

AMENDMENT #34

OFFERED IN THE HOUSE

BY REPRESENTATIVE TARR

TO: CSHB 247(RES), Draft Version "P"

1 Page 6, line 6:

2 Delete "and before January 1, 2017,"

3

4 Page 6, lines 9 - 12:

5 Delete "For lease expenditures incurred on or after January 1, 2017, to explore  
6 for, develop, or produce oil or gas deposits located south of 68 degrees North latitude, a  
7 producer or explorer may elect to take a tax credit in the amount of 10 percent of a  
8 carried-forward annual loss."

9

10 Page 8, line 2:

11 Delete "40"

12 Insert "30 [40]"

13

14 Page 8, line 4:

15 Delete "30"

16 Insert "20"

17

18 Page 8, lines 5 - 8:

19 Delete ", and before January 1, 2018;

20 (C) 20 percent of an expenditure incurred on or after  
21 January 1, 2018"

AMENDMENT #35

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOSEPHSON

TO: CSHB 247(RES), Draft Version "P"

1 Page 5, lines 7 - 26:

2 Delete all material and insert:

3 "\*\* Sec. 11. AS 43.55.023(a) is amended to read:

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

6 (1) notwithstanding that a qualified capital expenditure may be a  
7 deductible lease expenditure for purposes of calculating the production tax value of oil  
8 and gas under AS 43.55.160(a), unless a credit for that expenditure is taken under  
9 AS 38.05.180(i), AS 41.09.010, AS 43.20.043, or AS 43.55.025, a producer or  
10 explorer that incurs a qualified capital expenditure may also elect to apply a tax credit  
11 against a tax levied by AS 43.55.011(e) in the amount of

12 (A) 20 percent of an [THAT] expenditure incurred before  
13 July 1, 2016;

14 (B) 10 percent of an expenditure incurred on or after  
15 July 1, 2016;

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

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

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

23 (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. 12.** AS 43.55.023(a), as amended by sec. 11 of this Act, 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

(A) 20 percent of an expenditure incurred before July 1, 2016;

(B) 10 percent of an expenditure incurred on or after July 1, 2016;

(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."

Renumber the following bill sections accordingly.

Page 8, following line 16:

Insert a new bill section to read:

\*\* **Sec. 17.** AS 43.55.023(*I*), as amended by sec. 16 of this Act, is amended to read:

(*I*) A producer or explorer may apply for a tax credit for a well lease

1 expenditure incurred in the state south of 68 degrees North latitude after June 30,  
2 2010, as follows:

3 (1) notwithstanding that a well lease expenditure incurred in the state  
4 south of 68 degrees North latitude may be a deductible lease expenditure for purposes  
5 of calculating the production tax value of oil and gas under AS 43.55.160(a), unless a  
6 credit for that expenditure is taken under [(a) OF THIS SECTION,] AS 43.20.043, or  
7 AS 43.55.025, a producer or explorer that incurs a well lease expenditure in the state  
8 south of 68 degrees North latitude may elect to apply a tax credit against a tax levied  
9 by AS 43.55.011(e) in the amount of

10 (A) 40 percent of an expenditure incurred before January 1,  
11 2017;

12 (B) 30 percent of an expenditure incurred on or after January 1,  
13 2017, and before January 1, 2018;

14 (C) 20 percent of an expenditure incurred on or after January 1,  
15 2018;

16 (2) a producer or explorer may take a credit for a well lease  
17 expenditure incurred in the state south of 68 degrees North latitude in connection with  
18 geological or geophysical exploration or in connection with an exploration well only if  
19 the producer or explorer

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

22 (B) submits to the Department of Natural Resources all data  
23 that would be required to be submitted under AS 43.55.025(f)(2)."  
24

25 Renumber the following bill sections accordingly.

26  
27 Page 9, line 24:

28 Delete "(I) or under AS 43.55.023(b)"

29 Insert "under AS 43.55.023(b) or (I)"  
30

31 Page 10, following line 3:

1           Insert a new bill section to read:

2       **"\* Sec. 21.** AS 43.55.029(a), as amended by sec. 20 of this Act, is amended to read:

3           (a) An explorer or producer that has applied for a production tax credit under  
4           former AS 43.55.023(a) or (l) or under AS 43.55.023(b) or (l) or 43.55.025(a) may  
5           make a present assignment of the production tax credit certificate expected to be  
6           issued by the department to a third-party assignee. The assignment may be made either  
7           at the time the application is filed with the department or not later than 30 days after  
8           the date of filing with the department. Once a notice of assignment in compliance with  
9           this section is filed with the department, the assignment is irrevocable and cannot be  
10          modified by the explorer or producer without the written consent of the assignee  
11          named in the assignment. If a production tax credit certificate is issued to the explorer  
12          or producer, the notice of assignment remains effective and shall be filed with the  
13          department by the explorer or producer together with any application for the  
14          department to purchase the certificate under AS 43.55.028(e)."

15  
16       Renumber the following bill sections accordingly.

17  
18       Page 17, line 9:

19           Delete "43.55.023(l), 43.55.023(n)"

20  
21       Page 17, following line 10:

22           Insert a new bill section to read:

23       **"\* Sec. 33.** AS 43.55.023(l) and 43.55.023(n) are repealed."

24  
25       Page 18, line 20:

26           Delete "16, and 17"

27           Insert "18, and 19"

28  
29       Page 18, lines 24 - 25:

30           Delete "AND WELL LEASE EXPENDITURES"

1 Page 18, line 25:

2 Delete ", (I), (n),"

3

4 Page 18, line 26:

5 Delete "sec. 29"

6 Insert "sec. 32"

7

8 Page 18, line 27:

9 Delete "secs. 13, 14, 18, 23, and 24"

10 Insert "secs. 14, 15, 20, 26, and 27"

11

12 Page 18, line 28:

13 Delete "(1)"

14 Delete "sec. 29"

15 Insert "sec. 32"

16

17 Page 18, line 31:

18 Delete "sec. 29"

19 Insert "sec. 32"

20

21 Page 19, line 1:

22 Delete ";

23 Insert "."

24

25 Page 19, lines 2 - 6:

26 Delete all material.

27

28 Page 19, line 8:

29 Delete "sec. 29"

30 Insert "sec. 32"

31

1 Page 19, line 10:

2 Delete "sec. 29"

3 Insert "sec. 32"

4

5 Page 19, following line 10:

6 Insert a new bill section to read:

7 **"\* Sec. 37.** The uncodified law of the State of Alaska is amended by adding a new section to  
8 read:

9 **TRANSITION: WELL LEASE EXPENDITURES.** (a) Notwithstanding the repeal of  
10 AS 43.55.023(*l*) and (n) by sec. 33 of this Act, and the amendment to AS 43.55.029(a) by sec.  
11 21 of this Act, a taxpayer who incurs a well lease expenditure before the effective date of sec.  
12 33 of this Act that qualifies for a well lease expenditure credit under AS 43.55.023(*l*) may  
13 apply for a credit or transferable tax credit certificate under AS 43.55.023 and assign the tax  
14 credit under AS 43.55.029, as those sections read on the day before the effective date of sec.  
15 33 of this Act.

16 (b) The Department of Revenue may continue to apply and enforce AS 43.55.023 and  
17 43.55.029, as those sections read on the day before the effective date of sec. 33 of this Act, for  
18 qualified capital expenditures and well lease expenditures incurred before the effective date of  
19 sec. 33 of this Act."  
20

21 Renumber the following bill sections accordingly.  
22

23 Page 19, line 14:

24 Delete "sec. 21"

25 Insert "sec. 24"

26

27 Page 19, line 15:

28 Delete "sec. 29"

29 Insert "sec. 32"

30

31 Page 19, line 17:

1 Delete "sec. 29"

2 Insert "sec. 32"

3

4 Page 20, line 12:

5 Delete "Sections 30 and 34"

6 Insert "Sections 34 and 39"

7

8 Page 20, following line 12:

9 Insert a new bill section to read:

10 **"\* Sec. 42.** Section 11 of this Act takes effect July 1, 2016."

11

12 Renumber the following bill sections accordingly.

13

14 Page 20, line 13:

15 Delete "Sections 13, 14, 18 - 25, 27, 29, 32, and 33"

16 Insert "Sections 14, 15, 20, 22 - 28, 30, 32, 36, and 38"

17

18 Page 20, lines 13 - 14:

19 Delete "January 1, 2022"

20 Insert "July 1, 2017"

21

22 Page 20, following line 14:

23 Insert a new bill section to read:

24 **"\* Sec. 44.** Sections 21, 33, and 37 of this Act take effect January 1, 2022."

25

26 Renumber the following bill section accordingly.

27

28 Page 20, line 15:

29 Delete "secs. 36 and 37"

30 Insert "secs. 41 - 44"



AMENDMENT #36

OFFERED IN THE HOUSE

BY REPRESENTATIVE TARR

TO: CSHB 247(RES), Draft Version "P"

1 Page 9, line 11:

2 Delete "a new subsection"

3 Insert "new subsections"

4

5 Page 9, following line 21:

6 Insert a new subsection to read:

7 "(k) The percentage of a transferable tax credit certificate issued under  
8 AS 43.55.023(d) or former AS 43.55.023(m) or a production tax credit certificate  
9 issued under AS 43.55.025(f) purchased by the department may not exceed the  
10 percentage of resident workers in the applicant's workforce in the state in the  
11 preceding calendar year, including workers employed by the applicant's contractors.  
12 An amount of a credit not purchased because of application of this subsection may be  
13 applied against the applicant's tax liability under this chapter. In this subsection,  
14 "resident worker" has the meaning given in AS 43.40.092(b)."

