Provisions in SCS CSHB 111 (FIN) \V and their Estimated Fiscal Impact based on Spring 2017 Forecast ($millions) - FC PRICE

Revised 5-12-17 by Dept. of Revenue

Description of Provision	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
1. Effective 1/1/18, Operating loss credit eliminated for North Slope and replaced with carry-forward lease expenditures provision. A company may carry forward 100% of lease expenditures not deducted against tax, and may choose to apply all or part in a future year down to minimum tax.	$0	$0	$0	$0	-$10	-$5	-$5	$0	$0	$0
2. Middle Earth credit changes: Effective 1/1/18, Operating loss credit eliminated and replaced with carry-forward lease expenditures provision. Allow exploration credits earned after 7/1/16 to be applied against a company's own corporate tax liability or transferred, eliminate seismic qualification for exploration credit effective 7/1/18. Retain capital expenditure and well lease expenditure credits which can be carried forward or transferred.	$0	-$10	-$10	-$10	-$10	-$10	-$5	-$5	-$5	-$5
3. Refinery and LNG storage facility credits may be purchased by appropriation, after repeal of Oil and Gas Tax Credit Fund.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4. Tax credit certificates (including transferred certificates) may be used to offset a liability or assessment for prior-year taxes, effective immediately.	Indeterminate - Net neutral when combined with budget impact									
5. Interest on all delinquent taxes changed to 3 percent over Federal Reserve rate, effective 1/1/18.	Indeterminate									
Additional impact of implementing above provisions together vs standalone.	$0	$0	$0	$0	$5	$10	$5	$0	$0	$0
Total Revenue Impact	**$0**	**-$10**	**-$10**	**-$10**	**-$15**	**-$5**	**-$5**	**-$5**	**-$5**	**-$5**
A. Budget impact of North Slope operating loss credit elimination and carry-forward lease expenditures provisions effective 1/1/18.	$0	$45	$135	$175	$150	$140	$140	$145	$145	$145
B. Budget impact of Middle Earth credit changes carry-forward lease expenditures provisions.	$0	$10	$10	$10	$10	$10	$10	$5	$5	$5
C. Budget impact of refinery and LNG storage credits may be purchased by appropriation.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
D. Budget impact allowing tax credit certificates to offset liability or assessment for prior-year taxes.	Indeterminate - Net neutral when combined with revenue impact									
E. Budget impact of interest changes, effective 1/1/18.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Additional impact of implementing above provisions together vs standalone	$0	$5	$5	$5	$5	$0	$0	$0	$0	$0
Total Budget Impact	**$0**	**$60**	**$150**	**$190**	**$165**	**$150**	**$150**	**$150**	**$150**	**$150**
Total Fiscal Impact - (does not include potential changes in investment)	**$0**	**$50**	**$140**	**$180**	**$150**	**$145**	**$145**	**$145**	**$145**	**$145**

Tax impact of carry-forward lease expenditure balances or credits - current law	$63	$55	$55	$55	$55	$55	$55	$49	$26	$0
Tax impact of carry-forward lease expenditure balances - proposed - base value	*$155*	*$335*	*$515*	*$650*	*$790*	*$930*	*$1,065*	*$1,200*	*$1,330*	*$1,445*
Tax impact of carry-forward lease expenditure balances - proposed - earned uplift	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*
Tax impact of carry-forward lease expenditure balances or credits - proposed - total	$155	$335	$515	$650	$790	$930	$1,065	$1,200	$1,330	$1,445
Change in year-end balance due to proposal	**$92**	**$280**	**$460**	**$595**	**$735**	**$875**	**$1,010**	**$1,151**	**$1,304**	**$1,445**

NOTE: This bill eliminates eligibility for repurchase from the Oil and Gas Tax Credit Fund under AS 43.55.028 for credits earned after 1/1/18. This fiscal note, and the spring forecast, assume that all outstanding credits earned before 1/1/18 by companies with <50,000 barrels per day production are funded through appropriation and purchased by the state.

NOTE: The fiscal impact of this proposal is an estimate based on the Spring 2017 revenue forecast. **Estimates shown here are draft / preliminary based on our interpretation of possible changes, and do not include any changes in company behavior as a result of this proposal. We reserve the right to make modifications to estimates for any forthcoming fiscal notes.**

Fiscal Impact of SCS CSHB111(FIN) \V at Various Prices