

Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version: HB 223
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB223-DOR-TAX-01-26-24
Title: TAX & ROYALTY FOR CERTAIN GAS
Sponsor: RAUSCHER
Requester: (H) RESOURCES

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)

	FY2025 Appropriation Requested	Included in Governor's FY2025 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
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

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

Estimated SUPPLEMENTAL (FY2024) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2025) 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If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/24

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Agency: Department of Revenue
Phone: (907)269-6736
Date: 01/26/2024
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FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION

BILL NO. HB 223

Analysis

Bill Analysis

This bill would add a new section to AS 38.05.180 that would eliminate the State's royalty share for gas produced outside of the North Slope if the gas is explored for and produced on or after June 5, 2023, and if gas was offered for sale to an in-state electric or heating utility before being offered for sale to another person. The new section of AS 38.05.180 would also reduce the royalty by 50 percent if the gas does not receive a reduction under the aforementioned conditions.

This bill would also amend AS 43.55.011 and AS 43.55.020 to reduce the oil and gas production tax to zero for gas produced outside of the North Slope that was explored for only on or after June 5, 2023, and was offered for sale to an in-state electric or heating utility before being offered for sale to another person.

Revenue Impact

The revenue impact in this fiscal note is limited to the oil and gas production tax administered by the Tax Division. We do not include in our Fall 2023 forecast any gas production that meets the criteria in this bill for the reduced oil and gas production tax. Therefore, it would not have an impact on the revenue forecast. Any potential production incentivized by this bill would be an indeterminate positive impact above and beyond the current forecast.

Implementation Cost

This legislation would require the Department of Revenue to make minor changes to its Tax Revenue Management System ("TRMS"). Resources required to implement this bill would include staff time to update tax forms, TRMS, and Revenue Online, and other miscellaneous costs when applicable. These costs will be absorbed by the Tax Division using existing resources.