

SENATE BILL NO. 164

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY SENATOR MCGUIRE

Introduced: 2/7/14

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing a program for Alaska residents to participate as owners in a North
2 Slope natural gas pipeline; and providing for an effective date."

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

4 * **Section 1.** AS 44.25 is amended by adding a new section to read:

5 **Article 4. Resident Investment in a North Slope Natural Gas Pipeline.**

6 **Sec. 44.25.200. Resident participation in ownership of a North Slope**
7 **natural gas pipeline.** (a) The commissioner shall offer individuals eligible to receive
8 a permanent fund dividend under AS 43.23 the opportunity to participate as a co-
9 owner in a North Slope natural gas pipeline. An eligible individual may invest in the
10 North Slope natural gas pipeline by designating an amount to be deducted from a
11 permanent fund dividend for the year for the commissioner to invest in an ownership
12 interest in a North Slope natural gas pipeline. The commissioner shall provide a
13 method for an applicant for a permanent fund dividend to designate the amount to be
14 deducted in a manner similar to the manner for designating a contribution under

1 AS 43.23.062.

2 (b) Subject to the commissioner's discretion, an eligible individual acquiring
3 an ownership interest in a North Slope natural gas pipeline may receive an interest in
4 that portion of a North Slope natural gas pipeline acquired by the state or through the
5 purchase of stock in a publicly traded corporation that invests in a North Slope natural
6 gas pipeline.

7 (c) If the commissioner purchases stock in a publicly traded corporation on
8 behalf of an individual under (b) of this section, the commissioner shall make the
9 purchase on the date that the eligible individual would receive payment of the
10 permanent fund dividend by electronic transfer or, if the eligible individual has
11 requested that the permanent fund dividend be delivered by mail, the date the
12 permanent fund dividend payment would be mailed.

13 (d) The commissioner shall provide written notice to an eligible individual
14 receiving an ownership interest under this section. The notice shall describe the type
15 of ownership interest received by the eligible individual and whether the interest is a
16 part of the equity interest originally owned by the state or is stock in a corporation
17 described in (b) of this section. The written notice shall include a certificate of
18 ownership or description of the stock held. The certificate may be transferred or
19 assigned by an eligible individual to another person.

20 (e) The state is not liable for a decline in value in the ownership interest or
21 stock received by an eligible individual.

22 (f) If a certificate of ownership or description of stock held is lost, the eligible
23 individual, transferee, or assignee may apply to the commissioner for a replacement in
24 the manner established by the commissioner by regulation.

25 (g) If the state receives a dividend or other income for the interest held by the
26 state on its own behalf or on behalf of eligible individuals who share in the ownership
27 of the state's interest under this section, the state shall pay the proportionate share of
28 the dividend or income received to the individual as soon as practicable after the
29 receipt by the state of the dividend or income. A payment to an individual holding a
30 certificate of ownership under this section is not subject to payment of interest by the
31 state. An individual receiving payment under this section is liable for any federal,

1 state, or local tax applicable to the receipt of the payment.

2 (h) Within 30 days after the first day of each regular session of the legislature,
3 the commissioner shall report to the legislature the number of eligible individuals
4 applying for an ownership interest in a North Slope natural gas pipeline during the
5 immediately preceding calendar year, the total amount of money received from those
6 individuals, the amount invested in the ownership interest of the state in a North Slope
7 natural gas pipeline, and the amount invested in publicly traded corporations that
8 invest in a North Slope natural gas pipeline.

9 (i) The commissioner shall provide a list of publicly traded corporations that
10 invest in a North Slope natural gas pipeline at the time that the application for the
11 annual permanent fund dividend is published or is electronically available to the
12 public. A corporation may request to be included on the list by submitting an
13 application to the commissioner at least 90 days before the date the commissioner is
14 required to provide the list in this subsection. The application by a corporation must
15 include information required by the commissioner, including a description of the
16 interest held by the corporation in the North Slope natural gas pipeline.

17 (j) In this section,

18 (1) "commissioner" means the commissioner of revenue;

19 (2) "eligible individual" means an individual who applies for and is
20 eligible to receive a permanent fund dividend under AS 43.23;

21 (3) "North Slope natural gas pipeline" means a natural gas pipeline
22 project that transports natural gas produced in the state north of 68 degrees North
23 latitude to a market in the state or to tidewater for export from the state including a
24 facility in the state for liquefying natural gas for transport.

25 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
26 read:

27 **APPLICABILITY.** If sec. 1 of this Act takes effect, AS 44.25.200 is applicable on the
28 first day of January that is more than six months after the effective date of sec. 1 of this Act.

29 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
30 read:

31 **TRANSITION; REGULATIONS; CORPORATION LIST.** (a) Notwithstanding the

1 effective date of sec. 1 of this Act, the commissioner of revenue may adopt regulations
2 necessary to implement sec. 1 of this Act. The regulations take effect under AS 44.62
3 (Administrative Procedure Act), but not before the effective date of sec. 1 of this Act.

4 (b) The commissioner of revenue may receive an application for inclusion on the list
5 described in AS 44.25.200(i), enacted by sec. 1 of this Act, before the date that sec. 1 of this
6 Act is applicable under sec. 2 of this Act.

7 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 **CONDITIONAL EFFECT.** Section 1 of this Act takes effect only if the state acquires
10 an ownership interest in a natural gas pipeline that transports natural gas produced in the state
11 north of 68 degrees North latitude to a market in the state or to tidewater for export from the
12 state or acquires an ownership interest in a project to construct and own a natural gas pipeline
13 designed to transport natural gas produced in the state north of 68 degrees North latitude to a
14 market in the state or to tidewater for export from the state. The commissioner of revenue
15 shall notify the lieutenant governor of the date the state acquires an ownership interest
16 described in this section.

17 * **Sec. 5.** If sec. 1 of this Act takes effect under sec. 4 of this Act, sec. 1 of this Act takes
18 effect on the date of acquisition of an ownership interest that is reported to the lieutenant
19 governor under sec. 4 of this Act.

20 * **Sec. 6.** Except as provided in sec. 5 of this Act, this Act takes effect immediately under
21 AS 01.10.070(c).