

FISCAL NOTE

STATE OF ALASKA
2014 LEGISLATIVE SESSION

Bill Version HB 277
 Fiscal Note Number 4
 (H) Publish Date 1/24/14

Identifier (file name) DOR-TAX-01-21-14 Dept. Affected Revenue
 Title Commercial Production of North Slope Natural Gas Appropriation Taxation and Treasury
 Allocation Tax Division
 Sponsor Governor
 Requester Rules by request of the Governor OMB Component Number 2476

Expenditures/Revenues (Thousands of Dollars)

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

	FY15 Appropriation Requested	Included in Governor's FY15 Request	Out-Year Cost Estimates				
			FY16	FY17	FY18	FY19	FY20
OPERATING EXPENDITURES	FY15	FY15	FY16	FY17	FY18	FY19	FY20
Personal Services							
Travel							
Services	750.0						
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	750.0	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

	FY15	FY15	FY16	FY17	FY18	FY19	FY20
1002 Federal Receipts							
1003 GF Match							
1004 GF	750.0						
1005 GF/Prgm (DGF)							
1007 I/A Rcpts (Other)							
1156 Rcpt Svcs (DGF)							
	750.0	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS

	FY15	FY15	FY16	FY17	FY18	FY19	FY20
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES

	FY15	FY15	FY16	FY17	FY18	FY19	FY20
	***	***	***	***	***	***	***

Estimated SUPPLEMENTAL (FY14) operating costs _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY15) costs _____ (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 If yes, by what date are the regulations to be adopted, amended, or repealed? 12/31/2015 Discuss details in analysis section.

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

Initial version.

Prepared by Matt Fonder, Director
 Division Tax Division
 Approved by Angela M. Rodell, Commissioner
 Division Department of Revenue

Phone (907) 269-1033
 Date/Time 01/14/2014 2:00 p.m.
 Date 1/20/2014

FISCAL NOTE ANALYSIS #4

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. HB 277

Analysis

Bill Language:

This bill would help the state to move forward as a partner in a large natural gas project, including liquefaction facilities. It gives the Commissioner of DNR, in consultation with the Commissioner of Revenue, the ability to take custody of gas delivered to the state and manage the disposition and sale of that gas. The main tax provision of the bill would allow gas producers to make an irrevocable election to pay their production tax liabilities with gas (tax as gas "TAG") instead of with money.

While the bill itself has numerous sections that affect other departments or corporations in the state, the analysis done for this fiscal note is limited to the tax provisions contained in the bill.

Revenues:

The department is unable to determine the amount of revenue that will be created by this bill in the future. Taxable gas production is not expected until after 2022, so no new revenues from a large gas project would be expected during the timeframe (through FY-20) of this fiscal note.

Expenditures:

The department is currently in the process of implementing its new Tax Revenue Management System (TRMS), for which the legislature appropriated approximately \$35 million for during the 2011 session. If this bill passes, we will need to amend the current contract with FAST Enterprises to allow for them to reconfigure TRMS to reflect these tax law changes. DOR estimates that it will incur an additional expense of approximately \$500,000 to reconfigure the system.

Regulations:

The department expects it will need to enter into expanded RSA's with the Department of Law to assist in drafting regulations to help the department implement the new law. DOR estimates that it will incur an additional expense of approximately \$250,000 to retain the necessary resources to assist with a regulations project of this magnitude.