit under the PPT would be \$ 0.18 per barrel for a total of \$ 0.54 per barrel. In a world with \$ 30 to \$ 60 per barrel oil at the North Slope this is a modest problem. Therefore, even a significant failure in proper cost control would not cause significant damage to Alaska PPT tax collection.

However, compared to most other countries in the world Alaska has a highly competent administration. Today they are controlling and auditing already billions of costs related to transportation and also net profits leases are being administered. The chance therefore the entire oil industry would on a significant scale fraudulently declare cost deductions without this being noted by the administration is nearly nil.

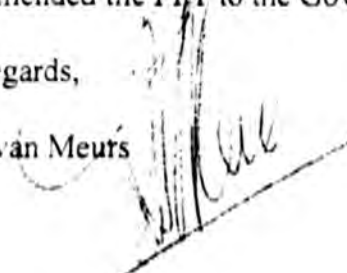
From my perspective, in comparing my 2001 recommendation of a gross based production tax with the PPT proposal I took the following factors into account:

- The PPT has a manageable cost control problem, which international experience indicates other similar jurisdictions are quite capable of handling. A State wide PPT based on a single tax return per company is a relatively simple system.
- A production tax based on gross, requires formulas which are likely to have a short "shelf" life, requires the definition of "fields" and requires to define fiscal conditions for heavy oil for which there is insufficient information to properly design these features and such conditions would probably be outdated rather quickly.

Therefore, I believe strongly that a PPT based system is easier to administer and will be more durable than a gross revenue based production tax with tax credits. It was therefore, that I recommended the PPT to the Governor.

Best regards,

Pedro van Meurs



FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

P.O. Box 110001  
JUNEAU, ALASKA 99811-0001  
(907) 465-3500  
FAX (907) 465-3532  
WWW.GOV.STATE.AK.US

July 12, 2006

The Honorable Ben Stevens  
President of the Senate  
Alaska State Legislature  
State Capitol, Room 111  
Juneau, AK 99801-1182

Dear President Stevens:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Stranded Gas Development Act. This bill is a shorter version of SB 2004, which was introduced at my request during the Second Special Session of the Twenty-Fourth Alaska State Legislature. The provisions of the present bill are based largely on certain amendments to SB 2004 that were reflected in CSSB 2004(NGD). The bill I am transmitting would authorize the commissioner of revenue to negotiate fiscal terms relating to oil, and includes provisions relating to certain payments to municipalities and nonprofit organizations.

I continue to believe that the proposed fiscal contract originally negotiated with the producers would be in the public interest. However, it is my intent to be responsive to the concerns expressed by the Legislature and members of the public concerning the provisions in the fiscal contract that provide for fiscal certainty for certain taxes levied on the production of oil. I encourage the Legislature to continue its review of the fiscal contract and consider amendments to the Stranded Gas Development Act that will provide a sound foundation throughout the duration of the contract. I pledge the full cooperation of my administration to assist you in this effort, which is in the long-term fiscal interest of the state.

I urge your prompt and favorable consideration of this bill.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Frank H. Murkowski".

Frank H. Murkowski  
Governor

Enclosure

COMMITTEE COPY

**SCOMM**

**1 43:5**

# LEGAL SERVICES

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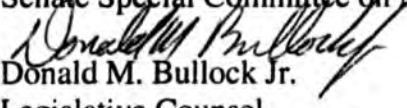
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Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

August 9, 2006

**SUBJECT:** Technical corrections in SCS CSHB 3001(NGD)  
(Work Order No. 4-GH2096\B)

**TO:** Senator Ralph Seekins, Chair  
Senate Special Committee on Natural Gas Development

**FROM:**   
Donald M. Bullock Jr.  
Legislative Counsel

While making changes to CSHB 3001(FIN) based on amendments adopted by your committee, we found an error in Amendment #11 that was adopted by the committee. Also, we corrected a reference to the definition of "qualified capital expenditure" that appears in AS 43.55.023(k), that would be enacted by sec. 13 of SCS CSHB 3001(FIN).

On page 2, line 25, through page 3, line 1 of Amendment #11, a reference to subsection (f) of AS 43.55.011 was offered as an insertion to CSHB 3001(FIN) on page 10, lines 6, 28, and 30. I inadvertently failed to insert the same reference in the amendment for page 10, line 22 of CSHB 3001(FIN). As you recall, AS 43.55.011(f), that was offered as part of Amendment #11, establishes the minimum amount of tax to be paid by a person who produces oil north of 68 degrees North latitude. This error has been corrected in the committee's bill, SCS CSHB 3001(NGD), on page 9, line 14.

On line 5 of Amendment #10, the amendment referred to the definition of "qualified capital expenditures" in AS 43.55.024(k). The correct reference for the definition is AS 43.55.023(k). The corrected reference appears on page 31, line 21 of the committee substitute.

If I may be of further assistance, please advise.

DMB:lmb  
06-208.lmb

Enclosure

H13 3001

| AMEND # | SPONSOR                  | TOPIC                                          | Moved        | OBJECT                       | AMEND | VOTE                 | ADOPT |
|---------|--------------------------|------------------------------------------------|--------------|------------------------------|-------|----------------------|-------|
| #1      | Stedman                  | 22.5%<br>P. 16 -                               | -            | Replaced before distribution |       |                      |       |
| *#1     | Stedman                  | P. 30 -                                        | -            | Replaced before distribution |       |                      |       |
| #2      | Eaton                    | P. 7                                           |              | NOT OFFERED                  |       |                      |       |
| #3      |                          | P. 27                                          |              |                              |       | Failed               |       |
| #4      |                          | P. 31                                          |              |                              |       | Failed               |       |
| #5      | Wagoner                  | P. 33                                          |              |                              |       | * Twice              | ✓     |
| #6      | Dyson                    | Pg 31 In 20<br>amendations                     |              |                              |       |                      | ✓     |
| #1      | Stedman                  | (1)<br>P. 36                                   |              |                              |       | * Twice              | ✓     |
| #7      | Wagoner                  | Pg 32 In 9<br>cap. expend. less than \$30 x... | defer to #10 |                              |       | WITHDRAWN            |       |
| #8      | Eaton                    | P. 2                                           |              |                              |       | Failed               |       |
| #9      | for Theriault<br>Wagoner | P. 32                                          | defer to #13 |                              |       | WITHDRAWN<br>* twice |       |
| #10     | Wagoner                  | Pg 32 In 9<br>cap. expend. replace #7          |              |                              | *     |                      | ✓     |
| #11     | ↓                        | P. 34                                          |              |                              | *     |                      | ✓     |
| #12     | Dyson                    | 22.5% credit                                   |              |                              |       | Failed               |       |
| #13     | for Theriault<br>Wagoner | P. 37<br>#9 amended                            |              |                              |       | Failed               |       |
|         |                          |                                                |              |                              |       |                      |       |
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| X       |                          |                                                |              |                              |       |                      |       |

Special Committee on Natural Gas Development

8/9/2006

**COMMITTEE ACTION**

|                            |                       |             |   |
|----------------------------|-----------------------|-------------|---|
| Bill Number                | HB 3001               |             |   |
| Amendment                  | CS "P" as amended     |             |   |
| Motion                     | report from committee |             |   |
| <u>Motion by</u>           | Green                 |             |   |
| <u>Objection by</u>        | Elton                 |             |   |
| <u>Removed</u>             | ✓                     |             |   |
| <u>Second Objection by</u> |                       |             |   |
| <u>Committee Member</u>    | Y                     | <u>Vote</u> | N |
| Senator Kookesh            |                       |             |   |
| Senator B. Stevens         |                       |             |   |
| Senator Stedman            |                       |             |   |
| Senator Bunde              |                       |             |   |
| Senator Olson              |                       |             |   |
| → Senator Dyson            |                       |             |   |
| Senator Wilken             |                       |             |   |
| Senator Elton              |                       |             |   |
| Senator Hoffman            |                       |             |   |
| Vice-Chair Green           |                       |             |   |
| Vice-Chair Wagoner         |                       |             |   |
| Chair Seekins              |                       |             |   |
| <u>Tally</u>               |                       |             |   |
| Yea                        |                       |             |   |
| Nay                        |                       |             |   |
| Absent                     |                       |             |   |
| <u>MOTION</u>              |                       |             |   |

