

CS FOR HOUSE BILL NO. 411(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to the Alaska Net Income Tax Act; relating to the oil and gas
2 production tax, tax payments, and credits; and providing for an effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 43.20.011(e) is amended to read:

5 (e) There is imposed for each taxable year on [UPON] the entire taxable
6 income of every corporation or oil or gas producer derived from sources within the
7 state a tax computed as follows:

If the taxable income is	Then the tax is:
Less than \$25,000	zero
\$25,000 but less than \$49,000	2 percent of the taxable income over \$25,000
\$49,000 but less than \$74,000	\$480 plus 3 percent of the taxable income over \$49,000
\$74,000 but less than \$99,000	\$1,230 plus 4 percent of the taxable

\$99,000 but less than \$124,000	\$2,230 plus 5 percent of the taxable income over \$99,000
\$124,000 but less than \$148,000	\$3,480 plus 6 percent of the taxable income over \$124,000
\$148,000 but less than \$173,000	\$4,920 plus 7 percent of the taxable income over \$148,000
\$173,000 but less than \$198,000	\$6,670 plus 8 percent of the taxable income over \$173,000
\$198,000 but less than \$222,000	\$8,670 plus 9 percent of the taxable income over \$198,000
\$222,000 or more	\$10,830 plus 9.4 percent of the taxable income over \$222,000.

* **Sec. 2.** AS 43.20.012(a) is amended to read:

(a) **Except as provided in (e) of this section, the** [THE] tax imposed by this chapter does not

- (1) apply to an individual;
- (2) apply to a fiduciary;

(3) for a tax year beginning after December 31, 2012, apply to an Alaska corporation that is a qualified small business and that meets the active business requirement in 26 U.S.C. 1202(e) as that subsection read on January 1, 2012; or

(4) for a tax year beginning after June 30, 2007, apply to the income received by a regional association qualified under AS 16.10.380 or nonprofit corporation holding a hatchery permit under AS 16.10.400 from the sale of salmon or salmon eggs under AS 16.10.450 or from a cost recovery fishery under AS 16.10.455.

* **Sec. 3.** AS 43.20.012(a), as repealed and reenacted by sec. 2, ch. 55, SLA 2013, is amended to read:

(a) Except as provided in (e) of this section, the [THE] tax imposed by this chapter does not apply to

- (1) an individual;
- (2) a fiduciary; or

(3) the income received by a regional association qualified under AS 16.10.380 or nonprofit corporation holding a hatchery permit under AS 16.10.400 from the sale of salmon or salmon eggs under AS 16.10.450 or from a cost recovery fishery under AS 16.10.455.

* Sec. 4. AS 43.20.012 is amended by adding a new subsection to read:

(e) The limitations in (a) of this section do not apply to an oil or gas producer.

* Sec. 5. AS 43.20.021(c) is amended to read:

(c) **For a corporation or oil or gas producer, for** [FOR] purposes of calculating the alternative tax on capital gains provided for in the provisions of 26 U.S.C. 1201 (Internal Revenue Code), the rate is 4.5 percent [FOR CORPORATIONS].

* Sec. 6. AS 43.20.021(d) is amended to read:

(d) **For a corporation or oil or gas producer, where** [WHERE] a credit allowed under the Internal Revenue Code is also allowed in computing Alaska income tax, it is limited to 18 percent [FOR CORPORATIONS] of the amount of credit determined for federal income tax purposes **that** [WHICH] is attributable to Alaska. This limitation does not apply to a special industrial incentive tax credit under AS 43.20.042.

* Sec. 7. AS 43.20.021(f) is amended to read:

(f) **For a corporation or oil or gas producer, for** [FOR] the purpose of calculating the alternative minimum tax on tax preferences provided for in 26 U.S.C. 55 - 59 (Internal Revenue Code), the tax is 18 percent [FOR CORPORATIONS] of the applicable alternative minimum federal tax.

* **Sec. 8.** AS 43.20.030(a) is amended to read:

(a) If a corporation, an oil or gas producer, or a partnership that has a corporation as a partner, is required to make a return under the provisions of the Internal Revenue Code, it shall file with the department, within 30 days after the federal return is required to be filed, a return setting out

(1) the amount of tax due under this chapter, less credits claimed against the tax; and

(2) other information for the purpose of carrying out the provisions of

1 this chapter that the department requires.

2 * **Sec. 9.** AS 43.20.144(h)(2) is amended to read:

3 (2) "consolidated business" means a corporation or oil or gas
4 producer or group of corporations or oil or gas producers, or both, having more
5 than 50 percent common ownership, direct or indirect, or a group of corporations in
6 which there is common control, either direct or indirect, as evidenced by any
7 arrangement, contract, or agreement; the requirements of this chapter apply whether or
8 not the taxpayer is the parent or controlling corporation;

9 * **Sec. 10.** AS 43.20.340 is amended by adding a new paragraph to read:

10 (11) "oil or gas producer" means an individual, sole proprietorship,
11 partnership, joint venture, association, trust, estate, business trust, an S corporation that
12 has elected to file federal tax returns under 26 U.S.C. 1361 - 1379 (Internal Revenue
13 Code), or other similar entity or organization that

14 (A) is engaged in the production of oil or gas from a lease or
15 property in the state; and

16 (B) during the taxable year, was subject to tax under AS 43.55.

17 * **Sec. 11.** AS 43.55.011(e) is amended to read:

18 (e) There is levied on the producer of oil or gas a tax for all oil and gas
19 produced each calendar year from each lease or property in the state, less any oil and
20 gas the ownership or right to which is exempt from taxation or constitutes a
21 landowner's royalty interest or for which a tax is levied by AS 43.55.014. Except as
22 otherwise provided under (f), (j), (k), (o), and (p) of this section, for oil and gas
23 produced

24 (1) before January 1, 2014, the tax is equal to the sum of

25 (A) the annual production tax value of the taxable oil and gas
26 as calculated under AS 43.55.160(a)(1) multiplied by 25 percent; and

27 (B) the sum, over all months of the calendar year, of the tax
28 amounts determined under (g) of this section;

29 (2) on and after January 1, 2014, and before January 1, 2019 [2022],
30 the tax is equal to the annual production tax value of the taxable oil and gas as
31 calculated under AS 43.55.160(a)(1) multiplied by 35 percent;

(3) on and after January 1, 2019, and before January 1, 2022, the tax is equal to the sum of

(A) the annual production tax value of the taxable oil and gas as calculated under AS 43.55.160(a)(1) multiplied by 10 percent; and

(B) the sum, over all the months of the calendar year, of the amounts determined under (g) of this section;

(4) on and after January 1, 2022, the tax for

(A) oil is equal to the sum of

(i) the annual production tax value of the taxable oil as calculated under AS 43.55.160(h)(1) [AS 43.55.160(h)] multiplied by 10 [35] percent; and

(ii) the sum, over all the months of the calendar year, of the amounts determined under (g) of this section;

(B) gas is equal to 13 percent of the gross value at the point of production of the taxable gas; if the gross value at the point of production of gas produced from a lease or property is less than zero, that gross value at the point of production is considered zero for purposes of this subparagraph.

