

A M E N D M E N T

# 1

OFFERED IN THE HOUSE

TO: CSHB 223(RES), Draft Version "S"

1 Page 1, line 1, following "rates":  
2       Insert "and payments"  
3  
4 Page 1, line 13, through page 9, line 31:  
5       Delete all material and insert:  
6       **\*\* Sec. 2. AS 38.05.180 is amended by adding new subsections to read:**  
7               (mm) Notwithstanding a requirement in the leasing method chosen of a  
8               minimum fixed royalty share, for leases issued in the Cook Inlet sedimentary basin,  
9               the department shall accept, as complete payment for royalties due to the state, zero in  
10              royalties for qualified new gas and 50 percent of the minimum fixed royalty share for  
11              qualified new oil, unless payment is lower under another subsection of this section.  
12              The royalty reduction in this subsection applies until the earlier of either  
13               (1) 10 years following the commencement of commercial production  
14              that begins after July 1, 2024; or  
15               (2) the date on which a commercial quantity of oil or gas produced  
16              from the Cook Inlet sedimentary basin is shipped out of the state.  
17               (nn) In (mm) of this section,  
18               (1) "qualified new gas" means gas produced from  
19               (A) a field or pool that the commissioner determines has not  
20              previously produced gas for commercial sale before January 1, 2024;  
21               (B) a field or pool that has previously produced gas, but did not  
22              produce gas during calendar year 2024;  
23               (C) a well that did not exist on January 1, 2025, if the

commissioner determines that production of that gas from the field or pool from an existing well was not economically feasible;

(2) "qualified new oil" means oil produced from

(A) a field or pool that the commissioner determines has not previously produced oil for commercial sale before January 1, 2024;

(B) a field or pool that has previously produced oil, but did not produce oil during calendar year 2024;

(C) a well that did not exist on January 1, 2025, if the commissioner determines that production of that oil from the field or pool from an existing well was not economically feasible.

\* Sec. 3. AS 31.05.030(i); AS 38.05.180(f)(5), and 38.05.180(dd) are repealed."

12

13 Renumber the following bill section accordingly.

AMENDMENT

82

OFFERED IN THE HOUSE

BY REPRESENTATIVE MEARS

TO: CSHB 223(RES), Draft Version "S"

- 1 Page 8, line 30, following "production":
- 2 Insert "that begins on or before December 31, 2033,"

AMENDMENT

13

OFFERED IN THE HOUSE

BY REPRESENTATIVE MEARS

TO: CSHB 223(RES), Draft Version "S"

- 1 Page 1, line 1, following "gas;":
  - 2 Insert "relating to transferable oil and gas production tax credit certificates;"
  - 3
- 4 Page 9, following line 24:
  - 5 Insert a new bill section to read:
    - 6 **"\* Sec. 5. AS 43.55.028 is amended by adding a new subsection to read:**
      - 7 (t) The percentage of a transferable tax credit certificate issued under
      - 8 AS 43.55.023(d) or former AS 43.55.023(m) or a production tax credit certificate
      - 9 issued under AS 43.55.025(f) purchased by the department may not exceed the
      - 10 percentage of resident workers in the applicant's workforce in the state in the
      - 11 preceding calendar year, including workers employed by the applicant's contractors.
      - 12 An amount of a credit not purchased because of application of this subsection may be
      - 13 applied against the applicant's tax liability under this chapter. In this subsection,
      - 14 "resident worker" has the meaning given in AS 43.40.092(b)."
    - 15
  - 16 Renumber the following bill sections accordingly.

A M E N D M E N T

24

OFFERED IN THE HOUSE

BY REPRESENTATIVE MEARS

TO: CSHB 223(RES), Draft Version "S"

1 Page 1, line 1, following "gas;":

2 Insert "relating to oil and gas production tax credits and tax credit certificates;"

3

4 Page 9, following line 24:

5 Insert new bill sections to read:

6 **\*\* Sec. 5. AS 43.55.019** is amended by adding a new subsection to read:

7 (i) Notwithstanding (a) of this section, a producer with an interest in more than  
8 half of the existing oil and gas and gas only leases in the Cook Inlet sedimentary basin  
9 may not take a credit under this section unless the producer, during the tax year,  
10 drilled at least 10 exploration wells in that calendar year. A credit disallowed under  
11 this subsection may not be carried forward and applied in a subsequent tax year.

12 **\* Sec. 6. AS 43.55.023** is amended by adding a new subsection to read:

13 (q) Notwithstanding (a) and (l) of this section, a producer with an interest in  
14 more than half of the existing oil and gas and gas only leases in the Cook Inlet  
15 sedimentary basin may not take a credit under this section or apply a tax credit  
16 certificate issued under this section unless the producer, during the calendar year,  
17 drilled at least 10 exploration wells in that calendar year. Notwithstanding (c) of this  
18 section, a credit disallowed under this subsection may not be applied in a later  
19 calendar year.

