

AMENDMENT #44

OFFERED IN THE HOUSE

BY REPRESENTATIVE TARR

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

1 Page 1, lines 1 - 7:

2 Delete all material and insert:

3 **""An Act relating to confidential information status and public record status of**
4 **information in the possession of the Department of Revenue; relating to interest**
5 **applicable to delinquent tax; relating to disclosure of oil and gas production tax credit**
6 **information; relating to refunds for the gas storage facility tax credit, the liquefied**
7 **natural gas storage facility tax credit, and the qualified in-state oil refinery**
8 **infrastructure expenditures tax credit; relating to the minimum tax for certain oil and**
9 **gas production; relating to the minimum tax calculation for monthly installment**
10 **payments of estimated tax; relating to interest on monthly installment payments of**
11 **estimated tax; relating to limitations for the application of tax credits; relating to oil and**
12 **gas production tax credits for certain losses and expenditures; relating to limitations for**
13 **nontransferable oil and gas production tax credits based on oil production and the**
14 **alternative tax credit for oil and gas exploration; relating to purchase of tax credit**
15 **certificates from the oil and gas tax credit fund; relating to a minimum for gross value at**
16 **the point of production; relating to lease expenditures and tax credits for municipal**
17 **entities; adding a definition for "qualified capital expenditure"; adding a definition for**
18 **"outstanding liability to the state"; repealing oil and gas exploration incentive credits;**

1 **repealing the limitation on the application of credits against tax liability for lease**
 2 **expenditures incurred before January 1, 2011; repealing provisions related to the**
 3 **monthly installment payments for estimated tax for oil and gas produced before**
 4 **January 1, 2014; repealing the oil and gas production tax credit for qualified capital**
 5 **expenditures and certain well expenditures; repealing the calculation for certain lease**
 6 **expenditures applicable before January 1, 2011; making conforming amendments; and**
 7 **providing for an effective date.'"**

8
 9 Page 1, line 9, through page 20, line 16:

10 Delete all material and insert:

11 **"* Section 1.** AS 38.05.036(a) is amended to read:

12 (a) The department may conduct audits regarding royalty and net profits under
 13 oil and gas contracts, agreements, or leases under this chapter and regarding costs
 14 related to exploration licenses entered into under AS 38.05.131 - 38.05.134 and
 15 exploration incentive credits under this chapter [OR UNDER AS 41.09]. For purposes
 16 of audit under this section,

17 (1) the department may examine the books, papers, records, or
 18 memoranda of a person regarding matters related to the audit; and

19 (2) the records and premises where a business is conducted shall be
 20 open at all reasonable times for inspection by the department.

21 *** Sec. 2.** AS 38.05.036(b) is amended to read:

22 (b) The Department of Revenue may obtain from the department information
 23 relating to royalty and net profits payments and to exploration incentive credits under
 24 this chapter [OR UNDER AS 41.09], whether or not that information is confidential.
 25 The Department of Revenue may use the information in carrying out its functions and
 26 responsibilities under AS 43, and shall hold that information confidential to the extent
 27 required by an agreement with the department or by AS 38.05.035(a)(8) [. AS 41.09.010(d),] or AS 43.05.230.

28
 29 *** Sec. 3.** AS 38.05.036(c) is amended to read:

(c) The department may obtain from the Department of Revenue all information obtained under AS 43 relating to royalty and net profits and to exploration incentive credits. The department may use the information for purposes of carrying out its responsibilities and functions under this chapter [AND AS 41.09]. Information made available to the department that was obtained under AS 43 is confidential and subject to the provisions of AS 43.05.230.

* **Sec. 4.** AS 38.05.036(f) is amended to read:

(f) Except as otherwise provided in this section or in connection with official investigations or proceedings of the department, it is unlawful for a current or former officer, employee, or agent of the state to divulge information obtained by the department as a result of an audit under this section that is required by an agreement with the department or by AS 38.05.035(a)(8) [OR AS 41.09.010(d)] to be kept confidential.

* **Sec. 5.** AS 38.05.036(g) is amended to read:

(g) Nothing in this section prohibits the publication of statistics in a manner that maintains the confidentiality of information to the extent required by an agreement with the department or by AS 38.05.035(a)(8) [OR AS 41.09.010(d)].

* **Sec. 6.** AS 40.25.100(a) is amended to read:

(a) Information in the possession of the Department of Revenue that discloses the particulars of the business or affairs of a taxpayer or other person, including information under AS 38.05.020(b)(11) that is subject to a confidentiality agreement under AS 38.05.020(b)(12), is not a matter of public record, except as provided in AS 43.05.230(i) - (l) [AS 43.05.230(i) OR (k)] or for purposes of investigation and law enforcement. The information shall be kept confidential except when its production is required in an official investigation, administrative adjudication under AS 43.05.405 - 43.05.499, or court proceeding. These restrictions do not prohibit the publication of statistics presented in a manner that prevents the identification of particular reports and items, prohibit the publication of tax lists showing the names of taxpayers who are delinquent and relevant information that may assist in the collection of delinquent taxes, or prohibit the publication of records, proceedings, and decisions under AS 43.05.405 - 43.05.499.

