

AMENDMENT

OFFERED IN THE HOUSE RESOURCES

BY _____

COMMITTEE

TO: HB 337

1 Page 1, following line 7

2 Insert new bill sections to read:

3 “***Sec. 1.** AS.05.15.095(c) is amended to read:

4 (c) A delinquent fee bears interest at the rate set by AS 43.05.225(2) [AS
5 43.05.225].

6 **Sec. 2.** AS 34.45.470(a) is amended to read:

7 (a) A person who fails to pay or deliver property within the time prescribed by
8 this chapter may be required to pay to the department interest at the annual
9 rate calculated under **AS 43.05.225(2)** [AS 43.05.225] on the property or the
10 value of it from the date the property should have been paid or delivered.

11 **Sec. 3.** AS 43.05.225 (1) is amended to read:

12 **Sec. 43.05.225. Interest.** Unless otherwise provided,

13 (1) When a tax levied in this title becomes delinquent, it bears interest in a
14 calendar quarter at the rate of five percentage points above the annual rate
15 charged member banks for advances by the 12th Federal Reserve District as of
16 the first day of that calendar quarter, [OR AT THE ANNUAL RATE OF 11
17 PERCENT, WHICHEVER IS GREATER,] compounded quarterly as of the
18 1st day of that quarter;

19 **Sec. 4.** AS 43.50.570 is amended to read:

20 **Sec. 43.50.570. Interest.** A licensee who fails to pay an amount due for the
21 purchase of stamps within the time required

1 (1) is considered to have failed to pay the cigarette taxes due under this chapter;
2 and
3 (2) shall pay interest at the rate established under AS 43.55.225(1) [AS
4 43.05.225] from the date on which the amount became due until the date of
5 payment.

6 **Sec. 5.** AS 43.55.020(g) is amended to read:

7 (g) Notwithstanding any contrary provision of AS 43.05.225, an unpaid amount of
8 an installment payment required under (a)(1)-(3) of this section that is not paid when due
9 bears interest (1) at the rate provided for an underpayment under 26 U.S.C. 6621 (Internal
10 Revenue Code), as amended, compounded daily, from the date the installment payment is
11 due until March 31 following the calendar year of production, and (2) as provided for a
12 delinquent tax under AS 43.05.225(1) [AS 43.05.225] after that March 31. Interest
13 accrued under (1) of this subsection that remains unpaid after that March 31 is treated as
14 an addition to tax that bears interest under (2) of this subsection. An unpaid amount of tax
15 due under (a)(4) of this section that is not paid when due bears interest as provided for a
16 delinquent tax under AS 43.05.225(1) [AS 43.05.225].

17
18 Page 2, lines 5-10:

19 Delete language and insert the following:

20 “effective, if

21 (A) the department determines that the producer’s underpayment resulted
22 because the regulation was not in effect when the payment was due; and

23 (B) the producer demonstrates that it made a good faith estimate of its tax
24 obligation in light of the regulations then in effect when the payment was
25 dues and paid the estimate tax;”

26 Page 3, line 7:

27 Delete “AS 43.55.025(f) [AS 43.55.025(f)(2)]”

28 Insert “AS 43.55.025(f)(2)”

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1 Page 3, line 9-10:

2 Delete “AS 43.55.025(f)[AS 43.55.025(f)(2)]”

3 Insert “AS 43.55.025(f)(2)”

4

5 Page 4, lines 5 – 31

6 Page 5, lines 1-31

7 Page 6 lines 1-31

8 Page 7, lines 1-31

9 Page 8, lines 1-31

10 Page 9, lines 1-25

11 Delete all material and insert new sections:

12 **Sec. 9.** AS 43.55.023(g) is amended to read:

13 (g) The issuance of a transferable tax credit certificate under (d) of this section
14 or the purchase of a certificate under AS 43.55.028 does not limit the department’s ability
15 to later audit a tax credit claim to which the certificate relates or to adjust the claim if the
16 department determines, as a result of the audit, that the applicant was not entitled to the
17 amount of the credit for which the certificate was issued. The tax liability of the
18 applicant under AS 43.55.011(e) and 43.55.017- 43.55.180 is increased by the amount of
19 the credit that exceeds that to which the applicant was entitled, or the applicant’s
20 available valid outstanding credits applicable against the tax levied by AS 43.55.011(e)
21 are reduced by that amount. If the applicant’s tax liability is increased under this
22 subsection, the increase bears interest under AS 43.55.225(1)[AS 43.05.225] from the
23 date the transferable tax credit certificate was issued. For purposes of this subsection, an
24 applicant that is an explorer is considered a producer subject to the tax levied by AS
25 4355.011(e).

