

CS FOR HOUSE BILL NO. 111(FIN) (efd fld)
IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTIETH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 4/10/17

Offered: 4/9/17

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 carried-forward**
3 **lease expenditures based on losses and limiting those lease expenditures to an amount**
4 **equal to the gross value at the point of production of oil and gas produced from the lease**
5 **or property where the lease expenditure was incurred; relating to information**
6 **concerning tax credits, lease expenditures, and oil and gas taxes; relating to the**
7 **disclosure of that information to the public; relating to an adjustment in the gross value**
8 **at the point of production; relating to a legislative working group."**

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

10 *** Section 1.** AS 31.05.030(n) is amended to read:

11 (n) Upon request of the commissioner of revenue, the commission shall
12 determine the commencement of regular production from a lease or property for

1 purposes of AS 43.55.160(f) [AND (g)].

2 * **Sec. 2.** AS 40.25.100(a) is amended to read:

3 (a) Information in the possession of the Department of Revenue that discloses
4 the particulars of the business or affairs of a taxpayer or other person, including
5 information under AS 38.05.020(b)(11) that is subject to a confidentiality agreement
6 under AS 38.05.020(b)(12), is not a matter of public record, except as provided in
7 **AS 43.05.230(i) - (n)** [AS 43.05.230(i) - (l)] or for purposes of investigation and law
8 enforcement. The information shall be kept confidential except when its production is
9 required in an official investigation, administrative adjudication under AS 43.05.405 -
10 43.05.499, or court proceeding. These restrictions do not prohibit the publication of
11 statistics presented in a manner that prevents the identification of particular reports
12 and items, prohibit the publication of tax lists showing the names of taxpayers who are
13 delinquent and relevant information that may assist in the collection of delinquent
14 taxes, or prohibit the publication of records, proceedings, and decisions under
15 AS 43.05.405 - 43.05.499.

16 * **Sec. 3.** AS 43.05.225 is amended to read:

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

18 (1) a delinquent tax

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

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

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

30 [(i) FOR THE FIRST THREE YEARS AFTER A TAX
31 BECOMES DELINQUENT,] bears interest in each calendar quarter at

1 the rate of seven percentage points above the annual rate charged
 2 member banks for advances by the 12th Federal Reserve District as of
 3 the first day of that calendar quarter, compounded quarterly as of the
 4 last day of that quarter; [AND

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

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

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

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

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

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

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

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

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

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

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

27 * **Sec. 5.** AS 43.05.230 is amended by adding new subsections to read:

28 (m) The department may disclose information otherwise publicly available

29 (1) on a return filed for a tax due under AS 43.55; or

30 (2) related to a credit received under AS 43.20.046, 43.20.047,
 31 43.20.049, 43.20.052, or 43.20.053.

1 (n) The name of each person claiming a credit, the amount of credit received
 2 for each oil refinery, and a description of the expenditures for which each credit is
 3 claimed under AS 43.20.053 is public information. The department shall make the
 4 following information public by April 30 of each year:

5 (1) the name of each person who claimed a tax credit under
 6 AS 43.20.053 in the preceding calendar year;

7 (2) for each refinery for which a tax credit was claimed under
 8 AS 43.20.053 in the preceding calendar year,

9 (A) the aggregate amount of tax credits claimed for that
 10 refinery;

11 (B) a description of any potential benefits to the state or
 12 residents of the state, including the estimated monetary value;

13 (3) a brief description of the qualified infrastructure expenditures for
 14 which each tax credit claimed under AS 43.20.053 in the preceding calendar year was
 15 claimed; and

16 (4) for each refinery for which an expenditure is the basis of a credit
 17 under AS 43.20.053, the aggregate amount of unused tax credits or portions of tax
 18 credits.

19 * **Sec. 6.** AS 43.55.011(e) is amended to read:

20 (e) There is levied on the producer of oil or gas a tax for all oil and gas
 21 produced each calendar year from each lease or property in the state, less any oil and
 22 gas the ownership or right to which is exempt from taxation or constitutes a
 23 landowner's royalty interest or for which a tax is levied by AS 43.55.014. Except as
 24 otherwise provided under (f), (j), (k), (o), and (p) of this section, for oil and gas
 25 produced

26 (1) before January 1, 2014, the tax is equal to the sum of

27 (A) the annual production tax value of the taxable oil and gas
 28 as calculated under AS 43.55.160(a)(1) multiplied by 25 percent; and

29 (B) the sum, over all months of the calendar year, of the tax
 30 amounts determined under (g) of this section;

31 (2) on and after January 1, 2014, and before January 1, **2018** [2022],

1 the tax is equal to the annual production tax value of the taxable oil and gas as
 2 calculated under AS 43.55.160(a)(1) multiplied by 35 percent;

3 (3) **on and after January 1, 2018, and before January 1, 2022, the**
 4 **tax is equal to the sum of**

5 **(A) the annual production tax value of the taxable oil and**
 6 **gas as calculated under AS 43.55.160(a)(1) multiplied by 25 percent; and**

7 **(B) the sum, over all the months of the calendar year, of the**
 8 **amounts determined under (g) of this section;**

9 **(4)** on and after January 1, 2022, the tax for

10 (A) oil is equal to the **sum of**

11 **(i) the** annual production tax value of the taxable oil as
 12 calculated under **AS 43.55.160(h)(1)** [AS 43.55.160(h)] multiplied by
 13 **25** [35] percent; **and**

14 **(ii) the sum, over all the months of the calendar**
 15 **year, of the amounts determined under (g) of this section;**

16 (B) gas is equal to 13 percent of the gross value at the point of
 17 production of the taxable gas; if the gross value at the point of production of
 18 gas produced from a lease or property is less than zero, that gross value at the
 19 point of production is considered zero for purposes of this subparagraph.

20 * **Sec. 7.** AS 43.55.011(g) is amended to read:

21 (g) **For purposes of (e) of this section,**

22 **(1) before January 1, 2014, for** [FOR] each month of a calendar year
 23 [BEFORE 2014] for which the producer's average monthly production tax value under
 24 AS 43.55.160(a)(2) of a BTU equivalent barrel of the taxable oil and gas is more than
 25 \$30, the amount of tax for purposes of (e)(1)(B) of this section is determined by
 26 multiplying the monthly production tax value of the taxable oil and gas produced
 27 during the month by the tax rate calculated as follows:

28 **(A)** [(1)] if the producer's average monthly production tax
 29 value of a BTU equivalent barrel of the taxable oil and gas for the month is not
 30 more than \$92.50, the tax rate is 0.4 percent multiplied by the number that
 31 represents the difference between that average monthly production tax value of

1 a BTU equivalent barrel and \$30; or

2 **(B)** [(2)] if the producer's average monthly production tax value
3 of a BTU equivalent barrel of the taxable oil and gas for the month is more
4 than \$92.50, the tax rate is the sum of 25 percent and the product of 0.1 percent
5 multiplied by the number that represents the difference between the average
6 monthly production tax value of a BTU equivalent barrel and \$92.50, except
7 that the sum determined under this **subparagraph** [PARAGRAPH] may not
8 exceed 50 percent;

