

Summary Comparison between Governor's October 1, 2007 Production Tax Proposal and Current Law

<u>Issue</u>	<u>Current Law</u>	<u>Governor's 10/1/2007 Proposal</u>
Base Rate <i>AS 43.55.011 (e) & (g)</i> <i>Bill Sections 15 & 17</i>		
Base Tax Rate	22.50%	25%
Progressivity <i>AS 43.55.011(g) & (h)</i> <i>Bill Sections 17,18</i>		
Starting point	\$40	\$30
Tax/\$ of Price Index	0.25%	0.20%
Average Value over	month	year
Gross Value Floor <i>AS 43.55.011(f)</i> <i>Bill Section 15, 16, 31-36, & 41-42</i>		
Base	Prudhoe & Kuparuk	North Slope
Rate	ranges from 0% to 4%	10%
Credits further reduce floor tax?	Yes	No
Credits <i>AS 43.55.023 and 55.025</i> <i>Bill Section 26-28, 38-44 & 63</i>		
Investment Credits	Taken in year of investment	1/2 in each of two years
Loss Carry Forward Credits	20%	25%
Transitional Investment Credits	Yes	No
Exploration Credits <i>AS 43.55.025</i> <i>Bill Section 36 - 44</i>		
DNR approval required?	In CI, to avoid 3 mile limit	Always
Confidentiality of well data	10 years	2 years
Pre-existing well	One drilling season	Two consecutive drilling seasons
"DNR TIE" Credits for pre 2003 seismic work?	no	5%
Allowable Lease Expenditures <i>AS 43.55.165</i> <i>Bill Sections 52-64</i>		
Use producer audits of operators?	Yes	No
DR&R Allowed?	Some	No
Deferred Maintenance allowed?	Yes	No
Field Topping Plants allowed?	Yes	No

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State Purchase of Credits	<i>AS 43.55.023(f) & (g)</i>	<i>Bill Section 45 (AS 43.55.028)</i>
Paid from:	"appropriations made by law"	oil and gas credit fund, funded from production taxes
Annual dollar cap per taxpayer?	\$25 million	none
Information	<i>AS 43.05.230 and royalty statutes</i>	<i>Bill Sections 2-9,11-13, 49 & 61</i>
forward looking information required	none	information "necessary to forecast ... revenues under AS 43.55". Penalty up to \$1000 a day.
Disclosure of tax information	if aggregated to "prevent the identification of particular returns."	if aggregated w/2 other producers
DNR sharing royalty information w/ DOR	limited ability	expanded ability
DOR sharing tax information with DNR	limited ability	expanded ability
Statute of Limitations	<i>AS 43.05.260</i>	<i>Bill Sections 1,14,50 new AS 43.55.075</i>
State assessment must be issued within	3 yrs	6 yrs
DOR Auditors	<i>As 39.25.100</i>	<i>Bill Sections 10, 65, 67</i>
DOR auditors exempt employees?	no	yes
Effective Date		<i>Bill Section 64</i>
Generally		Jan 1 2008
Deferred Maintenance Rules		Apr 1 2006