

**CS FOR HOUSE BILL NO. 111(RES)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:  
Referred:

Sponsor(s): HOUSE RESOURCES COMMITTEE

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the oil and gas production tax, tax payments, and credits; relating to  
2 interest applicable to delinquent oil and gas production tax; relating to lease  
3 expenditures; relating to information concerning oil and gas taxes and tax credits,  
4 including information about expenditures that must be provided to claim an oil and gas  
5 production tax credit for those expenditures; relating to the disclosure of that  
6 information to the public or a member of the legislature; relating to a legislative  
7 working group; and providing for an effective date."

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

9 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
10 to read:

11 LEGISLATIVE INTENT. It is the intent of the legislature to, contingent on the  
12 passage of a fiscal plan, purchase a substantial portion of outstanding transferable and  
13 production tax credit certificates issued before the effective date of this Act under AS 43.55.

1 \* **Sec. 2.** AS 43.05.225 is amended to read:

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

3 (1) a delinquent tax

4 (A) under this title, before January 1, 2014, bears interest in  
5 each calendar quarter at the rate of five percentage points above the annual rate  
6 charged member banks for advances by the 12th Federal Reserve District as of  
7 the first day of that calendar quarter, or at the annual rate of 11 percent,  
8 whichever is greater, compounded quarterly as of the last day of that quarter;

9 (B) under this title, on and after January 1, 2014, except as  
10 provided in (C) of this paragraph, bears interest in each calendar quarter at the  
11 rate of three percentage points above the annual rate charged member banks  
12 for advances by the 12th Federal Reserve District as of the first day of that  
13 calendar quarter;

14 (C) under AS 43.55, on and after January 1, 2017,

15 [(i) FOR THE FIRST THREE YEARS AFTER A TAX  
16 BECOMES DELINQUENT,] bears interest in each calendar quarter at  
17 the rate of seven percentage points above the annual rate charged  
18 member banks for advances by the 12th Federal Reserve District as of  
19 the first day of that calendar quarter, compounded quarterly as of the  
20 last day of that quarter; [AND

21 (ii) AFTER THE FIRST THREE YEARS AFTER A  
22 TAX BECOMES DELINQUENT, DOES NOT BEAR INTEREST;]

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

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

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

27 \* **Sec. 3.** AS 43.05.230(a) is amended to read:

28 (a) It is unlawful for a current or former officer, employee, or agent of the  
29 state to divulge the amount of income or the particulars set out or disclosed in a report  
30 or return made under this title, except

31 (1) in connection with official investigations or proceedings of the

1 department, whether judicial or administrative, involving taxes due under this title;

2 (2) in connection with official investigations or proceedings of the  
3 child support enforcement agency, whether judicial or administrative, involving child  
4 support obligations imposed or imposable under AS 25 or AS 47;

5 (3) as provided in AS 38.05.036 pertaining to audit functions of the  
6 Department of Natural Resources;

7 (4) as provided in AS 43.05.405 - 43.05.499; and

8 (5) as otherwise provided in this section, AS 43.55.030(g),  
9 43.55.165(n), or 43.55.890 [OR AS 43.55.890].

10 \* **Sec. 4.** AS 43.05.230(l) is amended to read:

11 (l) **The** [FOR TAX CREDIT CERTIFICATES PURCHASED BY THE  
12 DEPARTMENT IN THE PRECEDING CALENDAR YEAR UNDER AS 43.55.028,  
13 THE] department shall make the following information public by April 30 of each  
14 year:

15 (1) **for tax credit certificates issued or purchased by the**  
16 **department in the preceding calendar year under AS 43.55.028:**

17 (A) the name of each person **to which a transferable tax**  
18 **certificate was issued or** from which the department purchased a transferable  
19 tax credit certificate; and

20 (B) [(2)] the aggregate amount of the tax credit certificates  
21 purchased from the person in the preceding calendar year;

22 (C) **the aggregate amount of the tax credit certificates**  
23 **issued to the person in the preceding calendar year; and**

24 (2) **unless otherwise prohibited by law, information submitted**  
25 **during the previous calendar year under AS 43.55.030(a)(10) and (e)(3).**

26 \* **Sec. 5.** AS 43.05.230 is amended by adding a new subsection to read:

27 (m) The department may disclose confidential tax information, documents, or  
28 other materials related to a credit for oil and gas investment, exploration, production,  
29 delivery, storage, or use against a tax imposed under AS 43.20 or AS 43.55 to a  
30 legislator, an agent of a legislator or a legislative committee, or a contractor of a  
31 legislator or a legislative committee if

1 (1) the information is disclosed during an executive session of a  
2 committee hearing or an executive session of a meeting of one house of the legislature  
3 as a committee of the whole;

4 (2) only legislators, agents, and contractors complying with the  
5 remainder of this subsection are in attendance at the committee meeting;

6 (3) written information, documents, or other materials are clearly  
7 labeled as confidential tax information;

8 (4) the legislator, agent, or contractor has executed an agreement with  
9 the department

10 (A) that acknowledges that tax information, documents, and  
11 materials received under this subsection are confidential by law;

12 (B) that acknowledges that it is illegal to publicly disclose  
13 confidential tax information, documents, or materials received under this  
14 subsection unless the information is otherwise publicly available; and

15 (C) in which the legislator, agent, or contractor agrees not to

16 (i) disclose the information received during the meeting  
17 or the contents of documents or materials viewed during a committee  
18 meeting under this section; and

19 (ii) remove any written information, documents, or  
20 materials from the physical location of the committee meeting.

