

AMENDMENT #1

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: HB 411

1 Page 2, line 2:

2 Delete "July 1, 2018"

3 Insert "January 1, 2019"

4

5 Page 2, line 5:

6 Delete "July 1, 2018"

7 Insert "January 1, 2019"

8

9 Page 2, line 8:

10 Delete "25"

11 Insert "10"

12

13 Page 2, line 15:

14 Delete "25"

15 Insert "10"

16

17 Page 3, line 11, through page 4, line 11:

18 Delete all material and insert:

19 "(2) on or after January 1, 2019, and before January 1, 2022, for
20 each month for which the producer's average monthly production tax value
21 under AS 43.55.160(a)(2) of a BTU equivalent barrel of the taxable oil and gas is
22 more than \$10, the tax amount is the sum of the following:

23 (A) the difference between the monthly production tax

1 value of a BTU equivalent barrel and \$10 multiplied by the volume of oil
2 and gas produced by the producer for the month multiplied by five
3 percent;

4 (B) if applicable, the difference between the monthly
5 production tax value of a BTU equivalent barrel and \$15 multiplied by the
6 volume of oil and gas produced by the producer for the month multiplied
7 by five percent;

8 (C) if applicable, the difference between the monthly
9 production tax value of a BTU equivalent barrel and \$20 multiplied by the
10 volume of oil and gas produced by the producer for the month multiplied
11 by five percent;

12 (D) if applicable, the difference between the monthly
13 production tax value of a BTU equivalent barrel and \$30 multiplied by the
14 volume of oil and gas produced by the producer for the month multiplied
15 by 10 percent;

16 (E) if applicable, the difference between the monthly
17 production tax value of a BTU equivalent barrel and \$50 multiplied by the
18 volume of oil and gas produced by the producer for the month multiplied
19 by 10 percent;

20 (F) if applicable, the difference between the monthly
21 production tax value of a BTU equivalent barrel and \$70 multiplied by the
22 volume of oil and gas produced by the producer for the month multiplied
23 by five percent;

24 (3) on or after January 1, 2022, for each month for which the
25 producer's average monthly production tax value under AS 43.55.160(a)(2) of a
26 barrel of taxable oil is more than \$10, the tax amount is the sum of the following:

27 (A) the difference between the monthly production tax
28 value of a barrel of taxable oil and \$10 multiplied by the volume of oil
29 produced by the producer for the month multiplied by five percent;

30 (B) if applicable, the difference between the monthly
31 production tax value of a barrel of taxable oil and \$15 multiplied by the

volume of oil produced by the producer for the month multiplied by five percent;

(C) if applicable, the difference between the monthly production tax value of a barrel of taxable oil and \$20 multiplied by the volume of oil produced by the producer for the month multiplied by five percent;

(D) if applicable, the difference between the monthly production tax value of a barrel of taxable oil and \$30 multiplied by the volume of oil produced by the producer for the month multiplied by 10 percent;

(E) if applicable, the difference between the monthly production tax value of a barrel of taxable oil and \$50 multiplied by the volume of oil produced by the producer for the month multiplied by 10 percent;

(F) if applicable, the difference between the monthly production tax value of a barrel of taxable oil and \$70 multiplied by the volume of oil produced by the producer for the month multiplied by five percent."

Page 7, line 13:

Delete "July 1, 2018"

Insert "January 1, 2019"

Page 9, line 10:

Delete "July 1, 2018"

Insert "January 1, 2019"

Page 9, line 25:

Delete "25"

Insert "10"

1 Page 10, line 9:
2 Delete "25"
3 Insert "10"
4
5 Page 10, line 23:
6 Delete "25"
7 Insert "10"
8
9 Page 11, line 2:
10 Delete "25"
11 Insert "10"
12
13 Page 12, line 9:
14 Delete "25"
15 Insert "10"
16
17 Page 12, line 26:
18 Delete "25"
19 Insert "10"
20
21 Page 13, line 6:
22 Delete "25"
23 Insert "10"
24
25 Page 13, line 22:
26 Delete "25"
27 Insert "10"
28
29 Page 14, line 7:
30 Delete "25"
31 Insert "10"

