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Nauman/Bullock  
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**HOUSE CS FOR CS FOR SENATE BILL NO. 21(RES)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-EIGHTH LEGISLATURE - FIRST SESSION**

**BY THE HOUSE RESOURCES COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the interest rate applicable to certain amounts due for fees, taxes,  
2 and payments made and property delivered to the Department of Revenue; providing a  
3 tax credit against the corporation income tax for qualified oil and gas service industry  
4 expenditures; relating to the oil and gas production tax rate; relating to gas used in the  
5 state; relating to monthly installment payments of the oil and gas production tax;  
6 relating to oil and gas production tax credits for certain losses and expenditures;  
7 relating to oil and gas production tax credit certificates; relating to nontransferable tax  
8 credits based on production; relating to the oil and gas tax credit fund; relating to  
9 annual statements by producers and explorers; relating to the determination of annual  
10 oil and gas production tax value including adjustments based on a percentage of gross  
11 value at the point of production from certain leases or properties; establishing the Oil  
12 and Gas Competitiveness Review Board; and making conforming amendments."

1 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

2 \* **Section 1.** AS 05.15.095(c) is amended to read:

3 (c) **Before January 1, 2014, a** [A] delinquent fee bears interest at the rate set  
4 by **AS 43.05.225(a). On and after January 1, 2014, a delinquent fee bears interest**  
5 **at the rate set by AS 43.05.225(b)(2)** [AS 43.05.225].

6 \* **Sec. 2.** AS 29.60.850(b) is amended to read:

7 (b) Each fiscal year, the legislature may appropriate to the community revenue  
8 sharing fund [AN AMOUNT EQUAL TO 20 PERCENT OF THE] money received by  
9 the state during the previous calendar year under **AS 43.20.030(c)** [AS 43.55.011(g)].

10 The amount may not exceed

11 (1) \$60,000,000; or

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

14 \* **Sec. 3.** AS 34.45.470(a) is amended to read:

15 (a) **Before January 1, 2014, a** [A] person who fails to pay or deliver property  
16 within the time prescribed by this chapter may be required to pay to the department  
17 interest at the annual rate calculated under **AS 43.05.225(a)** [AS 43.05.225] on the  
18 property or the value of it from the date the property should have been paid or  
19 delivered. **On and after January 1, 2014, a person who fails to pay or deliver**  
20 **property within the time prescribed by this chapter may be required to pay to the**  
21 **department interest at the annual rate calculated under AS 43.05.225(b)(2) on the**  
22 **property or the value of it from the date the property should have been paid or**  
23 **delivered.**

24 \* **Sec. 4.** AS 43.05.225 is amended to read:

25 **Sec. 43.05.225. Interest. Before January 1, 2014, unless** [UNLESS]  
26 otherwise provided,

27 (1) when a tax levied in this title becomes delinquent, it bears interest  
28 in a calendar quarter at the rate of five percentage points above the annual rate charged  
29 member banks for advances by the 12th Federal Reserve District as of the first day of  
30 that calendar quarter, or at the annual rate of 11 percent, whichever is greater,  
31 compounded quarterly as of the last day of that quarter;

(2) the interest rate is 12 percent a year for

(A) delinquent fees payable under AS 05.15.095(c); and

(B) unclaimed property that is not timely paid or delivered, as allowed by AS 34.45.470(a).

\* Sec. 5. AS 43.05.225 is amended by adding a new subsection to read:

(b) On and after January 1, 2014, unless otherwise provided,

(1) when a tax levied in this title becomes delinquent, it bears interest in a calendar quarter at the rate of three percentage points above the annual rate charged member banks for advances by the 12th Federal Reserve District as of the first day of that calendar quarter compounded quarterly as of the last day of that quarter;

(2) the interest rate is 12 percent a year for

(A) delinquent fees payable under AS 05.15.095(c); and

(B) unclaimed property that is not timely paid or delivered, as allowed by AS 34.45.470(a).

\* Sec. 6. AS 43.20.046(i) is amended to read:

(i) The issuance of a refund under this section does not limit the department's ability to later audit or adjust the claim if the department determines, as a result of the audit, that the person that claimed the credit was not entitled to the amount of the credit. The tax liability of the person receiving the credit under this chapter is increased by the amount of the credit that exceeds that to which the person was entitled. If the tax liability is increased under this subsection, the increase bears interest under AS 43.05.225(a) before January 1, 2014, or under AS 43.05.225(b)(1) on and after January 1, 2014, [AS 43.05.225] from the date the refund was issued.

\* Sec. 7. AS 43.20.047(i) is amended to read:

(i) The issuance of a refund under this section does not limit the department's ability to later audit or adjust the claim if the department determines, as a result of the audit, that the person that claimed the credit was not entitled to the amount of the credit. The tax liability of the person receiving the credit under this section is increased by the amount of the credit that exceeds that to which the person was

entitled. If the tax liability is increased under this subsection, the increase bears interest at the rate set by AS 43.05.225(a) before January 1, 2014, or under AS 43.05.225(b)(1) on and after January 1, 2014, [AS 43.05.225] from the date the refund was issued.

\* **Sec. 8.** AS 43.20 is amended by adding a new section to read:

**Sec. 43.20.049. Qualified oil and gas service industry expenditure credit.**

(a) For a tax year beginning after December 31, 2013, a taxpayer may apply a credit against the tax due under this chapter for a qualified oil and gas service industry expenditure incurred in the state. The total amount of credit a taxpayer may receive in a tax year may not exceed the lesser of 10 percent of qualified oil and gas service industry expenditures incurred in the state during the tax year or \$10,000,000.

