

ALASKA STATE LEGISLATURE HOUSE FINANCE COMMITTEE

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HB 411 – An Act relating to the Oil and Gas Production tax, tax payments, and credits; and providing for an effective date.

Sectional Analysis/J

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. Amends AS 43.55.011(e) Tax Rate

Changes production tax rate from 35% to 25% as of July 1, 2018, plus any supplemental rates added by Section 2. Retains change to gas rate after 2022.

Section 2. Amends AS 43.55.011(g) Supplemental Tax

Establishes a supplemental 5% tax bracket at a production tax value (PTV) of \$40 per barrel, an additional supplemental 5% tax bracket at \$50 PTV per barrel, and a third supplemental tax bracket at \$60 PTV per barrel. The supplemental tax rates only apply to the amount above each price trigger value. \$60 PTV per barrel is equal to approximately \$100 Alaska North Slope (ANS) price per barrel.

Section 3. Amends AS 43.55.014(b) Gas Tax Rate after 2022

Conforming amendment to new tax rates in AS 43.55.011(e) and (g).

Section 4. Amends AS 43.55.020(a) Monthly Installment Tax Payments

Conforming amendment to new tax rates in AS 43.55.011(e) and (g).

Section 5. Amends AS 43.55.020(g) Interest on Underpayment of Monthly

Installments Conforming amendment to new tax rates in AS 43.55.011(e) and (g).

Section 6. Amends AS 43.55.020(h) Interest on Overpayment of Monthly Installments

Conforming amendment to new tax rates in AS 43.55.011(e) and (g).

Section 7. Amends AS 43.55.020(k) Tax Payments by Private Property Owners

Conforming amendment to new tax rates in AS 43.55.011(e) and (g).

Section 8. Amends AS 43.55.020(l) Tax Payments by Private Property Owners

Conforming amendment to new tax rates in AS 43.55.011(e) and (g).

Section 9. Amends AS 43.55.160(a) Determination of Production Tax Value

Conforming amendment to new tax rates in AS 43.55.011(e) and (g).

Section 10. Amends AS 43.55.160(e) *Determination of Carry Forward Annual Loss after 2022*

Conforming amendment to incorporate changes in Section 12.

Section 11. Amends AS 43.55.160(f) *Determination of Gross Value Reduction (GVR)*

Conforming amendment to new tax rates in AS 43.55.011(e) and (g)

Section 12. Amends AS 43.55.160(h) *Determination of Production Tax Value for Oil after 2022.*

Adds references to incorporate the new supplemental tax brackets in AS 43.55.011(g) which takes effect in 2022.

Section 13. Repeals AS 43.55.024(i) and AS 43.55.024(j) *Per Barrel Credits*

Repeals the per barrel credit for GVR and NON-GVR oil.

Section 14. *Transition Language*

Gives the Department of Revenue authority to continue to apply the old tax criteria for purpose of monthly collection of installment payments.

Section 15. *Transition Language*

Gives retroactive regulatory authority to the Department of Revenue to adopt necessary regulations to implement the measures of the bill.

Section 16. *Effective Date*

Provides for an immediate effective date for Section 15

Section 17. *Effective Date*

Provides for an effective date of July 1, 2018 for all other sections.