

SB

242

SFIN

FILE

*Adopted
2/4/08*

RECEIVED
JAN 29 2008

25-LS1352A.1
Bullock
1/29/08

AMENDMENT 1

OFFERED IN THE SENATE
TO: SB 242

BY SENATOR STEDMAN

- 1 Page 1, line 7:
- 2 Delete "(k) AND (l)"
- 3 Insert "(j) AND (k)"
- 4
- 5 Page 4, line 13:
- 6 Delete "AS 43.55.165(k) AND (l)"
- 7 Insert "AS 43.55.165(j) AND (k)"
- 8
- 9 Page 4, line 23:
- 10 Delete "AS 43.55.165(k) and (l)"
- 11 Insert "AS 43.55.165(j) and (k)"

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB 242
() Publish Date: _____

Identifier (file name): SB242-DNR-O&G-01-24-08 Dept. Affected: Natural Resources
Title Oil & Gas Production Tax Dates RDU Resource Development
Component Oil and Gas Development
Sponsor Senate Resources
Requester Senate Finance Component Number 439

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required		Information				
	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES							
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	0.0

CAPITAL EXPENDITURES							
-----------------------------	--	--	--	--	--	--	--

CHANGE IN REVENUES ()							
-------------------------------	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

SB 242 changes the retroactive date for a recently adopted increase in the production tax rate from July 1, 2007 to December 20, 2007. This bill also allows a taxpayer to avoid interest and penalties due to late payments by making any additional taxes due based on the disallowance of certain deductions (the disallowance of most unscheduled maintenance, of costs incurred due to violation of law) to be paid by April 2008.

SB 242's change in the retroactive date would not have an impact on going forward investment decisions of the taxpayer since past production tax liability is a sunk cost. (Continued on next page)

Prepared by: Kevin Banks, Acting Director
Division Oil and Gas
Approved by: Tom Irwin, Commissioner
Natural Resources

Phone 269-8800
Date/Time January 24, 2008
Date January 24, 2008

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. SB 242

ANALYSIS CONTINUATION

SB 242 also repeals the recently adopted provisions that sets a standard deduction for deductible operating costs for 2007, 2008, and 2009 at the Prudhoe Bay and Kuparuk River Units based on inflation adjusted operating costs incurred in each unit in 2006. Currently, a producer cannot deduct from taxable income potential additional operating costs for a new project within the Kuparuk River or Prudhoe Bay Unit.

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB 242
() Publish Date: _____

Identifier (file name): SB242-DOR-TAX-1-24-08 Dept. Affected: Revenue 04
Title: Oil and Gas Production Tax Dates RDU: Taxation and Treasury
Component: Taxation and Treasury
Sponsor: Senate Resources
Requester: Senate Finance Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
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	0.0

CAPITAL EXPENDITURES								
-----------------------------	--	--	--	--	--	--	--	--

CHANGE IN REVENUES ()								
-------------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Constitutionally Dedicated Fund								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: 800,000.0

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

This measure proposes to change the effective date of a major portion of the oil and gas production tax passed by the legislature as HB 2001 on November 16, 2007, from July 1, 2007 to December 20, 2007. The measure also proposes to repeal AS 43.55.165(k) and (l) of the production tax law, commonly known as the "standard deduction" for leases or properties that qualify under that provision. The standard deduction provision applies only to properties in the Prudhoe Bay Unit and in the Kuparuk Unit, and was scheduled to sunset on December 31, 2009.

The primary revenue impact under this proposal would be that attributable to the change in effective dates. Based upon most recent information of oil price and production levels, we estimate that the effective date change would reduce forecasted revenues for FY 2008 by approximately \$800 million.