1

2 Page 19, line 1:

3 Delete "July 1, 2018"

4 Insert "January 1, 2019"

5

6 Page 26, line 2:

7 Delete "July 1, 2018"

8 Insert "January 1, 2019"

AMENDMENT ^{#2}

OFFERED IN THE HOUSE
TO: HB 411

BY REPRESENTATIVE GARA

1 Page 1, line 1, following "Act":

2 Insert "relating to the Alaska Net Income Tax Act;"

3

4 Page 1, following line 3:

5 Insert new bill sections to read:

6 "** Section 1. AS 43.20.011(e) is amended to read:

7 (e) There is imposed for each taxable year on [UPON] the entire taxable
8 income of every corporation or oil or gas producer derived from sources within the
9 state a tax computed as follows:

10	If the taxable income is	Then the tax is:
11	Less than \$25,000	zero
12	\$25,000 but less than \$49,000	2 percent of the taxable income over
13		\$25,000
14	\$49,000 but less than \$74,000	\$480 plus 3 percent of the taxable
15		income over \$49,000
16	\$74,000 but less than \$99,000	\$1,230 plus 4 percent of the taxable
17		income over \$74,000
18	\$99,000 but less than \$124,000	\$2,230 plus 5 percent of the taxable
19		income over \$99,000
20	\$124,000 but less than \$148,000	\$3,480 plus 6 percent of the taxable
21		income over \$124,000
22	\$148,000 but less than \$173,000	\$4,920 plus 7 percent of the taxable
23		income over \$148,000

1	\$173,000 but less than \$198,000	\$6,670 plus 8 percent of the taxable
2		income over \$173,000
3	\$198,000 but less than \$222,000	\$8,670 plus 9 percent of the taxable
4		income over \$198,000
5	\$222,000 or more	\$10,830 plus 9.4 percent of the
6		taxable income over \$222,000.

7 * **Sec. 2.** AS 43.20.012(a) is amended to read:

8 (a) Except as provided in (e) of this section, the [THE] tax imposed by this
9 chapter does not

10 (1) apply to an individual;

11 (2) apply to a fiduciary;

12 (3) for a tax year beginning after December 31, 2012, apply to an
13 Alaska corporation that is a qualified small business and that meets the active business
14 requirement in 26 U.S.C. 1202(e) as that subsection read on January 1, 2012; or

15 (4) for a tax year beginning after June 30, 2007, apply to the income
16 received by a regional association qualified under AS 16.10.380 or nonprofit
17 corporation holding a hatchery permit under AS 16.10.400 from the sale of salmon or
18 salmon eggs under AS 16.10.450 or from a cost recovery fishery under AS 16.10.455.

19 * **Sec. 3.** AS 43.20.012(a), as repealed and reenacted by sec. 2, ch. 55, SLA 2013, is
20 amended to read:

21 (a) Except as provided in (e) of this section, the [THE] tax imposed by this
22 chapter does not apply to

23 (1) an individual;

24 (2) a fiduciary; or

25 (3) the income received by a regional association qualified under
26 AS 16.10.380 or nonprofit corporation holding a hatchery permit under AS 16.10.400
27 from the sale of salmon or salmon eggs under AS 16.10.450 or from a cost recovery
28 fishery under AS 16.10.455.

29 * **Sec. 4.** AS 43.20.012 is amended by adding a new subsection to read:

30 (e) The limitations in (a) of this section do not apply to an oil or gas producer.

31 * **Sec. 5.** AS 43.20.021(c) is amended to read:

1 (c) For a corporation or oil or gas producer, for [FOR] purposes of
 2 calculating the alternative tax on capital gains provided for in the provisions of 26
 3 U.S.C. 1201 (Internal Revenue Code), the rate is 4.5 percent [FOR
 4 CORPORATIONS].

5 * Sec. 6. AS 43.20.021(d) is amended to read:

6 (d) For a corporation or oil or gas producer, where [WHERE] a credit
 7 allowed under the Internal Revenue Code is also allowed in computing Alaska income
 8 tax, it is limited to 18 percent [FOR CORPORATIONS] of the amount of credit
 9 determined for federal income tax purposes that [WHICH] is attributable to Alaska.
 10 This limitation does not apply to a special industrial incentive tax credit under
 11 AS 43.20.042.

