



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Revenue

COMMISSIONER'S OFFICE

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March 16, 2018

The Honorable Bryce Edgmon, Speaker of the House of Representatives
The Honorable Pete Kelly, President of the Senate
Alaska State Legislature
State Capitol Rooms 208 and 111
Juneau, AK 99801

Dear Speaker Edgmon and President Kelly:

In 2016, the legislature passed and the governor signed HB247, an act related to oil and gas tax credits. Section 9 of this bill added a new annual report requirement from the Department of Revenue regarding tax credit certificates purchased in the previous calendar year:

Sec. 9. AS 43.05.230 is amended by adding a new subsection to read:

(l) For tax credit certificates purchased by the department in the preceding calendar year under AS 43.55.028, the department shall make the following information public by April 30 of each year:

- (1) the name of each person from whom the department purchased a transferable tax credit certificate; and**
- (2) the aggregate amount of the tax credit certificates purchased from the person in the preceding calendar year.**

We are providing this report in satisfaction of the new requirement. This is the entirety of oil and gas tax credit certificates purchased by the Department of Revenue in calendar year 2017. The total amount purchased was \$75,404,258.

The appropriation to the tax credit fund, AS 43.55.028 for fiscal year 2018 was \$77 million, which included \$57 million from the operating budget and \$20 million from the capital budget. Per our regulations, this amount was used to pay a 16% proration of the all certificates that requested repurchase during calendar year 2016. The bulk of that pool are "Carried Forward Annual Loss" credits for calendar year 2015. There are a handful of certificates where the payment was not completed, due to pending legal issues with the taxpayer. This is the reason for the difference between the appropriation and the actual total amount repurchased.

Pursuant to AS 43.05.230(l), the amount repurchased per company during 2017 is as follows. The table also includes the 2016 purchase information that was provided in the previous version of this report:

Taxpayer Name	Total Payment under AS 43.55.028	
	2016	2017
Accumulate Energy Alaska	\$ 99,060	\$ 1,190,700
Apache Alaska	10,537,635	123,248
ASRC Exploration		294,814
BlueCrest Energy	2,343,795	6,363,479
Caelus (multiple subsidiaries)		16,888,195
Caracol Petroleum		1,944,693
Chap - KDL		35,471
Colt Alaska		180,069
Cornucopia Oil & Gas Company	39,865,868	16,253,585
Doyon Limited	649,788	571,143
Eastland Oil Company		11,534
Great Bear Petroleum Operating	180,232	5,038,616
Halliburton	34,643	
John Searls		16,149
Kingdon R Hughes Family Limited		55,833
MEP Alaska		370,353
Miller Energy	3,364,038	
Municipality of Anchorage	3,357,563	20,294
Mustang Operations Center 1		3,143,889
Jan O'Neill		9,253
Robert Donnelly		7,816
Linda Searls-Neidert		3,260
Susan Searls-Collier		15,196
Nordaq Energy		1,427,543
North Slope Bough	812,609	
Petro Canada (Alaska)		1,061,359
Petrostar (ASRC)		908,938
Pinta Real Development		7,363
Renaissance Umiat	11,167,793	
Repsol E&P USA	200,000	17,834,381
TP North Slope Development		1,627,084
Total by year	\$ 72,613,024	\$75,404,258

As of January 1, 2018, the sum total of tax credit certificates for which repurchase had been requested is \$806,913,934. This is broken out as follows:

2016 Certificates	\$398,307,172
2017 Certificates	\$330,140,114
Conditional 2017 Certificates	\$78,466,648
Total	\$806,913,934

In addition, as of January 1, 2018, there were an additional \$78,320,293 in certificates outstanding. These fall into one of three categories:

- 1) Received by companies but repurchase had not been requested by December 31;
- 2) Transferred or sold to another taxpayer who intends to use them to offset production tax liability; or
- 3) Held by a taxpayer ineligible for cash repurchase due to producing more than 50,000 taxable barrels of oil equivalent per day.

Additionally, as of January 1, 2018 there is about \$3.3 million in the "028" tax credit fund. For the most part, these are funds pledged to one or another company but held up as various legal issues are resolved.

I hope you find this information to be useful. Please do not hesitate to contact me if you have further questions.

Sincerely,



Sheldon Fisher
Commissioner

Cc: Hon. Cathy Giessel, Chair, Senate Resources Committee
Hon. Geran Tarr and Hon. Andy Josephson, Co-Chairs, House Resources Committee