Prepared by: Jonathan Iversen, Director, and Cherie Nienhuis, Potlouloum Economist
Division: Tax Division
Approved by: Jerry Burnett
Department of Revenue

Phone: 269-1033
Date/Time: 1/24/08 3:00 PM
Date: 1/24/2008

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. SB 242

ANALYSIS CONTINUATION

The change in revenues due to the repeal of the standard deduction provision is much less quantifiable. The Department of Revenue has not yet implemented regulations to require and obtain forward-looking expenditure information from the companies operating under oil and gas leases in the state. Therefore, little is known about future spending plans in the two units that qualify under the standard deduction provision. Additionally, we anticipate that tax provisions that target specific entities and types of costs such as the standard deduction, could likely impact taxpayer investment decisions.

Further, the standard deduction is based on operating expenditures made in 2006 as a starting point for future deductions. This presents difficulties in estimating future deductions because 2006 expenditures have not yet been audited and may contain expenditures for items that are no longer deductible under the new tax legislation.

Prior to the passage of the new production tax, our forecast for operating expenditures for Prudhoe Bay and Kuparuk units through 2009 was not significantly different from the amounts calculated for the standard deduction. Therefore, we do not anticipate much impact on revenues from the proposed removal of the standard deduction provision.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

RECEIVED

2/1/08

JAN 25 2008

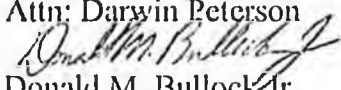
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

January 25, 2008

SUBJECT: Sectional summary for SB 242 (Work Order No. 25-LS1352A)

TO: Senator Bert Stedman
Co-Chair of the Senate Finance Committee
Attn: Darwin Peterson

FROM: 
Donald M. Bullock Jr.
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Deletes a reference to AS 43.55.165(k) and (l); AS 43.55.165(k) and (l) are repealed in sec. 5 of the bill.

Section 2. Changes the date for identifying the provisions of AS 43.55.011 - 43.55.180 that were in effect for the purpose of ascertaining the amounts received after December 31, 2007 that exceed the amounts that would have been received under prior law.

Section 3. Amends the transition provision relating to the payment of taxes and filing of statements that were due for the period after March 31, 2006 and before December 20, 2007.

Section 4. Amends the transition provision relating to the retroactivity of regulations to allow the regulations to apply retroactively to December 20, 2007 rather than July 1, 2007.

Section 5. Repeals AS 43.55.165(k) and (l). Those subsections related to a limitation on the amount of lease expenditures that may be taken as a deduction when computing the production tax value of oil and gas.

Section 6. Repeals secs. 1(c), 74(c), and 74(d), ch. 1, SSSLA 2007 because certain changes in that Act are no longer retroactive to July 1, 2007. Section 1(c) related to the

appropriation of money received after June 30, 2007 and before January 1, 2008 because of the increased tax revenue expected under ch. 1, SSSLA 2007. Section 74(c) addressed the retroactive application of AS 43.55.165(k) and (l), subsections that would be repealed in sec. 5 of this bill. Section 74(d) made secs. 15 - 28, 32 - 35, 53 - 61, 63, 65, and 66 of ch. 1, SSSLA 2007 retroactive to July 1, 2007, except as provided in sec. 74(b) of that Act.

Section 7. Makes secs. 15 - 28, 32 - 35, 53 - 61, 63, 65, and 66 of ch. 1, SSSLA 2007, applicable to oil and gas produced after December 19, 2007.

Section 8. Provides for the treatment and application of any overpayment of tax that may have occurred because of the retroactive application of certain provisions in ch. 1, SSSLA 2007.

Section 9. Makes sections 1 - 7 of the bill retroactive to December 20, 2007.

Section 10. Provides for an immediate effective date.

DMB:med
08-049.med

2/1/08

SB 242

Presentation to Alaska State
Legislature,
Senate Finance Committee
Dan E. Dickinson, CPA, CMA
Feb 1, 2008

SB 242 – Two Production Tax Changes

- (1) Change effective date for a number of terms from July to December of 2003
- (2) Use actual opex costs instead of 3% of 2006 actuals for 2007, 2008, 2009.