21 \* **Sec. 6.** AS 43.55.011(f) is amended to read:

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

23 (1) oil and gas produced before **January 1, 2018** [JANUARY 1,  
24 2022], from leases or properties that include land north of 68 degrees North latitude,  
25 other than gas subject to (o) of this section, may not be less than

26 (A) four percent of the gross value at the point of production  
27 when the average price per barrel for Alaska North Slope crude oil for sale on  
28 the United States West Coast during the calendar year for which the tax is due  
29 is more than \$25;

30 (B) three percent of the gross value at the point of production  
31 when the average price per barrel for Alaska North Slope crude oil for sale on

1 the United States West Coast during the calendar year for which the tax is due  
2 is over \$20 but not over \$25;

3 (C) two percent of the gross value at the point of production  
4 when the average price per barrel for Alaska North Slope crude oil for sale on  
5 the United States West Coast during the calendar year for which the tax is due  
6 is over \$17.50 but not over \$20;

7 (D) one percent of the gross value at the point of production  
8 when the average price per barrel for Alaska North Slope crude oil for sale on  
9 the United States West Coast during the calendar year for which the tax is due  
10 is over \$15 but not over \$17.50; or

11 (E) zero percent of the gross value at the point of production  
12 when the average price per barrel for Alaska North Slope crude oil for sale on  
13 the United States West Coast during the calendar year for which the tax is due  
14 is \$15 or less; [AND]

15 (2) gas [OIL] produced on and after **January 1, 2018, and before**  
16 January 1, 2022, from leases or properties that include land north of 68 degrees North  
17 latitude, **other than gas subject to (o) of this section,** may not be less than

18 (A) four percent of the gross value at the point of production  
19 when the average price per barrel for Alaska North Slope crude oil for sale on  
20 the United States West Coast during the calendar year for which the tax is due  
21 is less [MORE] than **\$50; or** [\$25;]

22 (B) **five** [THREE] percent of the gross value at the point of  
23 production when the average price per barrel for Alaska North Slope crude oil  
24 for sale on the United States West Coast during the calendar year for which the  
25 tax is due is **\$50 or more; and**

26 **(3) oil produced on and after January 1, 2018, from leases or**  
27 **properties that include land north of 68 degrees North latitude may not be less**  
28 **than**

29 **(A) four percent of the gross value at the point of**  
30 **production when the average price per barrel for Alaska North Slope**  
31 **crude oil for sale on the United States West Coast during the calendar**

year for which the tax is due is less than \$50; or

(B) five percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is \$50 or more [OVER \$20 BUT NOT OVER \$25;

(C) TWO PERCENT OF THE GROSS VALUE AT THE POINT OF PRODUCTION WHEN THE AVERAGE PRICE PER BARREL FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED STATES WEST COAST DURING THE CALENDAR YEAR FOR WHICH THE TAX IS DUE IS OVER \$17.50 BUT NOT OVER \$20;

(D) ONE PERCENT OF THE GROSS VALUE AT THE POINT OF PRODUCTION WHEN THE AVERAGE PRICE PER BARREL FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED STATES WEST COAST DURING THE CALENDAR YEAR FOR WHICH THE TAX IS DUE IS OVER \$15 BUT NOT OVER \$17.50; OR

(E) ZERO PERCENT OF THE GROSS VALUE AT THE POINT OF PRODUCTION WHEN THE AVERAGE PRICE PER BARREL FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED STATES WEST COAST DURING THE CALENDAR YEAR FOR WHICH THE TAX IS DUE IS \$15 OR LESS].

\* **Sec. 7.** AS 43.55.011 is amended by adding new subsections to read:

(q) Except as otherwise provided in this subsection, a credit under this chapter may not be applied to reduce the tax determined under (f) of this section. A credit under AS 43.55.024(i) may reduce the tax determined under (f) of this section, but not below

(1) for gas produced on and after January 1, 2018, and before January 1, 2022,

(A) four percent of the adjusted gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is less than \$50; or

1 (B) five percent of the adjusted gross value at the point of  
2 production when the average price per barrel for Alaska North Slope crude oil  
3 for sale on the United States West Coast during the calendar year for which the  
4 tax is due is \$50 or more;

5 (2) for oil produced on and after January 1, 2018,

6 (A) four percent of the adjusted gross value at the point of  
7 production when the average price per barrel for Alaska North Slope crude oil  
8 for sale on the United States West Coast during the calendar year for which the  
9 tax is due is less than \$50; or

10 (B) five percent of the adjusted gross value at the point of  
11 production when the average price per barrel for Alaska North Slope crude oil  
12 for sale on the United States West Coast during the calendar year for which the  
13 tax is due is \$50 or more.

14 (r) The total amount of tax credits received under AS 43.55.024(i) or (j) that a  
15 producer applies against the tax levied by this section for a calendar year may not  
16 exceed the sum of the amount of the tax credits or fractions of tax credits that are  
17 allowed under AS 43.55.020(a) to be subtracted in calculating the installment  
18 payments of estimated tax for each month for that producer in the calendar year.

