



ALASKA STATE LEGISLATURE

SENATOR THOMAS H. WAGONER

CHAIR, SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

VICE-CHAIR, SENATE RESOURCES COMMITTEE

Sponsor Statement **SB 50 – Royalty Gas Contracts**

[Senate Bill 50](#) amends existing statutory language that establishes the manner of determining the royalty received by the state on gas production.

The amendments extend the ability to enter into agreements to the lessee **and a manufacturer**. A manufacturer is then defined as an entity, other than a gas or electric utility, engaged in a value-added product that uses state royalty natural gas.

The intent of this bill is to allow certainty to manufacturing entities regarding the costs of their royalty gas share so they have the ability to better predict their costs of operation and thus, be competitive in the world market.

In turn, that assures their continued presence in the State of Alaska and the continued benefits of employment opportunities for residents. It also assures continued use of the State's royalty gas share.

SS SB 50 S(RES) 2-27 mj