SB 242 - Change Effective Date

SCS CHSB 2001(Fin) am S passed in November, with major revenue sections retroactive to July 1, 2007.

This bill would move the effective date to December 20, 2007 – prospective as of the date of the special session legislation.

- Regulations will have to provide for combining two regimes into a single year;
 - Would be 11 days/353 days instead of six months/6 months

SB 242 - Change Effective Date

- Fiscal Note: Incremental effect of SCS CSHB 2001 (Fin) am S for FY 2008
 - \$1,609 million
 - so one half would be \$805 million
- Rough estimate of major sources
 - Change from 22.5% to 25% = \$160 million
 - Change in progressivity = \$400 million
 - Change in credits* = \$110 million

SB 242 - Change Effective Date

From DOR Nov 15, 2007 Fiscal Note
For SCS CSHB 2001 (Fin):

Fiscal Year	ANS WC \$	Status Quo PPT	ACES	SCS CSHB 2001(FIN)	Increase or (Decrease) from PPT	Increase or (Decrease) from ACES
2008	71.65	1,947	2,368	3,556	1,609	1,188
2009	64.55	1,430	1,985	2,372	942	387



SB 242 – Kuparuk & Prudhoe Units Opex

- For CY 2007, 2008, 2009, opex allowance grows by 3% annually from CY 2006 base.
- Mechanics – Net tax began April 1, 2006 so base is 9 months of costs in CY 2006
 - 2007 allowance is 137% ($4/3 * 103\% = 137\%$)
 - 2008, 2009, 103% of prior year

Opex fixed or variable cost?

	<u>If opex costs are fixed</u>	<u>If opex costs are variable</u>
Decreasing Volumes	103% increase (no volume effect)	110% increase (assumed 6% decline)
Increasing Volumes (from facility sharing)		

Opex variable cost with declining volumes


	3% Increase in cost allowance	6% Decline in volumes	Unit Cost	Change in Unit Cost
2006	2,000.0	200.0	10.00	
2007	2,060.0	188.0	10.96	110%
2008	2,121.8	176.7	12.01	110%
2009	2,185.5	166.1	13.16	110%

Opex variable cost with declining volumes

	3% Increase in cost allowance	RSB Decline in volumes	Unit Cost	Change in Unit Cost
2006	1,285.2	205.5	6.25	
2007	1,323.8	191.7	6.91	110%
2008	1,363.5	190.8	7.15	103%
2009	1,404.4	187.8	7.48	105%

Volumes converted from DOR RSB FY volumes, costs 70% of NS dollars

Opex fixed or variable cost?

	<u>If opex costs are fixed</u>	<u>If opex costs are variable</u>
Decreasing Volumes	103% increase (no volume effect)	110% increase (assumed 6% decline)
Increasing Volumes (from facility sharing)		

Variable costs without cap

- Facility Owner has spare capacity, and therefore agrees to process an additional 1,000 bbls at a charge of \$10 a barrel or \$10,000 dollars.
- Facility Owner incurs costs of \$10,000, receives reimbursement of \$10,000 – no net production tax effect.
- New Producer receives deduction for \$10,000 – at 40% tax rate 6,000 out of pocket

Fixed costs without cap

- Facility Owner has spare capacity, and therefore agrees to process an additional 1,000 bbls charging \$10,000 dollars.
- Facility Owner receives reimbursement of \$10,000 – which increases net and progressivity (at %40 tax rate (25%+ 16% progressivity) pays \$4,000 in taxes)
- To receive \$10,000, facility owner has to charge \$17,000
- New Producer receives deduction for \$17,000 – at 40% tax rate \$10,000 out of pocket

Opex fixed or variable cost?

	<u>If opex costs are fixed</u>	<u>If opex costs are variable</u>
Decreasing Volumes	103% increase (no volume effect)	110% increase (assumed 6% decline)
Increasing Volumes (from facility sharing)		Works like fixed cost without cap

Opex fixed or variable cost?

