

**AMENDMENT**

**#18**

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: HCS CSSB 21(RES), Draft Version "K"

1 Page 1, line 11, following "properties;":

2 Insert "allowing the Alaska Industrial Development and Export Authority to issue  
3 bonds for an oil processing facility; creating a fund to finance construction or  
4 improvement of an oil or gas processing facility"

5

6 Page 28, following line 29:

7 Insert new bill sections to read:

8 "\* Sec. 37. AS 44.88.140(a) is amended to read:

9 (a) Except as provided in AS 29.45.030(a)(1) **and AS 44.88.168**, the real and  
10 personal property of the authority and its assets, income, and receipts are declared to  
11 be the property of a political subdivision of the state and, together with any project or  
12 development project financed under AS 44.88.155 - 44.88.159 or 44.88.172 -  
13 44.88.177, and a leasehold interest created in a project or development project  
14 financed under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, devoted to an  
15 essential public and governmental function and purpose, and the property, assets,  
16 income, receipts, project, development project, and leasehold interests shall be exempt  
17 from all taxes and special assessments of the state or a political subdivision of the  
18 state, including, without limitation, all boroughs, cities, municipalities, school  
19 districts, public utility districts, and other taxing units. All bonds of the authority are  
20 declared to be issued by a political subdivision of the state and for an essential public  
21 and governmental purpose and to be a public instrumentality, and the bonds, and the  
22 interest on them, the income from them and the transfer of the bonds, and all assets,  
23 income, and receipts pledged to pay or secure the payments of the bonds, or interest on

1        them, shall at all times be exempt from taxation by or under the authority of the state,  
 2        except for inheritance and estate taxes and taxes on transfers by or in contemplation of  
 3        death. Nothing in this section affects or limits an exemption from license fees,  
 4        property taxes, or excise, income, or any other taxes, provided under any other law,  
 5        nor does it create a tax exemption with respect to the interest of any business  
 6        enterprise or other person, other than the authority, in any property, assets, income,  
 7        receipts, project, development project, or lease whether or not financed under this  
 8        chapter. By January 10 of each year, the authority shall submit to the governor a report  
 9        describing the nature and extent of the tax exemption of the property, assets, income,  
 10       receipts, project, development project, and leasehold interests of the authority under  
 11       this section. The authority shall notify the legislature that the report is available.

12    \* **Sec. 38.** AS 44.88 is amended by adding a new section to read:

13            **Sec. 44.88.168. Oil and gas infrastructure fund.** (a) The oil and gas  
 14       infrastructure fund is established in the authority. The oil and gas infrastructure fund  
 15       consists of money appropriated to the authority for deposit in the fund, and money  
 16       deposited in the fund by the authority. The fund is not an account in the revolving loan  
 17       fund established in AS 44.88.060, and the authority shall account for the fund  
 18       separately from the revolving fund. Money in the fund may be used to finance the  
 19       construction and improvement of an oil or gas processing facility on the North Slope  
 20       and flow lines and other surface infrastructure for the facility.

21            (b) Notwithstanding AS 44.88.140, the state or a political subdivision of the  
 22       state may levy a tax or special assessment on an oil or gas processing facility, flow  
 23       lines, and other surface infrastructure for the facility financed by the oil and gas  
 24       infrastructure fund.

25            (c) In this section, "North Slope" means that area of the state lying north of 68  
 26       degrees North latitude."

27  
 28       Renumber the following bill sections accordingly.

29  
 30       Page 29, following line 21:

31       Insert a new bill section to read:

1     "\* **Sec. 44.** The uncoded law of the State of Alaska is amended by adding a new section to  
2 read:

3           LEGISLATIVE APPROVAL; NORTH SLOPE OIL OR GAS PROCESSING  
4 FACILITY. (a) The Alaska Industrial Development and Export Authority may issue bonds to  
5 finance the construction and improvement of an oil or gas processing facility on the Alaska  
6 North Slope and flow lines and other surface infrastructure for the facility. The processing  
7 facility, flow lines, and other surface infrastructure for the facility shall be used to secure  
8 bonds issued under this section. The principal amount of the bonds provided by the authority  
9 for the facility, flow lines, and other surface infrastructure may not exceed \$200,000,000 and  
10 may include the costs of funding reserves and other costs of issuing the bonds that the  
11 authority considers reasonable and appropriate. Notwithstanding AS 44.88.140, an oil or gas  
12 processing facility, flow lines, and other surface infrastructure for the facility constructed or  
13 financed by the oil and gas infrastructure fund are subject to taxes and special assessments of  
14 the state or a political subdivision of the state.

15           (b) This section constitutes the legislative approval required by AS 44.88.095(g) and  
16 44.88.690.

17           (c) The prohibition on the issuance of bonds in an amount exceeding \$400,000,000  
18 under AS 44.88.095 does not apply to bonds issued under this section, and the principal  
19 amount of bonds issued under this section may not be considered in determining whether the  
20 limit in AS 44.88.095 has been reached."

21  
22     Renumber the following bill section accordingly.