9 **(2) on or after January 1, 2018, and before January 1, 2022, for**
10 **each month of a calendar year for which the producer's production tax value**
11 **under AS 43.55.160(a)(2) of a BTU equivalent barrel of the taxable oil and gas is**
12 **more than \$60, the difference between the monthly production tax value of a**
13 **BTU equivalent barrel and \$60 multiplied by the volume of oil and gas produced**
14 **by the producer for the month multiplied by 15 percent;**

15 **(3) on or after January 1, 2022, for each month of a calendar year**
16 **for which the producer's production tax value under AS 43.55.160(h)(2) of a BTU**
17 **equivalent barrel of taxable oil is more than \$60, the difference between the**
18 **monthly production tax value of a BTU equivalent barrel and \$60 multiplied by**
19 **the volume of oil produced by the producer for the month multiplied by 15**
20 **percent.**

21 * **Sec. 8.** AS 43.55.011 is amended by adding new subsections to read:

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

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

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

1 tax is due is more than \$25;

2 (B) three percent of the adjusted gross value at the point of
3 production when the average price per barrel for Alaska North Slope crude oil
4 for sale on the United States West Coast during the calendar year for which the
5 tax is due is more than \$20 but not more than \$25;

6 (C) two 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 more than \$17.50 but not more than \$20;

10 (D) one 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 more than \$15 but not more than \$17.50; or

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

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

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

23 (B) three percent of the adjusted gross value at the point of
24 production when the average price per barrel for Alaska North Slope crude oil
25 for sale on the United States West Coast during the calendar year for which the
26 tax is due is more than \$20 but not more than \$25;

27 (C) two percent of the adjusted gross value at the point of
28 production when the average price per barrel for Alaska North Slope crude oil
29 for sale on the United States West Coast during the calendar year for which the
30 tax is due is more than \$17.50 but not more than \$20;

31 (D) one percent of the adjusted gross value at the point of

1 production when the average price per barrel for Alaska North Slope crude oil
 2 for sale on the United States West Coast during the calendar year for which the
 3 tax is due is more than \$15 but not more than \$17.50; or

4 (E) zero percent of the adjusted gross value at the point of
 5 production when the average price per barrel for Alaska North Slope crude oil
 6 for sale on the United States West Coast during the calendar year for which the
 7 tax is due is \$15 or less.

8 (r) In (q) of this section, "adjusted gross value at the point of production"
 9 means the gross value at the point of production less a reduction from the gross value
 10 at the point of production under AS 43.55.160(f).

11 * **Sec. 9.** AS 43.55.014(b) is amended to read:

12 (b) A production tax levied by this section is equal to 13 percent of the gas
 13 otherwise taxable under AS 43.55.011(e)(4) [AS 43.55.011(e)(3)] produced from each
 14 oil and gas lease to which an effective election under (a) of this section applies, when
 15 and as that gas is produced. The producer shall pay the tax in gas by delivering that 13
 16 percent of the gas to the state at the point of production.

17 * **Sec. 10.** AS 43.55.020(a) is amended to read:

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

20 (1) for oil and gas produced before January 1, 2014, an installment
 21 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied
 22 as allowed by law, is due for each month of the calendar year on the last day of the
 23 following month; except as otherwise provided under (2) of this subsection, the
 24 amount of the installment payment is the sum of the following amounts, less 1/12 of
 25 the tax credits that are allowed by law to be applied against the tax levied by
 26 AS 43.55.011(e) for the calendar year, but the amount of the installment payment may
 27 not be less than zero:

28 (A) for oil and gas not subject to AS 43.55.011(o) or (p)
 29 produced from leases or properties in the state outside the Cook Inlet
 30 sedimentary basin, other than leases or properties subject to AS 43.55.011(f),
 31 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 for the oil and gas under AS 43.55.160 from the gross value
7 at the point of production of the oil and gas produced from the leases or
8 properties during the month for which the installment payment is
9 calculated;

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

12 (i) zero;

13 (ii) zero percent, one percent, two percent, three
14 percent, or four percent, as applicable, of the gross value at the point of
15 production of the oil and gas produced from the leases or properties
16 during the month for which the installment payment is calculated; or

17 (iii) the sum of 25 percent and the tax rate calculated for
18 the month under AS 43.55.011(g) multiplied by the remainder obtained
19 by subtracting 1/12 of the producer's adjusted lease expenditures for the
20 calendar year of production under AS 43.55.165 and 43.55.170 that are
21 deductible for the oil and gas under AS 43.55.160 from the gross value
22 at the point of production of the oil and gas produced from those leases
23 or properties during the month for which the installment payment is
24 calculated;

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

27 (i) zero; or

28 (ii) the sum of 25 percent and the tax rate calculated for
29 the month under AS 43.55.011(g) multiplied by the remainder obtained
30 by 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 under AS 43.55.160 for the oil or gas, respectively,
 2 produced from the lease or property from the gross value at the point of
 3 production of the oil or gas, respectively, produced from the lease or
 4 property during the month for which the installment payment is
 5 calculated;

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

7 (i) the sum of 25 percent and the tax rate calculated for
 8 the month under AS 43.55.011(g) multiplied by the remainder obtained
 9 by subtracting 1/12 of the producer's adjusted lease expenditures for the
 10 calendar year of production under AS 43.55.165 and 43.55.170 that are
 11 deductible for the oil and gas under AS 43.55.160 from the gross value
 12 at the point of production of the oil and gas produced from the leases or
 13 properties during the month for which the installment payment is
 14 calculated, but not less than zero; or

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

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

26 (3) an installment payment of the estimated tax levied by
 27 AS 43.55.011(i) for each lease or property is due for each month of the calendar year
 28 on the last day of the following month; the amount of the installment payment is the
 29 sum of

30 (A) the applicable tax rate for oil provided under
 31 AS 43.55.011(i), multiplied by the gross value at the point of production of the

1 oil taxable under AS 43.55.011(i) and produced from the lease or property
2 during the month; and

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

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

11 (5) for oil and gas produced on and after January 1, 2014, and before
12 **January 1, 2018** [JANUARY 1, 2022], an installment payment of the estimated tax
13 levied by AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for
14 each month of the calendar year on the last day of the following month; except as
15 otherwise provided under **(7)** [(6)] of this subsection, the amount of the installment
16 payment is the sum of the following amounts, less 1/12 of the tax credits that are
17 allowed by law to be applied against the tax levied by AS 43.55.011(e) for the
18 calendar year, but the amount of the installment payment may not be less than zero:

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

23 (i) zero; or

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

31 (B) for oil and gas produced from leases or properties subject

1 to AS 43.55.011(f), the greatest of

2 (i) zero;

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

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

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

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

20 (i) zero; or

21 (ii) 35 percent multiplied by the remainder obtained by
22 subtracting 1/12 of the producer's adjusted lease expenditures for the
23 calendar year of production under AS 43.55.165 and 43.55.170 that are
24 deductible under AS 43.55.160 for the oil or gas, respectively,
25 produced from the lease or property from the gross value at the point of
26 production of the oil or gas, respectively, produced from the lease or
27 property during the month for which the installment payment is
28 calculated;

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

30 (i) 35 percent multiplied by the remainder obtained by
31 subtracting 1/12 of the producer's adjusted lease expenditures for the

