Overview of SB 21
Oil & Gas
Production Tax

January 29, 2013
Alaska Department of Revenue
• 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.
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
Cook Inlet and Middle Earth

No Changes to Cook Inlet & Middle Earth

Main Sections: 3
Conforming Sections: 4, 13, 14, 17, 18, 21, 25