	<u>If opex costs are fixed</u>	<u>If opex costs are variable</u>
Decreasing Volumes	103% increase (no volume effect)	110% increase (assumed 6% decline)
Increasing Volumes (from facility sharing)	Works like fixed costs without cap – higher cost for new producer	

SB 242 – Kuparuk & Prudhoe Units Opex

- Two approaches
 - One third done – can compare actual 2007 costs with derived 2007 allowance
 - Projected effect at end of cap – can compare 2009 with 2010

SB 242 – Kuparuk & Prudhoe Units Opex

- Figures I am about to present are averages and aggregates
- Production incented individual project by individual project
- Point of net tax is lower tax on more expensive projects, higher tax on easier production.

SB 242 – Kuparuk & Prudhoe Units Opex - “One third done”

- Ideally, as of yesterday, could compare 137% of CY 2006 opex with as filed CY 2007 opex. Too high? Too low?
- However –
 - Monthly filings by taxpayers not consistent as to how much or what information reported, so total opex will actually be filed on March 31, 2007.

SB 242 – Kuparuk & Prudhoe Units Opex - “One third done”

- If just one company in each of the units filed clear costs, and we assume that only unit costs are listed, then data could be derived
- However, DOR believes this data remains confidential – would need to go into executive session

SB 242 – Kuparuk & Prudhoe Units

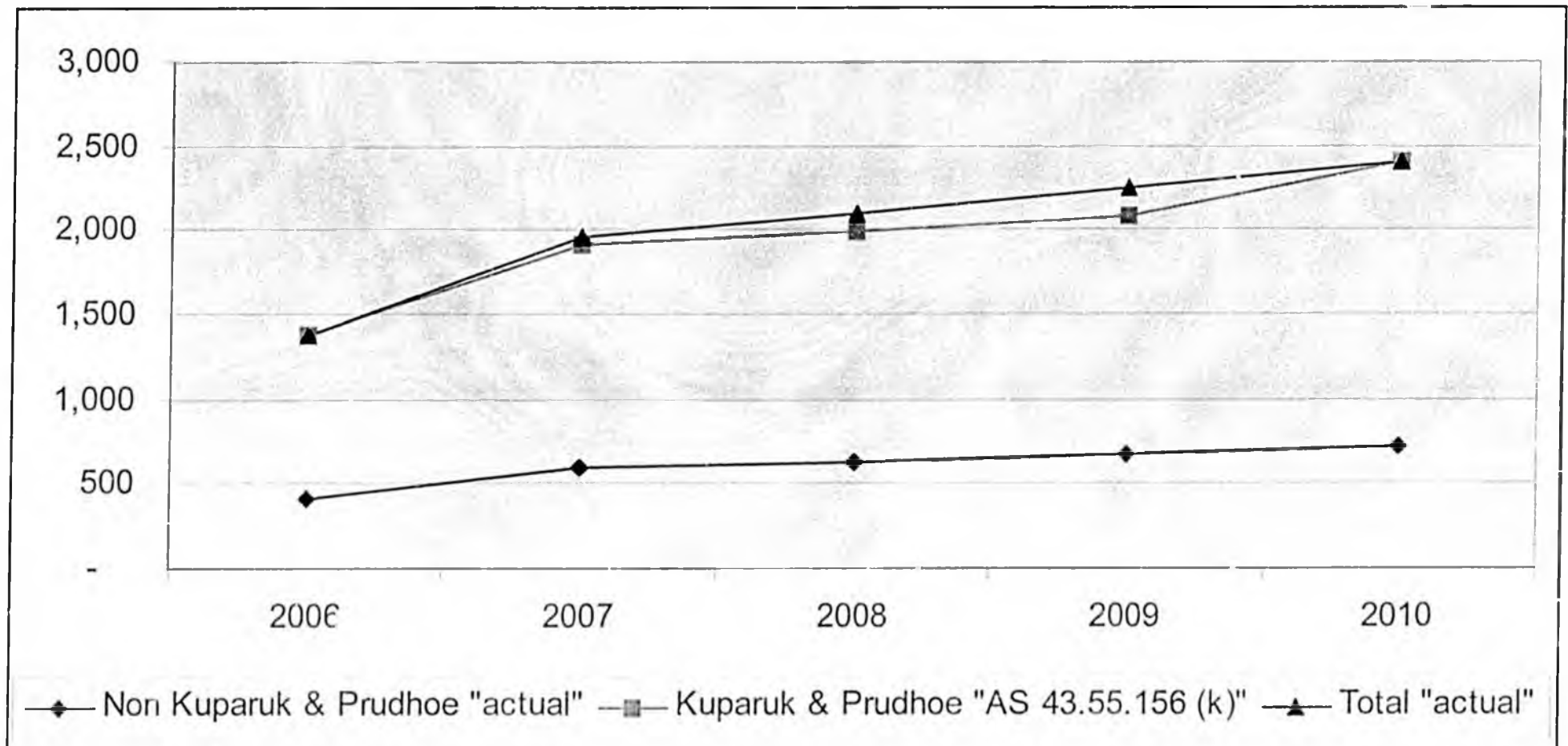
Opex - “One third done”