SENATE FINANCE  
COMMITTEE

Amendment #

#1 Amended

To Bill Number:

HB 3001

24-GH2096/P.36

Sponsor:

Stedman

Chenoweth

Date:

8/9/06

Logged by:

Mindy

8/9/06

AMENDMENT

adopted

OFFERED IN THE SENATE

BY SENATOR STEDMAN

TO: CSHB 3001(FIN)

1 Page 3, line 8:

2 Delete "(j) and (k)"

3 Insert "(i) and (j)"

4

5 Page 3, line 9: following "equal to" :

6 ~~Delete "the annual"~~

7 Insert "22.5 percent of the"

8

9 Page 3, lines 10 - 11:

10 Delete "multiplied by the tax rate determined under (f) of this section"

11

12 Page 3, line 12, through page 4, line 25:

13 Delete all material.

14

15 Reletter the following subsections accordingly.

16

17 Page 4, line 27:

18 Delete "(h)"

19 Insert "(g)"

20

21 Page 4, line 31:

22 Delete "(j) and (k)"

23 Insert "(i) and (j)"

amendments to the  
amendment on  
page 1 and 2

1

2 ~~Page 5, line 2:~~3 ~~Delete ".25"~~4 ~~Insert ".20"~~

5

6 Page 5, line 4:

7 Delete "(h)"

8 Insert "(g)"

9

10 Page 5, line 8:

11 Delete "(g)"

12 Insert "(f)"

13

14 Page 5, line 29:

15 Delete "(g)"

16 Insert "(f)"

17

18 Page 6, line 17:

19 Delete "(g)"

20 Insert "(f)"

21

22 Page 7, line 5:

23 Delete "(j) or (k)"

24 Insert "(i) or (j)"

25

26 Page 7, line 6:

27 Delete "(g)"

28 Insert "(f)"

29

30 Page 7, line 9:

31 Delete "(g)"

1           Insert "(f)"

2

3   Page 7, line 23:

4           Delete "(j) or (k)"

5           Insert "(i) or (j)"

6

7   Page 7, line 24:

8           Delete "(g)"

9           Insert "(f)"

10

11   Page 8, line 5:

12           Delete "(m)"

13           Insert "(l)"

14

15   Page 8, lines 16 - 17:

16           Delete all material.

17

18   Page 8, lines 28 - 29:

19           Delete "AS 43.55.011(e), (g), and (i)"

20           Insert "AS 43.55.011(e), (f), and (h)"

21

22   Page 8, line 31:

23           Delete "(g)"

24           Insert "(f)"

25

26   Page 9, line 12, following "by":

27           Insert "22.5 percent;"

28

29   Page 9, lines 13 - 21:

30           Delete all material.

31

1 Page 9, line 24:

2 Delete "AS 43.55.011(g)"

3 Insert "AS 43.55.011(f)"

4

5 Page 9, line 26:

6 Delete "AS 43.55.011(i)"

7 Insert "AS 43.55.011(h)"

8

9 Page 9, line 30:

10 Delete "AS 43.55.011(i)"

11 Insert "AS 43.55.011(h)"

12

13 Page 9, line 31:

14 Delete "AS 43.55.011(i)"

15 Insert "AS 43.55.011(h)"

16

17 Page 10, line 3:

18 Delete "AS 43.55.011(i)"

19 Insert "AS 43.55.011(h)"

20

21 Page 10, line 4:

22 Delete "AS 43.55.011(i)"

23 Insert "AS 43.55.011(h)"

24

25 Page 10, line 6:

26 Delete "AS 43.55.011(e), (g), and (i)"

27 Insert "AS 43.55.011(e), (f), and (h)"

28

29 Page 10, line 22:

30 Delete "**g**"

31 Insert "**f**"

1

2 Page 10, line 28:

3 Delete "(g)"

4 Insert "(f)"

5

6 Page 10, line 30:

7 Delete "(g)"

8 Insert "(f)"

9

10 Page 23, line 19, following "department":11 Insert "and"

12

13 Page 23, line 20:

14 Delete all material.

15

16 Renumber the following paragraph accordingly.

17

18 Page 26, line 21:

19 Delete "AS 43.55.011(g)"

20 Insert "AS 43.55.011(f)"

21

22 Page 26, line 25:

23 Delete "AS 43.55.011(g)"

24 Insert "AS 43.55.011(f)"

25

26 Page 27, line 1:

27 Delete "AS 43.55.011(g)"

28 Insert "AS 43.55.011(f)"

29

30 Page 27, line 8:

31 Delete "AS 43.55.011(g)"

Committee Intent:  
delete all language  
of subparagraph (b)

1           Insert "AS 43.55.011(f)"

2

3   Page 27, line 14:

4           Delete "AS 43.55.011(g)"

5           Insert "AS 43.55.011(f)"

6

7   Page 27, line 22:

8           Delete "AS 43.55.011(g)"

9           Insert "AS 43.55.011(f)"

10

11   Page 35, line 22:

12           Delete "AS 43.55.011(i)"

13           Insert "AS 43.55.011(h)"

14

15   Page 40, line 30:

16           Delete "AS 43.55.011(e), (g), and (i)"

17           Insert "AS 43.55.011(e), (f), and (h)"

18

19   Page 42, lines 2 - 6:

20           Delete all material.

21

22   Reletter the following subsection accordingly.

Amendment #1  
 Amend- (#1)  
 adopted

1

2 ~~Page 5, line 2:~~3 ~~Delete ".25"~~4 ~~Insert ".20"~~

5

6 Page 5, line 4:

7 Delete "(h)"

8 Insert "(g)"

9

10 Page 5, line 8:

11 Delete "(g)"

12 Insert "(f)"

13

14 Page 5, line 29:

15 Delete "(g)"

16 Insert "(f)"

17

18 Page 6, line 17:

19 Delete "(g)"

20 Insert "(f)"

21

22 Page 7, line 5:

23 Delete "(j) or (k)"

24 Insert "(i) or (j)"

25

26 Page 7, line 6:

27 Delete "(g)"

28 Insert "(f)"

29

30 Page 7, line 9:

31 Delete "(g)"

retain language  
 of Version "P"

SENATE FINANCE  
COMMITTEE

Amendment #

#1 Amend

(#2)

To Bill Number:

HB 3001

24-GH2096/P.36

Sponsor:

Stedman

Chenoweth

Date: 8/9/06

Logged by:

Mindy

8/9/06

AMENDMENT

adopted

OFFERED IN THE SENATE

BY SENATOR STEDMAN

TO: CSHB 3001(FIN)

1 Page 3, line 8:

2 Delete "(j) and (k)"

3 Insert "(i) and (j)"

4

5 Page 3, line 9: following "equal to " :

6 ~~Delete "the annual"~~

7 Insert "22.5 percent of the"

8

9 Page 3, lines 10 - 11:

10 Delete "multiplied by the tax rate determined under (f) of this section"

11

12 Page 3, line 12, through page 4, line 25:

13 Delete all material.

14

15 Reletter the following subsections accordingly.

16

17 Page 4, line 27:

18 Delete "(h)"

19 Insert "(g)"

20

21 Page 4, line 31:

22 Delete "(j) and (k)"

23 Insert "(i) and (j)"

(Amendment #1)

