

# Fiscal Note

State of Alaska  
2024 Legislative Session

Bill Version:	CSHB 50(FIN)
Fiscal Note Number:	10
(H) Publish Date:	3/18/2024

Identifier: HB050CS(RES)-DOR-TAX-01-15-24  
 Title: CARBON STORAGE  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: (H) Resources

Department: Department of Revenue  
 Appropriation: Taxation and Treasury  
 Allocation: Tax Division  
 OMB Component Number: 2476

**Expenditures/Revenues**

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

	FY2025	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2025 Request	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>OPERATING EXPENDITURES</b>	<b>FY 2025</b>	<b>FY 2025</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

**Change in Revenues**

None	***	***	***	***	***	***	***	***
<b>Total</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

**Estimated SUPPLEMENTAL (FY2024) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2025) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** Yes  
*(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 If yes, by what date are the regulations to be adopted, amended or repealed? N/A

**Why this fiscal note differs from previous version/comments:**

Updated from SLA2023 to SLA2024 fiscal note template.

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 Agency: Department of Revenue

Phone: (907)465-3761  
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## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2024 LEGISLATIVE SESSION

## Analysis

**Background**

The last several years have witnessed a rapid acceleration of interest in Carbon Capture, Utilization, and Sequestration (CCUS) technologies and projects. CCUS projects seek to capture anthropogenic CO<sub>2</sub>, chiefly from industrial sources, and inject the CO<sub>2</sub> stream into underground geologic formations in order to permanently sequester the carbon rather than emit it into the atmosphere.

Federal Legislation in 2022 and 2023, primarily the Inflation Reduction Act, has increased the amount of an existing credit known as the "45Q." The 45Q, in short, allows for a credit against federal corporate income taxes on a per ton of CO<sub>2</sub> basis for either sequestration of CO<sub>2</sub> for permanent storage or for enhanced oil recovery (at a lower credit level).

This bill would empower regulatory agencies to apply for class VI primacy from the federal government and establish a framework for application, storage, potential remediation of Carbon Capture, Sequestration, Utilization and Storage. It establishes several funds for the deposit of moneys generated from the program. The Department believes that the funds can be established and invested using existing resources.

**Revenue Impact**

The tax revenue potential of the bill is uncertain at this stage. The current version of the bill disallows the federal pass-through of the 45Q Tax Credit against the State's Corporate Income Tax. However, CCUS projects could potentially impact revenues from Oil & Gas Production Tax, Oil & Gas Property Tax, and Corporate Income Tax (Petroleum and non-Petroleum). The potential impacts on tax revenues will be determined by the final legislation, program development, actual projects and the entities involved. Until that time, we cannot state what the potential impacts are or the magnitude of these potential impacts.