**2017 SESSION OPERATING BUDGET AMENDMENT PROPOSAL**

**OFFERED IN:** The House Finance Department of Natural Resources Subcommittee

**TO:** HB 57 / HB 59

**OFFERED BY:** Representative Guttenberg

**RECOMMENDED STATUTE CHANGE:**

Repeal AS 38.05.180(f)(6)

**EXPLANATION:**

Enacted in 2003, this provision benefits 6 producers and cost the state $6.4 million in foregone revenue in FY15. Between FY11 and FY15, it cost the state $66.2 million.

It is unclear how the state benefits from oil and gas production for which it receives no royalties or taxes. In their January 2017 Indirect Expenditure Report, LFD recommended the legislature reconsider this statute.