1

2 Page 10, line 28:

3 Delete "(g)"

4 Insert "(f)"

5

6 Page 10, line 30:

7 Delete "(g)"

8 Insert "(f)"

9

10 Page 23, line 19, following "department":11 Insert "and"

12

13 Page 23, line 20:

14 Delete all material.

15

16 Renumber the following paragraph accordingly.

17

18 Page 26, line 21:

19 Delete "AS 43.55.011(g)"

20 Insert "AS 43.55.011(f)"

21

22 Page 26, line 25:

23 Delete "AS 43.55.011(g)"

24 Insert "AS 43.55.011(f)"

25

26 Page 27, line 1:

27 Delete "AS 43.55.011(g)"

28 Insert "AS 43.55.011(f)"

29

30 Page 27, line 8:

31 Delete "AS 43.55.011(g)"

Committee Intent:  
delete all language  
of subparagraph (b)



SENATE FINANCE  
COMMITTEE

Amendment #

#1

To Bill Number:

HB 3001

Sponsor:

Stedman

Date: 8/9/06

Logged by:

Mindy

24-GH2096P.36

Chenoweth

8/9/06

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR STEDMAN

TO: CSHB 3001(FIN)

1 Page 3, line 8:

2 Delete "(j) and (k)"

3 Insert "(i) and (j)"

4

5 Page 3, line 9:

6 Delete "the annual"

7 Insert "22.5 percent of the"

8

9 Page 3, lines 10 - 11:

10 Delete "multiplied by the tax rate determined under (f) of this section"

11

12 Page 3, line 12, through page 4, line 25:

13 Delete all material.

14

15 Reletter the following subsections accordingly.

16

17 Page 4, line 27:

18 Delete "(h)"

19 Insert "(g)"

20

21 Page 4, line 31:

22 Delete "(j) and (k)"

23 Insert "(i) and (j)"

1

2 Page 5, line 2:

3 Delete ".25"

4 Insert ".20"

5

6 Page 5, line 4:

7 Delete "(h)"

8 Insert "(g)"

9

10 Page 5, line 8:

11 Delete "(g)"

12 Insert "(f)"

13

14 Page 5, line 29:

15 Delete "(g)"

16 Insert "(f)"

17

18 Page 6, line 17:

19 Delete "(g)"

20 Insert "(f)"

21

22 Page 7, line 5:

23 Delete "(j) or (k)"

24 Insert "(i) or (j)"

25

26 Page 7, line 6:

27 Delete "(g)"

28 Insert "(f)"

29

30 Page 7, line 9:

31 Delete "(g)"

- 1           Insert "(f)"
- 2
- 3   Page 7, line 23:
- 4           Delete "(j) or (k)"
- 5           Insert "(i) or (j)"
- 6
- 7   Page 7, line 24:
- 8           Delete "(g)"
- 9           Insert "(f)"
- 10
- 11   Page 8, line 5:
- 12           Delete "(m)"
- 13           Insert "(l)"
- 14
- 15   Page 8, lines 16 - 17:
- 16           Delete all material.
- 17
- 18   Page 8, lines 28 - 29:
- 19           Delete "AS 43.55.011(e), (g), and (i)"
- 20           Insert "AS 43.55.011(e), (f), and (h)"
- 21
- 22   Page 8, line 31:
- 23           Delete "(g)"
- 24           Insert "(f)"
- 25
- 26   Page 9, line 12, following "by":
- 27           Insert "22.5 percent;"
- 28
- 29   Page 9, lines 13 - 21:
- 30           Delete all material.
- 31

1 Page 9, line 24:

2 Delete "AS 43.55.011(g)"

3 Insert "AS 43.55.011(f)"

4

5 Page 9, line 26:

6 Delete "AS 43.55.011(i)"

7 Insert "AS 43.55.011(h)"

8

9 Page 9, line 30:

10 Delete "AS 43.55.011(i)"

11 Insert "AS 43.55.011(h)"

12

13 Page 9, line 31:

14 Delete "AS 43.55.011(i)"

15 Insert "AS 43.55.011(h)"

16

17 Page 10, line 3:

18 Delete "AS 43.55.011(i)"

19 Insert "AS 43.55.011(h)"

20

21 Page 10, line 4:

22 Delete "AS 43.55.011(i)"

23 Insert "AS 43.55.011(h)"

24

25 Page 10, line 6:

26 Delete "AS 43.55.011(e), (g), and (i)"

27 Insert "AS 43.55.011(e), (f), and (h)"

28

29 Page 10, line 22:

30 Delete "(g)"

31 Insert "(f)"

1

2 Page 10, line 28:

3 Delete "(g)"4 Insert "(f)"

5

6 Page 10, line 30:

7 Delete "(g)"8 Insert "(f)"

9

10 Page 23, line 19, following "department:":11 Insert "and"

12

13 Page 23, line 20:

14 Delete all material.

15

16 Renumber the following paragraph accordingly.

17

18 Page 26, line 21:

19 Delete "AS 43.55.011(g)"

20 Insert "AS 43.55.011(f)"

21

22 Page 26, line 25:

23 Delete "AS 43.55.011(g)"

24 Insert "AS 43.55.011(f)"

25

26 Page 27, line 1:

27 Delete "AS 43.55.011(g)"

28 Insert "AS 43.55.011(f)"

29

30 Page 27, line 8:

31 Delete "AS 43.55.011(g)"

- 1           Insert "AS 43.55.011(f)"
- 2
- 3   Page 27, line 14:
- 4           Delete "AS 43.55.011(g)"
- 5           Insert "AS 43.55.011(f)"
- 6
- 7   Page 27, line 22:
- 8           Delete "AS 43.55.011(g)"
- 9           Insert "AS 43.55.011(f)"
- 10
- 11   Page 35, line 22:
- 12           Delete "AS 43.55.011(i)"
- 13           Insert "AS 43.55.011(h)"
- 14
- 15   Page 40, line 30:
- 16           Delete "AS 43.55.011(e), (g), and (i)"
- 17           Insert "AS 43.55.011(e), (f), and (h)"
- 18
- 19   Page 42, lines 2 - 6:
- 20           Delete all material.
- 21
- 22   Reletter the following subsection accordingly.

Special Committee on Natural Gas Development

8/9/2006

**COMMITTEE ACTION**

|                         |                  |             |   |
|-------------------------|------------------|-------------|---|
| Bill Number             | HB 3001          |             |   |
| Amendment               | #1               |             |   |
| Motion                  | adopt as amended |             |   |
| Motion by               | Stedman (Twice)  |             |   |
| Objection by            | Stedman          |             |   |
| Removed                 | ✓                |             |   |
| Second Objection by     |                  |             |   |
| <u>Committee Member</u> | Y                | <u>Vote</u> | N |
| Senator Kookesh         |                  |             |   |
| Senator B. Stevens      |                  |             |   |
| Senator Stedman         |                  |             |   |
| Senator Bunde           |                  |             |   |
| Senator Olson           |                  |             |   |
| Senator Dyson           |                  |             |   |
| Senator Wilken          |                  |             |   |
| Senator Elton           |                  |             |   |
| Senator Hoffman         |                  |             |   |
| Vice-Chair Green        |                  |             |   |
| Vice-Chair Wagoner      |                  |             |   |
| Chair Seekins           |                  |             |   |
| <u>Tally</u>            |                  |             |   |
| Yea                     |                  |             |   |
| Nay                     |                  |             |   |
| Absent                  |                  |             |   |
| <u>MOTION</u>           | Adopted          |             |   |

