

HB 111 – Comparison

Provision	HB 111	CSHB 111(RES) Version N	CSHB 111(FIN) Version M
Intent		Section 1. Contingent on passage of a fiscal plan, a substantial portion of outstanding purchasable credits will be purchased.	Delete Intent Language
Powers and Duties of the Commissioner AS 31.05.030(n)			Sec.1 – Deletes reference to 10 percent gross value reduction under AS 43.55.160(g) in accordance with the sunset of the provision.
Department of Revenue Disposition of Tax information AS 40.25.100(a)			Sec. 2 - Amends disclosure of tax information in accordance with new provisions allowing certain tax credit and lease expenditure information to be made public.
Interest AS 43.05.225	Section 1. Removes the three year limit on interest.	Section 2. Same.	Sec. 3 – Same
Disclosure of Tax Credit Information AS 43.05.230(a)		Sections 3. Allows purchasable tax credit information to be made public.	Deleted – referenced pre-approval, small producer credit and the floor and disclosure of tax information
Disclosure of Tax Credit Information AS 43.05.230(l)		Sec. 4 – Provides for a report making certain oil and gas credit and lease expenditure information public	Sec. 4 – Same
Disclosure of Tax Information AS 43.05.230(m)			Sec. 5 – Rewritten. Adds subsection (m) allowing disclosure of publicly available production tax information or tax credit information related to gas storage, service industries and processing facilities. Adds subsection (n) making public certain information regarding oil refinery tax credits.
Tax Credit Information AS 43.05.230(m)		Section 5. Allows certain confidential taxpayer information relating to tax credits to be disclosed to legislators in executive session in	Deleted

Provision	HB 111	CSHB 111(RES) Version N	CSHB 111(FIN) Version M
		conformance with a signed confidentially agreement.	
Oil & Gas Production Tax AS 43.55.011(e)			Sec. 6 - Changes tax rate to 25% after January 1, 2018. Retains 2022 change to gas rate after 2022; amended in accordance with secondary tax bracket provision.
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.	Deleted
Minimum Tax AS 43.55.011(f) (correction)	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.	Deleted
Oil & Gas Production Tax AS 43.55.011(g)			Sec. 7 –Establishes an additional 15% tax bracket triggered at a production tax value of \$60 (equal to approximately \$100 ANS).
Minimum Tax AS 43.55.011(q, (r) & (s)	Section 3. Adds a new section to AS 43.55.011: application of a tax credit issued under the production tax may not be used to reduce the minimum tax below the floor.	Section 7. Maintains the hard minimum floor; adds language to ensure companies receive benefit from the gross value reduction for “new” oil.	Sec. 8 –Adjusted in accordance with deletion of changes to the minimum tax. Previous (r) deleted, previous (s) now (r).
Per Barrel Credit AS 43.55.011(q)	Section 3. Adds language intended to prevent taxpayers	Section 7. Rewords the language to better address the issue of per barrel credits being	Deleted – per barrel credits are repealed.

Provision	HB 111	CSHB 111(RES) Version N	CSHB 111(FIN) Version M
AS 43.55.011(r)	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.	applied in different months; moves the language from subsection (q) to (r).	
Payment of Gas of tax for Gas AS 43.55.014(b)			Sec. 9 - Conforming language to new tax rate in AS 44.55.011(e).
Payment of Tax AS 43.55.020(a)	Section 4. Amends the sections governing tax payments to reflect the changes to the minimum tax and migrating credit.	Section 8. Same.	Sec. 10 – Conforming language to the new tax rate and the repeal of AS 43.55.160(g)
Payment of Tax AS 43.55.020(g)			Sec. 11 – Conforming to new tax rate
Payment of Tax AS 43.55.020(h)			Sec. 12 – Conforming to new tax rate
Payment of Tax AS 43.55.020(k)			Sec. 13 – Conforming to new tax rate
Payment of Tax AS 43.55.020(l)			Sec. 14 – Conforming to new tax rate
Net Operating Loss AS 43.55.023(b)	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.	Sec. 15 – Same, but amended for repeal of 43.55.160(g)
Net Operating Loss AS 43.55.023(c)		Section 10. Conforming amendment to reflect the hard minimum tax floor.	Sec. 16 –Same, reflects that credits cannot reduce tax payments below the minimum tax floor

Provision	HB 111	CSHB 111(RES) Version N	CSHB 111(FIN) Version M
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.	Deleted
Nontransferable Tax Credits –Small Producer AS 43.55.024(g)		Section 12. Conforming amendment to reflect the hard minimum tax floor.	Deleted
Nontransferable Tax Credits AS 43.55.024(i)		Section 13. Conforming amendment to reflect the hard minimum tax floor.	Sec. 17 – same
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.	Deleted - Per barrel credit is repealed
Dry Hole Credit AS 43.55.025(g)		Section 15. Dry hole credits are not transferable.	Deleted - Dry hole credit
Exploration Credit AS 43.55.025(i)		Section 16. Conforming amendment to reflect the hard minimum tax floor.	Sec. 18 – Same
Dry Hole Credit AS 43.55.025(q)		Section 17. An explorer is eligible for 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	Deleted - Dry hole credit.

