

AMENDMENT #1
Replacement

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 253(RES), Draft Version "N"

1 Page 1, line 2, following "fees;":

2 Insert "relating to the exploration incentive credit;"

3

4 Page 1, following line 4:

5 Insert new bill sections to read:

6 **** Section 1.** AS 27.30.030(a) is amended to read:

7 (a) In a tax year [OR ROYALTY PAYMENT PERIOD], subject to (c) of this
8 section and the respective limitations of this subsection, the person may apply the
9 credit, the taking of which was approved under AS 27.30.020(2), against [(1)] taxes
10 payable by the person

11 **(1)** [(A)] under AS 43.65; application of the credit under this
12 subparagraph may not exceed the lesser of

13 **(A)** [(i)] 50 percent of the person's tax liability under AS 43.65
14 for the tax year that is related to production from the mining operation at which
15 the exploration activities occurred, as shown under (b) of this section; or

16 **(B)** [(ii)] 50 percent of the person's total tax liability under
17 AS 43.65 for the tax year;

18 **(2)** [(B)] under AS 43.20; application of the credit under this
19 subparagraph may not exceed the lesser of

20 **(A)** [(i)] an amount equal to the amount determined under
21 (A)(i) of this paragraph; or

22 **(B)** [(ii)] 50 percent of the person's total tax liability under
23 AS 43.20 for the tax year [; AND

1 (2) MINERAL PRODUCTION ROYALTY PAYMENTS PAYABLE
 2 BY THE PERSON UNDER AS 38.05.135 - 38.05.160 AND 38.05.212 FOR
 3 PRODUCTION FROM THE MINING OPERATION AT WHICH THE
 4 EXPLORATION ACTIVITIES OCCURRED; APPLICATION OF THE CREDIT
 5 UNDER THIS PARAGRAPH MAY NOT EXCEED 50 PERCENT OF THE
 6 PERSON'S MINERAL PRODUCTION ROYALTY PAYMENT LIABILITY FROM
 7 THE MINING OPERATION AT WHICH THE EXPLORATION ACTIVITIES
 8 OCCURRED].

9 * **Sec. 2.** AS 27.30.030(b) is amended to read:

10 (b) If the person applies the credit against the person's tax liability under
 11 **(a)(1)(A) or (B)** [(a)(1)(A)(i) OR (a)(1)(B)(i)] of this section, the commissioner of
 12 revenue shall disallow application of the credit under that provision unless the person
 13 files with the person's tax return an accounting of the person's mining operation
 14 activities for each mining operation that is included in the tax return and as to which
 15 the credit is being applied. The accounting of mining operation activities required by
 16 this subsection shall be made

17 (1) on a form prescribed by the Department of Revenue; on the form,
 18 the person shall

19 (A) identify the mining operations for which the credit is
 20 claimed; and

21 (B) set out the gross income attributable to the mining
 22 operations and other information about the mining operations that the
 23 Department of Revenue may require;

24 (2) without regard to an exemption to which the person may be entitled
 25 under AS 43.65.010(a).

26 * **Sec. 3.** AS 27.30.040 is amended to read:

27 **Sec. 27.30.040. Credit may be carried forward.** Except as its application is
 28 limited by AS 27.30.030 and 27.30.050, a portion of a credit that is not applied under
 29 AS 27.30.030 during a tax year [OR ROYALTY PAYMENT PERIOD] may be
 30 carried forward to and applied during a subsequent tax year [OR ROYALTY
 31 PAYMENT PERIOD].

1 * **Sec. 4.** AS 27.30.050 is amended to read:

2 **Sec. 27.30.050. Limit on application of credit.** An exploration incentive
3 credit for a mining operation may not exceed \$20,000,000 and must be applied within
4 15 tax years [OR ROYALTY PAYMENT PERIODS] after the taking of the credit is
5 approved under AS 27.30.020(2), but the tax years [OR ROYALTY PAYMENT
6 PERIODS] in which the credit is applied need not be

7 (1) the tax year [OR ROYALTY PAYMENT PERIOD] in which the
8 person first incurs liability for payment of tax [OR ROYALTY] based on the person's
9 activity that is the basis of the claim of the exploration incentive credit; or

10 (2) consecutive periods."

11

12 Page 1, line 5:

13 Delete "**Section 1**"

14 Insert "**Sec. 5**"

15

16 Renumber the following bill sections accordingly.

17

18 Page 2, line 17:

19 Delete "sec. 1"

20 Insert "sec. 5"

21

22 Page 2, line 18:

23 Delete "sec. 1"

24 Insert "sec. 5"

25

26 Page 2, line 19:

27 Delete "sec. 2"

28 Insert "sec. 6"

29

30 Page 2, line 21:

31 Delete "sec. 2"

1 Insert "sec. 6"

2

3 Page 2, following line 21:

4 Insert a new subsection to read:

5 "(c) The changes to the applicability of the exploration incentive credit made in
6 AS 27.30.030(a) and (b), as amended by secs. 1 and 2 of this Act, AS 27.30.040, as amended
7 by sec. 3 of this Act, and AS 27.30.050, as amended by sec. 4 of this Act, apply to a royalty
8 payment period beginning on or after the effective date of sec. 1 of this Act."

