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House Finance Committee
Supplemental Slides as Requested By Representative Gara

April 11, 2013

4/11 Presentation Slide 2
With per-barrel credits separated

Provisions in draft HCS CSSB21(FIN) and their Estimated Fiscal Impact as compared to Spring 2013 Forecast ($millions) [1]

Brief Description of Provision	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
1. Elimination of progressive portion of tax	-$725	-$1,400	-$1,725	-$1,875	-$1,650	-$1,525
2. Base tax rate changed to 35% of production tax value	$550	$1,050	$1,100	$1,100	$1,000	$925
3. Limitation of credits for qualified capital expenditures for North Slope	$300	$675	$650	$525	$475	$450
4. Net operating loss credit rate increased to 45% until 1/1/16 then 35%; are transferable and refunda	Minimal revenue impact - see "Impact on Operating Budget"					
5. Gross revenue exclusion for oil production in new units and new or expanded participating areas	$0	$0 to -$25	-$25 to -$50	-$25 to -$50	-$25 to -$50	-$50 to -$75
6. Provision requiring credits be taken over 2 years eliminated [2]	-$225					
7. Amendment to the community revenue sharing fund	$0	$0	$0	$0	$0	$0
8. Credit of $5 per taxable barrel	-$5	-$10	-$25	-$25	-$25	-$25
9. Sliding scale $0-$8 credit per taxable barrel based on oil price	-$420	-$815	-$750	-$725	-$675	-$650
10. Credit under AS 43.20 for qualified oil and gas industry expenditures	Indeterminate (possibly up to -$25 million annually)					
11. Reduced interest rate for late payments and assessments on most taxes	Indeterminate (possibly up to -$25 million annually, increasing over time)					
12. Removal of 3-mile requirement for frontier basin tax credit	$0	$0	$0	$0	$0	$0
13. 2016 required report to legislature	No fiscal impact					
14. Establishes competitiveness review board	No fiscal impact					
Total Revenue Impact	**-$520 to -$570**	**-$490 to -$565**	**-$750 to -$825**	**-$1000 to -$1075**	**-$875 to -$950**	**-$850 to -$925**
Impact on Operating Budget of provision requiring credits be taken over 2 years eliminated	-$150					
Impact on Operating Budget of limitation to Qualified Capital Expenditure credit		$150	$150	$150	$150	$150
Impact on Operating Budget of increase in Net Operating Loss credits to 45% until 1/1/16 then 35%		-$80	-$80	-$40	-$40	-$40
Total Fiscal Impact - does not include potential revenue impacts from potential increases in production [3]	**-$670 to -$720**	**-$420 to -$495**	**-$680 to -$755**	**-$890 to -$965**	**-$765 to -$840**	**-$740 to -$815**

[1]The impacts listed are based on production and prices as forecasted in our Spring 2013 revenue forecast. The forecasted oil prices are between $109.61 and $118.29. All data here are estimates; all figures have been rounded to reflect the uncertainty in the estimates.

[2]Provision 6 above, which eliminates the requirement that credits be taken over 2 years is revenue neutral, and simply shifts the tax liability from future years to FY 2014. The total impact of that provision is $375 million, with $225 million taken against tax liability as a revenue impact and $150 million impacting the operating budget. The total fiscal impact consists of both revenue impacts and operating budget impacts of the bill.

[3]NOTE: "Total Fiscal Impact" includes best estimates of both revenue and operating budget impacts. Operating budget impact for FY 2014 represents additional refunded credits due to elimination of the provision requiring that credits be taken over 2 years. Operating budget impact for FY 2015 and beyond represents reduction in refunded credits due to limitation of credits for qualified capital expenditures for North Slope. This amount also includes increases in credit refunds paid through the operating budget for the increase in NOL credit rates.

4-7 Question #6, page 2

Estimated Fiscal Impact of different per-barrel credit levels under Fall 2012 Forecast ($millions)

Amount of credit	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
$1 per taxable barrel credit	-$75	-$175	-$150	-$150	-$150	-$125
$2 per taxable barrel credit	-$175	-$325	-$325	-$300	-$275	-$275
$3 per taxable barrel credit	-$250	-$500	-$475	-$450	-$425	-$400
$4 per taxable barrel credit	-$350	-$650	-$625	-$600	-$550	-$525
$5 per taxable barrel credit	-$425	-$825	-$775	-$750	-$700	-$675
$6 per taxable barrel credit	-$525	-$1,000	-$950	-$900	-$825	-$800
$7 per taxable barrel credit	-$600	-$1,150	-$1,100	-$1,050	-$975	-$925
$8 per taxable barrel credit	-$700	-$1,325	-$1,250	-$1,200	-$1,100	-$1,075
$9 per taxable barrel credit	-$775	-$1,475	-$1,425	-$1,350	-$1,250	-$1,200
$10 per taxable barrel credit	-$850	-$1,650	-$1,575	-$1,500	-$1,400	-$1,325

4/7 Figure 1, Page 4

Provisions in HCS CSSB21(RES) and their Estimated Fiscal Impact as compared to Spring 2013 Forecast ($millions)[1]

