

# FISCAL NOTE

**STATE OF ALASKA**  
**2008 LEGISLATIVE SESSION**

Fiscal Note Number: 8  
 Bill Version: CSHB 2001(FIN)  
 (H) Publish Date: 11/11/07

Identifier (file name): HB2001CSFIN-DNR-O&G-11-11-07 Dept. Affected: Natural Resources  
 Title Oil and Gas Tax Amendments RDU Resource Development  
 Component Oil and Gas Development  
 Sponsor Rules Committee  
 Requester House Finance Component Number 439

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
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>

<b>CAPITAL EXPENDITURES</b>							
-----------------------------	--	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>	<b>**Indeterminate Positive</b>						
-------------------------------	---------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<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>

Estimate of any current year (FY2008) cost: \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

**ANALYSIS:** (Attach a separate page if necessary)

This bill would amend the oil and gas production tax under AS 43.55 to retain base tax rate from 22.5% of net income with no retroactivity. The bill has a progressivity surcharge increasing at 0.4% per dollar between the per barrel net revenue and \$30. The bill also reduces the period by which past investments are recognized in the transition investment expenditure credits (AS43.55.023(i)) from April 1, 2001 to April 1, 2003. Some EICs are increased from 20% to 30%. Administrative changes to the current tax system include changes in the administration of EICs under AS 43.55.025 relating to the kind of information that EIC applicants must provide to the state and the time that this information may be kept confidential.

Prepared by: Kevin Banks, Acting Director Phone 269-8800  
 Division Oil and Gas Date/Time 11/11/2007  
 Approved by: Tom Irwin, Commissioner Date 11/11/2007  
Natural Resources

**FISCAL NOTE #8**

**STATE OF ALASKA  
2008 LEGISLATIVE SESSION**

**BILL NO. CSHB 2001(FIN)**

**ANALYSIS CONTINUATION**

\*\*Indeterminate Positive: The royalty revenue impact to the State of ACES is indeterminate positive. The improvements of EICs will bring favorable economics to exploration projects. The reduction of TIE credits available to lessees and the progressivity element that has an impact only in when oil prices or margins are high will together have an opposite effect on project economics.