19 (s) In (q) of this section, "adjusted gross value at the point of production"  
20 means the gross value at the point of production less a reduction from the gross value  
21 at the point of production under AS 43.55.160(f) or 43.55.160(f) and (g).

22 \* **Sec. 8.** AS 43.55.020(a) is amended to read:

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

25 (1) for oil and gas produced before January 1, 2014, an installment  
26 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied  
27 as allowed by law, is due for each month of the calendar year on the last day of the  
28 following month; except as otherwise provided under (2) of this subsection, the  
29 amount of the installment payment is the sum of the following amounts, less 1/12 of  
30 the tax credits that are allowed by law to be applied against the tax levied by  
31 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 percent, or four percent, as applicable, of the gross value at the point of production of the oil and gas produced from the leases or properties during the month for which the installment payment is calculated; or

(iii) 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 those leases or properties during the month for which the installment payment is calculated;

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

1 (i) zero; or

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

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

12 (i) the sum of 25 percent and the tax rate calculated for  
13 the month under AS 43.55.011(g) multiplied by the remainder obtained  
14 by 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 and gas under AS 43.55.160 from the gross value  
17 at the point of production of the oil and gas produced from the leases or  
18 properties during the month for which the installment payment is  
19 calculated, but not less than zero; or

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

23 (2) an amount calculated under (1)(C) of this subsection for oil or gas  
24 subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by  
25 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as  
26 applicable, for gas or set out in AS 43.55.011(k) for oil, but substituting in  
27 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable  
28 gas produced during the month for the amount of taxable gas produced during the  
29 calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced  
30 during the month for the amount of taxable oil produced during the calendar year;

31 (3) an installment payment of the estimated tax levied by

1 AS 43.55.011(i) for each lease or property is due for each month of the calendar year  
2 on the last day of the following month; the amount of the installment payment is the  
3 sum of

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

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

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

16 (5) for oil and gas produced on and after January 1, 2014, and before  
17 January 1, 2022, an installment payment of the estimated tax levied by  
18 AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each  
19 month of the calendar year on the last day of the following month; except as otherwise  
20 provided under (6) of this subsection, the amount of the installment payment is the  
21 sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be  
22 applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount  
23 of the installment payment may not be less than zero:

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

28 (i) zero; or

29 (ii) 35 percent multiplied by the remainder obtained by  
30 subtracting 1/12 of the producer's adjusted lease expenditures for the  
31 calendar year of production under AS 43.55.165 and 43.55.170 that are

1 deductible for the oil and gas under AS 43.55.160 from the gross value  
2 at the point of production of the oil and gas produced from the leases or  
3 properties during the month for which the installment payment is  
4 calculated;

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

7 (i) zero;

8 (ii) **the percentage applicable under AS 43.55.011(f)**

9 [ZERO PERCENT, ONE PERCENT, TWO PERCENT, THREE  
10 PERCENT, OR FOUR PERCENT, AS APPLICABLE,] of the gross  
11 value at the point of production of the oil and gas produced from the  
12 leases or properties during the month for which the installment  
13 payment is calculated; or

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

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

25 (i) zero; or

26 (ii) 35 percent multiplied by the remainder obtained by  
27 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 under AS 43.55.160 for the oil or gas, respectively,  
30 produced from the lease or property from the gross value at the point of  
31 production of the oil or gas, respectively, produced from the lease or

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

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

4 (i) 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 and gas under AS 43.55.160 from the gross value  
8 at the point of production of the oil and gas produced from the leases or  
9 properties during the month for which the installment payment is  
10 calculated, but not less than zero; or

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

14 (6) an amount calculated under (5)(C) of this subsection for oil or gas  
15 subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by  
16 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as  
17 applicable, for gas or set out in AS 43.55.011(k) for oil, but substituting in  
18 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable  
19 gas produced during the month for the amount of taxable gas produced during the  
20 calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced  
21 during the month for the amount of taxable oil produced during the calendar year;

22 (7) for oil and gas produced on or after January 1, 2022, an installment  
23 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied  
24 as allowed by law, is due for each month of the calendar year on the last day of the  
25 following month; except as otherwise provided under (10) of this subsection, the  
26 amount of the installment payment is the sum of the following amounts, less 1/12 of  
27 the tax credits that are allowed by law to be applied against the tax levied by  
28 AS 43.55.011(e) for the calendar year, but the amount of the installment payment may  
29 not be less than zero:

30 (A) for oil produced from leases or properties subject to  
31 AS 43.55.011(f), the greatest of

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(i) zero;

(ii) **the percentage applicable under AS 43.55.011(f)**

[ZERO PERCENT, ONE PERCENT, TWO PERCENT, THREE PERCENT, OR FOUR PERCENT, AS APPLICABLE,] of the gross value at the point of production of the oil produced from the leases or properties during the month for which the installment payment is calculated; or

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

(B) for oil produced before or during the last calendar year under AS 43.55.024(b) for which the producer could take a tax credit under AS 43.55.024(a), from leases or properties in the state outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, other than leases or properties subject to AS 43.55.011(o) or (p), the greater of

(i) zero; or

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

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

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

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

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

(i) zero; or

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

(E) for gas produced from each lease or property in the state outside the Cook Inlet sedimentary basin, other than a lease or property subject to AS 43.55.011(o) or (p), 13 percent of the gross value at the point of production of the gas produced from the lease or property during the month for which the installment payment is calculated, but not less than zero;

