

# Fiscal Note

State of Alaska  
2024 Legislative Session

Bill Version: HB 393  
 Fiscal Note Number: \_\_\_\_\_  
 () Publish Date: \_\_\_\_\_

Identifier: HB393-DOR-TAX-3-29-24  
 Title: COOK INLET/MIDDLE EARTH GAS ROYALTIES  
 Sponsor: RESOURCES  
 Requester: (H) RES

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	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2025 Request	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>OPERATING EXPENDITURES</b>	<b>FY 2025</b>	<b>FY 2025</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>	<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>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

None	***		***	***	***	***	***
<b>Total</b>	<b>***</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</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? No  
 If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version/comments:**

Not applicable, initial version.

Prepared By: <u>Brandon Spanos, Acting Director</u>	Phone: <u>(907)269-6736</u>
Division: <u>Tax Director</u>	Date: <u>03/29/2024</u>
Approved By: <u>Adam Bryan, Division Operations Manager</u>	Date: <u>03/29/24</u>
Agency: <u>Department of Revenue</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2024 LEGISLATIVE SESSION

BILL NO. HB 393

**Analysis**

**Bill Analysis**

This bill would set the royalty rate to zero for gas produced from a well drilled in Cook Inlet after July 1, 2024. It would also set the royalty rate to five percent for oil (or oil and gas) produced from a well drilled in Cook Inlet after July 1, 2024.

**Revenue Impact**

Although this bill does not propose any changes to the tax structure for oil or gas produced in Cook Inlet, the Department of Revenue is providing this fiscal note because a reduction in royalty would result in slightly more production tax due to higher taxable volumes.

The exact tax revenue impact is indeterminate, however, we estimate that it would likely be a few hundred thousand per year (positive) under the spring forecast, holding all else equal. The amount could be more if additional production is incentivized by the royalty rate reduction.

**Implementation Cost**

This legislation would not require any changes within the Department of Revenue and would not have any cost.