Brief Description of Provision	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
1. Elimination of progressive portion of tax	-$725	-$1,400	-$1,725	-$1,875	-$1,650	-$1,525
2. Base tax rate changed to 33% of production tax value	$425	$825	$875	$875	$800	$750
3. Limitation of credits for qualified capital expenditures for North Slope	$300	$675	$650	$525	$475	$450
4. Net operating loss credit rate increased to 33%; are transferable and refundable	Minimal revenue impact - see "Impact on Operating Budget"					
5. Gross revenue exclusion for oil production in new units and new or expanded participating areas	$0	-$25	-$25	-$50	-$25	-$50
6. Provision requiring credits be taken over 2 years eliminated[2]	-$225					
7. Amendment to the community revenue sharing fund	$0	$0	$0	$0	$0	$0
8. Credit of $5 per taxable barrel / Sliding scale credit per taxable barrel based on oil price	-$425	-$825	-$775	-$750	-$700	-$675
9. Credit under AS 43.20 for qualified oil and gas industry expenditures	Indeterminate (possibly up to -$25 million annually)					
10. Reduced interest rate for late payments and assessments on most taxes	Indeterminate (possibly up to -$25 million annually, increasing over time)					
11. Removal of 3-mile requirement for frontier basin tax credit	$0	$0	$0	$0	$0	$0
12. Small producer credit extended to 2022	$0	$0	$0	-$25	-$25	-$50
13. 2016 required report to legislature	No fiscal impact					
14. Requirement to consider Joint Interest Billings in audit process	Indeterminate					
15. AIDEA bonding authority to finance oil and gas processing facilities	No Department of Revenue fiscal impact					
Total Revenue Impact	**-$650 to -$700**	**-$750 to -$800**	**-$1000 to -$1050**	**-$1275 to -$1325**	**-$1100 to -$1150**	**-$1050 to -$1100**
Impact on Operating Budget of provision requiring credits be taken over 2 years eliminated	-$150					
Impact on Operating Budget of limitation to Qualified Capital Expenditure credit		$150	$150	$150	$150	$150
Impact on Operating Budget of increase in Net Operating Loss credits		-$30	-$30	-$30	-$30	-$30
Total Fiscal Impact - does not include potential revenue impacts from potential increases in production[3]	**-$800 to -$850**	**-$630 to -$680**	**-$880 to -$930**	**-$1155 to -$1205**	**-$980 to -$1030**	**-$930 to -$980**

[1]The impacts listed are based on production and prices as forecasted in our Spring 2013 revenue forecast. The forecasted oil prices are between $109.61 and $118.29. All data here are estimates; all figures have been rounded to reflect the uncertainty in the estimates.

[2]Provision 6 above, which eliminates the requirement that credits be taken over 2 years is revenue neutral, and simply shifts the tax liability from future years to FY 2014. The total impact of that provision is $400 million, with $250 million taken against tax liability as a revenue impact and $150 million impacting the operating budget. The total fiscal impact consists of both revenue impacts and operating budget impacts of the bill.

[3]NOTE: "Total Fiscal Impact" includes best estimates of both revenue and operating budget impacts. Operating budget impact for FY 2014 represents additional refunded credits due to elimination of the provision requiring that credits be taken over 2 years. Operating budget impact for FY 2015 and beyond represents reduction in refunded credits due to limitation of credits for qualified capital expenditures for North Slope. This amount also includes increases in credit refunds paid through the operating budget for the increase in NOL credit rates.

4/7 Figure 2, Page 5

Provisions in HCS CSSB21(RES) and their Estimated Fiscal Impact as compared to Fall 2012 Forecast ($millions)[1]