12 * Sec. 7. AS 43.20.021(f) is amended to read:

13 (f) For a corporation or oil or gas producer, for [FOR] the purpose of
 14 calculating the alternative minimum tax on tax preferences provided for in 26 U.S.C.
 15 55 - 59 (Internal Revenue Code), the tax is 18 percent [FOR CORPORATIONS] of
 16 the applicable alternative minimum federal tax.

17 * Sec. 8. AS 43.20.030(a) is amended to read:

18 (a) If a corporation, an oil or gas producer, or a partnership that has a
 19 corporation as a partner, is required to make a return under the provisions of the
 20 Internal Revenue Code, it shall file with the department, within 30 days after the
 21 federal return is required to be filed, a return setting out

22 (1) the amount of tax due under this chapter, less credits claimed
 23 against the tax; and

24 (2) other information for the purpose of carrying out the provisions of
 25 this chapter that the department requires.

26 * Sec. 9. AS 43.20.144(h)(2) is amended to read:

27 (2) "consolidated business" means a corporation or oil or gas
 28 producer or group of corporations or oil or gas producers, or both, having more
 29 than 50 percent common ownership, direct or indirect, or a group of corporations in
 30 which there is common control, either direct or indirect, as evidenced by any
 31 arrangement, contract, or agreement; the requirements of this chapter apply whether or

1 not the taxpayer is the parent or controlling corporation;

2 * **Sec. 10.** AS 43.20.340 is amended by adding a new paragraph to read:

3 (11) "oil or gas producer" means an individual, sole proprietorship,
4 partnership, joint venture, association, trust, estate, business trust, an S corporation that
5 has elected to file federal tax returns under 26 U.S.C. 1361 - 1379 (Internal Revenue
6 Code), or other similar entity or organization that

7 (A) is engaged in the production of oil or gas from a lease or
8 property in the state; and

9 (B) during the taxable year, was subject to tax under
10 AS 43.55."

11

12 Page 1, line 4:

13 Delete "Section 1"

14 Insert "Sec. 11"

15

16 Renumber the following bill sections accordingly.

17

18 Page 25, following line 9:

19 Insert a new bill section to read:

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

22 APPLICABILITY. AS 43.20.011(e), as amended by sec. 1 of this Act,
23 AS 43.20.012(a), as amended by sec. 2 of this Act, AS 43.20.012(e) enacted by sec. 4 of this
24 Act, AS 43.20.021(c), as amended by sec. 5 of this Act, AS 43.20.021(d), as amended by sec.
25 6 of this Act, AS 43.20.021(f), as amended by sec. 7 of this Act, AS 43.20.030(a), as amended
26 by sec. 8 of this Act, AS 43.20.144(h)(2), as amended by sec. 9 of this Act, and
27 AS 43.20.340(11), enacted by sec. 10 of this Act, apply to an oil or gas producer filing a
28 return for a taxable year beginning on or after the effective date of secs. 1, 2, and 4 - 10 of this
29 Act. In this section, "oil or gas producer" has the meaning given in AS 43.20.340(11), enacted
30 by sec. 10 of this Act."

31

1 Renumber the following bill sections accordingly.

2

3 Page 25, line 13:

4 Delete "secs. 4 - 8"

5 Insert "secs. 14 - 18"

6

7 Page 25, line 15:

8 Delete "secs. 4 - 8"

9 Insert "secs. 14 - 18"

10

11 Page 25, lines 16 - 17:

12 Delete "secs. 4 - 8"

13 Insert "secs. 14 - 18"

14

15 Page 25, line 19:

16 Delete "secs. 4 - 8"

17 Insert "secs. 14 - 18"

18

19 Page 25, line 20:

20 Delete "secs. 4 - 8"

21 Insert "secs. 14 - 18"

22

23 Page 26, line 1:

24 Delete "Section 15"

25 Insert "Section 26"

26

27 Page 26, following line 1:

28 Insert a new bill section to read:

29 "* **Sec. 28.** Section 3 of this Act takes effect on the effective date of sec. 2, ch. 55, SLA
30 2013."

31

1 Renumber the following bill section accordingly.

2

3 Page 26, line 2:

4 Delete "sec. 16"

5 Insert "secs. 27 and 28"