

ALASKA STATE LEGISLATURE

HOUSE FINANCE COMMITTEE

Representative Paul Seaton
Co-Chair
(907) 465-2689

Rep.Paul.Seaton@akleg.gov

Alaska State Capitol - Rm 505



Representative Neal Foster
Co-Chair
(907) 465-3789

Rep.Neal.Foster@akleg.gov

Alaska State Capitol - Rm 410

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.