Ballot Measure No. 1

An Act changing the oil and gas production tax for certain fields, units, and nonunitized reservoirs on the North Slope.

Ballot Language

Ballot Measure No. 1 – 19OGTX **An Act changing the oil and gas production tax for certain fields, units, and nonunitized reservoirs on the North Slope**

This act would change the oil and gas production tax for areas of the North Slope where a company produced more than 40,000 barrels of oil per day in the prior year and more than 400 million barrels total. The new areas would be divided up based on "fields, units, and nonunitized reservoirs" that meet the production threshold. The act does not define these terms. For any areas that meet the production threshold, the tax would be the greater of one of two new taxes.

(1) One tax would be a tax on the gross value at the point of production of the oil at a rate of 10% when oil is less than $50 per-barrel. This tax would increase to a maximum of 15% when oil is $70 per-barrel or higher. No deductions could take the tax below the 10% to 15% floor.

(2) The other tax, termed an "additional tax," would be based on a calculation of a production tax value for the oil that would allow lease expenditure and transportation cost deductions. This tax on production tax value would be calculated based on the difference between the production tax value of the oil and $50. The difference between the two would be multiplied by the volume of oil, and then that amount would be multiplied by 15%. The existing per-taxable-barrel credit would not apply. The act uses the term "additional tax" but it does not specify what the new tax is in addition to.

The tax would be calculated for each field, unit, or nonunitized reservoir on a monthly basis. Taxes are currently calculated on an annual basis, with monthly estimated payments. Since these new taxes would only apply to certain areas, a taxpayer would still have to submit annual taxes for the areas where the new taxes do not apply.

The act would also make all filings and supporting information relating to the calculation and payment of the new taxes "a matter of public record." The act does not specify the process for disclosure of the public records.

Should this initiative become law?

Yes No

Ballot Measure No. 1

Legislative Affairs Agency Summary

An Act changing the oil and gas production tax for certain fields, units, and nonunitized reservoirs on the North Slope.

This Act creates new oil and gas production taxes. The taxes apply to fields, units, and nonunitized reservoirs on the North Slope that have produced more than 40,000 barrels of oil a day in the previous year and more than 400,000,000 barrels of oil cumulatively. Any part of the existing oil and gas production tax that conflicts with the Act does not apply. The Act has two new taxes, a new gross value tax and a new net value tax. The new gross value tax is 10%. The new gross value tax increases by 1% for each $5 increase in the price of a barrel of oil over $50. The new gross value tax may not exceed 15% of the gross value of oil produced. A credit or loss may not be applied against the new gross value tax. The new net value tax is 15%. The new net value tax applies to the net value of a barrel of oil over $50. A taxpayer will pay the higher of the net value tax or the gross value tax. The Act requires the taxes to be calculated separately for oil and for gas. The new taxes apply each month. The Act requires certain costs to be calculated and applied against taxes separately. The Act makes information related to tax filings under the Act public information. The Act has a provision that removes parts of the Act if they are found to be invalid, while keeping the rest of the Act intact.