



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Revenue**

TAX DIVISION

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January 24, 2018

Representative Les Gara  
120 4<sup>th</sup> Street, Room 515  
Juneau, AK 99501

Representative Gara,

You requested an approximate revenue estimate for the House-passed version of HB111 for the current fiscal year, under the forecast price and at \$67 per barrel. To respond to this request, we have analyzed the two primary revenue impacts in the House-passed version of HB 111 from 2017. Specifically, reducing the nominal tax rate from 35% to 25% and eliminating the sliding-scale per-taxable-barrel credit for non-GVR-eligible production. We analyzed the impact on FY 2019 revenue, holding all assumptions constant per the Fall 2017 revenue forecast, and maintaining all other elements of the production system as they exist in current law (HB 111 as enacted), at both the forecast price and at \$67 per barrel ANS price.

At the forecast price of \$57 per barrel, the revenue difference would be approximately \$540 million. At \$67 per barrel, the revenue difference would be approximately \$700 million. The difference between this and our preliminary analysis showing \$800 million, is that we are now looking at company specific information rather than an estimate based on a state-wide average.

Sincerely,

  
Ken Alper,  
Director, Tax Division