

# 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				
			FY 2025	FY 2025	FY 2026	FY 2027	FY 2028
<b>OPERATING EXPENDITURES</b>							
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>			<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

None							
<b>Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None	***		***	***	***	***	***
<b>Total</b>	***	<b>0.0</b>	***	***	***	***	***

**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If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/24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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Division:  
Approved By:  
Agency:

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Tax Division  
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Department of Revenue

Phone: (907)269-6736  
Date: 01/26/2024  
Date: 01/26/24

## 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 updated tax forms, TRMS, and Revenue Online, and other miscellaneous costs when applicable. These costs will be absorbed by the Tax Division using existing resources.