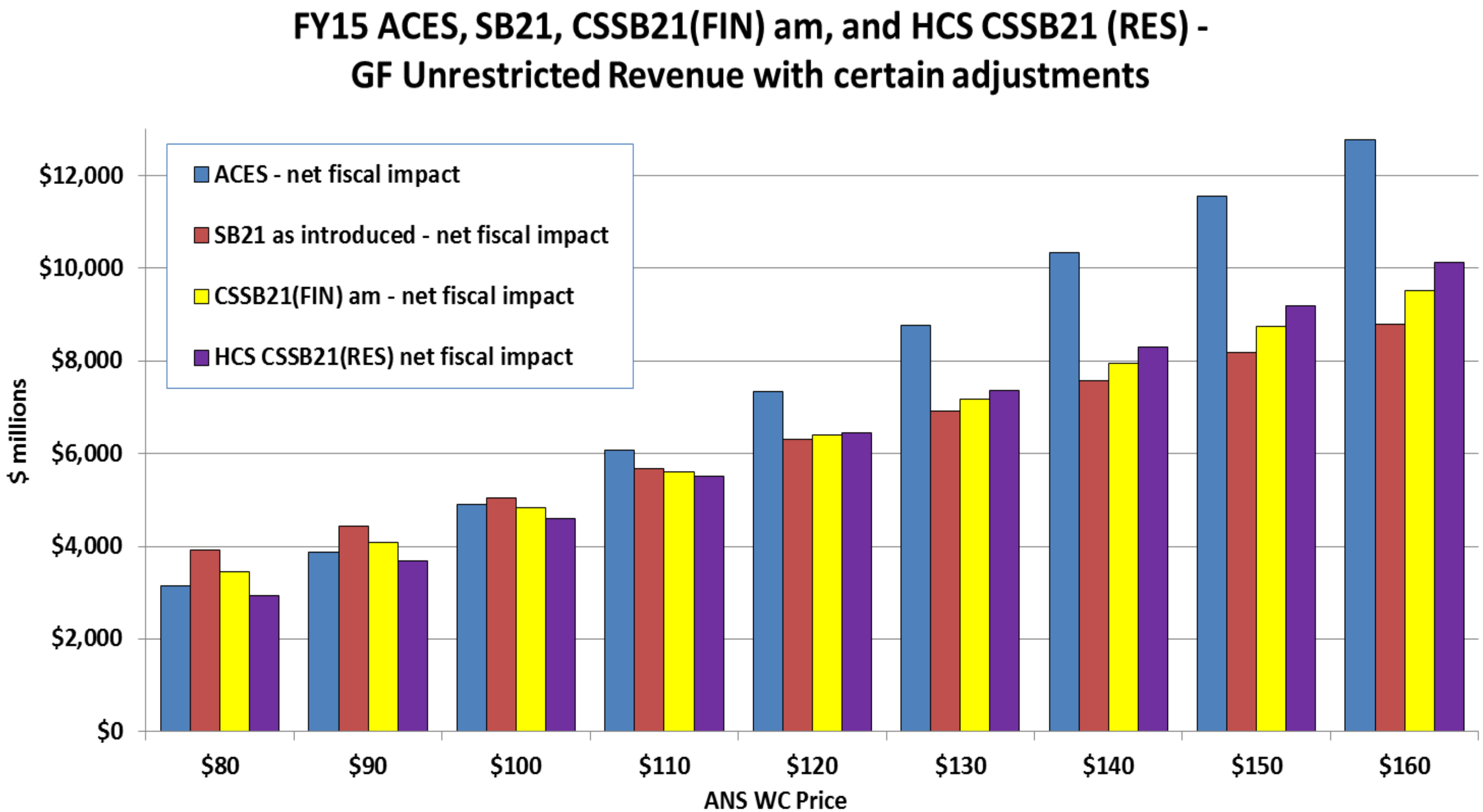
Brief Description of Provision	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
1. Elimination of progressive portion of tax	-$800	-$1,500	-$1,700	-$1,800	-$1,750	-$1,650
2. Base tax rate changed to 35% of production tax value	$550	$1,075	$1,100	$1,075	$1,025	$975
3. Limitation of credits for qualified capital expenditures for North Slope	$300	$700	$650	$550	$475	$400
4. Net operating loss credit rate increased to 33%; are transferable and refundable	Minimal revenue impact - see "Impact on Operating Budget"					
5. Gross revenue exclusion for oil production in new units and new or expanded participating areas	$0	-$25	-$25	-$50	-$25	-$50
6. Provision requiring credits be taken over 2 years eliminated[2]	-$250					
7. Amendment to the community revenue sharing fund	$0	$0	$0	$0	$0	$0
8a. Credit of $5 per taxable barrel for GRE-eligible production	-$5	-$10	-$25	-$25	-$25	-$25
8b. Sliding scale credit per taxable barrel based on oil price for non GRE-eligible production	-$420	-$815	-$750	-$725	-$675	-$650
9. Credit under AS 43.20 for qualified oil and gas industry expenditures	Indeterminate (possibly up to -$25 million annually)					
10. Reduced interest rate for late payments and assessments on most taxes	Indeterminate (possibly up to -$25 million annually, increasing over time)					
11. Removal of 3-mile requirement for frontier basin tax credit	$0	$0	$0	$0	$0	$0
12. Small producer credit extended to 2022	$0	$0	$0	-$25	-$25	-$50
13. 2016 required report to legislature	No fiscal impact					
14. Requirement to consider Joint Interest Billings in audit process	Indeterminate					
15. AIDEA bonding authority to finance oil and gas processing facilities	No Department of Revenue fiscal impact					
Total Revenue Impact	**-$625 to -$675**	**-$575 to -$625**	**-$750 to -$800**	**-$975 to -$1025**	**-$975 to -$1025**	**-$1000 to -$1050**
Impact on Operating Budget of provision requiring credits be taken over 2 years eliminated	-$150					
Impact on Operating Budget of limitation to Qualified Capital Expenditure credit		$150	$150	$150	$150	$150
Impact on Operating Budget of increase in Net Operating Loss credits to 35%		-$40	-$40	-$40	-$40	-$40
Total Fiscal Impact - does not include potential revenue impacts from potential increases in production[3]	**-$775 to -$825**	**-$465 to -$515**	**-$640 to -$690**	**-$865 to -$915**	**-$865 to -$915**	**-$890 to -$940**

[1]The impacts listed are based on production and prices as forecasted in our Fall 2012 revenue forecast. The forecasted oil prices are between $109.61 and $118.29. All data here are estimates; all figures have been rounded to reflect the uncertainty in the estimates.

[2]Provision 6 above, which eliminates the requirement that credits be taken over 2 years is revenue neutral, and simply shifts the tax liability from future years to FY 2014. The total impact of that provision is $400 million, with $250 million taken against tax liability as a revenue impact and $150 million impacting the operating budget. The total fiscal impact consists of both revenue impacts and operating budget impacts of the bill.