1 * **Sec. 7.** AS 43.05.225 is amended to read:

2 **Sec. 43.05.225. Interest.** Unless otherwise provided,

3 (1) a delinquent tax under this title,

4 [(A) BEFORE JANUARY 1, 2014, BEARS INTEREST IN
5 EACH CALENDAR QUARTER AT THE RATE OF FIVE PERCENTAGE
6 POINTS ABOVE THE ANNUAL RATE CHARGED MEMBER BANKS
7 FOR ADVANCES BY THE 12TH FEDERAL RESERVE DISTRICT AS OF
8 THE FIRST DAY OF THAT CALENDAR QUARTER, OR AT THE
9 ANNUAL RATE OF 11 PERCENT, WHICHEVER IS GREATER,
10 COMPOUNDED QUARTERLY AS OF THE LAST DAY OF THAT
11 QUARTER; OR

12 (B) ON AND AFTER JANUARY 1, 2014,] bears interest in
13 each calendar quarter at the rate of seven [THREE] percentage points above
14 the annual rate charged member banks for advances by the 12th Federal
15 Reserve District as of the first day of that calendar quarter compounded
16 quarterly as of the last day of that quarter;

17 (2) the interest rate is 12 percent a year for

18 (A) delinquent fees payable under AS 05.15.095(c); and

19 (B) unclaimed property that is not timely paid or delivered, as
20 allowed by AS 34.45.470(a).

21 * **Sec. 8.** AS 43.05.230 is amended by adding a new subsection to read:

22 (d) The name of each person claiming a credit under AS 43.55, the aggregate
23 amount of credits under AS 43.55, except for the credit in AS 43.55.024(j), claimed by
24 the taxpayer in the calendar year, and a description of the taxpayer's activities that
25 generated the credits claimed are public information.

26 * **Sec. 9.** AS 43.20.046(e) is amended to read:

27 (e) The department may use available money in the oil and gas tax credit fund
28 established in AS 43.55.028 to make the refund applied for under (d) of this section in
29 whole or in part if the department finds that (1) the claimant does not have an
30 outstanding liability to the state [FOR UNPAID DELINQUENT TAXES UNDER
31 THIS TITLE]; and (2) after application of all available tax credits, the claimant's total

1 tax liability under this chapter for the calendar year in which the claim is made is zero.
 2 [IN THIS SUBSECTION, "UNPAID DELINQUENT TAX" MEANS AN AMOUNT
 3 OF TAX FOR WHICH THE DEPARTMENT HAS ISSUED AN ASSESSMENT
 4 THAT HAS NOT BEEN PAID AND, IF CONTESTED, HAS NOT BEEN FINALLY
 5 RESOLVED IN THE TAXPAYER'S FAVOR.]

6 * **Sec. 10.** AS 43.20.047(e) is amended to read:

7 (e) The department may use money available in the oil and gas tax credit fund
 8 established in AS 43.55.028 to make a refund or payment under (d) of this section in
 9 whole or in part if the department finds that

10 (1) the claimant does not have an outstanding liability to the state [FOR
 11 UNPAID DELINQUENT TAXES UNDER THIS TITLE]; and

12 (2) after application of all available tax credits, the claimant's total tax
 13 liability under this chapter for the calendar year in which the claim is made is zero. [IN
 14 THIS SUBSECTION, "UNPAID DELINQUENT TAX" MEANS AN AMOUNT OF
 15 TAX FOR WHICH THE DEPARTMENT HAS ISSUED AN ASSESSMENT THAT
 16 HAS NOT BEEN PAID AND, IF CONTESTED, HAS NOT BEEN FINALLY
 17 RESOLVED IN THE TAXPAYER'S FAVOR.]

18 * **Sec. 11.** AS 43.20.053(e) is amended to read:

19 (e) The department may use money available in the oil and gas tax credit fund
 20 established in AS 43.55.028 to make a refund or payment under (d) of this section in
 21 whole or in part if the department finds that

22 (1) the claimant does not have an outstanding liability to the state [FOR
 23 UNPAID DELINQUENT TAXES UNDER THIS TITLE]; and

24 (2) after application of all available tax credits, the claimant's total tax
 25 liability under this chapter for the calendar year in which the claim is made is zero.

26 * **Sec. 12.** AS 43.55.011(f) is repealed and reenacted to read:

27 (f) The levy of tax under (e) of this section for

28 (1) oil and gas produced before January 1, 2022, from leases or
 29 properties that include land north of 68 degrees North latitude, other than gas subject
 30 to (o) of this section, may not be less than five percent of the gross value at the point
 31 of production; and

(2) oil produced on and after January 1, 2022, from leases or properties that include land north of 68 degrees North latitude, may not be less than five percent of the gross value at the point of production.

* **Sec. 13.** AS 43.55.020(a) is amended to read:

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

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

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

(i) zero; or

(ii) the sum of 25 percent and the tax rate calculated for the month under AS 43.55.011(g) 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 and gas under AS 43.55.160 from the gross value at the point of production of the oil and gas produced from the leases or properties during the month for which the installment payment is calculated;

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

(i) zero;

(ii) zero percent, one percent, two percent, three percent,

1 or four percent, as applicable, of the gross value at the point of
2 production of the oil and gas produced from the leases or properties
3 during the month for which the installment payment is calculated; or

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

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

14 (i) zero; or

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

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

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

1 calculated, but not less than zero; or

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

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

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

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

22 (B) the applicable tax rate for gas provided under
23 AS 43.55.011(i), multiplied by the gross value at the point of production of the
24 gas taxable under AS 43.55.011(i) and produced from the lease or property
25 during the month;

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

30 (5) for oil and gas produced on and after January 1, 2014, and before
31 January 1, 2022, an installment payment of the estimated tax levied by

AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each month of the calendar year on the last day of the following month; except as otherwise provided under (6) of this subsection, the amount of the installment payment is the sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount of the installment payment may not be less than zero:

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

(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 and gas under AS 43.55.160 from the gross value at the point of production of the oil and gas produced from the leases or properties during the month for which the installment payment is calculated;

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

(i) zero;

(ii) five [ZERO PERCENT, ONE PERCENT, TWO PERCENT, THREE PERCENT, OR FOUR] percent [, AS APPLICABLE,] of the gross value at the point of production of the oil and gas produced from the leases or properties during the month for which the installment payment is calculated; or