- DOR did report that for the first half of the year –
 - the “as filed actuals” and
 - the “ AS 43.55.165 (k) figures”

Were within 3% of each other.

- (3% of \$2 billion annually = \$60 million)
- (\$60 million * 25% = 15 million direct taxes)
- (smaller increment for progressivity)

What would we expect between 2009 and 2010 for allowable opex?



What would we expect between 2009 and 2010 for allowable opex?

Step One

Annual Opex estimated by DOR by Fiscal Year

Source	FY	NS opex in millions of dollars		
Fall 97 RSB	FY 2007	2,081	*/13*12	1,921
Fall 97 RSB	FY 2008	2,149		2,149
Fall 97 RSB	FY 2009	2,354		2,354
From DOR	FY 2010	2,334		2,334
From DOR	FY 2011	2,407		2,407

*Note FY 2007 included some FY 06 costs as the PPT true-up payment for April-June 2006 wasn't make until FY 2007

What would we expect between 2009 and 2010 for allowable opex?

Step Two

Build up of opex from CY 2007
AS 43.55.165 (k) standards
applied to entire NS

Cal 2006*		1,377.0
Cal 2007	137%	1,886.5
Cal 2008	103%	1,943.1
Cal 2009	103%	2,001.4
Cal 2010	103%	2,061.4
Cal 2011	103%	2,123.3

**Note: DOR supplied figure

Cal 2010 - 2011 are for
comparison only,

AS 43.55.165 (k) does not apply

2/1/2008

Dan E Dickinson, CPA, CMA
Presentation to Senate Finance

22

What would we expect between 2009 and 2010 for allowable opex?

Step Three

Translation into Fiscal Years

Build up of opex from CY 2007 AS 43.55.165 (k) standards <i>applied to entire NS</i>			(5 mos) Jan thru May where CY=FY	(7 mos) June thru Dec where CY=FY-1		AS 43.55.165 (k) build up <i>applied to entire NS</i> , stated in Fiscal Years
Cal 2006*		1,377.0		1,071.0		
Cal 2007	137%	1,886.5	786.0	1,100.5	FY 07	1,857.0
Cal 2008	103%	1,943.1	809.6	1,133.5	FY 08	1,910.1
Cal 2009	103%	2,001.4	833.9	1,167.5	FY 09	1,967.4
Cal 2010	103%	2,061.4	858.9	1,202.5	FY 10	2,026.4
Cal 2011	103%	2,123.3	884.7		FY 11	2,087.2