(b) A taxpayer may not apply more than \$10,000,000 in tax credits under this section in a tax year. A tax credit or portion of a tax credit under this section may not be used to reduce the taxpayer's tax liability under this chapter below zero. Any unused tax credit or portion of a tax credit under this section may be applied in later tax years, except that any unused tax credit or portion of a tax credit may not be carried forward for more than five tax years immediately following the tax year in which the qualified oil and gas service industry expenditures were incurred.

(c) An expenditure that is the basis of the credit under this section may not be the basis for

(1) a deduction against the tax levied under this chapter;

(2) a credit or deduction under another provision of this title; or

(3) any federal credit claimed under this title.

(d) Notwithstanding any contrary provision of AS 40.25.100(a) or AS 43.05.230(e), for a year that three or more taxpayers claim a tax credit under this section, the department may publish the aggregated amount of tax credits claimed under this section and a description of the qualified oil and gas service industry expenditures that were the basis for a tax credit under this section.

(e) In this section,

(1) "manufacture" means to perform substantial industrial operations in the state to transform raw material into tangible personal property with a useful life of



three years or more for use in the exploration for, development of, or production of oil or gas deposits;

(2) "modification" means an adjustment, equipping, or other alteration to existing tangible personal property that has a useful life of three years or more and is for use in the exploration for, development of, or production of oil or gas deposits; "modification" does not include minor product alterations or inventory activities;

(3) "qualified oil and gas service industry expenditure" means an expenditure directly attributable to an in-state manufacture or in-state modification of tangible personal property used in the exploration for, development of, or production of oil or gas deposits, but does not include components or equipment used for or in the process of that manufacturing or modification.

\* **Sec. 9.** AS 43.50.570 is amended to read:

**Sec. 43.50.570. Interest.** Before January 1, 2014, a [A] licensee who fails to pay an amount due for the purchase of stamps within the time required

(1) is considered to have failed to pay the cigarette taxes due under this chapter; and

(2) shall pay interest at the rate established under AS 43.05.225(a) [AS 43.05.225] from the date on which the amount became due until the date of payment.

\* **Sec. 10.** AS 43.50.570 is amended by adding a new subsection to read:

(b) On and after January 1, 2014, a licensee who fails to pay an amount due for the purchase of stamps within the time required

(1) is considered to have failed to pay the cigarette taxes due under this chapter; and

(2) shall pay interest at the rate established under AS 43.05.225(b)(1) from the date on which the amount became due until the date of payment.

\* **Sec. 11.** AS 43.55.011(e) is amended to read:

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

(p) of this section, the tax is equal to

(1) **before January 1, 2014,** the sum of

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

(B) [(2)] the sum, over all months of the calendar year, of the tax amounts determined under (g) of this section;

(2) **on and after January 1, 2014, the annual production tax value of the taxable oil and gas as calculated under AS 43.55.160(a) multiplied by 35 percent.**

\* Sec. 12. AS 43.55.011(i) is amended to read:

(i) There is levied on the producer of oil or gas a tax for all oil and gas produced each calendar year from each lease or property in the state the ownership or right to which constitutes a landowner's royalty interest, except for oil and gas the ownership or right to which is exempt from taxation. The provisions of this subsection apply to a landowner's royalty interest as follows:

(1) the tax levied for oil is equal to five percent of the gross value at the point of production of the oil;

(2) the tax levied for gas is equal to 1.667 percent of the gross value at the point of production of the gas;

(3) if the department determines that, for purposes of reducing the producer's tax liability under (1) or (2) of this subsection, the producer has received or will receive consideration from the royalty owner offsetting all or a part of the producer's royalty obligation, other than a deduction under **AS 43.55.020 related to a settlement with a royalty owner** [AS 43.55.020(d)] of the amount of a tax paid, then, notwithstanding (1) and (2) of this subsection, the tax is equal to 25 percent of the gross value at the point of production of the oil and gas.

\* Sec. 13. AS 43.55.011(o) is amended to read:

(o) Notwithstanding other provisions of this section, for a calendar year before 2022, the tax levied under (e) of this section for each 1,000 cubic feet of gas for gas produced from a lease or property outside the Cook Inlet sedimentary basin and used in the state, **other than gas subject to (p) of this section,** may not exceed the amount



of tax for each 1,000 cubic feet of gas that is determined under (j)(2) of this section.

\* **Sec. 14.** AS 43.55.020(a) is amended to read:

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

(1) **before January 1, 2014,** an installment payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each month of the calendar year on the last day of the following month; except as otherwise provided under (2) of this subsection, the amount of the installment payment is the sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount of the installment payment may not be less than zero:

(A) for oil and gas **not subject to AS 43.55.011(o) or (p)** produced from leases or properties in the state outside the Cook Inlet sedimentary basin [BUT NOT SUBJECT TO AS 43.55.011(o) OR (p)], other than leases or properties subject to AS 43.55.011(f), the greater of

(i) zero; or

(ii) the sum of 25 percent and the tax rate calculated for the month under AS 43.55.011(g) multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the **oil and gas** [LEASES OR PROPERTIES] under AS 43.55.160 from the gross value at the point of production of the oil and gas produced from the leases or properties during the month for which the installment payment is calculated;

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

(i) zero;

(ii) zero percent, one percent, two percent, three percent, or four percent, as applicable, of the gross value at the point of production of the oil and gas produced from **the** [ALL] leases or properties during the month for which the installment payment is

1 calculated; or

2 (iii) the sum of 25 percent and the tax rate calculated for  
3 the month under AS 43.55.011(g) multiplied by the remainder obtained  
4 by subtracting 1/12 of the producer's adjusted lease expenditures for the  
5 calendar year of production under AS 43.55.165 and 43.55.170 that are  
6 deductible for the oil and gas [THOSE LEASES OR PROPERTIES]  
7 under AS 43.55.160 from the gross value at the point of production of  
8 the oil and gas produced from those leases or properties during the  
9 month for which the installment payment is calculated;