(iii) 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 and gas under AS 43.55.160 from the gross value at the point of production of the oil and gas produced from those leases

1 or properties during the month for which the installment payment is
 2 calculated, except that, for the purposes of this calculation, a reduction
 3 from the gross value at the point of production may apply for oil and
 4 gas subject to AS 43.55.160(f) or (g);

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

7 (i) zero; or

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

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

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

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

27 (6) an amount calculated under (5)(C) of this subsection for oil or gas
 28 subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by
 29 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as
 30 applicable, for gas or set out in AS 43.55.011(k)(1) or (2), as applicable, for oil, but
 31 substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the

1 amount of taxable gas produced during the month for the amount of taxable gas
 2 produced during the calendar year and substituting in AS 43.55.011(k)(1)(A) or
 3 (2)(A), as applicable, the amount of taxable oil produced during the month for the
 4 amount of taxable oil produced during the calendar year;

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

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

14 (i) zero;

15 (ii) five [ZERO PERCENT, ONE PERCENT, TWO
 16 PERCENT, THREE PERCENT, OR FOUR] percent [, AS
 17 APPLICABLE,] of the gross value at the point of production of the oil
 18 produced from the leases or properties during the month for which the
 19 installment payment is calculated; or

20 (iii) 35 percent multiplied by the remainder obtained by
 21 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 under AS 43.55.160(h)(1) from the gross value at
 24 the point of production of the oil produced from those leases or
 25 properties during the month for which the installment payment is
 26 calculated, except that, for the purposes of this calculation, a reduction
 27 from the gross value at the point of production may apply for oil
 28 subject to AS 43.55.160(f) or 43.55.160(f) and (g);

29 (B) for oil produced before or during the last calendar year
 30 under AS 43.55.024(b) for which the producer could take a tax credit under
 31 AS 43.55.024(a), from leases or properties in the state outside the Cook Inlet

1 sedimentary basin, no part of which is north of 68 degrees North latitude, other
2 than leases or properties subject to AS 43.55.011(p), the greater of

3 (i) zero; or

4 (ii) 35 percent multiplied by the remainder obtained by
5 subtracting 1/12 of the producer's adjusted lease expenditures for the
6 calendar year of production under AS 43.55.165 and 43.55.170 that are
7 deductible for the oil under AS 43.55.160(h)(2) from the gross value at
8 the point of production of the oil produced from the leases or properties
9 during the month for which the installment payment is calculated;

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

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

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

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

26 (i) zero; or

27 (ii) 35 percent multiplied by the remainder obtained by
28 subtracting 1/12 of the producer's adjusted lease expenditures for the
29 calendar year of production under AS 43.55.165 and 43.55.170 that are
30 deductible for the oil under AS 43.55.160(h)(4) from the gross value at
31 the point of production of the oil produced from the leases or properties

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

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

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

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

16 * **Sec. 14.** AS 43.55.020(g) is repealed and reenacted to read:

17 (g) Notwithstanding any contrary provision of AS 43.05.225, an unpaid
18 amount of an installment payment required under (a)(3), (5), (6), or (7) of this section
19 that is not paid when due bears interest (1) at the rate provided for an underpayment
20 under 26 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from
21 the date the installment payment is due until March 31 following the calendar year of
22 production; and (2) as provided for a delinquent tax under AS 43.05.225 after that
23 March 31, interest accrued under (1) of this subsection that remains unpaid after that
24 March 31 is treated as an addition to tax that bears interest under (2) of this subsection,
25 an unpaid amount of tax due under (a)(4) of this section that is not paid when due
26 bears interest as provided for a delinquent tax under AS 43.05.225.

27 * **Sec. 15.** AS 43.55.020(h) is amended to read:

28 (h) Notwithstanding any contrary provision of AS 43.05.280,

29 (1) an overpayment of an installment payment required under (a)(3)
30 [(a)(1), (2), (3)], (5), (6), or (7) of this section bears interest at the rate provided for an
31 overpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended,

1 compounded daily, from the later of the date the installment payment is due or the date
2 the overpayment is made, until the earlier of

3 (A) the date it is refunded or is applied to an underpayment; or

4 (B) March 31 following the calendar year of production;

5 (2) except as provided under (1) of this subsection, interest with respect
6 to an overpayment is allowed only on any net overpayment of the payments required
7 under (a) of this section that remains after the later of March 31 following the calendar
8 year of production or the date that the statement required under AS 43.55.030(a) is
9 filed;

10 (3) interest is allowed under (2) of this subsection only from a date that
11 is 90 days after the later of March 31 following the calendar year of production or the
12 date that the statement required under AS 43.55.030(a) is filed; interest is not allowed
13 if the overpayment was refunded within the 90-day period;

14 (4) interest under (2) and (3) of this subsection is paid at the rate and in
15 the manner provided in AS 43.05.225(1).

