

AMENDMENT #1

OFFERED IN THE HOUSE

BY REPRESENTATIVE NAGEAK

TO: CSHB 247(RES), Draft Version "P"

1 Page 3, line 8:

2 Delete "or"

3 Insert "[OR]"

4

5 Page 3, line 9, following "2014,":

6 Insert "and before January 1, 2017,"

7

8 Page 3, lines 9 - 10:

9 Delete "[IN EACH CALENDAR QUARTER]"

10 Insert "in each calendar quarter"

11

12 Page 3, lines 12 - 13:

13 Delete "compounded quarterly as of the last day of that quarter"

14

15 Page 3, line 13:

16 Following "quarter":

17 Insert ";

18

19 (C) on and after January 1, 2017, bears interest at the rate
20 of three percentage points above the annual rate charged member banks
21 for advances by the 12th Federal Reserve District as of the first day of that
22 calendar quarter, compounded quarterly as of the last day of that
23 quarter;"

1 Page 3, line 19:

2 Delete "AS 43.55.028(e)"

3 Insert "AS 43.55.028(j)"

4

5 Page 3, line 31:

6 Delete "AS 43.55.028(e)"

7 Insert "AS 43.55.028(j)"

8

9 Page 4, line 12:

10 Delete "AS 43.55.028(e)"

11 Insert "AS 43.55.028(j)"

12

13 Page 8, line 2:

14 Delete "an [THAT]"

15 Insert "that"

16

17 Page 8, line 4:

18 Delete "an"

19 Insert "that"

20

21 Page 8, line 6:

22 Delete "an"

23 Insert "that"

24

25 Page 8, line 31:

26 Delete "limitations"

27 Insert "limitation"

28

29 Page 9, line 12, following "applicant":

30 Insert "or claimant"

31

1 Page 9, line 13:

2 Following "applicant's":

3 Insert "or claimant's"

4 Delete "production or exploration"

5 Insert "exploration, development, or production"

6

7 Page 9, line 14:

8 Following "applicant":

9 Insert "or claimant"

10 Following "certificate":

11 Insert "or refund"

12

13 Page 9, line 15, following "certificate":

14 Insert "or pay only that portion of a refund"

15

16 Page 9, line 16, following "applicant's":

17 Insert "or claimant's"

18

19 Page 9, line 17, following "certificate":

20 Insert "or payment for a refund"

21

22 Page 17, line 7:

23 Delete "and 41.09.090"

24 Insert "41.09.090; and 43.20.053(j)(4)"

25

26 Page 18, line 16:

27 Delete "now"

AMENDMENT #2

OFFERED IN THE HOUSE

BY REPRESENTATIVE NAGEAK

TO: CSHB 247(RES), Draft Version "P"

1 Page 9, line 21, following "owed.":

2 Insert "In this subsection, "outstanding liability" means an amount of tax, interest,
3 penalty, fee, rental, royalty, or other charge for which the state has issued a demand for
4 payment that has not been paid when due and, if contested, has not been finally resolved
5 against the state."

AMENDMENT #3

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 247(RES), Draft Version "P"

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

2 Insert "relating to a business license for an oil or gas business;"

3

4 Page 17, following line 6:

5 Insert a new bill section to read:

6 "* Sec. 28. AS 43.70.020 is amended by adding a new subsection to read:

7 (g) A person whose business engages in oil or gas exploration or development
8 must, in addition to filing the regular application required by this section, file with the
9 commissioner a surety bond of \$250,000 running to unsecured creditors licensed in the
10 state before being entitled to a license under this chapter. The commissioner shall
11 waive the surety bond requirement under this subsection if the business produces oil or
12 gas in commercial quantities."

13

14 Renumber the following bill sections accordingly.

15

16 Page 18, lines 25 - 26:

17 Delete "sec. 29"

18 Insert "sec. 30"

19

20 Page 18, line 28:

21 Delete "sec. 29"

22 Insert "sec. 30"

23

1 Page 18, line 31:

2 Delete "sec. 29"

3 Insert "sec. 30"

4

5 Page 19, line 2:

6 Delete "sec. 29"

7 Insert "sec. 30"

8

9 Page 19, line 5:

10 Delete "sec. 29"

11 Insert "sec. 30"

12

13 Page 19, line 8:

14 Delete "sec. 29"

15 Insert "sec. 30"

16

17 Page 19, line 10:

18 Delete "sec. 29"

19 Insert "sec. 30"

20

21 Page 19, line 15:

22 Delete "sec. 29"

23 Insert "sec. 30"

24

25 Page 19, line 17:

26 Delete "sec. 29"

27 Insert "sec. 30"

28

29 Page 20, line 12:

30 Delete "Sections 30 and 34"

31 Insert "Sections 31 and 35"

1

2 Page 20, line 13:

3 Delete "29, 32, and 33"

4 Insert "30, 33, and 34"

5

6 Page 20, line 15:

7 Delete "secs. 36 and 37"

8 Insert "secs. 37 and 38"

AMENDMENT #4

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 247(RES), Draft Version "P"

1 Page 6, line 9:

2 Delete "For"

3 Insert "Subject to the limitations in (q) of this section, for"

4

5 Page 8, following line 16:

6 Insert new bill sections to read:

7 * **Sec. 16.** AS 43.55.023 is amended by adding a new subsection to read:

8 (q) In a single calendar year, the department may not grant a credit accrued
9 under (b) of this section against the taxes due under this chapter and a cash payment
10 under AS 43.55.028 resulting from a credit under (b) of this section if the credit or
11 payment, or the sum of the credit and payment, exceeds

12 (1) \$50,000,000 for each person;

13 (2) \$200,000,000 for each unit.

14 (r) If the total application of credits accrued under (b) of this section against
15 taxes due under this chapter and applications for cash payments under AS 43.55.028
16 resulting from a credit under (b) of this section exceed \$200,000,000 for each unit, the
17 department shall prorate the application of credits accrued under (b) of this section
18 against taxes due under this chapter and applications for cash payments under
19 AS 43.55.028 resulting from a credit under (b) of this section by ownership interest in
20 the unit.

21 * **Sec. 17.** AS 43.55.028(a) is amended to read:

22 (a) The oil and gas tax credit fund is established as a separate fund of the state.

23 The purpose of the fund is to purchase transferable tax credit certificates issued under

1 AS 43.55.023 and production tax credit certificates issued under AS 43.55.025 and to
 2 pay refunds and payments claimed under AS 43.20.046, 43.20.047, or 43.20.053. A
 3 purchase of a transferable tax credit certificate issued under AS 43.55.023 is
 4 subject to the limitations in AS 43.55.023(q)."

