

Comparison of Provisions of HB247- Oil and Gas Tax Credits Prepared by Dept. of Revenue Tax Division

Item	Current Law	GOV	CSHB247(RES)	CSHB247(FIN)	CSSB130(RES)
Cook Inlet Taxes	ELF caps until 2022	no change	no change	no change	Caps repealed and zero tax added 1/1/18
Cook Inlet Credits					
Net Operating Loss (NOL)	25%	25%	10%	10%	15% in 2017, 0% in 2018
Qualified Capital Expenditure (QCE)	20%	0%	20%	10%	10% in 2017, 0% in 2018
Well Lease Expenditure (WLE)	40%	0%	30% in 2017, 20% in 2018	30% in 2017, 20% in 2018	20% in 2017, 0% in 2018
Avg. Total Support for Developers	55%	25%	35% in 2017, 30% in 2018	30% in 2017, 25% in 2018	30% in 2017, 0% in 2018
Avg. Total Support for Producers	30%	0%	25% in 2017; 20% in 2018	20% in 2017; 15% in 2018	15% in 2017, 0% in 2018
Middle Earth Credits	same as CI	same as CI	same as CI	NOL stays 25%; WLE stays 30% through 2018	NOL / QCE / WLE stay at 15% / 10% / 20%
North Slope Minimum Tax "Floor"	4%, but many credits incl. NOLs can reduce to zero	Harden so all NS production must pay the min tax; increased 4% to 5%	No changes to current law	Partially harden so that credits can't reduce payments below 2%	No changes to current law
Repurchase Caps	none	\$25 million / company / year; none for large companies > \$10 billion revenue	\$200 million / company / year	\$100 million / company / year	\$85 million / company / year
Gross Value Reduction (North Slope new oil)					
GVR interaction with an Operating Loss	Loophole allows NOL credits to approach 100% of loss	GVR can't artificially increase size of an NOL	Kept GOV language	Kept GOV language	Kept GOV language

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GVR oil reverts to "legacy" oil	GVR-eligible oil remains "new" forever	No change	No change	New oil becomes legacy oil after 5 years	New oil becomes legacy oil after 5 years
Interest on Delinquent Taxes	3% over fed, simple interest	7% over fed, compounding	3% over fed, compounding	5% over fed, compounding, for only 1st 4 years	7% over fed, compounding, for only 1st 3 years
Exploration Credits	Most sunset 7/1/16	Allow sunset, repeal older unused credits	Same as GOV	Same as GOV; extend Frontier credit to allow single well completion	Same as GOV; extend Frontier credit to allow single well completion
Effective Dates	n/a	Most 7/1/16	Most 1/1/17	Most 1/1/17	Most 1/1/17
Misc / Non-Dollar Issues					
Confidentiality	Absolute	Can report how much indiv. companies get in cash credits	not in CS	not in CS	not in CS
Alaska Hire	n/a	Limit repurchases to percent of AK hire	not in CS	not in CS	DOR must give repurchase priority to high % AK hire
Other obligation to the state	Can withhold part of credit if company owes tax	Can withhold part of credit if company has other obligation to the state (i.e. royalty)	Modified in CS, but kept GOV intent	Kept HRES language	Kept HRES language
Bonding / Bankruptcy Protection	n/a	none	\$250k surety bond for unsecured creditors	Modified HRES language	Modified HFIN language
Est. Fiscal Impact- FY18	n/a	\$440 million	\$70 million	\$125 million	\$55 million
Est. Fiscal Impact- FY19	n/a	\$390 million	\$50 million	\$145 million	\$70 million
Est. NOL carryforward- FY19	\$732 million	\$1,065 million	\$708 million	\$1,077 million	\$677 million