

ALASKA STATE LEGISLATURE

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SECTIONAL ANALYSIS SB 305 VERSION K

1. Amends AS 29.60.850(b) to reference new separate progressive tax on gas as a source of money may be appropriated to the community revenue sharing fund.
2. Amends AS 43.55.011(e) to make separate references to the monthly progressive taxes on oil and gas.
3. Amends AS 43.55.011(g) to have the tax rate determined using the production tax values of oil and the production tax values on a BTU equivalent basis of gas produced in Cook Inlet and gas produced elsewhere in the state.
4. Adds a new subsection, (p), to AS 43.55.011, to provide for a progressive tax applicable to gas production that is not included in AS 43.55.011(g) as amended in section 3 of the bill.
5. Repeals and reenacts AS 43.55.020(a) to describe the determination of a monthly installment payment for production taxes when the progressive tax on oil, Cook Inlet gas, and other gas used in the state, and the progressive tax applicable to other gas are determined separately.
6. Amends AS 43.55.020(d), relating to a settlement with the royalty owner, by adding references to the progressive tax on the gas to which AS 43.55.011(p) is applicable.
7. Amends AS 43.55.160(a), relating to the determination of the production tax value of oil and gas, by providing the means for determining the production tax value of oil and the production tax value of gas separately, and providing that lease expenditures include expenditures allocated under 160(f) in section 8 for the calendar year incurred to explore land not under lease, or explore or develop a lease before commencement of sustained production.
8. Adds two new subsections, (f), and (g), to AS 43.55.160. In subsection (f), expenditures to explore land not under lease, or to explore or develop a lease before commencement of production of oil or gas, are allocated to current oil or gas production. In subsection (g), lease expenditures include expenditures for producing, or that are incurred for exploration or development after the commencement of sustained production.
9. Amends AS 43.55.165(h), relating to the requirement that the Department of Revenue adopt regulations for allocating lease expenditures, by requiring that the Department allocate lease expenditures, to the maximum extent possible, between oil and gas, using the relative gross value at the point of production.

10. Adds a new subsection, AS 43.55.170(d), which is similar to the amendment to AS 43.55.165(h) in section 9, but is applicable to allocating adjustments to lease expenditures.
11. Requires a producer that underpays an installment payment after December 31, 2009 and before the effective date because of the retroactive application of the new progressive tax section to pay the amount of the underpayment on the date the first installment payment is due after the effective date of the Act.
12. Department has authority to adopt regulations to implement retroactive provisions in section 13.
13. Makes the progressivity provisions of the bill – sections 2–4 and 7-8 – retroactive to January 1, 2010.
14. Makes the Act take effect immediately.