10 (C) for oil or [AND] gas [PRODUCED FROM EACH LEASE  
11 OR PROPERTY] subject to AS 43.55.011(j), (k), or (o) [, OR (p)], for each  
12 lease or property, the greater of

13 (i) zero; or

14 (ii) the sum of 25 percent and the tax rate calculated for  
15 the month under AS 43.55.011(g) multiplied by the remainder obtained  
16 by subtracting 1/12 of the producer's adjusted lease expenditures for the  
17 calendar year of production under AS 43.55.165 and 43.55.170 that are  
18 deductible under AS 43.55.160 for the oil or gas, respectively,  
19 produced from the lease or property from the gross value at the point of  
20 production of the oil or gas, respectively, produced from the lease or  
21 property during the month for which the installment payment is  
22 calculated;

23 (D) for oil and gas subject to AS 43.55.011(p), the lesser of

24 (i) the sum of 25 percent and the tax rate calculated  
25 for the month under AS 43.55.011(g) multiplied by the remainder  
26 obtained by subtracting 1/12 of the producer's adjusted lease  
27 expenditures for the calendar year of production under  
28 AS 43.55.165 and 43.55.170 that are deductible for the oil and gas  
29 under AS 43.55.160 from the gross value at the point of production  
30 of the oil and gas produced from the leases or properties during the  
31 month for which the installment payment is calculated, but not less



1 than zero; or

2 (ii) four percent of the gross value at the point of  
3 production of the oil and gas produced from the leases or  
4 properties during the month, but not less than zero;

5 (2) before January 1, 2014, an amount calculated under (1)(C) of this  
6 subsection for oil or gas [PRODUCED FROM A LEASE OR PROPERTY

7 (A)] subject to AS 43.55.011(j), (k), or (o) may not exceed the  
8 product obtained by carrying out the calculation set out in AS 43.55.011(j)(1)  
9 or (2) or 43.55.011(o), as applicable, for gas or set out in AS 43.55.011(k)(1)  
10 or (2), as applicable, for oil, but substituting in AS 43.55.011(j)(1)(A) or (2)(A)  
11 or 43.55.011(o), as applicable, the amount of taxable gas produced during the  
12 month for the amount of taxable gas produced during the calendar year and  
13 substituting in AS 43.55.011(k)(1)(A) or (2)(A), as applicable, the amount of  
14 taxable oil produced during the month for the amount of taxable oil produced  
15 during the calendar year;

16 [(B) SUBJECT TO AS 43.55.011(p) MAY NOT EXCEED  
17 FOUR PERCENT OF THE GROSS VALUE AT THE POINT OF  
18 PRODUCTION OF THE OIL OR GAS;]

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

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

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

31 (4) any amount of tax levied by AS 43.55.011 [AS 43.55.011(e) OR

(i)], net of any credits applied as allowed by law, that exceeds the total of the amounts due as installment payments of estimated tax is due on March 31 of the year following the calendar year of production;

(5) on and after January 1, 2014, an installment payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each month of the calendar year on the last day of the following month; except as otherwise provided under (6) of this subsection, the amount of the installment payment is the sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount of the installment payment may not be less than zero:

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

(i) zero; or

(ii) 35 percent multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the oil and gas under AS 43.55.160 from the gross value at the point of production of the oil and gas produced from the leases or properties during the month for which the installment payment is calculated;

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

(i) zero;

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



1 (iii) 35 percent multiplied by the remainder obtained  
2 by subtracting 1/12 of the producer's adjusted lease expenditures  
3 for the calendar year of production under AS 43.55.165 and  
4 43.55.170 that are deductible for the oil and gas under  
5 AS 43.55.160 from the gross value at the point of production of the  
6 oil and gas produced from those leases or properties during the  
7 month for which the installment payment is calculated, except that,  
8 for the purposes of this calculation, a 20 percent exclusion from the  
9 gross value at the point of production may apply for oil and gas  
10 subject to AS 43.55.160(f);

11 (C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for  
12 each lease or property, the greater of

13 (i) zero; or

14 (ii) 35 percent multiplied by the remainder obtained  
15 by subtracting 1/12 of the producer's adjusted lease expenditures  
16 for the calendar year of production under AS 43.55.165 and  
17 43.55.170 that are deductible under AS 43.55.160 for the oil or gas,  
18 respectively, produced from the lease or property from the gross  
19 value at the point of production of the oil or gas, respectively,  
20 produced from the lease or property during the month for which  
21 the installment payment is calculated;

22 (D) for oil and gas subject to AS 43.55.011(p), the lesser of

23 (i) 35 percent multiplied by the remainder obtained  
24 by subtracting 1/12 of the producer's adjusted lease expenditures  
25 for the calendar year of production under AS 43.55.165 and  
26 43.55.170 that are deductible for the oil and gas under  
27 AS 43.55.160 from the gross value at the point of production of the  
28 oil and gas produced from the leases or properties during the  
29 month for which the installment payment is calculated, but not less  
30 than zero; or

31 (ii) four percent of the gross value at the point of



production of the oil and gas produced from the leases or properties during the month, but not less than zero;

(6) on and after January 1, 2014, an amount calculated under (5)(C) of this subsection for oil or gas subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as applicable, for gas or set out in AS 43.55.011(k)(1) or (2), as applicable, for oil, but substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable gas produced during the month for the amount of taxable gas produced during the calendar year and substituting in AS 43.55.011(k)(1)(A) or (2)(A), as applicable, the amount of taxable oil produced during the month for the amount of taxable oil produced during the calendar year.

