

**AMENDMENT**

OFFERED IN THE HOUSE

BY REPRESENTATIVE RAUSCHER

TO: CSHB 111(RES), Draft Version "N"

1 Page 1, lines 1 - 7:

2 Delete all material and insert:

3 **""An Act relating to the interest applicable to delinquent oil and gas production**  
4 **tax; relating to the net operating loss credit against the oil and gas production tax;**  
5 **relating to lease expenditures; creating a credit against the oil and gas production tax**  
6 **for certain exploration activity; and providing for an effective date.""**

7

8 Page 1, lines 9 - 13:

9 Delete all material.

10

11 Page 2, line 2:

12 Delete "**Sec. 2**"

13 Insert "**Section 1**"

14

15 Renumber the following bill sections accordingly.

16

17 Page 2, line 27, through page 15, line 31:

18 Delete all material.

19

20 Renumber the following bill sections accordingly.

21

22 Page 17, line 4, through page 19, line 17:

23 Delete all material.

1

2 Renumber the following bill sections accordingly.

3

4 Page 19, lines 22 - 30:

5 Delete all material.

6

7 Renumber the following bill sections accordingly.

8

9 Page 20, line 13, through page 23, line 31:

10 Delete all material.

11

12 Renumber the following bill sections accordingly.

13

14 Page 24, line 24, through page 25, line 2:

15 Delete all material and insert:

16 **"(3) lease expenditures, as adjusted under (m) of this section, that**  
17 **(A) met the requirements of AS 43.55.160(e) in the year that**  
18 **the lease expenditures were incurred;**  
19 **(B) were deductible in the immediately preceding 10**  
20 **calendar years, not counting the year in which the expenditure was**  
21 **incurred;**  
22 **(C) have not been deducted in the determination of the**  
23 **production tax value of oil and gas under AS 43.55.160(a) in a previous**  
24 **calendar year;**  
25 **(D) were not the basis of a credit under this title; and**  
26 **(E) were incurred to explore for, develop, or produce an oil**  
27 **or gas deposit located north of 68 degrees North latitude."**

28

29 Page 25, lines 3 - 23:

30 Delete all material and insert:

31 **"\* Sec. 6.** AS 43.55.165 is amended by adding a new subsection to read:

1  
2 (m) A loss carried forward under (a)(3) of this section shall increase in value  
3 at a rate of 10 percent, compounded annually. An increase in value under this  
4 subsection begins to accrue on January 1 of the calendar year immediately following  
5 the calendar year in which the loss was accrued and no longer accrues on  
6 December 31 of the calendar year immediately preceding the calendar year in which a  
7 carried-forward annual loss is applied. The increase in value accrued under this  
8 subsection has no value except as applied in this section. An increase in value may not  
9 accrue

10 (1) for a partial calendar year;

11 (2) for more than 10 calendar years, consecutive or nonconsecutive; or

12 (3) on a loss carried forward by a producer whose average amount of  
13 oil and gas produced a day and taxable under AS 43.55.011(e) is more than 50,000  
14 BTU equivalent barrels during the calendar year that the loss was accrued."  
15

16 Page 25, line 24:

17 Delete "and 43.55.029 are"

18 Insert "is"

19  
20 Page 25, line 25, through page 28, line 12:

21 Delete all material and insert:

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

24 **APPLICABILITY.** (a) AS 43.55.023(b), as amended by sec. 2 of this Act, applies to  
25 lease expenditures incurred on or after the effective date of sec. 2 of this Act.

26 (b) AS 43.55.165(a)(3) and 43.55.165(m), added by secs. 5 and 6 of this Act, apply to  
27 a lease expenditure incurred on or after the effective date of secs. 5 and 6 of this Act."  
28

29 Renumber the following bill sections accordingly.  
30

31 Page 28, line 15:

- 1 Delete "Section 2"
- 2 Insert "Section 1"
- 3
- 4 Page 28, line 16:
  - 5 Delete "Sections 1, 2, 28, and 33"
  - 6 Insert "Sections 1 and 9"
  - 7
- 8 Page 28, line 18:
  - 9 Delete "sec. 34"
  - 10 Insert "sec. 10"