

Major Provisions Under Proposed and Current Oil Production Tax Systems for North Slope Production

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FEATURE	ACES	SB21 as introduced	CSSB21(RES)	CSSB21 (FIN) AM (EFD FLD)
<b>Base Tax Rate</b>				
<b>Base Tax Rate</b> - the base percentage of the tax charged on the Production Tax Value (PTV). The Production Tax Value is the net value of the taxable oil after allowable operating, capital, and transportation costs are deducted from the market value.	25% of PTV on all fields	25% of PTV on all fields	35% of PTV on all fields	35% of PTV on all fields
<b>Progressivity</b>				
<b>Progressivity</b> - a tax mechanism that increases the tax rate at higher oil prices and/or profits	Based on PTV	No progressivity	No progressivity	No progressivity
• "Bracketed" or "unbracketed"	Unbracketed	No progressivity	No progressivity	No progressivity
• Progressivity calculation	0.4 % per dollar of per barrel-PTV from \$30 to \$92.50; 0.1% per dollar of per barrel-PTV above \$92.50	No progressivity	No progressivity	No progressivity
• Progressivity calculation period	Calculated monthly	No progressivity	No progressivity	No progressivity
<b>Incentives for New Oil</b>				
Gross Revenue Exclusion (GRE)	None	Gross Revenue Exclusion (GRE): In calculating the PTV, a producer's GVPP for NS eligible oil or gas is reduced by 20% of the Gross Value of the eligible production. Oil or gas is from a new unit or a new PA.	Gross Revenue Exclusion (GRE): In calculating the PTV, a producer's GVPP for NS eligible oil or gas is reduced by 30% of the Gross Value of the eligible production. Oil or gas is from a new unit, a new PA or a PA expansion.	Gross Revenue Exclusion (GRE): In calculating the PTV, a producer's GVPP for NS eligible oil or gas is reduced by 20% of the Gross Value of the eligible production that meets one or more of the following criteria: 1) a new unit (2) a new pa; or (3) is produced from a well that has been accurately metered and measured and the producer demonstrates to the department drains a reservoir or portion of a reservoir that DNR has certified was not contributing to production before January 1, 2013 and the producer demonstrates the volume of oil or gas produced from the well.
GRE Time limit	Not applicable	None	None	None
<b>Maximum and Minimum Tax</b>				
Maximum Tax	75% of PTV for all fields	25% of PTV for all fields	35% of PTV for all fields	From January 1, 2017: 35% of PTV on all fields.
Minimum Tax	4% of Gross Value at Point of Production when oil prices are above \$25 per barrel; reduced to 0% at \$15 per barrel	4% of Gross Value at Point of Production when oil prices are above \$25 per barrel; reduced to 0% at \$15 per barrel	4% of Gross Value at Point of Production when oil prices are above \$25 per barrel; reduced to 0% at \$15 per barrel	4% of Gross Value at Point of Production when oil prices are above \$25 per barrel; reduced to 0% at \$15 per barrel
<b>Tax Credits</b>				
Qualified Capital Expenditure Credit under AS 43.55.023(a)(1) and (a)(2)	20% for qualified capital expenditures all AK	Eliminated for qualified capital expenditures after December 31, 2013 for NS	Eliminated for qualified capital expenditures after December 31, 2013 for NS	Eliminated for qualified capital expenditures after December 31, 2013 for NS
	Must be taken over two years	May be applied in a single year	May be applied in a single year	May be applied in a single year
		No change for QCE Credit Cook Inlet and Middle Earth	No change for QCE Credit Cook Inlet and Middle Earth	No change for QCE Credit Cook Inlet and Middle Earth
Qualified oil and gas industry service expenditures against tax liabilities under AS 43.20			10% of qualified oil and gas industry service expenditures up to \$10 million per taxpayer per year	Lesser of 10% of qualified oil and gas industry service expenditures or up to \$10 million per taxpayer per year. Credit is non-transferable and may be carried forward for five years.
Per oil barrel allowance	None	None	\$5 per barrel of oil, applies to North Slope and other areas	\$5 per barrel of oil, applies to North Slope and other areas
Carry-Forward Annual Loss Credit under AS 43.55.023(b); applicability				
• Percentage	25% for Carry-Forward Annual Loss Credit for NS	25% for Carry-Forward Annual Loss Credit	35% for Carry-Forward Annual Loss Credit for NS	35% for Carry-Forward Annual Loss Credit for NS
• Period applied	Must be taken over two years	May be applied in a single year	May be applied in a single year	May be applied in a single year
• Applicability	May be transferred, used against tax liability, or refunded by State	Must be applied against production tax liability, increases in value at 15% compounded per year, and may be carried forward for 10 years	Must be applied against production tax liability, increases in value at 15% compounded per year, and may be carried forward for 10 years	May be transferred, used against tax liability, or refunded by State
	25% for Carry-Forward Annual Loss Credit for Cook Inlet and Middle Earth	No change for Cook Inlet and Middle Earth (25% for Carry-Forward Annual Loss Credit)	No change for Cook Inlet and Middle Earth (25% for Carry-Forward Annual Loss Credit)	No change for Cook Inlet and Middle Earth (25% for Carry-Forward Annual Loss Credit)
Small Producer Credit under AS 43.55.024	Expires in 2016	Extended to 2022	Extended to 2022	Expires in 2016
<b>Other provisions</b>				
Interest rate for delinquent payments	Greater of the 12th Federal Reserve District rate plus 5% or 11 %, compounded quarterly	Same as ACES	Same as ACES	The 12th Federal Reserve District rate plus 3%, compounded quarterly
Competitiveness Board	No	No	Yes	Yes
Community Sharing Provision	Yes, from progressivity revenues - AS 43.55.011 (g)	Yes, tied to corporate income tax	Yes, tied to corporate income tax	Yes, appropriated by legislature from any source not limited to revenue from AS 43.55.011 (g)

\*Different provisions may apply to oil and gas production in other parts of the state outside of the North Slope.