→

Special Committee on Natural Gas Development

8/9 /2006

**COMMITTEE ACTION**

|                            |            |             |          |
|----------------------------|------------|-------------|----------|
| Bill Number                | HB 3001    |             |          |
| Amendment                  | #1         |             |          |
| Motion                     | amend - #1 |             |          |
| <u>Motion by</u>           | Wilken     |             |          |
| <u>Objection by</u>        | Wilken     |             |          |
| <u>Removed</u>             | ✓          |             |          |
| <u>Second Objection by</u> | Green      |             |          |
| <u>Committee Member</u>    | <u>Y</u>   | <u>Vote</u> | <u>N</u> |
| → Senator Kookesh          | ✓          |             |          |
| Senator B. Stevens         |            |             | ✓        |
| Senator Stedman            |            |             | ✓        |
| Senator Bunde              | ✓          |             |          |
| Senator Olson              | ✓          |             |          |
| Senator Dyson              | ✓          |             |          |
| Senator Wilken             | ✓          |             |          |
| Senator Elton              | ✓          |             |          |
| Senator Hoffman            |            |             | ✓        |
| Vice-Chair Green           |            |             | ✓        |
| Vice-Chair Wagoner         | ✓          |             |          |
| Chair Seekins              | ✓          |             |          |
| <u>Tally</u>               |            |             |          |
| Yea                        | 8          |             |          |
| Nay                        | 4          |             |          |
| Absent                     | 1          |             |          |
| <u>MOTION</u>              | Pass       |             |          |

Special Committee on Natural Gas Development

8/9/2006

**COMMITTEE ACTION**

|                            |            |             |   |
|----------------------------|------------|-------------|---|
| Bill Number                | HB 3001    |             |   |
| Amendment                  | #1         |             |   |
| Motion                     | amend - #2 |             |   |
| <u>Motion by</u>           | Stedman    |             |   |
| <u>Objection by</u>        | none       |             |   |
| <u>Removed</u>             |            |             |   |
| <u>Second Objection by</u> |            |             |   |
| <u>Committee Member</u>    | Y          | <u>Vote</u> | N |
| Senator Kookesh            |            |             |   |
| Senator B. Stevens         |            |             |   |
| Senator Stedman            |            |             |   |
| Senator Bunde              |            |             |   |
| Senator Olson              |            |             |   |
| Senator Dyson              |            |             |   |
| Senator Wilken             |            |             |   |
| Senator Elton              |            |             |   |
| Senator Hoffman            |            |             |   |
| Vice-Chair Green           |            |             |   |
| Vice-Chair Wagoner         |            |             |   |
| Chair Seekins              |            |             |   |
|                            |            |             |   |
| <u>Tally</u>               |            |             |   |
| Yea                        |            |             |   |
| Nay                        |            |             |   |
| Absent                     |            |             |   |
|                            |            |             |   |
| <u>MOTION</u>              | Pass       |             |   |

Replaced  
before distribution  
w/ \ P.30

AMENDMENT

1P.16  
Natural Gas Development  
COMMITTEE  
Amendment # 1  
To Bill Number: HB 3001  
Sponsor: Stedman  
Date: 8/8/06 Logged by: Rose

OFFERED IN THE SENATE

BY SENATOR STEDMAN

TO: CSHB 3001(FIN)

- 1 Page 3, line 8:
- 2 Delete "(j) and (k)"
- 3 Insert "(i) and (j)"
- 4
- 5 Page 3, line 9:
- 6 Delete "the annual"
- 7 Insert "22.5 percent of the"
- 8
- 9 Page 3, lines 10 - 11:
- 10 Delete "multiplied by the tax rate determined under (f) of this section"
- 11
- 12 Page 3, line 12, through page 4, line 25:
- 13 Delete all material.
- 14
- 15 Reletter the following subsections accordingly.
- 16
- 17 Page 4, line 27:
- 18 Delete "(h)"
- 19 Insert "(g)"
- 20
- 21 Page 4, line 31:
- 22 Delete "(j) and (k)"
- 23 Insert "(i) and (j)"

1

2 Page 5, line 2:

3 Delete ".25"

4 Insert ".20"

5

6 Page 5, line 4:

7 Delete "(h)"

8 Insert "(g)"

9

10 Page 5, line 8:

11 Delete "(g)"

12 Insert "(f)"

13

14 Page 5, line 29:

15 Delete "(g)"

16 Insert "(f)"

17

18 Page 6, line 17:

19 Delete "(g)"

20 Insert "(f)"

21

22 Page 7, line 5:

23 Delete "(j) or (k)"

24 Insert "(i) or (j)"

25

26 Page 7, line 6:

27 Delete "(g)"

28 Insert "(f)"

29

30 Page 7, line 9:

31 Delete "(g)"

- 1       Insert "(f)"
- 2
- 3   Page 7, line 23:
- 4       Delete "(j) or (k)"
- 5       Insert "(i) or (j)"
- 6
- 7   Page 7, line 24:
- 8       Delete "(g)"
- 9       Insert "(f)"
- 10
- 11   Page 8, line 5:
- 12       Delete "(m)"
- 13       Insert "(l)"
- 14
- 15   Page 8, lines 16 - 17:
- 16       Delete all material.
- 17
- 18   Page 8, lines 28 - 29:
- 19       Delete "AS 43.55.011(e), (g), and (i)"
- 20       Insert "AS 43.55.011(e), (f), and (h)"
- 21
- 22   Page 8, line 31:
- 23       Delete "(g)"
- 24       Insert "(f)"
- 25
- 26   Page 9, line 12, following "by":
- 27       Insert "22.8 percent;"
- 28
- 29   Page 9, lines 13 - 21:
- 30       Delete all material.
- 31

1 Page 9, line 24:

2 Delete "AS 43.55.011(g)"

3 Insert "AS 43.55.011(f)"

4

5 Page 9, line 26:

6 Delete "AS 43.55.011(i)"

7 Insert "AS 43.55.011(h)"

8

9 Page 9, line 30:

10 Delete "AS 43.55.011(i)"

11 Insert "AS 43.55.011(h)"

12

13 Page 9, line 31:

14 Delete "AS 43.55.011(i)"

15 Insert "AS 43.55.011(h)"

16

17 Page 10, line 3:

18 Delete "AS 43.55.011(i)"

19 Insert "AS 43.55.011(h)"

20

21 Page 10, line 4:

22 Delete "AS 43.55.011(i)"

23 Insert "AS 43.55.011(h)"

24

25 Page 10, line 6:

26 Delete "AS 43.55.011(e), (g), and (i)"

27 Insert "AS 43.55.011(e), (f), and (h)"

28

29 Page 10, line 22:

30 Delete "(g)"

31 Insert "(f)"

1

2 Page 10, line 28:

3 Delete "(g)"4 Insert "(f)"

5

6 Page 10, line 30:

7 Delete "(g)"8 Insert "(f)"

9

10 Page 23, line 19, following "department:":11 Insert "and"

12

13 Page 23, line 20:

14 Delete all material.

15

16 Renumber the following paragraph accordingly.

17

18 Page 26, line 21:

19 Delete "AS 43.55.011(g)"

20 Insert "AS 43.55.011(f)"

21

22 Page 26, line 25:

23 Delete "AS 43.55.011(g)"

24 Insert "AS 43.55.011(f)"

25

26 Page 27, line 1:

27 Delete "AS 43.55.011(g)"

28 Insert "AS 43.55.011(f)"

29

30 Page 27, line 8:

31 Delete "AS 43.55.011(g)"

- 1           Insert "AS 43.55.011(f)"
- 2
- 3   Page 27, line 14:
- 4           Delete "AS 43.55.011(g)"
- 5           Insert "AS 43.55.011(f)"
- 6
- 7   Page 27, line 22:
- 8           Delete "AS 43.55.011(g)"
- 9           Insert "AS 43.55.011(f)"
- 10
- 11   Page 32, line 29, following "AS 38.05.132":
- 12           Insert ";
- 13                               (19) 75 percent of the lease expenditures for a lease from which gas is
- 14           produced and in which the holder of a working interest is a party to a contract under
- 15           AS 43.82"
- 16
- 17   Page 35, line 22:
- 18           Delete "AS 43.55.011(i)"
- 19           Insert "AS 43.55.011(h)"
- 20
- 21   Page 40, line 30:
- 22           Delete "AS 43.55.011(e), (g), and (i)"
- 23           Insert "AS 43.55.011(e), (f), and (h)"
- 24
- 25   Page 42, lines 2 - 6:
- 26           Delete all material.
- 27
- 28   Reletter the following subsection accordingly.

