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Sectional Summary for CSHB 100(FIN)

An act establishing a credit against income tax for an in-state processing facility that manufactures urea, ammonia, or gas-to-liquids products; relating to establishing the value of the state's royalty share of gas production based on contracts with certain in-state processing facilities that manufacture urea, ammonia, or gas-liquids products; and providing for an effective date.

Section 1. Adds a new subsection to AS 38.05.180, the oil and gas leasing statute. Provides for the use of the price established in a contract between a lessee and an in-state processing facility whose primary function is the manufacture and sale of urea, ammonia, or gas to liquids products to be the value of the gas for royalty purposes. Requires the commissioner of natural resources to make a written finding that accepting the contract price is in the best interest of the state and that the price is not unreasonably low. Requires that the lessee is not affiliated with the owner of the processing facility or with a purchaser of more than 10 percent of the products of the plant. Provides a definition for "gas-to-liquid product."

Section 2. Adds AS 43.20.052 to AS 43.20 (Alaska Net Income Tax Act) to provide an income tax credit to an in-state processing facility that produces urea, ammonia, or gas to liquids products for sale to third parties. Provides that the credit is equal to the amount of royalty paid on natural gas produced from state leases and delivered to the processing facility. Limits the taking of the credit to an amount that will not reduce the taxpayer's income tax below zero. Prevents any unused credit from applying to a tax in a subsequent taxable year. Requires reporting to the state by the taxpayer of the leases supplying the gas, the names of the lessees, the quantities purchased, price paid, and ownership of the processing facility.

Section 3. Repeals AS 43.20.052, the credit provision. Section 6 makes the repeal effective January 1, 2024.

Section 4. Makes the credit applicable to gas from state leases that is delivered for use at the processing plant during the period on or after July 1, 2017 and before January 1, 2024.

Section 5. Makes sections 1, 2, and 4 take effect on July 1, 2017.

Section 6. Repeals the tax credit January 1, 2024.