

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 144

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE GARA

Introduced: 3/25/15

Referred: Transportation, Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to fees based on certain capital expenditures for oil and gas production**
2 **and exploration, and fees based on the use of the James Dalton Highway by the operator**
3 **of the Trans Alaska Pipeline System, to offset the cost of maintenance of the James**
4 **Dalton Highway; and providing for an effective date."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 SHORT TITLE. This Act may be known as the Oil and Gas Company Road Subsidy
9 Reduction Act.

10 * **Sec. 2.** AS 19.40 is amended by adding new sections to read:

11 **Article 2. James Dalton Highway Use Fee.**

12 **Sec. 19.40.215. James Dalton Highway use fee.** (a) A fee is levied each year
13 in an amount set under (c) of this section that is a percentage of the capital
14 expenditures of an explorer or producer of oil or gas interests or reserves north of 68

1 degrees North latitude that uses the James Dalton Highway to explore for the reserves
2 or access the oil or gas interests.

3 (b) A fee is levied each year on the operator of the Trans Alaska Pipeline
4 System if the operator uses the James Dalton Highway to access the Trans Alaska
5 Pipeline System.

6 (c) The department shall determine the cost to the state during the preceding
7 fiscal year for maintenance and operation of the James Dalton Highway and for
8 maintenance and operation of state-owned facilities that are adjacent to the James
9 Dalton Highway, except for recreational facilities. The department shall inform the
10 Department of Revenue of the amount equal to 60 percent of this cost. The
11 Department of Revenue shall set the rate of the fees in (a) and (b) of this section at a
12 level sufficient to generate revenue approximately equal to this amount, apportioning
13 the revenue to be raised by the fees in (a) and (b) of this section based on the
14 department's calculation of use of the James Dalton Highway by parties subject to the
15 fees in (a) and (b) of this section.

16 (d) The legislature may annually appropriate an amount equal to the revenue
17 collected from the fees under this section for maintenance of the James Dalton
18 Highway or for any other public purpose.

19 **Sec. 19.40.220. Collection.** (a) The Department of Revenue shall collect and
20 enforce the fees imposed under AS 19.40.215 - 19.40.290.

21 (b) A fee levied under AS 49.40.215 is payable to the Department of Revenue
22 on or before June 30 each year.

23 (c) The provisions of AS 43.05 and AS 43.10 apply to the enforcement and
24 collection of a fee levied under AS 19.40.215 - 19.40.290.

25 **Sec. 19.40.225. Returns.** The Department of Revenue may require an
26 explorer, producer, or the operator of the Trans Alaska Pipeline System to furnish
27 information that the department considers necessary to calculate the amount of a fee or
28 penalty under AS 19.40.215 - 19.40.290.

29 **Sec. 19.40.230. Regulations.** The department and the Department of Revenue
30 shall adopt regulations to implement AS 19.40.215 - 19.40.290, including regulations
31 providing for notification to explorers, producers, and the operator of the Trans Alaska

1 Pipeline System of the fee amount due and the date that the fee is due each year.

2 * **Sec. 3.** AS 19.40.290 is amended to read:

3 **Sec. 19.40.290. Definitions [DEFINITION].** In this chapter,

4 **(1) "explorer" has the meaning given in AS 43.55.900;**

5 **(2) "highway" means the secondary highway from the Yukon River to**
6 **the Arctic Ocean;**

7 **(3) "producer" has the meaning given in AS 43.55.900.**

8 * **Sec. 4.** This Act takes effect January 1, 2017.