

HOUSE BILL NO. 38

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE KAWASAKI

Introduced: 1/7/13

Referred: Prefiled

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the sale of state royalty oil and gas; and relating to**
2 **recommendations by the Alaska Royalty Oil and Gas Development Advisory Board."**

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

4 *** Section 1.** AS 38.05.183(e) is amended to read:

5 (e) When a sale, exchange, or other disposal of oil or gas taken in kind by the
6 state as its royalty share, or a sale, exchange, or other disposal in whole or in part of a
7 right to receive future royalty oil or gas, under a state lease under this chapter is made
8 other than by competitive bid, the sale, exchange, or other disposal shall be awarded
9 by the commissioner to the prospective buyer whose proposal offers the maximum
10 benefits to citizens of the state. The commissioner shall consider **the**

11 (1) [THE] cash value offered;

12 (2) [THE] projected effects of the sale, exchange, or other disposal on
13 the economy of the state;

14 (3) **extent to which the royalty oil or gas will be consumed in the**

1 **state;**

2 **(4)** [THE] projected benefits of refining or processing the oil or gas in
3 the state;

4 **(5)** [(4) THE] ability of the prospective buyer to provide refined
5 products or by-products for distribution and sale in the state with price or supply
6 benefits to the citizens of the state; and

7 **(6)** [(5) THE] criteria listed in AS 38.06.070(a).

8 * **Sec. 2.** AS 38.06.070(b) is amended to read:

9 (b) When [IT IS ECONOMICALLY FEASIBLE AND] in the public interest,
10 the board may recommend to the commissioner of natural resources, as a condition of
11 the sale of oil or gas obtained by the state as royalty, that **the**

12 (1) [THE] oil or gas be refined or processed in the state;

13 (2) [THE] purchaser be a refiner who supplies products to the Alaska
14 market with price or supply benefits to state citizens; [OR]

15 (3) [THE] purchaser construct a processing or refining facility in the
16 state; **or**

17 **(4) purchaser first offer the oil or gas for sale for consumption in**
18 **the state.**