AMENDMENT #37

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOSEPHSON

TO: CSHB 247(RES), Draft Version "P"

1 Page 6, line 12, following "loss.":

2 Insert "Notwithstanding that a qualified capital expenditure may be a deductible  
3 lease expenditure for purposes of calculating the production tax value of oil, gas, or oil  
4 and gas under AS 43.55.160(a), a producer or explorer may not apply against the taxes  
5 due under this chapter a credit under this subsection in the same tax year that a  
6 producer or explorer applies a credit under (a) of this section."  
7

8 Page 9, line 11:

9 Delete "a new subsection"

10 Insert "new subsections"  
11

12 Page 9, following line 21:

13 Insert a new subsection to read:

14 "(k) The department may not, in the same calendar year, purchase both a  
15 transferable tax credit certificate or a portion of a transferable tax credit certificate  
16 issued as a result of a carried-forward annual loss under AS 43.55.023(b) and a  
17 qualified expenditure under AS 43.55.023(a)."  
18

19 Page 18, line 20, following "APPLICABILITY.":

20 Insert "(a)"  
21

22 Page 18, following line 21:

23 Insert a new subsection to read:

1           "(b) The limitation on the purchase of tax credits by the Department of Revenue  
2 under AS 43.55.023(b), as amended by sec. 12 of this Act, and AS 43.55.028(k), added by  
3 sec. 17 of this Act, applies to credit purchases from credit purchase applications received on  
4 or after the effective date of secs. 12 and 17 of this Act."

AMENDMENT

#38

OFFERED IN THE HOUSE

BY REPRESENTATIVE TARR

TO: CSHB 247(RES), Draft Version "P"

1 Page 11, following line 15:

2 Insert a new bill section to read:

3 **\*\* Sec. 21.** AS 43.55.150 is amended by adding a new subsection to read:

4 (d) The gross value at the point of production may not be less than zero."  
5

6 Renumber the following bill sections accordingly.  
7

8 Page 18, lines 25 - 26:

9 Delete "sec. 29"

10 Insert "sec. 30"

11

12 Page 18, line 27:

13 Delete "23, and 24"

14 Insert "24, and 25"

15

16 Page 18, line 28:

17 Delete "sec. 29"

18 Insert "sec. 30"

19

20 Page 18, line 31:

21 Delete "sec. 29"

22 Insert "sec. 30"

23

1 Page 19, line 2:

2 Delete "sec. 29"

3 Insert "sec. 30"

4

5 Page 19, line 5:

6 Delete "sec. 29"

7 Insert "sec. 30"

8

9 Page 19, line 8:

10 Delete "sec. 29"

11 Insert "sec. 30"

12

13 Page 19, line 10:

14 Delete "sec. 29"

15 Insert "sec. 30"

16

17 Page 19, line 14:

18 Delete "sec. 21"

19 Insert "sec. 22"

20

21 Page 19, line 15:

22 Delete "sec. 29"

23 Insert "sec. 30"

24

25 Page 19, line 17:

26 Delete "sec. 29"

27 Insert "sec. 30"

28

29 Page 20, line 12:

30 Delete "Sections 30 and 34"

31 Insert "Sections 31 and 35"

1

2 Page 20, line 13:

3 Delete "18 - 25, 27, 29, 32, and 33"

4 Insert "18 - 20, 22 - 26, 28, 30, 33, and 34"

5

6 Page 20, line 15:

7 Delete "secs. 36 and 37"

8 Insert "secs. 37 and 38"

~~#13~~

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AMENDMENT #39

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOSEPHSON

TO: CSHB 247(RES), Draft Version "P"

1 Page 9, line 8:

2 Delete "and"

3 Insert "[AND]"

4

5 Page 9, line 9, following "(5)":

6 Insert "during the calendar year preceding the calendar year in which the  
7 application is made, the applicant's revenue generated from the applicant's oil and gas  
8 business, including the revenue of the applicant's affiliates if the applicant is part of an  
9 affiliated group, did not exceed \$10,000,000,000; and  
10 (6)"

AMENDMENT

#40

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOSEPHSON

TO: CSHB 247(RES), Draft Version "P"

1 Page 11, following line 15:

2 Insert new bill sections to read:

3 **"\* Sec. 21.** AS 43.55.160(f) is amended to read:

4 (f) On and after January 1, 2014, in the calculation of an annual production tax  
5 value of a producer under (a)(1)(A) or (h)(1) of this section, the gross value at the  
6 point of production of oil or gas produced from a lease or property north of 68 degrees  
7 North latitude meeting one or more of the following criteria is reduced by 20 percent:  
8 (1) the oil or gas is produced from a lease or property that does not contain a lease that  
9 was within a unit on January 1, 2003; (2) the oil or gas is produced from a  
10 participating area established after December 31, 2011, that is within a unit formed  
11 under AS 38.05.180(p) before January 1, 2003, if the participating area does not  
12 contain a reservoir that had previously been in a participating area established before  
13 December 31, 2011; (3) the oil or gas is produced from acreage that was added to an  
14 existing participating area by the Department of Natural Resources on and after  
15 January 1, 2014, and the producer demonstrates to the department that the volume of  
16 oil or gas produced is from acreage added to an existing participating area. This  
17 subsection does not apply to gas produced before 2022 that is used in the state or to  
18 gas produced on and after January 1, 2022. For oil or gas produced after January 1,  
19 2017, the reduction under this subsection shall apply to oil or gas produced from  
20 a lease or property for the first four years after the commencement of production  
21 in commercial quantities of oil or gas from that lease or property. For oil or gas  
22 produced before January 1, 2017, the reduction under this subsection for a lease  
23 or property shall expire January 1, 2021. A reduction under this subsection may not



1       reduce the gross value at the point of production below zero. In this subsection,  
 2       "participating area" means a reservoir or portion of a reservoir producing or  
 3       contributing to production as approved by the Department of Natural Resources.

4       \* **Sec. 22.** AS 43.55.160(g) is amended to read:

5               (g) On and after January 1, 2014, in addition to the reduction under (f) of this  
 6       section, in the calculation of an annual production tax value of a producer under  
 7       (a)(1)(A) or (h)(1) of this section, the gross value at the point of production of oil or  
 8       gas produced from a lease or property north of 68 degrees North latitude that does not  
 9       contain a lease that was within a unit on January 1, 2003, is reduced by 10 percent if  
 10      the oil or gas is produced from a unit made up solely of leases that have a royalty  
 11      share of more than 12.5 percent in amount or value of the production removed or sold  
 12      from the lease as determined under AS 38.05.180(f). This subsection does not apply if  
 13      the royalty obligation for one or more of the leases in the unit has been reduced to 12.5  
 14      percent or less under AS 38.05.180(j) for all or part of the calendar year for which the  
 15      annual production tax value is calculated. This subsection does not apply to gas  
 16      produced before 2022 that is used in the state or to gas produced on and after  
 17      January 1, 2022. **For oil or gas produced after January 1, 2017, the reduction**  
 18      **under this subsection shall apply to oil or gas produced from a lease or property**  
 19      **for the first four years after the commencement of production in commercial**  
 20      **quantities of oil or gas from that lease or property. For oil or gas produced before**  
 21      **January 1, 2017, the reduction under this subsection for a lease or property shall**  
 22      **expire January 1, 2021.** A reduction under this subsection may not reduce the gross  
 23      value at the point of production below zero."  
 24

25      Renumber the following bill sections accordingly.

26

27      Page 18, lines 25 - 26:

28              Delete "sec. 29"

29              Insert "sec. 31"

30

31      Page 18, line 27:

1 Delete "23, and 24"

2 Insert "25, and 26"

3

4 Page 18, line 28:

5 Delete "sec. 29"

6 Insert "sec. 31"

7

8 Page 18, line 31:

9 Delete "sec. 29"

10 Insert "sec. 31"

11

12 Page 19, line 2:

13 Delete "sec. 29"

14 Insert "sec. 31"

15

16 Page 19, line 5:

17 Delete "sec. 29"

18 Insert "sec. 31"

19

20 Page 19, line 8:

21 Delete "sec. 29"

22 Insert "sec. 31"

23

24 Page 19, line 10:

25 Delete "sec. 29"

26 Insert "sec. 31"

27

28 Page 19, line 14:

29 Delete "sec. 21"

30 Insert "sec. 23"

31

1 Page 19, line 15:

2 Delete "sec. 29"

3 Insert "sec. 31"

4

5 Page 19, line 17:

6 Delete "sec. 29"

7 Insert "sec. 31"

8

9 Page 20, line 12:

10 Delete "Sections 30 and 34"

11 Insert "Sections 32 and 36"

12

13 Page 20, line 13:

14 Delete "18 - 25, 27, 29, 32, and 33"

15 Insert "18 - 20, 23 - 27, 29, 31, 34, and 35"

16

17 Page 20, line 15:

18 Delete "secs. 36 and 37"

19 Insert "secs. 38 and 39"

AMENDMENT #41

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOSEPHSON

TO: CSHB 247(RES), Draft Version "P"

Page 8, lines 5 - 7:

Delete ", and before January 1, 2018;

(C) 20 percent of an expenditure incurred on or after  
January 1, 2018"

Page 9, line 22, through page 10, line 3:

Delete all material and insert:

**\*\* Sec. 18.** AS 43.55.029(a) is amended to read:

(a) An explorer or producer that has applied for a production tax credit under **former AS 43.55.023(l) or** AS 43.55.023(a) **or** [,] (b) [, OR (l)] or 43.55.025(a) may make a present assignment of the production tax credit certificate expected to be issued by the department to a third-party assignee. The assignment may be made either at the time the application is filed with the department or not later than 30 days after the date of filing with the department. Once a notice of assignment in compliance with this section is filed with the department, the assignment is irrevocable and cannot be modified by the explorer or producer without the written consent of the assignee named in the assignment. If a production tax credit certificate is issued to the explorer or producer, the notice of assignment remains effective and shall be filed with the department by the explorer or producer together with any application for the department to purchase the certificate under AS 43.55.028(e).

