

Comparison of Provisions of HB247- Oil and Gas Tax Credits

Item	Current Law	GOV	CSHB247(FIN) am hse->RLS	CSSB130(RES)	CSHB247(RLS)	draft Seaton / Wilson Amendment
Cook Inlet Taxes	ELF caps until 2022	no change	no change	Caps repealed and zero tax added 1/1/18	no change; intent for new system in 2019	Caps repealed 1/1/19
Cook Inlet Credits						
Net Operating Loss (NOL)	25%	25%	25%; 20% in 2018	15% in 2017, 0% in 2018	25% in 2017 if producing; 0% in '18	25% in 2017 if producing; 0% in '18
Qualified Capital Expenditure (QCE)	20%	0% on 7/1/16	0% on 7/1/16	10% in 2017, 0% in 2018	repealed 1/1/17	0% on 7/1/16
Well Lease Expenditure (WLE)	40%	0% on 7/1/16	0% on 1/1/17	20% in 2017, 0% in 2018	20% in 2017-18, 0% in '19	20% in 2017; 0% in 2018
Avg. Total Support for Developers	55%	25%	25% in 2017, 20% in 2018	30% in 2017, 0% in 2018	35% in 2017-18; 0% in 2019	35% in 2017; 0% in 2018
Avg. Total Support for Producers	30%	0%	20% after 7/1/16; 0% in 2017	15% in 2017, 0% in 2018	10% in 2017-18; 0% in 2019	10% in 2017; 0% in 2018
Middle Earth Credits	same as CI	same as CI	NOL 25%; QCE 10%; WLE stays 30% through 2018	NOL / QCE / WLE stay at 15% / 10% / 20%	same as CI	NOL / QCE / WLE is 25% (if POD or producing) / 10% / 30% (to 0% in '19)
North Slope NOL Credit	35%	No changes to current law	25% on 1/1/17	No changes to current law	35% in 2017-19 only for small producers. Convert to lease expenditure carry forward	None for large producers after 2016. Ramp down from 33% to 25% for small producers by 2025
North Slope Minimum Tax "Floor"	4%, but many credits incl. NOLs can reduce to zero	Harden so all NS production must pay the min tax; increased 4% to 5%	No changes to current law	No changes to current law	4%, but "hardened" once NOLs from before effective date used up	No changes but loss of carryforward NOLs hardens legacy production
Repurchase Caps	none	\$25 million / company / year; none for large companies > \$10 billion revenue	\$100 million / company / year	\$85 million / company / year	\$75 million / company / year	\$70 million / company / year
Gross Value Reduction (North Slope new oil)						
GVR interaction with an Operating Loss	Loophole allows NOL credits to approach 100% of loss	GVR can't artificially increase size of an NOL	Kept GOV language	Kept GOV language	Kept GOV language	Kept GOV language

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GVR oil reverts to "legacy" oil	GVR-eligible oil remains "new" forever	No change	New oil becomes legacy oil after 7 years	New oil becomes legacy oil after 5 years	New oil becomes legacy oil after 10 years	New oil becomes legacy oil after 7 years
Interest on Delinquent Taxes	3% over fed, simple interest	7% over fed, compounding	5% over fed, compounding, for only 1st 4 years	7% over fed, compounding, for only 1st 3 years	5% over fed, compounding	5% over fed, compounding, for only 1st 4 years
Exploration Credits	Most sunset 7/1/16	Allow sunset, repeal older unused credits	Same as GOV; extend Frontier credit to allow single well completion	Same as GOV; extend Frontier credit to allow single well completion	Same as GOV; extend Frontier credit to 1/1/17 and allow single well completion	Same as GOV; extend Frontier credit to 7/1/17 and allow single well completion
Effective Dates	n/a	Most 7/1/16	Most 1/1/17	Most 1/1/17	Most 1/1/17	Most 1/1/17
Misc / Non-Dollar Issues						
Confidentiality	Absolute	Can report indiv. companies' credits received & activities	not in CS	not in CS	Can report how much indiv. companies get in cash credits	Can report how much indiv. companies get in cash credits
Alaska Hire	n/a	Limit repurchases to percent of AK hire	DOR must give repurchase priority to high % AK hire	DOR must give repurchase priority to high % AK hire	DOR must give repurchase priority to high % AK hire	DOR must give repurchase priority to high % AK hire
Other obligation to the state	Can withhold part of credit if company owes tax	Can withhold part of credit if company has other obligation to the state	Kept HRES language, removed needing producer consent	Kept HRES language	Kept HRES language with minor modification	Kept HRES language, removed needing producer consent
Bonding / Bankruptcy Protection	n/a	none	Local vendor priority	Local vendor priority	Local vendor priority	Local vendor priority
Est. Fiscal Impact- FY18	n/a	\$435 million	\$80 million	\$55 million	\$45 million	\$70 million
Est. Fiscal Impact- FY19	n/a	\$465 million	\$85 million	\$75 million	\$85 million	\$225 million
Est. Fiscal Impact- FY20	n/a	\$375 million	\$75 million	\$70 million	\$175 million	\$295 million
Est. NOL carryforward- end of FY20	\$732 million	\$1,223 million	\$498 million	\$508 million	\$685 million	\$33 million