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

**Base Tax Rate**
- 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.
- 25% of PTV on all fields
- 25% of PTV on all fields
- 35% of PTV on all fields
- 33% of PTV on all fields

**Progressivity**
- Progressivity - a tax mechanism that increases the tax rate at higher oil prices and/or profits
- Based on PTV
- No progressivity
- No progressivity
- No progressivity

**Progressivity calculation**
- 0.4 % per dollar of per barrel PTV from $30 to $92.50; 0.1% per dollar of per barrel PTV above $92.50
- No progressivity
- No progressivity
- No progressivity

**Progressivity calculation period**
- Calculated monthly
- No progressivity
- No progressivity
- No progressivity

**Incentives for New Oil**
- Gross Revenue Exclusion (GRE) - In calculating the PTV, a producer's GRE is reduced by a percentage of Gross Value of the eligible production on NS that meets certain criteria
- None
- Gross Revenue Exclusion (GRE) - In calculating the PTV, a producer's GRE is reduced by 20% of the Gross Value of the eligible production. Oil is from new PA.
- 20% of the Gross Value of eligible production on NS. Criteria: (1) is produced from a well within a lease or property that does not contain a lease that was within a unit on January 1, 2001; (2) is produced from a well within a participating area established after December 31, 2011, in a unit formed before January 1, 2001, if the participating area does not contain a reservoir that had been in a participating area established before December 31, 2011; or (3) is produced from a well that has been accurately measured and measured and the producer demonstrates to the department drains a reservoir or portion of a reservoir that OAR has certified was not contributing to production before January 1, 2013.
- 20% of the Gross Value of the eligible production on NS. Criteria: (1) is produced from a well within a lease or property that does not contain a lease that was within a unit on January 1, 2001; (2) is produced from a well within a participating area established after December 31, 2011, in a unit formed before January 1, 2001, if the participating area does not contain a reservoir that had been in a participating area established before December 31, 2011; (3) the oil or gas is produced from acreage that was added to an existing participation area by the Department of Natural Resources after December 31, 2011, and the producer demonstrates to the department that the volume of oil or gas produced is from acreage added to an existing participation area.

**Maximum and Minimum Tax**
- **Maximum Tax**
  - 75% of PTV on all fields
  - 25% of PTV on all fields
  - 15% of PTV on all fields
  - 33% of PTV on 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
  - No change in Gross Value at Point of Production when oil prices are above $25 per barrel; reduced to 0% at $15 per barrel
  - No change in Gross Value at Point of Production when oil prices are above $25 per barrel; reduced to 0% at $15 per barrel
  - 33% of PTV on all fields

**Tax Credits**
- **Qualified Capital Expenditure Credit under AS 43.55.025(a)(1) and (a)(2)**
  - 20% for qualified capital expenditures all AK
  - Eliminated for qualified capital expenditures after December 31, 2013 for NS
  - May be applied in a single year
  - May be applied in a single year
  - May be applied in a single year

- **Qualified Capital Expenditure Credit for Cook Inlet and Middle Earth**
  - 20% for qualified capital expenditures all AK
  - No change for QCE Credit Cook Inlet and Middle Earth
  - May be applied in a single year
  - May be applied in a single year
  - May be applied in a single year

**Per taxable oil barrel credit**
- None
- None
- $5 per barrel of oil, applies to North Slope and other areas

**Carry-Forward Annual Loss Credit under AS 43.55.033(b), applicability**
- **Percentage**
  - 25% for Carry-Forward Annual Loss Credit for NS
  - 25% for Carry-Forward Annual Loss Credit
  - 35% for Carry-Forward Annual Loss Credit for NS, monetizable
  - 35% for Carry-Forward Annual Loss Credit for NS, monetizable

- **Period applied**
  - Must be taken over two years
  - May be applied in a single year
  - May be applied in a single year
  - May be applied in a single year

- **Applicability**
  - Does not expire and is transferable
  - Must be applied against production tax liability, increases in value at 10% compounded per year, and may be carried forward for 10 years
  - Does not expire and is transferable
  - Does not expire and is transferable

**Frontier Basin tax credit under AS 43.55.025(m)**
- 80% of eligible expenses up to $25 million for first 4 qualifying wells; seismic budget credits of $7,500,00 or 80 percent, whichever is less.
- Same as ACES
- Same as ACES

**Small Producer Credit under AS 43.55.024**
- Expires in 2016
- Extended to 2022
- Expires in 2016

**Other provisions**
- **Interest rate for delinquent payments**
  - Great same as the 12th Federal Reserve District rate plus 3%, compounded quarterly
  - Great same as the 12th Federal Reserve District rate plus 3%, compounded quarterly
  - Great same as the 12th Federal Reserve District rate plus 3%, compounded quarterly

- **Competitiveness Board**
  - No
  - No
  - No

- **AOGA (Alaska Gas Authority)**
  - May consider
  - May consider
  - May consider

- **Community Revenue Sharing Provision**
  - Yes, from progressivity
  - Yes, appropriated by legislature from corporate income tax revenue - AS 43.55.011(a)
  - Yes, appropriated by legislature from corporate income tax revenue - AS 43.55.011(a)

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