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HB 397: Surcharge on Crude Oil; Arctic Trans Fund Version: 30-LS1310|O Sectional Analysis

*Please note that a sectional analysis of a bill or resolution should not be considered an authoritative interpretation of the measure itself.
The legislation is the best statement of its contents.*

Section 1 (page 1, line 4) – Adds new surcharge to AS 43.55.023(c) preventing tax credits under this section from offsetting this surcharge.

Section 2 (page 2, line 4) – Adds new surcharge to AS 43.55.023(e) preventing tax credits under this section from offsetting this surcharge.

Section 3 (page 2, line 27) – Adds new surcharge to AS 43.55.025(h) preventing tax credits under this section from offsetting this surcharge.

Section 4 (page 3, line 14) – Adds new surcharge to the list of expenditures in AS 43.55.165(e) not deductible for the purpose of calculating net production tax

Section 5 (page 6, line 15) – Makes clear that all three surcharges are cumulative.

Section 6 (page 6, line 21) – Makes clear that all three surcharges are cumulative.

Section 7 (page 6, line 27) – **Adds new section AS 43.55.350 Alaska Conditional Surcharge on Oil**

Subsection (a) (page 6, line 29) Creates a new per barrel surcharge equal to 9c per barrel, less the amount of any imposed under 26 USC 4611 (c) (2) (B).

Subsection (b) (page 7, line 4) States that the surcharge under section (a) is in addition to tax imposed by AS 43.55.011 and the two existing surcharges under AS 43.55.201 and 43.33.300. Also states the surcharge imposed is due on the last day of the month on oil produced during the preceding month.

Subsection (c) (page 7, line 8) Requires reporting of production by the producer on March 31st of the following calendar year as required for tax imposed under AS 43.55.011 – 43.55.180

Subsection (d) (page 7, line 11) Exempts for the new surcharge oil used for operation of a lease or for re-pressuring determined to be waste by the Alaska Oil and Gas Conservation Commission.

Subsection (e) (page 7, line 14) The surcharge will be deposited in the general fund.

Subsection (f) (page 7, line 16) describes the conditional imposition of the surcharge. Requires the commissioner to determine if the federal government is collecting a tax under 26 USC 4611 (c) (2) (B) and impose or suspend the surcharge as appropriate.

Subsection (g) (page 8, line 6) makes clear that failure of the commissioner to notify producers does not waive the surcharge under this section.

Subsection (h) (page 8, line 8) makes clear that if the surcharge under this section and a federal tax are imposed simultaneously because of retroactivity of the federal tax, the surcharge paid will not be refunded.

Subsection (i) (page 8, line 11) surcharge proceeds will be accounted for separately and deposited into the Arctic Transportation and Resource Access Fund, created under AS 43.55.360

Section 7 (page 8, line 14) – **Adds a new section AS 43.55.360** establishing the **Arctic Transportation and Resource Access Fund (ATRA)** as a separate account in the general fund.

Describes the fund as proceeds from the surcharge and tolls collected from infrastructure constructed with funds from the ATRA fund. Clearly states that the legislature may appropriate the actual balance of the fund for infrastructure projects north of 68 degrees.

Section 8 (page 8, line 24) – Defines the term surcharge as used in the AS 43.550.350 and AS 43.55.360.