Overview of SB 21
Oil & Gas
Production Tax

February 11, 2013
Alaska Department of Revenue

Principles

- Governor' Principles:
  - Tax reform must be fair to Alaskans.
  - Encourage new production.
  - Simple so that it restores balance to the system.
  - Durable for the long-term.

The Proposal (Highlights)

1. Eliminate Progressivity and Credits Based on Capital Expenditures.
2. Reform remaining credits to be carried forward to when there is production.
3. Establish a “Gross Revenue Exclusion” for newer units and new participating areas in existing units (NEW OIL).
4. Hold Cook Inlet and Middle Earth Harmless.

Eliminate Progressivity & Credits Based on Capital Expenditures

Progressivity

Main Sections: 1,2,26

Conforming Sections: 5,6,22,23

North Slope QCE Credits

Main Sections: 8

Conforming Sections: 7, 11, 12

Reform remaining credits to be carried forward to when there is production.

North Slope Net Operating Loss Credits

Main Sections: 9, 15

Conforming Sections: 10, 19, 20

Small Producer Tax Credits

Main Sections: 16

Establish a “Gross Revenue Exclusion” for newer units and new participating areas in existing units.

Gross Revenue Exclusion (The GRE)

Main Sections: 24

Conforming Sections: 5

No Changes to Cook Inlet & Middle Earth

Main Sections: 3

Conforming Sections: 4, 13, 14, 17, 18, 21, 25