5

6 Renumber the following bill sections accordingly.

7

8 Page 18, line 20:

9 Delete "16, and 17"

10 Insert "18, and 19"

11

12 Page 18, lines 25 - 26:

13 Delete "sec. 29"

14 Insert "sec. 31"

15

16 Page 18, line 27:

17 Delete "18, 23, and 24"

18 Insert "20, 25, and 26"

19

20 Page 18, line 28:

21 Delete "sec. 29"

22 Insert "sec. 31"

23

24 Page 18, line 31:

25 Delete "sec. 29"

26 Insert "sec. 31"

27

28 Page 19, line 2:

29 Delete "sec. 29"

30 Insert "sec. 31"

31

1 Page 19, line 5:

2 Delete "sec. 29"

3 Insert "sec. 31"

4

5 Page 19, line 8:

6 Delete "sec. 29"

7 Insert "sec. 31"

8

9 Page 19, line 10:

10 Delete "sec. 29"

11 Insert "sec. 31"

12

13 Page 19, line 14:

14 Delete "sec. 21"

15 Insert "sec. 23"

16

17 Page 19, line 15:

18 Delete "sec. 29"

19 Insert "sec. 31"

20

21 Page 19, line 17:

22 Delete "sec. 29"

23 Insert "sec. 31"

24

25 Page 20, line 12:

26 Delete "Sections 30 and 34"

27 Insert "Sections 32 and 36"

28

29 Page 20, line 13:

30 Delete "18 - 25, 27, 29, 32, and 33"

31 Insert "20 - 27, 29, 31, 34, and 35"

- 1
- 2 Page 20, line 15:
- 3 Delete "secs. 36 and 37"
- 4 Insert "secs. 38 and 39"

AMENDMENT #5

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 247(RES), Draft Version "P"

Page 7, line 22, through page 8, line 16:

Delete all material and insert:

"* **Sec. 15.** AS 43.55.023(*l*) is amended to read:

(*l*) A producer or explorer may apply for a tax credit for a well lease expenditure incurred in the state south of 68 degrees North latitude after June 30, 2010, as follows:

(1) notwithstanding that a well lease expenditure incurred in the state south of 68 degrees North latitude may be a deductible lease expenditure for purposes of calculating the production tax value of oil and gas under AS 43.55.160(a), unless a credit for that expenditure is taken under (a) of this section, AS 38.05.180(i), AS 41.09.010, AS 43.20.043, or AS 43.55.025, a producer or explorer that incurs a well lease expenditure in the state south of 68 degrees North latitude may elect to apply a tax credit against a tax levied by AS 43.55.011(e) in the amount of 40 percent of that expenditure; a tax credit under this paragraph may be applied for a single calendar year;

(2) a producer or explorer may take a credit for a well lease expenditure incurred in the state south of 68 degrees North latitude in connection with geological or geophysical exploration or in connection with an exploration well only if the producer or explorer

(A) agrees, in writing, to the applicable provisions of AS 43.55.025(f)(2); and

(B) submits to the Department of Natural Resources all data that would be required to be submitted under AS 43.55.025(f)(2);

(3) a producer or explorer may take a credit for a well lease expenditure incurred in the state in the Cook Inlet sedimentary basin only if the producer or explorer incurs the expenditure before July 1, 2016.

* Sec. 16. AS 43.55.023(f), as amended by sec. 15 of this Act, is amended to read:

(f) A producer or explorer may apply for a tax credit for a well lease expenditure incurred in the state south of 68 degrees North latitude after June 30, 2010, as follows:

(1) notwithstanding that a well lease expenditure incurred in the state south of 68 degrees North latitude may be a deductible lease expenditure for purposes of calculating the production tax value of oil and gas under AS 43.55.160(a), unless a credit for that expenditure is taken under (a) of this section, [AS 38.05.180(i), AS 41.09.010,] AS 43.20.043, or AS 43.55.025, a producer or explorer that incurs a well lease expenditure in the state south of 68 degrees North latitude may elect to apply a tax credit against a tax levied by AS 43.55.011(e) in the amount of

(A) 40 percent of an [THAT] expenditure incurred before January 1, 2017;

(B) 30 percent of an expenditure incurred on or after January 1, 2017, and before January 1, 2018;

(C) 20 percent of an expenditure incurred on or after January 1, 2018 [; A TAX CREDIT UNDER THIS PARAGRAPH MAY BE APPLIED FOR A SINGLE CALENDAR YEAR];

(2) a producer or explorer may take a credit for a well lease expenditure incurred in the state south of 68 degrees North latitude in connection with geological or geophysical exploration or in connection with an exploration well only if the producer or explorer

(A) agrees, in writing, to the applicable provisions of AS 43.55.025(f)(2); and

(B) submits to the Department of Natural Resources all data that would be required to be submitted under AS 43.55.025(f)(2);

(3) a producer or explorer may take a credit for a well lease expenditure incurred in the state in the Cook Inlet sedimentary basin only if the

1 producer or explorer incurs the expenditure before July 1, 2016."

2

3 Renumber the following bill sections accordingly.

4

5 Page 18, line 20:

6 Delete "16, and 17"

7 Insert "17, and 18"

8

9 Page 18, lines 25 - 26:

10 Delete "sec. 29"

11 Insert "sec. 30"

12

13 Page 18, line 27:

14 Delete "18, 23, and 24"

15 Insert "19, 24, and 25"

16

17 Page 18, line 28:

18 Delete "sec. 29"

19 Insert "sec. 30"

20

21 Page 18, line 31:

22 Delete "sec. 29"

23 Insert "sec. 30"

24

25 Page 19, line 2:

26 Delete "sec. 29"

27 Insert "sec. 30"

28

29 Page 19, line 5:

30 Delete "sec. 29"

31 Insert "sec. 30"

1

2 Page 19, line 8:

3 Delete "sec. 29"

4 Insert "sec. 30"

5

6 Page 19, line 10:

7 Delete "sec. 29"

8 Insert "sec. 30"

9

10 Page 19, line 14:

11 Delete "sec. 21"

12 Insert "sec. 22"

13

14 Page 19, line 15:

15 Delete "sec. 29"

16 Insert "sec. 30"

17

18 Page 19, line 17:

19 Delete "sec. 29"

20 Insert "sec. 30"

21

22 Page 20, line 12:

23 Delete "Sections 30 and 34"

24 Insert "Sections 31 and 35"

25

26 Page 20, following line 12:

27 Insert a new bill section to read:

28 **"* Sec. 37.** Section 15 of this Act takes effect July 1, 2016."

29

30 Renumber the following bill sections accordingly.

31

1 Page 20, line 13:

2 Delete "18 - 25, 27, 29, 32, and 33"

3 Insert "19 - 26, 28, 30, 33, and 34"

4

5 Page 20, line 15:

6 Delete "secs. 36 and 37"

7 Insert "secs. 37 - 39"

AMENDMENT ~~136~~ 6

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 247(RES), Draft Version "P"

1 Page 5, line 26, following "January 1, 2014":

2 Insert ":

3 (4) a credit for a qualified capital expenditure incurred to explore
4 for, develop, or produce oil or gas deposits located in the Cook Inlet sedimentary
5 basin may only be taken if the expenditure is incurred before January 1, 2017"

AMENDMENT ~~7~~ 7

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 247(RES), Draft Version "P"

1 Page 5, line 8:

2 Delete "A"

3 Insert "Subject to the limitation in (q) of this section, a [A]"

4

5 Page 6, line 11, following "latitude,":

6 Insert "excluding the Cook Inlet sedimentary basin,"

7

8 Page 6, line 12, following "loss,":

9 Insert "Subject to the limitation in (q) of this section, for lease expenditures
10 incurred on or after January 1, 2017, to explore for, develop, or produce oil or gas
11 deposits located in the Cook Inlet sedimentary basin, a producer or explorer may elect
12 to take a tax credit in the amount of five percent of a carried-forward annual loss."

13

14 Page 8, following line 16:

15 Insert a new bill section to read:

16 "* Sec. 16. AS 43.55.023 is amended by adding a new subsection to read:

17 (q) A producer or explorer may not take a tax credit or apply for a transferable
18 tax credit certificate resulting from an expenditure that qualifies for a credit under (a)
19 or (b) of this section for expenditures incurred in the Cook Inlet sedimentary basin if,
20 in a calendar year, the total amount of credits and certificates applied for under (a) and
21 (b) of this section exceed 30 percent of the combined expenditures that qualify for a
22 credit under (a) and (b) of this section."