Replaced before  
distribution  
with \ P. 36

Natural Gas Development  
COMMITTEE  
Amendment # ~~1~~  
To Bill Number: HB 3001  
Sponsor: Stedman  
Date: ~~8/1/06~~ logged by: Mindy

24-GH2096\P.30  
Mischel/Bullock  
8/8/06

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR STEDMAN

TO: CSHB 3001(FIN)

- 1 Page 3, line 8:
- 2 Delete "(j) and (k)"
- 3 Insert "(i) and (j)"
- 4
- 5 Page 3, line 9:
- 6 Delete "the annual"
- 7 Insert "22.5 percent of the"
- 8
- 9 Page 3, lines 10 - 11:
- 10 Delete "multiplied by the tax rate determined under (f) of this section"
- 11
- 12 Page 3, line 12, through page 4, line 25:
- 13 Delete all material.
- 14
- 15 Reletter the following subsections accordingly.
- 16
- 17 Page 4, line 27:
- 18 Delete "(h)"
- 19 Insert "(g)"
- 20
- 21 Page 4, line 31:
- 22 Delete "(j) and (k)"
- 23 Insert "(i) and (j)"

1

2 Page 5, line 2:

3 Delete ".25"

4 Insert ".20"

5

6 Page 5, line 4:

7 Delete "(h)"

8 Insert "(g)"

9

10 Page 5, line 8:

11 Delete "(g)"

12 Insert "(f)"

13

14 Page 5, line 29:

15 Delete "(g)"

16 Insert "(f)"

17

18 Page 6, line 17:

19 Delete "(g)"

20 Insert "(f)"

21

22 Page 7, line 5:

23 Delete "(j) or (k)"

24 Insert "(i) or (j)"

25

26 Page 7, line 6:

27 Delete "(g)"

28 Insert "(f)"

29

30 Page 7, line 9:

31 Delete "(g)"

1           Insert "(f)"

2

3   Page 7, line 23:

4           Delete "(j) or (k)"

5           Insert "(i) or (j)"

6

7   Page 7, line 24:

8           Delete "(g)"

9           Insert "(f)"

10

11   Page 8, line 5:

12           Delete "(m)"

13           Insert "(l)"

14

15   Page 8, lines 16 - 17:

16           Delete all material.

17

18   Page 8, lines 28 - 29:

19           Delete "AS 43.55.011(e), (g), and (i)"

20           Insert "AS 43.55.011(e), (f), and (h)"

21

22   Page 8, line 31:

23           Delete "(g)"

24           Insert "(f)"

25

26   Page 9, line 12, following "by":

27           Insert "22.5 percent;"

28

29   Page 9, lines 13 - 21:

30           Delete all material.

31

1 Page 9, line 24:

2 Delete "AS 43.55.011(g)"

3 Insert "AS 43.55.011(f)"

4

5 Page 9, line 26:

6 Delete "AS 43.55.011(i)"

7 Insert "AS 43.55.011(h)"

8

9 Page 9, line 30:

10 Delete "AS 43.55.011(i)"

11 Insert "AS 43.55.011(h)"

12

13 Page 9, line 31:

14 Delete "AS 43.55.011(i)"

15 Insert "AS 43.55.011(h)"

16

17 Page 10, line 3:

18 Delete "AS 43.55.011(i)"

19 Insert "AS 43.55.011(h)"

20

21 Page 10, line 4:

22 Delete "AS 43.55.011(i)"

23 Insert "AS 43.55.011(h)"

24

25 Page 10, line 6:

26 Delete "AS 43.55.011(e), (g), and (i)"

27 Insert "AS 43.55.011(e), (f), and (h)"

28

29 Page 10, line 22:

30 Delete "(g)"

31 Insert "(f)"

- 1
- 2 Page 10, line 28:
- 3 Delete "(g)"
- 4 Insert "(f)"
- 5
- 6 Page 10, line 30:
- 7 Delete "(g)"
- 8 Insert "(f)"
- 9
- 10 Page 23, line 19, following "department:":
- 11 Insert "and"
- 12
- 13 Page 23, line 20:
- 14 Delete all material.
- 15
- 16 Renumber the following paragraph accordingly.
- 17
- 18 Page 26, line 21:
- 19 Delete "AS 43.55.011(g)"
- 20 Insert "AS 43.55.011(f)"
- 21
- 22 Page 26, line 25:
- 23 Delete "AS 43.55.011(g)"
- 24 Insert "AS 43.55.011(f)"
- 25
- 26 Page 27, line 1:
- 27 Delete "AS 43.55.011(g)"
- 28 Insert "AS 43.55.011(f)"
- 29
- 30 Page 27, line 8:
- 31 Delete "AS 43.55.011(g)"

- 1           Insert "AS 43.55.011(f)"
- 2
- 3   Page 27, line 14:
- 4           Delete "AS 43.55.011(g)"
- 5           Insert "AS 43.55.011(f)"
- 6
- 7   Page 27, line 22:
- 8           Delete "AS 43.55.011(g)"
- 9           Insert "AS 43.55.011(f)"
- 10
- 11   Page 32, line 29, following "AS 38.05.132":
- 12           Insert ";
- 13                               (19) 75 percent of the lease expenditures for a lease from which gas is
- 14           produced and in which the holder of a working interest is a party to a contract under
- 15           AS 43.82"
- 16
- 17   Page 35, line 22:
- 18           Delete "AS 43.55.011(i)"
- 19           Insert "AS 43.55.011(h)"
- 20
- 21   Page 40, line 30:
- 22           Delete "AS 43.55.011(e), (g), and (i)"
- 23           Insert "AS 43.55.011(e), (f), and (h)"
- 24
- 25   Page 42, lines 2 - 6:
- 26           Delete all material.
- 27
- 28   Reletter the following subsection accordingly.

Natural Gas Development  
COMMITTEE  
Amendment # #2  
To Bill Number: HB 3001  
Sponsor: Elton  
Date: 8/3/06 Logged by: Mindy

24-GH2096P.7  
Kane/Bullock  
8/4/06

Not Offered

AMENDMENT

To CS HB 3001 (Fin)

by Sen. Elton

1 Page 32, lines 21 - 27:

2 Delete all material and insert:

3 "(17) costs incurred for containment, control, cleanup, or removal in  
4 connection with any unpermitted release of oil or a hazardous substance; any liability  
5 for damages, fines, and penalties imposed on the producer or explorer; or the cost of  
6 developing and maintaining an oil discharge prevention and contingency plan under  
7 AS 46.04.030;"

Natural Gas Development

COMMITTEE

Amendment # #3

To Bill Number: HB 3001

Sponsor: Elton

Date: 8/9/06 Logged by: Mindy

24-GH2096\P.27

Bullock

8/8/06

AMENDMENT

Failed

by: Sen. Elton

OFFERED IN THE SENATE

TO: CSHB 3001(FIN)

1 Page 32, line 29, following "AS 38.05.132":

2 Insert ";

3 (19) for a lease from which gas is produced and in which the holder of  
4 a working interest is a party to a contract under AS 43.82, costs related to

