Fiscal Note

State of Alaska
2022 Legislative Session

Bill Version:	SB 239
Fiscal Note Number:	2
(H) Publish Date:	4/14/2022

Identifier: SB 239-DNR-DOG-4-13-22
Title: APPROVE PETRO STAR INC. ROYALTY OIL SALE
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)

	FY2023 Appropriation Requested	Included in Governor's FY2023 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY 2023**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**
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

1004 Gen Fund (UGF)		1,458.8	2,942.3	2,658.8	2,354.3	2,354.3	1,186.5
1251 Non-UGF (Other)		486.3	980.8	886.3	784.8	784.8	395.5
Total	**0.0**	**1,945.1**	**3,923.1**	**3,545.1**	**3,139.1**	**3,139.1**	**1,582.0**

Estimated SUPPLEMENTAL (FY2022) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2023) 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If yes, by what date are the regulations to be adopted, amended or repealed?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:

Updated change in revenue fund code from 1050 PFD Fund (other) to 1251 Non-UGF (Other)

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Division:	Oil and Gas	Date:	04/13/2022
Approved By:	Theresa Cross, Administrative Services Director	Date:	04/13/22
Agency:	Department of Natural Resources		

REPORTED OUT OF HFC 04/14/2022

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2022 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 five years. The agreement provides for the following barrels per day:

years 1 and 2: 12,500
years 3 through 5: 10,000

Royalty-in-Kind is taken primarily from leases issued prior to December 1, 1979. Royalties from these mineral leases shall be deposited 25% in the permanent fund (AS 37.13.010(a)), 0.5% in the school fund (AS 37.14.150), and the remainder in the general fund (AS 38.05.504).

The number of barrels per day is multiplied by a negotiated Royalty In Kind differential per barrel to arrive at the expected revenue increase. There will be no fiscal impact to the operating expenditures. The proposed contract is expected to generate between $17.4 million and $19.7 million in revenues in addition to the amount that would have been collected if the royalty oil sold under this contract had been disposed of in value.