**Note: DOR supplied figure
Cal 2010 - 2011 are for
comparison only,
AS 43.55.165 (k) does not apply

***Note:
 $1,377/9*7=$
1,071

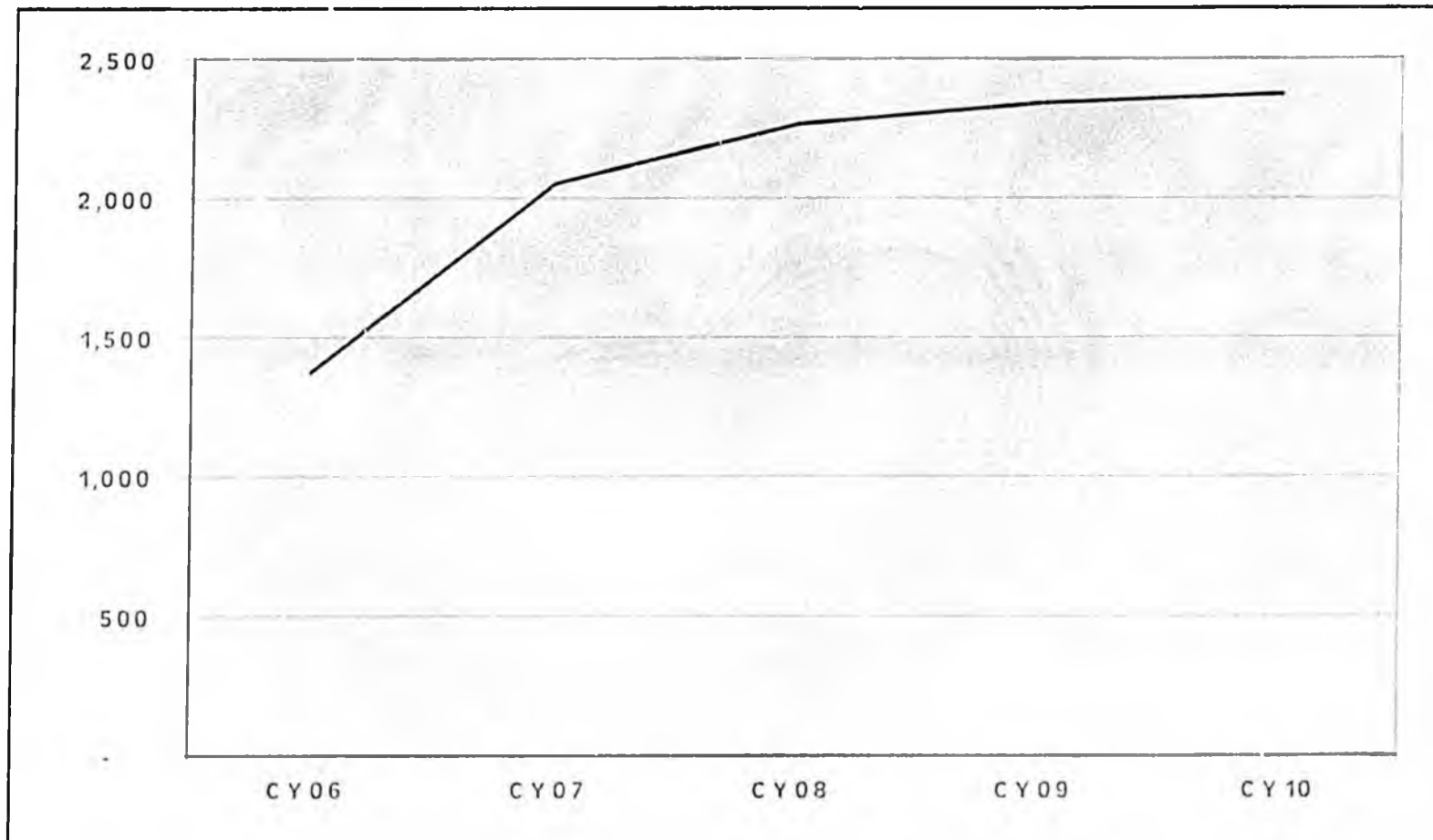
What would we expect between 2009 and 2010 for allowable opex?

