

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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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.