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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

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

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

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

(e) There is imposed for each taxable year on [UPON] the entire taxable income of every corporation or oil or gas producer derived from sources within the 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

	income over \$74,000
\$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* **Sec. 3.** AS 43.20.012(a), as repealed and reenacted by sec. 2, ch. 55, SLA 2013, is amended to read: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 [BEFORE 2014] for which the producer's average monthly production tax value under AS 43.55.160(a)(2) of a BTU equivalent barrel of the taxable oil and gas is more than \$30, the amount of tax for purposes of (e)(1)(B) of this section is determined by multiplying the monthly production tax value of the taxable oil and gas produced during 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

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

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

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

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

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

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

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

(F) if applicable, the difference between the monthly

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(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

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;

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

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

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

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

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

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

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

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

(i) zero; or

(ii) 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 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;

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

(i) zero;

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

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

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

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

(i) zero;

(ii) **the percentage applicable under AS 43.55.011(f)** [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 produced from the leases or properties during the month for which the installment payment is calculated; or

(iii) **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)(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;

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

(i) zero; or

(ii) 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;

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

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

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

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

(g) Notwithstanding any contrary provision of AS 43.05.225,

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

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

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

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

(h) Notwithstanding any contrary provision of AS 43.05.280,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 (i) gas produced before 2022 and used in the state; or

5 (ii) oil and gas subject to AS 43.55.011(p);

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

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

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

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

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

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

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

28 (B) oil and gas produced during a month from leases or
29 properties in the state outside the Cook Inlet sedimentary basin, no part of
30 which is north of 68 degrees North latitude, is the gross value at the point of
31 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);

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

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

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

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

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

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

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

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

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

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

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

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

(A) [(1)] 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 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) [(2)] 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 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) [(3)] from leases or properties subject to AS 43.55.011(p) is the gross value at the point of production of that oil, less 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 leases or properties subject to AS 43.55.011(p) or, before January 1, 2027, located in leases or properties in the state outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude from which commercial production has not begun, as adjusted under AS 43.55.170;

(D) [(4)] 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) or (C) of this paragraph [(2) OR (3) OF THIS SUBSECTION], is the gross value at the point of production of that oil less 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 south of 68 degrees North latitude, other than oil and gas deposits located in a lease or property in the state that includes land north of 68 degrees North latitude, and excluding lease expenditures that are deductible under (B) or (C) of this paragraph [(2) OR (3) OF THIS SUBSECTION] or would be deductible under (B) or (C) of this paragraph [(2) OR (3) OF THIS SUBSECTION] if not prohibited by (b) of this section, as adjusted under AS 43.55.170; a

1 separate annual production tax value shall be calculated for

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

4 (ii) [(B)] oil produced from each lease or property
5 outside the Cook Inlet sedimentary basin, no part of which is north of
6 68 degrees North latitude, other than leases or properties subject to (C)
7 of this paragraph;

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

10 (A) from leases or properties in the state that include land
11 north of 68 degrees North latitude 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 north of 68 degrees North
15 latitude or located in leases or properties in the state that include land
16 north of 68 degrees North latitude, as adjusted under AS 43.55.170;

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

31 (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 uncoded 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

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

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

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

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

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

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

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

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

* **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.