* **Sec. 12.** AS 43.55.011(g) is amended to read:

(g) **For purposes of (e) of this section,**

(1) before January 1, 2014, for [FOR] each month of a calendar year [14] for which the producer's average monthly production tax value under (a)(2) of a BTU equivalent barrel of the taxable oil and gas is more than [] the amount of tax for purposes of (e)(1)(B) of this section is determined by the monthly production tax value of the taxable oil and gas produced in the month by the tax rate calculated as follows:

(A) [(1)] if the producer's average monthly production tax value of a BTU equivalent barrel of the taxable oil and gas for the month is not more than \$92.50, the tax rate is 0.4 percent multiplied by the number that represents the difference between that average monthly production tax value of a BTU equivalent barrel and \$30; or

(B) [2]] if the producer's average monthly production tax value

1 of a BTU equivalent barrel of the taxable oil and gas for the month is more
2 than \$92.50, the tax rate is the sum of 25 percent and the product of 0.1 percent
3 multiplied by the number that represents the difference between the average
4 monthly production tax value of a BTU equivalent barrel and \$92.50, except
5 that the sum determined under this subparagraph [PARAGRAPH] may not
6 exceed 50 percent;

7 (2) on or after January 1, 2019, and before January 1, 2022, for
8 each month for which the producer's average monthly production tax value
9 under AS 43.55.160(a)(2) of a BTU equivalent barrel of the taxable oil and gas is
10 more than \$10, the tax amount is the sum of the following:

11 (A) the difference between the monthly production tax
12 value of a BTU equivalent barrel and \$10 multiplied by the volume of oil
13 and gas produced by the producer for the month multiplied by five
14 percent;

15 (B) if applicable, the difference between the monthly
16 production tax value of a BTU equivalent barrel and \$15 multiplied by the
17 volume of oil and gas produced by the producer for the month multiplied
18 by five percent;

19 (C) if applicable, the difference between the monthly
20 production tax value of a BTU equivalent barrel and \$20 multiplied by the
21 volume of oil and gas produced by the producer for the month multiplied
22 by five percent;

23 (D) if applicable, the difference between the monthly
24 production tax value of a BTU equivalent barrel and \$30 multiplied by the
25 volume of oil and gas produced by the producer for the month multiplied
26 by 10 percent;

27 (E) if applicable, the difference between the monthly
28 production tax value of a BTU equivalent barrel and \$50 multiplied by the
29 volume of oil and gas produced by the producer for the month multiplied
30 by 10 percent;

31 (F) if applicable, the difference between the monthly

1 production tax value of a BTU equivalent barrel and \$70 multiplied by the
2 volume of oil and gas produced by the producer for the month multiplied
3 by five percent;

4 (3) on or after January 1, 2022, for each month for which the
5 producer's average monthly production tax value under AS 43.55.160(a)(2) of a
6 barrel of taxable oil is more than \$10, the tax amount is the sum of the following:

7 (A) the difference between the monthly production tax
8 value of a barrel of taxable oil and \$10 multiplied by the volume of oil
9 produced by the producer for the month multiplied by five percent;

10 (B) if applicable, the difference between the monthly
11 production tax value of a barrel of taxable oil and \$15 multiplied by the
12 volume of oil produced by the producer for the month multiplied by five
13 percent;

14 (C) if applicable, the difference between the monthly
15 production tax value of a barrel of taxable oil and \$20 multiplied by the
16 volume of oil produced by the producer for the month multiplied by five
17 percent;

18 (D) if applicable, the difference between the monthly
19 production tax value of a barrel of taxable oil and \$30 multiplied by the
20 volume of oil produced by the producer for the month multiplied by 10
21 percent;

22 (E) if applicable, the difference between the monthly
23 production tax value of a barrel of taxable oil and \$50 multiplied by the
24 volume of oil produced by the producer for the month multiplied by 10
25 percent;

26 (F) if applicable, the difference between the monthly
27 production tax value of a barrel of taxable oil and \$70 multiplied by the
28 volume of oil produced by the producer for the month multiplied by five
29 percent.

30 * Sec. 13. AS 43.55.014(b) is amended to read:

31 (b) A production tax levied by this section is equal to 13 percent of the gas

1 otherwise taxable under AS 43.55.011(e)(4) [AS 43.55.011(e)(3)] produced from each
2 oil and gas lease to which an effective election under (a) of this section applies, when
3 and as that gas is produced. The producer shall pay the tax in gas by delivering that 13
4 percent of the gas to the state at the point of production.

5 * **Sec. 14.** AS 43.55.020(a) is amended to read:

6 (a) For a calendar year, a producer subject to tax under AS 43.55.011 shall pay
7 the tax as follows:

8 (1) for oil and gas produced before January 1, 2014, an installment
9 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied
10 as allowed by law, is due for each month of the calendar year on the last day of the
11 following month; except as otherwise provided under (2) of this subsection, the
12 amount of the installment payment is the sum of the following amounts, less 1/12 of
13 the tax credits that are allowed by law to be applied against the tax levied by
14 AS 43.55.011(e) for the calendar year, but the amount of the installment payment may
15 not be less than zero:

16 (A) for oil and gas not subject to AS 43.55.011(o) or (p)
17 produced from leases or properties in the state outside the Cook Inlet
18 sedimentary basin, other than leases or properties subject to AS 43.55.011(f),
19 the greater of

20 (i) zero; or

21 (ii) the sum of 25 percent and the tax rate calculated for
22 the month under AS 43.55.011(g) multiplied by the remainder obtained
23 by subtracting 1/12 of the producer's adjusted lease expenditures for the
24 calendar year of production under AS 43.55.165 and 43.55.170 that are
25 deductible for the oil and gas under AS 43.55.160 from the gross value
26 at the point of production of the oil and gas produced from the leases or
27 properties during the month for which the installment payment is
28 calculated;

