

Alaska State Legislature

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Representative Lance Pruitt
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Sponsor Statement

HB 334

"An Act relating to the qualified oil and gas service industry expenditure credit; and relating to a credit against oil and gas exploration, production, and pipeline transportation property taxes."

HB 334 is designed to incentivize property manufactured or modified in Alaska and used in the oil and gas industry. This type of industrial activity provides an increase to the in-state economy; providing new, high paying jobs, additional demand for logistics services, as well as fostering innovation in technology and energy distribution. This legislation would also distribute benefits to regions in Alaska whose economies don't directly benefit from the oil & gas sector.

HB 334 creates a transferable tax credit certificate for use against oil and gas exploration, production, and pipeline transportation property taxes. The basis for the tax credit certificate is a tax credit under AS 43.20.049, the qualified oil and gas service industry expenditure credit. A qualified oil and gas service industry expenditure is an expenditure directly attributable to an in-state manufacturer or in-state modification of tangible personal property used in the exploration for, development of, or production of oil and gas deposits.

This credit is expanded to those taxpayers that purchase tangible personal property from a taxpayer that manufactured or modified such personal property in state and which otherwise meets the criteria for a qualified oil and gas service industry expenditure.

HB 334 provides a direct incentive to taxpayers in the Alaska oil and gas service industry to use tangible personal property manufactured or modified by in-state taxpayers, creating state economic benefits beyond direct exploration and extraction and strengthening Alaska based manufacturing and related employment.