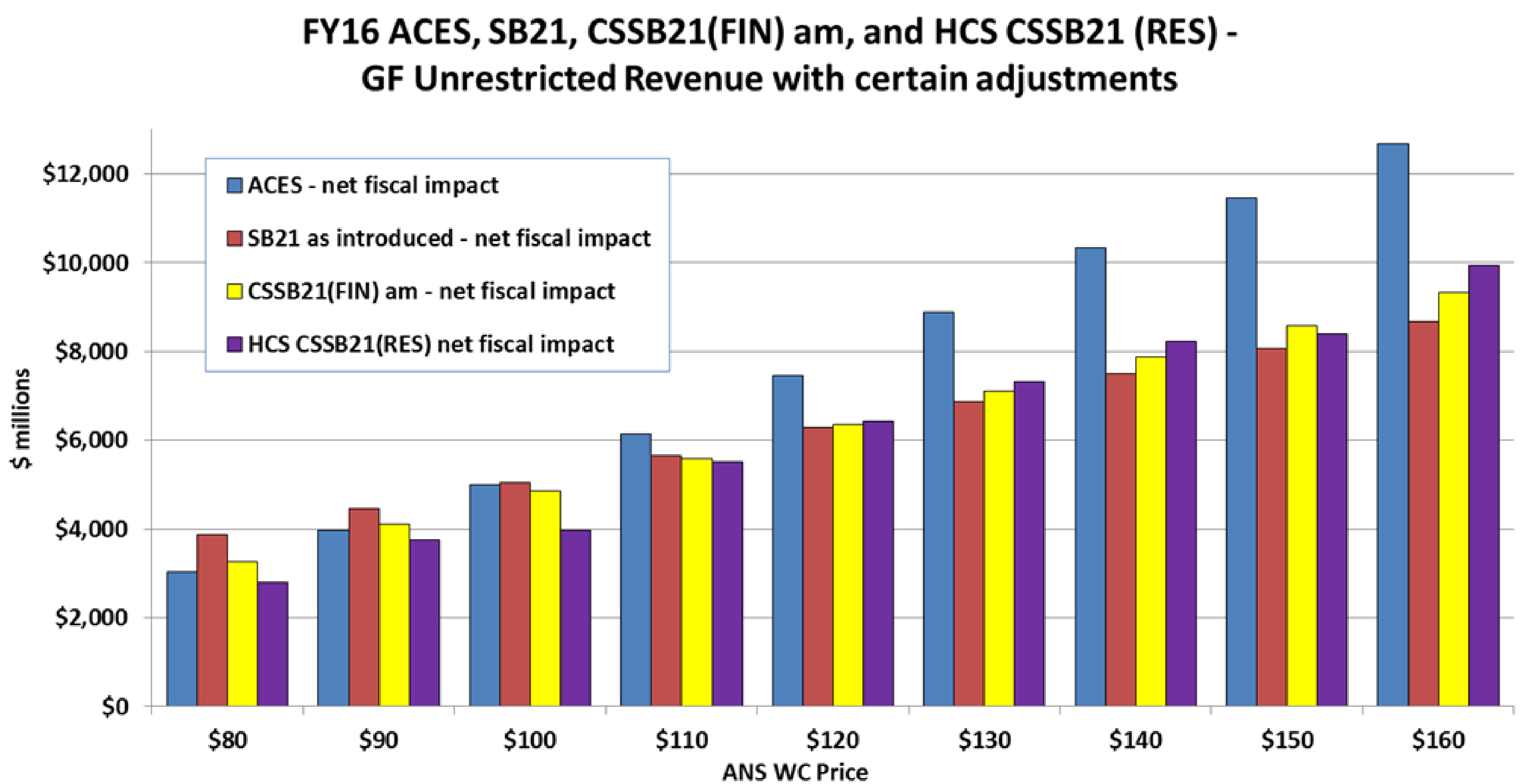
[3]NOTE: "Total Fiscal Impact" includes best estimates of both revenue and operating budget impacts. Operating budget impact for FY 2014 represents additional refunded credits due to elimination of the provision requiring that credits be taken over 2 years. Operating budget impact for FY 2015 and beyond represents reduction in refunded credits due to limitation of credits for qualified capital expenditures for North Slope. This amount also includes increases in credit refunds paid through the operating budget for the increase in NOL credit rates.