16 * **Sec. 16.** AS 43.55.020(i) is amended to read:

17 (i) Notwithstanding any contrary provision of AS 43.05.225 or (g) or (h) of
18 this section, if the amount of a tax payment, including an installment payment, due
19 under (a)(3) - (5) [(a)(1) - (4)] of this section is affected by the retroactive application
20 of a regulation adopted under this chapter, the department shall determine whether the
21 retroactive application of the regulation caused an underpayment or an overpayment of
22 the amount due and adjust the interest due on the affected payment as follows:

23 (1) if an underpayment of the amount due occurred, the department
24 shall waive interest that would otherwise accrue for the underpayment before the first
25 day of the second month following the month in which the regulation became
26 effective, if

27 (A) the department determines that the producer's
28 underpayment resulted because the regulation was not in effect when the
29 payment was due; and

30 (B) the producer demonstrates that it made a good faith estimate
31 of its tax obligation in light of the regulations then in effect when the payment

1 was due and paid the estimated tax;

2 (2) if an overpayment of the amount due occurred and the department
3 determines that the producer's overpayment resulted because the regulation was not in
4 effect when the payment was due, the obligation for a refund for the overpayment does
5 not begin to accrue interest earlier than the following, as applicable:

6 (A) except as otherwise provided under (B) of this paragraph,
7 the first day of the second month following the month in which the regulation
8 became effective;

9 (B) 90 days after an amended statement under AS 43.55.030(a)
10 and an application to request a refund of production tax paid is filed, if the
11 overpayment was for a period for which an amended statement under
12 AS 43.55.030(a) was required to be filed before the regulation became
13 effective.

14 * **Sec. 17.** AS 43.55 is amended by adding a new section to read:

15 **Sec. 43.55.022. Limitations on tax credits.** (a) Notwithstanding any contrary
16 provision of AS 43.55, the application of tax credits under AS 43.55 is subject to the
17 limitations set out in this section.

18 (b) A tax credit or a fraction of a tax credit under AS 43.55.023, 43.55.024, and
19 43.55.025 may not be subtracted in calculating an installment payment of estimated
20 tax required under AS 43.55.020(a) if the resulting amount of the installment payment
21 would be less than the amount in AS 43.55.020(a)(5)(B)(ii) or 43.55.020(a)(7)(A)(ii),
22 as applicable.

23 (c) The total amount of tax credits under AS 43.55.023, 43.55.024, and
24 43.55.025 that may be applied against a tax levied by AS 43.55.011(e) for a calendar
25 year may not exceed the sum of the amount of the tax credits or fractions of tax credits
26 that are allowed under (b) of this section to be subtracted in calculating the installment
27 payments of estimated tax for each month in the calendar year.

28 * **Sec. 18.** AS 43.55.023(b) is amended to read:

29 (b) [BEFORE JANUARY 1, 2014, A PRODUCER OR EXPLORER MAY
30 ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 25 PERCENT OF A
31 CARRIED-FORWARD ANNUAL LOSS. FOR LEASE EXPENDITURES

1 INCURRED ON AND AFTER JANUARY 1, 2014, AND BEFORE JANUARY 1,
 2 2016, TO EXPLORE FOR, DEVELOP, OR PRODUCE OIL OR GAS DEPOSITS
 3 LOCATED NORTH OF 68 DEGREES NORTH LATITUDE, A PRODUCER OR
 4 EXPLORER MAY ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 45
 5 PERCENT OF A CARRIED-FORWARD ANNUAL LOSS.] For lease expenditures
 6 incurred on and after January 1, 2016, to explore for, develop, or produce oil or gas
 7 deposits located north of 68 degrees North latitude, a producer or explorer may elect to
 8 take a tax credit in the amount of 35 percent of a carried-forward annual loss. For lease
 9 expenditures incurred on or after January 1, 2014, to explore for, develop, or produce
 10 oil or gas deposits located south of 68 degrees North latitude, a producer or explorer
 11 may elect to take a tax credit in the amount of 25 percent of a carried-forward annual
 12 loss. A credit under this subsection may be applied against a tax levied by
 13 AS 43.55.011(e). For purposes of this subsection, a carried-forward annual loss is the
 14 amount of a producer's or explorer's adjusted lease expenditures under AS 43.55.165
 15 and 43.55.170 for a previous calendar year that was not deductible in calculating
 16 production tax values for that calendar year under AS 43.55.160. **For the purpose of**
 17 **a credit under this subsection, any reduction under AS 43.55.160(f) or (g) is**
 18 **added back to the calculation of production tax values for that calendar year**
 19 **under AS 43.55.160 for the determination of a carried-forward annual loss.**

20 * Sec. 19. AS 43.55.023(c) is amended to read:

21 (c) A credit or portion of a credit under this section may not be used to reduce
 22 a person's tax liability under AS 43.55.011(e) for any calendar year below **the amount**
 23 **calculated under AS 43.55.011(f) [ZERO]**, and any unused credit or portion of a
 24 credit not used under this subsection may be applied in a later calendar year. **An**
 25 **unused credit or portion of a credit may not be applied in a calendar year later**
 26 **than the 10th calendar year in which the carried-forward annual loss for which**
 27 **the credit is claimed was incurred.**

28 * Sec. 20. AS 43.55.023(d) is amended to read:

29 (d) A person that is entitled to take a tax credit under this section that wishes to
 30 transfer the unused credit to another person or obtain a cash payment under
 31 AS 43.55.028 may apply to the department for a transferable tax credit certificate. An

1 application under this subsection must be in a form prescribed by the department and
 2 must include supporting information and documentation that the department
 3 reasonably requires. The department shall grant or deny an application, or grant an
 4 application as to a lesser amount than that claimed and deny it as to the excess, not
 5 later than 120 days after the latest of (1) March 31 of the year following the calendar
 6 year in which the [QUALIFIED CAPITAL EXPENDITURE OR] carried-forward
 7 annual loss for which the credit is claimed was incurred; (2) the date the statement
 8 required under AS 43.55.030(a) or (e) was filed for the calendar year in which the
 9 [QUALIFIED CAPITAL EXPENDITURE OR] carried-forward annual loss for which
 10 the credit is claimed was incurred; or (3) the date the application was received by the
 11 department. If, based on the information then available to it, the department is
 12 reasonably satisfied that the applicant is entitled to a credit, the department shall issue
 13 the applicant a transferable tax credit certificate for the amount of the credit. A
 14 certificate issued under this subsection **expires after 10 years from the calendar**
 15 **year in which the carried-forward annual loss for which the credit is claimed was**
 16 **incurred** [DOES NOT EXPIRE].

