**Major Provisions Under Proposed and Current Oil Production Tax Systems for North Slope Production**

*Version revised 3/12/13 by Alaska Department of Revenue Version 12:15PM*

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### Tax Credits

<table>
<thead>
<tr>
<th>FEATURE</th>
<th>ACES</th>
<th>SB21 as Introduced</th>
<th>CSB21(RES)</th>
<th>SB21 -CS Finance version</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base Tax Rate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base Tax Rate - the base percentage of the tax charged on the Production Tax Value (PTV). The Production Tax Value is the net value of the taxable oil after allowable operating, capital, and transportation costs are deducted from the market value.</td>
<td>25% of PTV on all fields</td>
<td>25% of PTV on all fields</td>
<td>35% of PTV on all fields</td>
<td>30% of PTV on all fields</td>
</tr>
<tr>
<td><strong>Progressivity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Progressivity - a tax mechanism that increases the tax rate at higher oil prices and/or profits</td>
<td>Based on PTV</td>
<td>No progressivity</td>
<td>No progressivity</td>
<td>No progressivity</td>
</tr>
<tr>
<td>“Bracketed” or “unbracketed”</td>
<td>Unbracketed</td>
<td>No progressivity</td>
<td>No progressivity</td>
<td>No progressivity</td>
</tr>
<tr>
<td>Progressivity calculation</td>
<td>0.4 % per dollar of per barrel PTV from $30 to $92.50; 0.1% per dollar of per barrel PTV above $92.50</td>
<td>No progressivity</td>
<td>No progressivity</td>
<td>No progressivity</td>
</tr>
<tr>
<td>Progressivity calculation period</td>
<td>Calculated monthly</td>
<td>No progressivity</td>
<td>No progressivity</td>
<td>No progressivity</td>
</tr>
</tbody>
</table>

### Incentives for New Oil

- **Gross Revenue Exclusion (GRE)** - Gross Revenue Exclusion (GRE): In calculating the PTV, a producer’s GVPP is reduced by 20% of the Gross Value of the eligible production. Oil is from new PA and PA expansions.
- **GRE Time limit** - Ten years

### Maximum and Minimum Tax

- **Maximum Tax** - 75% of PTV for all fields
- **Minimum Tax** - 4% of Gross Value at Point of Production when oil prices are above $25 per barrel (reduced to 0% at $15 per barrel)

### Tax Rates

- **Qualified Capital Expenditure Credit under AS 43.55.023(a)(1) and (a)(2)** - 20% for qualified capital expenditures all AK; eliminated for qualified capital expenditures after December 31, 2013 for NS
- **Qualified oil and gas industry service expenditures against tax liabilities under AS 43.20** - 10% of qualified oil and gas industry service expenditures up to $10 million per taxpayer per year
- **Per barrel allowance** - $5 per barrel of oil, applies to North Slope and other areas

### Carry-Forward Annual Loss Credit under AS 43.55.023(b); applicability

- **Percentage** - 25% for Carry-Forward Annual Loss Credit for NS
- **Period applied** - May be applied in a single year
- **Applicability** - May be transferred, used against liability, or refunded by State

### Other provisions

- **Interest rate for deliquent payments** - Greater of Fed rate plus 5% or 11%, compounded quarterly
- **Competitiveness Board** - Same as ACES
- **Community Sharing Provision** - Yes

*Different provisions may apply to oil and gas production in other parts of the state outside of the North Slope.*