**\* Sec. 19.** AS 43.55.029(a), as amended by sec. 18 of this Act, is amended to read:

(a) An explorer or producer that has applied for a production tax credit under former **AS 43.55.023(a) or (l)** [AS 43.55.023(l)] or **AS 43.55.023(b)** [AS 43.55.023(a)

OR (b)] or 43.55.025(a) may make a present assignment of the production tax credit certificate expected to be issued by the department to a third-party assignee. The assignment may be made either at the time the application is filed with the department or not later than 30 days after the date of filing with the department. Once a notice of assignment in compliance with this section is filed with the department, the assignment is irrevocable and cannot be modified by the explorer or producer without the written consent of the assignee named in the assignment. If a production tax credit certificate is issued to the explorer or producer, the notice of assignment remains effective and shall be filed with the department by the explorer or producer together with any application for the department to purchase the certificate under AS 43.55.028(e)."

Renumber the following bill sections accordingly.

Page 17, following line 8:

Insert a new bill section to read:

**"\* Sec. 30.** AS 43.55.023(*l*) and 43.55.023(*n*) are repealed."

Renumber the following bill sections accordingly.

Page 17, line 9:

Delete "43.55.023(*l*), 43.55.023(*n*),"

Page 18, lines 24 - 25:

Delete "AND WELL LEASE EXPENDITURES"

Page 18, line 25:

Delete ", (*l*), (*n*),"

Page 18, line 26:

Delete "sec. 29"

1           Insert "sec. 31"  
2  
3   Page 18, line 27:  
4           Delete "18, 23, and 24"  
5           Insert "19, 24, and 25"  
6  
7   Page 18, line 28:  
8           Delete "(1)"  
9           Delete "sec. 29"  
10          Insert "sec. 31"  
11  
12   Page 18, line 31:  
13          Delete "sec. 29"  
14          Insert "sec. 31"  
15  
16   Page 19, line 1:  
17          Delete ",'"'  
18          Insert ".'"'  
19  
20   Page 19, lines 2 - 6:  
21          Delete all material.  
22  
23   Page 19, line 8:  
24          Delete "sec. 29"  
25          Insert "sec. 31"  
26  
27   Page 19, line 10:  
28          Delete "sec. 29"  
29          Insert "sec. 31"  
30  
31   Page 19, following line 10:

1           Insert a new bill section to read:

2       **"\* Sec. 35.** The uncodified law of the State of Alaska is amended by adding a new section to  
3 read:

4           TRANSITION: WELL LEASE EXPENDITURES. (a) Notwithstanding the repeal of  
5 AS 43.55.023(*l*) and (n) by sec. 30 of this Act, and the amendment to AS 43.55.029(a) by sec.  
6 18 of this Act, a producer or explorer who incurs a well lease expenditure before the effective  
7 date of sec. 30 of this Act that qualifies for a well lease expenditure credit under  
8 AS 43.55.023(*l*) may apply for a credit or transferable tax credit certificate under  
9 AS 43.55.023 and assign the tax credit under AS 43.55.029, as those sections read on the day  
10 before the effective date of sec. 30 of this Act.

11           (b) The Department of Revenue may continue to apply and enforce AS 43.55.023 and  
12 43.55.029, as those sections read on the day before the effective date of sec. 30 of this Act, for  
13 qualified capital expenditures and well lease expenditures incurred before the effective date of  
14 sec. 30 of this Act."

15

16       Renumber the following bill sections accordingly.

17

18       Page 19, line 14:

19           Delete "sec. 21"

20           Insert "sec. 22"

21

22       Page 19, line 15:

23           Delete "sec. 29"

24           Insert "sec. 31"

25

26       Page 19, line 17:

27           Delete "sec. 29"

28           Insert "sec. 31"

29

30       Page 20, line 12:

31           Delete "Sections 30 and 34"

1           Insert "Sections 32 and 37"

2

3       Page 20, following line 12:

4           Insert a new bill section to read:

5       "**\* Sec. 40.** Sections 18, 30, and 35 of this Act take effect July 1, 2017."

6

7       Renumber the following bill sections accordingly.

8

9       Page 20, line 13:

10           Delete "18 - 25, 27, 29, 32, and 33"

11           Insert "19 - 26, 28, 31, 34, and 36"

12

13       Page 20, line 15:

14           Delete "secs. 36 and 37"

15           Insert "secs. 39 - 41"





AMENDMENT

#42

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOSEPHSON

TO: CSHB 247(RES), Draft Version "P"

1 Page 1, line 4, following "credit;":

2 Insert "relating to a limitation on the application of tax credits; relating to the  
3 calculation for monthly installment payments of estimated tax;"

4

5 Page 5, following line 6:

6 Insert a new bill section to read:

7 "\*\* Sec. 11. AS 43.55 is amended by adding a new section to read:

8 **Sec. 43.55.022. Limitations on tax credits.** A tax credit or a fraction of a tax  
9 credit under AS 43.55.023, 43.55.024, and 43.55.025 may not be subtracted in  
10 calculating an installment payment of estimated tax required under AS 43.55.020(a) if  
11 the resulting amount of the installment payment would be less than the amount in  
12 AS 43.55.020(a)(5)(B)(ii) or 43.55.020(a)(7)(A)(ii), as applicable."

13

14 Renumber the following bill sections accordingly.

15

16 Page 6, following line 22:

17 Insert a new bill section to read:

18 "\*\* Sec. 14. AS 43.55.023(c) is amended to read:

19 (c) A credit or portion of a credit under this section may not be used to reduce  
20 a person's tax liability under AS 43.55.011(e) for any calendar year below **the amount**  
21 **calculated under AS 43.55.011(f)** [ZERO], and any unused credit or portion of a  
22 credit not used under this subsection may be applied in a later calendar year."

23

1 Renumber the following bill sections accordingly.

2  
3 Page 8, following line 16:

4 Insert new bill sections to read:

5 **"\* Sec. 18.** AS 43.55.024(g) is amended to read:

6 (g) A tax credit authorized by (c) of this section may not be applied to reduce  
7 a producer's tax liability for any calendar year under AS 43.55.011(e) below **the**  
8 **amount calculated under AS 43.55.011(f)** [ZERO].

9 **\* Sec. 19.** AS 43.55.024(i) is amended to read:

10 (i) A producer may apply against the producer's tax liability for the calendar  
11 year under AS 43.55.011(e) a tax credit of \$5 for each barrel of oil taxable under  
12 AS 43.55.011(e) that meets one or more of the criteria in AS 43.55.160(f) or (g) and  
13 that is produced during a calendar year after December 31, 2013. A tax credit  
14 authorized by this subsection may not reduce a producer's tax liability for a calendar  
15 year under AS 43.55.011(e) below **the amount calculated under AS 43.55.011(f)**  
16 [ZERO].

17 **\* Sec. 20.** AS 43.55.025(i) is amended to read:

18 (i) For a production tax credit under this section,  
19 (1) a credit may not be applied to reduce a taxpayer's tax liability under  
20 AS 43.55.011(e) below **the amount calculated under AS 43.55.011(f)** [ZERO] for a  
21 calendar year; and  
22 (2) an amount of the production tax credit in excess of the amount that  
23 may be applied for a calendar year under this subsection may be carried forward and  
24 applied against the taxpayer's tax liability under AS 43.55.011(e) in one or more later  
25 calendar years."

26  
27 Renumber the following bill sections accordingly.

28  
29 Page 18, line 20, following "APPLICABILITY.":

30 Insert "(a)"

1 Page 18, line 20:

2 Delete "16, and 17"

3 Insert "21, and 22"

4

5 Page 18, following line 21:

6 Insert a new subsection to read:

7 "(b) The limitations on the use of tax credits added in AS 43.55.022, added by sec. 11  
8 of this Act, AS 43.55.024(g) and (i), as amended by secs. 18 and 19 of this Act, and  
9 AS 43.55.025(i), as amended by sec. 20 of this Act, apply to credits applied to reduce a tax  
10 liability for a tax year starting on or after the effective date of secs. 11 and 18 - 20 of this  
11 Act."

