

Fiscal Note

State of Alaska
2021 Legislative Session

Bill Version: HB 3007
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB3007-DOR-TAX-09-07-21
Title: OIL & GAS PER BARREL TAX CREDIT
Sponsor: WAYS & MEANS
Requester: House Ways & Means

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2022 Appropriation Requested	Included in Governor's FY2022 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2022	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
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

1004 Gen Fund (UGF)	68,200.0		174,000.0	294,700.0	460,600.0	386,700.0	386,700.0
Total	68,200.0	0.0	174,000.0	294,700.0	460,600.0	386,700.0	386,700.0

Estimated SUPPLEMENTAL (FY2021) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2022) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/21

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Agency: Department of Revenue

Phone: (907)269-1033
Date: 09/07/2021
Date: 09/07/21

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2021 LEGISLATIVE SESSION

BILL NO. HB3007

Analysis

Background

The proposed legislation reduces the sliding-scale per-taxable-barrel tax credit under AS 43.55.024(j), for North Slope oil production that does not qualify for the gross value reduction (GVR) incentive under AS 43.55.160(f) & (g). The proposed legislation reduces the tax credit from \$8 per taxable barrel to \$4 per taxable barrel when the gross value at the point of production (GVPP) is less than \$80 per taxable barrel. The proposed legislation also scales down the tax credit by \$1 per taxable barrel for every \$10 increase in GVPP above \$80 per taxable barrel. The credit would be reduced to \$0 per taxable barrel when GVPP is equal to or greater than \$110 per taxable barrel. The proposed legislation makes no changes to the per-taxable barrel credit under AS 43.55.024(i) for production that qualifies for the gross value reduction incentive.

The provisions of the proposed legislation would take effect January 1, 2022.

Revenue Impact

The estimated revenue impact results from increased production tax revenue from North Slope oil production. Assumptions used to generate the revenue stream were based on the Department of Revenue Spring 2021 forecasts for oil production, oil prices, transportation costs, and company spending/investment. The estimated revenue impact shows the increase in production tax revenue due to the tax credit change, holding all else equal per the Spring 2021 Forecast. The revenue estimate does not account for any potential changes to company investment or production as a result of the tax increase. The FY2022 impact represents a half-year of increased taxes due to the January 1, 2022, effective date.

The enclosed chart shows the estimated revenue impacts based on the Spring 2021 forecast and at a range of Alaska North Slope (ANS) prices.

Implementation Cost

The Department of Revenue can implement this proposed legislation with existing resources and does not anticipate any continuing costs or additional staff needs.