Identification of Proposed Changes to Tanker ROI Model Spreadsheet

In regards to the proposed changes to the Department of Revenue's ROI model instructions titled: "Computation of a Cost-of-Capital Allowance under 15 AAC 55.196 Incorporating Depreciation and Return on Invested Capital for Marine Vessels and Improvements," the following cells, as shown in yellow highlight in the attached Adobe.pdf file are the cells for which proposed changes are being made:

Tab: "InputSched1," cells E17:E26 have a new formula that applies the appropriate federal corporate tax rate from the Tax Cuts and Jobs Act of 2017 (P.L. 115-97) based on the year in question. The new formula is "=IF(A17<2018,0.35,0.21)" that enters the appropriate rate of 35% or 21%, based upon the year in question.

Tab: "InputSched1," cells C37:D51 have added the weighted average cost of capital for years 2004 - 2018.

Tab: "InputSched2," cells C12:C36 are also proposed for amending to include the appropriate federal corporate tax rate from the Tax Cuts and Jobs Act of 2017 (P.L. 115-97) based on the year in question. The new formula is "=IF(A17<2018,0.35,0.21 that enters the appropriate rate of 35% or 21%, based upon the year in question.

Tab: "InputSched2,"cells D12:D36 have been changed to incorporate a "=VLOOKUP" function referencing the weighted average cost of capital (WACC) from tab "InputSched2."

Following is a link to an Adobe.pdf file showing the changes to the affected tabs of the ROI model spreadsheet: http://tax.alaska.gov/programs/documentviewer/viewer.aspx?112n

Marine ROI model - 15 AAC 55.196(d)

Alaska Department of Revenue - Tax Division
Tax Type: AS 43.55 Oil and Gas Production Tax

PRODUCER:
NAME OF VESSEL:
YEAR FOR WHICH TAX IS PAID:

INPUT CELLS

Input Schedule 1
Producer **Pre-Service** Inputs

col 1	col 2	col 3	col 4	col 5	col 6	col 7	col 8	col 9	col 10
Year Prior to Service	CCF Deposits and Earnings	Capitalized Investment Basis	WACC	Regular Tax Rate	Other Revenues and Expenditures Taxable	Other Revenues and Expenditures Non-Taxable	Other Revenues and Expenditures Tax Benefits	Taxpayer in AMT? 1=Yes;0=No	AMT Tax Rate
	enter, if any		link from below		enter, if any	enter, if any	enter, if any		
-9	0	0	0.0000	0.35	0	0	0	0	0.20
-8	0	0	0.0000	0.35	0	0	0	0	0.20
-7	0	0	0.0000	0.35	0	0	0	0	0.20
-6	0	0	0.0000	0.35	0	0	0	0	0.20
-5	0	0	0.0000	0.35	0	0	0	0	0.20
-4	0	0	0.0000	0.35	0	0	0	0	0.20
-3	0	0	0.0000	0.35	0	0	0	0	0.20
-2	0	0	0.0000	0.35	0	0	0	0	0.20
-1	0	0	0.0000	0.35	0	0	0	0	0.20
		0	0.0000	0.35	0	0	0	0	0.20

vessel
capitalized interest
other

0

	WACC
prior	8.00%
2002	7.10%
2003	7.64%
2004	6.55%
2005	6.18%
2006	7.02%
2007	7.32%
2008	7.29%
2009	8.79%
2010	9.21%
2011	6.37%
2012	6.45%

Alaska Department of Revenue - Tax Division
Tax Type: AS 43.55 Oil and Gas Production Tax

Input Schedule 2
Producer **Post-Service** Inputs

col 1 Tax Year	col 2 Portion of Year in Service	col 3 Regular Tax Rate	col 4 WACC link each year from IS1	col 5 Remaining Years	col 6 Allowance under 15 AAC 55.195	col 7 Capitalized Improvements	col 8 Number of Days in the Year adj for leap year	col 9 Previous Annual Cost-of-Capital **hard code each year**	col 10 Producer Choice to Expense First $1mm of Improvements 1=Yes;0=No **hard code each year**	col 11 Taxpayer in AMT? 1=Yes;0=No **hard code each year**	col 12 AMT Tax Rate
0	0%	0.35	#N/A	24.00	0	0	365	#DIV/0!		0	0.20
1	100%	0.35	#N/A	24.00	0	0	366	#N/A	0	0	0.20
2	100%	0.35	#N/A	23.00	0	0	365	#N/A	0	0	0.20
3	100%	0.35	#N/A	22.00	0	0	365	#N/A	0	0	0.20
4	100%	0.35	#N/A	21.00	0	0	365	#N/A	0	0	0.20
5	100%	0.35	#N/A	20.00	0	0	366	#N/A	0	0	0.20
6	100%	0.35	#N/A	19.00	0	0	365	#N/A	0	0	0.20
7	100%	0.35	#N/A	18.00	0	0	365	#N/A	0	0	0.20
8	100%	0.35	#N/A	17.00	0	0	365	#N/A	0	0	0.20
9	100%	0.35	#N/A	16.00	0	0	366	#N/A	0	0	0.20
10	100%	0.35	#N/A	15.00	0	0	365	#N/A	0	0	0.20
11	100%	0.35	#N/A	14.00	0	0	365	#N/A	0	0	0.20
12	100%	0.35	#N/A	13.00	0	0	365	#N/A	0	0	0.20
13	100%	0.35	#N/A	12.00	0	0	366	#N/A	0	0	0.20
14	100%	0.35	#N/A	11.00	0	0	365	#N/A	0	0	0.20
15	100%	0.35	#N/A	10.00	0	0	365	#N/A	0	0	0.20
16	100%	0.35	#N/A	9.00	0	0	365	#N/A	0	0	0.20
17	100%	0.35	#N/A	8.00	0	0	366	#N/A	0	0	0.20
18	100%	0.35	#N/A	7.00	0	0	365	#N/A	0	0	0.20
19	100%	0.35	#N/A	6.00	0	0	365	#N/A	0	0	0.20
20	100%	0.35	#N/A	5.00	0	0	365	#N/A	0	0	0.20
21	100%	0.35	#N/A	4.00	0	0	366	#N/A	0	0	0.20
22	100%	0.35	#N/A	3.00	0	0	365	#N/A	0	0	0.20
23	100%	0.35	#N/A	2.00	0	0	365	#N/A	0	0	0.20
24	100%	0.35	#N/A	1.00	0	0	365	#N/A	0	0	0.20

	=0
# days	0
% for year	0.0000