

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSSB 243(RES)
 (S) Publish Date: 3/22/10

Identifier (file name): SB243-REV-TAX-2-10-10 Dept. Affected: Revenue
 Title: Geothermal Royalties RDU: Taxation and Treasury
 Component: Tax Division
 Sponsor: Senator McGuire
 Requester: (S) Resources Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
-----------------------------	--	--	--	--	--	--	--	--

CHANGE IN REVENUES ()								
-------------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

SB 243 would eliminate state royalties on geothermal production. Royalty volumes are not taxable. Therefore, by eliminating state royalty on geothermal production, the taxable volume of geothermal production would be increased.

There are currently no commercial geothermal projects in Alaska. However there are projects that may begin exploration or development at a number of locations around the state including Naknek, Akutan, Chena and Mt. Spurr.

The increase in state taxes would vary based on the volume and value of geothermal production but is estimated to range from approximately \$100,000 for a 5MW facility to \$1.8 million for a 50MW facility. Due to uncertainty about future development the fiscal impact of this legislation can not be accurately determined at this time.

Prepared by: Cody Rice, Petroleum Economist
 Division: Tax Division
 Approved by: Ginger Blaisdell, Director
Administrative Services Division

Phone 907-269-1024
 Date/Time 2-9-10; 6:21pm
 Date 2-10-10; 9:33am