

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOHNSON

TO: CSSB 305(FIN)(title am)

1 Page 1, lines 1 - 11:

2 Delete **"providing that the tax rate applicable to the production of oil as the**
3 **average production tax value of oil, gas produced in the Cook Inlet sedimentary basin,**
4 **and gas produced outside of the Cook Inlet sedimentary basin and used in the state**
5 **increases above \$30 shall be 0.4 percent multiplied by the number that represents the**
6 **difference between that average monthly production tax value and \$30, or the sum of 25**
7 **percent and the product of 0.1 percent multiplied by the number that represents the**
8 **difference between that average monthly production tax value and \$92.50, except that**
9 **the total rate determined in the calculation may not exceed 50 percent; providing for an**
10 **increase in the rate of tax on the production of gas as the average production tax value**
11 **on a BTU equivalent barrel basis of gas produced outside of the Cook Inlet sedimentary**
12 **basin and not used in the state increases above \$30"**

13 Insert **"relating to that part of the tax on the production of oil and gas that**
14 **increases as the average production tax value of the oil and gas increases above \$30"**

15

16 Page 2, line 2, following **"expenditures;"**:

17 Insert **"relating to the tax on the production of gas in effect at the start of the first**
18 **binding open season held for the project licensed under the Alaska Gasline Inducement**
19 **Act;"**

20

21 Page 2, following line 12:

22 Insert new bill sections to read:

23 **"* Sec. 2.** AS 29.60.850(b), as amended by sec. 1 of this Act, is amended to read:

1 (b) Each fiscal year, the legislature may appropriate to the community revenue
2 sharing fund an amount equal to 20 percent of the money received by the state during
3 the previous calendar year under AS 43.55.011(g) [AND (p)]. The amount may not
4 exceed

5 (1) \$60,000,000; or

6 (2) the amount that, when added to the fund balance on June 30 of the
7 previous fiscal year, equals \$180,000,000.

8 * **Sec. 3.** AS 29.60.850(b), as amended by sec. 2 of this Act, is amended to read:

9 (b) Each fiscal year, the legislature may appropriate to the community revenue
10 sharing fund an amount equal to 20 percent of the money received by the state during
11 the previous calendar year under AS 43.55.011(g) **and (p)**. The amount may not
12 exceed

13 (1) \$60,000,000; or

14 (2) the amount that, when added to the fund balance on June 30 of the
15 previous fiscal year, equals \$180,000,000."

16

17 Renumber the following bill sections accordingly.

18

19 Page 2, following line 24:

20 Insert new bill sections to read:

21 **** Sec. 5.** AS 43.55.011(e), as amended by sec. 4 of this Act, is amended to read:

22 (e) There is levied on the producer of oil or gas a tax for all oil and gas
23 produced each calendar year from each lease or property in the state, less any oil and
24 gas the ownership or right to which is exempt from taxation or constitutes a
25 landowner's royalty interest. Except as otherwise provided under (f), (j), (k), and (o) of
26 this section, the tax is equal to the sum of

27 (1) the annual production tax value of the taxable oil and gas as
28 calculated under AS 43.55.160(a)(1) multiplied by 25 percent; and

29 (2) the sum, over all months of the calendar year, of the tax amounts
30 determined under

31 [(A) SUBSECTION] (g) of this section [; AND

1 (B) SUBSECTION (p) OF THIS SECTION].

2 * **Sec. 6.** AS 43.55.011(e) as amended to read:

3 (e) There is levied on the producer of oil or gas a tax for all oil and gas
4 produced each calendar year from each lease or property in the state, less any oil and
5 gas the ownership or right to which is exempt from taxation or constitutes a
6 landowner's royalty interest. Except as otherwise provided under (f), (j), (k), and (o) of
7 this section, the tax is equal to the sum of

8 (1) the annual production tax value of the taxable oil and gas as
9 calculated under AS 43.55.160(a)(1) multiplied by 25 percent; and

10 (2) the sum, over all months of the calendar year, of the tax amounts
11 determined under

12 **(A) subsection (g) of this section; and**

13 **(B) subsection (p) of this section.**"

14
15 Renumber the following bill sections accordingly.

16
17 Page 3, following line 18:

18 Insert new bill sections to read:

19 **** Sec. 8.** AS 43.55.011(g), as amended by sec. 7 of this Act, is amended to read:

20 (g) For each month of the calendar year for which the producer's average
21 monthly production tax value under **AS 43.55.160(a)(2)** [AS 43.55.160(a)(2)(A) - (E)]
22 of a BTU equivalent barrel of taxable oil and gas is more than \$30, the amount of tax
23 for purposes of **(e)(2)** [(e)(2)(A)] of this section is determined by multiplying the
24 monthly production tax value of the taxable oil **and gas** produced during the month [,
25 GAS PRODUCED DURING THE MONTH FROM A LEASE OR PROPERTY IN
26 THE COOK INLET SEDIMENTARY BASIN, AND GAS PRODUCED DURING
27 THE MONTH FROM A LEASE OR PROPERTY OUTSIDE THE COOK INLET
28 SEDIMENTARY BASIN AND USED IN THE STATE] by the tax rate calculated as
29 follows:

30 (1) if the producer's average monthly production tax value [UNDER
31 AS 43.55.160(a)(2)(A) - (E)] of a BTU equivalent barrel of taxable oil and gas for the

1 month is not more than \$92.50, the tax rate is 0.4 percent multiplied by the number
 2 that represents the difference between the producer's average monthly production tax
 3 value [UNDER AS 43.55.160(a)(2)(A) - (E)] of a BTU equivalent barrel of taxable oil
 4 and gas and \$30; or

5 (2) if the producer's average monthly production tax value [UNDER
 6 AS 43.55.160(a)(2)(A) - (E)] of a BTU equivalent barrel of taxable oil and gas for the
 7 month is more than \$92.50, the tax rate is the sum of 25 percent and the product of 0.1
 8 percent multiplied by the number that represents the difference between the producer's
 9 average monthly production tax value [UNDER AS 43.55.160(a)(2)(A) - (E)] of a
 10 BTU equivalent barrel of taxable oil and gas and \$92.50, except that the sum
 11 determined under this paragraph may not exceed 50 percent.

12 * **Sec. 9.** AS 43.55.011(g), as amended by sec. 8 of this Act, is amended to read:

13 (g) For each month of the calendar year for which the producer's average
 14 monthly production tax value under AS 43.55.160(a)(2)(A) - (E) [AS 43.55.160(a)(2)]
 15 of a BTU equivalent barrel of taxable oil and gas is more than \$30, the amount of tax
 16 for purposes of (e)(2)(A) [(e)(2)] of this section is determined by multiplying the
 17 monthly production tax value of the taxable oil [AND GAS] produced during the
 18 month, gas produced during the month from a lease or property in the Cook Inlet
 19 sedimentary basin, and gas produced during the month from a lease or property
 20 outside the Cook Inlet sedimentary basin and used in the state by the tax rate
 21 calculated as follows:

22 (1) if the producer's average monthly production tax value under
 23 AS 43.55.160(a)(2)(A) - (E) of a BTU equivalent barrel of taxable oil and gas for the
 24 month is not more than \$92.50, the tax rate is 0.4 percent multiplied by the number
 25 that represents the difference between the producer's average monthly production tax
 26 value under AS 43.55.160(a)(2)(A) - (E) of a BTU equivalent barrel of taxable oil
 27 and gas and \$30; or

28 (2) if the producer's average monthly production tax value under
 29 AS 43.55.160(a)(2)(A) - (E) of a BTU equivalent barrel of taxable oil and gas for the
 30 month is more than \$92.50, the tax rate is the sum of 25 percent and the product of 0.1
 31 percent multiplied by the number that represents the difference between the producer's

1 average monthly production tax value under AS 43.55.160(a)(2)(A) - (E) of a BTU
2 equivalent barrel of taxable oil and gas and \$92.50, except that the sum determined
3 under this paragraph may not exceed 50 percent."
4

5 Renumber the following bill sections accordingly.
6

7 Page 4, following line 9:

8 Insert a new bill section to read:

9 **** Sec. 11.** AS 43.55.011 is amended by adding a new subsection to read:

10 (p) For each month of the calendar year for which the producer's average
11 monthly production tax value under AS 43.55.160(a)(2)(F) and (G) of a BTU
12 equivalent barrel of taxable gas is more than \$30, the amount of tax on the production
13 of gas for purposes of (e)(2)(B) of this section is determined by multiplying the
14 monthly production tax value of the taxable gas produced during the month other than
15 gas produced from a lease or property in the Cook Inlet sedimentary basin or gas
16 produced outside the Cook Inlet sedimentary basin and used in the state by the tax rate
17 calculated as follows:

18 (1) if the producer's average monthly production tax value under
19 AS 43.55.160(a)(2)(F) and (G) of a BTU equivalent barrel of taxable gas for the
20 month is not more than \$92.50, the tax rate is 0.4 percent multiplied by the number
21 that represents the difference between the producer's average monthly production tax
22 value under AS 43.55.160(a)(2)(F) and (G) of a BTU equivalent barrel of gas and \$30;
23 or

24 (2) if the producer's average monthly production tax value under
25 AS 43.55.160(a)(2)(F) and (G) of a BTU equivalent barrel of taxable gas for the
26 month is more than \$92.50, the tax rate is the sum of 25 percent and the product of 0.1
27 percent multiplied by the number that represents the difference between the producer's
28 average monthly production tax value under AS 43.55.160(a)(2)(F) and (G) of a BTU
29 equivalent barrel of gas and \$92.50, except that the sum determined under this
30 paragraph may not exceed 50 percent."
31

1 Renumber the following bill sections accordingly.

2

3 Page 6, line 31:

4 Delete "**before 2022**"

5

6 Page 7, following line 24:

7 Insert new bill sections to read:

8 **"* Sec. 13.** AS 43.55.020(a), as amended by sec. 12 of this Act, is amended to read:

9 (a) For a calendar year, a producer subject to tax under AS 43.55.011(e) - (i)
10 [AND (p)] shall pay the tax as follows:

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

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

22 (i) zero; or

23 (ii) [AN AMOUNT EQUAL TO] the sum of 25 percent
24 and the tax rate calculated for the month under AS 43.55.011(g)
25 multiplied by the remainder obtained by subtracting 1/12 of the
26 producer's adjusted lease expenditures for the calendar year of
27 production [APPLICABLE TO THE OIL PRODUCED BY THE
28 PRODUCER FROM THOSE LEASES AND PROPERTIES] under
29 AS 43.55.165 and 43.55.170 that are deductible for the leases or
30 properties under AS 43.55.160 [,] from the gross value at the point of
31 production of the oil **and gas** produced from the leases or properties

1 during the month for which the installment payment is calculated
 2 [ADDED TO THE SUM OF 25 PERCENT AND THE TAX RATE
 3 CALCULATED FOR THE MONTH UNDER AS 43.55.011(p)
 4 MULTIPLIED BY THE REMAINDER OBTAINED BY
 5 SUBTRACTING 1/12 OF THE PRODUCER'S ADJUSTED LEASE
 6 EXPENDITURES FOR THE CALENDAR YEAR OF PRODUCTION
 7 APPLICABLE TO THE GAS PRODUCED BY THE PRODUCER
 8 FROM THOSE LEASES AND PROPERTIES UNDER AS 43.55.165
 9 AND 43.55.170 THAT ARE DEDUCTIBLE FOR THE LEASES OR
 10 PROPERTIES UNDER AS 43.55.160 FROM THE GROSS VALUE
 11 AT THE POINT OF PRODUCTION OF THE GAS PRODUCED
 12 FROM THE LEASES OR PROPERTIES DURING THE MONTH
 13 FOR WHICH THE INSTALLMENT PAYMENT IS CALCULATED];

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

16 (i) zero;

17 (ii) zero percent, one percent, two percent, three
 18 percent, or four percent, as applicable, of the gross value at the point of
 19 production of the oil and gas produced from all leases or properties
 20 during the month for which the installment payment is calculated; or

21 (iii) [AN AMOUNT EQUAL TO] the sum of 25
 22 percent and the tax rate calculated for the month under AS 43.55.011(g)
 23 multiplied by the remainder obtained by subtracting 1/12 of the
 24 producer's adjusted lease expenditures for the calendar year of
 25 production [APPLICABLE TO THE OIL PRODUCED BY THE
 26 PRODUCER FROM THOSE LEASES AND PROPERTIES] under
 27 AS 43.55.165 and 43.55.170 that are deductible for those leases or
 28 properties under AS 43.55.160 [,] from the gross value at the point of
 29 production of the oil and gas produced from those leases or properties
 30 during the month for which the installment payment is calculated
 31 [ADDED TO THE SUM OF 25 PERCENT AND THE TAX RATE

1 CALCULATED FOR THE MONTH UNDER AS 43.55.011(p)
 2 MULTIPLIED BY THE REMAINDER OBTAINED BY
 3 SUBTRACTING 1/12 OF THE PRODUCER'S ADJUSTED LEASE
 4 EXPENDITURES FOR THE CALENDAR YEAR OF PRODUCTION
 5 APPLICABLE TO THE GAS PRODUCED BY THE PRODUCER
 6 FROM THOSE LEASES AND PROPERTIES UNDER AS 43.55.165
 7 AND 43.55.170 THAT ARE DEDUCTIBLE FOR THOSE LEASES
 8 OR PROPERTIES UNDER AS 43.55.160 FROM THE GROSS
 9 VALUE AT THE POINT OF PRODUCTION OF THE GAS
 10 PRODUCED FROM THOSE LEASES OR PROPERTIES DURING
 11 THE MONTH FOR WHICH THE INSTALLMENT PAYMENT IS
 12 CALCULATED];

13 (C) for oil and gas produced from each lease or property
 14 subject to AS 43.55.011(j), (k), or (o), the greater of

15 (i) zero; or

16 (ii) [AN AMOUNT EQUAL TO] the sum of 25 percent
 17 and the tax rate calculated for the month under AS 43.55.011(g)
 18 multiplied by the remainder obtained by subtracting 1/12 of the
 19 producer's adjusted lease expenditures for the calendar year of
 20 production [APPLICABLE TO THE OIL PRODUCED BY THE
 21 PRODUCER FROM THOSE LEASES AND PROPERTIES] under
 22 AS 43.55.165 and 43.55.170 that are deductible under AS 43.55.160
 23 for oil **or gas, respectively,** produced from the lease or property [,]
 24 from the gross value at the point of production of the oil **or gas,**
 25 **respectively,** produced from the lease or property during the month for
 26 which the installment payment is calculated [ADDED TO THE SUM
 27 OF 25 PERCENT AND THE TAX RATE CALCULATED FOR THE
 28 MONTH UNDER AS 43.55.011(g) MULTIPLIED BY THE
 29 REMAINDER OBTAINED BY SUBTRACTING 1/12 OF THE
 30 PRODUCER'S ADJUSTED LEASE EXPENDITURES FOR THE
 31 CALENDAR YEAR OF PRODUCTION APPLICABLE TO THE