12

13 Page 18, lines 25 - 26:

14 Delete "sec. 29"

15 Insert "sec. 34"

16

17 Page 18, line 27:

18 Delete "secs. 13, 14, 18, 23, and 24"

19 Insert "secs. 15, 16, 23, 28, and 29"

20

21 Page 18, line 28:

22 Delete "sec. 29"

23 Insert "sec. 34"

24

25 Page 18, line 31:

26 Delete "sec. 29"

27 Insert "sec. 34"

28

29 Page 19, line 2:

30 Delete "sec. 29"

31 Insert "sec. 34"

1  
2 Page 19, line 5:  
3 Delete "sec. 29"  
4 Insert "sec. 34"  
5  
6 Page 19, line 8:  
7 Delete "sec. 29"  
8 Insert "sec. 34"  
9  
10 Page 19, line 10:  
11 Delete "sec. 29"  
12 Insert "sec. 34"  
13  
14 Page 19, line 14:  
15 Delete "sec. 21"  
16 Insert "sec. 26"  
17  
18 Page 19, line 15:  
19 Delete "sec. 29"  
20 Insert "sec. 34"  
21  
22 Page 19, line 17:  
23 Delete "sec. 29"  
24 Insert "sec. 34"  
25  
26 Page 20, line 12:  
27 Delete "Sections 30 and 34"  
28 Insert "Sections 35 and 39"  
29  
30 Page 20, line 13:  
31 Delete "Sections 13, 14, 18 - 25, 27, 29, 32, and 33"

1           Insert "Sections 15, 16, 23 - 30, 32, 34, 37, and 38"

2

3   Page 20, line 15:

4           Delete "secs. 36 and 37"

5           Insert "secs. 41 and 42"

AMENDMENT #43

OFFERED IN THE HOUSE

BY REPRESENTATIVE TARR

TO: CSHB 247(RES), Draft Version "P"

1 Page 1, lines 1 - 7:

2 Delete all material and insert:

3 "An Act relating to confidential information status and public record status of  
4 information in the possession of the Department of Revenue; relating to interest  
5 applicable to delinquent tax; relating to disclosure of oil and gas production tax credit  
6 information; relating to refunds for the gas storage facility tax credit, the liquefied  
7 natural gas storage facility tax credit, and the qualified in-state oil refinery  
8 infrastructure expenditures tax credit; relating to the minimum tax for certain oil and  
9 gas production; relating to the minimum tax calculation for monthly installment  
10 payments of estimated tax; relating to interest on monthly installment payments of  
11 estimated tax; relating to limitations for the application of tax credits; relating to oil and  
12 gas production tax credits for certain losses and expenditures; relating to limitations for  
13 nontransferable oil and gas production tax credits based on oil production and the  
14 alternative tax credit for oil and gas exploration; relating to purchase of tax credit  
15 certificates from the oil and gas tax credit fund; relating to a minimum for gross value at  
16 the point of production; relating to lease expenditures and tax credits for municipal  
17 entities; adding a definition for "qualified capital expenditure"; adding a definition for  
18 "outstanding liability to the state"; repealing oil and gas exploration incentive credits;

1    **repealing the limitation on the application of credits against tax liability for lease**  
 2    **expenditures incurred before January 1, 2011; repealing provisions related to the**  
 3    **monthly installment payments for estimated tax for oil and gas produced before**  
 4    **January 1, 2014; repealing the oil and gas production tax credit for qualified capital**  
 5    **expenditures and certain well expenditures; repealing the calculation for certain lease**  
 6    **expenditures applicable before January 1, 2011; making conforming amendments; and**  
 7    **providing for an effective date."**

8

9    Page 1, line 9, through page 20, line 16:

10        Delete all material and insert:

11        **"\* Section 1.** AS 38.05.036(a) is amended to read:

12                (a) The department may conduct audits regarding royalty and net profits under  
 13                oil and gas contracts, agreements, or leases under this chapter and regarding costs  
 14                related to exploration licenses entered into under AS 38.05.131 - 38.05.134 and  
 15                exploration incentive credits under this chapter [OR UNDER AS 41.09]. For purposes  
 16                of audit under this section,

17                        (1) the department may examine the books, papers, records, or  
 18                        memoranda of a person regarding matters related to the audit; and

19                        (2) the records and premises where a business is conducted shall be  
 20                        open at all reasonable times for inspection by the department.

21        **\* Sec. 2.** AS 38.05.036(b) is amended to read:

22                (b) The Department of Revenue may obtain from the department information  
 23                relating to royalty and net profits payments and to exploration incentive credits under  
 24                this chapter [OR UNDER AS 41.09], whether or not that information is confidential.  
 25                The Department of Revenue may use the information in carrying out its functions and  
 26                responsibilities under AS 43, and shall hold that information confidential to the extent  
 27                required by an agreement with the department or by AS 38.05.035(a)(8) [,  
 28                AS 41.09.010(d),] or AS 43.05.230.

29        **\* Sec. 3.** AS 38.05.036(c) is amended to read:

(c) The department may obtain from the Department of Revenue all information obtained under AS 43 relating to royalty and net profits and to exploration incentive credits. The department may use the information for purposes of carrying out its responsibilities and functions under this chapter [AND AS 41.09]. Information made available to the department that was obtained under AS 43 is confidential and subject to the provisions of AS 43.05.230.

\* Sec. 4. AS 38.05.036(f) is amended to read:

(f) Except as otherwise provided in this section or in connection with official investigations or proceedings of the department, it is unlawful for a current or former officer, employee, or agent of the state to divulge information obtained by the department as a result of an audit under this section that is required by an agreement with the department or by AS 38.05.035(a)(8) [OR AS 41.09.010(d)] to be kept confidential.

\* Sec. 5. AS 38.05.036(g) is amended to read:

(g) Nothing in this section prohibits the publication of statistics in a manner that maintains the confidentiality of information to the extent required by an agreement with the department or by AS 38.05.035(a)(8) [OR AS 41.09.010(d)].

\* Sec. 6. AS 40.25.100(a) is amended to read:

(a) Information in the possession of the Department of Revenue that discloses the particulars of the business or affairs of a taxpayer or other person, including information under AS 38.05.020(b)(11) that is subject to a confidentiality agreement under AS 38.05.020(b)(12), is not a matter of public record, except as provided in AS 43.05.230(i) - (l) [AS 43.05.230(i) OR (k)] or for purposes of investigation and law enforcement. The information shall be kept confidential except when its production is required in an official investigation, administrative adjudication under AS 43.05.405 - 43.05.499, or court proceeding. These restrictions do not prohibit the publication of statistics presented in a manner that prevents the identification of particular reports and items, prohibit the publication of tax lists showing the names of taxpayers who are delinquent and relevant information that may assist in the collection of delinquent taxes, or prohibit the publication of records, proceedings, and decisions under AS 43.05.405 - 43.05.499.



1     \* **Sec. 7.** AS 43.05.225 is amended to read:

2             **Sec. 43.05.225. Interest.** Unless otherwise provided,

3                 (1) a delinquent tax under this title,

4                     [(A) BEFORE JANUARY 1, 2014, BEARS INTEREST IN  
5                     EACH CALENDAR QUARTER AT THE RATE OF FIVE PERCENTAGE  
6                     POINTS ABOVE THE ANNUAL RATE CHARGED MEMBER BANKS  
7                     FOR ADVANCES BY THE 12TH FEDERAL RESERVE DISTRICT AS OF  
8                     THE FIRST DAY OF THAT CALENDAR QUARTER, OR AT THE  
9                     ANNUAL RATE OF 11 PERCENT, WHICHEVER IS GREATER,  
10                    COMPOUNDED QUARTERLY AS OF THE LAST DAY OF THAT  
11                    QUARTER; OR

12                    (B) ON AND AFTER JANUARY 1, 2014,] bears interest in  
13                    each calendar quarter at the rate of seven [THREE] percentage points above  
14                    the annual rate charged member banks for advances by the 12th Federal  
15                    Reserve District as of the first day of that calendar quarter compounded  
16                    quarterly as of the last day of that quarter;

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

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

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

21     \* **Sec. 8.** AS 43.05.230 is amended by adding a new subsection to read:

22                 (l) The name of each person claiming a credit under AS 43.55, the aggregate  
23                    amount of credits under AS 43.55, except for the credit in AS 43.55.024(j), claimed by  
24                    the taxpayer in the calendar year, and a description of the taxpayer's activities that  
25                    generated the credits claimed are public information.

26     \* **Sec. 9.** AS 43.20.046(e) is amended to read:

27                 (e) The department may use available money in the oil and gas tax credit fund  
28                    established in AS 43.55.028 to make the refund applied for under (d) of this section in  
29                    whole or in part if the department finds that (1) the claimant does not have an  
30                    outstanding liability to the state [FOR UNPAID DELINQUENT TAXES UNDER  
31                    THIS TITLE]; and (2) after application of all available tax credits, the claimant's total

1 tax liability under this chapter for the calendar year in which the claim is made is zero.  
2 [IN THIS SUBSECTION, "UNPAID DELINQUENT TAX" MEANS AN AMOUNT  
3 OF TAX FOR WHICH THE DEPARTMENT HAS ISSUED AN ASSESSMENT  
4 THAT HAS NOT BEEN PAID AND, IF CONTESTED, HAS NOT BEEN FINALLY  
5 RESOLVED IN THE TAXPAYER'S FAVOR.]

6 \* **Sec. 10.** AS 43.20.047(e) is amended to read:

7 (e) The department may use money available in the oil and gas tax credit fund  
8 established in AS 43.55.028 to make a refund or payment under (d) of this section in  
9 whole or in part if the department finds that

10 (1) the claimant does not have an outstanding liability to the state  
11 [FOR UNPAID DELINQUENT TAXES UNDER THIS TITLE]; and

12 (2) after application of all available tax credits, the claimant's total tax  
13 liability under this chapter for the calendar year in which the claim is made is zero. [IN  
14 THIS SUBSECTION, "UNPAID DELINQUENT TAX" MEANS AN AMOUNT OF  
15 TAX FOR WHICH THE DEPARTMENT HAS ISSUED AN ASSESSMENT THAT  
16 HAS NOT BEEN PAID AND, IF CONTESTED, HAS NOT BEEN FINALLY  
17 RESOLVED IN THE TAXPAYER'S FAVOR.]

