



THE STATE
of **ALASKA**

GOVERNOR BILL WALKER

Department of Revenue

COMMISSIONER'S OFFICE

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Representative Steve Thompson, CoChair
House Finance Committee
State Capitol
Juneau, Alaska 99801

Dear Representative Thompson,

At yesterday's hearing on indirect expenditures I was asked what staff the Department of Revenue uses to administer the various tax credits

Tax Division positions administering tax credits by type:

Oil and Gas Production :

- 5 auditors and 1 FTE tax technician
 - Exploration Incentive
 - Qualified Capital Expenditure
 - Well Lease Expenditure
 - Carried-Forward Annual Loss
 - New Area Development
 - Small Producer
 - Alternative Credit for Exploration
 - Transitional Investment Expenditure
 - Cook Inlet Jack-Up Rig
 - Frontier Basin
 - Per-Taxable-Barrel Credit for Non-GVR-Eligible Production
 - Per-Taxable-Barrel Credit for GVR-Eligible Production
- A Small fraction 7 auditors and 2 audit masters time (maybe 2 hours per large audit)
 - Education
 - Qualified Capital Expenditure
 - Well Lease Expenditure

Property Tax:

- A fraction of 1 appraiser's time
 - Intangible Drilling Expenses Excluded
 - Exploration Expenses Excluded

Film Tax Credit:

- 1 supervisor (Executive Director) 1 auditor and 1 accounting technician

- Film Production (the credit is audited only once by the film office but can be claimed against various tax types)

Corporate Income:

- A small fraction of 8 auditors time (maybe 5 hours of a 600 hour audit) reviewing all credits which can be claimed against corporate income tax (listed in the Indirect Expenditures Report).

Motor Fuel:

- One half of 1 tax technician's time processing claims for refund. Motor Fuel is taxed "at the rack" which means that most fuel sales already have the tax paid and the customer is purchasing the fuel "tax on." Customers may file a claim for refund to get the tax back when the fuel is used for a non-taxable purpose.
 - Foreign Flight Exemption
 - Charitable Institution Exemption
 - Government Exemption
 - Stationary Power Plant Exemption for Home Heating
 - Heating Fuel Exemption (although many of these sales are made "tax off")
 - Small Generator Exemption
 - Off-Highway Use
- A small fraction of 1 auditors time
 - All other motor fuel credits

Excise:

- A small fraction of 6 auditors time (maybe 2 hours per large audit) reviewing credits for the following tax types:
 - Tobacco
 - Alcoholic Beverages
 - Mining
 - Commercial Passenger Vessel
 - Large Passenger Vessel Gambling
 - Tire Fee
 - Vehicle Rental

Fish:

- One half of 1 auditor's time
 - Salmon/Herring Product Development

Economics Research:

- 1 economist-various credits
- 1 economist –indirect expenditure report

If you have any additional questions please contact me.



Jerry Burnett
Deputy Commissioner
Department of Revenue