

House Bill 111 - Conference Committee Comparison

Passed House - Passed Senate - Conference CS

Provision	Statute	CSHB 111(FIN) ver L.A	SCS CSHB 111(FIN) ver Q	CCS ver OO
Gross Value Reduction	AS 31.05.030(n). AOGCC determines the commencement of regular production for purposes of the gross value reduction.	Section 1. Deletes reference to 10% gross value reduction under AS 43.55.160(g) in accordance with the repeal of the provision.		Section 1. Conforming to the Sec. 28 requirement that the AOGCC determine the start of regular production for purposes of applying a carry-forward annual loss and the time limit on carry-forward losses. Effective Jan. 1, 2018.
Taxpayer Information	AS 40.25.100(a). Disposition of tax information.	Section 2. Amends disclosure of tax information in accordance with new provisions allowing certain tax credit and lease expenditure information to be made public.		Section 2. Conforming to the future repeal of AS 43.05.230(l) in Sec. 31. Effective the later of Jan. 1, 2022, or when there are no outstanding applications for credit refunds.
Delinquent Taxes	AS 43.05.225. The interest for oil and gas delinquent taxes is 7% above the federal discount rate for three years, after which there is no interest. For all other delinquent taxes, the rate is 3% after 2014, compounded quarterly.	Section 3. For delinquent oil and gas production taxes, removes three-year limit on accrual of interest; retains interest at 7% above federal reserve rate.	Section 1. Interest on all delinquent taxes, including the oil and gas tax, is set at 3% above federal reserve rate; compounded quarterly, removes three-year limit on interest accrual.	Section 3. Senate except sets interest at 5.25% above federal reserve rate. Effective Jan. 1, 2018.
Exploration Credits	AS 43.20.044(a). The mining exploration incentive credit under AS 27.30 can be applied against the corporate income tax.		Section 2. Adds subsection (a)(2): allows the alternative exploration credit in AS 43.55.025 to apply the credit against the taxpayer's corporate income tax for work performed on or after July 1, 2016.	Section 4. Senate language.

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Purchasable Tax Credits	AS 43.20.047(h). Liquefied natural gas storage facility tax credits may be purchased by the state through the oil and gas tax credit fund.		Section 3. Conforming amendment in accordance with repeal of cash payments.	Section 5. Senate language.
Taxpayer Information	AS.43.05.230(l). Disclosure of tax returns and reports.	Section 4. Allows certain tax credit information to be made public.		
Taxpayer Information	AS 43.05.230. Disclosure of tax returns and reports.	Section 5. Adds subsections (m) allowing Dept. of Revenue disclosure of otherwise publicly available production tax information; or tax credit information related to gas storage, service industries, processing facilities, refineries. (n) making public certain information regarding refinery tax credits.		
Tax Rate	AS 43.55.011(e). Tax rate for oil and gas is 35%. Gas rate changes to 13 percent of the gross value after January 1, 2022.	Section 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 in AS 43.55.011(g).		
Supplemental Tax	AS 43.55.011(g). Establishes the progressivity factor for production produced before January 2, 2014 under a previous tax structure.	Section 7. Establishes an additional 15% tax bracket triggered at a production tax value of \$60 (equal to approximately \$100 ANS). The additional tax only applies to the amount above that value.		