9

10 Page 3, line 28:

11 Delete "Section 6"

12 Insert "Section 10"

13

14 Page 3, line 29:

15 Delete "sec. 7"

16 Insert "sec. 11"

AMENDMENT #2

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 253(RES), Draft Version "N"

1 Page 1, line 1, following "An Act":

2 Insert "repealing the mineral production royalty; enacting a mineral severance
3 tax;"
4

5 Page 1, following line 4:

6 Insert new bill sections to read:

7 **** Section 1.** AS 27.30.030(a) is amended to read:

8 (a) In a tax year or royalty payment period, subject to (c) of this section and
9 the respective limitations of this subsection, the person may apply the credit, the
10 taking of which was approved under AS 27.30.020(2), against

11 (1) taxes payable by the person

12 (A) under AS 43.65; application of the credit under this
13 subparagraph may not exceed the lesser of

14 (i) 50 percent of the person's tax liability under
15 AS 43.65 for the tax year that is related to production from the mining
16 operation at which the exploration activities occurred, as shown under
17 (b) of this section; or

18 (ii) 50 percent of the person's total tax liability under
19 AS 43.65 for the tax year;

20 (B) under AS 43.20; application of the credit under this
21 subparagraph may not exceed the lesser of

22 (i) an amount equal to the amount determined under

23 (A)(i) of this paragraph; or

1 (ii) 50 percent of the person's total tax liability under
2 AS 43.20 for the tax year; and

3 (2) mineral production royalty payments payable by the person under
4 AS 38.05.135 - 38.05.160 [AND 38.05.212] for production from the mining operation
5 at which the exploration activities occurred; application of the credit under this
6 paragraph may not exceed 50 percent of the person's mineral production royalty
7 payment liability from the mining operation at which the exploration activities
8 occurred.

9 * **Sec. 2.** AS 38.05.205(c) is amended to read:

10 (c) A mining lease shall be for any period up to 55 years, and is renewable if
11 requirements for the lease remain satisfied. Annual rental [AND PRODUCTION
12 ROYALTIES] shall be paid as required under AS 38.05.211 [AND 38.05.212]. A
13 valid mining claim located and held under AS 38.05.195 may be converted to a lease
14 at any time upon application by the owner, and issuance by the commissioner. Rights
15 granted by a mining lease may not be exercised until the lease has been filed for
16 record in the recording district where the land is located."

17

18 Page 1, line 5:

19 Delete "Section 1"

20 Insert "Sec. 3"

21

22 Renumber the following bill sections accordingly.

23

24 Page 2, following line 14:

25 Insert new bill sections to read:

26 **** Sec. 7.** AS 43 is amended by adding a new chapter to read:

27 **Chapter 68. Mining Severance Tax.**

28 **Sec. 43.68.010. Mining severance tax.** (a) A person engaging in the business
29 of mining in the state shall pay a mining severance tax in the amount of three percent
30 of the gross production value of minerals produced.

31 (b) The tax under this section is due April 1 of each year.

1 (c) The department shall adopt regulations to implement this section.

2 * Sec. 8. AS 38.05.211(c) and 38.05.212 are repealed."

3

4 Page 2, line 17:

5 Delete "sec. 1"

6 Insert "sec. 3"

7

8 Page 2, line 18:

9 Delete "sec. 1"

10 Insert "sec. 3"

11

12 Page 2, line 19:

13 Delete "sec. 2"

14 Insert "sec. 4"

15

16 Page 2, line 21:

17 Delete "sec. 2"

18 Insert "sec. 4"

19

20 Page 2, following line 21:

21 Insert new subsections to read:

22 "(c) The repeal of AS 38.05.212 by sec 8 of this Act applies to minerals produced on
23 or after the effective date of sec. 8 of this Act.

24 (d) The mining severance tax under AS 43.68.010, enacted by sec. 7 of this Act,
25 applies to minerals produced on or after the effective date of sec. 7 of this Act."

26

27 Page 2, line 28:

28 Delete "Section 6"

29 Insert "Section 10"

30

31 Page 2, line 29:

- 1 Delete "sec. 7"
- 2 Insert "sec. 11"

AMENDMENT # 3

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 253(RES), Draft Version "N"

1 Page 1, line 2, following "fees;":

2 Insert "establishing a legislative working group to study the tax structure for
3 mining;"

4

5 Page 2, following line 14:

6 Insert a new bill section to read:

7 **** Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to
8 read:**

9 **LEGISLATIVE WORKING GROUP. (a) A legislative working group is established
10 to**

11 **(1) review the state's fiscal regime for mining taxation, including state mining
12 license taxes, royalties, rents, and corporate income tax with consideration of federal and
13 municipal taxation;**

14 **(2) develop terms for a comprehensive reform of the mining tax regime; and**

15 **(3) recommend changes to the legislature for consideration during the First
16 Regular Session of the Thirtieth Alaska State Legislature.**

17 **(b) The working group consists of**

18 **(1) two co-chairs, one of whom is a member of the house appointed by the
19 speaker of the house of representatives, and one of whom is a member of the senate appointed
20 by the president of the senate; and**

21 **(2) members appointed by the co-chairs; members must be legislators and
22 must include members of the majority and minority caucuses.**

23 **(c) The co-chairs of the working group may form an advisory group to the working**

1 group, composed of members who are not legislators and who have expertise and skills to
2 assist in the review and development of a new plan for the tax structure and rates on mining
3 licenses. The members of an advisory group may include commissioners or employees of
4 state departments, members of the mining industry or trade associations, and economists.

