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HB238 Sponsor Statement

House Bill 238, "An Act relating to the payment of rents and royalties from oil shale leases; and relating to royalties for certain areas in the Cook Inlet sedimentary basin," is a result of the review of the Legislative Finance Division's Indirect Expenditures Report. This report was established by the legislature in 2014 under HB306, "Evaluating Indirect Expenditures: Tax Credits". An "indirect expenditure" is defined in HB 306 as a credit, exemption, deduction, deferral, discount, exclusion, or other differential allowance designed to encourage an activity to benefit the public by forgoing revenue to the state, an example being the credits used against corporate taxes. HB 306 was passed in order to provide the legislature with an effective tool to identify and capture potential lost revenue.

HB238 eliminates indirect expenditures that the Legislative Finance Division identified as not meeting their legislative intent in the Department of Natural Resources.

Alaska is a resource state and it is essential to ensure that we foster a positive environment that enables the state to be a leader in oil and gas production. However, it is also imperative that we examine provisions in our laws that are not serving their intended purpose. HB238 demonstrates the careful consideration that is necessary as the legislature strives to guarantee that our actions serve the best interests of the people and state of Alaska.

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