18 \* **Sec. 11.** AS 43.20.053(e) is amended to read:

19 (e) The department may use money available in the oil and gas tax credit fund  
20 established in AS 43.55.028 to make a refund or payment under (d) of this section in  
21 whole or in part if the department finds that

22 (1) the claimant does not have an outstanding liability to the state  
23 [FOR UNPAID DELINQUENT TAXES UNDER THIS TITLE]; and

24 (2) after application of all available tax credits, the claimant's total tax  
25 liability under this chapter for the calendar year in which the claim is made is zero.

26 \* **Sec. 12.** AS 43.55.011(f) is repealed and reenacted to read:

27 (f) The levy of tax under (e) of this section for

28 (1) oil and gas produced before January 1, 2022, from leases or  
29 properties that include land north of 68 degrees North latitude, other than gas subject  
30 to (o) of this section, may not be less than five percent of the gross value at the point  
31 of production; and

(2) oil produced on and after January 1, 2022, from leases or properties that include land north of 68 degrees North latitude, may not be less than five percent of the gross value at the point of production.

\* **Sec. 13.** AS 43.55.020(a) is amended to read:

(a) For a calendar year, a producer subject to tax under AS 43.55.011 shall pay the tax as follows:

(1) for oil and gas produced 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, 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 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

1 percent, or four percent, as applicable, of the gross value at the point of  
2 production of the oil and gas produced from the leases or properties  
3 during the month for which the installment payment is calculated; or

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

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

14 (i) zero; or

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

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

25 (i) the sum of 25 percent and the tax rate calculated for  
26 the month under AS 43.55.011(g) multiplied by the remainder obtained  
27 by subtracting 1/12 of the producer's adjusted lease expenditures for the  
28 calendar year of production under AS 43.55.165 and 43.55.170 that are  
29 deductible for the oil and gas under AS 43.55.160 from the gross value  
30 at the point of production of the oil and gas produced from the leases or  
31 properties during the month for which the installment payment is

1                   calculated, but not less 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 properties  
4                   during the month, but not less than zero;

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

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

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

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

26                  (4) any amount of tax levied by AS 43.55.011, net of any credits  
27                  applied as allowed by law, that exceeds the total of the amounts due as installment  
28                  payments of estimated tax is due on March 31 of the year following the calendar year  
29                  of production;

30                  (5) for oil and gas produced on and after January 1, 2014, and before  
31                  January 1, 2022, an installment payment of the estimated tax levied by

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

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

11 (i) zero; or

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

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

21 (i) zero;

22 (ii) five [ZERO PERCENT, ONE PERCENT, TWO  
 23 PERCENT, THREE PERCENT, OR FOUR] percent [, AS  
 24 APPLICABLE,] of the gross value at the point of production of the oil  
 25 and gas produced from the leases or properties during the month for  
 26 which the installment payment is calculated; or

27 (iii) 35 percent multiplied by the remainder obtained by  
 28 subtracting 1/12 of the producer's adjusted lease expenditures for the  
 29 calendar year of production under AS 43.55.165 and 43.55.170 that are  
 30 deductible for the oil and gas under AS 43.55.160 from the gross value  
 31 at the point of production of the oil and gas produced from those leases

1 or properties during the month for which the installment payment is  
 2 calculated, except that, for the purposes of this calculation, a reduction  
 3 from the gross value at the point of production may apply for oil and  
 4 gas subject to AS 43.55.160(f) or (g);

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

7 (i) zero; or

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

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

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

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

27 (6) an amount calculated under (5)(C) of this subsection for oil or gas  
 28 subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by  
 29 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as  
 30 applicable, for gas or set out in AS 43.55.011(k)(1) or (2), as applicable, for oil, but  
 31 substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the

1 amount of taxable gas produced during the month for the amount of taxable gas  
 2 produced during the calendar year and substituting in AS 43.55.011(k)(1)(A) or  
 3 (2)(A), as applicable, the amount of taxable oil produced during the month for the  
 4 amount of taxable oil produced during the calendar year;

5 (7) for oil and gas produced on or after January 1, 2022, an installment  
 6 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied  
 7 as allowed by law, is due for each month of the calendar year on the last day of the  
 8 following month; the amount of the installment payment is the sum of the following  
 9 amounts, less 1/12 of the tax credits that are allowed by law to be applied against the  
 10 tax levied by AS 43.55.011(e) for the calendar year, but the amount of the installment  
 11 payment may not be less than zero:

12 (A) for oil produced from leases or properties that include land  
 13 north of 68 degrees North latitude, the greatest of

14 (i) zero;

15 (ii) five [ZERO PERCENT, ONE PERCENT, TWO  
 16 PERCENT, THREE PERCENT, OR FOUR] percent [, AS  
 17 APPLICABLE,] of the gross value at the point of production of the oil  
 18 produced from the leases or properties during the month for which the  
 19 installment payment is calculated; or

20 (iii) 35 percent multiplied by the remainder obtained by  
 21 subtracting 1/12 of the producer's adjusted lease expenditures for the  
 22 calendar year of production under AS 43.55.165 and 43.55.170 that are  
 23 deductible for the oil under AS 43.55.160(h)(1) from the gross value at  
 24 the point of production of the oil produced from those leases or  
 25 properties during the month for which the installment payment is  
 26 calculated, except that, for the purposes of this calculation, a reduction  
 27 from the gross value at the point of production may apply for oil  
 28 subject to AS 43.55.160(f) or 43.55.160(f) and (g);

29 (B) for oil produced before or during the last calendar year  
 30 under AS 43.55.024(b) for which the producer could take a tax credit under  
 31 AS 43.55.024(a), from leases or properties in the state outside the Cook Inlet



1 sedimentary basin, no part of which is north of 68 degrees North latitude, other  
2 than leases or properties subject to AS 43.55.011(p), the greater of

3 (i) zero; or

4 (ii) 35 percent multiplied by the remainder obtained by  
5 subtracting  $1/12$  of the producer's adjusted lease expenditures for the  
6 calendar year of production under AS 43.55.165 and 43.55.170 that are  
7 deductible for the oil under AS 43.55.160(h)(2) from the gross value at  
8 the point of production of the oil produced from the leases or properties  
9 during the month for which the installment payment is calculated;

10 (C) for oil and gas produced from leases or properties subject  
11 to AS 43.55.011(p), except as otherwise provided under (8) of this subsection,  
12 the sum of

13 (i) 35 percent multiplied by the remainder obtained by  
14 subtracting  $1/12$  of the producer's adjusted lease expenditures for the  
15 calendar year of production under AS 43.55.165 and 43.55.170 that are  
16 deductible for the oil under AS 43.55.160(h)(3) from the gross value at  
17 the point of production of the oil produced from the leases or properties  
18 during the month for which the installment payment is calculated, but  
19 not less than zero; and

20 (ii) 13 percent of the gross value at the point of  
21 production of the gas produced from the leases or properties during the  
22 month, but not less than zero;

23 (D) for oil produced from leases or properties in the state, no  
24 part of which is north of 68 degrees North latitude, other than leases or  
25 properties subject to (B) or (C) of this paragraph, the greater of

26 (i) zero; or

27 (ii) 35 percent multiplied by the remainder obtained by  
28 subtracting  $1/12$  of the producer's adjusted lease expenditures for the  
29 calendar year of production under AS 43.55.165 and 43.55.170 that are  
30 deductible for the oil under AS 43.55.160(h)(4) from the gross value at  
31 the point of production of the oil produced from the leases or properties

1 during the month for which the installment payment is calculated;

2 (E) for gas produced from each lease or property in the state,  
3 other than a lease or property subject to AS 43.55.011(p), 13 percent of the  
4 gross value at the point of production of the gas produced from the lease or  
5 property during the month for which the installment payment is calculated, but  
6 not less than zero;

7 (8) an amount calculated under (7)(C) of this subsection may not  
8 exceed four percent of the gross value at the point of production of the oil and gas  
9 produced from leases or properties subject to AS 43.55.011(p) during the month for  
10 which the installment payment is calculated;

11 (9) for purposes of the calculation under [(1)(B)(ii),] (5)(B)(ii) [,] and  
12 (7)(A)(ii) of this subsection, the [APPLICABLE] percentage of the gross value at the  
13 point of production is determined under AS 43.55.011(f)(1) or (2) but substituting the  
14 phrase "month for which the installment payment is calculated" in AS 43.55.011(f)(1)  
15 and (2) for the phrase "calendar year for which the tax is due."

16 \* **Sec. 14.** AS 43.55.020(g) is repealed and reenacted to read:

17 (g) Notwithstanding any contrary provision of AS 43.05.225, an unpaid  
18 amount of an installment payment required under (a)(3), (5), (6), or (7) of this section  
19 that is not paid when due bears interest (1) at the rate provided for an underpayment  
20 under 26 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from  
21 the date the installment payment is due until March 31 following the calendar year of  
22 production; and (2) as provided for a delinquent tax under AS 43.05.225 after that  
23 March 31, interest accrued under (1) of this subsection that remains unpaid after that  
24 March 31 is treated as an addition to tax that bears interest under (2) of this subsection,  
25 an unpaid amount of tax due under (a)(4) of this section that is not paid when due  
26 bears interest as provided for a delinquent tax under AS 43.05.225.