\* Sec. 15. AS 43.55.020(d) is amended to read:

(d) Before January 1, 2014, in [IN] making settlement with the royalty owner for oil and gas that is taxable under AS 43.55.011, the producer may deduct the amount of the tax paid on taxable royalty oil and gas, or may deduct taxable royalty oil or gas equivalent in value at the time the tax becomes due to the amount of the tax paid. If the total deductions of installment payments of estimated tax for a calendar year exceed the actual tax for that calendar year, the producer shall, before April 1 of the following year, refund the excess to the royalty owner. Unless otherwise agreed between the producer and the royalty owner, the amount of the tax paid under AS 43.55.011(e) - (g) on taxable royalty oil and gas for a calendar year, other than oil and gas the ownership or right to which constitutes a landowner's royalty interest, is considered to be the gross value at the point of production of the taxable royalty oil and gas produced during the calendar year multiplied by a figure that is a quotient, in which

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

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



\* **Sec. 16.** AS 43.55.020(g) is amended to read:

(g) Notwithstanding any contrary provision of AS 43.05.225,

(1) before January 1, 2014, an unpaid amount of an installment payment required under (a)(1) - (3) of this section that is not paid when due bears interest (A) [(1)] at the rate provided for an underpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from the date the installment payment is due until March 31 following the calendar year of production, and (B) [(2)] as provided for a delinquent tax under AS 43.05.225(a) [AS 43.05.225] after that March 31; interest [. INTEREST] accrued under (A) [(1)] of this paragraph [SUBSECTION] that remains unpaid after that March 31 is treated as an addition to tax that bears interest under (B) [(2)] of this paragraph; an [SUBSECTION. AN] unpaid amount of tax due under (a)(4) of this section that is not paid when due bears interest as provided for a delinquent tax under AS 43.05.225(a);

(2) on and after January 1, 2014, an unpaid amount of an installment payment required under (a)(3), (5), or (6) of this section that is not paid when due bears interest (A) at the rate provided for an underpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from the date the installment payment is due until March 31 following the calendar year of production, and (B) as provided for a delinquent tax under AS 43.05.225(b)(1) after that March 31; interest accrued under (A) of this paragraph that remains unpaid after that March 31 is treated as an addition to tax that bears interest under (B) of this paragraph; an unpaid amount of tax due under (a)(4) of this section that is not paid when due bears interest as provided for a delinquent tax under AS 43.05.225(b)(1) [AS 43.05.225].

\* **Sec. 17.** AS 43.55.020 is amended by adding a new subsection to read:

(I) On and after January 1, 2014, in making settlement with the royalty owner for oil and gas that is taxable under AS 43.55.011, the producer may deduct the amount of the tax paid on taxable royalty oil and gas, or may deduct taxable royalty oil or gas equivalent in value at the time the tax becomes due to the amount of the tax paid. If the total deductions of installment payments of estimated tax for a calendar year exceed the actual tax for that calendar year, the producer shall, before April 1 of

the following year, refund the excess to the royalty owner. Unless otherwise agreed between the producer and the royalty owner, the amount of the tax paid under AS 43.55.011(e) on taxable royalty oil and gas for a calendar year, other than oil and gas the ownership or right to which constitutes a landowner's royalty interest, is considered to be the gross value at the point of production of the taxable royalty oil and gas produced during the calendar year multiplied by a figure that is a quotient, in which

(1) the numerator is the producer's total tax liability under AS 43.55.011(e) for the calendar year of production; and

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

\* **Sec. 18.** AS 43.55.023(a) is amended to read:

(a) A producer or explorer may take a tax credit for a qualified capital expenditure as follows:

(1) notwithstanding that a qualified capital expenditure may be a deductible lease expenditure for purposes of calculating the production tax value of oil and gas under AS 43.55.160(a), unless a credit for that expenditure is taken under AS 38.05.180(i), AS 41.09.010, AS 43.20.043, or AS 43.55.025, a producer or explorer that incurs a qualified capital expenditure may also elect to apply a tax credit against a tax levied by AS 43.55.011(e) in the amount of 20 percent of that expenditure; [HOWEVER, NOT MORE THAN HALF OF THE TAX CREDIT MAY BE APPLIED FOR A SINGLE CALENDAR YEAR;]

(2) a producer or explorer may take a credit for a qualified capital expenditure incurred in connection with geological or geophysical exploration or in connection with an exploration well only if the producer or explorer

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

(B) submits to the Department of Natural Resources all data that would be required to be submitted under AS 43.55.025(f)(2);

**(3) a credit for a qualified capital expenditure incurred to explore**



for, develop, or produce oil or gas deposits located north of 68 degrees North latitude may be taken only if the expenditure is incurred before January 1, 2014.

\* Sec. 19. AS 43.55.023(b) is amended to read:

(b) For lease expenditures incurred to explore for, develop, or produce oil or gas deposits located south of 68 degrees North latitude, a [A] producer or explorer may elect to take a tax credit in the amount of 25 percent of a carried-forward annual loss. For lease expenditures incurred on and after January 1, 2014, to explore for, develop, or produce oil or gas deposits located north of 68 degrees North latitude, a producer or explorer may elect to take a tax credit in the amount of 35 percent of a carried-forward annual loss. A credit under this subsection may be applied against a tax levied by AS 43.55.011(e). For purposes of this subsection, a carried-forward annual loss is the amount of a producer's or explorer's adjusted lease expenditures under AS 43.55.165 and 43.55.170 for a previous calendar year that was not deductible in calculating production tax values for that calendar year under AS 43.55.160.

