

SB

151

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/15/93

FURTHER:

DATE TURNED INTO OFFICE: 4-18-93

The Finance Committee considered **SENATE BILL NO. 151**

"An Act providing for oil and gas exploration incentive credits for certain activities on certain land in the state; and providing for an effective date."

and recommends:

- replace with _____ CS _____ (FINANCE)
- or adopt previous _____ CS _____ (_____)
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES

Department	Date	Zero	Fiscal
<i>DNR</i>	<i>3-16-93</i>	<i>0</i>	

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal
<i>DNR</i>	<i>3-2-93</i>	<i>0</i>	

Appropriation No Fiscal Note

DO PASS.

Tom Kelly

Gene Sacks

Steve Puz

Bob Meyer

OTHER RECOMMENDATIONS:

Further do not pass

1. _____
 Co-Chair Signature/Recommendation

2. *Lawrence - 10 Pass*

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. SB151

Revision Date: _____ Dept. Affected: Revenue
 Title: Oil & Gas Incentive Credits BRU: Revenue Operations
 Component: Income and Excise Audit
 Sponsor: Governor
 Requestor: Governor COMPONENT SERIAL NO. 113

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
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						
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REVENUE FUND SOURCE:	**	**	**	**	**	**
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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 (FY93) impact: \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

** Over the 15 year term exploration credits could total between \$0 and \$50 million. It is impossible to predict the actual year or amount.

Signed by Commissioner - Rep. J. Rexwinkel

Prepared by: Rod R. Mourant Phone: 465-2300
 Division: Commissioner's Office Date: 3/15/93
 Approved by Commissioner: Darrel J. Rexwinkel Date: 3/16/93
 Agency: Revenue

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FISCAL NOTE

No. 2

STATE OF ALASKA 1993 LEGISLATIVE SESSION

Bill Number: SB 151

(S) Publish Date: 3-5-93

Revision Date Original Department Affected: Natural Resources
 Title: "An Act providing for exploration incentive credits for certain activities on certain land in the state" BRU: Resource Development
 Sponsor: Senate Rules for the Governor Components: Oil & Gas Development
 Requestor: _____ Component Serial No. 439

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
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	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE fund source:	0.0	0.0	0.0	0.0	0.0	0.0

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	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: \$ No fiscal impact anticipated

ANALYSIS: (Attach a separate page if necessary)

As the fiscal note indicates, there is no fiscal impact to the Department of Natural Resources related to this proposed bill. There would be, however, a potential reduction in the revenue stream to the state which should be reflected in the fiscal note prepared by the Department of Revenue.

Prepared by: Jim Eason, Director Phone: 762-2547
 Division: Oil & Gas Development Date: 2-Mar-93
 Approved by Commissioner: Glenn A. Olds Date: 2-Mar-93
 Agency: Department of Natural Resources

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FISCAL NOTE

No. 1

STATE OF ALASKA
1993 LEGISLATIVE SESSION

31

Bill Version: SB 151
(S) Publish Date: 3-5-93

Revision Date:		Dept. Affected:	Revenue
Title:	Oil & Gas Exploration Incentive Credits	BRU:	Revenue Operations
		Component:	Oil & Gas Audit Division
Sponsor:	Governor		
Requestor:	Governor	COMPONENT SERIAL NO.	115

Expenditures/Revenues: (Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
OPERATING						
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:						
----------------------	--	--	--	--	--	--

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 (FY93) impact: \$ _____

ANALYSIS: (Attach a separate page if necessary)

* Over the 15 year term exploration credits could total between \$0 and \$50 million. It is impossible to predict the actual year of amount.

Prepared by:	Rod R. Mourant <i>[Signature]</i>	Phone: 465-2300
Division:	Commissioner's Office	Date: 3/2/93
Approved by Commissioner:	Darrel J. Rexwinkel <i>[Signature]</i>	Date: 3/2/93
Agency:	Revenue	

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WALTER J. HICKEL
GOVERNOR



P. O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3600

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 5, 1993

*The Honorable Rick Halford
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182*

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill providing for monetary incentives in the form of certain credits to be applied against taxes and other obligations to the state for oil- and gas-related geophysical and exploratory activities performed by a qualified applicant. This bill should provide a valuable tool for the state to encourage oil and gas exploration in Alaska.

The bill amends AS 41 by adding a new chapter, 09. The bill would permit a qualified applicant to receive certain credits that could be used to offset taxes, royalties, or bonuses due the state, if the applicant performed certain defined exploratory work. The bill does not require that the exploratory work be done exclusively on state land, since development on other land also benefits the state in the form of additional jobs, increased economic activity, and development of infrastructure. The bill, though, allows a credit not to exceed 50 percent of the eligible direct costs of activities performed on state-owned land as opposed to 25 percent of those costs on other land, to encourage development on state land. The applicant would be able to assign the credit to any other entity, including banks and security holders. The commissioner of natural resources is authorized to grant up to a total of \$50 million for all incentive credits to applicants under this program, with no single project receiving more than \$5,000,000 in credits.

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

JP

DATE: 3/5/93

FURTHER: JUDICIARY
FINANCE

Date of 5-Day Notice: 3-10-93
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3-31-93

Senate Special Committee on Oil and Gas considered SB 151

"~~An Act~~ providing for oil and gas exploration incentive credits for certain activities on certain land in the state; and providing for an effective date."

and recommends:

and a majority of the committee recommends do pass

replace with _____ CS _____

- same title
- new title
- technical title change (HB only)

attaches amendment(s)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

2 prev. bills

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal

Department	Date	Zero	Fiscal
DNR	3/2	<input checked="" type="checkbox"/>	(DNR)
DOR	3/2	<input checked="" type="checkbox"/>	(DOR)

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

OTHER RECOMMENDATIONS:

Bob Sharp
Rick Halford

Al Adams - DO NOT PASS - need to be amended

Aaron D. Lerman
Chair: Signature and Recommendation

WALTER J. HICKEL
GOVERNOR



P. O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 5, 1993

*The Honorable Rick Halford
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182*

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The Honorable Rick Halford

March 5, 1993

Page 2

The applicant also must submit to the commissioner copies of all data derived from the exploratory activity.

The commissioner may display, but not distribute or transfer, certain geophysical data to others to generate interest in development of state oil and gas reserves. The bill provides protection for confidential data submitted similar to that already existing in other state laws for oil and gas exploration information submitted to the state.

I urge your prompt and favorable consideration of this bill.

Sincerely,

A handwritten signature in black ink, reading "Walter J. Hickel". The signature is written in a cursive, flowing style with a large initial "W".

Walter J. Hickel
Governor

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

JP

DATE: 3/5/93

FURTHER: JUDICIARY
FINANCE

Date of 5-Day Notice: 3-10-93
(in accordance with Uniform Rule 23)

DATE TURNED
INTO OFFICE: 3-31-93

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and recommends:

and a majority of the
committee recommends
do pass

[] replace with _____ CS _____ ()

[] same title
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title change
(HB only)

[] attaches amendment(s)

[] adopts _____ Letter of Intent

[] further referral to the _____

[] do pass

[] do not pass

[] no recommendation

individual recommendations

2 prev. bills

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal

Department	Date	Zero	Fiscal
DNR	3/2	<input checked="" type="checkbox"/>	(100)
DOR	3/2	<input checked="" type="checkbox"/>	(100)

[] Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

Barbara Sharp
Rick Halford

OTHER RECOMMENDATIONS:

Al Adams - Do NOT PASS - need to be amended

Sherwin D. Lerman
Chair: Signature and Recommendation