

Fiscal Note

State of Alaska
2025 Legislative Session

Bill Version:	CSSB 92(RES)
Fiscal Note Number:	1
(S) Publish Date:	4/4/2025

Identifier: SB092CS(RES)-DOR-TAX-3-24-25
 Title: CORP. INCOME TAX; OIL & GAS ENTITIES
 Sponsor: RESOURCES
 Requester: (S) 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)

	FY2026	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2026 Request	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
OPERATING EXPENDITURES	FY 2026	FY 2026					
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

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

Estimated SUPPLEMENTAL (FY2025) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2026) cost: 500.0 *(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 If yes, by what date are the regulations to be adopted, amended or repealed? **01/01/25**

Why this fiscal note differs from previous version/comments:

Updated for Spring 2025 Revenue Forecast and indeterminate fiscal impact, a range of potential impacts is included.

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Division:	Tax Division	Date:	03/24/2025
Approved By:	Janelle Earls, Administrative Services Director	Date:	03/25/25
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

Analysis

Background – Corporate Income Tax

Under current law, only C-Corporations doing business in the state are subject to corporate income tax under AS 43.20. This bill proposes taxing certain oil and gas pass-through entities with qualified taxable income over \$5,000,000 at a 9.4 percent tax rate.

The bill defines "qualified taxable income" to mean income from the production of oil or gas from a lease or property in the state or from the transportation of oil or gas by pipeline in the state.

The bill provides authority for the Department of Revenue, Tax Division ("Department") to adopt regulations and establishes a retroactive effective date of January 1, 2025.

Revenue Impact

The revenue impact of this legislation is highly uncertain, as the Department does not have detailed financial information for the companies that would be impacted. Further, the revenue impact would likely be concentrated in a small number of companies.

To provide one possible scenario for potential revenue impacts for this legislation, the Department used a fairly simple approach given the uncertainty. First, under the Spring 2025 revenue forecast, the share of oil and gas production estimated to be attributable to passthrough entities was calculated for each fiscal year. Second, the corporate income tax forecast was "scaled up" to assume that pass-through entities would pay corporate income tax at a similar rate as C-Corporations based on production.

The total estimated revenue impact from all changes in this bill is estimated to be between \$0 and \$150 million.

Implementation Cost – All Tax Changes

The proposed legislation requires the Department to update its Tax Revenue Management System (TRMS) and Revenue Online (ROL), which allows a taxpayer to file a return online. There will also be a need for significant amendments to existing regulations to fully implement the changes. The \$500,000 capital cost reflects an estimate for the Department's contract with FAST Enterprises to significantly change the existing Corporate Income Tax and the modules for these tax changes in TRMS. In addition to changing the tax return filing and examination functions, the contractor will need to provide changes for the associated databases, forms, communications, and integration with the existing imaging, accounting, and collections modules. There would also need to be changes to Revenue Online, the online program that allows taxpayers to file, pay, and request refunds electronically. The Department believes any work on regulations can be performed with existing resources and support by the Department of Law. Aside from the one-time costs for programming, the Department can implement this legislation with existing resources and does not anticipate any continuing costs or additional staff needs.