1 calendar year of production under AS 43.55.165 and 43.55.170 that are
 2 deductible for the oil and gas under AS 43.55.160 from the gross value
 3 at the point of production of the oil and gas produced from the leases or
 4 properties during the month for which the installment payment is
 5 calculated, but not less than zero; or

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

9 **(6) for oil and gas produced on and after January 1, 2018, and**
 10 **before January 1, 2022, an installment payment of the estimated tax levied by**
 11 **AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each**
 12 **month of the calendar year on the last day of the following month; except as**
 13 **otherwise provided under (7) of this subsection, the amount of the installment**
 14 **payment is the sum of the following amounts, less 1/12 of the tax credits that are**
 15 **allowed by law to be applied against the tax levied by AS 43.55.011(e) for the**
 16 **calendar year, but the amount of the installment payment may not be less than**
 17 **zero:**

18 **(A) for oil and gas not subject to AS 43.55.011(o) or (p)**
 19 **produced from leases or properties in the state outside the Cook Inlet**
 20 **sedimentary basin, other than leases or properties subject to**
 21 **AS 43.55.011(f), the greater of**

22 **(i) zero; or**

23 **(ii) the amount calculated for the month under**
 24 **AS 43.55.011(g), as applicable, and 25 percent multiplied by the**
 25 **remainder obtained by subtracting 1/12 of the producer's adjusted**
 26 **lease expenditures for the calendar year of production under**
 27 **AS 43.55.165 and 43.55.170 that are deductible for the oil and gas**
 28 **under AS 43.55.160 from the gross value at the point of production**
 29 **of the oil and gas produced from the leases or properties during the**
 30 **month for which the installment payment is calculated;**

31 **(B) for oil and gas produced from leases or properties**

1 subject to AS 43.55.011(f), the greatest of

2 (i) zero;

3 (ii) the percentage applicable under AS 43.55.011(f)
 4 of the gross value at the point of production of the oil and gas
 5 produced from the leases or properties during the month for which
 6 the installment payment is calculated; or

7 (iii) the amount calculated for the month under
 8 AS 43.55.011(g), as applicable, and 25 percent multiplied by the
 9 remainder obtained by subtracting 1/12 of the producer's adjusted
 10 lease expenditures for the calendar year of production under
 11 AS 43.55.165 and 43.55.170 that are deductible for the oil and gas
 12 under AS 43.55.160 from the gross value at the point of production
 13 of the oil and gas produced from those leases or properties during
 14 the month for which the installment payment is calculated, except
 15 that, for the purposes of this calculation, a reduction from the gross
 16 value at the point of production may apply for oil and gas subject
 17 to AS 43.55.160(f);

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

20 (i) zero; or

21 (ii) the amount calculated for the month under
 22 AS 43.55.011(g), as applicable, and 25 percent multiplied by the
 23 remainder obtained by subtracting 1/12 of the producer's adjusted
 24 lease expenditures for the calendar year of production under
 25 AS 43.55.165 and 43.55.170 that are deductible under AS 43.55.160
 26 for the oil or gas, respectively, produced from the lease or property
 27 from the gross value at the point of production of the oil or gas,
 28 respectively, produced from the lease or property during the
 29 month for which the installment payment is calculated;

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

31 (i) the amount calculated for the month under

1 AS 43.55.011(g), as applicable, and 25 percent multiplied by the
 2 remainder obtained by subtracting 1/12 of the producer's adjusted
 3 lease expenditures for the calendar year of production under
 4 AS 43.55.165 and 43.55.170 that are deductible for the oil and gas
 5 under AS 43.55.160 from the gross value at the point of production
 6 of the oil and gas produced from the leases or properties during the
 7 month for which the installment payment is calculated, but not less
 8 than zero; or

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

12 (7) [(6)] an amount calculated under (5)(C) or (6)(C) of this subsection
 13 for oil or gas subject to AS 43.55.011(j), (k), or (o) may not exceed the product
 14 obtained by carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or
 15 43.55.011(o), as applicable, for gas or set out in AS 43.55.011(k) for oil, but
 16 substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the
 17 amount of taxable gas produced during the month for the amount of taxable gas
 18 produced during the calendar year and substituting in AS 43.55.011(k) the amount of
 19 taxable oil produced during the month for the amount of taxable oil produced during
 20 the calendar year;

21 (8) [(7)] for oil and gas produced on or after January 1, 2022, an
 22 installment payment of the estimated tax levied by AS 43.55.011(e), net of any tax
 23 credits applied as allowed by law, is due for each month of the calendar year on the
 24 last day of the following month; except as otherwise provided under (11) [(10)] of this
 25 subsection, the amount of the installment payment is the sum of the following
 26 amounts, less 1/12 of the tax credits that are allowed by law to be applied against the
 27 tax levied by AS 43.55.011(e) for the calendar year, but the amount of the installment
 28 payment may not be less than zero:

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

31 (i) zero;

1 (ii) **the percentage applicable under AS 43.55.011(f)**
 2 [ZERO PERCENT, ONE PERCENT, TWO PERCENT, THREE
 3 PERCENT, OR FOUR PERCENT, AS APPLICABLE,] of the gross
 4 value at the point of production of the oil produced from the leases or
 5 properties during the month for which the installment payment is
 6 calculated; or

7 (iii) **the amount calculated for the month under**
 8 **AS 43.55.011(g), as applicable, and 25** [35] percent multiplied by the
 9 remainder obtained by subtracting 1/12 of the producer's adjusted lease
 10 expenditures for the calendar year of production under AS 43.55.165
 11 and 43.55.170 that are deductible for the oil under
 12 **AS 43.55.160(h)(1)(A)** [AS 43.55.160(h)(1)] from the gross value at
 13 the point of production of the oil produced from those leases or
 14 properties during the month for which the installment payment is
 15 calculated, except that, for the purposes of this calculation, a reduction
 16 from the gross value at the point of production may apply for oil
 17 subject to AS 43.55.160(f) [OR 43.55.160(f) AND (g)];

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

23 (i) zero; or

24 (ii) **the amount calculated for the month under**
 25 **AS 43.55.011(g), as applicable, and 25** [35] percent multiplied by the
 26 remainder obtained by subtracting 1/12 of the producer's adjusted lease
 27 expenditures for the calendar year of production under AS 43.55.165
 28 and 43.55.170 that are deductible for the oil under
 29 **AS 43.55.160(h)(1)(B)** [AS 43.55.160(h)(2)] from the gross value at
 30 the point of production of the oil produced from the leases or properties
 31 during the month for which the installment payment is calculated;

1 (C) for oil and gas produced from leases or properties subject
 2 to AS 43.55.011(p), except as otherwise provided under (9) [(8)] of this
 3 subsection, the sum of

4 (i) the amount calculated for the month under
 5 AS 43.55.011(g), as applicable, and 25 [35] percent multiplied by the
 6 remainder obtained by subtracting 1/12 of the producer's adjusted lease
 7 expenditures for the calendar year of production under AS 43.55.165
 8 and 43.55.170 that are deductible for the oil under
 9 AS 43.55.160(h)(1)(C) [AS 43.55.160(h)(3)] from the gross value at
 10 the point of production of the oil produced from the leases or properties
 11 during the month for which the installment payment is calculated, but
 12 not less than zero; and