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Minimum Tax	AS 43.55.011. Oil and gas production tax.	Section 8. Adds subsections (q) and (r): Provides that the application of any tax credit issued under the oil and gas production tax may not be used to reduce the minimum tax, with the exception of the small producer credit and oil subject to the gross value reduction.		
Gas Tax Payment	AS 43.55.014. Payment in gas of tax for gas.	Section 9. Conforming amendment to new tax rate in AS 43.55.011(e).		
Tax Payment	AS 43.55.020(a). Payment of tax.	Section 10. Conforming amendment to the new tax rate and the repeal of AS 43.55.160(g) (10% GVR).		
Tax Payment	AS 43.55.020(g). Payment of tax.	Section 11. Conforming to new tax rate.		
Tax Payment	AS 43.55.020(h). Payment of tax.	Section 12. Conforming to new tax rate.		
Tax Payment	AS 43.55.020(k). Payment of tax.	Section 13. Conforming to new tax rate.		
Tax Payment	AS 43.55.020(l). Payment of tax.	Section 14. Conforming to new tax rate.		
Carried-forward Annual Loss Credit	AS 43.55.023(b). Sets North Slope net operating loss credit at 35%.	Section 15. Amends .023(b) to delete the North Slope carried-forward annual loss credit.	[Repeals AS 43.55.023(b) effective January 1, 2018]	[Repeals AS 43.55.023(b) effective January 1, 2018]
Minimum Tax	AS 43.55.023(c). Qualified capital expenditure, net operating loss, and well lease expenditure credits may not be used to reduce a tax liability below zero.	Section 16. Amended in accordance with hardening of the minimum tax.		

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Purchasable Tax Credits - Use of Credits	AS 43.55.023(c). Qualified capital expenditure, net operating loss, and well lease expenditure credits may not be used to reduce a tax liability below zero.		Section 4. A taxpayer may use a qualified capital expenditure, carried-forward annual loss, or well lease expenditure credit to satisfy a tax, interest, penalty, fee, or other charge related to the production tax due for a prior year and not subject to an administrative proceeding or litigation; protects the oil and gas tax surcharge and private royalty.	Section 6. Senate language except added AS 43.55.014 to AS 43.55.023(c)(3)(A).
Purchasable Tax Credits	AS 43.55.023(d). Establishes a transferable tax credit certificate subject to transfer or a cash payment.		Section 5. Cash payments are available only for work performed before January 1, 2018.	Section 7. Cash payments are available only for work performed before July 1, 2017.
Purchasable Tax Credits	AS 43.55.023(d). Establishes a transferable tax credit certificate subject to a cash payment.		Section 6. Conforming amendment in accordance with elimination of purchasable credits.	Section 8. Senate language except deleted reference is to an expenditure incurred before July 1, 2017.
Purchasable Tax Credits - Use of Credits	AS 43.55.023(e). Addresses use of transferable tax credit certificates.		Section 7. A tax credit transferee may use a credit to satisfy a tax, interest, penalty, fee, or other charge related to the production tax due for a prior year and not subject to an administrative proceeding or litigation; protects the oil and gas tax surcharge and private royalty.	Section 9. Senate language except added AS 43.55.014 to AS 43.55.023(e)(2)(A).

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Purchasable Tax Credits.	AS 43.55.023(g). Auditing of transferable tax credit certificates.		Section 8. Deletes reference to purchase of credit certificates.	Section 10. Senate language.
Minimum Tax	AS 43.55.024(i). The \$5 per barrel credit for new oil may not be used to reduce tax liability below zero.	Section 17. Amended in accordance with hardening of the minimum tax.		
Exploration Credit	AS 43.55.025(a). Establishes an exploration credit. After 2016, the credit applies only to Middle Earth and expires in January 1, 2022.		Section 9. Conforming amendment in accordance with allowing the exploration credit to apply against corporate income tax.	Section 11. Senate language.
Exploration Credit - Seismic	AS 43.55.025(a). Establishes an exploration credit. After 2016, the credit applies only to Middle Earth and expires in January 1, 2022.		Section 10. Conforming amendment in accordance with sunset of the seismic exploration credit.	Section 12. Senate language.
Exploration Credit - Seismic	AS 43.55.025(b). Qualifications for exploration credits.		Section 11. Establishes January 1, 2018 sunset for the 40% seismic exploration credit in AS 43.55.025(a)(4).	Section 13. Senate language.
Exploration Credit	AS 43.55.025(f). Establishes information and other requirements for issuance of a production tax credit certificate for approved exploration costs.		Section 12. Conforming amendment in accordance with allowing the exploration credit to apply against corporate income tax.	Section 14. Senate language.
Exploration Credit	AS 43.55.025(g). Exploration credit transfer.		Section 13. An exploration credit that is transferred, conveyed, or sold may not be applied against the corporate income tax.	Section 15. Senate language.