5 (A) a gas processing plant or gas treatment facility upstream  
6 from the point of production; and

7 (B) transportation of the gas from a well to the point of  
8 production"

Special Committee on Natural Gas Development

8/9/2006

**COMMITTEE ACTION**

|                            |         |             |   |
|----------------------------|---------|-------------|---|
| Bill Number                | HB 3001 |             |   |
| Amendment                  | #3      |             |   |
| Motion                     | Table   |             |   |
| <u>Motion by</u>           | Stevens |             |   |
| <u>Objection by</u>        | Elton   |             |   |
| <u>Removed</u>             |         |             |   |
| <u>Second Objection by</u> |         |             |   |
| <u>Committee Member</u>    | Y       | <u>Vote</u> | N |
| Senator Kookesh            |         |             | ✓ |
| Senator B. Stevens         | ✓       |             |   |
| → Senator Stedman          | ✓       |             |   |
| Senator Bunde              | ✓       |             |   |
| Senator Olson              |         |             | ✓ |
| Senator Dyson              |         |             | ✓ |
| Senator Wilken             | ✓       |             |   |
| Senator Elton              |         |             | ✓ |
| Senator Hoffman            | ✓       |             |   |
| Vice-Chair Green           | ✓       |             |   |
| Vice-Chair Wagoner         |         | —           |   |
| Chair Seekins              | ✓       |             |   |
| <u>Tally</u>               |         |             |   |
| Yea                        |         | 7           |   |
| Nay                        |         | 4           |   |
| Absent                     |         | 1           |   |
| <u>MOTION</u>              | Pass    |             |   |

Special Committee on Natural Gas Development

8/9 /2006

**COMMITTEE ACTION**

|                            |                 |             |   |
|----------------------------|-----------------|-------------|---|
| Bill Number                | HB 3001         |             |   |
| Amendment                  | #3              |             |   |
| Motion                     | bring off table |             |   |
| <u>Motion by</u>           | Seekins Elton   |             |   |
| <u>Objection by</u>        | Stevens         |             |   |
| <u>Removed</u>             |                 |             |   |
| <u>Second Objection by</u> |                 |             |   |
| <u>Committee Member</u>    | Y               | <u>Vote</u> | N |
| Senator Kookesh            | ✓               |             |   |
| Senator B. Stevens         |                 |             | ✓ |
| → Senator Stedman          |                 |             | ✓ |
| Senator Bunde              |                 |             | ✓ |
| Senator Olson              | ✓               |             |   |
| Senator Dyson              | ✓               |             |   |
| Senator Wilken             |                 |             | ✓ |
| Senator Elton              | ✓               |             |   |
| Senator Hoffman            | ✓               |             |   |
| Vice-Chair Green           |                 |             | ✓ |
| Vice-Chair Wagoner         | ✓               |             |   |
| Chair Seekins              | ✓               |             |   |
| <u>Tally</u>               |                 |             |   |
| Yea                        | 7               |             |   |
| Nay                        | 5               |             |   |
| Absent                     |                 |             |   |
| <u>MOTION</u>              | PASS            |             |   |

Special Committee on Natural Gas Development

8/9/2006

**COMMITTEE ACTION**

|                            |         |             |   |
|----------------------------|---------|-------------|---|
| Bill Number                | HB 3001 |             |   |
| Amendment                  | #3      |             |   |
| Motion                     | adopt   |             |   |
| <u>Motion by</u>           | Elton   |             |   |
| <u>Objection by</u>        | Seekins |             |   |
| <u>Removed</u>             |         |             |   |
| <u>Second Objection by</u> |         |             |   |
| <u>Committee Member</u>    | Y       | <u>Vote</u> | N |
| Senator Kookesh            | ✓       |             |   |
| Senator B. Stevens         |         |             | ✓ |
| Senator Stedman            |         |             | ✓ |
| Senator Bunde              |         |             | ✓ |
| Senator Olson              | ✓       |             |   |
| Senator Dyson              |         |             | ✓ |
| Senator Wilken             |         |             | ✓ |
| Senator Elton              | ✓       |             |   |
| Senator Hoffman            |         |             | ✓ |
| Vice-Chair Green           |         |             | ✓ |
| Vice-Chair Wagoner         |         |             | ✓ |
| Chair Seekins              |         |             | ✓ |
| <u>Tally</u>               |         |             |   |
| Yea                        | 3       |             |   |
| Nay                        | 0       |             |   |
| Absent                     | 1       |             |   |
| <u>MOTION</u>              | Failed  |             |   |

8/9 1:20pm motion Tabled  
2:45pm returned

Natural Gas Development  
COMMITTEE  
Amendment # #4  
To Bill Number: HB 3001  
Sponsor: Elton  
Date: 8/3/06 Logged by: Mindy

24-GH2096\P.31  
Bullock  
8/8/06

AMENDMENT

Failed

by: Sen. Elton

OFFERED IN THE SENATE  
TO: CSHB 3001(FIN)

- 1 Page 6, line 2:
- 2 Delete "April 1, 2006"
- 3 Insert "January 1, 2006"
- 4
- 5 Page 6, line 5:
- 6 Delete "March 31, 2006"
- 7 Insert "December 31, 2005"
- 8
- 9 Page 6, line 8:
- 10 Delete "March 31, 2006"
- 11 Insert "December 31, 2005"
- 12
- 13 Page 6, line 10:
- 14 Delete "March 31, 2006"
- 15 Insert "December 31, 2005"
- 16
- 17 Page 6, line 14:
- 18 Delete "March 31, 2006"
- 19 Insert "December 31, 2005"
- 20
- 21 Page 6, line 15:
- 22 Delete "March 31, 2006"
- 23 Insert "December 31, 2005"

1

2 Page 6, line 21:

3 Delete "April 1, 2006"

4 Insert "January 1, 2006"

5

6 Page 6, line 24:

7 Delete "March 31, 2006"

8 Insert "December 31, 2005"

9

10 Page 6, line 27:

11 Delete "March 31, 2006"

12 Insert "December 31, 2005"

13

14 Page 6, line 29:

15 Delete "March 31, 2006"

16 Insert "December 31, 2005"

17

18 Page 7, line 2:

19 Delete "March 31, 2006"

20 Insert "December 31, 2005"

21

22 Page 7, line 3:

23 Delete "March 31, 2006"

24 Insert "December 31, 2005"

25

26 Page 15, line 28:

27 Delete "March 31, 2001"

28 Insert "December 31, 2000"

29

30 Page 15, line 29:

31 Delete "April 1, 2006"

1           Insert "January 1, 2006"

2

3   Page 15, line 30:

4           Delete "March 31, 2006"

5           Insert "December 31, 2005"

6

7   Page 15, line 31:

8           Delete "April 1, 2006"

9           Insert "January 1, 2006"

10

11   Page 16, line 3:

12           Delete "April 1, 2006"

13           Insert "January 1, 2006"

14

15   Page 16, line 4:

16           Delete "March 31, 2006"

17           Insert "December 31, 2005"

18

19   Page 16, line 18:

20           Delete "April 1, 2006"

21           Insert "January 1, 2006"

22

23   Page 17, line 16:

24           Delete "March 31, 2006"

25           Insert "December 31, 2005"

26

27   Page 18, line 2:

28           Delete "May 1, 2016"

29           Insert "February 1, 2016"

30

31   Page 18, line 7:

1 Delete "April 1, 2006"  
2 Insert "January 1, 2006"

3

4 Page 18, line 28:

5 Delete "April 1, 2006"  
6 Insert "January 1, 2006"

7

8 Page 18, line 30:

9 Delete "May 1, 2016"  
10 Insert "February 1, 2016"

11

12 Page 28, line 16:

13 Delete "March 31, 2006"  
14 Insert "December 31, 2005"

15

16 Page 32, line 7:

17 Delete "April 1, 2006"  
18 Insert "January 1, 2006"

19

20 Page 32, line 10:

21 Delete "April 1, 2006"  
22 Insert "January 1, 2006"

23

24 Page 34, line 17:

25 Delete "March 31, 2006"  
26 Insert "December 31, 2005"

27

28 Page 40, line 11:

29 Delete "March 31, 2006"  
30 Insert "December 31, 2005"

31

1 Page 40, lines 16 - 19:

2 Delete "(a) Notwithstanding any contrary provision of AS 43.55.023(i), enacted by  
3 sec. 13 of this Act, for oil and gas produced after March 31, 2006, and before January 1, 2007,  
4 the phrase "20 percent" in AS 43.55.023(i)(2), enacted by sec. 13 of this Act, shall be replaced  
5 by the phrase "15 percent.""