29 (B) for oil and gas produced from leases or properties subject
30 to AS 43.55.011(f), the greatest of

31 (i) zero;

(ii) zero percent, one percent, two percent, three percent, or four percent, as applicable, of the gross value at the point of production of the oil and gas produced from the leases or properties during the month for which the installment payment is calculated; or

(iii) the sum of 25 percent and the tax rate calculated for the month under AS 43.55.011(g) multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the oil and gas under AS 43.55.160 from the gross value at the point of production of the oil and gas produced from those leases or properties during the month for which the installment payment is calculated;

(C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for each lease or property, the greater of

(i) zero; or

(ii) the sum of 25 percent and the tax rate calculated for the month under AS 43.55.011(g) multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible under AS 43.55.160 for the oil or gas, respectively, produced from the lease or property from the gross value at the point of production of the oil or gas, respectively, produced from the lease or property during the month for which the installment payment is calculated;

(D) for oil and gas subject to AS 43.55.011(p), the lesser of

(i) the sum of 25 percent and the tax rate calculated for the month under AS 43.55.011(g) multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the oil and gas under AS 43.55.160 from the gross value at the point of production of the oil and gas produced from the leases or

1 properties during the month for which the installment payment is
2 calculated, but not less than zero; or

3 (ii) four percent of the gross value at the point of
4 production of the oil and gas produced from the leases or properties
5 during the month, but not less than zero;

6 (2) an amount calculated under (1)(C) of this subsection for oil or gas
7 subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by
8 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as
9 applicable, for gas or set out in AS 43.55.011(k) for oil, but substituting in
10 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable
11 gas produced during the month for the amount of taxable gas produced during the
12 calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced
13 during the month for the amount of taxable oil produced during the calendar year;

14 (3) an installment payment of the estimated tax levied by
15 AS 43.55.011(i) for each lease or property is due for each month of the calendar year
16 on the last day of the following month; the amount of the installment payment is the
17 sum of

18 (A) the applicable tax rate for oil provided under
19 AS 43.55.011(i), multiplied by the gross value at the point of production of the
20 oil taxable under AS 43.55.011(i) and produced from the lease or property
21 during the month; and

22 (B) the applicable tax rate for gas provided under
23 AS 43.55.011(i), multiplied by the gross value at the point of production of the
24 gas taxable under AS 43.55.011(i) and produced from the lease or property
25 during the month;

26 (4) any amount of tax levied by AS 43.55.011, net of any credits
27 applied as allowed by law, that exceeds the total of the amounts due as installment
28 payments of estimated tax is due on March 31 of the year following the calendar year
29 of production;

30 (5) for oil and gas produced on and after January 1, 2014, and before
31 January 1, 2019 [2022], an installment payment of the estimated tax levied by

1 AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each
2 month of the calendar year on the last day of the following month; except as otherwise
3 provided under (7) [(6)] of this subsection, the amount of the installment payment is
4 the sum of the following amounts, less 1/12 of the tax credits that are allowed by law
5 to be applied against the tax levied by AS 43.55.011(e) for the calendar year, but the
6 amount of the installment payment may not be less than zero:

7 (A) for oil and gas not subject to AS 43.55.011(o) or (p)
8 produced from leases or properties in the state outside the Cook Inlet
9 sedimentary basin, other than leases or properties subject to AS 43.55.011(f),
10 the greater of

11 (i) zero; or

12 (ii) 35 percent multiplied by the remainder obtained by
13 subtracting 1/12 of the producer's adjusted lease expenditures for the
14 calendar year of production under AS 43.55.165 and 43.55.170 that are
15 deductible for the oil and gas under AS 43.55.160 from the gross value
16 at the point of production of the oil and gas produced from the leases or
17 properties during the month for which the installment payment is
18 calculated;

19 (B) for oil and gas produced from leases or properties subject
20 to AS 43.55.011(f), the greatest of

21 (i) zero;

22 (ii) **the percentage applicable under AS 43.55.011(f)**

23 [ZERO PERCENT, ONE PERCENT, TWO PERCENT, THREE
24 PERCENT, OR FOUR PERCENT, AS APPLICABLE] of the gross
25 value at the point of production of the oil and gas produced from the
26 leases or properties during the month for which the installment
27 payment is calculated; or

28 (iii) 35 percent multiplied by the remainder obtained by
29 subtracting 1/12 of the producer's adjusted lease expenditures for the
30 calendar year of production under AS 43.55.165 and 43.55.170 that are
31 deductible for the oil and gas under AS 43.55.160 from the gross value

1 at the point of production of the oil and gas produced from those leases
2 or properties during the month for which the installment payment is
3 calculated, except that, for the purposes of this calculation, a reduction
4 from the gross value at the point of production may apply for oil and
5 gas subject to AS 43.55.160(f) [OR (g)];

6 (C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for
7 each lease or property, the greater of

8 (i) zero; or

9 (ii) 35 percent multiplied by the remainder obtained by
10 subtracting 1/12 of the producer's adjusted lease expenditures for the
11 calendar year of production under AS 43.55.165 and 43.55.170 that are
12 deductible under AS 43.55.160 for the oil or gas, respectively,
13 produced from the lease or property from the gross value at the point of
14 production of the oil or gas, respectively, produced from the lease or
15 property during the month for which the installment payment is
16 calculated;

17 (D) for oil and gas subject to AS 43.55.011(p), the lesser of

18 (i) 35 percent multiplied by the remainder obtained by
19 subtracting 1/12 of the producer's adjusted lease expenditures for the
20 calendar year of production under AS 43.55.165 and 43.55.170 that are
21 deductible for the oil and gas under AS 43.55.160 from the gross value
22 at the point of production of the oil and gas produced from the leases or
23 properties during the month for which the installment payment is
24 calculated, but not less than zero; or

25 (ii) four percent of the gross value at the point of
26 production of the oil and gas produced from the leases or properties
27 during the month, but not less than zero;

28 **(6) for oil and gas produced on and after January 1, 2019, and**
29 **before January 1, 2022, an installment payment of the estimated tax levied by**
30 **AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each**
31 **month of the calendar year on the last day of the following month; except as**