Provision	HB 111	CSHB 111(RES) Version N	CSHB 111(FIN) Version M
		production, and the expenditure is not the basis for another credit claimed under the production tax.	
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.	Deleted - Kept as is currently in statute
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.	Deleted - Kept as is currently in statute
Tax Credit Information AS 43.55.030(a) and (e)		Sections 20 - 22. Allows certain information related to tax credits to be made public.	Sec. 19- 20 – Requires taxpayers to report certain information to the Department of Revenue; removes requirement to file a detailed description of the purpose of the expenditure. New language is added to ensure that credits and carried forward lease expenditures are reported by the lease or property to which they were incurred.
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.	Sec. 21 – Same

Provision	HB 111	CSHB 111(RES) Version N	CSHB 111(FIN) Version M
Determination of Production Tax Value of Oil and Gas AS 43.55.160(a)			Sec. 22 – Conforming to new tax rate
Determination of Production Tax Value of Oil and Gas AS 43.55.160(e)		Section 24. Conforming amendment for net operating loss carry forward provision in Section 25.	Sec. 23 - Conforming to net operating loss carry forward provision in Section 26
Determination of Production Tax Value of Oil and Gas AS 43.55.160(f)			Sec. 24 – Conforming to new tax rate
Determination of Production Tax Value of Oil and Gas AS 43.55.160(h)			Sec. 25 – Conforming to the new tax rate and the calculation of the second bracket
Determination of Production Tax Value of Oil and Gas AS 43.55.160 (g)			Repealed
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.	Sec.26 – Adds AS 43.55.165(a)(3) Allows 100% 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 a seven year 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.	Sec. 27 – (m) Roll back provision on Net Operating Losses; reducing the 100% lease expenditures by 10% of the full original value, every year after seven years. (n) Ring-fence provision. A carried forward lease expenditure can only be applied to the lease or property where the expenditure was incurred.

Provision	HB 111	CSHB 111(RES) Version N	CSHB 111(FIN) Version M
Net Operating Loss Carry Forward- Interest Pre-approval AS 43.55.165 (n)		Section 26. (n) Directs DNR to develop regulations to establish a review process for DNR pre-approval of lease expenditures that will generate a carry forward annual loss.	Deleted
Oil & Gas Competitiveness Board AS 43.98.050			Sec. 28 – Conforming to repeal of 43.55.160(g).
Repealers		Section 27	Sec. 29 43.55.024(j) – Sliding Per Barrel Credit 43.55.029 – Third party assignment of credits 43.55.160(g) – 10% gross value reduction for higher royalty fields
Cook Inlet Working Group AS 43.98.050		Section 28. Establishes a legislative working group to analyze the Cook Inlet fiscal regime.	Sec. 30 – Same. .
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.	Sec. 31 – Provisions relating to the minimum tax floor are effective January 1, 2018.
Transition: Carried-forward losses Cashable Credits	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.	Deleted
Transition: Carried-forward lease expenditures			Sec. 32 - The net-loss carry forward provisions apply to lease expenditures incurred on or after January 1, 2018
Transition: Tax Credit Assignments		Section 31. The department may continue to apply and enforce tax credit assignments to	Sec. 33 – Same

Provision	HB 111	CSHB 111(RES) Version N	CSHB 111(FIN) Version M
		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.	Sec. 34 – Same, but amended for new sections
Transition: Gross Value Reduction			Sec 35 - A taxpayer who produces oil or gas before January 1, 2018 qualifies for an extra 10 percent gross value reduction as provided in current law for the oil and gas produced before that date.
Transition: Retroactivity Of Regulations	.		Sec. 36 –Allows for retroactivity of regulations to carry out this Act.
Retroactivity	Section 14. The change to delinquent interest in Section 1 is retroactive to January 1, 2017.	Section 33. The change to delinquent interest in sec. 2 is retroactive to January 1, 2017.	Sec. 37 - Same except refers to Section 3 (Interest) of this Act.
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.	Sec. 38 – Sections 3 (Interest rates) , 30 (Cook Inlet Working Group), 36 (retroactivity of regulations), and 37 (delinquent interest rates) take place immediately
Effective Dates			Sec. 39 – Reduction of Net Operating Losses takes effect on 2018
Effective Dates	Section 16. All other sections take effect January 1, 2018.	Section 35. Same.	Sec. 40 – All other sections take effect on January 1, 2018