20 **\* Sec. 7. AS 43.55.024** is amended by adding a new subsection to read:

21 (k) Notwithstanding (a), (c), (i), and (j) of this section, a producer with an  
22 interest in more than half of the existing oil and gas and gas only leases in the Cook  
23 Inlet sedimentary basin may not take a credit under this section unless the producer,

1       during the calendar year, drilled at least 10 exploration wells in that calendar year. A  
2       credit disallowed under this subsection may not be carried forward for use in a later  
3       calendar year.

4       \* **Sec. 8.** AS 43.55.025 is amended by adding a new subsection to read:

5               (r) Notwithstanding (a), (l), and (m) of this section, a producer with an interest  
6       in more than half of the existing oil and gas and gas only leases in the Cook Inlet  
7       sedimentary basin may not take a credit under this section or apply a tax credit  
8       certificate issued under this section unless the producer, during the calendar year,  
9       drilled at least 10 exploration wells in that calendar year. Notwithstanding (i) of this  
10      section, a credit disallowed under this subsection may not be carried forward and  
11      applied in a later calendar year.

12       \* **Sec. 9.** AS 43.55.028 is amended by adding a new subsection to read:

13               (r) Notwithstanding (e) of this section, the department may not purchase a  
14       transferrable tax credit certificate or production tax credit certificate under this section  
15       from a producer with an interest in more than half of the existing oil and gas and gas  
16       only leases in the Cook Inlet sedimentary basin unless the producer, during the  
17       calendar year, drilled at least 10 exploration wells in that calendar year.

18       \* **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to  
19      read:

20               **APPLICABILITY.** AS 43.55.019(i), added by sec. 5 of this Act, AS 43.55.023(q),  
21       added by sec. 6 of this Act, AS 43.55.024(k), added by sec. 7 of this Act, AS 43.55.025(r),  
22       added by sec. 8 of this Act, and AS 43.55.028(r), added by sec. 9 of this Act, apply beginning  
23       the first calendar year after the effective date of secs. 5 - 9 of this Act."

24  
25       Renumber the following bill sections accordingly.

26  
27       Page 9, following line 31:

28               Insert a new bill section to read:

29        \*\* **Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to  
30      read:

31               **CONTINGENT EFFECT.** Section 5 of this Act takes effect only if the Thirty-Third

1 Alaska State Legislature passes a bill that becomes law that further delays the repeal of  
2 AS 43.55.019 under secs. 21 and 37, ch. 61, SLA 2014, as amended by sec. 40, ch. 101, SLA  
3 2018, beyond January 1, 2025."

4

5 Renumber the following bill section accordingly.

AMENDMENT

*#5*

OFFERED IN THE HOUSE

BY REPRESENTATIVE MEARS

TO: CSHB 223(RES), Draft Version "S"

- 1 Page 1, line 1, following "gas;":
  - 2 Insert "relating to oil and gas production tax credits;"
  - 3
- 4 Page 9, following line 24:
  - 5 Insert new bill sections to read:
    - 6 **"\* Sec. 5. AS 43.55.024 is amended by adding a new subsection to read:**
      - 7 (k) In a calendar year, for each lease, property, or unit, a producer may not apply against the producer's tax liability under AS 43.55.011(e) credits earned under (i) or (j) of this section in an amount that exceeds the producer's qualified capital expenditures for the lease, property, or unit. A producer may not carry forward an unused credit under this subsection. In this subsection, "qualified capital expenditure" has the meaning given in AS 43.55.023(o).
  - 13 \* **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to read:
    - 15 **APPLICABILITY.** AS 43.55.024(k), as amended by sec. 5 of this Act, applies beginning the first calendar year after the effective date of sec. 5 of this Act."
    - 16
  - 17
  - 18 Renumber the following bill sections accordingly.

AMENDMENT

86

OFFERED IN THE HOUSE

BY REPRESENTATIVE MEARS

TO: CSHB 223(RES), Draft Version "S"

1   Page 1, line 1, following "gas;":

2           Insert "establishing an income tax on certain entities producing or transporting  
3   oil or gas in the state;"

4

5   Page 9, following line 24:

6           Insert new bill sections to read:

7    \*\* Sec. 5. AS 43.20 is amended by adding a new section to read:

8           **Sec. 43.20.019. Tax on income attributable to a qualified entity.** (a) If an  
9   entity has qualified taxable income over \$4,000,000 in a tax year, the entity shall pay a  
10   tax of 9.4 percent on the qualified taxable income over \$4,000,000.

11           (b) The tax under this section does not apply to a corporation paying tax under  
12   AS 43.20.011.

13           (c) The department may aggregate the qualified taxable income of two or  
14   more entities for the purpose of determining the tax due under this section if the  
15   department determines that, without the provisions of this section, the qualified  
16   taxable income would reasonably be expected to be attributed to a single entity.

17           (d) In this section,

18               (1) "entity" means a

19                   (A) sole proprietorship;

20                   (B) partnership; or

21                   (C) entity that has elected to file federal returns under 26  
22   U.S.C. 1361 - 1379 (Internal Revenue Code);

23               (2) "qualified taxable income" means income from the production of

1       oil or gas from a lease or property in the state or from the transportation of oil or gas  
2       by pipeline in the state before deductions for

3 (A) dividends and gifts; and

4 (B) wages, salaries, bonuses, or other similar payments to  
5 owners, partners, members, or shareholders of the entity.

