

# Natural Resources

## Applicable Program

Oil and Gas

## Indirect Expenditure Name

Royalty Relief for Cook Inlet Platforms

### Department of Revenue Submission per AS 43.05.095

#### (1) Description of Provision

Royalty relief for Cook Inlet platforms.

#### (2) Type

Discount

#### (3) Authorizing Statute, Regulation or Other Authority

AS 38.05.180(f)(6)

#### (4) Year Enacted

2003

#### (5) Sunset or Repeal Date

None

#### (6) Legislative Intent

Provide monetary incentive as royalty relief from oil and gas producing platforms.

#### (7) Public Purpose

Incentives to lessees to continue to produce from Cook Inlet platforms which were not economically viable at a 12.5% royalty rate.

#### (8) Estimated Revenue Impact

FY 2011 - \$12,482,905

FY 2012 - \$14,855,924

FY 2013 - \$18,114,351

FY 2014 - \$14,373,165

FY 2015 - \$6,371,535

#### (9) Cost to Administer

#### (10) Number of Beneficiaries / Who Benefits

6 companies

### Legislative Finance Analysis per AS 24.20.235

#### (1) Estimate of Annual Revenue Foregone by the State

\$6,371,535

#### (2) Estimate of Annual Monetary Benefit to Recipients

\$1,061,923

#### (3) Legislative Intent Met?

Yes

#### (4) Should it be Continued, Modified or Terminated?

Recommend reconsideration. It is unclear how the State benefits from oil production for which it receives no royalties or taxes.