

# Natural Resources

## Applicable Program

Oil and Gas

## Indirect Expenditure Name

Exploration Incentive Credits for Oil & Gas Activities

## Department of Revenue Submission per AS 43.05.095

### (1) Description of Provision

A non-transferrable credit for the cost of drilling or seismic work performed under a limited time period established by the Commissioner of the Department of Natural Resources. Credit may be granted for up to 50% of the cost of drilling or seismic work, not to exceed 50% of the tax liability to which it is being applied.

### (2) Type

Tax Credit

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

AS 38.05.180(i)

### (4) Year Enacted

1983

### (5) Sunset or Repeal Date

None

### (6) Legislative Intent

Incentivize exploration of state lands and make data publicly available post lease sale.

### (7) Public Purpose

Encourage O&G exploratory work on state land.

### (8) Estimated Revenue Impact

FY 2011 - \$0

FY 2012 - \$0

FY 2013 - \$0

FY 2014 - \$0

FY 2015 - \$0

### (9) Cost to Administer

None

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

22 exploratory wells qualified; last claim was in 1994.

## Legislative Finance Analysis per AS 24.20.235

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

\$0

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

\$0

### (3) Legislative Intent Met?

No

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**Indirect Expenditure Name**Exploration Incentive Credits for Oil & Gas  
Activities**Legislative Finance Analysis per AS 24.20.235****(4) Should it be continued, modified or terminated?**

Recommend termination. The credit has not been claimed since 1994, and there are several other oil and gas exploration incentives in statute that appear to be more effective.