

HB

58

SFIN

FILE

HB 58

was referred to the
Senate Finance
Committee

Hearing(s) were held

The bill did not move
from Committee

Briefing Paper
HB 58: Transfer of Authority for Oil and Gas royalty Audits From
Department of Revenue to the Department of Natural Resources
Prepared By
Alaska Department of Natural Resources
April 14, 2000

This bill reestablishes the Oil and Gas royalty audit function in the DNR by transferring this function and personnel from DOR to DNR. It provides for information exchange between DOR and DNR ; ensures consistency in audits and imposes uniform confidentiality requirements.

The Problem

Previously, similar procedures for calculating DNR royalty payments and DOR tax payments were conducive to a consolidated audit function at DOR. Over time, Royalty and tax audit calculations have become dissimilar. For example, the economic limit factor (ELF) exempts certain fields from production taxes while these same fields must continue to pay royalty. Further, production taxes are imposed uniformly via statute and regulations while royalty values are now often based on leases and settlement agreements which vary by lease and lessee.

Finally, DNR uses royalty audit results for royalty calculations. Differing DOR and DNR audit priorities lead to delays in DNR receipt of information necessary to DNR application of royalty payments.

The Solution

Combine royalty audit and royalty functions at DNR to enhance the productivity of staff and improve the timeliness of royalty audits. Address industry concern by requiring the same level of confidentiality for DNR auditors as applies to DOR auditors. Further, remedy an oversight in the oil and gas exploration incentive statute by adding the ability to audit this program.

Thru this bill the state will be able to complete audits in a timely manner and maximize the value of its oil and gas royalty revenues. Industry will not be negatively impacted by this bill.



Teleconference Participants

TCN: 10804

Participant List

View List for

ANC

Testifiers

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Participants

Unidentified Testifiers: 0

Unidentified Observers: 0

ANCHORAGE (ANC)

1



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SENATE FINANCE COMMITTEE

SIGN-IN

HB 58-OIL & GAS AUDITS

NAME: Kevin Banks Subject/Bill No: HB58
Co./Dept./Title: Oil & Gas Div. DNR Phone: _____
Address: On tele conference Zip: _____

Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
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