4/10 Revenue sensitivity – FY15



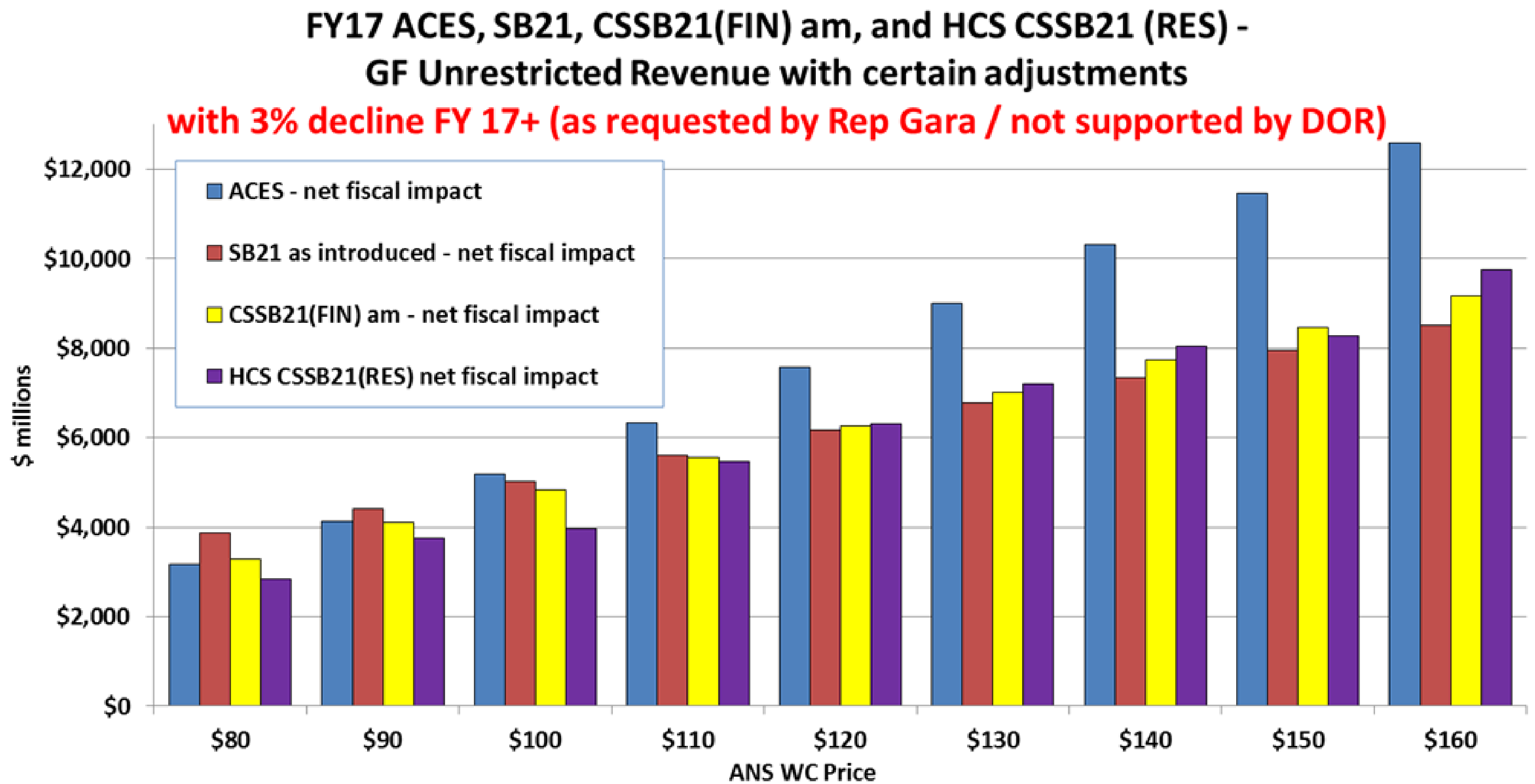
Source: Spring 2013 forecast model modified for SB21 and CSSB21. Note, "Net fiscal impact" includes forecast revenue, less expected North Slope credit payments. CSSB21(FIN) and HCS CSSB21 (RES) do not include impact of new service industry CIT credit or reduced interest rate for late payments and assessments on most taxes.