5 (d) The working group is to be supported by legislative consultants under contract
6 through the Legislative Budget and Audit Committee."

7

8 Renumber the following bill sections accordingly.

9

10 Page 2, line 28:

11 Delete "Section 6 of this Act takes"

12 Insert "Sections 5 and 7 of this Act take"

13

14 Page 2, line 29:

15 Delete "sec. 7"

16 Insert "sec. 8"

AMENDMENT #4

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 253(RES), Draft Version "N"

1 Page 1, line 2, following "fees;":

2 Insert "relating to the exploration incentive credit;"

3

4 Page 1, following line 4:

5 Insert new bill sections to read:

6 **** Section 1.** AS 27.30.030(a) is amended to read:

7 (a) In a tax year [OR ROYALTY PAYMENT PERIOD], subject to (c) of this
8 section and the respective limitations of this subsection, the person may apply the
9 credit, the taking of which was approved under AS 27.30.020(2), against [(1)] taxes
10 payable by the person

11 (1) [(A)] under AS 43.65; application of the credit under this
12 subparagraph may not exceed the lesser of

13 (A) [(i)] 50 percent of the person's tax liability under AS 43.65
14 for the tax year that is related to production from the mining operation at which
15 the exploration activities occurred, as shown under (b) of this section; or

16 (B) [(ii)] 50 percent of the person's total tax liability under
17 AS 43.65 for the tax year;

18 (2) [(B)] under AS 43.20; application of the credit under this
19 subparagraph may not exceed the lesser of

20 (A) [(i)] an amount equal to the amount determined under
21 (A)(i) of this paragraph; or

22 (B) [(ii)] 50 percent of the person's total tax liability under
23 AS 43.20 for the tax year [; AND

1 (2) MINERAL PRODUCTION ROYALTY PAYMENTS PAYABLE
 2 BY THE PERSON UNDER AS 38.05.135 - 38.05.160 AND 38.05.212 FOR
 3 PRODUCTION FROM THE MINING OPERATION AT WHICH THE
 4 EXPLORATION ACTIVITIES OCCURRED; APPLICATION OF THE CREDIT
 5 UNDER THIS PARAGRAPH MAY NOT EXCEED 50 PERCENT OF THE
 6 PERSON'S MINERAL PRODUCTION ROYALTY PAYMENT LIABILITY FROM
 7 THE MINING OPERATION AT WHICH THE EXPLORATION ACTIVITIES
 8 OCCURRED].

9 * Sec. 2. AS 27.30.030(b) is amended to read:

10 (b) If the person applies the credit against the person's tax liability under
 11 (a)(1)(A) or (B) [(a)(1)(A)(i) OR (a)(1)(B)(i)] of this section, the commissioner of
 12 revenue shall disallow application of the credit under that provision unless the person
 13 files with the person's tax return an accounting of the person's mining operation
 14 activities for each mining operation that is included in the tax return and as to which
 15 the credit is being applied. The accounting of mining operation activities required by
 16 this subsection shall be made

17 (1) on a form prescribed by the Department of Revenue; on the form,
 18 the person shall

19 (A) identify the mining operations for which the credit is
 20 claimed; and

21 (B) set out the gross income attributable to the mining
 22 operations and other information about the mining operations that the
 23 Department of Revenue may require;

24 (2) without regard to an exemption to which the person may be entitled
 25 under AS 43.65.010(a).

26 * Sec. 3. AS 27.30.040 is amended to read:

27 **Sec. 27.30.040. Credit may be carried forward.** Except as its application is
 28 limited by AS 27.30.030 and 27.30.050, a portion of a credit that is not applied under
 29 AS 27.30.030 during a tax year [OR ROYALTY PAYMENT PERIOD] may be
 30 carried forward to and applied during a subsequent tax year [OR ROYALTY
 31 PAYMENT PERIOD].

1 * **Sec. 4.** AS 27.30.050 is amended to read:

2 **Sec. 27.30.050. Limit on application of credit.** An exploration incentive
3 credit for a mining operation may not exceed \$20,000,000 and must be applied within
4 15 tax years [OR ROYALTY PAYMENT PERIODS] after the taking of the credit is
5 approved under AS 27.30.020(2), but the tax years [OR ROYALTY PAYMENT
6 PERIODS] in which the credit is applied need not be

7 (1) the tax year [OR ROYALTY PAYMENT PERIOD] in which the
8 person first incurs liability for payment of tax [OR ROYALTY] based on the person's
9 activity that is the basis of the claim of the exploration incentive credit; or

10 (2) consecutive periods."
11

12 Page 1, line 5:

13 Delete "**Section 1**"

14 Insert "**Sec. 5**"
15

16 Renumber the following bill sections accordingly.
17

18 Page 2, line 17:

19 Delete "sec. 1"

20 Insert "sec. 5"
21

22 Page 2, line 18:

23 Delete "sec. 1"

24 Insert "sec. 5"
25

26 Page 2, line 19:

27 Delete "sec. 2"

28 Insert "sec. 6"
29

30 Page 2, line 21:

31 Delete "sec. 2"

1 Insert "sec. 6"

2

3 Page 2, following line 21:

4 Insert a new subsection to read:

5 "(c) The changes to the applicability of the exploration incentive credit made in
6 AS 27.30.030(a) and (b), as amended by secs. 1 and 2 of this Act, AS 27.30.040, as amended
7 by sec. 3 of this Act, and AS 27.30.050, as amended by sec. 4 of this Act, apply to a royalty
8 payment period beginning on or after the effective date of sec. 1 of this Act."

