

# HB 183 COMMENTARY

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## Why property tax matters?

Lots of money (e.g. \$1 bn)

Long construction period

Regressive (fixed regardless of revenue)

Possibly contentious (given history)

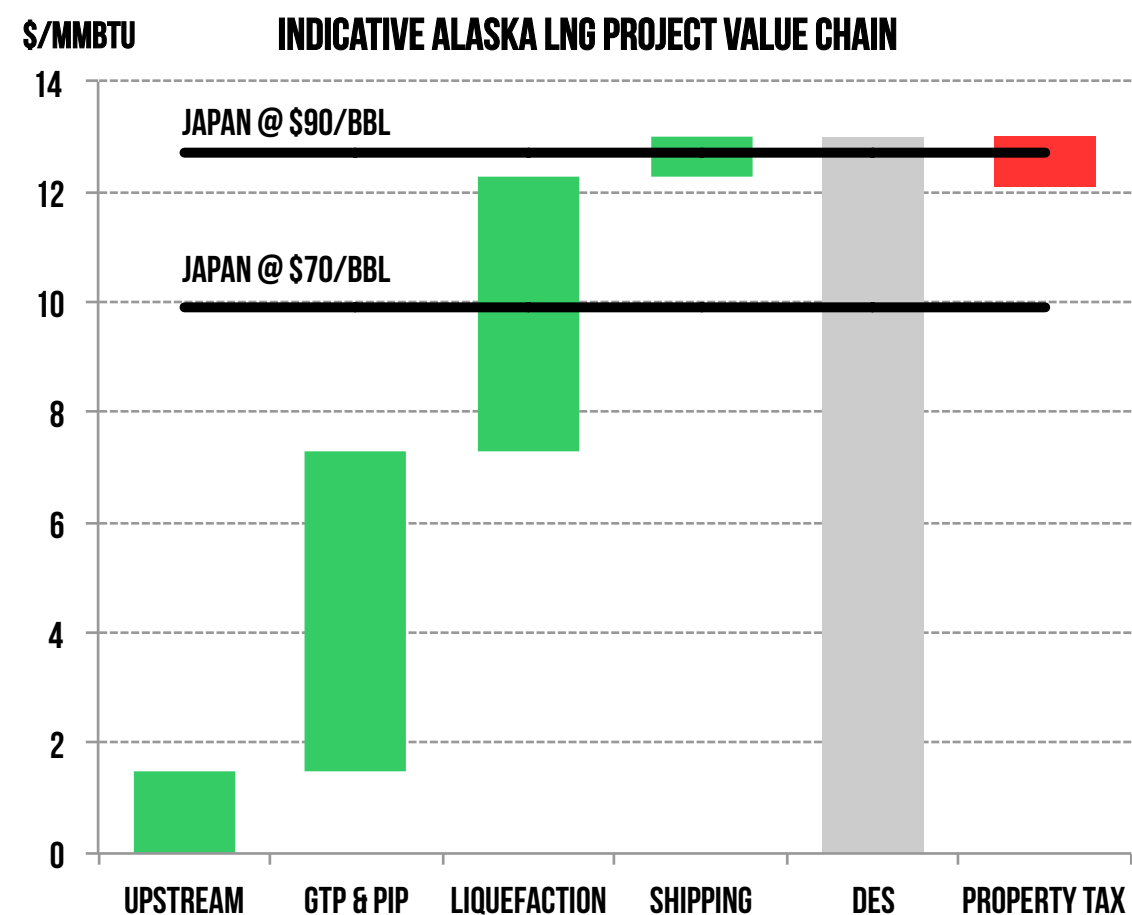
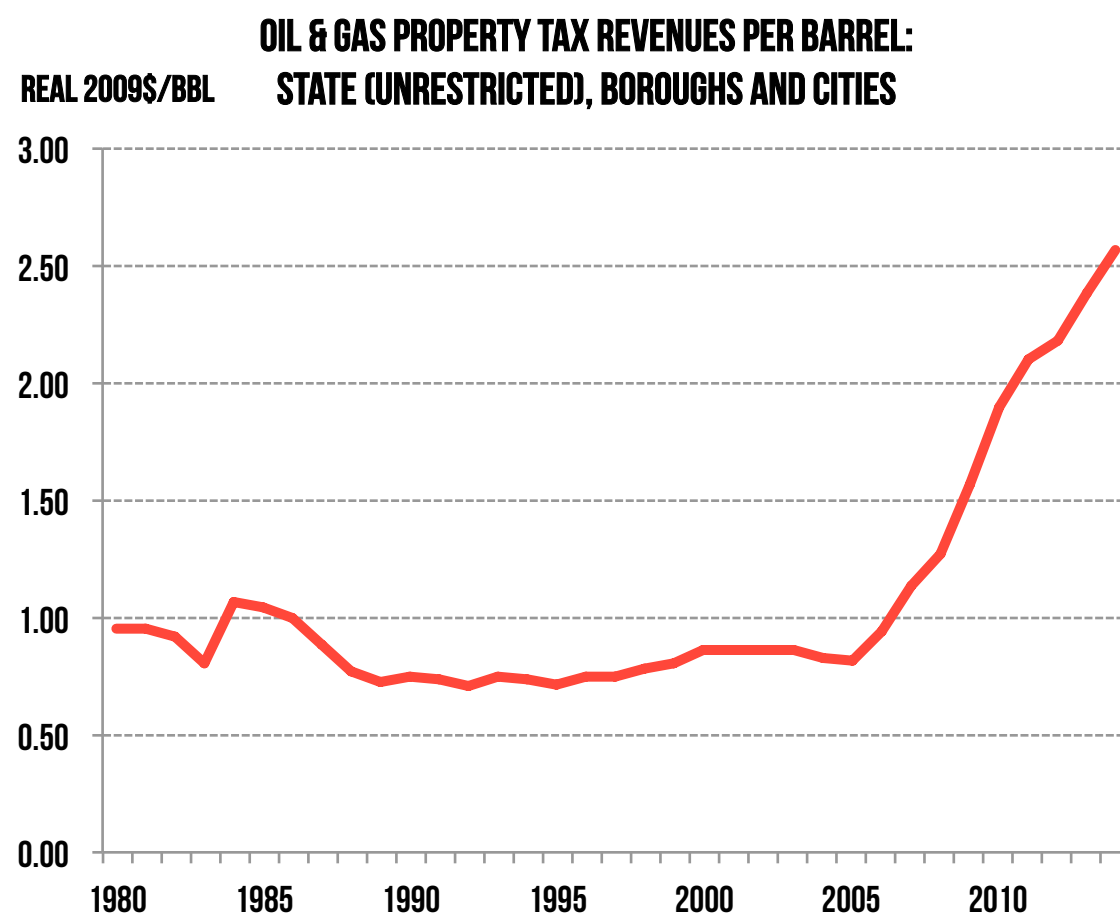
## What does a good framework look like?

