

# Fiscal Note

State of Alaska  
2024 Legislative Session

|                     |               |
|---------------------|---------------|
| Bill Version:       | CSHB 223(RES) |
| Fiscal Note Number: | 2             |
| (H) Publish Date:   | 3/11/2024     |

Identifier: HB223-DOR-TAX-01-26-24  
 Title: TAX & ROYALTY FOR CERTAIN GAS  
 Sponsor: RAUSCHER  
 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>0.0</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?** 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? **Yes**  
 If yes, by what date are the regulations to be adopted, amended or repealed? **12/31/24**

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

Not applicable, initial version.

|              |   |        |               |
|--------------|---|--------|---------------|
| Prepared By: | Brandon Spanos, Acting Director                 | Phone: | (907)269-6736 |
| Division:    | Tax Division                                    | Date:  | 01/26/2024    |
| Approved By: | Eric DeMoulin, Administrative Services Director | Date:  | 01/26/24      |
| Agency:      | Department of Revenue                           |        |               |

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2024 LEGISLATIVE SESSION**Analysis****Bill Analysis**

This bill would add a new section to AS 38.05.180 that would eliminate the State's royalty share for gas produced outside of the North Slope if the gas is explored for and produced on or after June 5, 2023, and if gas was offered for sale to an in-state electric or heating utility before being offered for sale to another person. The new section of AS 38.05.180 would also reduce the royalty by 50 percent if the gas does not receive a reduction under the aforementioned conditions.

This bill would also amend AS 43.55.011 and AS 43.55.020 to reduce the oil and gas production tax to zero for gas produced outside of the North Slope that was explored for only on or after June 5, 2023, and was offered for sale to an in-state electric or heating utility before being offered for sale to another person.

**Revenue Impact**

The revenue impact in this fiscal note is limited to the oil and gas production tax administered by the Tax Division. We do not include in our Fall 2023 forecast any gas production that meets the criteria in this bill for the reduced oil and gas production tax. Therefore, it would not have an impact on the revenue forecast. Any potential production incentivized by this bill would be an indeterminate positive impact above and beyond the current forecast.

**Implementation Cost**

This legislation would require the Department of Revenue to make minor changes to its Tax Revenue Management System ("TRMS"). Resources required to implement this bill would include staff time to update tax forms, TRMS, and Revenue Online, and other miscellaneous costs when applicable. These costs will be absorbed by the Tax Division using existing resources.