

# Fiscal Note

State of Alaska  
2017 Legislative Session

Bill Version: SB 30  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: SB030-DNR-DOG-2-2-17  
Title: APPROVAL: ROYALTY OIL SALE TO PETRO  
STAR  
Sponsor: RLS BY REQUEST OF THE GOVERNOR  
Requester: (S) FIN

Department: Department of Natural Resources  
Appropriation: Oil & Gas  
Allocation: Oil & Gas  
OMB Component Number: 439

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>OPERATING EXPENDITURES</b>	<b>FY 2018</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

1250 UGF Rev (UGF)	1,906.8		3,248.3	2,753.9	2,294.5	1,050.0	0.0
1251 Non-UGF (Other)	1,945.4		3,314.1	2,809.5	2,340.9	1,071.2	0.0
<b>Total</b>	<b>3,852.2</b>	<b>0.0</b>	<b>6,562.4</b>	<b>5,563.4</b>	<b>4,635.4</b>	<b>2,121.2</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2017) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2018) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

## Why this fiscal note differs from previous version:

Revised numbers section.

Prepared By: Jim Beckham, Deputy Director	Phone: (907)269-8775
Division: Division of Oil & Gas	Date: 02/02/2017 09:00 AM
Approved By: Andrew T. Mack, Commissioner	Date: 02/02/17
Agency: Department of Natural Resources	

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2017 LEGISLATIVE SESSION

BILL NO. SB 30

**Analysis**

This bill provides legislative approval of a contract negotiated between the State of Alaska and Petro Star, Inc. for the sale of the state's royalty oil for a term of four years. The agreement provides for the following barrels per day: year 1 - 16,400 - 20,500; year 2 - 13,200 - 16,500; year 3 - 10,800 - 13,500; and year 4 - 8,400 - 10,500. The number of barrels per day is multiplied by a negotiated Royalty In Kind differential per barrel to arrive at the expected revenue increase.

By statute these royalties will be distributed:

- 49.5% Unrestricted General Fund
- 50% Permanent Fund
- 0.5% Public School Trust Fund

There will be no fiscal impact to the operating expenditures. The proposed contract is expected to generate between \$22 million and \$27 million in revenues. These revenues are in addition to the amount that would have been collected if the royalty oil sold under this contract had been disposed of in value.