26

27 **Sec. 10.** AS 43.55.023 is amended by adding a new subsection to read:

28 (m) A producer or explorer may take a tax credit for a well-related expenditure
29 incurred after June 30, 2010 and before July 1, 2016, as follows:

30 (1) notwithstanding that a well-related expenditure may be a deductible
31 lease expenditure under AS 43.55.165 for purposes of calculating the production tax

1 value of oil and gas under AS 43.55.160(a), unless a credit for that expenditure is taken
2 under (a) of this section, AS 38.05.180(i), AS 41.09.010, AS 43.20.043, or AS 43.55.025,
3 a producer or explorer that incurs a well-related expenditure may also elect to apply a
4 credit against a tax levied by AS 43.55.011(e) in the amount of 30 percent of that
5 expenditure;

6 (2) a producer or explorer may take a credit for a well-related expenditure
7 incurred in connection with geological or geophysical exploration or in connection with
8 an exploration well only if the producer or explorer

9 (A) agrees, in writing, to the applicable provisions of AS
10 43.55.025(f)(2); and

11 (B) submits to the Department of Natural Resources all data that
12 would be required to be submitted under AS 43.55.025(f)(2) for a credit under AS
13 43.55.025;

14 (3) in this subsection, “well-related expenditure” means a lease
15 expenditure

16 (A) directly related to an exploration well, a stratigraphic test well,
17 a producing well, or an injection well other than a disposal well, if the expenditure is a
18 qualified capital expenditure and an intangible drilling and development cost under 26
19 U.S.C. 263(c), as amended, and 26 C.F.R 1.612-4, regardless of the elections made under
20 26 U.S.C. 263(c); in this subparagraph, an expenditure directly related to a well includes
21 an expenditure for well drilling, well sidetracking, well deepening, well testing, well
22 stimulation, well completion or recompletion, or well workover, regardless as to whether
23 the well is or has been a producing well; or

24 (B) for seismic work conducted within the boundaries of a
25 production or exploration unit.

1 Page 9, following line 26:

2 Insert new bill sections to read:

3 **Sec. 12.** AS 43.77.020(d) is amended to read:

4 (d) A person subject to the tax under this chapter shall make quarterly payments
5 of the tax estimated to be due for the year, as required under regulations adopted by the
6 department. A taxpayer will be subject to an estimated tax penalty, determined by
7 applying the interest rate specified in AS 43.05.225(1) [AS 43.55.225] to the
8 underpayment for each quarter, unless the taxpayer makes estimated tax payment in equal
9 installments that total either

10 (1) at least 90 percent of the taxpayer’s tax liability under this chapter for
11 the tax year; or

12 (2) at least 100 percent of the taxpayer’s tax liability under this chapter for
13 the prior tax year.

14

15 **Sec. 13.** AS 43.90.430 is amended to read:

16 **Sec. 43.90.430. Interest.** When a payment due to the state under this chapter
17 becomes delinquent, the payment bears interest at the rate applicable to a delinquent tax
18 under AS 43.05.225(1) [AS 43.05.225].

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20 Page 9, line 29:

21 Delete both occurrences of “1” and insert “6”

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23 Page 10, line 2-6:

24 Delete all material.

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1 Page 10, lines 9-10:

2 Delete all material

3 Insert the following:

4 "RETROACTIVITY OF SECS. 6-8 OF THIS ACT. (a) Section 6 of this Act is
5 retroactive to February 28, 2007.

6 (b) Section 7 and 8 of this Act are retroactive to January 1, 2010.

7

8 Page 10, line 17:

9 Delete "1, 2, or 3"

10 Insert "6, 7, or 8"

11

12 Page 10, line 19:

13 Delete "Sections 4 - 12"

14 Insert "Sections 1 – 5, and 9 - 13"

15

16 Renumber the bill sections accordingly.