4/10 Revenue sensitivity – FY16



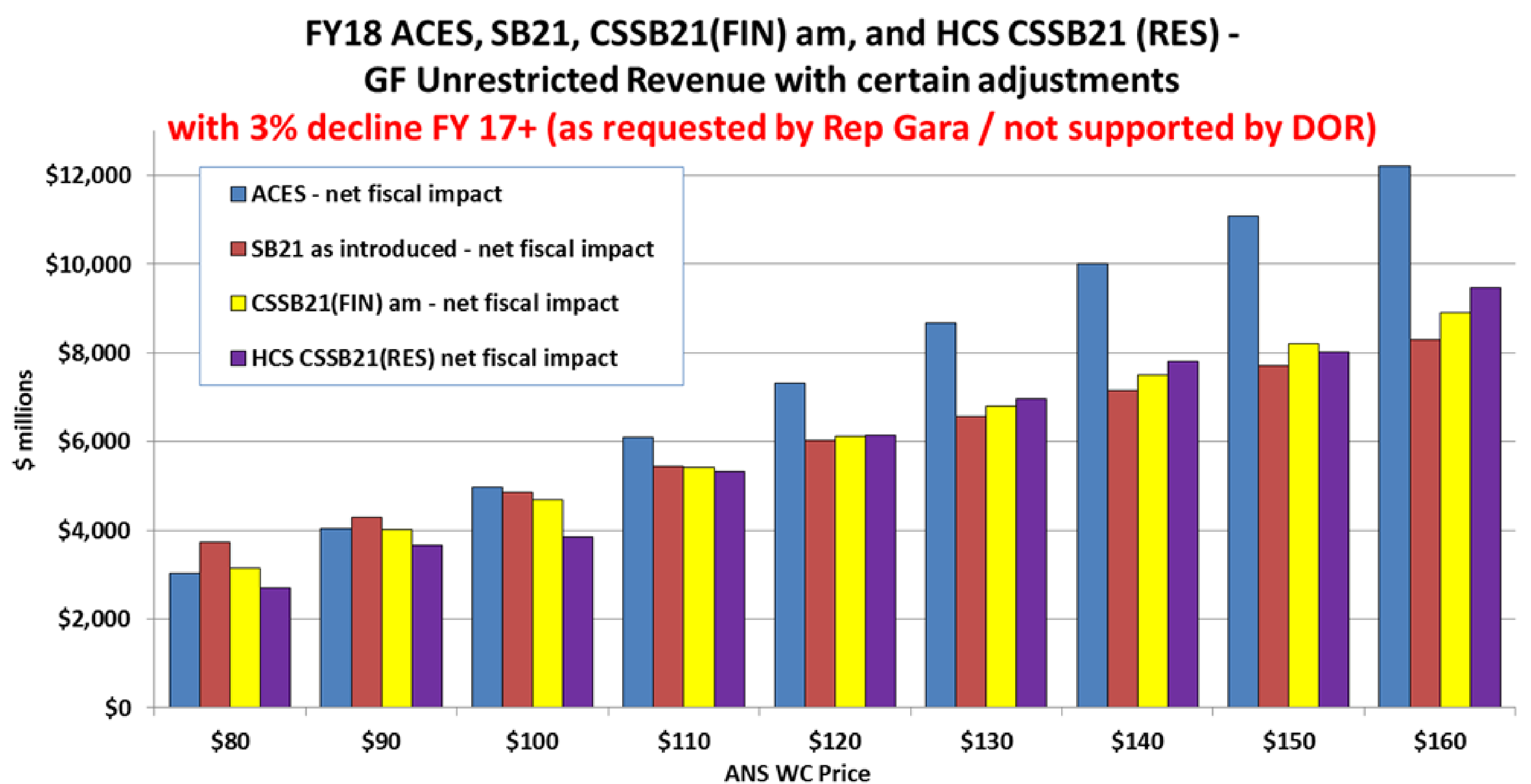
Source: Spring 2013 forecast model modified for SB21 and CSSB21. Note, "Net fiscal impact" includes forecast revenue, less expected North Slope credit payments. CSSB21(FIN)and HCS CSSB21 (RES) do not include impact of new service industry CIT credit or reduced interest rate for late payments and assessments on most taxes.

4/10 Revenue sensitivity – FY17 w 3% decline FY17+



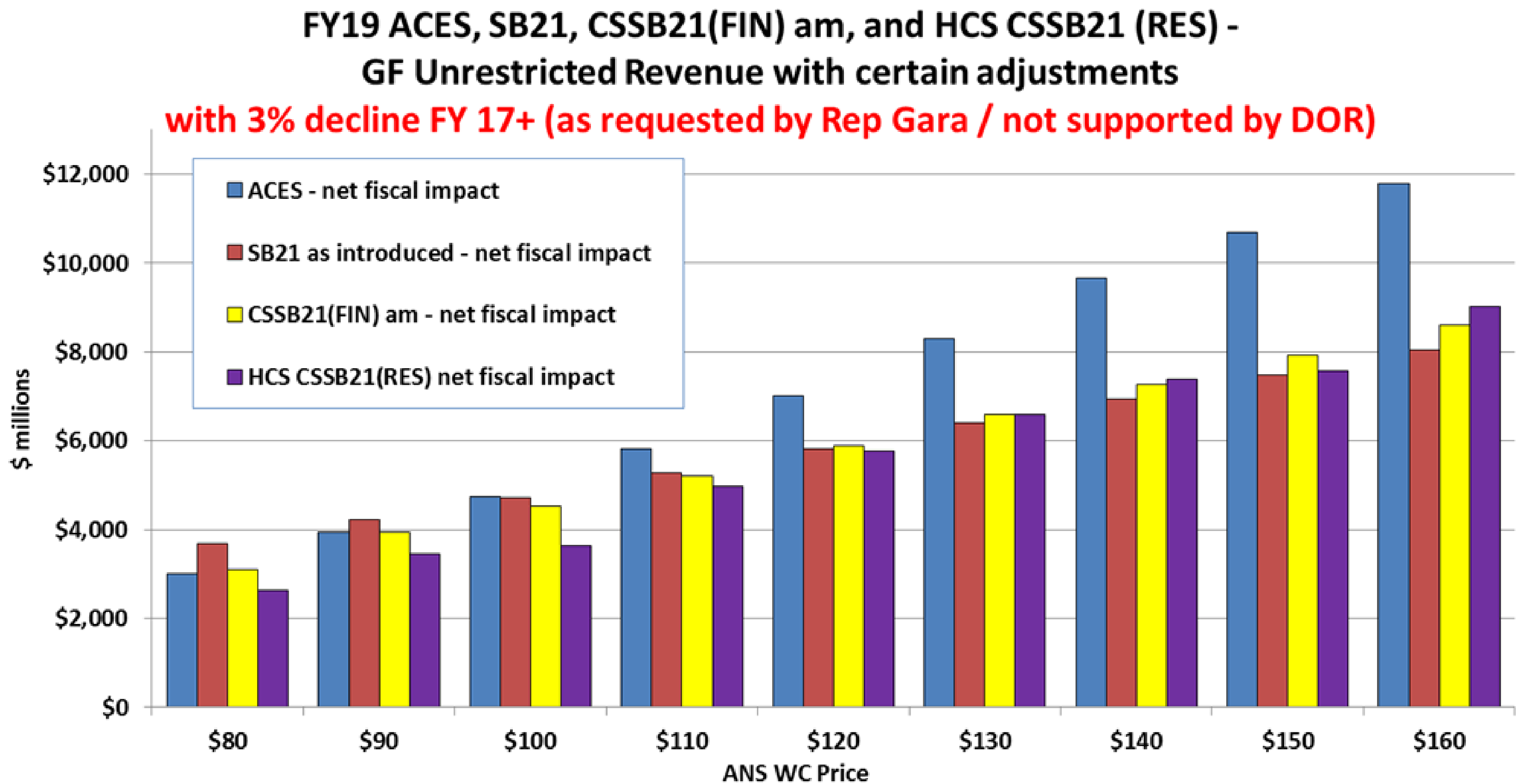
Source: Spring 2013 forecast model modified for SB21 and CSSB21. Note, "Net fiscal impact" includes forecast revenue, less expected North Slope credit payments. CSSB21(FIN)and HCS CSSB21 (RES) do not include impact of new service industry CIT credit or reduced interest rate for late payments and assessments on most taxes.

