

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSSB 305(FIN)(title am)

1 Page 1, line 2:

2 Delete "oil,"

3 Insert "oil produced in the state and"

4

5 Page 1, lines 2 - 3:

6 Delete ", and gas produced outside of the Cook Inlet sedimentary basin and used
7 in the state"

8

9 Page 1, lines 10 - 11:

10 Delete "and not used in the state"

11

12 Page 2, line 17:

13 Delete "(f), (j), (k), and (o)"

14 Insert "(f), (j), and (k) [(f), (j), (k), AND (o)]

15

16 Page 2, following line 24:

17 Insert a new bill section to read:

18 "* **Sec. 3.** AS 43.55.011(f) is amended to read:

19 (f) The levy of tax under this section for oil and gas produced north of 68
20 degrees North latitude, other than oil and gas production subject to (i) of this section
21 [AND GAS SUBJECT TO (o) OF THIS SECTION], may not be less than

22 (1) four percent of the gross value at the point of production when the
23 average price per barrel for Alaska North Slope crude oil for sale on the United States

1 West Coast during the calendar year for which the tax is due is more than \$25;

2 (2) three percent of the gross value at the point of production when the
3 average price per barrel for Alaska North Slope crude oil for sale on the United States
4 West Coast during the calendar year for which the tax is due is over \$20 but not over
5 \$25;

6 (3) two percent of the gross value at the point of production when the
7 average price per barrel for Alaska North Slope crude oil for sale on the United States
8 West Coast during the calendar year for which the tax is due is over \$17.50 but not
9 over \$20;

10 (4) one percent of the gross value at the point of production when the
11 average price per barrel for Alaska North Slope crude oil for sale on the United States
12 West Coast during the calendar year for which the tax is due is over \$15 but not over
13 \$17.50; or

14 (5) zero percent of the gross value at the point of production when the
15 average price per barrel for Alaska North Slope crude oil for sale on the United States
16 West Coast during the calendar year for which the tax is due is \$15 or less."
17

18 Renumber the following bill sections accordingly.

19
20 Page 2, line 27:

21 Delete "AS 43.55.160(a)(2)(A) - (E)"

22 Insert "AS 43.55.160(a)(2)(A) - (D)"

23
24 Page 3, line 1:

25 Delete " ; "

26 Insert "and"

27
28 Page 3, lines 2 - 4:

29 Delete ", and gas produced during the month from a lease or property outside the
30 Cook Inlet sedimentary basin and used in the state"

1 Page 3, line 6:

2 Delete "AS 43.55.160(a)(2)(A) - (E)"

3 Insert "AS 43.55.160(a)(2)(A) - (D)"

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5 Page 3, line 9:

6 Delete "AS 43.55.160(a)(2)(A) - (E)"

7 Insert "AS 43.55.160(a)(2)(A) - (D)"

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9 Page 3, line 12:

10 Delete "AS 43.55.160(a)(2)(A) - (E)"

11 Insert "AS 43.55.160(a)(2)(A) - (D)"

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13 Page 3, line 16:

14 Delete "AS 43.55.160(a)(2)(A) - (E)"

15 Insert "AS 43.55.160(a)(2)(A) - (D)"

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17 Page 3, following line 18:

18 Insert a new bill section to read:

19 **** Sec. 5.** AS 43.55.011(m) is amended to read:

20 (m) Notwithstanding any contrary provision of AS 38.05.180(i),
 21 AS 41.09.010, AS 43.55.024, or 43.55.025, the department shall provide by regulation
 22 a method to ensure that, for a calendar year for which a producer's tax liability is
 23 limited by (j) or (k) [(j), (k), OR (o)] of this section, tax credits otherwise available
 24 under AS 38.05.180(i), AS 41.09.010, AS 43.55.024, or 43.55.025 and allocated to
 25 gas subject to the limitations in (j) or (k) [(j), (k), AND (o)] of this section are
 26 accounted for as though the credits had been applied first against a tax liability
 27 calculated without regard to the limitations under (j) or (k) [(j), (k), AND (o)] of this
 28 section so as to reduce the tax liability to the maximum amount provided for under (j)
 29 [(j) OR (o)] of this section for the production of gas or (k) of this section for the
 30 production of oil. The regulation must provide for a reasonable method to allocate tax
 31 credits to gas subject to (j) [(j) AND (o)] of this section. Only the amount of a tax

1 credit remaining after the accounting provided for under this subsection may be used
2 for a later calendar year, transferred to another person, or applied against a tax levied
3 on the production of oil or gas not subject to (j) or (k) [(j), (k), OR (o)] of this section
4 to the extent otherwise allowed."

5
6 Renumber the following bill sections accordingly.

