

Final

Governor	Senate Resources
20/20 tax/credit	25/20 tax/credit
No progressivity	0.20 progressivity, begin at \$40.00 barrel, in \$10.00 increments. Expected to change.
Transition or Claw-back 6 years, 100% of capex	Maximum 4 years; 75% for 2005- 06; 50% in 2004-05; 25% for 2003-04
\$73 million standard deduction	<ul style="list-style-type: none"> • New language that replaces the \$73 million deduction, offering instead a tax credit of 20% for development or production or a 30% credit for exploration • Revised old exploration credits to now allow testing, stimulation, or completion costs Expected to change.
Abandonment issues – allowed as an expense.	Clarify is not eligible for a credit, but as an expense. Expenses for past production not allowed.
Effective Date – July 1, 2006	Effective Date – April 1, 2006
470 Fund Surcharge – allowed as an expense	Will not be allowed as an expense, is increased by 0.01; old .03+.02=.05; now .05+.01=.06
No Cook Inlet provisions.	Establishes existing oil production in Cook Inlet basin remains status quo – new oil and gas goes under new PPT.