



# Overview of SB 21 Oil & Gas Production Tax



*February 11, 2013*  
*Alaska Department of Revenue*



# Principles



- Governor' Principles:
  - Tax reform must be fair to Alaskans.
  - Encourage new production.
  - Simple so that it restores balance to the system.
  - Durable for the long-term.



# The Proposal (Highlights)



1. Eliminate Progressivity and Credits Based on Capital Expenditures.
2. Reform remaining credits to be carried forward to when there is production.
3. Establish a “Gross Revenue Exclusion” for newer units and new participating areas in existing units (NEW OIL).
4. Hold Cook Inlet and Middle Earth Harmless.





Reform remaining credits to be carried forward to when there is production.



## North Slope Net Operating Loss Credits

Main Sections: 9, 15

Conforming Sections: 10, 19, 20

## Small Producer Tax Credits

Main Sections: 16



Establish a “Gross Revenue Exclusion” for newer units and new participating areas in existing units.



## Gross Revenue Exclusion (The GRE)

Main Sections: 24

Conforming Sections: 5



# Cook Inlet and Middle Earth



## No Changes to Cook Inlet & Middle Earth

Main Sections: 3

Conforming Sections: 4, 13, 14, 17, 18, 21, 25