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

28 (h) Notwithstanding any contrary provision of AS 43.05.280,

29 (1) an overpayment of an installment payment required under (a)(3)  
30 [(a)(1), (2), (3)], (5), (6), or (7) of this section bears interest at the rate provided for an  
31 overpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended,

1 compounded daily, from the later of the date the installment payment is due or the date  
2 the overpayment is made, until the earlier of

3 (A) the date it is refunded or is applied to an underpayment; or

4 (B) March 31 following the calendar year of production;

5 (2) except as provided under (1) of this subsection, interest with  
6 respect to an overpayment is allowed only on any net overpayment of the payments  
7 required under (a) of this section that remains after the later of March 31 following the  
8 calendar year of production or the date that the statement required under  
9 AS 43.55.030(a) is filed;

10 (3) interest is allowed under (2) of this subsection only from a date that  
11 is 90 days after the later of March 31 following the calendar year of production or the  
12 date that the statement required under AS 43.55.030(a) is filed; interest is not allowed  
13 if the overpayment was refunded within the 90-day period;

14 (4) interest under (2) and (3) of this subsection is paid at the rate and in  
15 the manner provided in AS 43.05.225(1).

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

17 (i) Notwithstanding any contrary provision of AS 43.05.225 or (g) or (h) of  
18 this section, if the amount of a tax payment, including an installment payment, due  
19 under (a)(3) - (5) [(a)(1) - (4)] of this section is affected by the retroactive application  
20 of a regulation adopted under this chapter, the department shall determine whether the  
21 retroactive application of the regulation caused an underpayment or an overpayment of  
22 the amount due and adjust the interest due on the affected payment as follows:

23 (1) if an underpayment of the amount due occurred, the department  
24 shall waive interest that would otherwise accrue for the underpayment before the first  
25 day of the second month following the month in which the regulation became  
26 effective, if

27 (A) the department determines that the producer's  
28 underpayment resulted because the regulation was not in effect when the  
29 payment was due; and

30 (B) the producer demonstrates that it made a good faith  
31 estimate of its tax obligation in light of the regulations then in effect when the

1 payment was due and paid the estimated tax;

2 (2) if an overpayment of the amount due occurred and the department  
3 determines that the producer's overpayment resulted because the regulation was not in  
4 effect when the payment was due, the obligation for a refund for the overpayment does  
5 not begin to accrue interest earlier than the following, as applicable:

6 (A) except as otherwise provided under (B) of this paragraph,  
7 the first day of the second month following the month in which the regulation  
8 became effective;

9 (B) 90 days after an amended statement under AS 43.55.030(a)  
10 and an application to request a refund of production tax paid is filed, if the  
11 overpayment was for a period for which an amended statement under  
12 AS 43.55.030(a) was required to be filed before the regulation became  
13 effective.

14 \* **Sec. 17.** AS 43.55 is amended by adding a new section to read:

15 **Sec. 43.55.022. Limitations on tax credits.** (a) Notwithstanding any contrary  
16 provision of AS 43.55, the application of tax credits under AS 43.55 is subject to the  
17 limitations set out in this section.

18 (b) A tax credit or a fraction of a tax credit under AS 43.55.023, 43.55.024,  
19 and 43.55.025 may not be subtracted in calculating an installment payment of  
20 estimated tax required under AS 43.55.020(a) if the resulting amount of the  
21 installment payment would be less than the amount in AS 43.55.020(a)(5)(B)(ii) or  
22 43.55.020(a)(7)(A)(ii), as applicable.

23 (c) The total amount of tax credits under AS 43.55.023, 43.55.024, and  
24 43.55.025 that may be applied against a tax levied by AS 43.55.011(e) for a calendar  
25 year may not exceed the sum of the amount of the tax credits or fractions of tax credits  
26 that are allowed under (b) of this section to be subtracted in calculating the installment  
27 payments of estimated tax for each month in the calendar year.

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

29 (b) [BEFORE JANUARY 1, 2014, A PRODUCER OR EXPLORER MAY  
30 ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 25 PERCENT OF A  
31 CARRIED-FORWARD ANNUAL LOSS. FOR LEASE EXPENDITURES

1 INCURRED ON AND AFTER JANUARY 1, 2014, AND BEFORE JANUARY 1,  
 2 2016, TO EXPLORE FOR, DEVELOP, OR PRODUCE OIL OR GAS DEPOSITS  
 3 LOCATED NORTH OF 68 DEGREES NORTH LATITUDE, A PRODUCER OR  
 4 EXPLORER MAY ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 45  
 5 PERCENT OF A CARRIED-FORWARD ANNUAL LOSS.] For lease expenditures  
 6 incurred on and after January 1, 2016, to explore for, develop, or produce oil or gas  
 7 deposits located north of 68 degrees North latitude, a producer or explorer may elect to  
 8 take a tax credit in the amount of 35 percent of a carried-forward annual loss. For lease  
 9 expenditures incurred on or after January 1, 2014, to explore for, develop, or produce  
 10 oil or gas deposits located south of 68 degrees North latitude, a producer or explorer  
 11 may elect to take a tax credit in the amount of 25 percent of a carried-forward annual  
 12 loss. A credit under this subsection may be applied against a tax levied by  
 13 AS 43.55.011(e). For purposes of this subsection, a carried-forward annual loss is the  
 14 amount of a producer's or explorer's adjusted lease expenditures under AS 43.55.165  
 15 and 43.55.170 for a previous calendar year that was not deductible in calculating  
 16 production tax values for that calendar year under AS 43.55.160. **For the purpose of**  
 17 **a credit under this subsection, any reduction under AS 43.55.160(f) or (g) is**  
 18 **added back to the calculation of production tax values for that calendar year**  
 19 **under AS 43.55.160 for the determination of a carried-forward annual loss.**

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

21 (c) A credit or portion of a credit under this section may not be used to reduce  
 22 a person's tax liability under AS 43.55.011(e) for any calendar year below **the amount**  
 23 **calculated under AS 43.55.011(f)** [ZERO], and any unused credit or portion of a  
 24 credit not used under this subsection may be applied in a later calendar year. **An**  
 25 **unused credit or portion of a credit may not be applied in a calendar year later**  
 26 **than the 10th calendar year in which the carried-forward annual loss for which**  
 27 **the credit is claimed was incurred.**

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

29 (d) A person that is entitled to take a tax credit under this section that wishes  
 30 to transfer the unused credit to another person or obtain a cash payment under  
 31 AS 43.55.028 may apply to the department for a transferable tax credit certificate. An

1 application under this subsection must be in a form prescribed by the department and  
 2 must include supporting information and documentation that the department  
 3 reasonably requires. The department shall grant or deny an application, or grant an  
 4 application as to a lesser amount than that claimed and deny it as to the excess, not  
 5 later than 120 days after the latest of (1) March 31 of the year following the calendar  
 6 year in which the [QUALIFIED CAPITAL EXPENDITURE OR] carried-forward  
 7 annual loss for which the credit is claimed was incurred; (2) the date the statement  
 8 required under AS 43.55.030(a) or (e) was filed for the calendar year in which the  
 9 [QUALIFIED CAPITAL EXPENDITURE OR] carried-forward annual loss for which  
 10 the credit is claimed was incurred; or (3) the date the application was received by the  
 11 department. If, based on the information then available to it, the department is  
 12 reasonably satisfied that the applicant is entitled to a credit, the department shall issue  
 13 the applicant a transferable tax credit certificate for the amount of the credit. A  
 14 certificate issued under this subsection **expires after 10 years from the calendar**  
 15 **year in which the carried-forward annual loss for which the credit is claimed was**  
 16 **incurred** [DOES NOT EXPIRE].

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

18 (e) A person to which a transferable tax credit certificate is issued under (d) of  
 19 this section may transfer the certificate to another person, and a transferee may further  
 20 transfer the certificate. Subject to the limitations set out in **(b) - (d)** [(a) - (d)] of this  
 21 section, and notwithstanding any action the department may take with respect to the  
 22 applicant under (g) of this section, the owner of a certificate may apply the credit or a  
 23 portion of the credit shown on the certificate only against a tax levied by  
 24 AS 43.55.011(e). However, a credit shown on a transferable tax credit certificate may  
 25 not be applied to reduce a transferee's total tax liability under AS 43.55.011(e) for oil  
 26 and gas produced during a calendar year to less than 80 percent of the tax that would  
 27 otherwise be due without applying that credit. Any portion of a credit not used under  
 28 this subsection may be applied in a later period.

29 \* Sec. 22. AS 43.55.023 is amended by adding a new section to read:

30 (q) A producer or explorer shall comply with the notice and information  
 31 provision requirements in AS 43.55.025(f)(2) for the lease expenditures incurred

1 towards a credit under this section. The Department of Natural Resources shall hold  
 2 the confidential information under AS 43.55.025(f)(2)(C). For a producer or explorer  
 3 required to comply with the notice and information requirements of this section, the  
 4 Department of Natural Resources may publish the name of the producer or explorer,  
 5 the location of the well or seismic exploration, and the date on which information  
 6 required to be submitted under this section may be released.

7 \* **Sec. 23.** AS 43.55.024(g) is amended to read:

8 (g) A tax credit authorized by (c) of this section may not be applied to reduce  
 9 a producer's tax liability for any calendar year under AS 43.55.011(e) below the  
 10 amount calculated under AS 43.55.011(f) [ZERO].