23

1 Renumber the following bill sections accordingly.

2

3 Page 18, line 20:

4 Delete "16, and 17"

5 Insert "17, and 18"

6

7 Page 18, lines 25 - 26:

8 Delete "sec. 29"

9 Insert "sec. 30"

10

11 Page 18, line 27:

12 Delete "18, 23, and 24"

13 Insert "19, 24, and 25"

14

15 Page 18, line 28:

16 Delete "sec. 29"

17 Insert "sec. 30"

18

19 Page 18, line 31:

20 Delete "sec. 29"

21 Insert "sec. 30"

22

23 Page 19, line 2:

24 Delete "sec. 29"

25 Insert "sec. 30"

26

27 Page 19, line 5:

28 Delete "sec. 29"

29 Insert "sec. 30"

30

31 Page 19, line 8:

1 Delete "sec. 29"

2 Insert "sec. 30"

3

4 Page 19, line 10:

5 Delete "sec. 29"

6 Insert "sec. 30"

7

8 Page 19, line 14:

9 Delete "sec. 21"

10 Insert "sec. 22"

11

12 Page 19, line 15:

13 Delete "sec. 29"

14 Insert "sec. 30"

15

16 Page 19, line 17:

17 Delete "sec. 29"

18 Insert "sec. 30"

19

20 Page 20, line 12:

21 Delete "Sections 30 and 34"

22 Insert "Sections 31 and 35"

23

24 Page 20, line 13:

25 Delete "18 - 25, 27, 29, 32, and 33"

26 Insert "19 - 26, 28, 30, 33, and 34"

27

28 Page 20, line 15:

29 Delete "secs. 36 and 37"

30 Insert "secs. 37 and 38"

AMENDMENT ~~#27~~ 8

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 247(RES), Draft Version "P"

1 Page 6, line 11, following "latitude,"

2 Insert "excluding the Cook Inlet sedimentary basin,"

3

4 Page 6, line 12, following "loss,"

5 Insert "For lease expenditures incurred on or after January 1, 2017, to explore
6 for, develop, or produce oil or gas deposits located in the Cook Inlet sedimentary basin,
7 a producer or explorer may elect to take a tax credit in the amount of 25 percent of a
8 carried-forward annual loss."

AMENDMENT ~~ES~~ 9

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 247(RES), Draft Version "P"

1 Page 6, line 5:

2 Delete "35"

3 Insert "25 [35]"

4

5 Page 18, line 20, following "APPLICABILITY.":

6 Insert "(a)"

7

8 Page 18, following line 21:

9 Insert a new subsection to read:

10 "(b) The change in the percentage of the carried-forward annual loss tax credit
11 applicable to oil or gas deposits located north of 68 degrees North latitude under
12 AS 43.55.023(b), enacted by sec. 12 of this Act, applies to a tax credit taken for a tax year
13 beginning on or after the effective date of sec. 12 of this Act."

AMENDMENT ~~172~~ / 10

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 247(RES), Draft Version "P"

1 Page 8, following line 16:

2 Insert a new bill section to read:

3 **"* Sec. 16.** AS 43.55.024(j) is amended to read:

4 (j) A producer may apply against the producer's tax liability for the calendar
5 year under AS 43.55.011(e) a tax credit in the amount specified in this subsection for
6 each barrel of oil taxable under AS 43.55.011(e) that does not meet any of the criteria
7 in AS 43.55.160(f) or (g) and that is produced during a calendar year after
8 December 31, 2013, from leases or properties north of 68 degrees North latitude. A tax
9 credit under this subsection may not reduce a producer's tax liability for a calendar
10 year under AS 43.55.011(e) below the amount calculated under AS 43.55.011(f). The
11 amount of the tax credit for a barrel of taxable oil subject to this subsection produced
12 during a month of the calendar year is

13 (1) [\$8 FOR EACH BARREL OF TAXABLE OIL IF THE
14 AVERAGE GROSS VALUE AT THE POINT OF PRODUCTION FOR THE
15 MONTH IS LESS THAN \$80 A BARREL;

16 (2) \$7 FOR EACH BARREL OF TAXABLE OIL IF THE AVERAGE
17 GROSS VALUE AT THE POINT OF PRODUCTION FOR THE MONTH IS
18 GREATER THAN OR EQUAL TO \$80 A BARREL, BUT LESS THAN \$90 A
19 BARREL;

20 (3) \$6 FOR EACH BARREL OF TAXABLE OIL IF THE AVERAGE
21 GROSS VALUE AT THE POINT OF PRODUCTION FOR THE MONTH IS
22 GREATER THAN OR EQUAL TO \$90 A BARREL, BUT LESS THAN \$100 A
23 BARREL;

(4)] \$5 for each barrel of taxable oil if the average gross value at the point of production for the month is [GREATER THAN OR EQUAL TO \$100 A BARREL, BUT] less than \$110 a barrel;

(2) [(5)] \$4 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$110 a barrel, but less than \$120 a barrel;

(3) [(6)] \$3 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$120 a barrel, but less than \$130 a barrel;

(4) [(7)] \$2 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$130 a barrel, but less than \$140 a barrel;

(5) [(8)] \$1 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$140 a barrel, but less than \$150 a barrel;

(6) [(9)] zero if the average gross value at the point of production for the month is greater than or equal to \$150 a barrel."

Renumber the following bill sections accordingly.

Page 18, line 20:

Delete "16, and 17"

Insert "17, and 18"

Page 18, lines 25 - 26 :

Delete "sec. 29"

Insert "sec. 30"

Page 18, line 27:

Delete "18, 23, and 24"

Insert "19, 24, and 25"

1

2 Page 18, line 28:

3 Delete "sec. 29"

4 Insert "sec. 30"

5

6 Page 18, line 31:

7 Delete "sec. 29"

8 Insert "sec. 30"

9

10 Page 19, line 2:

11 Delete "sec. 29"

12 Insert "sec. 30"

13

14 Page 19, line 5:

15 Delete "sec. 29"

16 Insert "sec. 30"

17

18 Page 19, line 8:

19 Delete "sec. 29"

20 Insert "sec. 30"

21

22 Page 19, line 10:

23 Delete "sec. 29"

24 Insert "sec. 30"

25

26 Page 19, line 14:

27 Delete "sec. 21"

28 Insert "sec. 22"

29

30 Page 19, line 15:

31 Delete "sec. 29"

1 Insert "sec. 30"

2

3 Page 19, line 17:

4 Delete "sec. 29"

5 Insert "sec. 30"

6

7 Page 20, line 12:

8 Delete "Sections 30 and 34"

9 Insert "Sections 31 and 35"

10

11 Page 20, line 13:

12 Delete "18 - 25, 27, 29, 32, and 33"

13 Insert "19 - 26, 28, 30, 33, and 34"

14

15 Page 20, line 15:

16 Delete "secs. 36 and 37"

17 Insert "secs. 37 and 38"

AMENDMENT ~~#10~~ #11

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 247(RES), Draft Version "P"

1 Page 8, following line 16:

2 Insert a new bill section to read:

3 **** Sec. 16.** AS 43.55.024(i) is amended to read:

4 (i) A producer may apply against the producer's tax liability for the calendar
5 year under AS 43.55.011(e) a tax credit of \$5 for each barrel of oil taxable under
6 AS 43.55.011(e) [THAT MEETS ONE OR MORE OF THE CRITERIA IN
7 AS 43.55.160(f) OR (g) AND] that is produced during a calendar year after
8 December 31, 2013, from leases or properties north of 68 degrees North latitude.
9 A tax credit authorized by this subsection may not reduce a producer's tax liability for
10 a calendar year under AS 43.55.011(e) below the amount calculated under
11 AS 43.55.011(f) [ZERO]."

