7:46 am
3/29/10

Conceptual Amendment to HB 337 version \A

Amendment Number _____

In House Resources by Rep. Seaton

Page 5 before line 10, add a new subsection

(5) the 30% enhanced credit claimed is for the amount above the 2008, 2009, 2010 three year average for the taxpayer for all similar work claimed as credit under AS43.55.023. The taxpayer is responsible for providing the average expenditures as outlined in this subsection which is subject to departmental review.

HB 337 Amendment Number 7:46 am conceptual background explanation
By Rep. Seaton

ACES started in 2007. In-field well workovers and new wells inside the defined developed units were economic decisions by individual companies and unit partners. ACES provided a 20% Capital Credit for that well work that obviously matched that level of investment as the work proceeded.

To encourage greater than the 3 year average infield well work, an increase to 30% tax credit should be applied to the additional well work above that company 3 year (2008 2009, 2010) average well work expenditure. We have received past testimony from producers that in-field work has the shortest investment sanction cycle, but 2007 should not be included in the average because ACES was not fully operational for the sanctioning duration of that year's projects.

Since enhanced well work 30% capital credits are going to require the companies to segregate a filing for "below ground" lease related expenses, they will need to similarly segregate the "below ground" expenses for the 2008-2010 average and will need to be required to fully claim the same array of lease expenditures for the calculation of the average as the "below ground" array developed for lease expenditures for claiming their enhanced capital credits.

Exploration credits are already at 30% so new fields or companies would maintain this 30% enhanced credit for all additional well development work through the sunset date.