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

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

19 (i) zero; or

20 (ii) the amount calculated for the month under
 21 AS 43.55.011(g), as applicable, and 25 [35] percent multiplied by the
 22 remainder obtained by subtracting 1/12 of the producer's adjusted lease
 23 expenditures for the calendar year of production under AS 43.55.165
 24 and 43.55.170 that are deductible for the oil under
 25 AS 43.55.160(h)(1)(D) [AS 43.55.160(h)(4)] from the gross value at
 26 the point of production of the oil produced from the leases or properties
 27 during the month for which the installment payment is calculated;

28 (E) for gas produced from each lease or property in the state
 29 outside the Cook Inlet sedimentary basin, other than a lease or property subject
 30 to AS 43.55.011(o) or (p), 13 percent of the gross value at the point of
 31 production of the gas produced from the lease or property during the month for

1 which the installment payment is calculated, but not less than zero;

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

4 (i) zero; or

5 (ii) **the amount calculated for the month under**
6 **AS 43.55.011(g), as applicable, and 25** [35] percent multiplied by the
7 remainder obtained by subtracting 1/12 of the producer's adjusted lease
8 expenditures for the calendar year of production under AS 43.55.165
9 and 43.55.170 that are deductible under AS 43.55.160 for the oil
10 produced from the lease or property from the gross value at the point of
11 production of the oil produced from the lease or property during the
12 month for which the installment payment is calculated;

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

15 (i) zero; or

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

19 **(9)** [(8)] an amount calculated under **(8)(C)** [(7)(C)] of this subsection
20 may not exceed four percent of the gross value at the point of production of the oil and
21 gas produced from leases or properties subject to AS 43.55.011(p) during the month
22 for which the installment payment is calculated;

23 **(10)** [(9)] for purposes of the calculation under (1)(B)(ii), (5)(B)(ii),
24 **(6)(B)(ii)**, and **(8)(A)(ii)** [(7)(A)(ii)] of this subsection, the applicable percentage of
25 the gross value at the point of production is determined under AS 43.55.011(f)(1) or
26 (2) but substituting the phrase "month for which the installment payment is calculated"
27 in AS 43.55.011(f)(1) and (2) for the phrase "calendar year for which the tax is due";

28 **(11)** [(10)] an amount calculated under **(8)(F) or (G)** [(7)(F) OR (G)]
29 of this subsection for oil or gas subject to AS 43.55.011(j), (k), or (o) may not exceed
30 the product obtained by carrying out the calculation set out in AS 43.55.011(j)(1) or
31 (2) or 43.55.011(o), as applicable, for gas, or set out in AS 43.55.011(k) for oil, but

1 substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the
 2 amount of taxable gas produced during the month for the amount of taxable gas
 3 produced during the calendar year and substituting in AS 43.55.011(k) the amount of
 4 taxable oil produced during the month for the amount of taxable oil produced during
 5 the calendar year.

6 * **Sec. 11.** AS 43.55.020(g) is amended to read:

7 (g) Notwithstanding any contrary provision of AS 43.05.225,

8 (1) before January 1, 2014, an unpaid amount of an installment
 9 payment required under (a)(1) - (3) of this section that is not paid when due bears
 10 interest (A) at the rate provided for an underpayment under 26 U.S.C. 6621 (Internal
 11 Revenue Code), as amended, compounded daily, from the date the installment
 12 payment is due until March 31 following the calendar year of production, and (B) as
 13 provided for a delinquent tax under AS 43.05.225 after that March 31; interest accrued
 14 under (A) of this paragraph that remains unpaid after that March 31 is treated as an
 15 addition to tax that bears interest under (B) of this paragraph; an unpaid amount of tax
 16 due under (a)(4) of this section that is not paid when due bears interest as provided for
 17 a delinquent tax under AS 43.05.225;

18 (2) on and after January 1, 2014, an unpaid amount of an installment
 19 payment required under (a)(3), (5), (6), [OR] (7), or (8) of this section that is not paid
 20 when due bears interest (A) at the rate provided for an underpayment under 26 U.S.C.
 21 6621 (Internal Revenue Code), as amended, compounded daily, from the date the
 22 installment payment is due until March 31 following the calendar year of production,
 23 and (B) as provided for a delinquent tax under AS 43.05.225 after that March 31;
 24 interest accrued under (A) of this paragraph that remains unpaid after that March 31 is
 25 treated as an addition to tax that bears interest under (B) of this paragraph; an unpaid
 26 amount of tax due under (a)(4) of this section that is not paid when due bears interest
 27 as provided for a delinquent tax under AS 43.05.225.

28 * **Sec. 12.** AS 43.55.020(h) is amended to read:

29 (h) Notwithstanding any contrary provision of AS 43.05.280,

30 (1) an overpayment of an installment payment required under (a)(1),
 31 (2), (3), (5), (6), [OR] (7), or (8) of this section bears interest at the rate provided for

1 an overpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended,
 2 compounded daily, from the later of the date the installment payment is due or the date
 3 the overpayment is made, until the earlier of

4 (A) the date it is refunded or is applied to an underpayment; or

5 (B) March 31 following the calendar year of production;

6 (2) except as provided under (1) of this subsection, interest with
 7 respect to an overpayment is allowed only on any net overpayment of the payments
 8 required under (a) of this section that remains after the later of March 31 following the
 9 calendar year of production or the date that the statement required under
 10 AS 43.55.030(a) is filed;

11 (3) interest is allowed under (2) of this subsection only from a date that
 12 is 90 days after the later of March 31 following the calendar year of production or the
 13 date that the statement required under AS 43.55.030(a) is filed; interest is not allowed
 14 if the overpayment was refunded within the 90-day period;

15 (4) interest under (2) and (3) of this subsection is paid at the rate and in
 16 the manner provided in AS 43.05.225(1).

17 * **Sec. 13.** AS 43.55.020(k) is amended to read:

18 (k) For oil and gas produced on and after January 1, 2014, and before
 19 January 1, 2022, in making settlement with the royalty owner for oil and gas that is
 20 taxable under AS 43.55.011, the producer may deduct the amount of the tax paid on
 21 taxable royalty oil and gas, or may deduct taxable royalty oil or gas equivalent in
 22 value at the time the tax becomes due to the amount of the tax paid. If the total
 23 deductions of installment payments of estimated tax for a calendar year exceed the
 24 actual tax for that calendar year, the producer shall, before April 1 of the following
 25 year, refund the excess to the royalty owner. Unless otherwise agreed between the
 26 producer and the royalty owner, the amount of the tax paid under AS 43.55.011(e) on
 27 taxable royalty oil and gas for a calendar year, other than oil and gas the ownership or
 28 right to which constitutes a landowner's royalty interest, is considered to be the gross
 29 value at the point of production of the taxable royalty oil and gas produced during the
 30 calendar year multiplied by a figure that is a quotient, in which

31 (1) the numerator is the producer's total tax liability under

1 **AS 43.55.011(e)** [AS 43.55.011(e)(2)] for the calendar year of production; and

2 (2) the denominator is the total gross value at the point of production
3 of the oil and gas taxable under AS 43.55.011(e) produced by the producer from all
4 leases and properties in the state during the calendar year.

