

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 325
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB325-DOR-TAX-3-14-14
Title: OIL SPILL PREVENTION FUND
Sponsor: MUNOZ
Requester: (H) Resources

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues	4,770.0		4,670.0	4,640.0	4,410.0	4,120.0	3,830.0
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Initial version.

Prepared By: Timothy Harper, Petroleum Economist II Phone: (907)269-1020
Division: Tax Date: 03/12/2014 01:00 PM
Approved By: Angela Rodell, Commissioner Date: 03/14/14
Agency: Department of Revenue

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. HB 325

Analysis

Bill Language:

This bill amends the provisions of one of the two production tax surcharges that fund the oil and hazardous substance release prevention and response fund. Currently, the surcharge is made up of two components: The surcharge that funds the prevention account (AS 43.55.300) is currently four cents on each taxable barrel of oil produced, with no cap. There is an additional 1 cent per taxable barrel surcharge that funds the response account (AS 43.55.221); this 1 cent surcharge is suspended when the balance in the account exceeds \$50 million. Therefore, the total hazardous release surcharge is currently either 5 cents per taxable barrel or 4 cents if the response surcharge is suspended.

This bill would increase the prevention surcharge from 4 to 7 cents per taxable barrel, and would also increase the threshold for suspending the response surcharge from \$50 million to \$75 million. This would increase the total hazardous release surcharge to 8 cents per taxable barrel, or 7 cents if the response surcharge is suspended.

This bill has an immediate effective date; for the purposes of this fiscal note we show changes in revenue beginning July 1, 2014 (FY 2015).

Revenues:

According to the fall 2013 revenue forecast, the increase in the prevention surcharge under AS 43.55.300 will raise additional revenues (in thousands), as shown in the table below. Our forecast assumes that the one cent response surcharge under AS 43.55.221 will be in place, so we do not anticipate a revenue impact from that provision; however this bill does reduce the likelihood of the one cent portion being suspended in the future.

Additional revenues raised by increasing the surcharge from 4 cents to 7 cents

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues @ \$0.07	11,130.0	10,900.0	10,840.0	10,290.0	9,610.0	8,950.0
Revenues @ \$0.04	6,360.0	6,230.0	6,190.0	5,880.0	5,490.0	5,110.0
Additional Revenues	4,770.0	4,670.0	4,640.0	4,410.0	4,120.0	3,830.0

Expenditures:

We anticipate the provisions within this bill can be implemented in the Tax Division using existing staff and resources.