12

13 Renumber the following bill sections accordingly.

14

15 Page 17, line 7:

16 Delete "and 41.09.090"

17 Insert "41.09.090; and AS 43.55.024(j)"

18

19 Page 18, line 20:

20 Delete "16, and 17"

21 Insert "17, and 18"

22

23 Page 18, lines 25 - 26:

1 Delete "sec. 29"

2 Insert "sec. 30"

3

4 Page 18, line 27:

5 Delete "18, 23, and 24"

6 Insert "19, 24, and 25"

7

8 Page 18, line 28:

9 Delete "sec. 29"

10 Insert "sec. 30"

11

12 Page 18, line 31:

13 Delete "sec. 29"

14 Insert "sec. 30"

15

16 Page 19, line 2:

17 Delete "sec. 29"

18 Insert "sec. 30"

19

20 Page 19, line 5:

21 Delete "sec. 29"

22 Insert "sec. 30"

23

24 Page 19, line 8:

25 Delete "sec. 29"

26 Insert "sec. 30"

27

28 Page 19, line 10:

29 Delete "sec. 29"

30 Insert "sec. 30"

31

1 Page 19, line 14:

2 Delete "sec. 21"

3 Insert "sec. 22"

4

5 Page 19, line 15:

6 Delete "sec. 29"

7 Insert "sec. 30"

8

9 Page 19, line 17:

10 Delete "sec. 29"

11 Insert "sec. 30"

12

13 Page 20, line 12:

14 Delete "Sections 30 and 34"

15 Insert "Sections 31 and 35"

16

17 Page 20, line 13:

18 Delete "18 - 25, 27, 29, 32, and 33"

19 Insert "19 - 26, 28, 30, 33, and 34"

20

21 Page 20, line 15:

22 Delete "secs. 36 and 37"

23 Insert "secs. 37 and 38"

AMENDMENT ~~#12~~ 12

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 247(RES), Draft Version "P"

1 Page 8, following line 16:

2 Insert a new bill section to read:

3 "* **Sec. 16.** AS 43.55.024(i) is amended to read:

4 (i) A producer may apply against the producer's tax liability for the calendar
5 year under AS 43.55.011(e) a tax credit of \$5 for each barrel of oil taxable under
6 AS 43.55.011(e) [THAT MEETS ONE OR MORE OF THE CRITERIA IN
7 AS 43.55.160(f) OR (g) AND] that is produced during a calendar year after
8 December 31, 2013, from leases or properties north of 68 degrees North latitude.
9 A tax credit authorized by this subsection may not reduce a producer's tax liability for
10 a calendar year under AS 43.55.011(e) below zero."
11

12 Renumber the following bill sections accordingly.
13

14 Page 17, line 7:

15 Delete "and 41.09.090"

16 Insert "41.09.090; and AS 43.55.024(j)"
17

18 Page 18, line 20:

19 Delete "16, and 17"

20 Insert "17, and 18"
21

22 Page 18, lines 25 - 26:

23 Delete "sec. 29"

1 Insert "sec. 30"

2

3 Page 18, line 27:

4 Delete "18, 23, and 24"

5 Insert "19, 24, and 25"

6

7 Page 18, line 28:

8 Delete "sec. 29"

9 Insert "sec. 30"

10

11 Page 18, line 31:

12 Delete "sec. 29"

13 Insert "sec. 30"

14

15 Page 19, line 2:

16 Delete "sec. 29"

17 Insert "sec. 30"

18

19 Page 19, line 5:

20 Delete "sec. 29"

21 Insert "sec. 30"

22

23 Page 19, line 8:

24 Delete "sec. 29"

25 Insert "sec. 30"

26

27 Page 19, line 10:

28 Delete "sec. 29"

29 Insert "sec. 30"

30

31 Page 19, line 14:

1 Delete "sec. 21"

2 Insert "sec. 22"

3

4 Page 19, line 15:

5 Delete "sec. 29"

6 Insert "sec. 30"

7

8 Page 19, line 17:

9 Delete "sec. 29"

10 Insert "sec. 30"

11

12 Page 20, line 12:

13 Delete "Sections 30 and 34"

14 Insert "Sections 31 and 35"

15

16 Page 20, line 13:

17 Delete "18 - 25, 27, 29, 32, and 33"

18 Insert "19 - 26, 28, 30, 33, and 34"

19

20 Page 20, line 15:

21 Delete "secs. 36 and 37"

22 Insert "secs. 37 and 38"

AMENDMENT ~~11~~ 13

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 247(RES), Draft Version "P"

1 Page 11, following line 15:

2 Insert a new bill section to read:

3 **"* Sec. 21.** AS 43.55.160(f) is amended to read:

4 (f) On and after January 1, 2014, in the calculation of an annual production tax
5 value of a producer under (a)(1)(A) or (h)(1) of this section, the gross value at the
6 point of production of oil or gas produced from a lease or property north of 68 degrees
7 North latitude meeting one or more of the following criteria is reduced by 20 percent:
8 (1) the oil or gas is produced from a lease or property that does not contain a lease that
9 was within a unit on January 1, 2003; (2) the oil or gas is produced from a
10 participating area established after December 31, 2011, that is within a unit formed
11 under AS 38.05.180(p) before January 1, 2003, if the participating area does not
12 contain a reservoir that had previously been in a participating area established before
13 December 31, 2011; (3) the oil or gas is produced from acreage that was added to an
14 existing participating area by the Department of Natural Resources on and after
15 January 1, 2014, and the producer demonstrates to the department that the volume of
16 oil or gas produced is from acreage added to an existing participating area. This
17 subsection does not apply to gas produced before 2022 that is used in the state or to
18 gas produced on and after January 1, 2022. For oil or gas produced after January 1,
19 2017, the reduction under this subsection shall apply to oil or gas produced from
20 a lease or property for the first five years after the commencement of production
21 in commercial quantities of oil or gas from that lease or property. For oil or gas
22 produced before January 1, 2017, the reduction under this subsection for a lease
23 or property shall expire January 1, 2022. A reduction under this subsection may not

1 reduce the gross value at the point of production below zero. In this subsection,
2 "participating area" means a reservoir or portion of a reservoir producing or
3 contributing to production as approved by the Department of Natural Resources."
4

5 Page 18, lines 25 - 26:

6 Delete "sec. 29"

7 Insert "sec. 30"

9 Page 18, line 27:

10 Delete "23, and 24"

11 Insert "24, and 25"

13 Page 18, line 28:

14 Delete "sec. 29"

15 Insert "sec. 30"

17 Page 18, line 31:

18 Delete "sec. 29"

19 Insert "sec. 30"

21 Page 19, line 2:

22 Delete "sec. 29"

23 Insert "sec. 30"

25 Page 19, line 5:

26 Delete "sec. 29"

27 Insert "sec. 30"

29 Page 19, line 8:

30 Delete "sec. 29"

31 Insert "sec. 30"

1
2 Page 19, line 10:
3 Delete "sec. 29"
4 Insert "sec. 30"
5
6 Page 19, line 14:
7 Delete "sec. 21"
8 Insert "sec. 22"
9
10 Page 19, line 15:
11 Delete "sec. 29"
12 Insert "sec. 30"
13
14 Page 19, line 17:
15 Delete "sec. 29"
16 Insert "sec. 30"
17
18 Page 20, line 12:
19 Delete "Sections 30 and 34"
20 Insert "Sections 31 and 35"
21
22 Page 20, line 13:
23 Delete "18 - 25, 27, 29, 32, and 33"
24 Insert "18 - 20, 22 - 26, 28, 30, 33, and 34"
25
26 Page 20, line 15:
27 Delete "secs. 36 and 37"
28 Insert "secs. 37 and 38"

