

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version:	HB 70
Fiscal Note Number:	1
(H) Publish Date:	1/20/2017

Identifier: DNR-DOG-1-17-17
 Title: APPROVAL: ROYALTY OIL SALE TO PETRO
 STAR
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Natural Resources
 Appropriation: Oil & Gas
 Allocation: Oil & Gas
 OMB Component Number: 439

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
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 (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1250 UGF Rev (UGF)			1,906.8	3,248.3	2,753.9	2,294.5	1,050.0
1251 Non-UGF (Other)			1,945.4	3,314.1	2,809.5	2,340.9	1,071.2
Total	0.0	0.0	3,852.2	6,562.4	5,563.4	4,635.4	2,121.2

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 (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? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable; initial version.

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 Approved By: Andrew T. Mack, Commissioner
 Agency: Department of Natural Resources

Phone: (907)269-8775
 Date: 01/17/2017 04:00 PM
 Date: 01/17/17

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

Analysis

This bill provides legislative approval of a contract negotiated between the State of Alaska and Petro Star, Inc. for the sale of the state's royalty oil for a term of four years. The agreement provides for the following barrels per day: year 1 - 16,400 - 20,500; year 2 - 13,200 - 16,500; year 3 - 10,800 - 13,500; and year 4 - 8,400 - 10,500. The number of barrels per day is multiplied by a negotiated Royalty In Kind differential per barrel to arrive at the expected revenue increase.

By statute these royalties will be distributed:

49.5% Unrestricted General Fund

50% Permanent Fund

0.5% Public School Trust Fund

There will be no fiscal impact to the operating expenditures. The proposed contract is expected to generate between \$22 million and \$27 million in revenues. These revenues are in addition to the amount that would have been collected if the royalty oil sold under this contract had been disposed of in value.