Clear formula (simple)

Predictable / stable

Balanced (fair, equitable)

Enables project development



SOURCE: ENALYTICA BASED ON DOR, REVENUE SOURCES BOOK (VARIOUS EDITIONS); DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT, ALASKA TAXABLE (VARIOUS EDITIONS)

# PILT VS PROPERTY TAX STATUTE

## Negotiated PILT

Simple, stable \$/mcf payment

Numerous payment profiles possible

Contractual - stabilization implicit

Separated from property assessment

## Property Tax

Emulate PILT \$/mcf figure through property tax

Depreciation/Inflation - limited levers

Additional stabilization essential

Link to property assessment remains

# WHOLE PROJECT UNDER AS43.56

If property tax approach were to be taken (rather than PILT) may make sense - uniform regime, not municipal patchwork

Represents a significant tax increase over status quo - cause for concern for companies

Is 20 mill rate simply a starting point for negotiations?

## TREATMENT OF TRANSMISSION LINES

HB183 project definition excludes transmission lines from Point Thomson / Prudhoe Bay to the Gas Treatment Plant.

Differs from project definition in SB138 - implying transmission lines would not benefit from negotiated property tax / PILT treatment

## PAYMENTS DURING CONSTRUCTION

Agreed framework is that payments during construction should be limited to impact payments, not property tax  
Not currently reflected in bill

## IMPORTANCE OF MILESTONES

Companies & SOA currently maintaining high level of project spending - contingent on meeting milestones  
Authorization for PILT negotiation key milestone for this session

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