

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSSB 192(RES), Draft Version "B"

1 Page 1, line 1, following "tax;":

2 Insert "relating to the minimum tax on oil and gas production; relating to the
3 availability of funds from the oil and gas production tax for appropriation to the
4 community revenue sharing fund;"

5

6 Page 1, following line 2:

7 Insert new bill sections to read:

8 ** **Section 1.** AS 29.60.850(b) is amended to read:

9 (b) Each fiscal year, the legislature may appropriate to the community revenue
10 sharing fund an amount equal to the lesser of 20 percent of the money received by the
11 state during the previous calendar year under AS 43.55.011(g) or the difference
12 between the amount of money received by the state during the previous calendar
13 for oil and gas production subject to AS 43.55.011(f) and 25 percent of the
14 production tax value determined under AS 43.55.160 for oil and gas production
15 subject to AS 43.55.011(f) produced during the previous calendar year, except the
16 difference may not be less than zero. The amount appropriated may not exceed

17 (1) \$60,000,000; or

18 (2) the amount that, when added to the fund balance on June 30 of the

19 previous fiscal year, equals \$180,000,000.

20 * **Sec. 2.** AS 43.55.011(f) is repealed and reenacted to read:

21 (f) Except for oil and gas subject to (i) of this section and gas subject to (o) of
22 this section, the provisions of this subsection apply to oil and gas produced from each
23 lease or property within a unit or nonunitized reservoir that has cumulatively produced

1,000,000,000 BTU equivalent barrels of oil or gas by the close of the most recent calendar year and from which the average daily oil and gas production from the unit or nonunitized reservoir during the most recent calendar year exceeded 100,000 BTU equivalent barrels. Notwithstanding any contrary provision of law, a producer may not apply tax credits to reduce its total tax liability under (e) and (g) of this section for oil and gas produced from all leases or properties within the unit or nonunitized reservoir below 10 percent of the total gross value at the point of production of that oil and gas. If the amount of tax calculated by multiplying the tax rates in (e) and (g) of this section by the total production tax value of the oil and gas taxable under (e) and (g) of this section produced from all of the producer's leases or properties within the unit or nonunitized reservoir is less than 10 percent of the total gross value at the point of production of that oil and gas, the tax levied by (e) and (g) of this section for that oil and gas is equal to 10 percent of the total gross value at the point of production of that oil and gas."

Page 1, line 4:

Delete "**Section 1**"

Insert "**Sec. 3**"

Renumber the following bill sections accordingly.

Page 2, following line 5:

Insert a new bill section to read:

"* **Sec. 4. AS 43.55.020(a)** is amended to read:

(a) For a calendar year, a producer subject to tax under AS 43.55.011(e) - (i) shall pay the tax as follows:

(1) an installment payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each month of the calendar year on the last day of the following month; except as otherwise provided under (2) of this subsection, the amount of the installment payment is the sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be

1 applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount
2 of the installment payment may not be less than zero:

3 (A) for oil and gas produced from leases or properties in the
4 state outside the Cook Inlet sedimentary basin but not subject to
5 AS 43.55.011(o), other than leases or properties subject to AS 43.55.011(f), the
6 greater of

7 (i) zero; or

8 (ii) the sum of 25 percent and the tax rate calculated for
9 the month under AS 43.55.011(g) multiplied by the remainder obtained
10 by subtracting 1/12 of the producer's adjusted lease expenditures for the
11 calendar year of production under AS 43.55.165 and 43.55.170 that are
12 deductible for the leases or properties under AS 43.55.160 from the
13 gross value at the point of production of the oil and gas produced from
14 the leases or properties during the month for which the installment
15 payment is calculated;

16 (B) for oil and gas produced from leases or properties subject
17 to AS 43.55.011(f), **10 percent of the gross value at the point of production**
18 **of that oil and gas** [THE GREATEST OF

19 (i) ZERO;

20 (ii) ZERO PERCENT, ONE PERCENT, TWO
21 PERCENT, THREE PERCENT, OR FOUR PERCENT, AS
22 APPLICABLE, OF THE GROSS VALUE AT THE POINT OF
23 PRODUCTION OF THE OIL AND GAS PRODUCED FROM ALL
24 LEASES OR PROPERTIES DURING THE MONTH FOR WHICH
25 THE INSTALLMENT PAYMENT IS CALCULATED; OR

26 (iii) THE SUM OF 25 PERCENT AND THE TAX
27 RATE CALCULATED FOR THE MONTH UNDER AS 43.55.011(g)
28 MULTIPLIED BY THE REMAINDER OBTAINED BY
29 SUBTRACTING 1/12 OF THE PRODUCER'S ADJUSTED LEASE
30 EXPENDITURES FOR THE CALENDAR YEAR OF PRODUCTION
31 UNDER AS 43.55.165 AND 43.55.170 THAT ARE DEDUCTIBLE

1 FOR THOSE LEASES OR PROPERTIES UNDER AS 43.55.160
2 FROM THE GROSS VALUE AT THE POINT OF PRODUCTION
3 OF THE OIL AND GAS PRODUCED FROM THOSE LEASES OR
4 PROPERTIES DURING THE MONTH FOR WHICH THE
5 INSTALLMENT PAYMENT IS CALCULATED];

6 (C) for oil and gas produced from each lease or property
7 subject to AS 43.55.011(j), (k), or (o), the greater of

8 (i) zero; or

9 (ii) the sum of 25 percent and the tax rate calculated for
10 the month under AS 43.55.011(g) multiplied by the remainder obtained
11 by subtracting 1/12 of the producer's adjusted lease expenditures for the
12 calendar year of production under AS 43.55.165 and 43.55.170 that are
13 deductible under AS 43.55.160 for oil or gas, respectively, produced
14 from the lease or property from the gross value at the point of
15 production of the oil or gas, respectively, produced from the lease or
16 property during the month for which the installment payment is
17 calculated;

18 (2) an amount calculated under (1)(C) of this subsection for oil or gas
19 produced from a lease or property subject to AS 43.55.011(j), (k), or (o) may not
20 exceed the product obtained by carrying out the calculation set out in
21 AS 43.55.011(j)(1) or (2) or 43.55.011(o), as applicable, for gas or set out in
22 AS 43.55.011(k)(1) or (2), as applicable, for oil, but substituting in
23 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable
24 gas produced during the month for the amount of taxable gas produced during the
25 calendar year and substituting in AS 43.55.011(k)(1)(A) or (2)(A), as applicable, the
26 amount of taxable oil produced during the month for the amount of taxable oil
27 produced during the calendar year;

28 (3) an installment payment of the estimated tax levied by
29 AS 43.55.011(i) for each lease or property is due for each month of the calendar year
30 on the last day of the following month; the amount of the installment payment is the
31 sum of

(A) the applicable tax rate for oil provided under AS 43.55.011(i), multiplied by the gross value at the point of production of the oil taxable under AS 43.55.011(i) and produced from the lease or property during the month; and

(B) the applicable tax rate for gas provided under AS 43.55.011(i), multiplied by the gross value at the point of production of the gas taxable under AS 43.55.011(i) and produced from the lease or property during the month;

(4) any amount of tax levied by AS 43.55.011(e) or (i), net of any credits applied as allowed by law, that exceeds the total of the amounts due as installment payments of estimated tax is due on March 31 of the year following the calendar year of production."

14 Renumber the following bill section accordingly.