AMENDMENT ~~HB~~ 14

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 247(RES), Draft Version "P"

1 Page 5, following line 6:

2 Insert a new bill section to read:

3 **"* Sec. 11.** AS 43.55.020(a) is amended to read:

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

6 (1) for oil and gas produced before January 1, 2014, an installment
7 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied
8 as allowed by law, is due for each month of the calendar year on the last day of the
9 following month; except as otherwise provided under (2) of this subsection, the
10 amount of the installment payment is the sum of the following amounts, less 1/12 of
11 the tax credits that are allowed by law to be applied against the tax levied by
12 AS 43.55.011(e) for the calendar year, but the amount of the installment payment may
13 not be less than zero:

14 (A) for oil and gas not subject to AS 43.55.011(o) or (p)
15 produced from leases or properties in the state outside the Cook Inlet
16 sedimentary basin, other than leases or properties subject to AS 43.55.011(f),
17 the greater of

18 (i) zero; or

19 (ii) the sum of 25 percent and the tax rate calculated for
20 the month under AS 43.55.011(g) multiplied by the remainder obtained
21 by subtracting 1/12 of the producer's adjusted lease expenditures for the
22 calendar year of production under AS 43.55.165 and 43.55.170 that are
23 deductible for the oil and gas under AS 43.55.160 from the gross value

1 at the point of production of the oil and gas produced from the leases or
2 properties during the month for which the installment payment is
3 calculated;

4 (B) for oil and gas produced from leases or properties subject
5 to AS 43.55.011(f), the greatest of

6 (i) zero;

7 (ii) zero percent, one percent, two percent, three
8 percent, or four percent, as applicable, of the gross value at the point of
9 production of the oil and gas produced from the leases or properties
10 during the month for which the installment payment is calculated; or

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

19 (C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for
20 each lease or property, the greater of

21 (i) zero; or

22 (ii) the sum of 25 percent and the tax rate calculated for
23 the month under AS 43.55.011(g) multiplied by the remainder obtained
24 by subtracting 1/12 of the producer's adjusted lease expenditures for the
25 calendar year of production under AS 43.55.165 and 43.55.170 that are
26 deductible under AS 43.55.160 for the oil or gas, respectively,
27 produced from the lease or property from the gross value at the point of
28 production of the oil or gas, respectively, produced from the lease or
29 property during the month for which the installment payment is
30 calculated;

31 (D) for oil and gas subject to AS 43.55.011(p), the lesser of

1 (i) the sum of 25 percent and the tax rate calculated for
2 the month under AS 43.55.011(g) multiplied by the remainder obtained
3 by subtracting 1/12 of the producer's adjusted lease expenditures for the
4 calendar year of production under AS 43.55.165 and 43.55.170 that are
5 deductible for the oil and gas under AS 43.55.160 from the gross value
6 at the point of production of the oil and gas produced from the leases or
7 properties during the month for which the installment payment is
8 calculated, but not less than zero; or

9 (ii) four percent of the gross value at the point of
10 production of the oil and gas produced from the leases or properties
11 during the month, but not less than zero;

12 (2) an amount calculated under (1)(C) of this subsection for oil or gas
13 subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by
14 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as
15 applicable, for gas or set out in AS 43.55.011(k)(1) or (2), as applicable, for oil, but
16 substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the
17 amount of taxable gas produced during the month for the amount of taxable gas
18 produced during the calendar year and substituting in AS 43.55.011(k)(1)(A) or
19 (2)(A), as applicable, the amount of taxable oil produced during the month for the
20 amount of taxable oil produced during the calendar year;

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

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

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

1 during the month;

2 (4) any amount of tax levied by AS 43.55.011, net of any credits
3 applied as allowed by law, that exceeds the total of the amounts due as installment
4 payments of estimated tax is due on March 31 of the year following the calendar year
5 of production;

6 (5) for oil and gas produced on and after January 1, 2014, and before
7 January 1, 2022, an installment payment of the estimated tax levied by
8 AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each
9 month of the calendar year on the last day of the following month; except as otherwise
10 provided under (6) of this subsection, the amount of the installment payment is the
11 sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be
12 applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount
13 of the installment payment may not be less than zero:

14 (A) for oil and gas not subject to AS 43.55.011(o) or (p)
15 produced from leases or properties in the state outside the Cook Inlet
16 sedimentary basin, other than leases or properties subject to AS 43.55.011(f),
17 the greater of

18 (i) zero; or

19 (ii) 35 percent multiplied by the remainder obtained by
20 subtracting 1/12 of the producer's adjusted lease expenditures for the
21 calendar year of production under AS 43.55.165 and 43.55.170 that are
22 deductible for the oil and gas under AS 43.55.160 from the gross value
23 at the point of production of the oil and gas produced from the leases or
24 properties during the month for which the installment payment is
25 calculated;

26 (B) for oil and gas produced from leases or properties subject
27 to AS 43.55.011(f), the greatest of

28 (i) zero;

29 (ii) zero percent, one percent, two percent, three
30 percent, or four percent, as applicable, of the gross value at the point of
31 production of the oil and gas produced from the leases or properties

1 during the month for which the installment payment is calculated; or

2 (iii) 35 percent multiplied by the remainder obtained by
3 subtracting 1/12 of the producer's adjusted lease expenditures for the
4 calendar year of production under AS 43.55.165 and 43.55.170 that are
5 deductible for the oil and gas under AS 43.55.160 from the gross value
6 at the point of production of the oil and gas produced from those leases
7 or properties during the month for which the installment payment is
8 calculated, except that, for the purposes of this calculation, a reduction
9 from the gross value at the point of production may apply for oil and
10 gas subject to AS 43.55.160(f) [OR (g)];

11 (C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for
12 each lease or property, the greater of

13 (i) zero; or

14 (ii) 35 percent multiplied by the remainder obtained by
15 subtracting 1/12 of the producer's adjusted lease expenditures for the
16 calendar year of production under AS 43.55.165 and 43.55.170 that are
17 deductible under AS 43.55.160 for the oil or gas, respectively,
18 produced from the lease or property from the gross value at the point of
19 production of the oil or gas, respectively, produced from the lease or
20 property during the month for which the installment payment is
21 calculated;

22 (D) for oil and gas subject to AS 43.55.011(p), the lesser of

23 (i) 35 percent multiplied by the remainder obtained by
24 subtracting 1/12 of the producer's adjusted lease expenditures for the
25 calendar year of production under AS 43.55.165 and 43.55.170 that are
26 deductible for the oil and gas under AS 43.55.160 from the gross value
27 at the point of production of the oil and gas produced from the leases or
28 properties during the month for which the installment payment is
29 calculated, but not less than zero; or

30 (ii) four percent of the gross value at the point of
31 production of the oil and gas produced from the leases or properties

1 during the month, but not less than zero;

2 (6) an amount calculated under (5)(C) of this subsection for oil or gas
3 subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by
4 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as
5 applicable, for gas or set out in AS 43.55.011(k)(1) or (2), as applicable, for oil, but
6 substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the
7 amount of taxable gas produced during the month for the amount of taxable gas
8 produced during the calendar year and substituting in AS 43.55.011(k)(1)(A) or
9 (2)(A), as applicable, the amount of taxable oil produced during the month for the
10 amount of taxable oil produced during the calendar year;

