

# 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<br>Appropriation<br>Requested | Included in<br>Governor's<br>FY2015<br>Request | Out-Year Cost Estimates |            |            |            |            |
|------------------------|--------------------------------------|--|-------------------------|------------|------------|------------|------------|
| 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          |                                      |  |                         |            |            |            |            |
| <b>Total Operating</b> | <b>0.0</b>                           | <b>0.0</b>                                     | <b>0.0</b>              | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

## Fund Source (Operating Only)

|              |            |            |            |            |            |            |            |
|--------------|------------|------------|------------|------------|------------|------------|------------|
| None         |            |            |            |            |            |            |            |
| <b>Total</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |

## Positions

|           |  |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|--|
| Full-time |  |  |  |  |  |  |  |
| Part-time |  |  |  |  |  |  |  |
| Temporary |  |  |  |  |  |  |  |

|                           |         |  |         |         |         |         |         |
|---------------------------|---------|--|---------|---------|---------|---------|---------|
| <b>Change in Revenues</b> | 4,770.0 |  | 4,670.0 | 4,640.0 | 4,410.0 | 4,120.0 | 3,830.0 |
|---------------------------|---------|--|---------|---------|---------|---------|---------|

**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.

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Approved By: Angela Rodell, Commissioner  
Agency: Department of Revenue

Phone: (907)269-1020  
Date: 03/12/2014 01:00 PM  
Date: 03/14/14

## 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.