

# LEGAL SERVICES

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## MEMORANDUM

February 24, 2012

**SUBJECT:** Sectional Summary for HB 328 (Work Order No. 27-LS1142\B)

**TO:** Representative Paul Seaton  
Attn: Louie Flora

**FROM:** Emily Nauman *EN*  
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

**Section 1** amends the definition of "barrel" in AS 29.60.599; substituting it with the text that will be lost with the repeal of AS 43.20.072.

**Section 2** extends the exploration incentive credit provided by AS 41.09.010 to AS 43.21.

**Section 3** directs corporations engaged in production or transportation of crude oil or natural gas to determine net income under AS 43.21.

**Section 4** substitutes a descriptive list exempting oil and gas companies from the affiliated group reporting requirements of AS 43.20.073(f) with a reference exempting taxpayers subject to AS 43.21.

**Section 5** adds AS 43.21, the former Oil and Gas Corporate Income Tax that was repealed in 1982. Credits applicable to income taxes paid under AS 43.20 are extended to AS 43.21 in AS 43.21.320, with exception of the education tax credit, which is not extended to income taxes calculated under AS 43.21. A requirement that legislators have access to information provided by corporations to the SEC has been added at AS 43.21.420. Additionally, minor changes have been made, including updating dates, cross references, and language.

**Section 6** extends periodic payment provisions for stranded gas development projects to taxes paid under AS 43.21.

**Section 7** repeals AS 43.20.072, the previous oil and gas tax provisions.

**Section 8** states that AS 43.21 applies only to taxable income earned or received after December 31, 2012.

**Section 9** directs the Department of Revenue to develop regulations to effect AS 43.21 and to develop transitional regulations.

**Section 10** gives an immediate effective date to sec. 9, allowing the department to proceed with development of regulations immediately.

**Section 11** gives the effective date for the remainder of the bill as January 1, 2013.

ELN:plm  
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