

## As passed the House

### Provisions in CSHB 111 (FIN) \L and their Estimated Fiscal Impact based on Spring 2017 Forecast (\$millions) - Spring 2017 FC PRICE

Revised 4-22-17 by Dept. of Revenue

Description of Provision	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
1. Effective 1/1/18, Operating loss credit eliminated for North Slope and replaced with carry-forward lease expenditures provision. A company may carry forward 100% of North Slope lease expenditures not deducted against tax, but can only use to offset gross value from the lease or property whre earned. After 7 years, carry-forward reduced by 10% of original value each year.	\$0	\$0	\$0	\$0	-\$10	-\$5	\$0	\$0	\$0	\$0
2. Only small producer credits can reduce tax below the minimum tax effective 1/1/18.	\$20	\$20	\$35	\$35	\$20	\$10	\$0	\$5	\$15	\$5
3. Existing minimum tax rates retained, and GVR reduces basis for minimum tax, effective 1/1/18.	\$0	\$0	\$0	\$0	-\$5	\$0	\$0	\$0	\$0	\$0
4. Effective 1/1/18, base tax rate for North Slope changed from 35% of PTV to 25%; an additional 15% progressive surcharge applies to that portion of PTV above \$60 per barrel.	\$0	\$0	-\$5	-\$10	-\$15	-\$10	\$0	-\$5	-\$10	-\$20
5. Sliding scale per-taxable-barrel credits eliminated, effective 1/1/18.	\$0	\$95	\$120	\$165	\$275	\$335	\$440	\$570	\$615	\$630
6. Gross value at point of production (GVPP) cannot go below zero effective 1/1/18.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Interest on delinquent taxes continues to accrue after 3 years, retroactive to 1/1/17.	Indeterminate - likely positive for state.									
8. Eliminate 30% GVR option effective 1/1/18.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Additional impact of implementing above provisions together vs standalone.	-\$5	-\$20	-\$120	-\$90	-\$130	-\$160	-\$210	-\$250	-\$265	-\$255
<b>Total Revenue Impact</b>	<b>\$15</b>	<b>\$95</b>	<b>\$30</b>	<b>\$100</b>	<b>\$135</b>	<b>\$170</b>	<b>\$230</b>	<b>\$320</b>	<b>\$355</b>	<b>\$360</b>
A. Budget impact of operating loss and carry-forward lease expenditures changes effective 1/1/18.	\$0	\$45	\$135	\$175	\$150	\$140	\$140	\$145	\$145	\$145
B. Budget impact of only small producer credits can reduce tax below minimum tax effective 1/1/18.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C. Budget impact of minimum tax changes effective 1/1/18.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
D. Budget impact of North Slope tax rate changes effective 1/1/18.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
E. Budget impact of eliminating sliding scale per-taxable-barrel credits, effective 1/1/18.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
F. Budget impact of GVPP cannot go below zero effective 1/1/18.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
G. Budget impact of interest accrual changes, retroactive to 1/1/17.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
H. Budget impact of eliminating 30% GVR option effective 1/1/18.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Additional impact of implementing above provisions together vs standalone	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Budget Impact</b>	<b>\$0</b>	<b>\$45</b>	<b>\$135</b>	<b>\$175</b>	<b>\$150</b>	<b>\$140</b>	<b>\$140</b>	<b>\$145</b>	<b>\$145</b>	<b>\$145</b>
<b>Total Fiscal Impact - (does not include potential changes in investment)</b>	<b>\$15</b>	<b>\$140</b>	<b>\$165</b>	<b>\$275</b>	<b>\$285</b>	<b>\$310</b>	<b>\$370</b>	<b>\$465</b>	<b>\$500</b>	<b>\$505</b>
Tax impact of carry-forward lease expenditure balances or credits - current law	\$63	\$55	\$55	\$55	\$55	\$55	\$55	\$49	\$26	\$0
Tax impact of carry-forward lease expenditure balances or credits - proposed	\$140	\$245	\$290	\$355	\$395	\$440	\$485	\$530	\$570	\$610
<b>Change in year-end balance due to proposal</b>	<b>\$77</b>	<b>\$190</b>	<b>\$235</b>	<b>\$300</b>	<b>\$340</b>	<b>\$385</b>	<b>\$430</b>	<b>\$481</b>	<b>\$544</b>	<b>\$610</b>

NOTE: The fiscal impact of this proposal is an estimate based on the Spring 2017 revenue forecast. Estimates shown here are draft / preliminary based on our interpretation of possible changes, and do not include any changes in company behavior as a result of this proposal. We reserve the right to make modifications to estimates for any forthcoming fiscal notes.