

# LEGAL SERVICES

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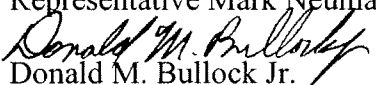
State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

February 8, 2010

**SUBJECT:** An election to subject gas used in the state to the tax cap applicable to gas produced in the Cook Inlet sedimentary basin (CSHB 217( ) ; Work Order No. 26-LS0816\R)

**TO:** Representative Mark Neuman

**FROM:**   
Donald M. Bullock Jr.  
Legislative Counsel

Enclosed is a work draft of a bill that would allow the producer of gas used in the state, and produced in the state from a lease or property outside of the Cook Inlet sedimentary basin, to elect to limit the tax on the production of that gas.

Please review this draft carefully to ensure that it is consistent with your intent.

If an election is made under AS 43.55.014, which would be enacted by sec. 4 of the draft bill, the tax on production of gas subject to the election would be limited to the cap applicable to Cook Inlet gas production under AS 43.55.011(j). If the election is not made, the gas production would be taxed the same as gas not used in the state.

If I may be of further assistance, please advise.

DMB:ljw  
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Enclosure