

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: HB 397
Fiscal Note Number: _____
() Publish Date: _____

Identifier: DOR TAX HB397
Title: SURCHARGE ON CRUDE OIL;ARCTIC TRANS.
FUND
Sponsor: FINANCE
Requester: House 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)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
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

1251 Non-UGF (Other)	7,800.0		15,900.0	15,500.0	15,000.0	14,700.0	14,600.0
Total	7,800.0	0.0	15,900.0	15,500.0	15,000.0	14,700.0	14,600.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 100.0 (separate capital appropriation required)
(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If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/19

Why this fiscal note differs from previous version/comments:

Initial version

Prepared By:	Ken Alper, Director	Phone:	(907)465-8221
Division:	Tax Division	Date:	03/30/2018 01:00 PM
Approved By:	Mike Barnhill	Date:	03/31/18
Agency:	DOR		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. HB397

Analysis

The federal government has historically charged an excise tax of nine cents per barrel on crude oil refineries. This tax has funded oil spill prevention and cleanup activiites, analagous to Alaska's five cent per taxable barrel surcharge that funds similar functions at the Department of Environmental Conservation.

The federal tax sunset on December 31, 2017. Subsequently, the recently passed federal budget extended this tax, effective March 1, 2018 through December 31, 2018.

HB397 imposes a nine cent per taxable barrel surcharge on Alaska production, against which a producer can credit their federal tax. Therefore, regardless of the effective date of the bill, it would not have any fiscal impact until the sunset of the federal tax on January 1, 2019, and would not take effect at all if the federal tax is extended and made permanent.

Revenue impacts are based on forecasted non-royalty production per DOR's Spring 2018 Revenue Forecast. Revenue for FY2019 is calculated based on one half of the year's production.

The resulting funds should be considered Designated General Fund, as they are intended to provide funding for a new "Arctic Transportation and Resource Access Fund," which would construct regional transportation infrastructure north of 68 degrees latitude.

The capital funding request is for reprogramming and testing of the tax division's Tax Revenue Managment System. As this change is within AS 43.55, the oil and gas production tax, it is one of the most unique and complex sections of the comprehensive tax software, and generally requires more resources to make changes. Other than that, the department can absorb administration of this new surcharge into existing resources.