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

12 (i) A producer may apply against the producer's tax liability for the calendar  
 13 year under AS 43.55.011(e) a tax credit of \$5 for each barrel of oil taxable under  
 14 AS 43.55.011(e) that meets one or more of the criteria in AS 43.55.160(f) or (g) and  
 15 that is produced during a calendar year after December 31, 2013. A tax credit  
 16 authorized by this subsection may not reduce a producer's tax liability for a calendar  
 17 year under AS 43.55.011(e) below the amount calculated under AS 43.55.011(f)  
 18 [ZERO].

19 \* **Sec. 25.** AS 43.55.025(i) is amended to read:

20 (i) For a production tax credit under this section,  
 21 (1) a credit may not be applied to reduce a taxpayer's tax liability under  
 22 AS 43.55.011(e) below the amount calculated under AS 43.55.011(f) [ZERO] for a  
 23 calendar year; and

24 (2) an amount of the production tax credit in excess of the amount that  
 25 may be applied for a calendar year under this subsection may be carried forward and  
 26 applied against the taxpayer's tax liability under AS 43.55.011(e) in one or more later  
 27 calendar years.

28 \* **Sec. 26.** AS 43.55.028(e) is amended to read:

29 (e) The department, on the written application of a person to whom a  
 30 transferable tax credit certificate has been issued under AS 43.55.023(d) or former  
 31 AS 43.55.023(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 applicant's revenues generated from the applicant's oil and gas business, including the revenues of the applicant's affiliates if the applicant is part of an affiliated group, during the calendar year preceding the calendar year in which the application is made were less than \$10,000,000,000;

(6) the amount expended for the purchase and amounts previously purchased from the applicant during the calendar year the sum of which would not exceed \$25,000,000; and

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

\* Sec. 27. AS 43.55.028 is amended by adding a new subsections to read:

(j) The percentage of a transferable tax credit certificate or a production tax credit certificate purchased by the department may not exceed the percentage of the applicant's workforce in the state in the previous calendar year that were resident workers. The applicant's workforce in the state includes resident workers employed by the applicant's contractors. An amount of a credit not purchased due to application of this subsection may be applied against the applicant's tax liability under this chapter.

In this subsection, "resident worker" has the meaning given in AS 43.40.092(b).

\* Sec. 28. AS 43.55.029(a) is amended to read:



(a) An explorer or producer that has applied for a production tax credit under **AS 43.55.023(b)** [AS 43.55.023(a), (b), OR (I)] or 43.55.025(a) may make a present assignment of the production tax credit certificate expected to be issued by the department to a third-party assignee. The assignment may be made either **when** [AT THE TIME] the application is filed with the department or not later than 30 days after the date of filing with the department. Once a notice of assignment in compliance with this section is filed with the department, the assignment is irrevocable and cannot be modified by the explorer or producer without the written consent of the assignee named in the assignment. If a production tax credit certificate is issued to the explorer or producer, the notice of assignment remains effective and shall be filed with the department by the explorer or producer together with any application for the department to purchase the certificate under AS 43.55.028(e).

\* Sec. 29. AS 43.55.030(a) is amended to read:

(a) A producer that produces oil or gas from a lease or property in the state during a calendar year, whether or not any tax payment is due under AS 43.55.020(a) for that oil or gas, 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) a description of each lease or property from which oil or gas was produced, by name, legal description, lease number, or accounting codes assigned by the department;

(2) the names of the producer and, if different, the person paying the tax, if any;

(3) the gross amount of oil and the gross amount of gas produced from each lease or property, separately identifying the gross amount of gas produced from each oil and gas lease to which an effective election under AS 43.55.014(a) applies, the amount of gas delivered to the state under AS 43.55.014(b), and the percentage of the gross amount of oil and gas owned by the producer;

(4) the gross value at the point of production of the oil and of the gas produced from each lease or property owned by the producer and the costs of transportation of the oil and gas;

(5) the name of the first purchaser and the price received for the oil and for the gas, unless relieved from this requirement in whole or in part by the department;

(6) the 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;

(7) the production tax values of the oil and gas under AS 43.55.160(a) or of the oil under AS 43.55.160(h), as applicable;

(8) any claims for tax credits to be applied; and

(9) calculations showing the amounts, if any, that were or are due under AS 43.55.020(a) and interest on any underpayment or overpayment.

**\* 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 43.55.150 is amended by adding a new subsection to read:

(d) The gross value at the point of production may not be less than zero.

**\* Sec. 32.** AS 43.55.165(a) is amended to read:

(a) **For** [EXCEPT AS PROVIDED IN (j) AND (k) OF THIS SECTION, FOR] purposes of this chapter, a producer's lease expenditures for a calendar year are

(1) costs, other than items listed in (e) of this section, that are

(A) incurred by the producer during the calendar year after

1 March 31, 2006, to explore for, develop, or produce oil or gas deposits located  
 2 within the producer's leases or properties in the state or, in the case of land in  
 3 which the producer does not own an operating right, operating interest, or  
 4 working interest, to explore for oil or gas deposits within other land in the  
 5 state; and

6 (B) allowed by the department by regulation, based on the  
 7 department's determination that the costs satisfy the following three  
 8 requirements:

9 (i) the costs must be incurred upstream of the point of  
 10 production of oil and gas;

11 (ii) the costs must be ordinary and necessary costs of  
 12 exploring for, developing, or producing, as applicable, oil or gas  
 13 deposits; and

14 (iii) the costs must be direct costs of exploring for,  
 15 developing, or producing, as applicable, oil or gas deposits; and

16 (2) a reasonable allowance for that calendar year, as determined under  
 17 regulations adopted by the department, for overhead expenses that are directly related  
 18 to exploring for, developing, or producing, as applicable, the oil or gas deposits.

19 \* Sec. 33. AS 43.55.165(e) is amended to read:

20 (e) For purposes of this section, lease expenditures do not include

21 (1) depreciation, depletion, or amortization;

22 (2) oil or gas royalty payments, production payments, lease profit  
 23 shares, or other payments or distributions of a share of oil or gas production, profit, or  
 24 revenue, except that a producer's lease expenditures applicable to oil and gas produced  
 25 from a lease issued under AS 38.05.180(f)(3)(B), (D), or (E) include the share of net  
 26 profit paid to the state under that lease;

27 (3) taxes based on or measured by net income;

28 (4) interest or other financing charges or costs of raising equity or debt  
 29 capital;

30 (5) acquisition costs for a lease or property or exploration license;

31 (6) costs arising from fraud, wilful misconduct, gross negligence,

1 violation of law, or failure to comply with an obligation under a lease, permit, or  
2 license issued by the state or federal government;

3 (7) fines or penalties imposed by law;

4 (8) costs of arbitration, litigation, or other dispute resolution activities  
5 that involve the state or concern the rights or obligations among owners of interests in,  
6 or rights to production from, one or more leases or properties or a unit;

7 (9) costs incurred in organizing a partnership, joint venture, or other  
8 business entity or arrangement;

9 (10) amounts paid to indemnify the state; the exclusion provided by  
10 this paragraph does not apply to the costs of obtaining insurance or a surety bond from  
11 a third-party insurer or surety;

12 (11) surcharges levied under AS 43.55.201 or 43.55.300;

13 (12) an expenditure otherwise deductible under (b) of this section that  
14 is a result of an internal transfer, a transaction with an affiliate, or a transaction  
15 between related parties, or is otherwise not an arm's length transaction, unless the  
16 producer establishes to the satisfaction of the department that the amount of the  
17 expenditure does not exceed the fair market value of the expenditure;

18 (13) an expenditure incurred to purchase an interest in any corporation,  
19 partnership, limited liability company, business trust, or any other business entity,  
20 whether or not the transaction is treated as an asset sale for federal income tax  
21 purposes;

22 (14) a tax levied under AS 43.55.011 or 43.55.014;

23 (15) costs incurred for dismantlement, removal, surrender, or  
24 abandonment of a facility, pipeline, well pad, platform, or other structure, or for the  
25 restoration of a lease, field, unit, area, tract of land, body of water, or right-of-way in  
26 conjunction with dismantlement, removal, surrender, or abandonment; a cost is not  
27 excluded under this paragraph if the dismantlement, removal, surrender, or  
28 abandonment for which the cost is incurred is undertaken for the purpose of replacing,  
29 renovating, or improving the facility, pipeline, well pad, platform, or other structure;

30 (16) costs incurred for containment, control, cleanup, or removal in  
31 connection with any unpermitted release of oil or a hazardous substance and any

1 liability for damages imposed on the producer or explorer for that unpermitted release;  
2 this paragraph does not apply to the cost of developing and maintaining an oil  
3 discharge prevention and contingency plan under AS 46.04.030;

4 (17) costs incurred to satisfy a work commitment under an exploration  
5 license under AS 38.05.132;

6 (18) that portion of expenditures, that would otherwise be qualified  
7 capital expenditures, [AS DEFINED IN AS 43.55.023,] incurred during a calendar  
8 year that are less than the product of \$0.30 multiplied by the total taxable production  
9 from each lease or property, in BTU equivalent barrels, during that calendar year,  
10 except that, when a portion of a calendar year is subject to this provision, the  
11 expenditures and volumes shall be prorated within that calendar year;