(F) for oil subject to AS 43.55.011(k), for each lease or property, the greater of

(i) zero; or

(ii) 35 percent multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are

1 deductible under AS 43.55.160 for the oil produced from the lease or  
2 property from the gross value at the point of production of the oil  
3 produced from the lease or property during the month for which the  
4 installment payment is calculated;

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

7 (i) zero; or

8 (ii) 13 percent of the gross value at the point of  
9 production of the gas produced from the lease or property during the  
10 month for which the installment payment is calculated;

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

15 (9) for purposes of the calculation under (1)(B)(ii), (5)(B)(ii), and  
16 (7)(A)(ii) of this subsection, the applicable percentage of the gross value at the point  
17 of production is determined under AS 43.55.011(f)(1) or (2) but substituting the  
18 phrase "month for which the installment payment is calculated" in AS 43.55.011(f)(1)  
19 and (2) for the phrase "calendar year for which the tax is due";

20 (10) an amount calculated under (7)(F) or (G) of this subsection for oil  
21 or gas subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by  
22 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as  
23 applicable, for gas, or set out in AS 43.55.011(k) for oil, but substituting in  
24 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable  
25 gas produced during the month for the amount of taxable gas produced during the  
26 calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced  
27 during the month for the amount of taxable oil produced during the calendar year;

28 **(11) for purposes of the calculation under (5)(B)(ii) or (7)(A)(ii) of**  
29 **this subsection, a credit under this chapter may not be applied to reduce an**  
30 **installment payment to less than the amount calculated using the applicable**  
31 **percentage under AS 43.55.011(f) or (g).**

1 \* **Sec. 9.** AS 43.55.023(b) is amended to read:

2 (b) [BEFORE JANUARY 1, 2014, A PRODUCER OR EXPLORER MAY  
3 ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 25 PERCENT OF A  
4 CARRIED-FORWARD ANNUAL LOSS. FOR LEASE EXPENDITURES  
5 INCURRED ON AND AFTER JANUARY 1, 2014, AND BEFORE JANUARY 1,  
6 2016, TO EXPLORE FOR, DEVELOP, OR PRODUCE OIL OR GAS DEPOSITS  
7 LOCATED NORTH OF 68 DEGREES NORTH LATITUDE, A PRODUCER OR  
8 EXPLORER MAY ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 45  
9 PERCENT OF A CARRIED-FORWARD ANNUAL LOSS. FOR LEASE  
10 EXPENDITURES INCURRED ON AND AFTER JANUARY 1, 2016, TO  
11 EXPLORE FOR, DEVELOP, OR PRODUCE OIL OR GAS DEPOSITS LOCATED  
12 NORTH OF 68 DEGREES NORTH LATITUDE, A PRODUCER OR EXPLORER  
13 MAY ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 35 PERCENT OF  
14 A CARRIED-FORWARD ANNUAL LOSS. FOR LEASE EXPENDITURES  
15 INCURRED ON OR AFTER JANUARY 1, 2014, AND BEFORE JANUARY 1,  
16 2017, TO EXPLORE FOR, DEVELOP, OR PRODUCE OIL OR GAS DEPOSITS  
17 LOCATED SOUTH OF 68 DEGREES NORTH LATITUDE, A PRODUCER OR  
18 EXPLORER MAY ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 25  
19 PERCENT OF A CARRIED-FORWARD ANNUAL LOSS.] For lease expenditures  
20 incurred [ON OR AFTER JANUARY 1, 2017,] to explore for, develop, or produce oil  
21 or gas deposits located south of 68 degrees North latitude, a producer or explorer may  
22 elect to take a tax credit in the amount of 15 percent of a carried-forward annual loss,  
23 except that a credit for lease expenditures incurred to explore for, develop, or produce  
24 oil or gas deposits located in the Cook Inlet sedimentary basin may only be taken if  
25 the expenditure is incurred before January 1, 2018. A credit under this subsection may  
26 be applied against a tax levied by AS 43.55.011(e). For purposes of this subsection,

27 (1) a carried-forward annual loss is the amount of a producer's or  
28 explorer's adjusted lease expenditures under AS 43.55.165 and 43.55.170 for a  
29 previous calendar year that was not deductible in calculating production tax values for  
30 that calendar year under AS 43.55.160;

31 (2) for lease expenditures incurred on or after January 1, 2017, any

1 reduction under AS 43.55.160(f) or (g) is added back to the calculation of production  
2 tax values for that calendar year under AS 43.55.160 for the determination of a  
3 carried-forward annual loss.

4 \* **Sec. 10.** AS 43.55.023(c) is amended to read:

5 (c) A credit or portion of a credit under this section may not be used to reduce  
6 a person's tax liability under AS 43.55.011(e) for any calendar year below zero **or the**  
7 **amount calculated under AS 43.55.011(f), if applicable,** and any unused credit or  
8 portion of a credit not used under this subsection may be applied in a later calendar  
9 year.

