



April 8, 2013

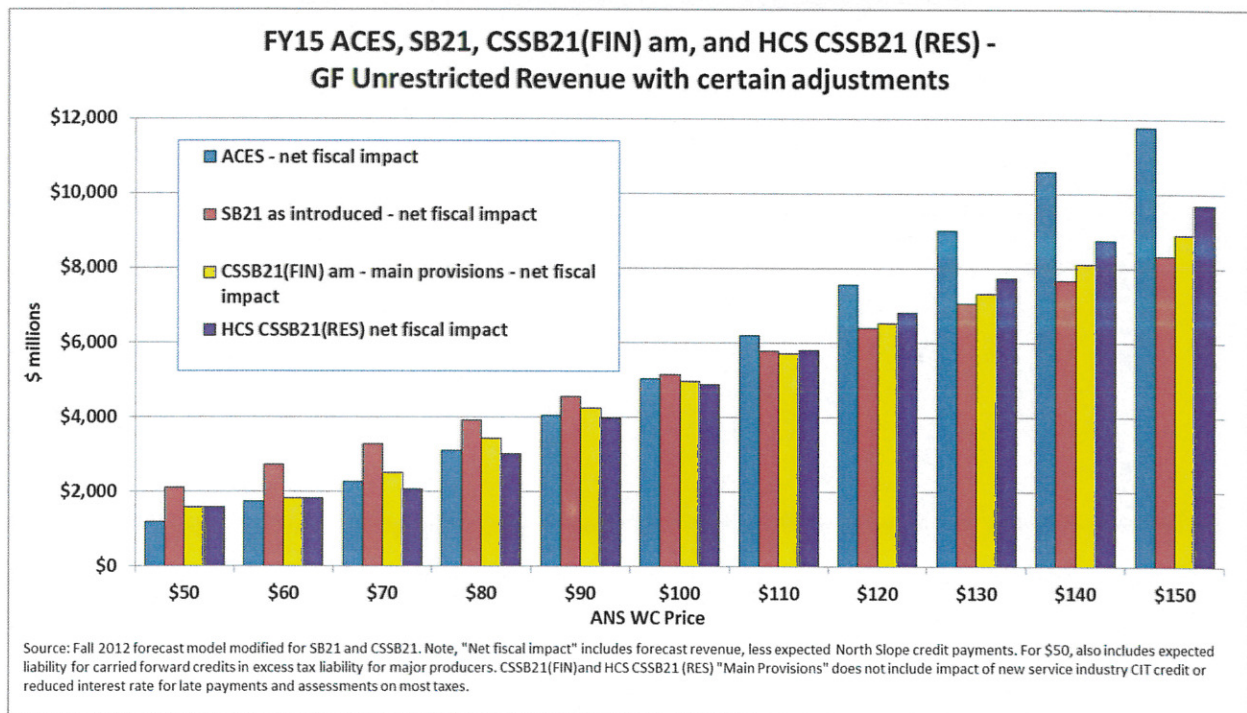
The Honorable Eric Feige  
The Honorable Dan Saddler  
Alaska State Representatives  
Co-Chairs, House Resources Committee  
State Capitol Rooms 126 and 104  
Juneau, AK 99801

Dear Representatives Feige and Saddler:

The purpose of this letter is to provide you with a response to some of the questions that came up during the House Resources Committee meeting on April 2, 2013. This includes follow-up questions from the presentation by the Department of Revenue. The administration's consultant EconOne has separately provided follow-up information.

1. Provide a graph showing fiscal impacts of HCS CSSB21(RES) at various prices.

The following chart shows estimated General Fund Unrestricted Revenue, for FY 2015 at a range of oil prices. The chart compares revenue for ACES, SB21 as introduced, SB21 as it passed the Senate, and the current House Resources draft, HCS CSSB21(RES). Note that the amounts shown are "net fiscal impact," subtracting refunded and carried-forward credits. Also, this chart includes the main bill provisions only and does not include the impact of the new service industry Corporate Income Tax credits, or the reduced interest rate for late payments and assessments on most taxes.



2. *Provide the production levels underlying scenarios A, B, and C.*

Following are the production levels used in the Fall 2012 forecast, as well as the scenarios.

	<b><u>Average Total North Slope Daily Production (thousand bbls / day)</u></b>					
	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>
Fall 2012 Forecast	538.4	518.6	499.7	476.1	442.9	421.6
Scenario A	538.4	518.6	499.7	479.4	449.6	431.6
Scenario B	554.4	548.2	540.9	527.1	502.2	472.0
Scenario C	569.4	578.2	585.9	597.9	598.9	572.0

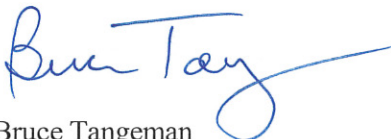
3. *Provide the amount of credits for the Education Tax Credit for prior years.*

Education credits are applicable against several different tax programs. These include Corporate Income Tax, Fisheries Business Tax, Fishery Resource Landing Tax, Insurance Premium Tax, Title Insurance Premium Tax, Mining License Tax, Oil and Gas Production Tax, and Oil and Gas Property Tax. Total credits for the past five years, across all tax types and rounded to the nearest million dollars, were the following:

FY 2008	\$3 million
FY 2009	\$2 million
FY 2010	\$2 million
FY 2011	\$3 million
FY 2012	\$4 million

We hope that our answers have addressed your questions. Please do not hesitate to contact me if you have further questions.

Sincerely,



Bruce Tangeman  
Deputy Commissioner