Step Four

	NS Opex estimated by DOR	AS 43.55.165 (k) build up <i>applied to</i> <i>entire NS,</i> stated in Fiscal Years	Implied Increase opex in areas outside of Kuparuk and Prudhoe	New volumes per RSB
FY 2007	1,921	1,857	63.9	Fjord & Nanuk (2% of volume)
FY 2008	2,149	1,910	238.9	162% increase in other costs
FY 2009	2,354	1,967	386.6	Add Nikaitchuq & Oooguruk Costs
FY 2010	2,334	2,026	307.6	Decrease???
FY 2011	2,407	2,087	319.8	

What would we expect between 2009 and 2010 for allowable opex?

DOR Projections per Calendar Year





Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

AGENDA

Monday, February 4, 2008

9:00 AM

SJR 14-BUDGET RESERVE FUND VOTE REQUIREMENT

SB 242-OIL & GAS PRODUCTION TAX DATES

Public Testimony

Mon., Feb 4

25-LS1350\A
SJR 14-CBR Fund Vote Requirement

Amend. 1 - adopted 1/30 (Stelman)

711 006 RO

Opex fixed cost vs variable cost
SB 242 - low expenditures / retroactive date
25-LS1250\A. (Sen. Resources)
Huggins

Ø 110 DMT # 114H
Ø 111 DCR

Amend 1 - Stelmans adopted 2/4

**COMMITTEE ACTION ON LEGISLATION
SENATE FINANCE**

Fax Senate Secretary 2832

SENATE FINANCE SECRETARY:

N. Thomas

PAGE 1 OF 1
DATE: 2/4/08

<p>SHORT TITLE</p> <p align="center"><i>SJR 14</i></p>	<p>ACTION TAKEN ON LEGISLATION</p> <p><input checked="" type="checkbox"/> Moved <u>CS SJR 14 (FIN)</u> Out of Committee</p> <p><input type="checkbox"/> Heard and Held</p> <p><input type="checkbox"/> Bill Postponed to _____</p> <p><input type="checkbox"/> Scheduled but not Heard</p> <p><input type="checkbox"/> Failed to Move Out of Committee</p>
<p>SHORT TITLE</p> <p align="center"><i>SB 242</i></p>	<p>ACTION TAKEN ON LEGISLATION</p> <p><input type="checkbox"/> Moved _____ (_____) Out of Committee</p> <p><input checked="" type="checkbox"/> Heard and Held</p> <p><input type="checkbox"/> Bill Postponed to _____</p> <p><input type="checkbox"/> Scheduled but not Heard</p> <p><input type="checkbox"/> Failed to Move Out of Committee</p>
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<p>SHORT TITLE</p>	<p>ACTION TAKEN ON LEGISLATION</p> <p><input type="checkbox"/> Moved _____ (_____) Out of Committee</p> <p><input type="checkbox"/> Heard and Held</p> <p><input type="checkbox"/> Bill Postponed to _____</p> <p><input type="checkbox"/> Scheduled but not Heard</p> <p><input type="checkbox"/> Failed to Move Out of Committee</p>

2/4/08

Opposition to Retroactive Legislation (Including Retroactive Taxes)

Memo in support of SB 242 (to repeal retroactive tax)

Fred W. Triem — Petersburg, Alaska

(1) *Government is not a time machine — it should not turn back the clock or the calendar by engaging in retroactive law making:* Government should not adopt retroactive laws. This is why we fought the Revolutionary War: because the Crown imposed unfair and vexatious taxes on our Colonial Ancestors.

(2) *Retroactive legislation violates a core democratic principle that is an integral part of the tradition of American government:* Violates prohibitions against *ex post facto* laws and violates due process of law. Some states have an explicit prohibition against retroactive legislation in their state constitutions; our state constitution contains the prohibition by implication, even though it does not use the word “retroactive.”