10 \* **Sec. 11.** AS 43.55.023(d) is amended to read:

11 (d) A person that is entitled to take a tax credit under this section that wishes  
12 to transfer the unused credit to another person [OR OBTAIN A CASH PAYMENT  
13 UNDER AS 43.55.028] may apply to the department for a transferable tax credit  
14 certificate. **A person that is entitled to take a tax credit under (a) or (l) of this**  
15 **section that wishes to obtain a cash payment under AS 43.55.028 may apply to**  
16 **the department for a transferable tax credit certificate.** An application under this  
17 subsection must be in a form prescribed by the department and must include  
18 supporting information and documentation that the department reasonably requires.  
19 The department shall grant or deny an application, or grant an application as to a lesser  
20 amount than that claimed and deny it as to the excess, not later than 120 days after the  
21 latest of (1) March 31 of the year following the calendar year in which the qualified  
22 capital expenditure or carried-forward annual loss for which the credit is claimed was  
23 incurred; (2) the date the statement required under AS 43.55.030(a) or (e) was filed for  
24 the calendar year in which the qualified capital expenditure or carried-forward annual  
25 loss for which the credit is claimed was incurred; or (3) the date the application was  
26 received by the department. If, based on the information then available to it, the  
27 department is reasonably satisfied that the applicant is entitled to a credit, the  
28 department shall issue the applicant a transferable tax credit certificate for the amount  
29 of the credit. A certificate issued under this subsection does not expire.

30 \* **Sec. 12.** AS 43.55.024(g) is amended to read:

31 (g) A tax credit authorized by (c) of this section may not be applied to reduce

1 a producer's tax liability for any calendar year under AS 43.55.011(e) below zero **or**  
2 **the amount calculated under AS 43.55.011(f), if applicable.**

3 \* **Sec. 13.** AS 43.55.024(i) is amended to read:

4 (i) A producer may apply against the producer's tax liability for the calendar  
5 year under AS 43.55.011(e) a tax credit of \$5 for each barrel of oil taxable under  
6 AS 43.55.011(e) that receives a reduction in the gross value at the point of production  
7 under AS 43.55.160(f) or (g) and that is produced during a calendar year after  
8 December 31, 2013. A tax credit authorized by this subsection may not reduce a  
9 producer's tax liability for a calendar year under AS 43.55.011(e) below zero **or the**  
10 **amount calculated under AS 43.55.011(f) or (g), as applicable.**

11 \* **Sec. 14.** AS 43.55.024(j) is amended to read:

12 (j) A producer may apply against the producer's tax liability for the calendar  
13 year under AS 43.55.011(e) a tax credit in the amount specified in this subsection for  
14 each barrel of oil taxable under AS 43.55.011(e) that does not receive a reduction in  
15 the gross value at the point of production under AS 43.55.160(f) or (g) and that is  
16 produced during a calendar year after December 31, 2013, from leases or properties  
17 north of 68 degrees North latitude. A tax credit under this subsection may not reduce a  
18 producer's tax liability for a calendar year under AS 43.55.011(e) below the amount  
19 calculated under AS 43.55.011(f). The amount of the tax credit for a barrel of taxable  
20 oil subject to this subsection produced during a month of the calendar year is

21 (1) \$8 for each barrel of taxable oil if the average gross value at the  
22 point of production for the month is less than **\$60** [\$80] a barrel;

23 (2) \$7 for each barrel of taxable oil if the average gross value at the  
24 point of production for the month is greater than or equal to **\$60** [\$80] a barrel, but  
25 less than **\$70** [\$90] a barrel;

26 (3) \$6 for each barrel of taxable oil if the average gross value at the  
27 point of production for the month is greater than or equal to **\$70** [\$90] a barrel, but  
28 less than **\$80** [\$100] a barrel;

29 (4) \$5 for each barrel of taxable oil if the average gross value at the  
30 point of production for the month is greater than or equal to **\$80** [\$100] a barrel, but  
31 less than **\$90** [\$110] a barrel;

1 (5) \$4 for each barrel of taxable oil if the average gross value at the  
2 point of production for the month is greater than or equal to \$90 [\$110] a barrel, but  
3 less than \$100 [\$120] a barrel;

4 (6) \$3 for each barrel of taxable oil if the average gross value at the  
5 point of production for the month is greater than or equal to \$100 [\$120] a barrel, but  
6 less than \$110 [\$130] a barrel;

7 (7) [\$2 FOR EACH BARREL OF TAXABLE OIL IF THE  
8 AVERAGE GROSS VALUE AT THE POINT OF PRODUCTION FOR THE  
9 MONTH IS GREATER THAN OR EQUAL TO \$130 A BARREL, BUT LESS  
10 THAN \$140 A BARREL;

11 (8) \$1 FOR EACH BARREL OF TAXABLE OIL IF THE AVERAGE  
12 GROSS VALUE AT THE POINT OF PRODUCTION FOR THE MONTH IS  
13 GREATER THAN OR EQUAL TO \$140 A BARREL, BUT LESS THAN \$150 A  
14 BARREL;

15 (9) zero if the average gross value at the point of production for the  
16 month is greater than or equal to \$110 [\$150] a barrel.

17 \* **Sec. 15.** AS 43.55.025(g) is amended to read:

18 (g) **Except as provided in (q) of this section, an** [AN] explorer, other than an  
19 entity that is exempt from taxation under this chapter, may transfer, convey, or sell its  
20 production tax credit certificate to any person, and any person who receives a  
21 production tax credit certificate may also transfer, convey, or sell the certificate.