17 * Sec. 21. AS 43.55.023(e) is amended to read:

18 (e) A person to which a transferable tax credit certificate is issued under (d) of
 19 this section may transfer the certificate to another person, and a transferee may further
 20 transfer the certificate. Subject to the limitations set out in **(b) - (d)** [(a) - (d)] of this
 21 section, and notwithstanding any action the department may take with respect to the
 22 applicant under (g) of this section, the owner of a certificate may apply the credit or a
 23 portion of the credit shown on the certificate only against a tax levied by
 24 AS 43.55.011(e). However, a credit shown on a transferable tax credit certificate may
 25 not be applied to reduce a transferee's total tax liability under AS 43.55.011(e) for oil
 26 and gas produced during a calendar year to less than 80 percent of the tax that would
 27 otherwise be due without applying that credit. Any portion of a credit not used under
 28 this subsection may be applied in a later period.

29 * Sec. 22. AS 43.55.023 is amended by adding a new section to read:

30 (q) A producer or explorer shall comply with the notice and information
 31 provision requirements in AS 43.55.025(f)(2) for the lease expenditures incurred

1 towards a credit under this section. The Department of Natural Resources shall hold
 2 the confidential information under AS 43.55.025(f)(2)(C). For a producer or explorer
 3 required to comply with the notice and information requirements of this section, the
 4 Department of Natural Resources may publish the name of the producer or explorer,
 5 the location of the well or seismic exploration, and the date on which information
 6 required to be submitted under this section may be released.

7 * **Sec. 23.** AS 43.55.024(g) is amended to read:

8 (g) A tax credit authorized by (c) of this section may not be applied to reduce a
 9 producer's tax liability for any calendar year under AS 43.55.011(e) below **the**
 10 **amount calculated under AS 43.55.011(f)** [ZERO].

11 * **Sec. 24.** AS 43.55.024(i) is amended to read:

12 (i) A producer may apply against the producer's tax liability for the calendar
 13 year under AS 43.55.011(e) a tax credit of \$5 for each barrel of oil taxable under
 14 AS 43.55.011(e) that meets one or more of the criteria in AS 43.55.160(f) or (g) and
 15 that is produced during a calendar year after December 31, 2013. A tax credit
 16 authorized by this subsection may not reduce a producer's tax liability for a calendar
 17 year under AS 43.55.011(e) below **the amount calculated under AS 43.55.011(f)**
 18 [ZERO].

19 * **Sec. 25.** AS 43.55.025(i) is amended to read:

20 (i) For a production tax credit under this section,
 21 (1) a credit may not be applied to reduce a taxpayer's tax liability under
 22 AS 43.55.011(e) below **the amount calculated under AS 43.55.011(f)** [ZERO] for a
 23 calendar year; and
 24 (2) an amount of the production tax credit in excess of the amount that
 25 may be applied for a calendar year under this subsection may be carried forward and
 26 applied against the taxpayer's tax liability under AS 43.55.011(e) in one or more later
 27 calendar years.

28 * **Sec. 26.** AS 43.55.028(e) is amended to read:

29 (e) The department, on the written application of a person to whom a
 30 transferable tax credit certificate has been issued under AS 43.55.023(d) or former
 31 AS 43.55.023(m) or to whom a production tax credit certificate has been issued under

AS 43.55.025(f), may use available money in the oil and gas tax credit fund to purchase, in whole or in part, the certificate if the department finds that

(1) the calendar year of the purchase is not earlier than the first calendar year for which the credit shown on the certificate would otherwise be allowed to be applied against a tax;

(2) the applicant does not have an outstanding liability to the state [FOR UNPAID DELINQUENT TAXES UNDER THIS TITLE];

(3) the applicant's total tax liability under AS 43.55.011(e), after application of all available tax credits, for the calendar year in which the application is made is zero;

(4) the applicant's average daily production of oil and gas taxable under AS 43.55.011(e) during the calendar year preceding the calendar year in which the application is made was not more than 50,000 BTU equivalent barrels; [AND]

(5) the applicant's revenues generated from the applicant's oil and gas business, including the revenues of the applicant's affiliates if the applicant is part of an affiliated group, during the calendar year preceding the calendar year in which the application is made were less than \$10,000,000,000;

(6) the amount expended for the purchase and amounts previously purchased from the applicant during the calendar year the sum of which would not exceed \$25,000,000; and

(7) the purchase is consistent with this section and regulations adopted under this section.

* **Sec. 27.** AS 43.55.028 is amended by adding a new subsections to read:

(j) The percentage of a transferable tax credit certificate or a production tax credit certificate purchased by the department may not exceed the percentage of the applicant's workforce in the state in the previous calendar year that were resident workers. The applicant's workforce in the state includes resident workers employed by the applicant's contractors. An amount of a credit not purchased due to application of this subsection may be applied against the applicant's tax liability under this chapter.

In this subsection, "resident worker" has the meaning given in AS 43.40.092(b).

* **Sec. 28.** AS 43.55.029(a) is amended to read:

(a) An explorer or producer that has applied for a production tax credit under **AS 43.55.023(b)** [AS 43.55.023(a), (b), OR (d)] or 43.55.025(a) may make a present assignment of the production tax credit certificate expected to be issued by the department to a third-party assignee. The assignment may be made either **when** [AT THE TIME] the application is filed with the department or not later than 30 days after the date of filing with the department. Once a notice of assignment in compliance with this section is filed with the department, the assignment is irrevocable and cannot be modified by the explorer or producer without the written consent of the assignee named in the assignment. If a production tax credit certificate is issued to the explorer or producer, the notice of assignment remains effective and shall be filed with the department by the explorer or producer together with any application for the department to purchase the certificate under AS 43.55.028(e).