11 (7) for oil and gas produced on or after January 1, 2022, an installment
12 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied
13 as allowed by law, is due for each month of the calendar year on the last day of the
14 following month; the amount of the installment payment is the sum of the following
15 amounts, less 1/12 of the tax credits that are allowed by law to be applied against the
16 tax levied by AS 43.55.011(e) for the calendar year, but the amount of the installment
17 payment may not be less than zero:

18 (A) for oil produced from leases or properties that include land
19 north of 68 degrees North latitude, the greatest of

20 (i) zero;

21 (ii) zero percent, one percent, two percent, three
22 percent, or four percent, as applicable, of the gross value at the point of
23 production of the oil produced from the leases or properties during the
24 month for which the installment payment is calculated; or

25 (iii) 35 percent multiplied by the remainder obtained by
26 subtracting 1/12 of the producer's adjusted lease expenditures for the
27 calendar year of production under AS 43.55.165 and 43.55.170 that are
28 deductible for the oil under AS 43.55.160(h)(1) from the gross value at
29 the point of production of the oil produced from those leases or
30 properties during the month for which the installment payment is
31 calculated, except that, for the purposes of this calculation, a reduction

1 from the gross value at the point of production may apply for oil
2 subject to AS 43.55.160(f) [OR 43.55.160(f) AND (g)];

3 (B) for oil produced before or during the last calendar year
4 under AS 43.55.024(b) for which the producer could take a tax credit under
5 AS 43.55.024(a), from leases or properties in the state outside the Cook Inlet
6 sedimentary basin, no part of which is north of 68 degrees North latitude, other
7 than leases or properties subject to AS 43.55.011(p), the greater of

8 (i) zero; or

9 (ii) 35 percent multiplied by the remainder obtained by
10 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 oil under AS 43.55.160(h)(2) from the gross value at
13 the point of production of the oil produced from the leases or properties
14 during the month for which the installment payment is calculated;

15 (C) for oil and gas produced from leases or properties subject
16 to AS 43.55.011(p), except as otherwise provided under (8) of this subsection,
17 the sum of

18 (i) 35 percent multiplied by the remainder obtained by
19 subtracting 1/12 of the producer's adjusted lease expenditures for the
20 calendar year of production under AS 43.55.165 and 43.55.170 that are
21 deductible for the oil under AS 43.55.160(h)(3) from the gross value at
22 the point of production of the oil produced from the leases or properties
23 during the month for which the installment payment is calculated, but
24 not less than zero; and

25 (ii) 13 percent of the gross value at the point of
26 production of the gas produced from the leases or properties during the
27 month, but not less than zero;

28 (D) for oil produced from leases or properties in the state, no
29 part of which is north of 68 degrees North latitude, other than leases or
30 properties subject to (B) or (C) of this paragraph, the greater of

31 (i) zero; or

(ii) 35 percent multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible for the oil under AS 43.55.160(h)(4) from the gross value at the point of production of the oil produced from the leases or properties during the month for which the installment payment is calculated;

(E) for gas produced from each lease or property in the state, other than a lease or property subject to AS 43.55.011(p), 13 percent of the gross value at the point of production of the gas produced from the lease or property during the month for which the installment payment is calculated, but not less than zero;

(8) an amount calculated under (7)(C) of this subsection may not exceed four percent of the gross value at the point of production of the oil and gas produced from leases or properties subject to AS 43.55.011(p) during the month for which the installment payment is calculated;

(9) for purposes of the calculation under (1)(B)(ii), (5)(B)(ii), and (7)(A)(ii) of this subsection, the applicable percentage of the gross value at the point of production is determined under AS 43.55.011(f)(1) or (2) but substituting the phrase "month for which the installment payment is calculated" in AS 43.55.011(f)(1) and (2) for the phrase "calendar year for which the tax is due.""

Renumber the following bill sections accordingly.

Page 6, line 20:

Delete "or (g)"

Page 8, following line 16:

Insert new bill sections to read:

"* **Sec. 17.** AS 43.55.024(i) is amended to read:

(i) A producer may apply against the producer's tax liability for the calendar year under AS 43.55.011(e) a tax credit of \$5 for each barrel of oil taxable under

1 AS 43.55.011(e) that meets one or more of the criteria in AS 43.55.160(f) [OR (g)]
2 and that is produced during a calendar year after December 31, 2013. A tax credit
3 authorized by this subsection may not reduce a producer's tax liability for a calendar
4 year under AS 43.55.011(e) below zero.

5 * **Sec. 18.** AS 43.55.024(j) is amended to read:

6 (j) A producer may apply against the producer's tax liability for the calendar
7 year under AS 43.55.011(e) a tax credit in the amount specified in this subsection for
8 each barrel of oil taxable under AS 43.55.011(e) that does not meet any of the criteria
9 in AS 43.55.160(f) [OR (g)] and that is produced during a calendar year after
10 December 31, 2013, from leases or properties north of 68 degrees North latitude. A tax
11 credit under this subsection may not reduce a producer's tax liability for a calendar
12 year under AS 43.55.011(e) below the amount calculated under AS 43.55.011(f). The
13 amount of the tax credit for a barrel of taxable oil subject to this subsection produced
14 during a month of the calendar year is

15 (1) \$8 for each barrel of taxable oil if the average gross value at the
16 point of production for the month is less than \$80 a barrel;

17 (2) \$7 for each barrel of taxable oil if the average gross value at the
18 point of production for the month is greater than or equal to \$80 a barrel, but less than
19 \$90 a barrel;

20 (3) \$6 for each barrel of taxable oil if the average gross value at the
21 point of production for the month is greater than or equal to \$90 a barrel, but less than
22 \$100 a barrel;

23 (4) \$5 for each barrel of taxable oil if the average gross value at the
24 point of production for the month is greater than or equal to \$100 a barrel, but less
25 than \$110 a barrel;

26 (5) \$4 for each barrel of taxable oil if the average gross value at the
27 point of production for the month is greater than or equal to \$110 a barrel, but less
28 than \$120 a barrel;

29 (6) \$3 for each barrel of taxable oil if the average gross value at the
30 point of production for the month is greater than or equal to \$120 a barrel, but less
31 than \$130 a barrel;

(7) \$2 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$130 a barrel, but less than \$140 a barrel;

(8) \$1 for each barrel of taxable oil if the average gross value at the point of production for the month is greater than or equal to \$140 a barrel, but less than \$150 a barrel;

(9) zero if the average gross value at the point of production for the month is greater than or equal to \$150 a barrel."

Renumber the following bill sections accordingly.

Page 11, following line 15:

Insert new bill sections to read:

"* **Sec. 24.** AS 43.55.160(a) is amended to read:

(a) For oil and gas produced before January 1, 2022, except as provided in (b) and [.] (f) [, AND (g)] of this section, for the purposes of

(1) AS 43.55.011(e)(1) and (2), the annual production tax value of taxable oil, gas, or oil and gas produced during a calendar year in a category for which a separate annual production tax value is required to be calculated under this paragraph is the gross value at the point of production of that oil, gas, or oil and gas taxable under AS 43.55.011(e), less the producer's lease expenditures under AS 43.55.165 for the calendar year applicable to the oil, gas, or oil and gas in that category produced by the producer during the calendar year, as adjusted under AS 43.55.170; a separate annual production tax value shall be calculated for

(A) oil and gas produced from leases or properties in the state that include land north of 68 degrees North latitude, other than gas produced before 2022 and used in the state;

(B) oil and gas produced from leases or properties in the state outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude and that qualifies for a tax credit under AS 43.55.024(a) and (b); this subparagraph does not apply to

1 (i) gas produced before 2022 and used in the state; or

2 (ii) oil and gas subject to AS 43.55.011(p);

