

ALASKA STATE LEGISLATURE

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House Bill 247 explanation of changes version I (RES) to version F (FIN)

Title Changes to conform with changes in the bill.

Sec. 6. (Page 3, Lines 6- Page 4 Line 1) AS 43.05.225 – Interest Rate on delinquent taxes. Will now be compounded quarterly at 5% above the 12th Federal Reserve District for the first 4 years after the tax becomes delinquent and 5% annually, no compounding after the first 4 years.

Sec. 10 (Page 5, Lines 5-26) AS 43.55.011(e) Deletes reference to the Cook Inlet tax cap. Repealed in Sec. 42.

Sec. 11 (Page 5, Line 27- Page 7 Line 25) AS 43.55.011(f) - Hardens the floor so that no credits can reduce the floor below 2% of the gross value at the point of production.

Sec. 12 (Page 7, Line 26- Page 8 Line 11) AS 43.55.011(m) Takes out reference to old credits that are not being used and deletes a reference to the Cook Inlet tax cap.

Sec. 13. (Page 8, Lines 12-17) AS 43.55.019(e) - Makes sure that the Education Tax Credit cannot take the floor.

Sec.14. (Page 8, Lines 18- Page 16 Line 22) AS 43.55.020(a) – Installment Payments - Conforming language regarding payment of taxes and the new floor. Addresses the Cook Inlet tax cap.

Sec. 15 (Page 16, Lines 3-22) AS 43.55.023(a) - Qualified Capital Expenditures. Reduces the qualified capital expenditure credits from 20% to 10% starting on January 1, 2017.

Sec. 16 (Page 16, Line 23- Page 17 Line 24) AS 43.55.023(b) - Net Operating Loss Credits. Keeps the Middle Earth carried-forward annual loss credits at 25%. Reduces the Cook Inlet Net Operating loss credits from 25% to 10% starting January 1, 2017, if the producer or explorer has not taken a credit prior to January 1, 2017 they are not eligible. The amount Cook Inlet NOLs are consistent with the House Resources version of the bill. Continues a 25% credit for Middle Earth after 2016.

Sec. 17 (Page 17, Lines 25-29) AS 43.55.023(c) – Conforming language to the floor.

Sec. 20 (Page 18 Line 29 - Page 19 Line 29) AS 43.55.023(l) – Well Lease Expenditure Credits. Reduces the Cook Inlet Well Lease Expenditure Credits from 40% to 30% on January 1, 2017, and to 20% on January 1, 2018. Middle Earth credits will reduce from 40% to 30% on January 1, 2017

Sec. 21-23 (Page 19, Line 30- Page 20 Line 16) AS 43.55.024(f) (g) (i) - Small Producer Credits. Conforms to the floor.

Sec. 24 (Page 20, Lines 24- Page 21 Line 24) AS 43.55.025(m) - Middle Earth Drilling Credits. States that the middle earth drilling credits are extended to complete an exploration well that has spudded but not completed before July 1, 2016.

Sec.25. (Page 21, Line 25-28) AS 43.55.025 - Alternative Tax Credits for Oil and Gas Exploration. – Conforming language to the floor.

Sec. 26. (Page 21, Line 29- Page 22 Line 22) AS 43.55.028(e) – Oil and Gas Tax Credit Fund Established; Cash Purchase of Tax Credit Certificates. States that the Department may not purchase more than \$100,000,000 in tax credits from a person in a calendar year. This is reduced from \$200,000,000 in the House Resources version of the bill.

Sec. 31. (Page 25, Lines 2-22) AS 43.55.160(e) Conforming amendment regarding Cook Inlet Tax Cap on oil.

Secs. 32 and 33. (Page 25 Line 23 – Page 27 Line 5) AS 43.55.160(f) (g) New Oil, Gross Value Reduction – For oil and gas first produced after December 31, 2016, the new oil reduction shall apply for the first five years after the commencement of production in commercial quantities. For oil and gas first produced prior to January 1, 2017, the reduction shall expire January 1, 2021.