12 (19) costs incurred for repair, replacement, or deferred maintenance of  
13 a facility, a pipeline, a structure, or equipment, other than a well, that results in or is  
14 undertaken in response to a failure, problem, or event that results in an unscheduled  
15 interruption of, or reduction in the rate of, oil or gas production; or costs incurred for  
16 repair, replacement, or deferred maintenance of a facility, a pipeline, a structure, or  
17 equipment, other than a well, that is undertaken in response to, or is otherwise  
18 associated with, an unpermitted release of a hazardous substance or of gas; however,  
19 costs under this paragraph that would otherwise constitute lease expenditures under (a)  
20 and (b) of this section may be treated as lease expenditures if the department  
21 determines that the repair or replacement is solely necessitated by an act of war, by an  
22 unanticipated grave natural disaster or other natural phenomenon of an exceptional,  
23 inevitable, and irresistible character, the effects of which could not have been  
24 prevented or avoided by the exercise of due care or foresight, or by an intentional or  
25 negligent act or omission of a third party, other than a party or its agents in privity of  
26 contract with, or employed by, the producer or an operator acting for the producer, but  
27 only if the producer or operator, as applicable, exercised due care in operating and  
28 maintaining the facility, pipeline, structure, or equipment, and took reasonable  
29 precautions against the act or omission of the third party and against the consequences  
30 of the act or omission; in this paragraph,

31 (A) "costs incurred for repair, replacement, or deferred

1 maintenance of a facility, a pipeline, a structure, or equipment" includes costs  
 2 to dismantle and remove the facility, pipeline, structure, or equipment that is  
 3 being replaced;

4 (B) "hazardous substance" has the meaning given in  
 5 AS 46.03.826;

6 (C) "replacement" includes renovation or improvement;

7 (20) costs incurred to construct, acquire, or operate a refinery or crude  
 8 oil topping plant, regardless of whether the products of the refinery or topping plant  
 9 are used in oil or gas exploration, development, or production operations; however, if  
 10 a producer owns a refinery or crude oil topping plant that is located on or near the  
 11 premises of the producer's lease or property in the state and that processes the  
 12 producer's oil produced from that lease or property into a product that the producer  
 13 uses in the operation of the lease or property in drilling for or producing oil or gas, the  
 14 producer's lease expenditures include the amount calculated by subtracting from the  
 15 fair market value of the product used the prevailing value, as determined under  
 16 AS 43.55.020(f), of the oil that is processed;

17 (21) costs of lobbying, public relations, public relations advertising, or  
 18 policy advocacy.

19 \* **Sec. 34.** AS 43.55.165(f) is amended to read:

20 (f) For purposes of AS 43.55.023(b) [AS 43.55.023(a) AND (b)] and only as  
 21 to expenditures incurred to explore for an oil or gas deposit located within land in  
 22 which an explorer does not own a working interest, the term "producer" in this section  
 23 includes "explorer."

24 \* **Sec. 35.** AS 43.55.170(c) is amended to read:

25 (c) For purposes of AS 43.55.023(b) [AS 43.55.023(a) AND (b)] and only as  
 26 to expenditures incurred to explore for an oil or gas deposit located within land in  
 27 which an explorer does not own a working interest, the term "producer" in this section  
 28 includes "explorer."

29 \* **Sec. 36.** AS 43.55.890 is amended to read:

30 **Sec. 43.55.890. Disclosure of tax information.** Notwithstanding any contrary  
 31 provision of AS 40.25.100, and regardless of whether the information is considered

under AS 43.05.230(e) to constitute statistics classified to prevent the identification of particular returns or reports, the department may publish the following information under this chapter, if aggregated among three or more producers or explorers, showing by month or calendar year and by lease or property, unit, or area of the state:

- (1) the amount of oil or gas production;
- (2) the amount of taxes levied under this chapter or paid under this chapter;
- (3) the effective tax rates under this chapter;
- (4) the gross value of oil or gas at the point of production;
- (5) the transportation costs for oil or gas;
- (6) qualified capital expenditures [, AS DEFINED IN AS 43.55.023];
- (7) exploration expenditures under AS 43.55.025;
- (8) production tax values of oil or gas under AS 43.55.160;
- (9) lease expenditures under AS 43.55.165;
- (10) adjustments to lease expenditures under AS 43.55.170;
- (11) tax credits applicable or potentially applicable against taxes levied by this chapter.

\* Sec. 37. AS 43.55.895(b) is amended to read:

(b) A municipal entity subject to taxation because of this section is eligible for [ALL] tax credits proportionate to its production taxable under AS 43.55.011(e). A municipal entity shall allocate its lease expenditures in proportion to its production taxable under AS 43.55.011(e) [UNDER THIS CHAPTER TO THE SAME EXTENT AS ANY OTHER PRODUCER].

\* Sec. 38. AS 43.55.900 is amended by adding a new paragraph to read:

(26) "qualified capital expenditure"

(A) means except as otherwise provided in (B) of this paragraph, an expenditure that is a lease expenditure under AS 43.55.165 and is

- (i) incurred for geological or geophysical exploration;
- (ii) treated as a capitalized expenditure under 26 U.S.C. (Internal Revenue Code), as amended, regardless of elections made

under 26 U.S.C. 263(c) (Internal Revenue Code), as amended, and is treated as a capitalized expenditure for federal income tax reporting purposes by the person incurring the expenditure; or

(iii) treated as a capitalized expenditure under 26 U.S.C. (Internal Revenue Code), as amended, regardless of elections made under 26 U.S.C. 263(c) (Internal Revenue Code), as amended, and is eligible to be deducted as an expense under 26 U.S.C. 263(c) (Internal Revenue Code), as amended;

(B) does not include an expenditure incurred to acquire an asset

(i) the cost of previously acquiring which was a lease expenditure under AS 43.55.165 or would have been a lease expenditure under AS 43.55.165 if it had been incurred after March 31, 2006; or

(ii) that has previously been placed in service in the state; an expenditure to acquire an asset is not excluded under this paragraph if not more than an immaterial portion of the asset meets a description under this paragraph; for purposes of this subparagraph, "asset" includes geological, geophysical, and well data and interpretations.

\* **Sec. 39.** AS 43.99.950 is amended by adding a new paragraph to read:

(3) "outstanding liability to the state" means an amount of tax, interest, penalty, fee, rental, royalty, or other charge for which the state has issued a demand for payment that has not been paid when due and, if contested, has not been finally resolved against the state.

\* **Sec. 40.** AS 38.05.180(i); AS 41.09.010, 41.09.020, 41.09.030, 41.09.090; AS 43.20.053(j)(4); AS 43.55.011(m), 43.55.020(a)(1), 43.55.020(a)(2), 43.55.023(a), 43.55.023(l), 43.55.023(n), AS 43.55.023(o), 43.55.028(i), 43.55.075(d)(1), 43.55.165(j), and 43.55.165(k) are repealed.

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

**APPLICABILITY.** (a) Section 17 of this Act applies to credits against the oil and gas



1 production tax levied by AS 43.55.011(e) for oil and gas produced on and after July 1, 2016.

2 (b) Sections 8 - 11 and 26 - 28 of this Act, and the repeal of AS 43.55.023(a) and (l)  
3 in sec. 40 of this Act, apply to expenditures incurred on and after July 1, 2016.

4 (c) Sections 12, 13, and 16 of this Act apply to oil and gas produced on and after  
5 July 1, 2016.

6 (d) For the purpose of determining the last calendar year that a credit or an unused  
7 portion of a credit under AS 43.55.023(c) or credit certificate under AS 43.55.023(d) may be  
8 carried forward due to the limitations in AS 43.55.023(c) and (d), as amended by secs. 19 and  
9 20 of this Act,

10 (1) the carried-forward annual loss for a tax credit under AS 43.55.023(c), for  
11 expenditures incurred before July 1, 2016, is considered to have been incurred on July 1,  
12 2016;

13 (2) the carried-forward annual loss for a tax credit certificate under  
14 AS 43.55.023(d), for expenditures incurred before July 1, 2016, is considered to have been  
15 incurred on the later of July 1, 2016, or the date the tax credit certificate is issued.

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

18 **TRANSITION: REGULATIONS.** The Department of Revenue and the Department of  
19 Natural Resources may adopt regulations necessary to implement the changes made by this  
20 Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not  
21 before the effective date of the law implemented by the regulation. The Department of  
22 Revenue shall adopt regulations governing the use of tax credits under AS 43.55 for a  
23 calendar year for which the applicable tax credit provisions of AS 43.55 differ as between  
24 parts of the year as a result of this Act.

25 \* **Sec. 43.** The uncoded law of the State of Alaska is amended by adding a new section to  
26 read:

27 **TRANSITION: RETROACTIVITY OF REGULATIONS.** Notwithstanding any  
28 contrary provision of AS 44.62.240,

29 (1) if the Department of Revenue expressly designates in a regulation that the  
30 regulation applies retroactively, a regulation adopted by the Department of Revenue to  
31 implement, interpret, make specific, or otherwise carry out this Act may apply retroactively to

1 July 1, 2016, as applicable;

2 (2) a regulation adopted by the Department of Natural Resources to  
3 implement, interpret, make specific, or otherwise carry out statutory provisions for the  
4 administration of oil and gas leases issued under AS 38.05.180(f)(3)(B), (D), or (E), to the  
5 extent the regulation relates to the treatment of oil and gas production taxes in determining net  
6 profits under those leases, may apply retroactively to July 1, 2016, as applicable, if the  
7 Department of Natural Resources expressly designates in the regulation that the regulation  
8 applies retroactively to one of those dates.

9 \* **Sec. 44.** Sections 17, 42, and 43 of this Act take effect immediately under  
10 AS 01.10.070(c).

11 \* **Sec. 45.** Except as provided in sec. 44 of this Act, this Act takes effect July 1, 2016."