* **Sec. 29.** AS 43.55.030(a) is amended to read:

(a) A producer that produces oil or gas from a lease or property in the state during a calendar year, whether or not any tax payment is due under AS 43.55.020(a) for that oil or gas, shall file with the department on March 31 of the following year a statement, under oath, in a form prescribed by the department, giving, with other information required, the following:

(1) a description of each lease or property from which oil or gas was produced, by name, legal description, lease number, or accounting codes assigned by the department;

(2) the names of the producer and, if different, the person paying the tax, if any;

(3) the gross amount of oil and the gross amount of gas produced from each lease or property, separately identifying the gross amount of gas produced from each oil and gas lease to which an effective election under AS 43.55.014(a) applies, the amount of gas delivered to the state under AS 43.55.014(b), and the percentage of the gross amount of oil and gas owned by the producer;

(4) the gross value at the point of production of the oil and of the gas produced from each lease or property owned by the producer and the costs of transportation of the oil and gas;

(5) the name of the first purchaser and the price received for the oil and for the gas, unless relieved from this requirement in whole or in part by the department;

(6) the producer's qualified capital expenditures, [AS DEFINED IN AS 43.55.023,] other lease expenditures under AS 43.55.165, and adjustments or other payments or credits under AS 43.55.170;

(7) the production tax values of the oil and gas under AS 43.55.160(a) or of the oil under AS 43.55.160(h), as applicable;

(8) any claims for tax credits to be applied; and

(9) calculations showing the amounts, if any, that were or are due under AS 43.55.020(a) and interest on any underpayment or overpayment.

*** Sec. 30.** AS 43.55.030(e) is amended to read:

(e) An explorer or producer that incurs a lease expenditure under AS 43.55.165 or receives a payment or credit under AS 43.55.170 during a calendar year but does not produce oil or gas from a lease or property in the state during the calendar year shall file with the department, on March 31 of the following year, a statement, under oath, in a form prescribed by the department, giving, with other information required, the following:

(1) the explorer's or producer's qualified capital expenditures, [AS DEFINED IN AS 43.55.023,] other lease expenditures under AS 43.55.165, and adjustments or other payments or credits under AS 43.55.170; and

(2) if the explorer or producer receives a payment or credit under AS 43.55.170, calculations showing whether the explorer or producer is liable for a tax under AS 43.55.160(d) or 43.55.170(b) and, if so, the amount.

*** Sec. 31.** AS 43.55.150 is amended by adding a new subsection to read:

(d) The gross value at the point of production may not be less than zero.

*** Sec. 32.** AS 43.55.165(a) is amended to read:

(a) **For** [EXCEPT AS PROVIDED IN (j) AND (k) OF THIS SECTION, FOR] purposes of this chapter, a producer's lease expenditures for a calendar year are

(1) costs, other than items listed in (e) of this section, that are

(A) incurred by the producer during the calendar year after

1 March 31, 2006, to explore for, develop, or produce oil or gas deposits located
 2 within the producer's leases or properties in the state or, in the case of land in
 3 which the producer does not own an operating right, operating interest, or
 4 working interest, to explore for oil or gas deposits within other land in the
 5 state; and

6 (B) allowed by the department by regulation, based on the
 7 department's determination that the costs satisfy the following three
 8 requirements:

9 (i) the costs must be incurred upstream of the point of
 10 production of oil and gas;

11 (ii) the costs must be ordinary and necessary costs of
 12 exploring for, developing, or producing, as applicable, oil or gas
 13 deposits; and

14 (iii) the costs must be direct costs of exploring for,
 15 developing, or producing, as applicable, oil or gas deposits; and

16 (2) a reasonable allowance for that calendar year, as determined under
 17 regulations adopted by the department, for overhead expenses that are directly related
 18 to exploring for, developing, or producing, as applicable, the oil or gas deposits.

19 * **Sec. 33.** AS 43.55.165(e) is amended to read:

20 (e) For purposes of this section, lease expenditures do not include

21 (1) depreciation, depletion, or amortization;

22 (2) oil or gas royalty payments, production payments, lease profit
 23 shares, or other payments or distributions of a share of oil or gas production, profit, or
 24 revenue, except that a producer's lease expenditures applicable to oil and gas produced
 25 from a lease issued under AS 38.05.180(f)(3)(B), (D), or (E) include the share of net
 26 profit paid to the state under that lease;

27 (3) taxes based on or measured by net income;

28 (4) interest or other financing charges or costs of raising equity or debt
 29 capital;

30 (5) acquisition costs for a lease or property or exploration license;

31 (6) costs arising from fraud, wilful misconduct, gross negligence,

1 violation of law, or failure to comply with an obligation under a lease, permit, or
2 license issued by the state or federal government;

3 (7) fines or penalties imposed by law;

4 (8) costs of arbitration, litigation, or other dispute resolution activities
5 that involve the state or concern the rights or obligations among owners of interests in,
6 or rights to production from, one or more leases or properties or a unit;

7 (9) costs incurred in organizing a partnership, joint venture, or other
8 business entity or arrangement;

9 (10) amounts paid to indemnify the state; the exclusion provided by
10 this paragraph does not apply to the costs of obtaining insurance or a surety bond from
11 a third-party insurer or surety;

12 (11) surcharges levied under AS 43.55.201 or 43.55.300;

13 (12) an expenditure otherwise deductible under (b) of this section that
14 is a result of an internal transfer, a transaction with an affiliate, or a transaction
15 between related parties, or is otherwise not an arm's length transaction, unless the
16 producer establishes to the satisfaction of the department that the amount of the
17 expenditure does not exceed the fair market value of the expenditure;