3 (C) oil produced before 2022 from each lease or property in the
4 Cook Inlet sedimentary basin;

5 (D) gas produced before 2022 from each lease or property in the
6 Cook Inlet sedimentary basin;

7 (E) gas produced before 2022 from each lease or property in the
8 state outside the Cook Inlet sedimentary basin and used in the state, other than
9 gas subject to AS 43.55.011(p);

10 (F) oil and gas subject to AS 43.55.011(p) produced from leases
11 or properties in the state;

12 (G) oil and gas produced from leases or properties in the state
13 no part of which is north of 68 degrees North latitude, other than oil or gas
14 described in (B), (C), (D), (E), or (F) of this paragraph;

15 (2) AS 43.55.011(g), for oil and gas produced before January 1, 2014,
16 the monthly production tax value of the taxable

17 (A) oil and gas produced during a month from leases or
18 properties in the state that include land north of 68 degrees North latitude is the
19 gross value at the point of production of the oil and gas taxable under
20 AS 43.55.011(e) and produced by the producer from those leases or properties,
21 less 1/12 of the producer's lease expenditures under AS 43.55.165 for the
22 calendar year applicable to the oil and gas produced by the producer from
23 those leases or properties, as adjusted under AS 43.55.170; this subparagraph
24 does not apply to gas subject to AS 43.55.011(o);

25 (B) oil and gas produced during a month from leases or
26 properties in the state outside the Cook Inlet sedimentary basin, no part of
27 which is north of 68 degrees North latitude, is the gross value at the point of
28 production of the oil and gas taxable under AS 43.55.011(e) and produced by
29 the producer from those leases or properties, less 1/12 of the producer's lease
30 expenditures under AS 43.55.165 for the calendar year applicable to the oil and
31 gas produced by the producer from those leases or properties, as adjusted under

1 AS 43.55.170; this subparagraph does not apply to gas subject to
2 AS 43.55.011(o);

3 (C) oil produced during a month from a lease or property in the
4 Cook Inlet sedimentary basin is the gross value at the point of production of
5 the oil taxable under AS 43.55.011(e) and produced by the producer from that
6 lease or property, less 1/12 of the producer's lease expenditures under
7 AS 43.55.165 for the calendar year applicable to the oil produced by the
8 producer from that lease or property, as adjusted under AS 43.55.170;

9 (D) gas produced during a month from a lease or property in the
10 Cook Inlet sedimentary basin is the gross value at the point of production of
11 the gas taxable under AS 43.55.011(e) and produced by the producer from that
12 lease or property, less 1/12 of the producer's lease expenditures under
13 AS 43.55.165 for the calendar year applicable to the gas produced by the
14 producer from that lease or property, as adjusted under AS 43.55.170;

15 (E) gas produced during a month from a lease or property
16 outside the Cook Inlet sedimentary basin and used in the state is the gross
17 value at the point of production of that gas taxable under AS 43.55.011(e) and
18 produced by the producer from that lease or property, less 1/12 of the
19 producer's lease expenditures under AS 43.55.165 for the calendar year
20 applicable to that gas produced by the producer from that lease or property, as
21 adjusted under AS 43.55.170.

22 * **Sec. 25.** AS 43.55.160(h) is amended to read:

23 (h) For oil produced on and after January 1, 2022, except as provided in (b)
24 and [,] (f) [, AND (g)] of this section, for the purposes of AS 43.55.011(e)(3), the
25 annual production tax value of oil taxable under AS 43.55.011(e) produced by a
26 producer during a calendar year

27 (1) from leases or properties in the state that include land north of 68
28 degrees North latitude is the gross value at the point of production of that oil, less the
29 producer's lease expenditures under AS 43.55.165 for the calendar year incurred to
30 explore for, develop, or produce oil and gas deposits located in the state north of 68
31 degrees North latitude or located in leases or properties in the state that include land

1 north of 68 degrees North latitude, as adjusted under AS 43.55.170;

2 (2) before or during the last calendar year under AS 43.55.024(b) for
3 which the producer could take a tax credit under AS 43.55.024(a), from leases or
4 properties in the state outside the Cook Inlet sedimentary basin, no part of which is
5 north of 68 degrees North latitude, other than leases or properties subject to
6 AS 43.55.011(p), is the gross value at the point of production of that oil, less the
7 producer's lease expenditures under AS 43.55.165 for the calendar year incurred to
8 explore for, develop, or produce oil and gas deposits located in the state outside the
9 Cook Inlet sedimentary basin and south of 68 degrees North latitude, other than oil
10 and gas deposits located in a lease or property that includes land north of 68 degrees
11 North latitude or that is subject to AS 43.55.011(p) or, before January 1, 2027, from
12 which commercial production has not begun, as adjusted under AS 43.55.170;

13 (3) from leases or properties subject to AS 43.55.011(p) is the gross
14 value at the point of production of that oil, less the producer's lease expenditures under
15 AS 43.55.165 for the calendar year incurred to explore for, develop, or produce oil and
16 gas deposits located in leases or properties subject to AS 43.55.011(p) or, before
17 January 1, 2027, located in leases or properties in the state outside the Cook Inlet
18 sedimentary basin, no part of which is north of 68 degrees North latitude from which
19 commercial production has not begun, as adjusted under AS 43.55.170;

20 (4) from leases or properties in the state no part of which is north of 68
21 degrees North latitude, other than leases or properties subject to (2) or (3) of this
22 subsection, is the gross value at the point of production of that oil less the producer's
23 lease expenditures under AS 43.55.165 for the calendar year incurred to explore for,
24 develop, or produce oil and gas deposits located in the state south of 68 degrees North
25 latitude, other than oil and gas deposits located in a lease or property in the state that
26 includes land north of 68 degrees North latitude, and excluding lease expenditures that
27 are deductible under (2) or (3) of this subsection or would be deductible under (2) or
28 (3) of this subsection if not prohibited by (b) of this section, as adjusted under
29 AS 43.55.170."

30
31 Renumber the following bill sections accordingly.

1

2 Page 17, following line 6:

3 Insert a new bill section to read:

4 **** Sec. 33.** AS 43.98.050 is amended to read:5 **Sec. 43.98.050. Duties.** The duties of the board include the following:6 (1) establish and maintain a salient collection of information related to
7 oil and gas exploration, development, and production in the state and related to tax
8 structures, rates, and credits in other regions with oil and gas resources;9 (2) review historical, current, and potential levels of investment in the
10 state's oil and gas sector;11 (3) identify factors that affect investment in oil and gas exploration,
12 development, and production in the state, including tax structure, rates, and credits;
13 royalty requirements; infrastructure; workforce availability; and regulatory
14 requirements;15 (4) review the competitive position of the state to attract and maintain
16 investment in the oil and gas sector in the state as compared to the competitive
17 position of other regions with oil and gas resources;18 (5) in order to facilitate the work of the board, establish procedures to
19 accept and keep confidential information that is beneficial to the work of the board,
20 including the creation of a secure data room and confidentiality agreements to be
21 signed by individuals having access to confidential information;22 (6) make written findings and recommendations to the Alaska State
23 Legislature before24 (A) January 31, 2015, or as soon thereafter as practicable,
25 regarding26 (i) changes to the state's regulatory environment and
27 permitting structure that would be conducive to encouraging increased
28 investment while protecting the interests of the people of the state and
29 the environment;30 (ii) the status of the oil and gas industry labor pool in the
31 state and the effectiveness of workforce development efforts by the

1 state;

2 (iii) the status of the oil-and-gas-related infrastructure of
3 the state, including a description of infrastructure deficiencies; and

4 (iv) the competitiveness of the state's fiscal oil and gas
5 tax regime when compared to other regions of the world;

6 (B) January 15, 2017, regarding

7 (i) the state's tax structure and rates on oil and gas
8 produced south of 68 degrees North latitude;

9 (ii) a tax structure that takes into account the unique
10 economic circumstances for each oil and gas producing area south of
11 68 degrees North latitude;

12 (iii) a reduction in the gross value at the point of
13 production for oil and gas produced south of 68 degrees North latitude
14 that is similar to the reduction in gross value at the point of production
15 in AS 43.55.160(f) [AND (g)];

16 (iv) other incentives for oil and gas production south of
17 68 degrees North latitude;

18 (C) January 31, 2021, or as soon thereafter as practicable,
19 regarding

20 (i) changes to the state's fiscal regime that would be
21 conducive to increased and ongoing long-term investment in and
22 development of the state's oil and gas resources;

23 (ii) alternative means for increasing the state's ability to
24 attract and maintain investment in and development of the state's oil
25 and gas resources; and

26 (iii) a review of the current effectiveness and future
27 value of any provisions of the state's oil and gas tax laws that are
28 expiring in the next five years."