1 GAS PRODUCED BY THE PRODUCER FROM THE LEASE OR
2 PROPERTY UNDER AS 43.55.165 AND 43.55.170 THAT ARE
3 DEDUCTIBLE UNDER AS 43.55.160 FOR GAS PRODUCED
4 FROM THE LEASE OR PROPERTY, FROM THE GROSS VALUE
5 AT THE POINT OF PRODUCTION OF THE GAS PRODUCED
6 FROM THE LEASE OR PROPERTY DURING THE MONTH FOR
7 WHICH THE INSTALLMENT PAYMENT IS CALCULATED];

8 (2) an amount calculated under (1)(C) of this subsection for oil or gas
9 produced **before 2022** from a lease or property subject to AS 43.55.011(j), (k), or (o)
10 may not exceed the product obtained by carrying out the calculation set out in
11 AS 43.55.011(j)(1) or (2) or 43.55.011(o), as applicable, for gas or set out in
12 AS 43.55.011(k)(1) or (2), as applicable, for oil, but substituting in
13 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable
14 gas produced during the month for the amount of taxable gas produced during the
15 calendar year and substituting in AS 43.55.011(k)(1)(A) or (2)(A), as applicable, the
16 amount of taxable oil produced during the month for the amount of taxable oil
17 produced during the calendar year;

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

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

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

30 (4) any amount of tax levied by AS 43.55.011(e) or (i), net of any
31 credits applied as allowed by law, that exceeds the total of the amounts due as

1 installment payments of estimated tax is due on March 31 of the year following the
2 calendar year of production.

3 * **Sec. 14.** AS 43.55.020(a), as amended by sec. 13 of this Act, is amended to read:

4 (a) For a calendar year, a producer subject to tax under AS 43.55.011(e) - (i)
5 **and (p)** shall pay the tax as follows:

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

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

17 (i) zero; or

18 (ii) **an amount equal to** the sum of 25 percent and the
19 tax rate calculated for the month under AS 43.55.011(g) multiplied by
20 the remainder obtained by subtracting 1/12 of the producer's adjusted
21 lease expenditures for the calendar year of production **applicable to**
22 **the oil produced by the producer from those leases and properties**
23 under AS 43.55.165 and 43.55.170 that are deductible for the leases or
24 properties under AS 43.55.160, from the gross value at the point of
25 production of the oil [AND GAS] produced from the leases or
26 properties during the month for which the installment payment is
27 calculated **added to the sum of 25 percent and the tax rate**
28 **calculated for the month under AS 43.55.011(p) multiplied by the**
29 **remainder obtained by subtracting 1/12 of the producer's adjusted**
30 **lease expenditures for the calendar year of production applicable**
31 **to the gas produced by the producer from those leases and**

1 properties under AS 43.55.165 and 43.55.170 that are deductible
2 for the leases or properties under AS 43.55.160 from the gross
3 value at the point of production of the gas produced from the leases
4 or properties during the month for which the installment payment
5 is calculated;

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

8 (i) zero;

9 (ii) zero percent, one percent, two percent, three
10 percent, or four percent, as applicable, of the gross value at the point of
11 production of the oil and gas produced from all leases or properties
12 during the month for which the installment payment is calculated; or

13 (iii) an amount equal to the sum of 25 percent and the
14 tax rate calculated for the month under AS 43.55.011(g) multiplied by
15 the remainder obtained by subtracting 1/12 of the producer's adjusted
16 lease expenditures for the calendar year of production applicable to
17 the oil produced by the producer from those leases and properties
18 under AS 43.55.165 and 43.55.170 that are deductible for those leases
19 or properties under AS 43.55.160, from the gross value at the point of
20 production of the oil [AND GAS] produced from those leases or
21 properties during the month for which the installment payment is
22 calculated added to the sum of 25 percent and the tax rate
23 calculated for the month under AS 43.55.011(p) multiplied by the
24 remainder obtained by subtracting 1/12 of the producer's adjusted
25 lease expenditures for the calendar year of production applicable
26 to the gas produced by the producer from those leases and
27 properties under AS 43.55.165 and 43.55.170 that are deductible
28 for those leases or properties under AS 43.55.160 from the gross
29 value at the point of production of the gas produced from those
30 leases or properties during the month for which the installment
31 payment is calculated;

1 (C) for oil and gas produced from each lease or property
2 subject to AS 43.55.011(j), (k), or (o), the greater of

3 (i) zero; or

4 (ii) **an amount equal to** the sum of 25 percent and the
5 tax rate calculated for the month under AS 43.55.011(g) multiplied by
6 the remainder obtained by subtracting 1/12 of the producer's adjusted
7 lease expenditures for the calendar year of production **applicable to**
8 **the oil produced by the producer from those leases and properties**
9 under AS 43.55.165 and 43.55.170 that are deductible under
10 AS 43.55.160 for oil [OR GAS, RESPECTIVELY,] produced from the
11 lease or property, from the gross value at the point of production of the
12 oil [OR GAS, RESPECTIVELY,] produced from the lease or property
13 during the month for which the installment payment is calculated
14 **added to the sum of 25 percent and the tax rate calculated for the**
15 **month under AS 43.55.011(g) multiplied by the remainder obtained**
16 **by subtracting 1/12 of the producer's adjusted lease expenditures**
17 **for the calendar year of production applicable to the gas produced**
18 **by the producer from the lease or property under AS 43.55.165 and**
19 **43.55.170 that are deductible under AS 43.55.160 for gas produced**
20 **from the lease or property, from the gross value at the point of**
21 **production of the gas produced from the lease or property during**
22 **the month for which the installment payment is calculated;**

