

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: SB 280
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB280CS(RES)-DNR-DOG-04-29-26
Title: OIL & GAS PROPERTY TAX; MUNI TAX
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: (S)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)

	FY2027	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2027 Request	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
OPERATING EXPENDITURES	FY 2027	FY 2027	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Personal Services	345.0		345.0	345.0	345.0	345.0	345.0	345.0
Travel								
Services	10.0		10.0	10.0	10.0	10.0	10.0	10.0
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	355.0	0.0	355.0	355.0	355.0	355.0	355.0	355.0

Fund Source (Operating Only)

1005 GF/Prgm (DGF)	355.0		355.0	355.0	355.0	355.0	355.0	355.0
Total	355.0	0.0	355.0	355.0	355.0	355.0	355.0	355.0

Positions

Full-time	2.0		2.0	2.0	2.0	2.0	2.0	2.0
Part-time								
Temporary								

Change in Revenues

None			***	***	***	***	***	***
Total	0.0	0.0	***	***	***	***	***	***

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) 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If yes, by what date are the regulations to be adopted, amended or repealed? **6/30/2027**

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Division:	Division of Oil and Gas	Date:	04/28/2026
Approved By:	Shannon Miller, Administrative Services Director	Date:	04/28/2026
Agency:	Department of Natural Resources		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. SB 280

Analysis

This legislation addresses several tax systems related to oil and gas, and liquefied natural gas (LNG). The Department of Natural Resources (DNR) is tasked in this legislation with making a new "prevailing value" determination prior to taking royalty-in-value. This bill does not specify the rate at which such in-value determinations must be made, or the criteria to make such determinations. Since the base unit of time for royalty reporting is monthly, this legislation could create a requirement for the Division of Oil & Gas to determine a new "prevailing value" monthly ahead of royalty filings.

The State's share of oil and gas production royalties is taken in value unless a contract for taking royalty-in-kind is in place and a nomination for a specific volume from a producer is agreed upon in an in-kind contract. Currently, all royalty-in-value oil & gas is subject to valuation based on contract terms contained in oil and gas leases and royalty settlement agreements. Each of these may have different specific value clauses within different lease or RSA terms, and many already include comparison or reference pricing formulas.

At the operational level, making a monthly determination for each producing field whether to receive production in value would likely require expanded analytical and administrative capacity within the Division of Oil and Gas. Accordingly, two additional positions are anticipated: an Accountant V and an Oil and Gas Revenue Specialist to administer the "prevailing value" provision.

These positions would include functions to obtain data used in calculations, update calculations on a timely basis ahead of monthly royalty filings, maintain records of determinations, update prior month determinations when new information is provided, reconcile possible value misfilings in audit, and respond to audit disputes. Additionally, DNR anticipates that additional data subscriptions will likely be required for this program, estimated at \$10,000 a year.