29-GH2609\D.11
Shutts
5/10/16

A M E N D M E N T 5 Tuck

OFFERED IN THE HOUSE

TO: 2d CSHB 247( ), Draft Version "D"

Page 5, following line 31:

Insert a new bill section to read:

"* **Sec. 13.** AS 43.55.011(f) is amended to read:

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

(1) oil and gas produced before **<u>January 1, 2017</u>** [JANUARY 1, 2022], from leases or properties that include land north of 68 degrees North latitude, other than gas subject to (o) of this section, may not be less than

(A) four percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is more than $25;

(B) three percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $20 but not over $25;

(C) two percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $17.50 but not over $20;

(D) one percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $15 but not over $17.50; or

(E) zero percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is $15 or less; [AND]

(2) **oil and gas produced on and after January 1, 2017, but before January 1, 2022, from leases or properties that include land north of 68 degrees North latitude,**

(A) by a producer that does not qualify under (B) of this paragraph, may not be less than

(i) 10 percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is more than $85;

(ii) nine percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $80 but not over $85;

(iii) eight percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $75 but not over $80;

(iv) seven percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $70 but not over $75;

(v) six percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $65 but not over $70;

(vi) five percent of the gross value at the point of production when the average price per barrel for Alaska North

<u>**Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $60 but not over $65; or**</u>

<u>**(vii) four percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is $60 or less; or**</u>

<u>**(B) by a producer that produces less than an average of 30,000 barrels of oil a day, in total, from leases or properties located north of 68 degrees North latitude and that produces oil or gas that qualifies for a reduction in the gross value of the point of production under AS 43.55.160(f) may not be less than**</u>

<u>**(i) 10 percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is more than $100;**</u>

<u>**(ii) nine percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $95 but not over $100;**</u>

<u>**(iii) eight percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $90 but not over $95;**</u>

<u>**(iv) seven percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $85 but not over $90;**</u>

<u>**(v) six percent of the gross value at the point of production when the average price per barrel for Alaska North**</u>

Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $80 but not over $85;

(vi) five percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $75 but not over $80; or

(vii) four percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is $75 or less; and

(3) oil produced on and after January 1, 2022, from leases or properties that include land north of 68 degrees North latitude,

(A) by a producer that does not qualify under (B) of this paragraph, may not be less than

(i) 10 [(A) FOUR] percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is more than **$85** [$25];

(ii) nine [(B) THREE] percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over **$80** [$20] but not over **$85** [$25];

(iii) eight [(C) TWO] percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over **$75** [$17.50] but not over **$80** [$20];

(iv) seven [(D) ONE] percent of the gross value at the point of production when the average price per barrel for Alaska North

Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over **$70** [$15] but not over **$75;**

(v) six percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $65 but not over $70;

(vi) five percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $60 but not over $65 [$17.50]; or

(vii) four [(E) ZERO] percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is **$60** [$15] or less**; or**

(B) by a producer that produces less than an average of 30,000 barrels of oil a day, in total, from leases or properties located north of 68 degrees North latitude and that produces oil that qualifies for a reduction in the gross value of the point of production under AS 43.55.160(f) may not be less than

(i) 10 percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is more than $100;

(ii) nine percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $95 but not over $100;

(iii) eight percent of the gross value at the point of

production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $90 but not over $95;

(iv) seven percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $85 but not over $90;

(v) six percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $80 but not over $85;

(vi) five percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is over $75 but not over $80; or

(vii) four percent of the gross value at the point of production when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due is $75 or less."

Renumber the following bill sections accordingly.