23 (2) an amount calculated under (1)(C) of this subsection for oil or gas
24 produced before 2022 from a lease or property subject to AS 43.55.011(j), (k), or (o)
25 may not exceed the product obtained by carrying out the calculation set out in
26 AS 43.55.011(j)(1) or (2) or 43.55.011(o), as applicable, for gas or set out in
27 AS 43.55.011(k)(1) or (2), as applicable, for oil, but substituting in
28 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable
29 gas produced during the month for the amount of taxable gas produced during the
30 calendar year and substituting in AS 43.55.011(k)(1)(A) or (2)(A), as applicable, the
31 amount of taxable oil produced during the month for the amount of taxable oil

1 produced during the calendar year;

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

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

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

14 (4) any amount of tax levied by AS 43.55.011(e) or (i), net of any
15 credits applied as allowed by law, that exceeds the total of the amounts due as
16 installment payments of estimated tax is due on March 31 of the year following the
17 calendar year of production."
18

19 Renumber the following bill sections accordingly.
20

21 Page 8, line 11:

22 Insert new bill sections to read:

23 **** Sec. 16.** AS 43.55.020(d), as amended by sec. 15 of this Act, is amended to read:

24 (d) In making settlement with the royalty owner for oil and gas that is taxable
25 under AS 43.55.011, the producer may deduct the amount of the tax paid on taxable
26 royalty oil and gas, or may deduct taxable royalty oil or gas equivalent in value at the
27 time the tax becomes due to the amount of the tax paid. If the total deductions of
28 installment payments of estimated tax for a calendar year exceed the actual tax for that
29 calendar year, the producer shall, before April 1 of the following year, refund the
30 excess to the royalty owner. Unless otherwise agreed between the producer and the
31 royalty owner, the amount of the tax paid under AS 43.55.011(e) - (g) [AND (p)] on

1 taxable royalty oil and gas for a calendar year, other than oil and gas the ownership or
 2 right to which constitutes a landowner's royalty interest, is considered to be the gross
 3 value at the point of production of the taxable royalty oil and gas produced during the
 4 calendar year multiplied by a figure that is a quotient, in which

5 (1) the numerator is the producer's total tax liability under
 6 AS 43.55.011(e) - (g) [AND (p)] for the calendar year of production; and

7 (2) the denominator is the total gross value at the point of production
 8 of the oil and gas taxable under AS 43.55.011(e) - (g) [AND (p)] produced by the
 9 producer from all leases and properties in the state during the calendar year.

10 * **Sec. 17.** AS 43.55.020(d), as amended by sec. 16 of this Act, is amended to read:

11 (d) In making settlement with the royalty owner for oil and gas that is taxable
 12 under AS 43.55.011, the producer may deduct the amount of the tax paid on taxable
 13 royalty oil and gas, or may deduct taxable royalty oil or gas equivalent in value at the
 14 time the tax becomes due to the amount of the tax paid. If the total deductions of
 15 installment payments of estimated tax for a calendar year exceed the actual tax for that
 16 calendar year, the producer shall, before April 1 of the following year, refund the
 17 excess to the royalty owner. Unless otherwise agreed between the producer and the
 18 royalty owner, the amount of the tax paid under AS 43.55.011(e) - (g) **and (p)** on
 19 taxable royalty oil and gas for a calendar year, other than oil and gas the ownership or
 20 right to which constitutes a landowner's royalty interest, is considered to be the gross
 21 value at the point of production of the taxable royalty oil and gas produced during the
 22 calendar year multiplied by a figure that is a quotient, in which

23 (1) the numerator is the producer's total tax liability under
 24 AS 43.55.011(e) - (g) **and (p)** for the calendar year of production; and

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

28
 29 Renumber the following bill sections accordingly.

30
 31 Page 11, following line 31:

1 Insert new bill sections to read:

2 **** Sec. 19.** AS 43.55.160(a), as amended by sec. 18 of this Act, is amended to read:

3 (a) Except as provided in (b) of this section, for the purposes of

4 (1) AS 43.55.011(e), the annual production tax value of the taxable

5 (A) oil **and gas** produced during a calendar year from leases or
6 properties in the state that include land north of 68 degrees North latitude is the
7 gross value at the point of production of the oil **and gas** taxable under
8 AS 43.55.011(e) and produced by the producer from those leases or properties,
9 less the producer's lease expenditures under AS 43.55.165 for the calendar year
10 applicable to the oil **and gas** produced by the producer from those leases or
11 properties, as adjusted under AS 43.55.170; **this subparagraph does not**
12 **apply to gas subject to AS 43.55.011(o);**