23  
24     Page 29, line 24:

25           Delete "37"

26           Insert "39"

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**#19**

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: HCS CSSB 21(RES), Draft Version "K"

- 1 Page 1, lines 2 - 4:
- 2 Delete "providing a tax credit against the corporation income tax for qualified oil
- 3 and gas service industry expenditures;"
- 4
- 5 Page 4, line 5, through page 5, line 11:
- 6 Delete all material.
- 7
- 8 Renumber the following bill sections accordingly.
- 9
- 10 Page 29, line 5:
- 11 Delete "Section 13"
- 12 Insert "Section 12"
- 13
- 14 Page 29, line 6:
- 15 Delete "sec. 31"
- 16 Insert "sec. 30"
- 17
- 18 Page 29, line 7:
- 19 Delete "Sections 18 and 20 - 23"
- 20 Insert "Sections 17 and 19 - 22"
- 21 Delete "sec. 18"
- 22 Insert "sec. 17"
- 23

- 1 Page 29, line 9:
- 2 Delete "Section 19"
- 3 Insert "Section 18"
- 4
- 5 Page 29, line 20:
- 6 Delete "sec. 36"
- 7 Insert "sec. 35"
- 8
- 9 Page 29, line 24:
- 10 Delete "Sections 13, 20 - 23, 28, and 37"
- 11 Insert "Sections 12, 19 - 22, 27, and 36"
- 12
- 13 Page 29, line 25:
- 14 Delete "sec. 18"
- 15 Insert "sec. 17"
- 16 Delete "sec. 31"
- 17 Insert "sec. 30"

**AMENDMENT**

#20

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: HCS CSSB 21(RES), Draft Version "K"

1 Page 1, line 11, following "**properties**";:

2 Insert "**relating to the additional conservation surcharge on oil**;"

3

4 Page 25, following line 20:

5 Insert a new bill section to read:

6 "**\* Sec. 33.** AS 43.55.300(a) is amended to read:

7 (a) Every producer of oil shall pay a surcharge of **\$.07 for each** [\$.04 PER]  
8 barrel of oil produced from each lease or property in the state, less any oil the  
9 ownership or right to which is exempt from taxation."

10

11 Renumber the following bill sections accordingly.

12

13 Page 29, line 20:

14 Delete "sec. 36"

15 Insert "sec. 37"

16

17 Page 29, line 24:

18 Delete "37"

19 Insert "38"

**AMENDMENT**

#21

OFFERED IN THE HOUSE

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TO: HCS CSSB 21(RES), Draft Version "K"

- 1 Page 24, line 13, following "section,":
- 2       Insert "for the first five years immediately following the commencement of production
- 3 subject to tax under AS 43.55.011(e),"

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**#22**

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TO: HCS CSSB 21(RES), Draft Version "K"

1 Page 11, line 10, following "AS 43.55.160(f)":

2 Insert "or (g)"

3

4 Page 24, following line 27:

5 Insert a new subsection to read:

6 "(g) In the calculation of an annual production tax value of a producer under  
7 (a)(1) of this section, the gross value at the point of production of oil or gas produced  
8 from a shale formation from a lease or property in the state is reduced by 20 percent  
9 for the first three years immediately following the commencement of production  
10 subject to tax under AS 43.55.011(e). A reduction under this subsection may not  
11 reduce the gross value at the point of production below zero."

12

13 Reletter the following subsection accordingly.



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TO: HCS CSSB 21(RES), Draft Version "K"

1 Page 11, line 10, following "AS 43.55.160(f)":

2 Insert "or (g)"

3

4 Page 24, following line 27:

5 Insert a new subsection to read:

6 "(g) In the calculation of an annual production tax value of a producer under

7 (a)(1) of this section, the gross value at the point of production of oil or gas produced

8 from a shale formation from a lease or property in the state is reduced by 10 percent.

9 A reduction under this subsection may not reduce the gross value at the point of

10 production below zero."

11

12 Reletter the following subsection accordingly.

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#24

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TO: HCS CSSB 21(RES), Draft Version "K"

1 Page 1, line 5, following "state;":

2 Insert "relating to the taxation of certain natural gas that is reinjected;"

3

4 Page 12, following line 31:

5 Insert a new bill section to read:

6 "\* Sec. 16. AS 43.55.020(f) is amended to read:

7 (f) If oil or gas is produced but not sold, gas is produced but is stored in a gas  
8 storage facility, or oil or gas is produced and sold under circumstances where the sale  
9 price does not represent the prevailing value for oil or gas of like kind, character, or  
10 quality in the field or area from which the product is produced, the department may  
11 require the tax to be paid upon the basis of the value of oil or gas of the same kind,  
12 quality, and character prevailing for that field or area during the calendar month of  
13 production or sale. If an economic sale is available for gas and the producer  
14 determines it is in the best interest of the producer to reinject rather than sell the  
15 gas, the producer shall pay the tax on the volume of gas reinjected."

16

17 Renumber the following bill sections accordingly.

18

19 Page 29, line 6:

20 Delete "sec. 31"

21 Insert "sec. 32"

22

23 Page 29, line 7:

1 Delete "18 and 20 - 23"  
2 Insert "19 and 21 - 24"  
3 Delete "sec. 18"  
4 Insert "sec. 19"  
5  
6 Page 29, line 9:  
7 Delete "Section 19"  
8 Insert "Section 20"  
9  
10 Page 29, line 20:  
11 Delete "sec. 36"  
12 Insert "sec. 37"  
13  
14 Page 29, line 24:  
15 Delete "20 - 23, 28, 37"  
16 Insert "21 - 24, 29, 38"  
17  
18 Page 29, line 25:  
19 Delete "sec. 18"  
20 Insert "sec. 19"  
21 Delete "sec. 31"  
22 Insert "sec. 32"