22 \* **Sec. 16.** AS 43.55.025(i) is amended to read:

23 (i) For a production tax credit under this section,

24 (1) a credit may not be applied to reduce a taxpayer's tax liability **for a**  
25 **calendar year** under AS 43.55.011(e) below zero **or the amount calculated under**  
26 **AS 43.55.011(f), if applicable** [FOR A CALENDAR YEAR]; and

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

31 \* **Sec. 17.** AS 43.55.025 is amended by adding a new subsection to read:

1 (q) An explorer is eligible for a tax credit of 15 percent of exploration  
2 expenditures incurred for drilling that results in a dry hole. A credit under this  
3 subsection is eligible for a tax credit certificate issued under (f)(5) of this section;  
4 however, a tax credit certificate issued under this subsection may not be transferred  
5 under (g) of this section. A credit under this subsection may only be allowed if

6 (1) the explorer does not produce oil or gas in the calendar year in  
7 which the credit is earned;

8 (2) all service contracts associated with the exploration activity earning  
9 a credit under this subsection are paid in full;

10 (3) the lease on which the dry hole is drilled returns to the state; and

11 (4) the expenditure that is the basis for the credit is not the basis for  
12 another credit claimed under this chapter.

13 \* **Sec. 18.** AS 43.55.028(a) is amended to read:

14 (a) The oil and gas tax credit fund is established as a separate fund of the state.  
15 The purpose of the fund is to purchase transferable tax credit certificates issued under  
16 AS 43.55.023 **for a tax credit earned under AS 43.55.023(a) or (l)** and production  
17 tax credit certificates issued under AS 43.55.025 and to pay refunds and payments  
18 claimed under AS 43.20.046, 43.20.047, or 43.20.053.

19 \* **Sec. 19.** AS 43.55.028(e) is amended to read:

20 (e) The department, on the written application of a person to whom a  
21 transferable tax credit certificate has been issued under AS 43.55.023(d) or former  
22 AS 43.55.023(m) or to whom a production tax credit certificate has been issued under  
23 AS 43.55.025(f), may use available money in the oil and gas tax credit fund to  
24 purchase, in whole or in part, the certificate. The department may not purchase a total  
25 of more than **\$35,000,000** [\$70,000,000] in tax credit certificates from a person in a  
26 calendar year. Before purchasing a certificate or part of a certificate, the department  
27 shall find that

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

31 (2) the application is not the result of the division of a single entity into

1 multiple entities that would reasonably be expected to apply as a single entity if the  
2 \$35,000,000 [\$70,000,000] limitation in this subsection did not exist;

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

6 (4) the applicant's average daily production of oil and gas taxable  
7 under AS 43.55.011(e) during the calendar year preceding the calendar year in which  
8 the application is made was not more than 15,000 [50,000] BTU equivalent barrels;  
9 and

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

12 \* **Sec. 20.** AS 43.55.030(a) is amended to read:

13 (a) A producer that produces oil or gas from a lease or property in the state  
14 during a calendar year, whether or not any tax payment is due under AS 43.55.020(a)  
15 for that oil or gas, shall file with the department on March 31 of the following year a  
16 statement, under oath, in a form prescribed by the department, giving, with other  
17 information required **under a regulation adopted by the department**, the following:

18 (1) a description of each lease or property from which oil or gas was  
19 produced, by name, legal description, lease number, or accounting codes assigned by  
20 the department;

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

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

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

31 (5) the name of the first purchaser and the price received for the oil and

1 for the gas, unless relieved from this requirement in whole or in part by the  
2 department;

3 (6) the producer's qualified capital expenditures, as defined in  
4 AS 43.55.023, other lease expenditures under AS 43.55.165, and adjustments or other  
5 payments or credits under AS 43.55.170;

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

8 (8) any claims for tax credits to be applied; [AND]

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

11 **(10) for each expenditure that is the basis for a credit claimed**  
12 **under AS 43.55.023 or 43.55.025, a description of the expenditure, a detailed**  
13 **description of the purpose of the expenditure, and a description of the lease or**  
14 **property for which the expenditure was incurred.**

15 \* **Sec. 21.** AS 43.55.030(e) is amended to read:

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

22 (1) the explorer's or producer's qualified capital expenditures, as  
23 defined in AS 43.55.023, other lease expenditures under AS 43.55.165, and  
24 adjustments or other payments or credits under AS 43.55.170; [AND]

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

28 **(3) for each expenditure that is the basis for a credit claimed under**  
29 **this chapter, a description of the expenditure, a detailed description of the**  
30 **purpose of the expenditure, and a description of the lease or property for which**  
31 **the expenditure was incurred.**

1 \* **Sec. 22.** AS 43.55.030 is amended by adding a new subsection to read:

2 (g) Notwithstanding AS 43.05.230(a), the department shall annually report the  
3 information submitted during the previous calendar year under (a)(10) and (e)(3) of  
4 this section to the legislature within 10 days after the convening of each regular  
5 legislative session. The department shall deliver the information to the senate secretary  
6 and the chief clerk of the house of representatives and notify the legislature that the  
7 information is available.

8 \* **Sec. 23.** AS 43.55.150 is amended by adding a new subsection to read:

9 (d) For purposes of calculating the tax under this chapter, the gross value at  
10 the point of production may not be less than zero.