13 (B) oil **and gas** produced during a calendar year from leases or
14 properties in the state outside the Cook Inlet sedimentary basin, no part of
15 which is north of 68 degrees North latitude, is the gross value at the point of
16 production of the oil **and gas** taxable under AS 43.55.011(e) and produced by
17 the producer from those leases or properties, less the producer's lease
18 expenditures under AS 43.55.165 for the calendar year applicable to the oil
19 **and gas** produced by the producer from those leases or properties, as adjusted
20 under AS 43.55.170; **this subparagraph does not apply to gas subject to**
21 **AS 43.55.011(o);**

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

28 (D) gas produced during a calendar year from a lease or
29 property in the Cook Inlet sedimentary basin is the gross value at the point of
30 production of the gas taxable under AS 43.55.011(e) and produced by the
31 producer from that lease or property, less the producer's lease expenditures

1 under AS 43.55.165 for the calendar year applicable to the gas produced by the
2 producer from that lease or property, as adjusted under AS 43.55.170;

3 (E) gas produced during a calendar year from a lease or
4 property outside the Cook Inlet sedimentary basin and used in the state is the
5 gross value at the point of production of that gas taxable under
6 AS 43.55.011(e) and produced by the producer from that lease or property, less
7 the producer's lease expenditures under AS 43.55.165 for the calendar year
8 applicable to that gas produced by the producer from that lease or property, as
9 adjusted under AS 43.55.170;

10 [(F) GAS PRODUCED DURING A CALENDAR YEAR
11 FROM LEASES OR PROPERTIES IN THE STATE THAT INCLUDE
12 LAND NORTH OF 68 DEGREES NORTH LATITUDE IS THE GROSS
13 VALUE AT THE POINT OF PRODUCTION OF THE GAS TAXABLE
14 UNDER AS 43.55.011(e) AND PRODUCED BY THE PRODUCER FROM
15 THOSE LEASES OR PROPERTIES, LESS THE PRODUCER'S LEASE
16 EXPENDITURES UNDER AS 43.55.165 FOR THE CALENDAR YEAR
17 APPLICABLE TO THE GAS PRODUCED BY THE PRODUCER FROM
18 THOSE LEASES OR PROPERTIES, AS ADJUSTED UNDER AS 43.55.170;
19 THIS SUBPARAGRAPH DOES NOT APPLY TO GAS USED IN THE
20 STATE;

21 (G) GAS PRODUCED DURING A CALENDAR YEAR
22 FROM LEASES OR PROPERTIES IN THE STATE OUTSIDE THE COOK
23 INLET SEDIMENTARY BASIN, NO PART OF WHICH IS NORTH OF 68
24 DEGREES NORTH LATITUDE, IS THE GROSS VALUE AT THE POINT
25 OF PRODUCTION OF THE GAS TAXABLE UNDER AS 43.55.011(e)
26 AND PRODUCED BY THE PRODUCER FROM THOSE LEASES OR
27 PROPERTIES, LESS THE PRODUCER'S LEASE EXPENDITURES
28 UNDER AS 43.55.165 FOR THE CALENDAR YEAR APPLICABLE TO
29 THE GAS PRODUCED BY THE PRODUCER FROM THOSE LEASES OR
30 PROPERTIES, AS ADJUSTED UNDER AS 43.55.170; THIS
31 SUBPARAGRAPH DOES NOT APPLY TO GAS USED IN THE STATE;]

1 (2) AS 43.55.011(g) [AND (p)], the monthly production tax value of
2 the taxable

3 (A) oil and gas produced during a month from leases or
4 properties in the state that include land north of 68 degrees North latitude is the
5 gross value at the point of production of the oil and gas taxable under
6 AS 43.55.011(e) and produced by the producer from those leases or properties,
7 less 1/12 of the producer's lease expenditures under AS 43.55.165 for the
8 calendar year applicable to the oil and gas produced by the producer from
9 those leases or properties, as adjusted under AS 43.55.170; **this subparagraph**
10 **does not apply to gas subject to AS 43.55.011(o);**

11 (B) oil and gas produced during a month from leases or
12 properties in the state outside the Cook Inlet sedimentary basin, no part of
13 which is north of 68 degrees North latitude, is the gross value at the point of
14 production of the oil and gas taxable under AS 43.55.011(e) and produced by
15 the producer from those leases or properties, less 1/12 of the producer's lease
16 expenditures under AS 43.55.165 for the calendar year applicable to the oil
17 and gas produced by the producer from those leases or properties, as adjusted
18 under AS 43.55.170; **this subparagraph does not apply to gas subject to**
19 **AS 43.55.011(o);**

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

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

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

8 (F) GAS PRODUCED DURING A MONTH FROM LEASES
9 OR PROPERTIES IN THE STATE THAT INCLUDE LAND NORTH OF 68
10 DEGREES NORTH LATITUDE IS THE GROSS VALUE AT THE POINT
11 OF PRODUCTION OF THE GAS TAXABLE UNDER AS 43.55.011(e)
12 AND PRODUCED BY THE PRODUCER FROM THOSE LEASES OR
13 PROPERTIES, LESS 1/12 OF THE PRODUCER'S LEASE
14 EXPENDITURES UNDER AS 43.55.165 FOR THE CALENDAR YEAR
15 APPLICABLE TO THE GAS PRODUCED BY THE PRODUCER FROM
16 THOSE LEASES OR PROPERTIES, AS ADJUSTED UNDER AS 43.55.170;
17 THIS SUBPARAGRAPH DOES NOT APPLY TO GAS USED IN THE
18 STATE;