9

10 Page 3, line 28:

11 Delete "Section 6"

12 Insert "Section 10"

13

14 Page 3, line 29:

15 Delete "sec. 7"

16 Insert "sec. 11"

Replaces #4

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 253(RES), Draft Version "N"

1 Page 1, line 2, following "fees;":

2 Insert "relating to the exploration incentive credit;"

3

4 Page 1, following line 4:

5 Insert new bill sections to read:

6 **** Section 1.** AS 27.30.030(a) is amended to read:

7 (a) In a tax year [OR ROYALTY PAYMENT PERIOD], subject to (c) of this
8 section and the respective limitations of this subsection, the person may apply the
9 credit, the taking of which was approved under AS 27.30.020(2), against [(1)] taxes
10 payable by the person

11 **(1)** [(A)] under AS 43.65; application of the credit under this
12 **paragraph** [SUBPARAGRAPH] may not exceed the lesser of

13 **(A)** [(i)] 50 percent of the person's tax liability under AS 43.65
14 for the tax year that is related to production from the mining operation at which
15 the exploration activities occurred, as shown under (b) of this section; or

16 **(B)** [(ii)] 50 percent of the person's total tax liability under
17 AS 43.65 for the tax year;

18 **(2)** [(B)] under AS 43.20; application of the credit under this
19 **paragraph** [SUBPARAGRAPH] may not exceed the lesser of

20 **(A)** [(i)] an amount equal to the amount determined under
21 **(1)(A)** [(A)(i)] of this **subsection** [PARAGRAPH]; or

22 **(B)** [(ii)] 50 percent of the person's total tax liability under
23 AS 43.20 for the tax year [; AND

1 (2) MINERAL PRODUCTION ROYALTY PAYMENTS PAYABLE
 2 BY THE PERSON UNDER AS 38.05.135 - 38.05.160 AND 38.05.212 FOR
 3 PRODUCTION FROM THE MINING OPERATION AT WHICH THE
 4 EXPLORATION ACTIVITIES OCCURRED; APPLICATION OF THE CREDIT
 5 UNDER THIS PARAGRAPH MAY NOT EXCEED 50 PERCENT OF THE
 6 PERSON'S MINERAL PRODUCTION ROYALTY PAYMENT LIABILITY FROM
 7 THE MINING OPERATION AT WHICH THE EXPLORATION ACTIVITIES
 8 OCCURRED].

9 * **Sec. 2.** AS 27.30.030(b) is amended to read:

10 (b) If the person applies the credit against the person's tax liability under
 11 (a)(1)(A) or (a)(2)(A) [(a)(1)(A)(i) OR (a)(1)(B)(i)] of this section, the commissioner
 12 of revenue shall disallow application of the credit under that provision unless the
 13 person files with the person's tax return an accounting of the person's mining operation
 14 activities for each mining operation that is included in the tax return and as to which
 15 the credit is being applied. The accounting of mining operation activities required by
 16 this subsection shall be made

17 (1) on a form prescribed by the Department of Revenue; on the form,
 18 the person shall

19 (A) identify the mining operations for which the credit is
 20 claimed; and

21 (B) set out the gross income attributable to the mining
 22 operations and other information about the mining operations that the
 23 Department of Revenue may require;

24 (2) without regard to an exemption to which the person may be entitled
 25 under AS 43.65.010(a).

26 * **Sec. 3.** AS 27.30.040 is amended to read:

27 **Sec. 27.30.040. Credit may be carried forward.** Except as its application is
 28 limited by AS 27.30.030 and 27.30.050, a portion of a credit that is not applied under
 29 AS 27.30.030 during a tax year [OR ROYALTY PAYMENT PERIOD] may be
 30 carried forward to and applied during a subsequent tax year [OR ROYALTY
 31 PAYMENT PERIOD].

