

Bill Section	Change	Notes
	<b>“An Act relating to the tax on oil and gas production; and providing for an effective date.”</b>	The Bill is intended to separate oil and gas production into two separate substances for purposes of the oil and gas production tax ACES AS 43.55
<b>Sec. 1.</b>	<b>AS 43.55.011(e)(2)</b> Adds language that specifically identifies the production of oil for progressivity rate purposes	Section (e) defines a base tax rate of 25% and a progressivity surcharge defined in Section (g). Progressivity only applies to oil.
<b>Sec. 2.</b>	<b>AS 43.55.011(g)</b> The language referring to gas and its per BTU equivalent is removed to isolate the progressive rate tax calculation for oil. <b>AS 43.55.011(g)(1)</b> The language referring to gas and its per BTU equivalent is removed to apply the progressive rate calculation only to oil with a progressive rate of an additional 0.4% for each \$/bbl above \$30 up to \$92.50 per barrel. <b>AS 43.55.011(g)(2)</b> The same changes are made in this subsection as in AS 43.55.011(g) (1) eliminating references to gas and per BTU equivalent to calculate the progressive rate for net production values greater than \$92.50 at the rate of an additional 0.1%	This isolates the progressive tax rate calculation to apply to oil not gas.  Since gas has been deleted from the calculation of the progressive rate, the rate on gas is set at 25% as set out in AS 43.55.011(e)(1)
<b>Sec. 3.</b>	<b>AS 43.55.011(j)</b> In comparing the lower of Sec. (e) tax and ELF tax for Cook Inlet production, progressivity does not apply for gas.	This change serves to make the comparison between the old ELF tax for gas and a tax on the net production value of gas multiplied by 25%

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<b>Sec. 4.</b>	<b>AS 43.011(o)</b> Same as Sec.3 for non-Cook Inlet gas used in-state.	This change serves to preserve the ELF limitation of the tax for gas developed outside the Cook Inlet before 2022 and used in State.
<b>Sec. 5.</b>	<b>AS43.55.020(a)(1)</b> The monthly installment payments for gas does not include a progressivity component	All other segregated leases or properties defined in statute only have a progressivity rate for oil
<b>Sec. 6.</b>	<b>AS 43.55.160(a)(2)</b> Monthly production tax values for deriving progressivity apply only to oil. (A) Applies only to North Slope oil (B) Applies only to Outside Cook inlet not North Slope Oil	
<b>Sec. 7.</b>	<b>AS 43.55.160(c)</b> Calculating the monthly share of the producers's costs of transportation for the calendar year for deriving production tax value for progressivity is for only oil.	
<b>Sec. 8</b>	<b>Takes effect immediately under AS 01.10.070(c)</b>	The bill takes effect after the governor's signature or the day after the expiration period on gubernatorial action.