11 \* **Sec. 24.** AS 43.55.160(e) is amended to read:

12 (e) Any adjusted lease expenditures under AS 43.55.165 and 43.55.170 that  
13 would otherwise be deductible by a producer in a calendar year but whose deduction  
14 would cause an annual production tax value calculated under (a)(1) or (h) of this  
15 section of taxable oil or gas produced during the calendar year to be less than zero  
16 may be used to establish a carried-forward annual loss under AS 43.55.023(b) **or**  
17 **43.55.165(a)(3)**. However, the department shall provide by regulation a method to  
18 ensure that, for a period for which a producer's tax liability is limited by  
19 AS 43.55.011(j), (k), (o), or (p), any adjusted lease expenditures under AS 43.55.165  
20 and 43.55.170 that would otherwise be deductible by a producer for that period but  
21 whose deduction would cause a production tax value calculated under (a)(1)(C), (D),  
22 (E), or (F), or (h)(3) of this section to be less than zero are accounted for as though the  
23 adjusted lease expenditures had first been used as deductions in calculating the  
24 production tax values of oil or gas subject to any of the limitations under  
25 AS 43.55.011(j), (k), (o), or (p) that have positive production tax values so as to  
26 reduce the tax liability calculated without regard to the limitation to the maximum  
27 amount provided for under the applicable provision of AS 43.55.011(j), (k), (o), or (p).  
28 Only the amount of those adjusted lease expenditures remaining after the accounting  
29 provided for under this subsection may be used to establish a carried-forward annual  
30 loss under AS 43.55.023(b) **or 43.55.165(a)(3)**. In this subsection, "producer" includes  
31 "explorer."

1 \* **Sec. 25.** AS 43.55.165(a) is amended to read:

2 (a) Except as provided in (j) and (k) of this section, for purposes of this  
3 chapter, a producer's lease expenditures for a calendar year are

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

5 (A) incurred by the producer during the calendar year after  
6 March 31, 2006, to explore for, develop, or produce oil or gas deposits located  
7 within the producer's leases or properties in the state or, in the case of land in  
8 which the producer does not own an operating right, operating interest, or  
9 working interest, to explore for oil or gas deposits within other land in the  
10 state; and

11 (B) allowed by the department by regulation, based on the  
12 department's determination that the costs satisfy the following three  
13 requirements:

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

16 (ii) the costs must be ordinary and necessary costs of  
17 exploring for, developing, or producing, as applicable, oil or gas  
18 deposits; and

19 (iii) the costs must be direct costs of exploring for,  
20 developing, or producing, as applicable, oil or gas deposits; [AND]

21 (2) a reasonable allowance for that calendar year, as determined under  
22 regulations adopted by the department, for overhead expenses that are directly related  
23 to exploring for, developing, or producing, as applicable, the oil or gas deposits; **and**

24 **(3) 50 percent of the lease expenditures incurred in a previous**  
25 **year, subject to (m) and (n) of this section, that**

26 **(A) met the requirements of AS 43.55.160(e) in the year that**  
27 **the lease expenditures were incurred;**

28 **(B) have not been deducted in the determination of the**  
29 **production tax value of oil and gas under AS 43.55.160(a) in a previous**  
30 **calendar year;**

31 **(C) were not the basis of a credit under this title; and**

1 **(D) were incurred to explore for, develop, or produce an oil**  
2 **or gas deposit located north of 68 degrees North latitude.**

3 \* **Sec. 26.** AS 43.55.165 is amended by adding new subsections to read:

4 (m) After the 50 percent reduction under (a)(3) of this section, lease  
5 expenditures carried forward under (a)(3) of this section shall accrue interest at seven  
6 percentage points above the annual rate charged member banks for advances by the  
7 12th Federal Reserve District as of the first day of the calendar year, compounded  
8 annually. Interest under this subsection begins to accrue on January 1 of the calendar  
9 year immediately following the calendar year in which the lease expenditures were  
10 incurred and no longer accrues on December 31 of the calendar year immediately  
11 preceding the calendar year in which the carried-forward lease expenditures were  
12 applied. Interest accrued under this subsection has no value other than as a lease  
13 expenditure under this section. Interest may not accrue

14 (1) for a partial calendar year; or

15 (2) for more than seven calendar years.

16 (n) The Department of Natural Resources shall adopt regulations that require  
17 the pre-approval of lease expenditures carried forward under (a)(3) of this section.  
18 Regulations under this subsection may add additional requirements for or restrictions  
19 on the ability of a producer or explorer to carry forward a lease expenditure under  
20 (a)(3) of this section. For a lease expenditure to qualify under (a)(3) of this section, a  
21 producer or explorer shall provide to the Department of Natural Resources the  
22 information necessary to determine whether a lease expenditure qualifies to be carried  
23 forward under regulations adopted under this subsection.

24 \* **Sec. 27.** AS 43.55.028(g)(3) and 43.55.029 are repealed.