1 otherwise provided under (7) of this subsection, the amount of the installment
2 payment is the sum of the following amounts, less 1/12 of the tax credits that are
3 allowed by law to be applied against the tax levied by AS 43.55.011(e) for the
4 calendar year, but the amount of the installment payment may not be less than
5 zero:

6 (A) for oil and gas not subject to AS 43.55.011(o) or (p)
7 produced from leases or properties in the state outside the Cook Inlet
8 sedimentary basin, other than leases or properties subject to
9 AS 43.55.011(f), the greater of

10 (i) zero; or

11 (ii) the amount calculated for the month under
12 AS 43.55.011(g), as applicable, and 10 percent multiplied by the
13 remainder obtained by subtracting 1/12 of the producer's adjusted
14 lease expenditures for the calendar year of production under
15 AS 43.55.165 and 43.55.170 that are deductible for the oil and gas
16 under AS 43.55.160 from the gross value at the point of production
17 of the oil and gas produced from the leases or properties during the
18 month for which the installment payment is calculated;

19 (B) for oil and gas produced from leases or properties
20 subject to AS 43.55.011(f), the greatest of

21 (i) zero;

22 (ii) the percentage applicable under AS 43.55.011(f)
23 of the gross value at the point of production of the oil and gas
24 produced from the leases or properties during the month for which
25 the installment payment is calculated; or

26 (iii) the amount calculated for the month under
27 AS 43.55.011(g), as applicable, and 10 percent multiplied by the
28 remainder obtained by subtracting 1/12 of the producer's adjusted
29 lease expenditures for the calendar year of production under
30 AS 43.55.165 and 43.55.170 that are deductible for the oil and gas
31 under AS 43.55.160 from the gross value at the point of production

of the oil and gas produced from those leases or properties during the month for which the installment payment is calculated, except that, for the purposes of this calculation, a reduction from the gross value at the point of production may apply for oil and gas subject to AS 43.55.160(f);

(C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for each lease or property, the greater of

(i) zero; or

(ii) the amount calculated for the month under (g), as applicable, and 10 percent multiplied by the amount obtained by subtracting 1/12 of the producer's adjusted unit figures for the calendar year of production under section 43.55.170 that are deductible under AS 43.55.160 for gas, respectively, produced from the lease or property less value at the point of production of the oil or gas, produced from the lease or property during the month in which the installment payment is calculated;

(D) for oil and gas subject to AS 43.55.011(p), the lesser of

(i) the amount calculated for the month under AS 43.55.011(g), as applicable, and 10 percent multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the oil and gas under AS 43.55.160 from the gross value at the point of production of the oil and gas produced from the leases or properties during the month for which the installment payment is calculated, but not less than zero; or

(ii) four percent of the gross value at the point of production of the oil and gas produced from the leases or properties during the month, but not less than zero;

(7) [(6)] an amount calculated under (5)(C) or (6)(C) of this subsection

1 for oil or gas subject to AS 43.55.011(j), (k), or (o) may not exceed the product
2 obtained by carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or
3 43.55.011(o), as applicable, for gas or set out in AS 43.55.011(k) for oil, but
4 substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the
5 amount of taxable gas produced during the month for the amount of taxable gas
6 produced during the calendar year and substituting in AS 43.55.011(k) the amount of
7 taxable oil produced during the month for the amount of taxable oil produced during
8 the calendar year;

9 **(8) [(7)]** for oil and gas produced on or after January 1, 2022, an
10 installment payment of the estimated tax levied by AS 43.55.011(e), net of any tax
11 credits applied as allowed by law, is due for each month of the calendar year on the
12 last day of the following month; except as otherwise provided under **(11) [(10)]** of this
13 subsection, the amount of the installment payment is the sum of the following
14 amounts, less 1/12 of the tax credits that are allowed by law to be applied against the
15 tax levied by AS 43.55.011(e) for the calendar year, but the amount of the installment
16 payment may not be less than zero:

17 (A) for oil produced from leases or properties subject to
18 AS 43.55.011(f), the greatest of

19 (i) zero;

20 (ii) **the percentage applicable under AS 43.55.011(f)**

21 [ZERO PERCENT, ONE PERCENT, TWO PERCENT, THREE
22 PERCENT, OR FOUR PERCENT, AS APPLICABLE,] of the gross
23 value at the point of production of the oil produced from the leases or
24 properties during the month for which the installment payment is
25 calculated; or

26 (iii) **the amount calculated for the month under**
27 **AS 43.55.011(g), as applicable, and 10** [35] percent multiplied by the
28 remainder obtained by subtracting 1/12 of the producer's adjusted lease
29 expenditures for the calendar year of production under AS 43.55.165
30 and 43.55.170 that are deductible for the oil under
31 **AS 43.55.160(h)(1)(A)** [AS 43.55.160(h)(1)] from the gross value at

the point of production of the oil produced from those leases or properties during the month for which the installment payment is calculated, except that, for the purposes of this calculation, a reduction from the gross value at the point of production may apply for oil subject to AS 43.55.160(f) or 43.55.160(f) and (g);

(B) for oil produced before or during the last calendar year under AS 43.55.024(b) for which the producer could take a tax credit under AS 43.55.024(a), from leases or properties in the state outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, other than leases or properties subject to AS 43.55.011(o) or (p), the greater of

- (i) zero; or
- (ii) the amount calculated for the month under

AS 43.55.011(g), as applicable, and 10 [35] percent multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the oil under **AS 43.55.160(h)(1)(B)** [AS 43.55.160(h)(2)] from the gross value at the point of production of the oil produced from the leases or properties during the month for which the installment payment is calculated;

(C) for oil and gas produced from leases or properties subject to AS 43.55.011(p), except as otherwise provided under (9) [(8)] of this subsection, the sum of

(i) the amount calculated for the month under AS 43.55.011(g), as applicable, and 10 [35] percent multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the oil under AS 43.55.160(h)(1)(C) [AS 43.55.160(h)(3)] from the gross value at the point of production of the oil produced from the leases or properties during the month for which the installment payment is calculated, but not less than zero; and

(ii) 13 percent of the gross value at the point of production of the gas produced from the leases or properties during the month, but not less than zero;

(D) for oil produced from leases or properties in the state, no part of which is north of 68 degrees North latitude, other than leases or properties subject to (B), (C), or (F) of this paragraph, the greater of

(i) zero; or

(ii) the amount calculated for the month under

AS 43.55.011(g), as applicable, and 10 [35] percent multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the oil under **AS 43.55.160(h)(1)(D)** [AS 43.55.160(h)(4)] from the gross value at the point of production of the oil produced from the leases or properties during the month for which the installment payment is calculated;