18 (13) an expenditure incurred to purchase an interest in any corporation,
19 partnership, limited liability company, business trust, or any other business entity,
20 whether or not the transaction is treated as an asset sale for federal income tax
21 purposes;

22 (14) a tax levied under AS 43.55.011 or 43.55.014;

23 (15) costs incurred for dismantlement, removal, surrender, or
24 abandonment of a facility, pipeline, well pad, platform, or other structure, or for the
25 restoration of a lease, field, unit, area, tract of land, body of water, or right-of-way in
26 conjunction with dismantlement, removal, surrender, or abandonment; a cost is not
27 excluded under this paragraph if the dismantlement, removal, surrender, or
28 abandonment for which the cost is incurred is undertaken for the purpose of replacing,
29 renovating, or improving the facility, pipeline, well pad, platform, or other structure;

30 (16) costs incurred for containment, control, cleanup, or removal in
31 connection with any unpermitted release of oil or a hazardous substance and any

1 liability for damages imposed on the producer or explorer for that unpermitted release;
2 this paragraph does not apply to the cost of developing and maintaining an oil
3 discharge prevention and contingency plan under AS 46.04.030;

4 (17) costs incurred to satisfy a work commitment under an exploration
5 license under AS 38.05.132;

6 (18) that portion of expenditures, that would otherwise be qualified
7 capital expenditures, [AS DEFINED IN AS 43.55.023,] incurred during a calendar
8 year that are less than the product of \$0.30 multiplied by the total taxable production
9 from each lease or property, in BTU equivalent barrels, during that calendar year,
10 except that, when a portion of a calendar year is subject to this provision, the
11 expenditures and volumes shall be prorated within that calendar year;

12 (19) costs incurred for repair, replacement, or deferred maintenance of
13 a facility, a pipeline, a structure, or equipment, other than a well, that results in or is
14 undertaken in response to a failure, problem, or event that results in an unscheduled
15 interruption of, or reduction in the rate of, oil or gas production; or costs incurred for
16 repair, replacement, or deferred maintenance of a facility, a pipeline, a structure, or
17 equipment, other than a well, that is undertaken in response to, or is otherwise
18 associated with, an unpermitted release of a hazardous substance or of gas; however,
19 costs under this paragraph that would otherwise constitute lease expenditures under (a)
20 and (b) of this section may be treated as lease expenditures if the department
21 determines that the repair or replacement is solely necessitated by an act of war, by an
22 unanticipated grave natural disaster or other natural phenomenon of an exceptional,
23 inevitable, and irresistible character, the effects of which could not have been
24 prevented or avoided by the exercise of due care or foresight, or by an intentional or
25 negligent act or omission of a third party, other than a party or its agents in privity of
26 contract with, or employed by, the producer or an operator acting for the producer, but
27 only if the producer or operator, as applicable, exercised due care in operating and
28 maintaining the facility, pipeline, structure, or equipment, and took reasonable
29 precautions against the act or omission of the third party and against the consequences
30 of the act or omission; in this paragraph,

31 (A) "costs incurred for repair, replacement, or deferred

1 maintenance of a facility, a pipeline, a structure, or equipment" includes costs
 2 to dismantle and remove the facility, pipeline, structure, or equipment that is
 3 being replaced;

4 (B) "hazardous substance" has the meaning given in
 5 AS 46.03.826;

6 (C) "replacement" includes renovation or improvement;

7 (20) costs incurred to construct, acquire, or operate a refinery or crude
 8 oil topping plant, regardless of whether the products of the refinery or topping plant
 9 are used in oil or gas exploration, development, or production operations; however, if
 10 a producer owns a refinery or crude oil topping plant that is located on or near the
 11 premises of the producer's lease or property in the state and that processes the
 12 producer's oil produced from that lease or property into a product that the producer
 13 uses in the operation of the lease or property in drilling for or producing oil or gas, the
 14 producer's lease expenditures include the amount calculated by subtracting from the
 15 fair market value of the product used the prevailing value, as determined under
 16 AS 43.55.020(f), of the oil that is processed;

17 (21) costs of lobbying, public relations, public relations advertising, or
 18 policy advocacy.

19 * **Sec. 34.** AS 43.55.165(f) is amended to read:

20 (f) For purposes of **AS 43.55.023(b)** [AS 43.55.023(a) AND (b)] and only as to
 21 expenditures incurred to explore for an oil or gas deposit located within land in which
 22 an explorer does not own a working interest, the term "producer" in this section
 23 includes "explorer."

24 * **Sec. 35.** AS 43.55.170(c) is amended to read:

25 (c) For purposes of **AS 43.55.023(b)** [AS 43.55.023(a) AND (b)] and only as
 26 to expenditures incurred to explore for an oil or gas deposit located within land in
 27 which an explorer does not own a working interest, the term "producer" in this section
 28 includes "explorer."

29 * **Sec. 36.** AS 43.55.890 is amended to read:

30 **Sec. 43.55.890. Disclosure of tax information.** Notwithstanding any contrary
 31 provision of AS 40.25.100, and regardless of whether the information is considered

under AS 43.05.230(e) to constitute statistics classified to prevent the identification of particular returns or reports, the department may publish the following information under this chapter, if aggregated among three or more producers or explorers, showing by month or calendar year and by lease or property, unit, or area of the state:

- (1) the amount of oil or gas production;
- (2) the amount of taxes levied under this chapter or paid under this chapter;
- (3) the effective tax rates under this chapter;
- (4) the gross value of oil or gas at the point of production;
- (5) the transportation costs for oil or gas;
- (6) qualified capital expenditures [, AS DEFINED IN AS 43.55.023];
- (7) exploration expenditures under AS 43.55.025;
- (8) production tax values of oil or gas under AS 43.55.160;
- (9) lease expenditures under AS 43.55.165;
- (10) adjustments to lease expenditures under AS 43.55.170;
- (11) tax credits applicable or potentially applicable against taxes levied by this chapter.

