

Fiscal Note

State of Alaska
2019 Legislative Session

Bill Version:	SB 111
Fiscal Note Number:	1
(S) Publish Date:	4/15/2019

Identifier: LL0143-DNR-DOG-4-12-19
 Title: OIL/GAS LEASE:DNR MODIFY NET PROFIT SHARE
 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)

	FY2020 Appropriation Requested	Included in Governor's FY2020 Request	Out-Year Cost Estimates				
			FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
OPERATING EXPENDITURES	FY 2020	FY 2020					
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2019) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2020) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
 (Supplemental/Capital/New Fund - 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 If yes, by what date are the regulations to be adopted, amended or repealed?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/comments:

Not applicable, initial version based on the 2.13.19 Governor's FY2020 request.

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 Agency: Office of Management and Budget

Phone: (907)269-8775
 Date: 04/12/2019 08:00 AM
 Date: 04/12/19

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2019 LEGISLATIVE SESSION**Analysis**

This legislation allows the Commissioner of the Department of Natural Resources (DNR) to adjust the Net Profit Share rate through royalty modification. This bill will incentivize additional resource development which may otherwise not be economically viable, potentially generating revenues to the State in the form of royalties, taxes, or net profit share payments that would not otherwise occur.

This bill is limited to existing leases that are Net Profit Share Leases (NPSLs). Any changes from this bill are assumed to only impact NPSL payments in the future, not retroactively.

The fiscal impact to the Division of Oil and Gas is indeterminate. The Division will be required to conduct royalty and net profit share lease payment modification applications which may involve staff time or may involve contracting to conduct parts of the analysis. The Division cannot anticipate how many applications for royalty or net profit share modifications will be submitted per year, thus, an accurate cost assumption regarding the possible work involved in analyzing applications cannot be captured.