1 * **Sec. 4.** AS 27.30.050 is amended to read:

2 **Sec. 27.30.050. Limit on application of credit.** An exploration incentive
3 credit for a mining operation may not exceed \$20,000,000 and must be applied within
4 15 tax years [OR ROYALTY PAYMENT PERIODS] after the taking of the credit is
5 approved under AS 27.30.020(2), but the tax years [OR ROYALTY PAYMENT
6 PERIODS] in which the credit is applied need not be

7 (1) the tax year [OR ROYALTY PAYMENT PERIOD] in which the
8 person first incurs liability for payment of tax [OR ROYALTY] based on the person's
9 activity that is the basis of the claim of the exploration incentive credit; or

10 (2) consecutive periods."
11

12 Page 1, line 5:

13 Delete "**Section 1**"

14 Insert "**Sec. 5**"
15

16 Renumber the following bill sections accordingly.
17

18 Page 2, line 17:

19 Delete "sec. 1"

20 Insert "sec. 5"
21

22 Page 2, line 18:

23 Delete "sec. 1"

24 Insert "sec. 5"
25

26 Page 2, line 19:

27 Delete "sec. 2"

28 Insert "sec. 6"
29

30 Page 2, line 21:

31 Delete "sec. 2"

1 Insert "sec. 6"

2

3 Page 2, following line 21:

4 Insert a new subsection to read:

5 "(c) The changes to the applicability of the exploration incentive credit made in
6 AS 27.30.030(a) and (b), as amended by secs. 1 and 2 of this Act, AS 27.30.040, as amended
7 by sec. 3 of this Act, and AS 27.30.050, as amended by sec. 4 of this Act, apply to a royalty
8 payment period beginning on or after the effective date of sec. 1 of this Act."

9

10 Page 3, line 28:

11 Delete "Section 6"

12 Insert "Section 10"

13

14 Page 3, line 29:

15 Delete "sec. 7"

16 Insert "sec. 11"

AMENDMENT #5

OFFERED IN THE HOUSE BY REPRESENTATIVE SEATON
TO: CSHB 253(RES), Draft Version "N"

1 Page 2, line 3, following "\$100,000":

2 Insert "and not over \$1,000,000"

3

4 Page 2, line 4:

5 Delete "."

6

7 Page 2, following line 4:

8 Insert new material to read:

9 "over \$1,000,000.....\$76,000 plus

10 9 percent of the excess over 1,000,000."

AMENDMENT #6

OFFERED IN THE HOUSE BY REPRESENTATIVE JOSEPHSON
TO: CSHB 253(RES), Draft Version "N"

1 Page 1, line 10, through page 2, line 4:

2 Delete all material and insert:

3 **** Sec. 2. AS 43.65.010(c) is repealed and reenacted to read:**

4 (c) The license tax on mining is imposed on the net income of the taxpayer
5 from the property in the state, computed with allowable depletion, plus royalty
6 received in connection with mining property in the state. The tax rates applicable to
7 the amount of a taxpayer's net income are as follows:

8	over \$100,000 and not over \$250,000	five percent
9	over \$250,000 and not over \$500,000	\$7,500
10		plus seven percent of the excess over \$250,000
11	over \$500,000 and not over \$1,000,000	\$25,000
12		plus nine percent of the excess over \$500,000
13	over \$1,000,000	\$70,000
14		plus 11 percent of the excess over \$1,000,000."

15
16 Page 2, line 19:

17 Delete "amended"

18 Insert "repealed and reenacted"

AMENDMENT #7

OFFERED IN THE HOUSE

BY REPRESENTATIVE TARR

TO: CSHB 253(RES), Draft Version "N"

1 Page 1, line 10, through page 2, line 4:

2 Delete all material and insert:

3 **** Sec. 2. AS 43.65.010(c) is repealed and reenacted to read:**

4 (c) The license tax on mining is imposed on the net income of the taxpayer
5 from the property in the state, computed with allowable depletion, plus royalty
6 received in connection with mining property in the state. The tax rates applicable to
7 the amount of a taxpayer's net income are as follows:

8	over \$40,000 and not over \$100,000	three percent
9	over \$100,000 and not over \$250,000	\$1,800
10		plus five percent of the excess over \$100,000
11	over \$250,000 and not over \$500,000	\$9,300
12		plus seven percent of the excess over \$250,000
13	over \$500,000 and not over \$1,000,000	\$26,800
14		plus nine percent of the excess over \$500,000
15	over \$1,000,000	\$71,800
16		plus 11 percent of the excess over \$1,000,000."

17

18 Page 2, line 19:

19 Delete "amended"

20 Insert "repealed and reenacted"

AMENDMENT #8

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOSEPHSON

TO: CSHB 253(RES), Draft Version "N"

1 Page 1, line 1:

2 Delete "an exemption from"

3 Insert "a deferral of"

4

5 Page 1, lines 5 - 9:

6 Delete all material and insert:

7 **"* Section 1. AS 27.30.030(b) is amended to read:**

8 (b) If the person applies the credit against the person's tax liability under
9 (a)(1)(A)(i) or (a)(1)(B)(i) of this section, the commissioner of revenue shall disallow
10 application of the credit under that provision unless the person files with the person's
11 tax return an accounting of the person's mining operation activities for each mining
12 operation that is included in the tax return and as to which the credit is being applied.
13 The accounting of mining operation activities required by this subsection shall be
14 made

15 (1) on a form prescribed by the Department of Revenue; on the form,
16 the person shall

17 (A) identify the mining operations for which the credit is
18 claimed; and

19 (B) set out the gross income attributable to the mining
20 operations and other information about the mining operations that the
21 Department of Revenue may require;

22 (2) without regard to a deferral [AN EXEMPTION] to which the
23 person may be entitled under AS 43.65.010(a).