(E) for gas produced from each lease or property in the state outside the Cook Inlet sedimentary basin, other than a lease or property subject to AS 43.55.011(o) or (p), 13 percent of the gross value at the point of production of the gas produced from the lease or property during the month for which the installment payment is calculated, but not less than zero;

(F) for oil subject to AS 43.55.011(k), for each lease or property, the greater of

(i) zero; or

(ii) the amount calculated for the month under

AS 43.55.011(g), as applicable, and 10 [35] percent multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible under AS 43.55.160 for the oil produced from the lease or property from the gross value at the point of production of the oil produced from the lease or property during the month for which the installment payment is calculated;

1 (G) for gas subject to AS 43.55.011(j) or (o), for each lease or
2 property, the greater of

3 (i) zero; or

4 (ii) 13 percent of the gross value at the point of
5 production of the gas produced from the lease or property during the
6 month for which the installment payment is calculated;

7 **(9)** [(8)] an amount calculated under **(8)(C)** [(7)(C)] of this subsection
8 may not exceed four percent of the gross value at the point of production of the oil and
9 gas produced from leases or properties subject to AS 43.55.011(p) during the month
10 for which the installment payment is calculated;

11 **(10)** [(9)] for purposes of the calculation under (1)(B)(ii), (5)(B)(ii),
12 **(6)(B)(ii),** and **(8)(A)(ii)** [(7)(A)(ii)] of this subsection, the applicable percentage of
13 the gross value at the point of production is determined under AS 43.55.011(f)(1) or
14 (2) but substituting the phrase "month for which the installment payment is calculated"
15 in AS 43.55.011(f)(1) and (2) for the phrase "calendar year for which the tax is due";

16 **(11)** [(10)] an amount calculated under **(8)(F) or (G)** [(7)(F) OR (G)]
17 of this subsection for oil or gas subject to AS 43.55.011(j), (k), or (o) may not exceed
18 the product obtained by carrying out the calculation set out in AS 43.55.011(j)(1) or
19 (2) or 43.55.011(o), as applicable, for gas, or set out in AS 43.55.011(k) for oil, but
20 substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the
21 amount of taxable gas produced during the month for the amount of taxable gas
22 produced during the calendar year and substituting in AS 43.55.011(k) the amount of
23 taxable oil produced during the month for the amount of taxable oil produced during
24 the calendar year.

25 * **Sec. 15.** AS 43.55.020(g) is amended to read:

26 (g) Notwithstanding any contrary provision of AS 43.05.225,

27 (1) before January 1, 2014, an unpaid amount of an installment
28 payment required under (a)(1) - (3) of this section that is not paid when due bears
29 interest (A) at the rate provided for an underpayment under 26 U.S.C. 6621 (Internal
30 Revenue Code), as amended, compounded daily, from the date the installment
31 payment is due until March 31 following the calendar year of production, and (B) as

1 provided for a delinquent tax under AS 43.05.225 after that March 31; interest accrued
2 under (A) of this paragraph that remains unpaid after that March 31 is treated as an
3 addition to tax that bears interest under (B) of this paragraph; an unpaid amount of tax
4 due under (a)(4) of this section that is not paid when due bears interest as provided for
5 a delinquent tax under AS 43.05.225;

6 (2) on and after January 1, 2014, an unpaid amount of an installment
7 payment required under (a)(3), (5), (6), [OR] (7), or (8) of this section that is not paid
8 when due bears interest (A) at the rate provided for an underpayment under 26 U.S.C.
9 6621 (Internal Revenue Code), as amended, compounded daily, from the date the
10 installment payment is due until March 31 following the calendar year of production,
11 and (B) as provided for a delinquent tax under AS 43.05.225 after that March 31;
12 interest accrued under (A) of this paragraph that remains unpaid after that March 31 is
13 treated as an addition to tax that bears interest under (B) of this paragraph; an unpaid
14 amount of tax due under (a)(4) of this section that is not paid when due bears interest
15 as provided for a delinquent tax under AS 43.05.225.

16 * **Sec. 16.** AS 43.55.020(h) is amended to read:

17 (h) Notwithstanding any contrary provision of AS 43.05.280,

18 (1) an overpayment of an installment payment required under (a)(1),
19 (2), (3), (5), (6), [OR] (7), or (8) of this section bears interest at the rate provided for
20 an overpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended,
21 compounded daily, from the later of the date the installment payment is due or the date
22 the overpayment is made, until the earlier of

23 (A) the date it is refunded or is applied to an underpayment; or

24 (B) March 31 following the calendar year of production;

25 (2) except as provided under (1) of this subsection, interest with
26 respect to an overpayment is allowed only on any net overpayment of the payments
27 required under (a) of this section that remains after the later of March 31 following the
28 calendar year of production or the date that the statement required under
29 AS 43.55.030(a) is filed;

30 (3) interest is allowed under (2) of this subsection only from a date that
31 is 90 days after the later of March 31 following the calendar year of production or the

1 date that the statement required under AS 43.55.030(a) is filed; interest is not allowed
2 if the overpayment was refunded within the 90-day period;

3 (4) interest under (2) and (3) of this subsection is paid at the rate and in
4 the manner provided in AS 43.05.225(1).

5 * **Sec. 17.** AS 43.55.020(k) is amended to read:

6 (k) For oil and gas produced on and after January 1, 2014, and before
7 January 1, 2022, in making settlement with the royalty owner for oil and gas that is
8 taxable under AS 43.55.011, the producer may deduct the amount of the tax paid on
9 taxable royalty oil and gas, or may deduct taxable royalty oil or gas equivalent in
10 value at the time the tax becomes due to the amount of the tax paid. If the total
11 deductions of installment payments of estimated tax for a calendar year exceed the
12 actual tax for that calendar year, the producer shall, before April 1 of the following
13 year, refund the excess to the royalty owner. Unless otherwise agreed between the
14 producer and the royalty owner, the amount of the tax paid under AS 43.55.011(e) on
15 taxable royalty oil and gas for a calendar year, other than oil and gas the ownership or
16 right to which constitutes a landowner's royalty interest, is considered to be the gross
17 value at the point of production of the taxable royalty oil and gas produced during the
18 calendar year multiplied by a figure that is a quotient, in which

19 (1) the numerator is the producer's total tax liability under
20 **AS 43.55.011(e)** [AS 43.55.011(e)(2)] for the calendar year of production; and

21 (2) the denominator is the total gross value at the point of production
22 of the oil and gas taxable under AS 43.55.011(e) produced by the producer from all
23 leases and properties in the state during the calendar year.