\* Sec. 20. AS 43.55.023(d) is amended to read:

(d) A [EXCEPT AS LIMITED BY (i) OF THIS SECTION, A] person that is entitled to take a tax credit under this section that wishes to transfer the unused credit to another person or obtain a cash payment under AS 43.55.028 may apply to the department for a transferable tax credit certificate [CERTIFICATES]. An application under this subsection must be in a form prescribed by the department and must include supporting information and documentation that the department reasonably requires. The department shall grant or deny an application, or grant an application as to a lesser amount than that claimed and deny it as to the excess, not later than 120 days after the latest of (1) March 31 of the year following the calendar year in which the qualified capital expenditure or carried-forward annual loss for which the credit is claimed was incurred; (2) the date the statement required under AS 43.55.030(a) or (e) was filed for the calendar year in which the qualified capital expenditure or carried-forward annual loss for which the credit is claimed was incurred; or (3) the date the application was received by the department. If, based on the information then available to it, the department is reasonably satisfied that the applicant is entitled to a credit, the



department shall issue the applicant a [TWO] transferable tax credit certificate for [CERTIFICATES, EACH FOR HALF OF] the amount of the credit. [THE CREDIT SHOWN ON ONE OF THE TWO CERTIFICATES IS AVAILABLE FOR IMMEDIATE USE. THE CREDIT SHOWN ON THE SECOND OF THE TWO CERTIFICATES MAY NOT BE APPLIED AGAINST A TAX FOR A CALENDAR YEAR EARLIER THAN THE CALENDAR YEAR FOLLOWING THE CALENDAR YEAR IN WHICH THE CERTIFICATE IS ISSUED, AND THE CERTIFICATE MUST CONTAIN A CONSPICUOUS STATEMENT TO THAT EFFECT.] A certificate issued under this subsection does not expire.

\* **Sec. 21.** AS 43.55.023(g) is amended to read:

(g) The issuance of a transferable tax credit certificate under (d) of this section or former (m) of this section or the purchase of a certificate under AS 43.55.028 does not limit the department's ability to later audit a tax credit claim to which the certificate relates or to adjust the claim if the department determines, as a result of the audit, that the applicant was not entitled to the amount of the credit for which the certificate was issued. The tax liability of the applicant under AS 43.55.011(e) and 43.55.017 - 43.55.180 is increased by the amount of the credit that exceeds that to which the applicant was entitled, or the applicant's available valid outstanding credits applicable against the tax levied by AS 43.55.011(e) are reduced by that amount. If the applicant's tax liability is increased under this subsection, the increase bears interest under AS 43.05.225(a) before January 1, 2014, or under AS 43.05.225(b)(1) on and after January 1, 2014, [AS 43.05.225] from the date the transferable tax credit certificate was issued. For purposes of this subsection, an applicant that is an explorer is considered a producer subject to the tax levied by AS 43.55.011(e).

\* **Sec. 22.** AS 43.55.023(n) is amended to read:

(n) For the purposes of (l) [AND (m)] of this section, a well lease expenditure incurred in the state south of 68 degrees North latitude is a lease expenditure that is

(1) directly related to an exploration well, a stratigraphic test well, a producing well, or an injection well other than a disposal well, located in the state south of 68 degrees North latitude, if the expenditure is a qualified capital expenditure

and an intangible drilling and development cost authorized under 26 U.S.C. (Internal Revenue Code), as amended, and 26 C.F.R. 1.612-4, regardless of the elections made under 26 U.S.C. 263(c); in this paragraph, an expenditure directly related to a well includes an expenditure for well sidetracking, well deepening, well completion or recompletion, or well workover, regardless of whether the well is or has been a producing well; or

(2) an expense for seismic work conducted within the boundaries of a production or exploration unit.

\* **Sec. 23.** AS 43.55.023 is amended by adding a new subsection to read:

(p) Before January 1, 2014, the provisions of (d) of this section may be limited by (i) of this section.

\* **Sec. 24.** AS 43.55.024(e) is amended to read:

(e) On written application by a producer that includes any information the department may require, the department shall determine whether the producer qualifies for a calendar year under (a) and (c) of this section. To qualify under (a) and (c) of this section, a producer must demonstrate that its operation in the state or its ownership of an interest in a lease or property in the state as a distinct producer would not result in the division among multiple producer entities of any production tax liability under AS 43.55.011(e) that reasonably would be expected to be attributed to a single producer if the tax credit provisions of (a) or (c) of this section did not exist.

\* **Sec. 25.** AS 43.55.024 is amended by adding new subsections to read:

(i) A producer may apply against the producer's tax liability for the calendar year under AS 43.55.011(e) a tax credit of \$5 for each barrel of oil taxable under AS 43.55.011(e) that meets one or more of the criteria in AS 43.55.160(f) and that is produced during a calendar year after December 31, 2013. A tax credit authorized by this subsection may not reduce a producer's tax liability for a calendar year under AS 43.55.011(e) to below zero.

(j) A producer may apply against the producer's tax liability for the calendar year under AS 43.55.011(e) a tax credit in the amount specified in this subsection for each barrel of taxable oil under AS 43.55.011(e) that does not meet any of the criteria in AS 43.55.160(f) and that is produced during a calendar year after December 31,



2013. A tax credit under this section may not reduce a producer's tax liability for a calendar year under AS 43.55.011(e) to below zero. The amount of the tax credit for a barrel of taxable oil subject to this subsection is

(1) \$8 for each barrel of taxable oil if the average gross value at the point of production for the month is less than \$80 a barrel;

(2) \$7 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$80 a barrel, but less than \$90 a barrel;

(3) \$6 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$90 a barrel, but less than \$100 a barrel;

(4) \$5 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$100 a barrel, but less than \$110 a barrel;

(5) \$4 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$110 a barrel, but less than \$120 a barrel;

(6) \$3 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$120 a barrel, but less than \$130 a barrel;

(7) \$2 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$130 a barrel, but less than \$140 a barrel;

(8) \$1 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$140 a barrel, but less than \$150 a barrel;

(9) zero if the average gross value at the point of production for the month is greater than or equal to \$150 a barrel.