29
30 Renumber the following bill sections accordingly.

31

1 Page 17, line 7:

2 Delete "and 41.09.090"

3 Insert "41.09.090; and AS 43.55.160(g),"

4

5 Page 18, line 20:

6 Delete "16, and 17"

7 Insert "19, and 20"

8

9 Page 18, line 20, following "APPLICABILITY.":

10 Insert "(a)"

11

12 Page 18, following line 21:

13 Insert a new subsection to read:

14 "(b) The repeal of AS 43.55.160(g) by sec. 34 of this Act and the conforming changes
15 to AS 43.55.020(a), as amended by sec. 11 of this Act, AS 43.55.024(i) and (j), as amended
16 by secs. 17 and 18 of this Act, AS 43.55.160(a) and (h), as amended by secs. 24 and 25 of this
17 Act, and AS 43.98.050, as amended by sec. 33 of this Act, apply to oil or gas produced from a
18 lease or property on or after the effective date of sec. 34 of this Act."

19

20 Page 18, lines 25 - 26:

21 Delete "sec. 29"

22 Insert "sec. 35"

23

24 Page 18, line 27:

25 Delete "secs. 13, 14, 18, 23, and 24"

26 Insert "secs. 14, 15, 21, 28, and 29"

27

28 Page 18, line 28:

29 Delete "sec. 29"

30 Insert "sec. 35"

31

1 Page 18, line 31:

2 Delete "sec. 29"

3 Insert "sec. 35"

4

5 Page 19, line 2:

6 Delete "sec. 29"

7 Insert "sec. 35"

8

9 Page 19, line 5:

10 Delete "sec. 29"

11 Insert "sec. 35"

12

13 Page 19, line 8:

14 Delete "sec. 29"

15 Insert "sec. 35"

16

17 Page 19, line 10:

18 Delete "sec. 29"

19 Insert "sec. 35"

20

21 Page 19, line 14:

22 Delete "sec. 21"

23 Insert "sec. 26"

24

25 Page 19, line 15:

26 Delete "sec. 29"

27 Insert "sec. 35"

28

29 Page 19, line 17:

30 Delete "sec. 29"

31 Insert "sec. 35"

1

2 Page 20, line 12:

3 Delete "Sections 30 and 34"

4 Insert "Sections 36 and 40"

5

6 Page 20, line 13:

7 Delete "Sections 13, 14, 18 - 25, 27, 29, 32, and 33"

8 Insert "Sections 14, 15, 21 - 23, 26 - 30, 32, 35, 38, and 39"

9

10 Page 20, line 15:

11 Delete "secs. 36 and 37"

12 Insert "secs. 42 and 43"

AMENDMENT ~~H 15~~ 15

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: CSHB 247(RES), Draft Version "P"

1 Page 11, following line 15:

2 Insert a new bill section to read:

3 **** Sec. 21.** AS 43.55.160(f) is amended to read:

4 (f) On and after January 1, 2014, in the calculation of an annual production tax
5 value of a producer under (a)(1)(A) or (h)(1) of this section, the gross value at the
6 point of production of oil or gas produced from a lease or property north of 68 degrees
7 North latitude meeting one or more of the following criteria is reduced by 10 [20]
8 percent: (1) the oil or gas is produced from a lease or property that does not contain a
9 lease that was within a unit on January 1, 2003; (2) the oil or gas is produced from a
10 participating area established after December 31, 2011, that is within a unit formed
11 under AS 38.05.180(p) before January 1, 2003, if the participating area does not
12 contain a reservoir that had previously been in a participating area established before
13 December 31, 2011; (3) the oil or gas is produced from acreage that was added to an
14 existing participating area by the Department of Natural Resources on and after
15 January 1, 2014, and the producer demonstrates to the department that the volume of
16 oil or gas produced is from acreage added to an existing participating area. This
17 subsection does not apply to gas produced before 2022 that is used in the state or to
18 gas produced on and after January 1, 2022. A reduction under this subsection may not
19 reduce the gross value at the point of production below zero. In this subsection,
20 "participating area" means a reservoir or portion of a reservoir producing or
21 contributing to production as approved by the Department of Natural Resources."

22
23 Page 18, line 20, following "APPLICABILITY.":

- 1 Insert "(a)"
- 2
- 3 Page 18, following line 21:
- 4 Insert a new subsection to read:
- 5 "(b) The change in the percentage reduction in the gross value at the point of
- 6 production of oil or gas produced from a lease or property under AS 43.55.160(f), as amended
- 7 by sec. 21 of this Act, applies to oil or gas produced from a lease or property on or after the
- 8 effective date of sec. 21 of this Act."
- 9
- 10 Page 18, lines 25 - 26:
- 11 Delete "sec. 29"
- 12 Insert "sec. 30"
- 13
- 14 Page 18, line 27:
- 15 Delete "23, and 24"
- 16 Insert "24, and 25"
- 17
- 18 Page 18, line 28:
- 19 Delete "sec. 29"
- 20 Insert "sec. 30"
- 21
- 22 Page 18, line 31:
- 23 Delete "sec. 29"
- 24 Insert "sec. 30"
- 25
- 26 Page 19, line 2:
- 27 Delete "sec. 29"
- 28 Insert "sec. 30"
- 29
- 30 Page 19, line 5:
- 31 Delete "sec. 29"

1 Insert "sec. 30"

2

3 Page 19, line 8:

4 Delete "sec. 29"

5 Insert "sec. 30"

6

7 Page 19, line 10:

8 Delete "sec. 29"

9 Insert "sec. 30"

10

11 Page 19, line 14:

12 Delete "sec. 21"

13 Insert "sec. 22"

14

15 Page 19, line 15:

16 Delete "sec. 29"

17 Insert "sec. 30"

18

19 Page 19, line 17:

20 Delete "sec. 29"

21 Insert "sec. 30"

22

23 Page 20, line 12:

24 Delete "Sections 30 and 34"

25 Insert "Sections 31 and 35"

26

27 Page 20, line 13:

28 Delete "18 - 25, 27, 29, 32, and 33"

29 Insert "18 - 20, 22 - 26, 28, 30, 33, and 34"

30

31 Page 20, line 15:

- 1 Delete "secs. 36 and 37"
- 2 Insert "secs. 37 and 38"

AMENDMENT #16

OFFERED IN THE HOUSE

BY REPRESENTATIVE TARR

TO: CSHB 247(RES), Draft Version "P"

- 1 Page 3, line 10:
- 2 Delete "three"
- 3 Insert "seven [THREE]"