5 * **Sec. 14.** AS 43.55.020(l) is amended to read:

6 (l) For oil and gas produced on and after January 1, 2022, in making
7 settlement with the royalty owner for oil and gas that is taxable under AS 43.55.011,
8 the producer may deduct the amount of the tax paid on taxable royalty oil and gas, or
9 may deduct taxable royalty oil or gas equivalent in value at the time the tax becomes
10 due to the amount of the tax paid. If the total deductions of installment payments of
11 estimated tax for a calendar year exceed the actual tax for that calendar year, the
12 producer shall, before April 1 of the following year, refund the excess to the royalty
13 owner. In making settlement with the royalty owner for gas that is taxable under
14 AS 43.55.014, the producer may deduct the amount of the gas paid as in-kind tax on
15 taxable royalty gas or may deduct the gross value at the point of production of the gas
16 paid as in-kind tax on taxable royalty gas. Unless otherwise agreed between the
17 producer and the royalty owner, the amount of the tax paid under AS 43.55.011(e) on
18 taxable royalty oil for a calendar year, other than oil the ownership or right to which
19 constitutes a landowner's royalty interest, is considered to be the gross value at the
20 point of production of the taxable royalty oil produced during the calendar year
21 multiplied by a figure that is a quotient, in which

22 (1) the numerator is the producer's total tax liability under
23 **AS 43.55.011(e)(4)(A)** [AS 43.55.011(e)(3)(A)] for the calendar year of production;
24 and

25 (2) the denominator is the total gross value at the point of production
26 of the oil taxable under AS 43.55.011(e) produced by the producer from all leases and
27 properties in the state during the calendar year.

28 * **Sec. 15.** AS 43.55.023(b) is amended to read:

29 (b) [BEFORE JANUARY 1, 2014, A PRODUCER OR EXPLORER MAY
30 ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 25 PERCENT OF A
31 CARRIED-FORWARD ANNUAL LOSS. FOR LEASE EXPENDITURES

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

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

27 (2) for lease expenditures incurred on or after January 1, 2017, any
 28 reduction under AS 43.55.160(f) [OR (g)] is added back to the calculation of
 29 production tax values for that calendar year under AS 43.55.160 for the determination
 30 of a carried-forward annual loss.

31 * **Sec. 16.** AS 43.55.023(c) is amended to read:

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

6 * **Sec. 17.** AS 43.55.024(i) is amended to read:

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

14 * **Sec. 18.** AS 43.55.025(i) is amended to read:

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

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

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

23 * **Sec. 19.** AS 43.55.030(a) is amended to read:

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

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

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

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

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

11 (5) the name of the first purchaser and the price received for the oil and
12 for the gas, unless relieved from this requirement in whole or in part by the
13 department;

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

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

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

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

22 **(10) for each expenditure that is the basis of a lease expenditure**
23 **carried forward under AS 43.55.165(a)(3) or a credit claimed under AS 43.55.023**
24 **or 43.55.025, a description of the expenditure and a description of the lease or**
25 **property for which the expenditure was incurred.**

26 * **Sec. 20.** AS 43.55.030(e) is amended to read:

27 (e) An explorer or producer that incurs a lease expenditure under
28 AS 43.55.165 or receives a payment or credit under AS 43.55.170 during a calendar
29 year but does not produce oil or gas from a lease or property in the state during the
30 calendar year shall file with the department, on March 31 of the following year, a
31 statement, under oath, in a form prescribed by the department, giving, with other

1 information required **under a regulation adopted by the department**, the following:

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

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

8 **(3) for each expenditure that is the basis of a lease expenditure**
9 **carried forward under AS 43.55.165(a)(3) or a credit claimed under this chapter,**
10 **a description of the expenditure and a description of the lease or property for**
11 **which the expenditure was incurred.**

12 * **Sec. 21.** AS 43.55.150 is amended by adding a new subsection to read:

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

15 * **Sec. 22.** AS 43.55.160(a) is amended to read:

16 (a) For oil and gas produced before January 1, 2022, except as provided in (b)
17 **and** [,] (f) [, AND (g)] of this section, for the purposes of

18 (1) **AS 43.55.011(e)(1) - (3)** [AS 43.55.011(e)(1) AND (2)], the annual
19 production tax value of taxable oil, gas, or oil and gas produced during a calendar year
20 in a category for which a separate annual production tax value is required to be
21 calculated under this paragraph is the gross value at the point of production of that oil,
22 gas, or oil and gas taxable under AS 43.55.011(e), less the producer's lease
23 expenditures under AS 43.55.165 for the calendar year applicable to the oil, gas, or oil
24 and gas in that category produced by the producer during the calendar year, as
25 adjusted under AS 43.55.170; a separate annual production tax value shall be
26 calculated for

27 (A) oil and gas produced from leases or properties in the state
28 that include land north of 68 degrees North latitude, other than gas produced
29 before 2022 and used in the state;

30 (B) oil and gas produced from leases or properties in the state
31 outside the Cook Inlet sedimentary basin, no part of which is north of 68

1 degrees North latitude and that qualifies for a tax credit under AS 43.55.024(a)
2 and (b); this subparagraph does not apply to

3 (i) gas produced before 2022 and used in the state; or

4 (ii) oil and gas subject to AS 43.55.011(p);

5 (C) oil produced before 2022 from each lease or property in the
6 Cook Inlet sedimentary basin;

7 (D) gas produced before 2022 from each lease or property in
8 the Cook Inlet sedimentary basin;

9 (E) gas produced before 2022 from each lease or property in
10 the state outside the Cook Inlet sedimentary basin and used in the state, other
11 than gas subject to AS 43.55.011(p);

12 (F) oil and gas subject to AS 43.55.011(p) produced from
13 leases or properties in the state;

14 (G) oil and gas produced from leases or properties in the state
15 no part of which is north of 68 degrees North latitude, other than oil or gas
16 described in (B), (C), (D), (E), or (F) of this paragraph;

17 (2) AS 43.55.011(g), for oil and gas produced before January 1, 2014,
18 **or on or after January 1, 2018**, the monthly production tax value of the taxable

19 (A) oil and gas produced during a month from leases or
20 properties in the state that include land north of 68 degrees North latitude is the
21 gross value at the point of production of the oil and gas taxable under
22 AS 43.55.011(e) and produced by the producer from those leases or properties,
23 less 1/12 of the producer's lease expenditures under AS 43.55.165 for the
24 calendar year applicable to the oil and gas produced by the producer from
25 those leases or properties, as adjusted under AS 43.55.170; this subparagraph
26 does not apply to gas subject to AS 43.55.011(o);

27 (B) oil and gas produced during a month from leases or
28 properties in the state outside the Cook Inlet sedimentary basin, no part of
29 which is north of 68 degrees North latitude, is the gross value at the point of
30 production of the oil and gas taxable under AS 43.55.011(e) and produced by
31 the producer from those leases or properties, less 1/12 of the producer's lease

1 expenditures under AS 43.55.165 for the calendar year applicable to the oil and
 2 gas produced by the producer from those leases or properties, as adjusted under
 3 AS 43.55.170; this subparagraph does not apply to gas subject to
 4 AS 43.55.011(o);