\* **Sec. 26.** AS 43.55.025(a) is amended to read:

(a) Subject to the terms and conditions of this section, a credit against the production tax levied by AS 43.55.011(e) is allowed for exploration expenditures that



1 qualify under (b) of this section in an amount equal to one of the following:

2 (1) 30 percent of the total exploration expenditures that qualify only  
3 under (b) and (c) of this section;

4 (2) 30 percent of the total exploration expenditures that qualify only  
5 under (b) and (d) of this section;

6 (3) 40 percent of the total exploration expenditures that qualify under  
7 (b), (c), and (d) of this section;

8 (4) 40 percent of the total exploration expenditures that qualify only  
9 under (b) and (e) of this section;

10 (5) 80, 90, or 100 percent, or a lesser amount described in (l) of this  
11 section, of the total exploration expenditures described in (b)(1) and (2) of this section  
12 and not excluded by (b)(3) and (4) of this section that qualify only under (l) of this  
13 section;

14 (6) the lesser of \$25,000,000 or 80 percent of the total exploration  
15 drilling expenditures described in (m) of this section and that qualify under (b) and  
16 (c)(1), (c)(2)(A), and (c)(2)(C) [(c)] of this section; or

17 (7) the lesser of \$7,500,000 or 75 percent of the total seismic  
18 exploration expenditures described in (n) of this section and that qualify under (b) of  
19 this section.

20 \* Sec. 27. AS 43.55.025(m) is amended to read:

21 (m) The persons that drill the first four exploration wells in the state and  
22 within the areas described in (o) of this section on state lands, private lands, or federal  
23 onshore lands for the purpose of discovering oil or gas that penetrate and evaluate a  
24 prospect in a basin described in (o) of this section are eligible for a credit under (a)(6)  
25 of this section. A credit under this subsection may not be taken for more than two  
26 exploration wells in a single area described in (o)(1) - (6) of this section. Exploration  
27 expenditures eligible for the credit in this subsection must be incurred for work  
28 performed after June 1, 2012, and before July 1, 2016. A person planning to drill an  
29 exploration well on private land and to apply for a credit under this subsection shall  
30 obtain written consent from the owner of the oil and gas interest for the full public  
31 release of all well data after the expiration of the confidentiality period applicable to

information collected under (f) of this section. The written consent of the owner of the oil and gas interest must be submitted to the commissioner of natural resources before approval of the proposed exploration well. In addition to the requirements in (c)(1), (c)(2)(A), and (c)(2)(C) [(c)] of this section and submission of the written consent of the owner of the oil and gas interest, a person planning to drill an exploration well shall obtain approval from the commissioner of natural resources before the well is spudded. The commissioner of natural resources shall make a written determination approving or rejecting an exploration well within 60 days after receiving the request for approval or as soon as is practicable thereafter. Before approving the exploration well, the commissioner of natural resources shall consider the following: the location of the well; the proximity to a community in need of a local energy source; the proximity of existing infrastructure; the experience and safety record of the explorer in conducting operations in remote or roadless areas; the projected cost schedule; whether seismic mapping and seismic data sufficiently identify a particular trap for exploration; whether the targeted and planned depth and range are designed to penetrate and fully evaluate the hydrocarbon potential of the proposed prospect and reach the level below which economic hydrocarbon reservoirs are likely to be found, or reach 12,000 feet or more true vertical depth; and whether the exploration plan provides for a full evaluation of the wellbore below surface casing to the depth of the well. Whether the exploration well for which a credit is requested under this subsection is located within an area and a basin described under (o) of this section shall be determined by the commissioner of natural resources and reported to the commissioner. A taxpayer that obtains a credit under this subsection may not claim a tax credit under AS 43.55.023 or another provision in this section for the same exploration expenditure.

\* **Sec. 28.** AS 43.55.028(e) is amended to read:

(e) The department, on the written application of a person to whom a transferable tax credit certificate has been issued under AS 43.55.023(d) or **former AS 43.55.023(m)** [(m)] or to whom a production tax credit certificate has been issued under AS 43.55.025(f), may use available money in the oil and gas tax credit fund to purchase, in whole or in part, the certificate if the department finds that

(1) the calendar year of the purchase is not earlier than the first calendar year for which the credit shown on the certificate would otherwise be allowed to be applied against a tax;

(2) the applicant does not have an outstanding liability to the state for unpaid delinquent taxes under this title;

(3) the applicant's total tax liability under AS 43.55.011(e), after application of all available tax credits, for the calendar year in which the application is made is zero;

(4) the applicant's average daily production of oil and gas taxable under AS 43.55.011(e) during the calendar year preceding the calendar year in which the application is made was not more than 50,000 BTU equivalent barrels; and

(5) the purchase is consistent with this section and regulations adopted under this section.

\* **Sec. 29.** AS 43.55.028(g) is amended to read:

(g) The department may adopt regulations to carry out the purposes of this section, including standards and procedures to allocate available money among applications for purchases under this chapter and claims for refunds and payments under AS 43.20.046 or 43.20.047 when the total amount of the applications for purchase and claims for refund exceed the amount of available money in the fund. The regulations adopted by the department may not, when allocating available money in the fund under this section, distinguish an application for the purchase of a credit certificate issued under former AS 43.55.023(m) or a claim for a refund or payment under AS 43.20.046 or 43.20.047.

\* **Sec. 30.** AS 43.55.030(e) is amended to read:

(e) An explorer or producer that incurs a lease expenditure under AS 43.55.165 or receives a payment or credit under AS 43.55.170 during a calendar year but does not produce oil or gas from a lease or property in the state during the calendar year shall file with the department, on March 31 of the following year, a statement, under oath, in a form prescribed by the department, giving, with other information required, the following:

(1) the explorer's or producer's qualified capital expenditures, as



defined in AS 43.55.023, other lease expenditures under AS 43.55.165, and adjustments or other payments or credits under AS 43.55.170; and

(2) if the explorer or producer receives a payment or credit under AS 43.55.170, calculations showing whether the explorer or producer is liable for a tax under AS 43.55.160(d) or 43.55.170(b) and, if so, the amount.