6

7 Reletter the following subsections accordingly.

8

9 Page 40, line 20:

10 Delete "April 1, 2006"

11 Insert "January 1, 2006"

12

13 Page 40, line 21:

14 Delete "April 1, 2006"

15 Insert "January 1, 2006"

16

17 Page 40, line 24:

18 Delete "March 31, 2006"

19 Insert "December 31, 2005"

20

21 Page 40, line 27:

22 Delete "March 31, 2006"

23 Insert "December 31, 2005"

24

25 Page 41, line 3:

26 Delete "March 31, 2006"

27 Insert "December 31, 2005"

28

29 Page 41, line 6:

30 Delete "(c)(1)"

31 Insert "(b)(1)"

1

2 Page 41, line 7:

3 Delete "March 31, 2006"

4 Insert "December 31, 2005"

5

6 Page 41, line 8:

7 Delete "(c)(2)"

8 Insert "(b)(2)"

9

10 Page 41, line 12:

11 Delete "March 31, 2006"

12 Insert "December 31, 2005"

13

14 Page 41, line 14:

15 Delete "March 31, 2006"

16 Insert "December 31, 2005"

17

18 Page 41, line 22:

19 Delete "March 31, 2006"

20 Insert "December 31, 2005"

21

22 Page 41, line 23:

23 Delete "(e)(1)"

24 Insert "(d)(1)"

25

26 Page 41, line 25:

27 Delete "March 31, 2006"

28 Insert "December 31, 2005"

29

30 Page 41, line 26:

31 Delete "(e)(2)"

1           Insert "(d)(2)"

2

3   Page 41, line 29:

4           Delete "(c)(1)"

5           Insert "(b)(1)"

6

7   Page 41, line 30:

8           Delete "(d)(1)"

9           Insert "(c)(1)"

10

11   Page 41, line 31, through page 42, line 1:

12           Delete "March 31, 2006"

13           Insert "December 31, 2005"

14

15   Page 42, lines 7 - 10:

16           Delete all material.

17

18   Page 42, line 16:

19           Delete "April 1, 2006"

20           Insert "January 1, 2006"

21

22   Page 43, line 4:

23           Delete "April 1, 2006"

24           Insert "January 1, 2006"

Special Committee on Natural Gas Development

8/9/2006

**COMMITTEE ACTION**

|                            |         |             |   |
|----------------------------|---------|-------------|---|
| Bill Number                | HB 3001 |             |   |
| Amendment                  | #4      |             |   |
| Motion                     | adopt   |             |   |
| <u>Motion by</u>           | Elton   |             |   |
| <u>Objection by</u>        | Seekins |             |   |
| <u>Removed</u>             |         |             |   |
| <u>Second Objection by</u> |         |             |   |
| <u>Committee Member</u>    | Y       | <u>Vote</u> | N |
| Senator Kockesh            | ✓       |             |   |
| → Senator B. Stevens       |         |             | ✓ |
| Senator Stedman            |         |             | ✓ |
| Senator Bunde              |         |             | ✓ |
| Senator Olson              | ✓       |             |   |
| Senator Dyson              |         |             | ✓ |
| Senator Wilken             |         |             | ✓ |
| Senator Elton              | ✓       |             |   |
| Senator Hoffman            |         |             | ✓ |
| Vice-Chair Green           |         |             | ✓ |
| Vice-Chair Wagoner         |         |             | ✓ |
| Chair Seekins              |         |             | ✓ |
| <u>Tally</u>               |         |             |   |
| Yea                        | 3       |             |   |
| Nay                        | 9       |             |   |
| Absent                     |         |             |   |
| <u>MOTION</u>              | Failed  |             |   |

8/9 1:20 pm Held - motion made  
to adopt

Natural Gas Development  
COMMITTEE  
Amendment # #5 amended  
To Bill Number: HB 3001 24-GH2096P.33  
Sponsor: Wagoner Bullock  
Date: 8/9/06 Logged by: Mindy 8/9/06

AMENDMENT

adopted

OFFERED IN THE SENATE

BY SENATOR WAGONER

TO: CSHB 3001(FIN)

1 Page 32, lines 21 - 27:

2 Delete all material and insert:

3 "(17) costs incurred for containment, control, cleanup, or removal in  
4 connection with any unpermitted release of oil or a hazardous substance and any  
5 liability for damages, ~~finer, and penalties~~ imposed on the producer or explorer for that  
6 unpermitted release;

*this paragraph does not  
apply to the cost of developing and  
maintaining an oil discharge prevention  
and contingency plan under AS 46.04.030;*

Natural Gas Development  
COMMITTEE  
Amendment # #5 Amend #2  
To Bill Number: HB 3001 24-GH2096\P.33  
Sponsor: Wagoner Bullock  
Date: 8/9/06 Logged by: Mindy 8/9/06

AMENDMENT

adopted

OFFERED IN THE SENATE

BY SENATOR WAGONER

TO: CSHB 3001(FIN)

1 Page 32, lines 21 - 27:

2 Delete all material and insert:

3 "(17) costs incurred for containment, control, cleanup, or removal in  
4 connection with any unpermitted release of oil or a hazardous substance and any  
5 liability for damages, fines, and penalties imposed on the producer or explorer for that  
6 unpermitted release; this paragraph does not apply  
to the cost of developing and maintaining  
an oil discharge prevention and  
contingency plan under AS 46.04.030;"

Natural Gas Development  
COMMITTEE

Amendment # #5

To Bill Number: HB 3001

Sponsor: Wagoner

Date: 8/9/06 Logged by: Mindy

24-GH2096\P.33

Bullock

8/9/06

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR WAGONER

TO: CSHB 3001(FIN)

1 Page 32, lines 21 - 27:

2 Delete all material and insert:

3 "(17) costs incurred for containment, control, cleanup, or removal in  
4 connection with any unpermitted release of oil or a hazardous substance and any  
5 liability for damages, fines, and penalties imposed on the producer or explorer for that  
6 unpermitted release;"

Natural Gas Development  
COMMITTEE  
Amendment # #5 Amend #1  
To Bill Number: HB 3001 24-GH2096\P.33  
Sponsor: Wagoner Bullock  
Date: 8/9/06 Logged by: Mindy 8/9/06

AMENDMENT

adopted

OFFERED IN THE SENATE

BY SENATOR WAGONER

TO: CSHB 3001(FIN)

1 Page 32, lines 21 - 27:

2 Delete all material and insert:

3 "(17) costs incurred for containment, control, cleanup, or removal in  
4 connection with any unpermitted release of oil or a hazardous substance and any  
5 liability for damages, ~~finer, and penalties~~ imposed on the producer or explorer for that  
6 unpermitted release;"