1 * Sec. 2. AS 43.65.010(a) is amended to read:

2 (a) A [PERSON PROSECUTING OR ATTEMPTING TO PROSECUTE, OR
3 ENGAGING IN THE BUSINESS OF MINING IN THE STATE SHALL OBTAIN A
4 LICENSE FROM THE DEPARTMENT. ALL] new mining operation may defer the
5 payment of tax due under [OPERATIONS ARE EXEMPT FROM THE TAX
6 LEVIED BY] this chapter during the first [FOR] three and one-half years after the
7 date production begins. A taxpayer that defers the payment of tax under this
8 subsection shall pay the amount of tax deferred in 10 equal installments, without
9 interest, before May 1 of each year, beginning with the first calendar year
10 following the date the deferral period ends.

11 * Sec. 3. AS 43.65.010(b) is amended to read:

12 (b) The Department of Natural Resources shall certify to the department the
13 date upon which production begins, and the department shall issue a certificate of
14 deferral [EXEMPTION] to the producer accordingly."

15

16 Renumber the following bill sections accordingly.

17

18 Page 2, following line 14:

19 Insert a new bill section to read:

20 ** Sec. 7. AS 43.65.060(4) is amended to read:

21 (4) "new mining operation [OPERATIONS]" means the first mining
22 operation on a property that previously has not been subject to mining
23 [OPERATIONS WHICH BEGAN PRODUCTION AFTER JANUARY 1, 1953, OR
24 WHICH HAVE NOT BEEN LIABLE TO PAY A MINING LICENSE TAX UNDER
25 THIS CHAPTER ON NET INCOME SINCE JANUARY 1, 1948];"

26

27 Renumber the following bill sections accordingly.

28

29 Page 2, line 17:

30 Delete "sec. 1"

31 Insert "sec. 2"

1

2 Page 2, line 18:

3 Delete "sec. 1"

4 Insert "sec. 2"

5

6 Page 2, line 19:

7 Delete "sec. 2"

8 Insert "sec. 4"

9

10 Page 2, line 21:

11 Delete "sec. 2"

12 Insert "sec. 4"

13

14 Page 2, line 28:

15 Delete "Section 6"

16 Insert "Section 9"

17

18 Page 2, line 29:

19 Delete "sec. 7"

20 Insert "sec. 10"

AMENDMENT #9

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOSEPHSON

TO: CSHB 253(RES), Draft Version "N"

1 Page 1, line 1, following "An Act":

2 Insert "relating to rents for property involving mining;"

3

4 Page 1, following line 4:

5 Insert a new bill section to read:

6 * Section 1. AS 38.05.211(a) is amended to read:

7 (a) The holder of each mining claim, leasehold location, prospecting site, and
8 mining lease, including a mining lease under AS 38.05.250, shall pay, in advance,
9 rental for the right to continue to hold the mining claim, leasehold location,
10 prospecting site, and mining lease, including a mining lease under AS 38.05.250.
11 Rental is due and payable as follows:

12 (1) the rental amount for a prospecting site is fixed at \$200 for the two-
13 year term of the site;

14 (2) annual rental for a mining claim, leasehold location, prospecting
15 site, or mining lease may not [SHALL] be less than

16 (A) \$1.65 for each acre during the first five years that the
17 rental is due;

18 (B) \$3.30 for each acre after the first five years that the
19 rental is due [BASED ON THE NUMBER OF YEARS SINCE A MINING
20 CLAIM, A LEASEHOLD LOCATION, OR A MINING LEASE'S
21 PREDECESSOR CLAIM OR LEASEHOLD LOCATION WAS FIRST
22 LOCATED; THE ANNUAL RENTAL AMOUNTS FOR A MINING
23 CLAIM, LEASEHOLD LOCATION, OR MINING LEASE ARE AS

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FOLLOWS:

NUMBER OF YEARS SINCE FIRST LOCATED	RENTAL AMOUNT PER ACRE FOR MINING LEASES	RENTAL AMOUNT FOR EACH MINING CLAIM OR LEASEHOLD LOCATION INCLUDING EACH QUARTER-QUARTER SECTION MTRSC SYSTEM
0 - 5	\$.50	\$ 20
6 - 10	\$1.00	40
11- OR MORE	\$2.50	100;

(3) THE ANNUAL RENTAL IN ANY YEAR FOR EACH QUARTER SECTION CLAIM, LEASEHOLD LOCATION, OR LEASE BASED ON THE MTRSC SYSTEM IS FOUR TIMES THE RENTAL AMOUNT FOR A QUARTER-QUARTER SECTION MINING CLAIM, LEASEHOLD LOCATION, OR LEASE IN THAT YEAR]."

Page 1, line 5:

Delete "Section 1"
Insert "Sec. 2"

Renumber the following bill sections accordingly.

Page 2, following line 14:

Insert a new bill section to read:
** Sec. 6. AS 38.05.211(b) is repealed."

Renumber the following bill sections accordingly.

