

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: HB 238
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB238-DNR-DOG-04-28-17
Title: REPEAL ROYALTY RELIEF: SHALE; COOK
INLET
Sponsor: GUTTENBERG
Requester: House Resources

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

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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If yes, by what date are the regulations to be adopted, amended or repealed?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:

Initial version.

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Agency: Department of Natural Resources

Phone: (907)269-8775
Date: 04/28/2017 05:00 PM
Date: 04/28/17

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. HB 238

Analysis

Analysis

This bill removes the Department of Natural Resources (DNR) Commissioner's discretion to waive payment of royalty and rental during the first five years of an oil shale lease under AS 38.05.160(b). DNR is unaware of any oil shale leases or activities ever occurring in Alaska since this statute was enacted in 1959 or planning to be conducted in the future. Accordingly, DNR does not anticipate a fiscal impact to removing the language in AS 38.05.160(b).

This legislation also repeals AS 38.05.180(f)(5). This is the 10-year royalty reduction to 5% for six specific fields in Cook Inlet that were historically shut in or undeveloped between 1988 and 1997. The last royalty relief under this provision expired in FY2012. Since this provision is no longer applicable and the last royalty relief has expired, terminating the royalty relief in 38.05.180(f)(5) will not have any fiscal impact.

Finally, this legislation repeals AS 38.05.180(f)(6) for leases that are entered after the effective date of this bill. Companies currently receiving royalty relief under this provision will continue to receive that relief. As such, DNR does not anticipate any fiscal impact by removing this provision for new leases.

For completeness, the provisions AS 31.05.030(i), 31.05.030(k), and 38.05.180(dd) also being repealed by this bill are no longer relevant once AS 38.05.180(f)(5) and (6) are repealed.