\* **Sec. 31.** AS 43.55.160(a) is amended to read:

(a) Except as provided in (b) **and (f)** of this section, for the purposes of

(1) AS 43.55.011(e), the annual production tax value of the taxable oil, gas, or oil and gas subject to this paragraph produced during a calendar year is the gross value at the point of production of the oil, gas, or oil and gas taxable under AS 43.55.011(e), less the producer's lease expenditures under AS 43.55.165 for the calendar year applicable to the oil, gas, or oil and gas, as applicable, produced by the producer from leases or properties, as adjusted under AS 43.55.170; this paragraph applies to

(A) oil and gas produced from leases or properties in the state that include land north of 68 degrees North latitude, other than gas produced before 2022 and used in the state;

(B) oil and gas produced from leases or properties in the state outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude; this subparagraph does not apply to [GAS]

(i) gas produced before 2022 and used in the state; or

(ii) oil and gas subject to AS 43.55.011(p);

(C) oil produced before 2022 from **each** [A] lease or property in the Cook Inlet sedimentary basin;

(D) gas produced before 2022 from **each** [A] lease or property in the Cook Inlet sedimentary basin;

(E) gas produced before 2022 from **each** [A] lease or property in the state outside the Cook Inlet sedimentary basin and used in the state, **other than gas subject to AS 43.55.011(p);**

(F) oil and gas subject to AS 43.55.011(p) produced from leases or properties in the state;

1 (G) oil and gas produced from leases or properties in the  
2 state [A LEASE OR PROPERTY] no part of which is north of 68 degrees  
3 North latitude, other than oil or gas described in (B), (C), (D), (E), or (F) of  
4 this paragraph;

5 (2) AS 43.55.011(g), the monthly production tax value of the taxable

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

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

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

29 (D) gas produced during a month from a lease or property in  
30 the Cook Inlet sedimentary basin is the gross value at the point of production  
31 of the 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 the gas produced by the producer from that lease or property, as adjusted under AS 43.55.170;

(E) 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.

**\* Sec. 32.** AS 43.55.160 is amended by adding new subsections to read:

(f) On and after January 1, 2014, in the calculation of an annual production tax value of a producer under (a)(1) of this section, the gross value at the point of production of oil or gas meeting one or more of the following criteria is reduced by 20 percent: (1) the oil or gas is produced from a lease or property that does not contain a lease that was within a unit on January 1, 2003; (2) the oil or gas is produced from a participating area established after December 31, 2011, that is within a unit formed under AS 38.05.180(p) before January 1, 2003, if the participating area does not contain a reservoir that had previously been in a participating area established before December 31, 2011; (3) the oil or gas is produced from acreage that was added to an existing participating area by the Department of Natural Resources on and after January 1, 2014, and the producer demonstrates to the department that the volume of oil or gas produced is from acreage added to an existing participating area. A reduction under this subsection may not reduce the gross value at the point of production below zero. In this subsection, "participating area" means a reservoir or portion of a reservoir producing or contributing to production as approved by the Department of Natural Resources.

(g) On and after January 1, 2014, a separate annual production tax value must be calculated under (a)(1) of this section for

(1) oil and gas produced from leases or properties in the state that include land north of 68 degrees North latitude, other than gas produced before 2022

and used in the state;

(2) oil and gas produced from leases or properties in the state outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, during a calendar year before or during the last calendar year under AS 43.55.024(b) for which the producer could take a tax credit under AS 43.55.024(a); this paragraph does not apply to

(A) gas produced before 2022 and used in the state; or

(B) oil and gas subject to AS 43.55.011(p);

(3) oil produced before 2022 from each lease or property in the Cook Inlet sedimentary basin;

(4) gas produced before 2022 from each lease or property in the Cook Inlet sedimentary basin;

(5) gas produced before 2022 from each lease or property in the state outside the Cook Inlet sedimentary basin and used in the state, other than gas subject to AS 43.55.011(p);

(6) oil and gas subject to AS 43.55.011(p) produced from leases or properties in the state;

(7) oil and gas produced from leases or properties in the state no part of which is north of 68 degrees North latitude, other than oil or gas described in (2), (3), (4), (5), or (6) of this subsection.

\* **Sec. 33.** AS 43.56.160 is amended to read:

**Sec. 43.56.160. Interest and penalty.** When the tax levied by AS 43.56.010(a) becomes delinquent, a penalty of 10 percent shall be added. Before January 1, 2014, interest [INTEREST] on the delinquent taxes, exclusive of penalty, shall be assessed at a rate of eight percent a year. On and after January 1, 2014, interest on the delinquent taxes, exclusive of penalty, shall be assessed at the rate specified in AS 43.05.225(b)(1).

\* **Sec. 34.** AS 43.77.020(d) is amended to read:

(d) A person subject to the tax under this chapter shall make quarterly payments of the tax estimated to be due for the year, as required under regulations adopted by the department. A taxpayer will be subject to an estimated tax penalty,



determined by applying the interest rate specified in AS 43.05.225(a) before January 1, 2014, or under AS 43.05.225(b)(1) on and after January 1, 2014, [AS 43.05.225] to the underpayment for each quarter, unless the taxpayer makes estimated tax payments in equal installments that total either

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

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

\* **Sec. 35.** AS 43.90.430 is amended to read:

**Sec. 43.90.430. Interest.** Before January 1, 2014, when [WHEN] a payment due to the state under this chapter becomes delinquent, the payment bears interest at the rate applicable to a delinquent tax under AS 43.05.225(a). On and after January 1, 2014, when a payment due to the state under this chapter becomes delinquent, the payment bears interest at the rate applicable to a delinquent tax under AS 43.05.225(b)(1) [AS 43.05.225].

