

State of Alaska
Department of Revenue
Notice of Public Scoping Request
Possible Updates and Revisions to Department Regulations
15 AAC 55: Oil and Gas Production Tax and Oil Surcharge

The Alaska Department of Revenue (department) is soliciting comments for amendments to existing regulations to put in place technical corrections to the department's regulations for return on investment (ROI) and cost of capital allowances under 15 AAC 55.195 and 15 AAC 55.196. These technical corrections are contemplated to include an update to the Duff and Phelps weighted average cost of capital with a reference to the Duff & Phelps website to replace the current version in hardbound print and also a conforming change to recognize the change in corporate tax rates consistent with those specified in the Tax Cuts and Jobs Act of 2017 (P.L. 115-97). The department may also consider other changes to regulations to conform to existing statutory requirements. As a first step in considering any proposed regulations, the department would like to gather comments from the public through this scoping process and request for written comments.

The purpose of this notice is to ask the public and other interested parties for ideas and suggestions for possible changes and additions to these regulations before the department drafts specific revisions to the regulations for public review and comment. The department is not proposing any specific changes at this time. Any proposed regulatory revisions will subsequently be noticed, and made available for public review and comment in accordance with AS 44.62, the Administrative Procedures Act.

Background and Need for Regulations

The department's current model for calculating return on investment for crude oil and LNG tankers dates to September 2003. The department is issuing this scoping notice in order that taxpayers and the ROI Model properly reference (i) a weighted average cost of capital (WACC) index used by the model because the current publisher is moving publication of the WACC index from a print publication to an online platform; and (ii) corporate tax rate entries in the ROI Model to reflect new federal corporate tax rates effective for the 2018 calendar year.

Other minor changes proposed by the public or other interested parties may also be considered by the department.

Public Input

The department is asking affected members of the public and other interested parties, including the oil and gas industry, for comments regarding possible amendments to regulations that protect the interests of the public without also requiring unnecessary administrative burden on either the state or participants in the oil and gas industry.

Written comments, suggestions, questions, and other input must be received by the department no later than **4:00 p.m. on Wednesday, September 12, 2018**. Written comments, suggestions, questions, and other input may be submitted by mail to:

John Larsen
Alaska Department of Revenue
550 W. 7th Ave., Suite 500
Anchorage, AK 99501-3555

Written comments, suggestions, questions, and other input may also be submitted by email to: john.larsen@alaska.gov, or by FAX to: (907) 269-6644. For any questions regarding this scoping notice please contact John Larsen at (907) 269-8436.

The department will consider comments submitted before any regulatory revisions are proposed. Any proposed regulatory revisions will be publicly noticed, and made available for public review and comment in accordance with AS 44.62, the Administrative Procedures Act.

The department reserves the right to waive technical defects in this publication. The State of Alaska, Department of Revenue, complies with Title II of the Americans with Disabilities Act of 1990. Individuals with disabilities who may need auxiliary aides, services, or special modifications to participate in this scoping request must contact the above address, email, or the TDD number (907) 269-8411 by 4:00 pm, Monday, September 10, 2018.

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