

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: SB 44
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB044-DOR-TAX-2-24-17
Title: OIL & GAS TAX CREDIT REPORTING
Sponsor: GARDNER
Requester: (H) Resources Committee

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)

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
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	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 50.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 *(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If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/18

Why this fiscal note differs from previous version:

Not applicable; initial version.

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Division: <u>Tax Division</u>	Date: <u>02/24/2017 02:30 PM</u>
Approved By: <u>Jerry Burnett, Deputy Commissioner</u>	Date: <u>02/24/17</u>
Agency: <u>Department of Revenue</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. SB 44

Analysis

Bill Analysis

This legislation would make changes to Alaska's oil and gas production tax and tax credit reporting statutes. It requires additional information to be reported by oil and gas producers and explorers to the State of Alaska. It also requires the Department of Revenue to report certain information to the public and provide an annual report to the Alaska State Legislature. The report builds in part on a new tax credit reporting requirement that was added in 2016 via HB247.

According to the sponsors, the legislation will provide the state with the information it needs on the state's investments of oil and gas credits. This information will allow the state to assess the effectiveness of the oil and gas credits and whether they are generating more oil and gas production. In practical terms, it means that more detailed information on specific projects will be exempted from the current broad taxpayer confidentiality statutes.

Revenue Impact

There is no revenue impact from this legislation. The changes in this legislation only impact the oil and gas tax credit reporting requirements for the oil and gas explorers and producers as well as the Department of Revenue.

Implementation Cost

This legislation would require the Department of Revenue to update its Tax Revenue Management System (TRMS) to collect the additional information required of this legislation under 43.55.030. The update would consist of minor programming costs to create the necessary reports required by this legislation.

There is also the need to implement regulations which will require internal resources and resources from the Department of Law.

The supplemental fiscal note figure of \$50.0 in FY17 is to cover the costs of having our contractor update the TRMS system. We do not anticipate any continuing costs or additional staff needs. After the implementation of the changes, this legislation would not cause any additional staffing needs for the Tax Division. The annual report will be produced with existing resources.

The bill has an effective date of 7/1/17. The great bulk of the data will be submitted along with a taxpayer's annual production tax return, which is due in March. This means that the first annual report after that date, which will be issued on 4/30/18, will contain information on expenditures during the second half of calendar year 2017.