4/10 Revenue sensitivity – FY18 w 3% decline FY17+



Source: Spring 2013 forecast model modified for SB21 and CSSB21. Note, "Net fiscal impact" includes forecast revenue, less expected North Slope credit payments. CSSB21(FIN)and HCS CSSB21 (RES) do not include impact of new service industry CIT credit or reduced interest rate for late payments and assessments on most taxes.

4/10 Revenue sensitivity – FY19 w 3% decline FY17+



Source: Spring 2013 forecast model modified for SB21 and CSSB21. Note, "Net fiscal impact" includes forecast revenue, less expected North Slope credit payments. CSSB21(FIN)and HCS CSSB21 (RES) do not include impact of new service industry CIT credit or reduced interest rate for late payments and assessments on most taxes.

4/10 Page 6: Fiscal Impact Summary table, Spring 2013 Forecast Assumptions, 33% base rate

Provisions in HCS CSSB21(RES) and their Estimated Fiscal Impact as compared to Spring 2013 Forecast ($millions) [1]

Brief Description of Provision	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
1. Elimination of progressive portion of tax	-$725	-$1,400	-$1,725	-$1,875	-$1,650	-$1,525
2. Base tax rate changed to 33% of production tax value	$425	$825	$875	$875	$800	$750
3. Limitation of credits for qualified capital expenditures for North Slope	$300	$675	$650	$525	$475	$450
4. Net operating loss credit rate increased to 33%; are transferable and refundable	Minimal revenue impact - see "Impact on Operating Budget"					
5. Gross revenue exclusion for oil production in new units and new or expanded participating areas	$0	-$25	-$25	-$50	-$25	-$50
6. Provision requiring credits be taken over 2 years eliminated [2]	-$225					
7. Amendment to the community revenue sharing fund	$0	$0	$0	$0	$0	$0
8. Credit of $5 per taxable barrel / Sliding scale credit per taxable barrel based on oil price	-$425	-$825	-$775	-$750	-$700	-$675
9. Credit under AS 43.20 for qualified oil and gas industry expenditures	Indeterminate (possibly up to -$25 million annually)					
10. Reduced interest rate for late payments and assessments on most taxes	Indeterminate (possibly up to -$25 million annually, increasing over time)					
11. Removal of 3-mile requirement for frontier basin tax credit	$0	$0	$0	$0	$0	$0
12. Small producer credit extended to 2022	$0	$0	$0	-$25	-$25	-$50
13. 2016 required report to legislature	No fiscal impact					
14. Requirement to consider Joint Interest Billings in audit process	Indeterminate					
15. AIDEA bonding authority to finance oil and gas processing facilities	No Department of Revenue fiscal impact					
Total Revenue Impact	**-$650 to -$700**	**-$750 to -$800**	**-$1000 to -$1050**	**-$1300 to -$1350**	**-$1125 to -$1175**	**-$1100 to -$1150**
Impact on Operating Budget of provision requiring credits be taken over 2 years eliminated	-$150					
Impact on Operating Budget of limitation to Qualified Capital Expenditure credit		$150	$150	$150	$150	$150
Impact on Operating Budget of increase in Net Operating Loss credits		-$30	-$30	-$30	-$30	-$30
Total Fiscal Impact - does not include potential revenue impacts from potential increases in production [3]	**-$800 to -$850**	**-$630 to -$680**	**-$880 to -$930**	**-$1180 to -$1230**	**-$1005 to -$1055**	**-$980 to -$1030**

Total Fiscal Impact with 3% decline rate in FY17-FY19 - does not include potential revenue impacts from potential increases in production [3] (3% decline rate as requested by Rep Gara / not supported by DOR)	**-$800 to -$850**	**-$630 to -$680**	**-$880 to -$930**	**-$1205 to -$1255**	**-$1130 to -$1180**	**-$1130 to -$1180**

[1] The impacts listed are based on production and prices as forecasted in our Spring 2013 revenue forecast. The forecasted oil prices are between $109.61 and $118.29. All data here are estimates; all figures have been rounded to reflect the uncertainty in the estimates.

