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Nauman
2/17/25

SENATE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE

Introduced:
Referred:

A BILL

FOR AN ACT ENTITLED

"An Act relating to credits against the oil and gas production tax; and providing for an effective date."

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

* **Section 1.** AS 43.55.024(i) is amended to read:

(i) Subject to the restriction in (k) of this section, a [A] producer may apply against the producer's tax liability for the calendar year under AS 43.55.011(e) a tax credit of \$5 for each barrel of oil taxable under AS 43.55.011(e) that receives a reduction in the gross value at the point of production under AS 43.55.160(f) or (g) and that is produced during a calendar year after December 31, 2013. A tax credit authorized by this subsection may not reduce a producer's tax liability for a calendar year under AS 43.55.011(e) below zero.

* **Sec. 2.** AS 43.55.024(j) is amended to read:

(j) Subject to the restriction in (k) of this section, a [A] producer may apply against the producer's tax liability for the calendar year under AS 43.55.011(e) a tax

credit in the amount specified in this subsection for each barrel of oil taxable under AS 43.55.011(e) that does not receive a reduction in the gross value at the point of production under AS 43.55.160(f) or (g) and that is produced during a calendar year after December 31, 2013, from leases or properties north of 68 degrees North latitude. A tax credit under this subsection may not reduce a producer's tax liability for a calendar year under AS 43.55.011(e) below the amount calculated under AS 43.55.011(f). The amount of the tax credit for a barrel of taxable oil subject to this subsection produced during a month of the calendar year is

(1) \$5 [\$8] for each barrel of taxable oil if the average gross value at the point of production for the month is less than \$80 a barrel;

(2) \$4 [\$7] 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 \$80 a barrel, but less than \$90 a barrel;

(3) \$3 [\$6] 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 \$90 a barrel, but less 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) \$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

1 GROSS VALUE AT THE POINT OF PRODUCTION FOR THE MONTH IS
2 GREATER THAN OR EQUAL TO \$140 A BARREL, BUT LESS THAN \$150 A
3 BARREL;

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

7 * **Sec. 3.** AS 43.55.024 is amended by adding a new subsection to read:

8 (k) In a calendar year, for each lease or property, a producer may not apply
9 against the producer's tax liability under AS 43.55.011(e) credits earned under (i) or (j)
10 of this section in an amount that exceeds the producer's qualified capital expenditures
11 for the lease or property. A producer may not carry forward an unused credit under
12 this subsection. In this subsection, "qualified capital expenditure" has the meaning
13 given in AS 43.55.023(o).

14 * **Sec. 4.** The uncoded law of the State of Alaska is amended by adding a new section to
15 read:

16 APPLICABILITY. AS 43.55.024(i) and (j), as amended by secs. 1 and 2 of this Act,
17 and AS 43.55.024(k), added by sec. 3 of this Act, apply to credits resulting from oil produced
18 on or after January 1, 2025.

19 * **Sec. 5.** The uncoded law of the State of Alaska is amended by adding a new section to
20 read:

21 TRANSITION: PAYMENT OF TAX. Notwithstanding AS 43.55.020, a person
22 subject to an adjustment to tax liability as a result of AS 43.55.024(i) and (j), as amended by
23 secs. 1 and 2 of this Act, and AS 43.55.024(k), added by sec. 3 of this Act, shall pay the
24 balance of the tax due before January 1, 2026, by January 1, 2026. Until January 1, 2026, the
25 Department of Revenue shall waive interest that would otherwise accrue under AS 43.05.225
26 and civil and criminal penalties accruing under AS 43.05.220, 43.05.245, and 43.05.290 that
27 are a result of the retroactivity of this Act.

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

30 RETROACTIVITY OF REGULATIONS. Notwithstanding a contrary provision of
31 AS 44.62.240, if the Department of Revenue expressly designates in a regulation that the

1 regulation applies retroactively to a specific date, a regulation adopted by the department to
2 implement, interpret, make specific, or otherwise carry out this Act applies retroactively to
3 that date.

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

6 RETROACTIVITY. This Act is retroactive to January 1, 2025.

7 * **Sec. 8.** This Act takes effect immediately under AS 01.10.070(c).