Page 2, line 17:

Delete "sec. 1"

1 Insert "sec. 2"

2

3 Page 2, line 18:

4 Delete "sec. 1"

5 Insert "sec. 2"

6

7 Page 2, line 19:

8 Delete "sec. 2"

9 Insert "sec. 3"

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11 Page 2, line 21:

12 Delete "sec. 2"

13 Insert "sec. 3"

14

15 Page 2, line 28:

16 Delete "Section 6"

17 Insert "Section 8"

18

19 Page 2, line 29:

20 Delete "sec. 7"

21 Insert "sec. 9"

AMENDMENT #10

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOSEPHSON

TO: CSHB 253(RES), Draft Version "N"

1 Page 1, line 2, following "fees;":

2 Insert "relating to the computation of depletion for purposes of the mining license
3 tax;"

4

5 Page 2, following line 4:

6 Insert a new bill section to read:

7 "* Sec. 3. AS 43.65.010(e) is repealed and reenacted to read:

8 (e) The allowance for depletion shall be computed and deducted on the cost
9 depletion basis under 26 U.S.C. 612 (Internal Revenue Code)."

10

11 Renumber the following bill sections accordingly.

12

13 Page 2, following line 21:

14 Insert a new subsection to read:

15 "(c) The change made by the repeal and reenactment of AS 43.65.010(e) by
16 sec. 3 of this Act applies to a tax year beginning on or after the effective date of sec. 3
17 of this Act."

18

19 Page 2, line 28:

20 Delete "Section 6"

21 Insert "Section 7"

22

23 Page 2, line 29:

- 1 Delete "sec. 7"
- 2 Insert "sec. 8"

AMENDMENT # 11

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOSEPHSON

TO: CSHB 253(RES), Draft Version "N"

1 Page 1, line 1, following "An Act":

2 Insert "relating to the exploration incentive credit;"

3

4 Page 1, following line 4:

5 Insert new bill sections to read:

6 ** Section 1. AS 27.30.030(a) is amended to read:

7 (a) In a tax year [OR ROYALTY PAYMENT PERIOD], subject to (c) of this
8 section and the respective limitations of this subsection, the person may apply the
9 credit, the taking of which was approved under AS 27.30.020(2), against [(1)] taxes
10 payable by the person

11 (1) [(A)] under AS 43.65; application of the credit under this
12 subparagraph may not exceed the lesser of

13 (A) [(i)] 50 percent of the person's tax liability under AS 43.65
14 for the tax year that is related to production from the mining operation at which
15 the exploration activities occurred, as shown under (b) of this section; or

16 (B) [(ii)] 50 percent of the person's total tax liability under
17 AS 43.65 for the tax year;

18 (2) [(B)] under AS 43.20; application of the credit under this
19 subparagraph may not exceed the lesser of

20 (A) [(i)] an amount equal to the amount determined under
21 (1)(A) [(A)(i)] of this subsection [PARAGRAPH]; or

22 (B) [(ii)] 50 percent of the person's total tax liability under
23 AS 43.20 for the tax year [; AND

1 (2) MINERAL PRODUCTION ROYALTY PAYMENTS PAYABLE
 2 BY THE PERSON UNDER AS 38.05.135 - 38.05.160 AND 38.05.212 FOR
 3 PRODUCTION FROM THE MINING OPERATION AT WHICH THE
 4 EXPLORATION ACTIVITIES OCCURRED; APPLICATION OF THE CREDIT
 5 UNDER THIS PARAGRAPH MAY NOT EXCEED 50 PERCENT OF THE
 6 PERSON'S MINERAL PRODUCTION ROYALTY PAYMENT LIABILITY FROM
 7 THE MINING OPERATION AT WHICH THE EXPLORATION ACTIVITIES
 8 OCCURRED].

9 * Sec. 2. AS 27.30.030(b) is amended to read:

10 (b) If the person applies the credit against the person's tax liability under
 11 (a)(1)(A) [(a)(1)(A)(i)] or (B) [(a)(1)(B)(i)] of this section, the commissioner of
 12 revenue shall disallow application of the credit under that provision unless the person
 13 files with the person's tax return an accounting of the person's mining operation
 14 activities for each mining operation that is included in the tax return and as to which
 15 the credit is being applied. The accounting of mining operation activities required by
 16 this subsection shall be made

17 (1) on a form prescribed by the Department of Revenue; on the form,
 18 the person shall

19 (A) identify the mining operations for which the credit is
 20 claimed; and

21 (B) set out the gross income attributable to the mining
 22 operations and other information about the mining operations that the
 23 Department of Revenue may require;

24 (2) without regard to an exemption to which the person may be entitled
 25 under AS 43.65.010(a).

26 * Sec. 3. AS 27.30.040 is amended to read:

27 **Sec. 27.30.040. Credit may be carried forward.** Except as its application is
 28 limited by AS 27.30.030 and 27.30.050, a portion of a credit that is not applied under
 29 AS 27.30.030 during a tax year [OR ROYALTY PAYMENT PERIOD] may be
 30 carried forward to and applied during a subsequent tax year [OR ROYALTY
 31 PAYMENT PERIOD].