7
8 Page 3, line 21:

9 Delete "AS 43.55.160(a)(2)(F) and (G)"

10 Insert "AS 43.55.160(a)(2)(E) and (F)"

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12 Page 3, lines 25 - 26:

13 Delete "or gas produced outside the Cook Inlet sedimentary basin and used in the
14 state"

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16 Page 3, line 29:

17 Delete "AS 43.55.160(a)(2)(F) and (G)"

18 Insert "AS 43.55.160(a)(2)(E) and (F)"

19
20 Page 4, line 1:

21 Delete "AS 43.55.160(a)(2)(F) and (G)"

22 Insert "AS 43.55.160(a)(2)(E) and (F)"

23
24 Page 4, line 4:

25 Delete "AS 43.55.160(a)(2)(F) and (G)"

26 Insert "AS 43.55.160(a)(2)(E) and (F)"

27
28 Page 4, line 7:

29 Delete "AS 43.55.160(a)(2)(F) and (G)"

30 Insert "AS 43.55.160(a)(2)(E) and (F)"

31

1 Page 4, lines 21 - 22:

2 Delete "but not subject to AS 43.55.011(o)"

3 Insert "[BUT NOT SUBJECT TO AS 43.55.011(o)]"

4

5 Page 6, line 9:

6 Delete "AS 43.55.011(j), (k), or (o)"

7 Insert "AS 43.55.011(j) or (k) [AS 43.55.011(j), (k), OR (o)]"

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9 Page 6, line 31:

10 Delete "AS 43.55.011(j), (k), or (o)"

11 Insert "AS 43.55.011(j) or (k) [AS 43.55.011(j), (k), OR (o)]"

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13 Page 7, line 2:

14 Delete "or 43.55.011(o)"

15 Insert "[OR 43.55.011(o)]"

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17 Page 7, line 4:

18 Delete "or 43.55.011(o)"

19 Insert "[OR 43.55.011(o)]"

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21 Page 9, lines 14 - 21:

22 Delete "gas produced during a calendar year from a lease or property outside the Cook
23 Inlet sedimentary basin and used in the state is the gross value at the point of production of
24 that gas taxable under AS 43.55.011(e) and produced by the producer from that lease or
25 property, less the producer's lease expenditures under AS 43.55.165 for the calendar year
26 applicable to that gas produced by the producer from that lease or property, as adjusted under
27 AS 43.55.170;

28 (F)"

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30 Page 9, lines 27 - 28:

31 Delete "this subparagraph does not apply to gas used in the state;"

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Page 9, line 29:

Delete "(G)"

Insert "(F)"

Page 10, lines 5 - 6:

Delete "; this subparagraph does not apply to gas used in the state;"

Insert "[GAS PRODUCED DURING A CALENDAR YEAR 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 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];"

Page 11, lines 8 - 15:

Delete "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;

(F)"

Page 11, line 22:

Delete all material.

Page 11, line 23:

Delete "(G)"

Insert "(F)"

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Page 11, lines 30 - 31:

Delete "**; this subparagraph does not apply to gas used in the state**"

Insert "[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]"

Page 11, following line 31:

Insert a new bill section to read:

"* **Sec. 10.** AS 43.55.160(e) is amended to read:

(e) Any adjusted lease expenditures under AS 43.55.165 and 43.55.170 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) 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 43.55.023(b). 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(j) or (k)** [AS 43.55.011(j), (k), OR (o)], 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)(C) or (D)** [(a)(1)(C), (D), OR (E)] 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(j) or (k)** [AS 43.55.011(j), (k), OR (o)] 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(j) or (k)**

1 [AS 43.55.011(j), (k), OR (o)]. Only the amount of those adjusted lease expenditures
2 remaining after the accounting provided for under this subsection may be used to
3 establish a carried-forward annual loss under AS 43.55.023(b). In this subsection,
4 "producer" includes "explorer.""

5
6 Renumber the following bill sections accordingly.

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8 Page 12, lines 3 - 4:

9 Delete ", between gas subject to AS 43.55.011(o) and other gas,"

10 Insert "[, BETWEEN GAS SUBJECT TO AS 43.55.011(o) AND OTHER GAS,]"

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12 Page 12, line 17:

13 Delete ", between gas subject to AS 43.55.011(o) and other gas,"

14
15 Page 12, following line 27:

16 Insert a new bill section to read:

17 **** Sec. 13.** AS 43.55.011(o) and AS 43.55.900(24) are repealed."

18
19 Renumber the following bill sections accordingly.

20
21 Page 13, line 2:

22 Delete "secs. 2 - 4 and 7"

23 Insert "secs. 2, 4, 6, and 9"

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25 Page 13, line 5:

26 Delete "secs. 2 - 4 and 7"

27 Insert "secs. 2, 4, 6, and 9"

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29 Page 13, line 10:

30 Delete "Sections 2 - 4 and 7"

31 Insert "Sections 2, 4, 6, and 9"