5 (C) oil produced during a month from a lease or property in the
 6 Cook Inlet sedimentary basin is the gross value at the point of production of
 7 the oil taxable under AS 43.55.011(e) and produced by the producer from that
 8 lease or property, less 1/12 of the producer's lease expenditures under
 9 AS 43.55.165 for the calendar year applicable to the oil produced by the
 10 producer from that lease or property, as adjusted under AS 43.55.170;

11 (D) gas produced during a month from a lease or property in
 12 the Cook Inlet sedimentary basin is the gross value at the point of production
 13 of the gas taxable under AS 43.55.011(e) and produced by the producer from
 14 that lease or property, less 1/12 of the producer's lease expenditures under
 15 AS 43.55.165 for the calendar year applicable to the gas produced by the
 16 producer from that lease or property, as adjusted under AS 43.55.170;

17 (E) gas produced during a month from a lease or property
 18 outside the Cook Inlet sedimentary basin and used in the state is the gross
 19 value at the point of production of that gas taxable under AS 43.55.011(e) and
 20 produced by the producer from that lease or property, less 1/12 of the
 21 producer's lease expenditures under AS 43.55.165 for the calendar year
 22 applicable to that gas produced by the producer from that lease or property, as
 23 adjusted under AS 43.55.170.

24 * **Sec. 23.** AS 43.55.160(e) is amended to read:

25 (e) Any adjusted lease expenditures under AS 43.55.165 and 43.55.170 that
 26 would otherwise be deductible by a producer in a calendar year but whose deduction
 27 would cause an annual production tax value calculated under (a)(1) or **(h)(1)** [(h)] of
 28 this section of taxable oil or gas produced during the calendar year to be less than zero
 29 may be used to establish a carried-forward annual loss under AS 43.55.023(b) **or**
 30 **43.55.165(a)(3)**. However, the department shall provide by regulation a method to
 31 ensure that, for a period for which a producer's tax liability is limited by

1 AS 43.55.011(j), (k), (o), or (p), any adjusted lease expenditures under AS 43.55.165
 2 and 43.55.170 that would otherwise be deductible by a producer for that period but
 3 whose deduction would cause a production tax value calculated under (a)(1)(C), (D),
 4 (E), or (F), or (h)(1)(C) [(h)(3)] of this section to be less than zero are accounted for as
 5 though the adjusted lease expenditures had first been used as deductions in calculating
 6 the production tax values of oil or gas subject to any of the limitations under
 7 AS 43.55.011(j), (k), (o), or (p) that have positive production tax values so as to
 8 reduce the tax liability calculated without regard to the limitation to the maximum
 9 amount provided for under the applicable provision of AS 43.55.011(j), (k), (o), or (p).
 10 Only the amount of those adjusted lease expenditures remaining after the accounting
 11 provided for under this subsection may be used to establish a carried-forward annual
 12 loss under AS 43.55.023(b) or 43.55.165(a)(3). In this subsection, "producer" includes
 13 "explorer."

14 * **Sec. 24.** AS 43.55.160(f) is amended to read:

15 (f) On and after January 1, 2014, in the calculation of an annual production tax
 16 value of a producer under (a)(1)(A) or (h)(1)(A) [(h)(1)] of this section, the gross
 17 value at the point of production of oil or gas produced from a lease or property north
 18 of 68 degrees North latitude meeting one or more of the following criteria is reduced
 19 by 20 percent: (1) the oil or gas is produced from a lease or property that does not
 20 contain a lease that was within a unit on January 1, 2003; (2) the oil or gas is produced
 21 from a participating area established after December 31, 2011, that is within a unit
 22 formed under AS 38.05.180(p) before January 1, 2003, if the participating area does
 23 not contain a reservoir that had previously been in a participating area established
 24 before December 31, 2011; (3) the oil or gas is produced from acreage that was added
 25 to an existing participating area by the Department of Natural Resources on and after
 26 January 1, 2014, and the producer demonstrates to the department that the volume of
 27 oil or gas produced is from acreage added to an existing participating area. This
 28 subsection does not apply to gas produced before 2022 that is used in the state or to
 29 gas produced on and after January 1, 2022. For oil and gas first produced from a lease
 30 or property after December 31, 2016, a reduction allowed under this subsection
 31 applies from the date of commencement of regular production of oil and gas from that

1 lease or property and expires after three years, consecutive or nonconsecutive, in
 2 which the average annual price per barrel for Alaska North Slope crude oil for sale on
 3 the United States West Coast is more than \$70 or after seven years, whichever occurs
 4 first. For oil and gas first produced from a lease or property before January 1, 2017, a
 5 reduction allowed under this subsection expires on the earlier of January 1, 2023, or
 6 January 1 following three years, consecutive or nonconsecutive, in which the average
 7 annual price per barrel for Alaska North Slope crude oil for sale on the United States
 8 West Coast is more than \$70. The Alaska Oil and Gas Conservation Commission shall
 9 determine the commencement of regular production of oil and gas for purposes of this
 10 subsection. A reduction under this subsection may not reduce the gross value at the
 11 point of production below zero. In this subsection, "participating area" means a
 12 reservoir or portion of a reservoir producing or contributing to production as approved
 13 by the Department of Natural Resources.

14 * **Sec. 25.** AS 43.55.160(h) is amended to read:

15 (h) For oil produced on and after January 1, 2022, except as provided in (b)
 16 **and** [,] (f) [, AND (g)] of this section, for the purposes of

17 **(1) AS 43.55.011(e)(4)** [AS 43.55.011(e)(3)], the annual production
 18 tax value of oil taxable under AS 43.55.011(e) produced by a producer during a
 19 calendar year

20 **(A)** [(1)] from leases or properties in the state that include land
 21 north of 68 degrees North latitude is the gross value at the point of production
 22 of that oil, less the producer's lease expenditures under AS 43.55.165 for the
 23 calendar year incurred to explore for, develop, or produce oil and gas deposits
 24 located in the state north of 68 degrees North latitude or located in leases or
 25 properties in the state that include land north of 68 degrees North latitude, as
 26 adjusted under AS 43.55.170;

27 **(B)** [(2)] before or during the last calendar year under
 28 AS 43.55.024(b) for which the producer could take a tax credit under
 29 AS 43.55.024(a), from leases or properties in the state outside the Cook Inlet
 30 sedimentary basin, no part of which is north of 68 degrees North latitude, other
 31 than leases or properties subject to AS 43.55.011(p), is the gross value at the

1 point of production of that oil, less the producer's lease expenditures under
 2 AS 43.55.165 for the calendar year incurred to explore for, develop, or produce
 3 oil and gas deposits located in the state outside the Cook Inlet sedimentary
 4 basin and south of 68 degrees North latitude, other than oil and gas deposits
 5 located in a lease or property that includes land north of 68 degrees North
 6 latitude or that is subject to AS 43.55.011(p) or, before January 1, 2027, from
 7 which commercial production has not begun, as adjusted under AS 43.55.170;

8 (C) [(3)] from leases or properties subject to AS 43.55.011(p)
 9 is the gross value at the point of production of that oil, less the producer's lease
 10 expenditures under AS 43.55.165 for the calendar year incurred to explore for,
 11 develop, or produce oil and gas deposits located in leases or properties subject
 12 to AS 43.55.011(p) or, before January 1, 2027, located in leases or properties
 13 in the state outside the Cook Inlet sedimentary basin, no part of which is north
 14 of 68 degrees North latitude from which commercial production has not begun,
 15 as adjusted under AS 43.55.170;