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Purchasable Tax Credits - Use of Credits	AS 43.55.025(h). Establishes that a purchaser who purchases a production tax credit certificate may apply the credit against its production tax.		Section 14. A producer that purchases a production tax credit certificate may use the credit to satisfy a tax, interest, penalty, fee, or other charge related to the production tax due for a prior year and not subject to an administrative proceeding or litigation; protects the oil and gas tax surcharge and private royalty.	Section 16. Senate language except added AS 43.55.014 to AS 43.55.025(h)(3)(A).
Exploration Credits	AS 43.55.025(i). Exploration credits may not be used to reduce tax liability below zero.	Section 18. Amended in accordance with hardening of the minimum tax.	Section 15. Adds subsection (2): Application of the credit may not reduce the corporate income tax below zero.	Section 17. Senate language.
Exploration Credit - Seismic	AS 43.55.025(k). Exploration credits.		Section 16. Conforming amendment in accordance with sunset of the seismic exploration credit.	Section 18. Senate language.
Exploration Credit - Conditional Certificate	AS 43.55.025. Exploration credits.		Section 17. Adds subsection (q): For exploration credits eligible for purchase, DOR shall issue an explorer a conditional tax credit certificate upon submission of an application.	Section 19. Establishes the conditional tax credit certificate; the certificate may not be purchased by the state; effective immediately retroactive to July 1, 2017.
Purchasable Tax Credits - Oil and Gas Tax Credit Fund	AS 43.55.028(a). Establishes oil and gas tax credit fund.		Section 18. Conforming language for eliminating the purchase of all tax credits for credits earned on or after January 1, 2018.	Section 20. Senate language except applies to credits earned on or after July 1, 2017.

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Exploration Credit - Conditional Certificate	AS 43.55.028(e). Allows for purchase of tax credit certificates.		Section 19. Allows DOR to accept a conditional tax credit certificate but not purchase the credit.	<i>Incorporated into Section 19 of CCS.</i>
Purchasable Tax Credits - Oil and Gas Tax Credit Fund	AS 43.55.028(e). Allows for purchase of tax credit certificates.		Section 20. Conforming amendment in accordance with eliminating the purchase of expenditures incurred before January 1, 2018.	Section 21. Senate language except applies to expenditures incurred before July 1, 2017.
Purchasable Tax Credits - 3rd Party Assignments	AS 43.55.029(a). Allows for assignment of tax credits to third party assignees.		Section 21. Conforming amendment in accordance with elimination of carry-forward annual loss credits.	Section 22. Senate language.
Taxpayer Information	AS 43.55.030. Filing of statements.	Section 19. Adds subsection (a)(10): For expenditures that are the basis of a carried-forward annual loss (AS 43.55.165(a)(3)); or qualified capital expenditure or well lease expenditure credits (AS 43.55.023); or exploration credits (AS 43.55.025), a producer with production shall provide a description of the expenditure and the lease or property for which the lease expenditure was incurred.		