24 * **Sec. 18.** AS 43.55.020(l) is amended to read:

25 (l) For oil and gas produced on and after January 1, 2022, in making
26 settlement with the royalty owner for oil and gas that is taxable under AS 43.55.011,
27 the producer may deduct the amount of the tax paid on taxable royalty oil and gas, or
28 may deduct taxable royalty oil or gas equivalent in value at the time the tax becomes
29 due to the amount of the tax paid. If the total deductions of installment payments of
30 estimated tax for a calendar year exceed the actual tax for that calendar year, the
31 producer shall, before April 1 of the following year, refund the excess to the royalty

1 owner. In making settlement with the royalty owner for gas that is taxable under
2 AS 43.55.014, the producer may deduct the amount of the gas paid as in-kind tax on
3 taxable royalty gas or may deduct the gross value at the point of production of the gas
4 paid as in-kind tax on taxable royalty gas. Unless otherwise agreed between the
5 producer and the royalty owner, the amount of the tax paid under AS 43.55.011(e) on
6 taxable royalty oil for a calendar year, other than oil the ownership or right to which
7 constitutes a landowner's royalty interest, is considered to be the gross value at the
8 point of production of the taxable royalty oil produced during the calendar year
9 multiplied by a figure that is a quotient, in which

10 (1) the numerator is the producer's total tax liability under
11 **AS 43.55.011(e)(4)(A)** [AS 43.55.011(e)(3)(A)] for the calendar year of production;
12 and

13 (2) the denominator is the total gross value at the point of production
14 of the oil taxable under AS 43.55.011(e) produced by the producer from all leases and
15 properties in the state during the calendar year.

16 * **Sec. 19.** AS 43.55.160(a) is amended to read:

17 (a) For oil and gas produced before January 1, 2022, except as provided in (b),
18 (f), and (g) of this section, for the purposes of

19 (1) **AS 43.55.011(e)(1) - (3)** [AS 43.55.011(e)(1) AND (2)], the annual
20 production tax value of taxable oil, gas, or oil and gas produced during a calendar year
21 in a category for which a separate annual production tax value is required to be
22 calculated under this paragraph is the gross value at the point of production of that oil,
23 gas, or oil and gas taxable under AS 43.55.011(e), less the producer's lease
24 expenditures under AS 43.55.165 for the calendar year applicable to the oil, gas, or oil
25 and gas in that category produced by the producer during the calendar year, as
26 adjusted under AS 43.55.170; a separate annual production tax value shall be
27 calculated for

28 (A) oil and gas produced from leases or properties in the state
29 that include land north of 68 degrees North latitude, other than gas produced
30 before 2022 and used in the state;

31 (B) oil and gas produced from leases or properties in the state

outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude and that qualifies for a tax credit under AS 43.55.024(a) and (b); this subparagraph does not apply to

- (i) gas produced before 2022 and used in the state; or
- (ii) oil and gas subject to AS 43.55.011(p);

(C) oil produced before 2022 from each lease or property in the Cook Inlet sedimentary basin;

(D) gas produced before 2022 from each lease or property in the Cook Inlet sedimentary basin;

(E) gas produced before 2022 from each lease or property in the state outside the Cook Inlet sedimentary basin and used in the state, other than gas subject to AS 43.55.011(p);

(F) oil and gas subject to AS 43.55.011(p) produced from leases or properties in the state;

(G) oil and gas produced from leases or properties in the state no part of which is north of 68 degrees North latitude, other than oil or gas described in (B), (C), (D), (E), or (F) of this paragraph;

(2) AS 43.55.011(g), for oil and gas produced before January 1, 2014, **or on or after January 1, 2019**, the monthly production tax value of the taxable

(A) oil and gas produced during a month from leases or properties in the state that include land north of 68 degrees North latitude is the gross value at the point of production of the oil and gas taxable under AS 43.55.011(e) and produced by the producer from those leases or properties, less 1/12 of the producer's lease expenditures under AS 43.55.165 for the calendar year applicable to the oil and gas produced by the producer from those leases or properties, as adjusted under AS 43.55.170; this subparagraph does not apply to gas subject to AS 43.55.011(o);

(B) oil and gas produced during a month from leases or properties in the state outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, is the gross value at the point of production of the oil and gas taxable under AS 43.55.011(e) and produced by

1 the producer from those leases or properties, less 1/12 of the producer's lease
2 expenditures under AS 43.55.165 for the calendar year applicable to the oil and
3 gas produced by the producer from those leases or properties, as adjusted under
4 AS 43.55.170; this subparagraph does not apply to gas subject to
5 AS 43.55.011(o);

6 (C) oil produced during a month from a lease or property in the
7 Cook Inlet sedimentary basin is the gross value at the point of production of
8 the oil taxable under AS 43.55.011(e) and produced by the producer from that
9 lease or property, less 1/12 of the producer's lease expenditures under
10 AS 43.55.165 for the calendar year applicable to the oil produced by the
11 producer from that lease or property, as adjusted under AS 43.55.170;

12 (D) gas produced during a month from a lease or property in
13 the Cook Inlet sedimentary basin is the gross value at the point of production
14 of the gas taxable under AS 43.55.011(e) and produced by the producer from
15 that lease or property, less 1/12 of the producer's lease expenditures under
16 AS 43.55.165 for the calendar year applicable to the gas produced by the
17 producer from that lease or property, as adjusted under AS 43.55.170;

18 (E) gas produced during a month from a lease or property
19 outside the Cook Inlet sedimentary basin and used in the state is the gross
20 value at the point of production of that gas taxable under AS 43.55.011(e) and
21 produced by the producer from that lease or property, less 1/12 of the
22 producer's lease expenditures under AS 43.55.165 for the calendar year
23 applicable to that gas produced by the producer from that lease or property, as
24 adjusted under AS 43.55.170.