16 (D) [(4)] from leases or properties in the state no part of which
 17 is north of 68 degrees North latitude, other than leases or properties subject to
 18 (B) or (C) of this paragraph [(2) OR (3) OF THIS SUBSECTION], is the
 19 gross value at the point of production of that oil less the producer's lease
 20 expenditures under AS 43.55.165 for the calendar year incurred to explore for,
 21 develop, or produce oil and gas deposits located in the state south of 68
 22 degrees North latitude, other than oil and gas deposits located in a lease or
 23 property in the state that includes land north of 68 degrees North latitude, and
 24 excluding lease expenditures that are deductible under (B) or (C) of this
 25 paragraph [(2) OR (3) OF THIS SUBSECTION] or would be deductible
 26 under (B) or (C) of this paragraph [(2) OR (3) OF THIS SUBSECTION] if
 27 not prohibited by (b) of this section, as adjusted under AS 43.55.170; a
 28 separate annual production tax value shall be calculated for

29 (i) [(A)] oil produced from each lease or property in the
 30 Cook Inlet sedimentary basin;

31 (ii) [(B)] oil produced from each lease or property

1 outside the Cook Inlet sedimentary basin, no part of which is north of
 2 68 degrees North latitude, other than leases or properties subject to **(C)**
 3 **of this paragraph;**

4 **(2) AS 43.55.011(g)(3), the monthly production tax value of oil**
 5 **taxable under AS 43.55.011(e) produced by a producer during a month**

6 **(A) from leases or properties in the state that include land**
 7 **north of 68 degrees North latitude is the gross value at the point of**
 8 **production of that oil, less 1/12 the producer's lease expenditures under**
 9 **AS 43.55.165 for the calendar year incurred to explore for, develop, or**
 10 **produce oil and gas deposits located in the state north of 68 degrees North**
 11 **latitude or located in leases or properties in the state that include land**
 12 **north of 68 degrees North latitude, as adjusted under AS 43.55.170;**

13 **(B) in a calendar year that is before or during the last**
 14 **calendar year under AS 43.55.024(b) for which the producer could take a**
 15 **tax credit under AS 43.55.024(a), from leases or properties in the state**
 16 **outside the Cook Inlet sedimentary basin, no part of which is north of 68**
 17 **degrees North latitude, other than leases or properties subject to**
 18 **AS 43.55.011(p), is the gross value at the point of production of that oil,**
 19 **less 1/12 the producer's lease expenditures under AS 43.55.165 for the**
 20 **calendar year incurred to explore for, develop, or produce oil and gas**
 21 **deposits located in the state outside the Cook Inlet sedimentary basin and**
 22 **south of 68 degrees North latitude, other than oil and gas deposits located**
 23 **in a lease or property that includes land north of 68 degrees North latitude**
 24 **or that is subject to AS 43.55.011(p) or, before January 1, 2027, from**
 25 **which commercial production has not begun, as adjusted under**
 26 **AS 43.55.170;**

27 **(C) from leases or properties subject to AS 43.55.011(p) is**
 28 **the gross value at the point of production of that oil, less 1/12 the**
 29 **producer's lease expenditures under AS 43.55.165 for the calendar year**
 30 **incurred to explore for, develop, or produce oil and gas deposits located in**
 31 **leases or properties subject to AS 43.55.011(p) or, before January 1, 2027,**

1 located in leases or properties in the state outside the Cook Inlet
 2 sedimentary basin, no part of which is north of 68 degrees North latitude
 3 from which commercial production has not begun, as adjusted under
 4 AS 43.55.170;

5 (D) from leases or properties in the state no part of which is
 6 north of 68 degrees North latitude, other than leases or properties subject
 7 to (B) or (C) of this paragraph, is the gross value at the point of
 8 production of that oil less 1/12 the producer's lease expenditures under
 9 AS 43.55.165 for the calendar year incurred to explore for, develop, or
 10 produce oil and gas deposits located in the state south of 68 degrees North
 11 latitude, other than oil and gas deposits located in a lease or property in
 12 the state that includes land north of 68 degrees North latitude, and
 13 excluding lease expenditures that are deductible under (B) or (C) of this
 14 paragraph or would be deductible under (B) or (C) of this paragraph if
 15 not prohibited by (b) of this section, as adjusted under AS 43.55.170; a
 16 separate monthly production tax value shall be calculated for

17 (i) oil produced from each lease or property in the
 18 Cook Inlet sedimentary basin;

19 (ii) oil produced from each lease or property outside
 20 the Cook Inlet sedimentary basin, no part of which is north of 68
 21 degrees North latitude, other than leases or properties subject to
 22 (C) of this paragraph [(3) OF THIS SUBSECTION].

23 * **Sec. 26.** AS 43.55.165(a), as amended by sec. 29, ch. 4, 4SSLA 2016, is amended to read:

24 (a) For purposes of this chapter, a producer's lease expenditures for a calendar
 25 year are

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

27 (A) incurred by the producer during the calendar year after
 28 March 31, 2006, to explore for, develop, or produce oil or gas deposits located
 29 within the producer's leases or properties in the state or, in the case of land in
 30 which the producer does not own an operating right, operating interest, or
 31 working interest, to explore for oil or gas deposits within other land in the

1 state; and

2 (B) allowed by the department by regulation, based on the
3 department's determination that the costs satisfy the following three
4 requirements:

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

7 (ii) the costs must be ordinary and necessary costs of
8 exploring for, developing, or producing, as applicable, oil or gas
9 deposits; and

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

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

15 **(3) lease expenditures incurred in a previous year, subject to (m)**
16 **and (n) 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) have not been deducted in the determination of the**
20 **production tax value of oil and gas under AS 43.55.160(a) in a previous**
21 **calendar year;**

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

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

25 * **Sec. 27.** AS 43.55.165 is amended by adding new subsections to read:

26 (m) Beginning January 1 of the eighth calendar year after a lease expenditure
27 is carried forward under (a)(3) of this section, the lease expenditure shall decrease in
28 value each year by one-tenth of the amount carried forward in the first calendar year.
29 A lease expenditure carried forward under this section may not decrease in value for a
30 partial calendar year.

31 (n) A lease expenditure carried forward under (a)(3) of this section may not

1 reduce a taxpayer's gross value at the point of production by an amount that exceeds
 2 the gross value at the point of production of the oil and gas produced from the lease or
 3 property where the lease expenditure was incurred during the calendar year the lease
 4 expenditure is applied.

