

Alaska State Legislature

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REPRESENTATIVE MIKE CHENAULT **SPEAKER OF THE ALASKA STATE HOUSE** **SPONSOR STATEMENT**

COMMITTEE SUBSTITUTE for HOUSE BILL 100 (RES): "An Act establishing a credit against the net income tax for an in-state processing facility that manufactures urea or ammonia; 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 or ammonia; and providing for an effective date."

House Bill 100 seeks to incentivize the production of certain value-added products that use as their feed stock natural gas from state leases.

HB 100 allows a company that produces urea or ammonia to credit their taxes under AS43.20 if they purchase gas from a state lease. The credit is only available for a limited time, cannot be carried forward from one year to the next and the value of the credit cannot exceed the amount the state receives for royalty.

It is my belief that this credit will be viewed favorably by the market and will act as an incentive for capital to flow to the Kenai Peninsula and Alaska.