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Taxpayer Information	AS 43.55.030. Filing of statements.	Section 20. Adds subsection (e)(3): For expenditures that are the basis of a carried-forward annual loss (AS 43.55.165(a)(3)) or a credit claimed under this chapter (AS 43.55), an explorer or producer who does not have production in a calendar year shall provide a description of the expenditure and the lease or property for which the lease expenditure was incurred.		
Gross Value at the Point of Production	AS 43.55.150. Determination of gross value at the point of production.	Section 21. Adds a new section to ensure that the gross value at the point of production does not go below zero.		
Production Tax Value	AS 43.55.160(a). Determination of production tax value; calculation.	Section 22. Conforming amendment to new tax rate.		
Carried-forward Annual Loss Credit	AS 43.55.160(d). Determination of production tax value; calculation.		Section 22. Removes reference to AS 43.55.023(b).	Section 23. Senate language.
Carried-forward Annual Loss	AS 43.55.160(e). Determination of production tax value.	Section 23. Amended in accordance with NOL carry forward provision.	Section 23. The gross value reduction for new oil cannot make a loss larger. Conforming amendment for repeal of carried-forward annual loss credit.	Section 24. Senate language.
Production Tax Value	AS 43.55.160(f). Determination of production tax value.	Section 24. Conforming amendment to new tax rate.		

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Production Tax Value	AS 43.55.160(h). Determination of production tax value.	Section 25. Conforming amendment to the new tax rate and bracket.		
Carried-forward Annual Loss	AS 43.55.165(a). Lease expenditures.	Section 26. Adds AS 43.55.165(a)(3): Allows 100% of North Slope net operating losses to carry forward to production.	Section 24. Adds subsection (a)(3): Allows 100% of North Slope and Middle Earth annual losses to carry forward to production.	Section 25. Senate language except to include a reference to new subsections (m) to (s).
Carried-forward Annual Loss Credit	AS 43.55.165(f). Lease expenditures.		Section 25. Conforming amendment for repeal of carried-forward annual loss credit.	Section 26. Senate language.
Carried-forward Annual Loss			Section 26. Defines "carried-forward annual loss" to mean a loss established under new subsection .165(a)(3).	Section 27. Senate language.
Carried-forward Annual Loss-Reduction & Ring Fencing	AS 43.55.165. Lease expenditures.	Section 27. Adds subsections: (m) Reduces the 100% carry forward lease expenditures by 10% of the full original value each year after seven years; (n) A carried forward lease expenditure can only be applied to the lease or property where the expenditure was incurred.		

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Carried-forward Annual Loss - Application & Minimum Floor	AS 43.55.165. Lease expenditures.		Section 27. Adds subsections (m): After application of lease expenditures, a taxpayer may choose whether to apply all or a portion of a carried –forward annual loss, or carry any unused portion forward. (n): A producer subject to the minimum tax may apply the amount carried forward that would reduce a tax liability to the equal amount under the minimum tax, and not to zero. Excess carry-forward is carried forward.	Section 28. Senate language for subsections (m) and (n). Adds new subsections (o) to (s): Carry-forward annual losses may be applied only once production starts from the property on which they were incurred; the losses may be applied against a taxpayer’s entire tax obligation; sets out provisions for a reduction in value of carried-forward losses.
Carried-forward Annual Loss Credit	AS 43.55.170(c). Adjustments to lease expenditures.		Section 28. Conforming amendment for repeal of carried-forward annual loss credit.	Section 29. Senate language.
Competitive Review Board	AS 43.98.050. Competitive Review Board; duties.	Section 28. Conforming amendment to the repeal of AS 43.55.160(g).		
Repeals		Section 29. Repeals AS 43.55.024(j) sliding scale per barrel credit; AS 43.55.029 3rd party assignment; AS 43.55.160(g) 10% gross value reduction for higher royalty fields.	Section 29. Repeals carried-forward annual loss credits as of January 1, 2018.	Section 30. Senate language.