(3) *Retroactive legislation has no limiting principle:* If a government can reach back to assess a tax for six months before its enactment, then why not seven months, ten months, twelve months? One year or two years, or more? “If a little bit is good, then more is better.” The absence of any limiting principle is another reason why retroactive law making is inimical to fair government.

(4) *Retroactive law making is a slippery slope that can lead to bigger mischief:* If our Legislature can impose a retroactive tax on one taxpayer or citizen, then it can do so to any citizen. If it can impose a retroactive tax on oil companies, then it could also tax fishermen, school teachers, government workers, land owners — any group of citi-

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zens, in the same way. Consider the example of a local property tax: Could a local municipal government, a city or a borough, go back and revisit last year's property tax, and increase it to pay for new costs? Could a local government retroactively increase property taxes for last year or the year before in order to raise funds to cover government expenses?

(5) *Retroactive laws impair economic planning and subvert market forces:*

To operate effectively, a business makes a budget and operates within it. Our business and property owners must have stability in government. They should have a warning when government intends to increase tax burdens, so they can adjust their operations and budgets to accommodate these additional burdens. But a business cannot make these adjustments retrospectively. And neither should government.

(6) *Retroactive taxes are based on populist economics, a desire to redistribute wealth, not on valid principles:* The imposition of a tax that reaches backward in time violates a cardinal principle of our political thought, to wit: the prohibition against retroactivity when imposing a duty (e.g., to pay a tax or fine) or imposing liability or punishment. It is simply Un-American.

(7) *Retroactive laws harm Alaska's reputation:* We don't want Alaska to be known as a place that pulls dirty tricks on business. We should not want to be known as a place that enacts retroactive laws or imposes retroactive taxes. We Alaskans should be concerned about how the rest of the world views us. In this matter, we may come across as arrogant and greedy. This retroactive tax does not put us in a favorable light.

(8) *History teaches us the evils of unfair taxation:* Similar legislative conduct by Great Britain in the period 1725-1775, especially in the realm of taxation, were the root

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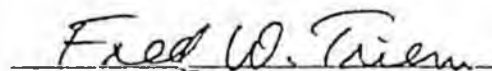
ftiemlaw@alaska.net

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cause of the American Revolution and inspired the Declaration of Independence. Recall one of the principal complaints in the Declaration: "For imposing taxes on us without our Consent."¹

(9) **Conclusion:** *The Alaska Legislature should not enact retroactive laws:* If there is a revenue goal to be met, the tax should be purely prospective and the tax rate adjusted to meet the State's financial needs. But don't do this retroactively! That would violate core principles of fair government.

Respectfully submitted this 4th day of February 2008 at Juneau, Alaska.



Fred W. Triem²

¹ **Historical Reasons:** Similar conduct, especially in the area of taxation, is what inspired our colonial ancestors to write the DECLARATION OF INDEPENDENCE and were the root cause of the American Revolution: the Molasses Tax, Sugar Tax, Tea Tax, Stamp Tax, etc. These are the events that inspired not only the DECLARATION OF INDEPENDENCE but also the two (2!) provisions in our CONSTITUTION that prohibit *ex post facto* laws and any act that reaches backward in time and imposes a liability for events that already have happened: U.S. CONSTITUTION, Art. I, §9, ("No Bill of Attainder or ex post facto Law shall be passed"), and Art. I, §10 ("No state shall . . . pass any Bill of Attainder, ex post facto Law, or Law impairing the Obligation of Contract") (capitalization as in the original).

² **Disclaimer of personal interest in the proposed legislation:** I do not have any financial interest in SB 242 or in any of the companies (tax payers) that are affected by it. I do not have any clients, friends, relatives or family members who have any interest in this matter. My reason for submitting my views is simply and solely a desire to promote fair government and to oppose retroactive law making.

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