Revised 4-25-16 by Department of Revenue

**word draft CSHB247(RLS)\Q**

**Provisions in CSHB 247 (RLS) and their Estimated Fiscal Impact as compared to Spring 2016 Forecast ($millions) - FORECAST PRICE[1]**

Note: this table attempts to value the impact of each of the items independently, except where noted. In some cases, the total value of several impacts will not equal the sum of the individual impact values.

| **Brief Description of Provision - Includes only provisions anticipated to have a direct fiscal impact** | **FY 2017** | **FY 2018** | **FY 2019** | **FY 2020** | **FY 2021** | **FY 2022** |
|---|---|---|---|---|---|---|
| 1. Cook Inlet changes: The net operating loss credit is eliminated effective 1/1/18. The QCE and well lease exp credits are replaced with a 30% transition credit effective 1/1/17, a 20% transition credit effective 1/1/18, and zero credits effective 1/1/19. | $0 | $0-$10 | $10-$15 | $10-$15 | $10-$15 | $30-$40 |
| 2. North Slope changes: The net operating loss credit for North Slope is eliminated effective 1/1/17; lease expenditures not used in a calendar year may be carried forward effective 1/1/17; 3-year transition period for refunds for companies with production in 2016. GVR cannot be used to create or increase a net operating loss. | $0 | $0 | $0 | $75-$100 | $75-$100 | $75-$100 |
| 3. GVR-eligible production qualifies for the GVR for a period of 10 years or until 1/1/26. | $0 | $0 | $0 | $0 | $0 | $0 |
| 4. The interest rate on delinquent taxes is changed to 5% above the Fed Res Discount rate, compounded quarterly | Indeterminate | | | | | |
| 5. A tax exempt entity may earn credits applicable to only those lease expenditures subject to tax | Indeterminate | | | | | |
| **Total Revenue Impact** | **$0** | **$0-$10** | **$10-$15** | **$85-$115** | **$85-$115** | **$105-$140** |
| | | | | | | |
| A. Budget impact of change in net operating loss credits, and QCE/WLE credits for Cook Inlet (provision 1 above) | $0 | $0-$10 | $20-$30 | $40-$50 | $100-$125 | $100-$125 |
| B. Budget impact of change in net operating loss credits, lease expenditures applicability, and GVR calculation for North Slope (provision 2 above) | $0 | $40-$60 | $125-$150 | $100-$125 | $100-$125 | $100-$125 |
| C. Budget impact of exploration credit extention for well spudded by 7/1/16 | ($5)-$0 | ($5)-$0 | $0 | $0 | $0 | $0 |
| D. Budget impact of GVR applying to fields for a period of 10 years (provision 4 above) | $0 | $0 | $0 | $0 | $0 | $0 |
| **Total Budget Impact** | **($5)-$0** | **$35-$70** | **$145-$180** | **$140-$175** | **$200-$250** | **$200-$250** |
| **Total Fiscal Impact - does not include revenue impacts from potential changes in investment[2]** | **($5)-$0** | **$35-$80** | **$155-$195** | **$225-$290** | **$285-$365** | **$305-$390** |

| | | | | | | |
|---|---|---|---|---|---|---|
| Non-refundable carry-forward credits balance at fiscal year end - current law[3] | $618 | $751 | $732 | $585 | $265 | $136 |
| Non-refundable carry-forward credits balance at fiscal year end - proposed[3] | $470 | $331 | $165 | $114 | $81 | $81 |
| **Change in year-end balance due to bill** | **-$148** | **-$420** | **-$567** | **-$471** | **-$184** | **-$55** |

| | | | | | | |
|---|---|---|---|---|---|---|
| Carry-forward lease expenditures balance at fiscal year end - current law[3] | $0 | $0 | $0 | $0 | $0 | $0 |
| Carry-forward lease expenditures balance at fiscal year end - proposed[3] | $650 | $1,740 | $2,240 | $2,370 | $2,270 | $2,220 |
| **Change in year-end balance due to bill** | **$650** | **$1,740** | **$2,240** | **$2,370** | **$2,270** | **$2,220** |

[1]The impacts listed are based on production and prices as forecasted in DOR's Spring 2016 revenue forecast. The forecasted oil prices are between $38.89 and $61.64.

[2]NOTE: "Total Fiscal Impact" includes best estimates of both revenue and operating budget impacts.

[3]These rows include estimates of carried-forward credits, and carried-forward lease expenditures, for previous calendar years, plus estimates of credits that will be earned on activity through June 30 of the fiscal year.

**NOTE: The fiscal impact of this bill is an estimate based on the Spring 2016 revenue forecast. Estimates shown here are draft / preliminary based on our**