

Comparison of HB 111 with Committee Substitute Work Draft Version N (Resources)

Provision	HB 111	CSHB 111 Version N
Intent		Section 1. It is the intent of the legislature that, contingent on passage of a fiscal plan, a substantial portion of outstanding credits subject to purchase will be purchased.
Interest AS 43.05.225	Section 1. Amends delinquent oil and gas production tax payments to remove a three year limit on accrual of interest.	Section 2. Same.
Confidential Tax Information AS 43.05.230		Sections 3 - 5. Allows certain confidential taxpayer information to be disclosed to legislators in executive session in conformance with a signed confidentiality agreement.
Minimum Tax AS 43.55.011(f)	Section 2. Changes the minimum tax from not less than 4% to 5% when the average ANS price is \$25 or more for oil and gas produced after January 1, 2018; removes the variable minimum tax rates.	Section 6. Sets the minimum tax at 5% when average ANS price is \$50 or more and at 4% when the average ANS price is less than \$50; removes the rest of the variable minimum tax rates.
Minimum Tax AS 43.55.011(f)	Section 2. Inadvertent language ends the minimum tax for oil in 2022. The minimum tax for oil should continue indefinitely; the minimum tax for gas ends in 2022 when the net production tax changes to a gross value tax.	Section 6. Makes the necessary correction to apply the minimum tax to oil indefinitely and end it for gas in 2022.
Minimum Tax AS 43.55.011(q)	Section 3. Adds a new section to AS 43.55.011: application of a tax credit issued under the oil and gas production tax may not be used to reduce the minimum tax below the floor.	Section 7. Same except to add additional language to reflect the variable minimum tax provided in Section 6.
Per Barrel Credit AS 43.55.011(q) AS 43.55.011(r)	Section 3. Adds language intended to prevent taxpayers from using per barrel credits that cannot be used in one month due to the minimum tax to offset a tax liability from a different month in that calendar year.	Section 7. Rewords the language to better address the issue of per barrel credits being applied in different months; moves the language from subsection (q) to (r).
Payment of Tax AS 43.55.020	Section 4. Amends the sections governing tax payments to reflect the changes to the minimum tax and migrating credit.	Section 8. Same.

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Net Operating Loss AS 43.55.023(b) AS 43.55.165	Section 5. Changes the North Slope carried-forward annual loss (net operating loss) credit rate established under AS 43.55.023(b) from 35 percent to 15 percent.	Section 9. Eliminates net operating loss credits for the North Slope.
Net Operating Loss AS 43.55.023(c)		Section 10. Conforming amendment to reflect the hard minimum tax floor.
Net Operating Loss AS 43.55.023(d)	Section 6. Amends AS 43.55.023(d) to remove the ability for taxpayers to apply for purchase of net operating loss credits.	Section 11. Same.
Nontransferable Tax Credits AS 43.55.024(g)		Section 12. Conforming amendment to reflect the hard minimum tax floor.
Nontransferable Tax Credits AS 43.55.024(i)		Section 13. Conforming amendment to reflect the hard minimum tax floor.
Per Barrel Credit AS 43.55.024(j)	Section 7. Amends the sliding scale per barrel credit from \$8 at oil prices less than \$80 per barrel to zero at \$150 to \$5 at oil prices less than \$110; \$4 at \$110 to less than \$120; \$3 at \$120 to less than \$130; \$2 at \$130 to less than \$140; \$1 at \$140 to less than \$150; and zero when oil prices are \$150 and above.	Section 14. Amends the per barrel credit to \$8 at oil prices less than \$60; \$7 at \$60 to less than \$70; \$6 at \$70 to less than \$80; \$5 at \$80 to less than \$90; \$4 at \$90 to less than \$100; \$3 at \$100 to less than \$110; and zero when oil prices are \$110 and above.
Dry Hole Credit AS 43.55.025(g)		Section 15. Dry hole credits are not transferable.
Exploration Credit AS 43.55.025(i)		Section 16. Conforming amendment to reflect the hard minimum tax floor.
Dry Hole Credit AS 43.55.025(q)		Section 17. Allows an explorer to take up to a 15% purchasable tax credit of exploration expenditures incurred for drilling that results in a dry hole conditioned on payment of all service contracts, return of the lease to the state, the explorer has no oil or gas production, and the expenditure is not the basis for another credit claimed under the production tax.

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Oil & Gas Tax Credit Fund AS 43.55.028(a)	Section 8. Amends the tax credit fund to reflect the change that removes the ability for taxpayers to apply for a cash payment for net operating loss credits.	Section 18. Same.
Oil & Gas Tax Credit Fund AS 43.55.028(e)	Section 9. Changes the limit on cash payment of tax credits from a \$70 million cap to a \$35 million cap per company; limits purchasable credits to companies with not more than 15,000 barrels per day production, down from 50,000 barrels.	Section 19. Same.
Tax Credit Information AS 43.55.030		Sections 20 - 22. Allows certain information related to tax credits to be made public.
Gross Value at the Point of Production AS 43.55.150	Section 10. Adds a new section to AS 43.55.150 to ensure that the gross value at the point of production does not go below zero.	Section 23. Same.
Net Operating Loss Carry Forward AS 43.55.160(e)		Section 24. Conforming amendment for net operating loss carry forward provision in Section 25.
Net Operating Loss Carry Forward AS 43.55.165(a)		Section 25. Amends AS 43.55.165 – lease expenditures – to allow 50% of net operating losses to carry forward to when there is production.
Net Operating Loss Carry Forward AS 43.55.165(m) AS 43.55.165(n)		Section 26. (m) Provides an uplift of seven percentage points above the federal reserve rate for the 50% in net operating losses carried forward to production. (n) Directs the Department of Natural Resources to develop regulations to establish a review process for DNR pre-approval of lease expenditures that will generate a carry-forward annual loss.
Oil & Gas Tax Credit Fund; Assignment of Tax Credit Certificates AS 43.55.028(g)(3) AS 43.55.029	Section 11. Repeals AS 43.55.028(g)(3) that set the purchase of \$70 million in tax credits at 100% of the first \$35 million and 75% of the other \$35 million in a year.	Section 27. Repeals AS 43.55.028(g)(3); and adds the repeal of AS 43.55.029 that allowed for the assignment of production tax credits to a third-party assignee.

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Cook Inlet Working Group		Section 28. Establishes a legislative working group to analyze the Cook Inlet fiscal regime.
Applicability	Section 12. Provisions relating to the minimum tax, migrating credit, and net operating loss credit apply to lease expenditures incurred on or after January 1, 2018.	Section 29. Adjusted to reflect new sections.
Transition: Carried-forward losses	Section 13. The department of revenue may purchase net operating loss credits for applications made before January 1, 2018.	Section 30. Adjusted to reflect new sections.
Transition: Tax Credit Assignments		Section 31. The department may continue to apply and enforce tax credit assignments to third-parties for credits applied for before January 1, 2018.
Transition: Payment of Tax; Filing		Section 32. Taxpayers shall pay the tax as provided in current law for a tax or installment payment for production before January 1, 2018.
Retroactivity	Section 14. The change to delinquent interest in Section 1 is retroactive to January 1, 2017.	Section 33. Same except reference is to Section 2.
Effective Dates	Section 15. The change to delinquent interest and its retroactivity is effective immediately.	Section 34. The intent language, delinquent interest section, Cook Inlet Working Group, and retroactivity of the delinquent interest section are effective immediately.
Effective Dates	Section 16. All other sections take effect January 1, 2018.	Section 35. Same.