

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version CSHB 289(FIN)
 Fiscal Note Number 9
 (H) Publish Date 4/2/12

Identifier (file name) 27-LS1216E Dept. Affected Revenue
 Title Natural Gas Storage Tax Credit/Regulation Appropriation Taxation and Treasury
 Allocation Tax Division
 Sponsor Representative Thompson
 Requester House Finance Committee OMB Component Number 2476

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES	FY13	FY13	FY14	FY15	FY16	FY17	FY18
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		(Thousands of Dollars)					
1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)						
1037	GF/MH (UGF)						
1178	temp code (UGF)						
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	***	***	***	***	***	***	***

Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required,
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required,
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

This is version X of the bill.

Prepared by Lennie Dees, Audit Master
 Division Tax
 Approved by _____

Phone 907-269-6624
 Date/Time 3/30/12; 11am
 Date _____

Analysis

***The revenue impact of this bill is indeterminate.

This bill adds a new section (.047) to AS 43.20 establishing an above-ground liquefied natural gas (LNG) storage facility tax credit.

The person that is owner of an above ground storage facility that commences operation before January 1, 2020 may apply a refundable credit against a tax liability imposed by AS 43.20 or receive the amount of the credit in the form of a cash payment in the year in which the facility commences commercial operation.

The amount of the credit is established as the lesser of \$15 million or 50% of the costs incurred to establish or expand the above-ground LNG storage facility.

To qualify for the credit, an above-ground liquefied natural gas storage facility must have a volume capacity of not less than 25,000 gallons. If the credit is claimed for an expansion, the expansion must have increased the capacity of an existing above-ground LNG storage facility by more than 25,000 gallons. The facility may not have been in operation as an above-ground LNG storage facility before January 1, 2011 unless the tax credit is based on the expansion of the above-ground LNG storage facility after December 31, 2011.

The above-ground LNG storage facility must be regulated under AS 42.05 as a utility.

If located on state land and leased or subject to a lease under AS 38.05, must be in compliance with the lease.

The facility must have commenced commercial production or before the date the person takes a credit or applies for a payment under this section.

This bill amends AS 42.05.381(k) to include a LNG storage facility, to ensure that a credit received under .047 is reflected in the cost to determine a just and reasonable rate by the RCA.

To claim the credit or request a payment, a person shall submit to the department a certification of the capacity of the above-ground LNG storage facility measured in gallons or the capacity of an expansion to an existing above-ground LNG storage facility measured in gallons and the date that the facility commenced commercial operations.

For purposes of determining the amount of the credit, the cost incurred to establish or expand an above-ground LNG storage facility shall be submitted to the department with verification by a CPA licensed in the state. The volume of working LNG storage or volume of the expansion to an existing above ground LNG storage facility shall be verified by a professional engineer licensed in the state.

The bill has an immediate effective date.

The Department of Revenue anticipates that it would be able to administer the provisions of this bill with existing resources.