25 * **Sec. 20.** AS 43.55.160(e) is amended to read:

26 (e) Any adjusted lease expenditures under AS 43.55.165 and 43.55.170
27 incurred to explore for, develop, or produce oil or gas from a lease or property outside
28 the Cook Inlet sedimentary basin that would otherwise be deductible by a producer in
29 a calendar year but whose deduction would cause an annual production tax value
30 calculated under (a)(1) or (h)(1) [(h)] of this section of taxable oil or gas produced
31 during the calendar year to be less than zero may be used to establish a carried-

1 forward annual loss under AS 43.55.165(a)(3). A reduction under (f) or (g) of this
2 section must be added back to the calculation of production tax values for that
3 calendar year before the determination of a carried-forward annual loss under this
4 subsection. However, the department shall provide by regulation a method to ensure
5 that, for a period for which a producer's tax liability is limited by AS 43.55.011(o) or
6 (p), any adjusted lease expenditures under AS 43.55.165 and 43.55.170 that would
7 otherwise be deductible by a producer for that period but whose deduction would
8 cause a production tax value calculated under (a)(1)(E) or (F) or **(h)(1)(C)** [(h)(3)] of
9 this section to be less than zero are accounted for as though the adjusted lease
10 expenditures had first been used as deductions in calculating the production tax values
11 of oil or gas subject to any of the limitations under AS 43.55.011(o) or (p) that have
12 positive production tax values so as to reduce the tax liability calculated without
13 regard to the limitation to the maximum amount provided for under the applicable
14 provision of AS 43.55.011(o) or (p). Only the amount of those adjusted lease
15 expenditures remaining after the accounting provided for under this subsection may be
16 used to establish a carried-forward annual loss under AS 43.55.165(a)(3). In this
17 subsection, "producer" includes "explorer."

18 * **Sec. 21.** AS 43.55.160(f) is amended to read:

19 (f) On and after January 1, 2014, in the calculation of an annual production tax
20 value of a producer under (a)(1)(A) or **(h)(1)(A)** [(h)(1)] of this section, the gross
21 value at the point of production of oil or gas produced from a lease or property north
22 of 68 degrees North latitude meeting one or more of the following criteria is reduced
23 by 20 percent: (1) the oil or gas is produced from a lease or property that does not
24 contain a lease that was within a unit on January 1, 2003; (2) the oil or gas is produced
25 from a participating area established after December 31, 2011, that is within a unit
26 formed under AS 38.05.180(p) before January 1, 2003, if the participating area does
27 not contain a reservoir that had previously been in a participating area established
28 before December 31, 2011; (3) the oil or gas is produced from acreage that was added
29 to an existing participating area by the Department of Natural Resources on and after
30 January 1, 2014, and the producer demonstrates to the department that the volume of
31 oil or gas produced is from acreage added to an existing participating area. This

1 subsection does not apply to gas produced before 2022 that is used in the state or to
2 gas produced on and after January 1, 2022. For oil and gas first produced from a lease
3 or property after December 31, 2016, a reduction allowed under this subsection
4 applies from the date of commencement of regular production of oil and gas from that
5 lease or property and expires after three years, consecutive or nonconsecutive, in
6 which the average annual price per barrel for Alaska North Slope crude oil for sale on
7 the United States West Coast is more than \$70 or after seven years, whichever occurs
8 first. For oil and gas first produced from a lease or property before January 1, 2017, a
9 reduction allowed under this subsection expires on the earlier of January 1, 2023, or
10 January 1 following three years, consecutive or nonconsecutive, in which the average
11 annual price per barrel for Alaska North Slope crude oil for sale on the United States
12 West Coast is more than \$70. The Alaska Oil and Gas Conservation Commission shall
13 determine the commencement of regular production of oil and gas for purposes of this
14 subsection. A reduction under this subsection may not reduce the gross value at the
15 point of production below zero. In this subsection, "participating area" means a
16 reservoir or portion of a reservoir producing or contributing to production as approved
17 by the Department of Natural Resources.

18 * **Sec. 22.** AS 43.55.160(h) is amended to read:

19 (h) For oil produced on and after January 1, 2022, except as provided in (b),
20 (f), and (g) of this section, for the purposes of

21 **(1) AS 43.55.011(e)(4)** [AS 43.55.011(e)(3)], the annual production
22 tax value of oil taxable under AS 43.55.011(e) produced by a producer during a
23 calendar year

24 **(A)** [(1)] from leases or properties in the state that include land
25 north of 68 degrees North latitude is the gross value at the point of production
26 of that oil, less the producer's lease expenditures under AS 43.55.165 for the
27 calendar year incurred to explore for, develop, or produce oil and gas deposits
28 located in the state north of 68 degrees North latitude or located in leases or
29 properties in the state that include land north of 68 degrees North latitude, as
30 adjusted under AS 43.55.170;

31 **(B)** [(2)] before or during the last calendar year under

1 AS 43.55.024(b) for which the producer could take a tax credit under
2 AS 43.55.024(a), from leases or properties in the state outside the Cook Inlet
3 sedimentary basin, no part of which is north of 68 degrees North latitude, other
4 than leases or properties subject to AS 43.55.011(p), is the gross value at the
5 point of production of that oil, less the producer's lease expenditures under
6 AS 43.55.165 for the calendar year incurred to explore for, develop, or produce
7 oil and gas deposits located in the state outside the Cook Inlet sedimentary
8 basin and south of 68 degrees North latitude, other than oil and gas deposits
9 located in a lease or property that includes land north of 68 degrees North
10 latitude or that is subject to AS 43.55.011(p) or, before January 1, 2027, from
11 which commercial production has not begun, as adjusted under AS 43.55.170;

12 **(C)** [(3)] from leases or properties subject to AS 43.55.011(p)
13 is the gross value at the point of production of that oil, less the producer's lease
14 expenditures under AS 43.55.165 for the calendar year incurred to explore for,
15 develop, or produce oil and gas deposits located in leases or properties subject
16 to AS 43.55.011(p) or, before January 1, 2027, located in leases or properties
17 in the state outside the Cook Inlet sedimentary basin, no part of which is north
18 of 68 degrees North latitude from which commercial production has not begun,
19 as adjusted under AS 43.55.170;

20 **(D)** [(4)] from leases or properties in the state no part of which
21 is north of 68 degrees North latitude, other than leases or properties subject to
22 **(B) or (C) of this paragraph** [(2) OR (3) OF THIS SUBSECTION], is the
23 gross value at the point of production of that oil less the producer's lease
24 expenditures under AS 43.55.165 for the calendar year incurred to explore for,
25 develop, or produce oil and gas deposits located in the state south of 68
26 degrees North latitude, other than oil and gas deposits located in a lease or
27 property in the state that includes land north of 68 degrees North latitude, and
28 excluding lease expenditures that are deductible under **(B) or (C) of this**
29 **paragraph** [(2) OR (3) OF THIS SUBSECTION] or would be deductible
30 under **(B) or (C) of this paragraph** [(2) OR (3) OF THIS SUBSECTION] if
31 not prohibited by (b) of this section, as adjusted under AS 43.55.170; a

separate annual production tax value shall be calculated for

ii [(A)] oil produced from each lease or property in the Cook Inlet sedimentary basin;