1 * **Sec. 4.** AS 27.30.050 is amended to read:

2 **Sec. 27.30.050. Limit on application of credit.** An exploration incentive
3 credit for a mining operation may not exceed \$20,000,000 and must be applied within
4 15 tax years [OR ROYALTY PAYMENT PERIODS] after the taking of the credit is
5 approved under AS 27.30.020(2), but the tax years [OR ROYALTY PAYMENT
6 PERIODS] in which the credit is applied need not be

7 (1) the tax year [OR ROYALTY PAYMENT PERIOD] in which the
8 person first incurs liability for payment of tax [OR ROYALTY] based on the person's
9 activity that is the basis of the claim of the exploration incentive credit; or

10 (2) consecutive periods."
11

12 **Page 1, line 5:**

13 Delete "Section 1"

14 Insert "Sec. 5"

15

16 **Renumber the following bill sections accordingly.**

17

18 **Page 2, line 17:**

19 Delete "sec. 1"

20 Insert "sec. 5"

21

22 **Page 2, line 18:**

23 Delete "sec. 1"

24 Insert "sec. 5"

25

26 **Page 2, line 19:**

27 Delete "sec. 2"

28 Insert "sec. 6"

29

30 **Page 2, line 21:**

31 Delete "sec. 2"

1 Insert "sec. 6"

2

3 Page 2, following line 21:

4 Insert a new subsection to read:

5 "(c) The changes to the applicability of the exploration incentive credit made in
6 AS 27.30.030(a) and (b), as amended by secs. 1 and 2 of this Act, AS 27.30.040, as amended
7 by sec. 3 of this Act, and AS 27.30.050, as amended by sec. 4 of this Act, apply to a royalty
8 payment period beginning on or after the effective date of sec. 1 of this Act."

9

10 Page 2, line 28:

11 Delete "Section 6"

12 Insert "Section 10"

13

14 Page 2, line 29:

15 Delete "sec. 7"

16 Insert "sec. 11"

AMENDMENT #12

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOSEPHSON

TO: CSHB 253(RES), Draft Version "N"

1 Page 1, line 1, following "Act":

2 Insert "relating to the limitation on the exploration incentive credit;"

3

4 Page 1, following line 4:

5 Insert a new bill section to read:

6 **** Section 1. AS 27.30.050 is amended to read:**

7 **Sec. 27.30.050. Limit on application of credit.** An exploration incentive
8 credit for a mining operation may not exceed \$20,000,000 and must be applied within
9 seven [15] tax years or royalty payment periods after the taking of the credit is
10 approved under AS 27.30.020(2), but the tax years or royalty payment periods in
11 which the credit is applied need not be

12 (1) the tax year or royalty payment period in which the person first
13 incurs liability for payment of tax or royalty based on the person's activity that is the
14 basis of the claim of the exploration incentive credit; or

15 (2) consecutive periods."

16

17 Page 1, line 5:

18 Delete "Section 1"

19 Insert "Sec. 2"

20

21 Renumber the following bill sections accordingly.

22

23 Page 2, line 17:

1 Delete "sec. 1"

2 Insert "sec. 2"

3

4 Page 2, line 18:

5 Delete "sec. 1"

6 Insert "sec. 2"

7

8 Page 2, line 19:

9 Delete "sec. 2"

10 Insert "sec. 3"

11

12 Page 2, line 21:

13 Delete "sec. 2"

14 Insert "sec. 3"

15

16 Page 2, following line 21:

17 Insert a new subsection to read:

18 "(c) AS 27.30.050, as amended by sec. 1 of this Act, applies to a credit accrued on or
19 after the effective date of sec. 1 of this Act."

20

21 Page 2, line 28:

22 Delete "Section 6"

23 Insert "Section 7"

24

25 Page 2, line 29:

26 Delete "sec. 7"

27 Insert "sec. 8"

AMENDMENT #13

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOSEPHSON

TO: CSHB 253(RES), Draft Version "N"

1 Page 1, following line 9:

2 Insert a new bill section to read:

3 **** Sec. 2. AS 43.65.010(a), as amended by sec. 1 of this Act, is amended to read:**

4 (a) A person prosecuting or attempting to prosecute, or engaging in the
5 business of mining in the state shall obtain a license from the department. [ALL NEW
6 MINING OPERATIONS ARE EXEMPT FROM THE TAX LEVIED BY THIS
7 CHAPTER FOR THREE YEARS AFTER PRODUCTION BEGINS.]"

8

9 Renumber the following bill sections accordingly.

10

11 Page 2, following line 14:

12 Insert a new bill section to read:

13 ****Sec. 6. AS 27.30.030(b)(2), AS 43.65.010(b), and 43.65.060(4) are repealed.**"

14

15 Page 2, following line 18:

16 Insert a new subsection to read:

17 **"(b) AS 43.65.010(a), as amended by sec. 2 of this Act, applies to a mining operation
18 that begins production on or after the effective date of sec. 2 of this Act."**

19

20 Reletter the following subsection accordingly.

21

22 Page 2, line 19:

23 Delete "sec. 2"

1 Insert "sec. 3"

2

3 Page 2, line 21:

4 Delete "sec. 2"

5 Insert "sec. 3"

6

7 Page 2, line 28:

8 Delete "Section 6"

9 Insert "Section 8"

10

11 Page 2, following line 28:

12 Insert a new bill section to read:

13 "* Sec. 10. Sections 2 and 6 of this Act take effect January 1, 2020."

14

15 Renumber the following bill section accordingly.

16

17 Page 2, line 29:

18 Delete "sec. 7"

19 Insert "secs. 9 and 10"