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Repeals			Section 30. Repeals AS 43.05.230(l) info disclosure; AS 43.20.046(e) storage facility use of fund; AS 43.20.047(e) LNG use of fund; AS 43.20.053(e) refinery use of fund; AS 43.55.028 tax credit fund; and AS 43.55.029 3rd party assignment.	Section 31. Senate language with the addition of the repeal of AS 43.55.025(q) conditional tax certificates.
Cook Inlet Working Group		Section 30. Establishes a legislative working group to analyze the Cook Inlet fiscal regime.		Section 32. Extends the working group to analyze the state's oil and gas fiscal regime.
Applicability		Section 31. Provisions relating to the minimum tax floor, net operating loss credit, and repeal of 3rd party assignments apply on or after the effective date of the section.		
Applicability - Exploration Tax Credits Applied Against CIT			Section 31. Tax credits under AS 43.55.025 applied against corporate income tax apply to a tax credit for work performed on or after July 1, 2016.	Section 33. Senate language except changed to reflect new section numbers.
Applicability - Tax Credit and Credit Certificate Carryback			Section 32. Allowance to apply tax credits under Sections 4, 7 and 14 applies regardless of when the credit was earned or the certificate issued.	Section 34. Senate language except changed to reflect new section numbers.

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Applicability - Lease Expenditures			Section 33. Sections 24 and 27 apply to a lease expenditure incurred on or after the effective date of the sections.	Section 35. Senate language except changed to reflect new section numbers.
Transition: Carried-forward Lease Expenditures		Section 32. Sections 26 and 27 apply to a lease expenditure incurred on or after the effective date of Sections 26 and 27.		
Transition: Tax Credit Assignments		Section 33. The department may continue to apply and enforce tax credit assignments to third-parties for credits applied for before January 1, 2018.		
Transition: Payment of Tax; Filing		Section 34. Taxpayers shall pay the tax as provided in current law for a tax or installment payment for production before January 1, 2018.		
Transition: Gross Value Reduction		Section 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: Interest on Delinquent Taxes			Section 34. Delinquent tax interest rates for calendar year 2017 are the rates in statute before the changes take effect on Jan. 1, 2018.	Section 36. Senate language except changed to reflect new section numbers.
Transition - Taxpayer Information			Section 35. Transition for repeal of AS 43.55.230(l).	Section 37. Senate language except changed to reflect new section numbers.

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Transition - Cash Payments				Section 38. Taxpayers who incur a loss before Jan. 1, 2018, remain eligible for the net operating loss credit; DOR may purchase 50% of an eligible taxpayer's 2017 net operating loss. Effective immediately.
Transition: Carried-forward Annual Loss			Section 36. A carried-forward annual loss incurred before the repeal under Section 29 that qualifies for a credit may apply the credit subject to requirements existing before the repeal.	Section 39. Senate language except changed to reflect new section numbers.
Transition: Oil and Gas Tax Credit Fund			Section 37. When the oil and gas tax credit fund is repealed, the balance of the oil and gas credit fund lapses into the general fund.	Section 40. Senate language except changed to reflect new section numbers.
Transition: Retroactivity Regulations		Section 36. Allows for retroactivity of regulations to carry out this act.	Section 38. Allows for retroactivity of DOR regulations.	Section 41. Senate language except adds retroactivity of DNR regulations.
Retroactivity		Section 37. Delinquent interest in sec. 3 is retroactive to January 1, 2017.		Section 42. Retroactivity of applicable sections to July 1, 2017.
Conditional Effect - Oil and Gas Tax Credit Fund			Section 39. The oil and gas tax credit fund is repealed when there are no outstanding tax credit purchase applications and it has been at least one year since an application for a payment under AS 43.55.028 is submitted.	Section 43. Senate language except changed to reflect new section numbers.

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Effective Dates			Section 40. Sections 2, 4, 7, 9, 12-15, 17, 19, 31, 32, 38, and 39 take effect immediately.	Section 44. Reflects new section numbers.
Effective Dates			Section 41. Section 24 takes effect on the effective date of sec. 29, ch. 4, 4SSLA 2016.	Section 45. Reflects new section number.
Effective Dates			Section 42. If, under sec. 39, the repeal of the tax credit fund takes effect, the related sections take effect on the later of January 1, 2022; or January 1 of the calendar year following the year of notice under Sec. 39.	Section 46. Reflects new section numbers.
Effective Dates			Section 43. Except as provided in sections 40-42, the Act takes effect January 1, 2018.	Section 47. Reflects new section numbers.