THE STATE of ALASKA
GOVERNOR SEAN PARNELL

Department of Revenue

COMMISSIONER'S OFFICE
Bryan Butcher, Commissioner

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March 27, 2013

Mr. Dermot Cole
Fairbanks Daily New Miner
P.O. Box 70710
Fairbanks, Alaska 99707

Via email: cole@newsminer.com

Dear Mr. Cole:

I am writing in response to the question you asked Mike Pawlowski via email on March 22nd regarding the fiscal note for CSSB21(FIN). Your questions are printed below, followed by our response to these questions.

The new DNR fiscal note and the DOR fiscal note for Scenarios B & C are not the same. Let's look at 2019 figures for C, which includes B. At $120 a barrel DNR says in 2019, Scenario C brings in $533 million more than ACES without the additional production. At $120 a barrel, DOR says in 2019, Scenario C brings in $975 million more than ACES without the additional production. Which one is correct? Why the differences?

You noted that there is a different impact on the fiscal notes provided by the Department of Revenue and the Department of Natural Resources for the hypothetical added production scenarios. The reason for this difference is that the Department of Natural Resources fiscal note is only capturing the impact on royalty collections while the Department of Revenue is reporting the impact on total General Fund Unrestricted Revenue.

Also, what is the total in barrels per day of production in 2019 from Scenario C?

As requested, the following volumes are used as incremental production from scenario C in thousands of barrels of oil:

2014	2015	2016	2017	2018	2019
31.0	59.6	86.2	121.8	156.0	150.4

And what would the ACES revenue be in 2019 from the added production listed under Scenario C?

Scenario C is an illustration of additional production as a result of passing CSSB21(FIN). There is no additional revenue under ACES from scenario C as it represents production that does not occur under ACES.

I hope that our answers have addressed your questions. Please do not hesitate to contact me if you have further questions.

Sincerely,

Bruce Tangeman
Deputy Commissioner