Special Committee on Natural Gas Development

8/9/2006

**COMMITTEE ACTION**

|                            |          |             |   |
|----------------------------|----------|-------------|---|
| Bill Number                | HB 3001  |             |   |
| Amendment                  | #5       |             |   |
| Motion                     | Amend #1 |             |   |
| <u>Motion by</u>           | Bunde    |             |   |
| <u>Objection by</u>        | none     |             |   |
| <u>Removed</u>             |          |             |   |
| <u>Second Objection by</u> |          |             |   |
| <u>Committee Member</u>    | Y        | <u>Vote</u> | N |
| Senator Kookesh            |          |             |   |
| Senator B. Stevens         |          |             |   |
| Senator Stedman            |          |             |   |
| Senator Bunde              |          |             |   |
| Senator Olson              |          |             |   |
| Senator Dyson              |          |             |   |
| Senator Wilken             |          |             |   |
| Senator Elton              |          |             |   |
| Senator Hoffman            |          |             |   |
| Vice-Chair Green           |          |             |   |
| Vice-Chair Wagoner         |          |             |   |
| Chair Seekins              |          |             |   |
| <u>Tally</u>               |          |             |   |
| Yea                        |          |             |   |
| Nay                        |          |             |   |
| Absent                     |          |             |   |
| <u>MOTION</u>              | Pass     |             |   |

Special Committee on Natural Gas Development

8/9 /2006

**COMMITTEE ACTION**

|                            |                  |             |   |
|----------------------------|------------------|-------------|---|
| Bill Number                | HB 3001          |             |   |
| Amendment                  | #5 <del>Am</del> |             |   |
| Motion                     | adopt as amended |             |   |
| <u>Motion by</u>           | Wagoner          |             |   |
| <u>Objection by</u>        | none             |             |   |
| <u>Removed</u>             |                  |             |   |
| <u>Second Objection by</u> |                  |             |   |
| <u>Committee Member</u>    | Y                | <u>Vote</u> | N |
| Senator Kookesh            |                  |             |   |
| Senator B. Stevens         |                  |             |   |
| Senator Stedman            |                  |             |   |
| Senator Bunde              |                  |             |   |
| Senator Olson              |                  |             |   |
| Senator Dyson              |                  |             |   |
| Senator Wilken             |                  |             |   |
| Senator Elton              |                  |             |   |
| Senator Hoffman            |                  |             |   |
| Vice-Chair Green           |                  |             |   |
| Vice-Chair Wagoner         |                  |             |   |
| Chair Seekins              |                  |             |   |
| <u>Tally</u>               |                  |             |   |
| Yea                        |                  |             |   |
| Nay                        |                  |             |   |
| Absent                     |                  |             |   |
| <u>MOTION</u>              | Pass             |             |   |

Special Committee on Natural Gas Development

8/9 /2006

**COMMITTEE ACTION**

|                            |            |             |   |
|----------------------------|------------|-------------|---|
| Bill Number                | HB 3001    |             |   |
| Amendment                  | #5         |             |   |
| Motion                     | amend (#2) |             |   |
| <u>Motion by</u>           | Green      |             |   |
| <u>Objection by</u>        | none       |             |   |
| <u>Removed</u>             |            |             |   |
| <u>Second Objection by</u> |            |             |   |
| <u>Committee Member</u>    | Y          | <u>Vote</u> | N |
| Senator Kookesh            |            |             |   |
| Senator B. Stevens         |            |             |   |
| Senator Stedman            |            |             |   |
| Senator Bunde              |            |             |   |
| Senator Olson              |            |             |   |
| Senator Dyson              |            |             |   |
| Senator Wilken             |            |             |   |
| Senator Elton              |            |             |   |
| Senator Hoffman            |            |             |   |
| Vice-Chair Green           |            |             |   |
| Vice-Chair Wagoner         |            |             |   |
| Chair Seekins              |            |             |   |
| <u>Tally</u>               |            |             |   |
| Yea                        |            |             |   |
| Nay                        |            |             |   |
| Absent                     |            |             |   |
| <u>MOTION</u>              | Pass       |             |   |

Natural Gas Development  
COMMITTEE  
Amendment # #6  
To Bill Number: #B 3001  
Sponsor: Dyson  
Date: 8/1/06 Logged by: Mindy

Natural Gas Development  
Committee

adopted

AMENDMENT No. #6

To: Version "P" By San Dyson  
House BILL No. 3001  
To: \_\_\_\_\_ SENATE BILL No. \_\_\_\_\_

Page 31, line 20

delete:

(9) donations

Special Committee on Natural Gas Development

8/9/2006

**COMMITTEE ACTION**

|                            |         |             |   |
|----------------------------|---------|-------------|---|
| Bill Number                | HB 3001 |             |   |
| Amendment                  | #0      |             |   |
| Motion                     | adopt   |             |   |
| <u>Motion by</u>           | Dyson   |             |   |
| <u>Objection by</u>        | Dyson   |             |   |
| <u>Removed</u>             | ✓       |             |   |
| <u>Second Objection by</u> |         |             |   |
| <u>Committee Member</u>    | Y       | <u>Vote</u> | N |
| Senator Kookesh            |         |             |   |
| Senator B. Stevens         |         |             |   |
| Senator Stedman            |         |             |   |
| Senator Bunde              |         |             |   |
| Senator Olson              |         |             |   |
| Senator Dyson              |         |             |   |
| Senator Wilken             |         |             |   |
| Senator Elton              |         |             |   |
| Senator Hoffman            |         |             |   |
| Vice-Chair Green           |         |             |   |
| Vice-Chair Wagoner         |         |             |   |
| Chair Seekins              |         |             |   |
| <u>Tally</u>               |         |             |   |
| Yea                        |         |             |   |
| Nay                        |         |             |   |
| Absent                     |         |             |   |
| <u>MOTION</u>              | Pass    |             |   |

Natural Gas Development  
COMMITTEE  
Amendment # #7  
To Bill Number: HB 3001  
Sponsor: Wagoner  
Date 8/2/06 Logged by: Mindy

**AMENDMENT**

OFFERED IN THE SENATE  
To: CSHB 3001(FIN)

BY SENATOR WAGONER  
Withdrawn

1 Page 32, line 29, following "AS 38.05.132":

2

3 Insert ";

4 (19) that portion of capital expenditures incurred during a  
5 calendar year that are less than the product of \$0.30 multiplied by the  
6 total taxable production from the lease in BTU equivalent barrels  
7 during that calendar year.

Special Committee on Natural Gas Development

8/9/2006

**COMMITTEE ACTION**

|                            |         |             |   |
|----------------------------|---------|-------------|---|
| Bill Number                | HB 3001 |             |   |
| Amendment                  | #7      |             |   |
| Motion                     | adopt   |             |   |
| <u>Motion by</u>           | Wagoner |             |   |
| <u>Objection by</u>        | Seekins |             |   |
| <u>Removed</u>             | ✓       |             |   |
| <u>Second Objection by</u> |         |             |   |
| <u>Committee Member</u>    | Y       | <u>Vote</u> | N |
| Senator Kookesh            |         |             |   |
| Senator B. Stevens         |         |             |   |
| Senator Stedman            |         |             |   |
| Senator Bunde              |         |             |   |
| Senator Olson              |         |             |   |
| Senator Dyson              |         |             |   |
| Senator Wilken             |         |             |   |
| Senator Elton              |         |             |   |
| Senator Hoffman            |         |             |   |
| Vice-Chair Green           |         |             |   |
| Vice-Chair Wagoner         |         |             |   |
| Chair Seekins              |         |             |   |
| <u>Tally</u>               |         |             |   |
| Yea                        |         |             |   |
| Nay                        |         |             |   |
| Absent                     |         |             |   |
| <u>MOTION</u>              |         |             |   |

8/9 11:55 am HB - motion made  
to adopt

2:55 pm With drawn to defer  
to amendment #10