

HB

547

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 547

Revision Date:		Dept. Affected:	Revenue
Title:	An Act relating to manner of taxable value of oil & gas...	BRU:	Revenue Operations
		Component:	Oil & Gas Audit
Sponsor:	Hs. Judiciary		
Requestor:	Hs. Finance	COMPONENT SERIAL NO.	115

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						

REVENUE FUND SOURCE: General Fund	-33,600.0	-31,800.0	-28,700.0	-26,400.0	-24,500.0	-22,400.0
Constitutional Budget Reserve Fund	-1,600,000.0					

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ -33,500.0 prior year impact

ANALYSIS: (Attach a separate page if necessary.)

The legislation, as written, would decrease the State's present claim by an estimated minimum of \$1.6 billion for production taxes, penalties and interest for 1978-1993. In addition, another tax type, separate accounting income tax for 1978-1991, could be impacted by up to \$1.9 billion. These amounts are calculated on the difference between royalty values and tax values.

Continued

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Division:	Oil & Gas Audit	Date: April 30, 1994
Approved by Commissioner:	Darrel J. Rexwinkel	Date: April 30, 1994
Agency:	Revenue	

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For years 1994 - 2000, the estimated losses to the General Fund are calculated by the historical relationships of the tax versus royalty value multiplied by projected production and projected tax rates from the Department's 1994 Spring Forecast.

While the use of settlement values as specified in the legislation would reduce the time required to audit revenues, that possible time savings would be offset by the requirement to perform audits within six months. Therefore, the bill would necessitate additional operating staff and related costs.

The fiscal note assumes only open years of taxpayer assessments are affected and that past agreements remain in effect. If not, the estimated revenue fiscal impacts would change.