* **Sec. 37.** AS 43.55.895(b) is amended to read:

(b) A municipal entity subject to taxation because of this section is eligible for [ALL] tax credits proportionate to its production taxable under AS 43.55.011(e). A municipal entity shall allocate its lease expenditures in proportion to its production taxable under AS 43.55.011(e) [UNDER THIS CHAPTER TO THE SAME EXTENT AS ANY OTHER PRODUCER].

* **Sec. 38.** AS 43.55.900 is amended by adding a new paragraph to read:

(26) "qualified capital expenditure"

(A) means except as otherwise provided in (B) of this paragraph, an expenditure that is a lease expenditure under AS 43.55.165 and is

(i) incurred for geological or geophysical exploration;

(ii) treated as a capitalized expenditure under 26 U.S.C.

(Internal Revenue Code), as amended, regardless of elections made

under 26 U.S.C. 263(c) (Internal Revenue Code), as amended, and is treated as a capitalized expenditure for federal income tax reporting purposes by the person incurring the expenditure; or

(iii) treated as a capitalized expenditure under 26 U.S.C. (Internal Revenue Code), as amended, regardless of elections made under 26 U.S.C. 263(c) (Internal Revenue Code), as amended, and is eligible to be deducted as an expense under 26 U.S.C. 263(c) (Internal Revenue Code), as amended;

(B) does not include an expenditure incurred to acquire an asset

(i) the cost of previously acquiring which was a lease expenditure under AS 43.55.165 or would have been a lease expenditure under AS 43.55.165 if it had been incurred after March 31, 2006; or

(ii) that has previously been placed in service in the state; an expenditure to acquire an asset is not excluded under this paragraph if not more than an immaterial portion of the asset meets a description under this paragraph; for purposes of this subparagraph, "asset" includes geological, geophysical, and well data and interpretations.

*** Sec. 39.** AS 43.99.950 is amended by adding a new paragraph to read:

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

*** Sec. 40.** AS 38.05.180(i); AS 41.09.010, 41.09.020, 41.09.030, 41.09.090; AS 43.20.053(j)(4); AS 43.55.011(m), 43.55.020(a)(1), 43.55.020(a)(2), 43.55.023(a), 43.55.023(l), 43.55.023(n), AS 43.55.023(o), 43.55.028(i), 43.55.075(d)(1), 43.55.165(j), and 43.55.165(k) are repealed.

*** Sec. 41.** The uncoded law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. (a) Section 17 of this Act applies to credits against the oil and gas

1 production tax levied by AS 43.55.011(e) for oil and gas produced on and after January 1,
2 2017.

3 (b) Sections 8 - 11 and 26 - 28 of this Act, and the repeal of AS 43.55.023(a) and (I) in
4 sec. 40 of this Act, apply to expenditures incurred on and after January 1, 2017.

5 (c) Sections 12, 13, and 16 of this Act apply to oil and gas produced on and after
6 January 1, 2017.

7 (d) For the purpose of determining the last calendar year that a credit or an unused
8 portion of a credit under AS 43.55.023(c) or credit certificate under AS 43.55.023(d) may be
9 carried forward due to the limitations in AS 43.55.023(c) and (d), as amended by secs. 19 and
10 20 of this Act,

11 (1) the carried-forward annual loss for a tax credit under AS 43.55.023(c), for
12 expenditures incurred before January 1, 2017, is considered to have been incurred on
13 January 1, 2017;

14 (2) the carried-forward annual loss for a tax credit certificate under
15 AS 43.55.023(d), for expenditures incurred before January 1, 2017, is considered to have been
16 incurred on January 1, 2017, or the date the tax credit certificate is issued.

17 * **Sec. 42.** The uncoded law of the State of Alaska is amended by adding a new section to
18 read:

19 **TRANSITION: REGULATIONS.** The Department of Revenue and the Department of
20 Natural Resources may adopt regulations necessary to implement the changes made by this
21 Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not
22 before the effective date of the law implemented by the regulation. The Department of
23 Revenue shall adopt regulations governing the use of tax credits under AS 43.55 for a
24 calendar year for which the applicable tax credit provisions of AS 43.55 differ as between
25 parts of the year as a result of this Act.

26 * **Sec. 43.** The uncoded law of the State of Alaska is amended by adding a new section to
27 read:

28 **TRANSITION: RETROACTIVITY OF REGULATIONS.** Notwithstanding any
29 contrary provision of AS 44.62.240,

30 (1) if the Department of Revenue expressly designates in a regulation that the
31 regulation applies retroactively, a regulation adopted by the Department of Revenue to

1 implement, interpret, make specific, or otherwise carry out this Act may apply retroactively to
2 January 1, 2017, as applicable;

3 (2) a regulation adopted by the Department of Natural Resources to implement,
4 interpret, make specific, or otherwise carry out statutory provisions for the administration of
5 oil and gas leases issued under AS 38.05.180(f)(3)(B), (D), or (E), to the extent the regulation
6 relates to the treatment of oil and gas production taxes in determining net profits under those
7 leases, may apply retroactively to January 1, 2017, as applicable, if the Department of Natural
8 Resources expressly designates in the regulation that the regulation applies retroactively to
9 one of those dates.

10 * **Sec. 44.** Sections 17, 42, and 43 of this Act take effect immediately under
11 AS 01.10.070(c).

12 * **Sec. 45.** Except as provided in sec. 44 of this Act, this Act takes effect January 1, 2017."