5 * **Sec. 28.** AS 43.98.050 is amended to read:

6 **Sec. 43.98.050. Duties.** The duties of the board include the following:

7 (1) establish and maintain a salient collection of information related to
 8 oil and gas exploration, development, and production in the state and related to tax
 9 structures, rates, and credits in other regions with oil and gas resources;

10 (2) review historical, current, and potential levels of investment in the
 11 state's oil and gas sector;

12 (3) identify factors that affect investment in oil and gas exploration,
 13 development, and production in the state, including tax structure, rates, and credits;
 14 royalty requirements; infrastructure; workforce availability; and regulatory
 15 requirements;

16 (4) review the competitive position of the state to attract and maintain
 17 investment in the oil and gas sector in the state as compared to the competitive
 18 position of other regions with oil and gas resources;

19 (5) in order to facilitate the work of the board, establish procedures to
 20 accept and keep confidential information that is beneficial to the work of the board,
 21 including the creation of a secure data room and confidentiality agreements to be
 22 signed by individuals having access to confidential information;

23 (6) make written findings and recommendations to the Alaska State
 24 Legislature before

25 (A) January 31, 2015, or as soon thereafter as practicable,
 26 regarding

27 (i) changes to the state's regulatory environment and
 28 permitting structure that would be conducive to encouraging increased
 29 investment while protecting the interests of the people of the state and
 30 the environment;

31 (ii) the status of the oil and gas industry labor pool in

1 the state and the effectiveness of workforce development efforts by the
2 state;

3 (iii) the status of the oil-and-gas-related infrastructure
4 of the state, including a description of infrastructure deficiencies; and

5 (iv) the competitiveness of the state's fiscal oil and gas
6 tax regime when compared to other regions of the world;

7 (B) January 15, 2017, regarding

8 (i) the state's tax structure and rates on oil and gas
9 produced south of 68 degrees North latitude;

10 (ii) a tax structure that takes into account the unique
11 economic circumstances for each oil and gas producing area south of
12 68 degrees North latitude;

13 (iii) a reduction in the gross value at the point of
14 production for oil and gas produced south of 68 degrees North latitude
15 that is similar to the reduction in gross value at the point of production
16 in AS 43.55.160(f) and **former AS 43.55.160(g)** [(g)];

17 (iv) other incentives for oil and gas production south of
18 68 degrees North latitude;

19 (C) January 31, 2021, or as soon thereafter as practicable,
20 regarding

21 (i) changes to the state's fiscal regime that would be
22 conducive to increased and ongoing long-term investment in and
23 development of the state's oil and gas resources;

24 (ii) alternative means for increasing the state's ability to
25 attract and maintain investment in and development of the state's oil
26 and gas resources; and

27 (iii) a review of the current effectiveness and future
28 value of any provisions of the state's oil and gas tax laws that are
29 expiring in the next five years.

30 * **Sec. 29.** AS 43.55.024(j), 43.55.029, and 43.55.160(g) are repealed.

31 * **Sec. 30.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

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

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

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

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

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

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

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

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

24 (c) The working group consists of

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

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

30 (d) The co-chairs of the working group may form an advisory group to the working
31 group, composed of members who are not legislators and who have expertise and skills to

1 assist in the review and development of a new plan for the tax structure and rates on oil and
 2 gas produced south of 68 degrees North latitude. The members of an advisory group may
 3 include commissioners or employees of state departments, members of the oil and gas
 4 industry or trade associations, and economists.

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

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

9 APPLICABILITY. (a) The additional limitations on the use of tax credits in
 10 AS 43.55.011(q), added by sec. 8 of this Act, AS 43.55.023(c), as amended by sec. 16 of this
 11 Act, AS 43.55.024(i), as amended by sec. 17 of this Act, and AS 43.55.025(i), as amended by
 12 sec. 18 of this Act, apply to credits applied to reduce a tax liability for a tax year starting on or
 13 after the effective date of secs. 8 and 16 - 18 of this Act.

14 (b) AS 43.55.023(b), as amended by sec. 15 of this Act, applies to lease expenditures
 15 incurred on or after the effective date of sec. 15 of this Act.

16 (c) The repeal of AS 43.55.029 by sec. 29 of this Act applies to a credit applied for on
 17 or after the effective date of sec. 29 of this Act.

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

20 TRANSITION: CARRIED-FORWARD LEASE EXPENDITURES.
 21 AS 43.55.165(a)(3), (m), and (n), added by secs. 26 and 27 of this Act, apply to a lease
 22 expenditure incurred on or after the effective date of secs. 26 and 27 of this Act.

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

25 TRANSITION: ASSIGNMENT OF TAX CREDIT CERTIFICATES.
 26 Notwithstanding the repeal of AS 43.55.029 by sec. 29 of this Act, the Department of
 27 Revenue may continue to apply and enforce AS 43.55.029 as that section read the day before
 28 the effective date of sec. 29 of this Act for a credit applied for before the effective date of sec.
 29 29 of this Act.

30 * **Sec. 34.** The uncodified law of the State of Alaska is amended by adding a new section to
 31 read:

1 TRANSITION: PAYMENT OF TAX; FILING. (a) Notwithstanding the amendments
2 to AS 43.55.020 by secs. 10 - 14 of this Act,

3 (1) a person subject to tax under AS 43.55 that is required to make one or
4 more installment payments of estimated tax or other payments of tax under AS 43.55.020 for
5 production before the effective date of secs. 10 - 14 of this Act shall pay the tax under
6 AS 43.55.020, as that section read on the day before the effective date of secs. 10 - 14 of this
7 Act;

8 (2) an unpaid amount of an installment payment required under AS 43.55.020
9 for production before the effective date of secs. 10 - 14 of this Act that is not paid when due
10 bears interest under AS 43.55.020, as that section read on the day before the effective date of
11 secs. 10 - 14 of this Act;

12 (3) an overpayment of an installment payment required under AS 43.55.020
13 for production before the effective date of secs. 10 - 14 of this Act bears interest under
14 AS 43.55.020, as that section read on the day before the effective date of secs. 10 - 14 of this
15 Act.

16 (b) The Department of Revenue may continue to apply and enforce AS 43.55.020, as
17 that section read on the day before the effective date of secs. 10 - 14 of this Act, for a tax or
18 installment payment for production before the effective date of secs. 10 - 14 of this Act.

19 * **Sec. 35.** The uncodified law of the State of Alaska is amended by adding a new section to
20 read:

21 TRANSITION: GROSS VALUE REDUCTION. Notwithstanding the repeal of
22 AS 43.55.160(g) by sec. 29 of this Act and the amendments to AS 43.55.020(a), 43.55.023(b),
23 43.55.024(i), and 43.55.160(a) and (h) by secs. 10, 15, 17, 22, and 25 of this Act, a taxpayer
24 who produces oil or gas before January 1, 2018, that qualifies for a reduction in gross value
25 under AS 43.55.160(g), as that subsection read on the day before the effective date of sec. 29
26 of this Act, may reduce the gross value at the point of production of and may qualify for a
27 credit under AS 43.55.024(i) for that oil or gas, in accordance with AS 43.55.160(g) and
28 43.55.024(i), as those subsections read on the day before the effective date of sec. 29 of this
29 Act.

30 * **Sec. 36.** The uncodified law of the State of Alaska is amended by adding a new section to
31 read:

1 TRANSITION: RETROACTIVITY OF REGULATIONS. Notwithstanding any
2 contrary provision of AS 44.62.240, if the Department of Revenue expressly designates in a
3 regulation that the regulation applies retroactively, a regulation adopted by the Department of
4 Revenue to implement, interpret, make specific, or otherwise carry out this Act may apply
5 retroactively to the effective date of the law implemented by the regulation.

6 * **Sec. 37.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 RETROACTIVITY. Section 3 of this Act is retroactive to January 1, 2017.