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
Cook Inlet and Middle Earth

No Changes to Cook Inlet & Middle Earth

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