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

8           **APPLICABILITY.** AS 43.20.019, added by sec. 5 of this Act, applies to the tax year  
9 of an entity beginning on or after the effective date of sec. 5 of this Act."

10

11 Renumber the following bill sections accordingly.

AMENDMENT

#1

OFFERED IN THE HOUSE

BY REPRESENTATIVE MEARS

TO: CSHB 223(RES), Draft Version "S"

1 Page 1, line 1, following "gas;":

2           Insert "relating to disclosure of information related to oil and gas production  
3 taxes;"

4

5 Page 9, following line 24:

6           Insert new bill sections to read:

7        \*\* Sec. 5. AS 43.55.890 is amended to read:

8           **Sec. 43.55.890. Disclosure of tax information.** Notwithstanding any contrary  
9 provision of AS 40.25.100 or AS 43.05.230, [AND REGARDLESS OF WHETHER  
10 THE INFORMATION IS CONSIDERED UNDER AS 43.05.230(E) TO  
11 CONSTITUTE STATISTICS CLASSIFIED TO PREVENT THE IDENTIFICATION  
12 OF PARTICULAR RETURNS OR REPORTS,] the department shall make publicly  
13 available [MAY PUBLISH] the following information under this chapter, [IF  
14 AGGREGATED AMONG THREE OR MORE PRODUCERS OR EXPLORERS,]  
15 showing by month or calendar year and by lease or property, unit, or area of the state:

16           (1) the amount of oil or gas production;

17           (2) the amount of taxes levied under this chapter or paid under this  
18 chapter;

19           (3) the effective tax rates under this chapter;

20           (4) the gross value of oil or gas at the point of production;

21           (5) the transportation costs for oil or gas;

22           (6) qualified capital expenditures, as defined in AS 43.55.023;

23           (7) exploration expenditures under AS 43.55.025;

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

8           **APPLICABILITY.** AS 43.55.890, as amended by sec. 5 of this Act, applies to  
9 information collected on or after the effective date of sec. 5 of this Act."

10

11 Renumber the following bill sections accordingly.

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE MEARS

TO: CSHB 223(RES), Draft Version "S"

1 Page 1, line 1, following "gas;":

2       Insert "relating to tax credits against the oil and gas production tax;"

3

4 Page 9, following line 24:

5       Insert new bill sections to read:

6    \*\* Sec. 5. AS 43.55.024(j) is amended to read:

7               (j) A producer may apply against the producer's tax liability for the calendar  
8       year under AS 43.55.011(e) a tax credit in the amount specified in this subsection for  
9       each barrel of oil taxable under AS 43.55.011(e) that does not receive a reduction in  
10      the gross value at the point of production under AS 43.55.160(f) or (g) and that is  
11      produced during a calendar year after December 31, 2013, from leases or properties  
12      north of 68 degrees North latitude. A tax credit under this subsection may not reduce a  
13      producer's tax liability for a calendar year under AS 43.55.011(e) below the amount  
14      calculated under AS 43.55.011(f). The amount of the tax credit for a barrel of taxable  
15      oil subject to this subsection produced during a month of the calendar year is16               (1) \$5 [\$8] for each barrel of taxable oil if the average gross value at  
17       the point of production for the month is less than \$80 a barrel;18               (2) \$4 [\$7] for each barrel of taxable oil if the average gross value at  
19       the point of production for the month is greater than or equal to \$80 a barrel, but less  
20       than \$90 a barrel;21               (3) \$3 [\$6] for each barrel of taxable oil if the average gross value at  
22       the point of production for the month is greater than or equal to \$90 a barrel, but less  
23       than \$100 a barrel;

(4) \$2 [\$5] for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$100 a barrel, but less than \$110 a barrel;

(5) \$1 [\$4] for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$110 a barrel, but less than \$120 a barrel;

(6) zero [\$3] for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$120 a barrel [, BUT LESS THAN \$130 A BARREL;

(7) \$2 FOR EACH BARREL OF TAXABLE OIL IF THE AVERAGE GROSS VALUE AT THE POINT OF PRODUCTION FOR THE MONTH IS GREATER THAN OR EQUAL TO \$130 A BARREL, BUT LESS THAN \$140 A BARREL;

(8) \$1 FOR EACH BARREL OF TAXABLE OIL IF THE AVERAGE GROSS VALUE AT THE POINT OF PRODUCTION FOR THE MONTH IS GREATER THAN OR EQUAL TO \$140 A BARREL, BUT LESS THAN \$150 A BARREL;

(9) ZERO IF THE AVERAGE GROSS VALUE AT THE POINT OF PRODUCTION FOR THE MONTH IS GREATER THAN OR EQUAL TO \$150 A BARREL].

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

APPLICABILITY. AS 43.55.024(j), as amended by sec. 5 of this Act, applies to oil produced on or after the effective date of sec. 5 of this Act."

Renumber the following bill sections accordingly.