25 \* **Sec. 28.** The uncodified law of the State of Alaska is amended by adding a new section to  
26 read:

27 LEGISLATIVE WORKING GROUP. (a) A legislative working group is established  
28 to analyze the Cook Inlet fiscal regime for oil and gas, review the state's tax structure and  
29 rates on oil and gas produced south of 68 degrees North latitude, recommend changes to the  
30 legislature for consideration during the Second Regular Session of the Thirtieth Alaska State  
31 Legislature, and develop terms for a comprehensive fiscal regime, including

1 (1) a tax structure that accounts for the unique circumstances for each oil and  
2 gas producing area south of 68 degrees North latitude;

3 (2) incentives other than direct monetary support from the state for the  
4 exploration, development, and production of oil and gas south of 68 degrees North latitude;

5 (3) consideration of the competitiveness of the area south of 68 degrees North  
6 latitude to attract new oil and gas development;

7 (4) consideration of the unique market considerations of the Cook Inlet  
8 sedimentary basin and the need to support energy supply security for communities in  
9 Southcentral Alaska;

10 (5) alternative means of state support for the exploration, development, and  
11 production of oil and gas in the Cook Inlet sedimentary basin, including loan guarantees or  
12 other financial support through the Alaska Industrial Development and Export Authority, or  
13 other state corporation or entity;

14 (6) the applicability of the recommended tax structure to gas currently subject  
15 to AS 43.55.011(o).

16 (b) The recommended changes under (a) of this section may not include refundable or  
17 deductible tax credits or carried-forward lease expenditures.

18 (c) The working group consists of

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

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

24 (d) The co-chairs of the working group may form an advisory group to the working  
25 group, composed of members who are not legislators and who have expertise and skills to  
26 assist in the review and development of a new plan for the tax structure and rates on oil and  
27 gas produced south of 68 degrees North latitude. The members of an advisory group may  
28 include commissioners or employees of state departments, members of the oil and gas  
29 industry or trade associations, and economists.

30 (e) The working group may be supported by legislative consultants under contract  
31 through the Legislative Budget and Audit Committee.

1 \* **Sec. 29.** The uncodified law of the State of Alaska is amended by adding a new section to  
2 read:

3 APPLICABILITY. (a) The additional limitations on the use of tax credits in  
4 AS 43.55.011(q) and (r), added by sec. 7 of this Act, AS 43.55.023(c), as amended by sec. 10  
5 of this Act, AS 43.55.024(g), as amended by sec. 12 of this Act, AS 43.55.024(i), as amended  
6 by sec. 13 of this Act, and AS 43.55.025(i), as amended by sec. 16 of this Act, and the  
7 adjustment to the calculation of a tax payment under AS 43.55.020(a)(11), added by sec. 8 of  
8 this Act, apply to credits applied to reduce a tax liability for a tax year starting on or after the  
9 effective date of secs. 7, 8, 10, 12, 13, and 16 of this Act.

10 (b) AS 43.55.023(b), as amended by sec. 9 of this Act, applies to lease expenditures  
11 incurred on or after the effective date of sec. 9 of this Act.

12 (c) The repeal of AS 43.55.029 by sec. 27 of this Act applies to a credit applied for on  
13 or after the effective date of sec. 27 of this Act.

14 \* **Sec. 30.** The uncodified law of the State of Alaska is amended by adding a new section to  
15 read:

16 TRANSITION: CARRIED-FORWARD LOSSES AND LEASE EXPENDITURES.

17 (a) Notwithstanding AS 43.55.023(d), as amended by sec. 11 of this Act, and  
18 AS 43.55.028(a), as amended by sec. 18 of this Act, the Department of Revenue may  
19 purchase a transferable tax credit certificate that was issued under AS 43.55.023(d) for a  
20 credit earned under AS 43.55.023(b) before the effective date of secs. 11 and 18 of this Act,  
21 under AS 43.55.023(d) and 43.55.028(a), as those subsections read on the day before the  
22 effective date of secs. 11 and 18 of this Act.

23 (b) AS 43.55.165(a)(3) and 43.55.165(m) and (n), added by secs. 25 and 26 of this  
24 Act, apply to a lease expenditure incurred on or after the effective date of secs. 25 and 26 of  
25 this Act.

26 \* **Sec. 31.** The uncodified law of the State of Alaska is amended by adding a new section to  
27 read:

28 TRANSITION: ASSIGNMENT OF TAX CREDIT CERTIFICATES.

29 Notwithstanding the repeal of AS 43.55.029 by sec. 27 of this Act, the Department of  
30 Revenue may continue to apply and enforce AS 43.55.029 as that section read the day before  
31 the effective date of sec. 27 of this Act for a credit applied for before the effective date of sec.

1 27 of this Act.

2 \* **Sec. 32.** The uncodified law of the State of Alaska is amended by adding a new section to  
3 read:

4 **TRANSITION: PAYMENT OF TAX; FILING.** (a) Notwithstanding AS 43.55.020(a),  
5 as amended by sec. 8 of this Act, a person subject to tax under AS 43.55 that is required to  
6 make one or more installment payments of estimated tax or other payments of tax under  
7 AS 43.55.020 for production before the effective date of sec. 8 of this Act shall pay the tax  
8 under AS 43.55.020, as that section read on the day before the effective date of sec. 8 of this  
9 Act.

10 (b) The Department of Revenue may continue to apply and enforce AS 43.55.020(a),  
11 as that subsection read on the day before the effective date of sec. 8 of this Act, for a tax or  
12 installment payment for production before the effective date of sec. 8 of this Act.

13 \* **Sec. 33.** The uncodified law of the State of Alaska is amended by adding a new section to  
14 read:

15 **RETROACTIVITY.** Section 2 of this Act is retroactive to January 1, 2017.

16 \* **Sec. 34.** Sections 1, 2, 28, and 33 of this Act take effect immediately under  
17 AS 01.10.070(c).

18 \* **Sec. 35.** Except as provided in sec. 34 of this Act, this Act takes effect January 1, 2018.