19 (G) GAS PRODUCED DURING A MONTH FROM LEASES
20 OR PROPERTIES IN THE STATE OUTSIDE THE COOK INLET
21 SEDIMENTARY BASIN, NO PART OF WHICH IS NORTH OF 68
22 DEGREES NORTH LATITUDE, IS THE GROSS VALUE AT THE POINT
23 OF PRODUCTION OF THE GAS TAXABLE UNDER AS 43.55.011(e)
24 AND PRODUCED BY THE PRODUCER FROM THOSE LEASES OR
25 PROPERTIES, LESS 1/12 OF THE PRODUCER'S LEASE
26 EXPENDITURES UNDER AS 43.55.165 FOR THE CALENDAR YEAR
27 APPLICABLE TO THE GAS PRODUCED BY THE PRODUCER FROM
28 THOSE LEASES OR PROPERTIES, AS ADJUSTED UNDER AS 43.55.170;
29 THIS SUBPARAGRAPH DOES NOT APPLY TO GAS USED IN THE
30 STATE].

31 * **Sec. 20.** AS 43.55.160(a), as amended by sec. 19 of this Act, is amended to read:

1 (a) Except as provided in (b) of this section, for the purposes of

2 (1) AS 43.55.011(e), the annual production tax value of the taxable

3 (A) oil [AND GAS] produced during a calendar year from
4 leases or properties in the state that include land north of 68 degrees North
5 latitude is the gross value at the point of production of the oil [AND GAS]
6 taxable under AS 43.55.011(e) and produced by the producer from those leases
7 or properties, less the producer's lease expenditures under AS 43.55.165 for the
8 calendar year applicable to the oil [AND GAS] produced by the producer from
9 those leases or properties, as adjusted under AS 43.55.170; [THIS
10 SUBPARAGRAPH DOES NOT APPLY TO GAS SUBJECT TO
11 AS 43.55.011(o);]

12 (B) oil [AND GAS] produced during a calendar year from
13 leases or properties in the state outside the Cook Inlet sedimentary basin, no
14 part of which is north of 68 degrees North latitude, is the gross value at the
15 point of production of the oil [AND GAS] taxable under AS 43.55.011(e) and
16 produced by the producer from those leases or properties, less the producer's
17 lease expenditures under AS 43.55.165 for the calendar year applicable to the
18 oil [AND GAS] produced by the producer from those leases or properties, as
19 adjusted under AS 43.55.170; [THIS SUBPARAGRAPH DOES NOT APPLY
20 TO GAS SUBJECT TO AS 43.55.011(o);]

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

27 (D) gas produced during a calendar year from a lease or
28 property in the Cook Inlet sedimentary basin is the gross value at the point of
29 production of the gas taxable under AS 43.55.011(e) and produced by the
30 producer from that lease or property, less the producer's lease expenditures
31 under AS 43.55.165 for the calendar year applicable to the gas produced by the

1 producer from that lease or property, as adjusted under AS 43.55.170;

2 (E) gas produced during a calendar year from a lease or
 3 property outside the Cook Inlet sedimentary basin and used in the state is the
 4 gross value at the point of production of that gas taxable under
 5 AS 43.55.011(e) and produced by the producer from that lease or property, less
 6 the producer's lease expenditures under AS 43.55.165 for the calendar year
 7 applicable to that gas produced by the producer from that lease or property, as
 8 adjusted under AS 43.55.170;

9 **(F) gas produced during a calendar year from leases or**
 10 **properties in the state that include land north of 68 degrees North latitude**
 11 **is the gross value at the point of production of the gas taxable under**
 12 **AS 43.55.011(e) and produced by the producer from those leases or**
 13 **properties, less the producer's lease expenditures under AS 43.55.165 for**
 14 **the calendar year applicable to the gas produced by the producer from**
 15 **those leases or properties, as adjusted under AS 43.55.170; this**
 16 **subparagraph does not apply to gas used in the state;**

17 **(G) gas produced during a calendar year from leases or**
 18 **properties in the state outside the Cook Inlet sedimentary basin, no part of**
 19 **which is north of 68 degrees North latitude, is the gross value at the point**
 20 **of production of the gas taxable under AS 43.55.011(e) and produced by**
 21 **the producer from those leases or properties, less the producer's lease**
 22 **expenditures under AS 43.55.165 for the calendar year applicable to the**
 23 **gas produced by the producer from those leases or properties, as adjusted**
 24 **under AS 43.55.170; this subparagraph does not apply to gas used in the**
 25 **state;**

26 (2) AS 43.55.011(g) **and (p)**, the monthly production tax value of the
 27 taxable

28 (A) oil [AND GAS] produced during a month from leases or
 29 properties in the state that include land north of 68 degrees North latitude is the
 30 gross value at the point of production of the oil [AND GAS] taxable under
 31 AS 43.55.011(e) and produced by the producer from those leases or properties,