\* **Sec. 36.** AS 43.98 is amended by adding new sections to read:

**Article 2. Oil and Gas Competitiveness Review Board.**

**Sec. 43.98.040. Oil and Gas Competitiveness Review Board.** (a) The Oil and Gas Competitiveness Review Board is established in the department.

(b) The board shall consist of nine members as follows:

(1) two members nominated by the two leading nonprofit trade associations representing the oil and gas industry in the state and appointed by the governor, with one member nominated by each association;

(2) the chair of the Alaska Oil and Gas Conservation Commission or the chair's designee;

(3) three members of the public appointed by the governor, including one member who is a petroleum engineer, one member who is a geologist, and one member who is a financial analyst;

(4) the commissioner of environmental conservation or the commissioner's designee;

(5) the commissioner of natural resources or the commissioner's

designee; and

(6) the commissioner of revenue or the commissioner's designee.

(c) The governor shall, every two years, designate one of the members as chair.

(d) Members of the board appointed under (b)(1) and (3) of this section serve for four years. An individual who has served on the board may be reappointed.

(e) A vacancy on the board shall be filled in the manner of the original appointment.

(f) A member of the board may be removed and replaced at the discretion of the governor.

(g) The members of the board appointed under (b)(1) and (3) of this section serve without compensation but shall receive per diem and travel expenses authorized for boards and commissions under AS 39.20.180.

(h) The board may enter into contracts for professional services. The department shall provide staff for administrative support for the board.

(i) The board may not meet more than once in a calendar year.

**Sec. 43.98.050. Duties.** The duties of the board include the following:

(1) establish and maintain a salient collection of information related to oil and gas exploration, development, and production in the state and related to tax structures, rates, and credits in other regions with oil and gas resources;

(2) review historical, current, and potential levels of investment in the state's oil and gas sector;

(3) identify factors that affect investment in oil and gas exploration, development, and production in the state, including tax structure, rates, and credits; royalty requirements; infrastructure; workforce availability; and regulatory requirements;

(4) review the competitive position of the state to attract and maintain investment in the oil and gas sector in the state as compared to the competitive position of other regions with oil and gas resources;

(5) in order to facilitate the work of the board, establish procedures to accept and keep confidential information that is beneficial to the work of the board,



including the creation of a secure data room and confidentiality agreements to be signed by individuals having access to confidential information;

(6) make written findings and recommendations to the Alaska State Legislature before January 31, 2015, or as soon thereafter as practicable, and every four years thereafter beginning January 31, 2015, regarding

(A) changes to the state's regulatory environment that would be conducive to encouraging increased investment while protecting the interests of the people of the state and the environment;

(B) changes to the state's fiscal regime that would be conducive to increased and ongoing long-term investment in and development of the state's oil and gas resources; and

(C) alternative means for increasing the state's ability to attract and maintain investment in and development of the state's oil and gas resources.

**Sec. 43.98.060. Information to be provided to board.** (a) The commissioner of natural resources, the commissioner of revenue, the commissioner of environmental conservation, and other commissioners and state agencies that have responsibility for and maintain information related to oil and gas investment and activity in the state shall, at the request of the board, provide information required by the board to carry out the duties described in AS 43.98.050.

(b) At the request of the board, and except for information that is confidential under AS 40.25.100(a) or AS 43.05.230 and information required to be held confidential by the Alaska Oil and Gas Conservation Commission, a commissioner may disclose to the board information that is otherwise confidential after each member of the board and each staff member for the board with access to the information signs a confidentiality agreement prepared by the commissioner making the disclosure. Information that is confidential under AS 43.05.230 may not be disclosed to the board.

**Sec. 43.98.070. Definition.** In AS 43.98.040 - 43.98.070, "board" means the Oil and Gas Competitiveness Review Board.

\* **Sec. 37.** AS 43.55.023(m) is repealed.

\* **Sec. 38.** AS 43.05.225(a); AS 43.50.570(a); AS 43.55.011(e)(1), 43.55.011(g)

AS 43.55.020(d), 43.55.023(i), 43.55.023(p), 43.55.160(a)(2), and 43.55.160(c) are repealed January 1, 2014.

\* **Sec. 39.** The uncoded law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. (a) Section 13 of this Act and AS 43.55.160(a)(1)(E), as amended by sec. 31 of this Act, apply to oil and gas produced on and after January 1, 2014.

(b) Sections 18 and 20 - 23 of this Act and AS 43.55.023(a)(1), as amended by sec. 18 of this Act, apply to expenditures incurred on and after January 1, 2013.

(c) Section 19 of this Act applies to expenditures incurred on and after January 1, 2014.

\* **Sec. 40.** The uncoded law of the State of Alaska is amending by adding a new section to read:

TRANSITION: REGULATIONS. The Department of Revenue may adopt regulations to implement this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the respective provision of this Act.

\* **Sec. 41.** The uncoded law of the State of Alaska is amended by adding a new section to read:

TRANSITION: OIL AND GAS COMPETITIVENESS REVIEW BOARD. The governor shall appoint the initial members of the Oil and Gas Competitiveness Review Board, established in sec. 36 of this Act, before November 1, 2014. The initial terms of the members of the board appointed under AS 43.98.040(b)(1) and (3) shall be four years.

\* **Sec. 42.** The uncoded law of the State of Alaska is amended by adding a new section to read:

RETROACTIVITY. Sections 13, 20 - 23, 28, and 37 of this Act, AS 43.55.023(a)(1), as amended by sec. 18 of this Act, and AS 43.55.160(a)(1)(E), as amended by sec. 31 of this Act, are retroactive to January 1, 2013.