[2] Provision 6 above, which eliminates the requirement that credits be taken over 2 years is revenue neutral, and simply shifts the tax liability from future years to FY 2014. The total impact of that provision is $375 million, with $225 million taken against tax liability as a revenue impact and $150 million impacting the operating budget. The total fiscal impact consists of both revenue impacts and operating budget impacts of the bill.

[3] NOTE: "Total Fiscal Impact" includes best estimates of both revenue and operating budget impacts. Operating budget impact for FY 2014 represents additional refunded credits due to elimination of the provision requiring that credits be taken over 2 years. Operating budget impact for FY 2015 and beyond represents reduction in refunded credits due to limitation of credits for qualified capital expenditures for North Slope. This amount also includes increases in credit refunds paid through the operating budget for the increase in NOL credit rates.

4/10 Page 7: Fiscal Impact Summary table, Spring 2013 Forecast Assumptions, 35% base rate

Provisions in HCS CSSB21(RES) and their Estimated Fiscal Impact as compared to Spring 2013 Forecast ($millions)[1]

Brief Description of Provision	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
1. Elimination of progressive portion of tax	-$725	-$1,400	-$1,725	-$1,875	-$1,650	-$1,525
2. Base tax rate changed to 35% of production tax value	$550	$1,050	$1,100	$1,100	$1,000	$925
3. Limitation of credits for qualified capital expenditures for North Slope	$300	$675	$650	$525	$475	$450
4. Net operating loss credit rate increased to 33%; are transferable and refundable	Minimal revenue impact - see "Impact on Operating Budget"					
5. Gross revenue exclusion for oil production in new units and new or expanded participating areas	$0	-$25	-$25	-$50	-$25	-$50
6. Provision requiring credits be taken over 2 years eliminated[2]	-$225					
7. Amendment to the community revenue sharing fund	$0	$0	$0	$0	$0	$0
8. Credit of $5 per taxable barrel / Sliding scale credit per taxable barrel based on oil price	-$425	-$825	-$775	-$750	-$700	-$675
9. Credit under AS 43.20 for qualified oil and gas industry expenditures	Indeterminate (possibly up to -$25 million annually)					
10. Reduced interest rate for late payments and assessments on most taxes	Indeterminate (possibly up to -$25 million annually, increasing over time)					
11. Removal of 3-mile requirement for frontier basin tax credit	$0	$0	$0	$0	$0	$0
12. Small producer credit extended to 2022	$0	$0	$0	-$25	-$25	-$50
13. 2016 required report to legislature	No fiscal impact					
14. Requirement to consider Joint Interest Billings in audit process	Indeterminate					
15. AIDEA bonding authority to finance oil and gas processing facilities	No Department of Revenue fiscal impact					
Total Revenue Impact	**-$525 to -$575**	**-$525 to -$575**	**-$775 to -$825**	**-$1075 to -$1125**	**-$925 to -$975**	**-$925 to -$975**
Impact on Operating Budget of provision requiring credits be taken over 2 years eliminated	-$150					
Impact on Operating Budget of limitation to Qualified Capital Expenditure credit		$150	$150	$150	$150	$150
Impact on Operating Budget of increase in Net Operating Loss credits to 35%		-$40	-$40	-$40	-$40	-$40
Total Fiscal Impact - does not include potential revenue impacts from potential increases in production[3]	**-$675 to -$725**	**-$415 to -$465**	**-$665 to -$715**	**-$965 to -$1015**	**-$815 to -$865**	**-$815 to -$865**

Total Fiscal Impact with 3% decline rate in FY17-FY19 - does not include potential revenue impacts from potential increases in production[3] (3% decline rate as requested by Rep Gara / not supported by DOR)	**-$675 to -$725**	**-$415 to -$465**	**-$665 to -$715**	**-$990 to -$1040**	**-$915 to -$965**	**-$940 to -$990**

[1]The impacts listed are based on production and prices as forecasted in our Spring 2013 revenue forecast. The forecasted oil prices are between $109.61 and $118.29. All data here are estimates; all figures have been rounded to reflect the uncertainty in the estimates.

[2]Provision 6 above, which eliminates the requirement that credits be taken over 2 years is revenue neutral, and simply shifts the tax liability from future years to FY 2014. The total impact of that provision is $375 million, with $225 million taken against tax liability as a revenue impact and $150 million impacting the operating budget. The total fiscal impact consists of both revenue impacts and operating budget impacts of the bill.

[3]NOTE: "Total Fiscal Impact" includes best estimates of both revenue and operating budget impacts. Operating budget impact for FY 2014 represents additional refunded credits due to elimination of the provision requiring that credits be taken over 2 years. Operating budget impact for FY 2015 and beyond represents reduction in refunded credits due to limitation of credits for qualified capital expenditures for North Slope. This amount also includes increases in credit refunds paid through the operating budget for the increase in NOL credit rates.