1 less 1/12 of the producer's lease expenditures under AS 43.55.165 for the
2 calendar year applicable to the oil [AND GAS] produced by the producer from
3 those leases or properties, as adjusted under AS 43.55.170; [THIS
4 SUBPARAGRAPH DOES NOT APPLY TO GAS SUBJECT TO
5 AS 43.55.011(o);]

6 (B) oil [AND GAS] produced during a month from leases or
7 properties in the state outside the Cook Inlet sedimentary basin, no part of
8 which is north of 68 degrees North latitude, is the gross value at the point of
9 production of the oil [AND GAS] taxable under AS 43.55.011(e) and produced
10 by the producer from those leases or properties, less 1/12 of the producer's
11 lease expenditures under AS 43.55.165 for the calendar year applicable to the
12 oil [AND GAS] produced by the producer from those leases or properties, as
13 adjusted under AS 43.55.170; [THIS SUBPARAGRAPH DOES NOT APPLY
14 TO GAS SUBJECT TO AS 43.55.011(o);]

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

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

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

1 applicable to that gas produced by the producer from that lease or property, as
2 adjusted under AS 43.55.170;

3 **(F) gas produced during a month from leases or properties**
4 **in the state that include land north of 68 degrees North latitude is the**
5 **gross value at the point of production of the gas taxable under**
6 **AS 43.55.011(e) and produced by the producer from those leases or**
7 **properties, less 1/12 of the producer's lease expenditures under**
8 **AS 43.55.165 for the calendar year applicable to the gas produced by the**
9 **producer from those leases or properties, as adjusted under AS 43.55.170;**
10 **this subparagraph does not apply to gas used in the state;**

11 **(G) gas produced during a month from leases or properties**
12 **in the state outside the Cook Inlet sedimentary basin, no part of which is**
13 **north of 68 degrees North latitude, is the gross value at the point of**
14 **production of the gas taxable under AS 43.55.011(e) and produced by the**
15 **producer from those leases or properties, less 1/12 of the producer's lease**
16 **expenditures under AS 43.55.165 for the calendar year applicable to the**
17 **gas produced by the producer from those leases or properties, as adjusted**
18 **under AS 43.55.170; this subparagraph does not apply to gas used in the**
19 **state."**

20
21 Renumber the following bill sections accordingly.

22
23 Page 12, line 28, through page 13, line 11:

24 Delete all material and insert:

25 **"* Sec. 23.** AS 43.55.011(p) is repealed.

26 *** Sec. 24.** The uncodified law of the State of Alaska is amended by adding a new section to
27 read:

28 TRANSITION; REGULATIONS; PAYMENT OF TAX; FILING OF REPORTS. If
29 secs. 1, 4, 7, 10, 12, 15, and 18 of this Act take effect, the Department of Revenue shall adopt
30 regulations providing for the payment of tax and the filing of reports required for the period in
31 which secs. 1, 4, 7, 10, 12, 15, and 18 of this Act are in effect.

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

3 CONDITIONAL EFFECT OF SECS. 1, 2, 4, 5, 7, 8, 10, 12, 13, 15, 16, 18, 19, AND
4 23 OF THIS ACT; NOTICE. (a) Sections 1, 2, 4, 5, 7, 8, 10, 12, 13, 15, 16, 18, 19, and 23 of
5 this Act take effect only if secs. 21 and 22 of this Act take effect before April 29, 2010.

6 (b) The commissioner of revenue shall notify the revisor of statutes of the date of the
7 start of the first binding open season for the project licensed under AS 43.90 (Alaska Gasline
8 Inducement Act).

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

11 CONDITIONAL EFFECT OF SECS. 3, 6, 9, 11, 14, 17, AND 20 OF THIS ACT;
12 NOTICE. (a) Sections 3, 6, 9, 11, 14, 17, and 20 of this Act take effect only if more than
13 1,500,000,000 cubic feet of natural gas a day that is produced in the state is tendered for
14 shipment through a natural gas pipeline project in the state to a market in Canada or the 48
15 contiguous states, or to a gas liquefaction facility in the state for shipment in a liquefied state
16 by marine transportation to a market outside of the state.

17 (b) The commissioner of revenue shall notify the revisor of statutes of the date that
18 natural gas was first tendered for shipment under the circumstances described in (a) of this
19 section.

20 * **Sec. 27.** If secs. 1, 4, 7, 10, 12, 15, and 18 of this Act take effect, they take effect
21 April 29, 2010.

22 * **Sec. 28.** If secs. 2, 5, 8, 13, 16, 19, and 23 of this Act take effect, they take effect on the
23 first day immediately following the date on which the open season starts for the project
24 licensed under AS 43.90.

25 * **Sec. 29.** If secs. 3, 6, 9, 11, 14, 17, and 20 take effect, they take effect on the first day of
26 the month immediately following the date on which the condition in sec. 26(a) of this Act is
27 met.

28 * **Sec. 30.** Except as provided in secs. 27 - 29 of this Act, this Act takes effect immediately
29 under AS 01.10.070(c)."