(ii) [(B)] oil produced from each lease or property outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, other than leases or properties subject to **(C) of this paragraph;**

(2) AS 43.55.011(g)(3), the monthly production tax value of oil taxable under AS 43.55.011(e) produced by a producer during a month

(A) from leases or properties in the state that include land north of 68 degrees North latitude is the gross value at the point of production of that oil, less 1/12 the producer's lease expenditures under AS 43.55.165 for the calendar year incurred to explore for, develop, or produce oil and gas deposits located in the state north of 68 degrees North latitude or located in leases or properties in the state that include land north of 68 degrees North latitude, as adjusted under AS 43.55.170;

(B) in a calendar year that is before or during the last calendar year under AS 43.55.024(b) for which the producer could take a tax credit under AS 43.55.024(a), from leases or properties in the state outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, other than leases or properties subject to AS 43.55.011(p), is the gross value at the point of production of that oil, less 1/12 the producer's lease expenditures under AS 43.55.165 for the calendar year incurred to explore for, develop, or produce oil and gas deposits located in the state outside the Cook Inlet sedimentary basin and south of 68 degrees North latitude, other than oil and gas deposits located in a lease or property that includes land north of 68 degrees North latitude or that is subject to AS 43.55.011(p) or, before January 1, 2027, from which commercial production has not begun, as adjusted under AS 43.55.170:

(C) from leases or properties subject to AS 43.55.011(p) is

1 the gross value at the point of production of that oil, less 1/12 the
2 producer's lease expenditures under AS 43.55.165 for the calendar year
3 incurred to explore for, develop, or produce oil and gas deposits located in
4 leases or properties subject to AS 43.55.011(p) or, before January 1, 2027,
5 located in leases or properties in the state outside the Cook Inlet
6 sedimentary basin, no part of which is north of 68 degrees North latitude
7 from which commercial production has not begun, as adjusted under
8 AS 43.55.170;

9 (D) from leases or properties in the state no part of which is
10 north of 68 degrees North latitude, other than leases or properties subject
11 to (B) or (C) of this paragraph, is the gross value at the point of
12 production of that oil less 1/12 the producer's lease expenditures under
13 AS 43.55.165 for the calendar year incurred to explore for, develop, or
14 produce oil and gas deposits located in the state south of 68 degrees North
15 latitude, other than oil and gas deposits located in a lease or property in
16 the state that includes land north of 68 degrees North latitude, and
17 excluding lease expenditures that are deductible under (B) or (C) of this
18 paragraph or would be deductible under (B) or (C) of this paragraph if
19 not prohibited by (b) of this section, as adjusted under AS 43.55.170; a
20 separate monthly production tax value shall be calculated for

21 (i) oil produced from each lease or property in the
22 Cook Inlet sedimentary basin;

23 (ii) oil produced from each lease or property outside
24 the Cook Inlet sedimentary basin, no part of which is north of 68
25 degrees North latitude, other than leases or properties subject to
26 (C) of this paragraph [(3) OF THIS SUBSECTION].

27 * Sec. 23. AS 43.55.024(i) and 43.55.024(j) are repealed.

28 * Sec. 24. The uncodified law of the State of Alaska is amended by adding a new section to
29 read:

30 APPLICABILITY. AS 43.20.011(e), as amended by sec. 1 of this Act,
31 AS 43.20.012(a), as amended by sec. 2 of this Act, AS 43.20.012(e), enacted by sec. 4 of this

1 Act, AS 43.20.021(c), as amended by sec. 5 of this Act, AS 43.20.021(d), as amended by sec.
2 6 of this Act, AS 43.20.021(f), as amended by sec. 7 of this Act, AS 43.20.030(a), as amended
3 by sec. 8 of this Act, AS 43.20.144(h)(2), as amended by sec. 9 of this Act, and
4 AS 43.20.340(11), enacted by sec. 10 of this Act, apply to an oil or gas producer filing a
5 return for a taxable year beginning on or after the effective date of secs. 1, 2, and 4 - 10 of this
6 Act. In this section, "oil or gas producer" has the meaning given in AS 43.20.340(11), enacted
7 by sec. 10 of this Act.

8 * **Sec. 25.** The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 TRANSITION: PAYMENT OF TAX; FILING. (a) Notwithstanding the amendments
11 to AS 43.55.020 by secs. 14 - 18 of this Act, a person subject to tax under AS 43.55 that is
12 required to make one or more installment payments of estimated tax or other payments of tax
13 under AS 43.55.020 for production before the effective date of secs. 14 - 18 of this Act shall
14 pay the tax under AS 43.55.020, as that section read on the day before the effective date of
15 secs. 14 - 18 of this Act.

16 (b) The Department of Revenue may continue to apply and enforce AS 43.55.020, as
17 that section read on the day before the effective date of secs. 14 - 18 of this Act, for a tax or
18 installment payment for production before the effective date of secs. 14 - 18 of this Act.

19 * **Sec. 26.** The uncodified law of the State of Alaska is amended by adding a new section to
20 read:

21 TRANSITION: REGULATIONS; RETROACTIVITY OF REGULATIONS. (a) The
22 Department of Revenue may adopt regulations necessary to implement the changes made by
23 this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not
24 before the effective date of the law implemented by the regulation.

25 (b) Notwithstanding any contrary provision of AS 44.62.240, if the Department of
26 Revenue expressly designates in a regulation that the regulation applies retroactively, a
27 regulation adopted by the Department of Revenue to implement, interpret, make specific, or
28 otherwise carry out this Act may apply retroactively to the effective date of the law
29 implemented by the regulation.

30 * **Sec. 27.** Section 26 of this Act takes effect immediately under AS 01.10.070(c).

31 * **Sec. 28.** Section 3 of this Act takes effect on the effective date of sec. 2, ch. 55, SLA

1 2013.

2 * **Sec. 29.** Except as provided in secs. 27 and 28 of this Act, this Act takes effect January 1,
3 2019.