Page 7, following line 4:

Insert a new bill section to read:

"* **Sec. 16.** 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, 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) 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 those leases or properties during the month for which the installment payment is calculated;

(C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for each lease or property, 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 under AS 43.55.160 for the oil or gas, respectively, produced from the lease or property from the gross value at the point of production of the oil or gas, respectively, produced from the lease or property during the month for which the installment payment is calculated;

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

(i) 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, but not less than zero; or

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

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

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

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

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

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

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

(5) for oil and gas produced on and after January 1, 2014, and before 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) **the** [ZERO PERCENT, ONE PERCENT, TWO PERCENT, THREE PERCENT, OR FOUR] percent [, AS] applicable **under AS 43.55.011(f)** [,] 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 or properties during the month for which the installment payment is calculated, except that, for the purposes of this calculation, a reduction from the gross value at the point of production may apply for oil and gas subject to AS 43.55.160(f) or (g);

(C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for each lease or property, 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 under AS 43.55.160 for the oil or gas, respectively, produced from the lease or property from the gross value at the point of production of the oil or gas, respectively, produced from the lease or property during the month for which the installment payment is calculated;

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

(i) 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, but not less than zero; or

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

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

(7) for oil and gas produced on or after 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; 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 produced from leases or properties that include land north of 68 degrees North latitude, the greatest of

(i) zero;

(ii) **<u>the</u>** [ZERO PERCENT, ONE PERCENT, TWO PERCENT, THREE PERCENT, OR FOUR] percent [,] as applicable **<u>under AS 43.55.011(f)</u>** [,] of 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; 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 under AS 43.55.160(h)(1) from the gross value at the point of production of the oil produced from those leases or properties during the month for which the installment payment is calculated, except that, for the purposes of this calculation, a reduction from the gross value at the point of production may apply for oil subject to AS 43.55.160(f) or 43.55.160(f) and (g);

(B) for oil produced before or during the last calendar year under AS 43.55.024(b) for which the producer could take a tax credit under AS 43.55.024(a), from leases or properties in the state outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, other than leases or properties subject to AS 43.55.011(p), 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 under AS 43.55.160(h)(2) 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;

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

(i) 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)(3) 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, but not less than zero; and

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

(D) for oil produced from leases or properties in the state, no part of which is north of 68 degrees North latitude, other than leases or properties subject to (B) or (C) of this paragraph, 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 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 **<u>AS 43.55.011(f)</u>** [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 13, line 12:

Delete "sec. 22"

Insert "sec. 24"

Page 15, line 15:

Delete "sec. 25"

Insert "sec. 27"

Page 16, line 14:

Delete "sec. 27"

Insert "sec. 29"

Page 18, line 17:

Delete "sec. 31"

Insert "sec. 33"

Page 18, line 30:

Delete "secs. 31 and 32"

Insert "secs. 33 and 34"

Page 22, line 19:

Delete "sec. 38"

Insert "sec. 40"

Page 29, line 23:

Delete "sec. 27"

Insert "sec. 29"

Page 29, line 24:

Delete "sec. 30"

Insert "sec. 32"

Page 29, line 26:

Delete "sec. 29"

Insert "sec. 31"

Page 29, line 27:

Delete "secs. 27, 29, and 30"

Insert "secs. 29, 31, and 32"

Page 29, line 28:

Delete "sec. 42"

Insert "sec. 44"

Page 30, line 2:

Delete "sec. 50"

Insert "sec. 52"

Page 30, line 3:

Delete "sec. 16"

Insert "sec. 18"

Delete "sec. 19"

Insert "sec. 21"

Page 30, line 4:

Delete "sec. 31"

Insert "sec. 33"

Delete "secs. 34 and 35"

Insert "secs. 36 and 37"

Page 30, line 5:

Delete "sec. 36"

Insert "sec. 38"

Delete "sec. 43"

Insert "sec. 45"

Page 30, line 6:

Delete "sec. 44"

Insert "sec. 46"

Page 30, line 7:

Delete "sec. 50"

Insert "sec. 52"

Page 30, lines 10 - 11:

Delete "sec. 50"

Insert "sec. 52"

Page 30, line 14:

Delete "sec. 50"

Insert "sec. 52"

Page 30, line 15:

Delete "sec. 50"

Insert "sec. 52"

Page 30, line 19:

Delete "sec. 51"

Insert "sec. 53"

Page 30, lines 19 - 20:

Delete "sec. 32"

Insert "sec. 34"

Page 30, line 21:

Delete "sec. 51"

Insert "sec. 53"

Page 30, line 24:

Delete "sec. 51"

Insert "sec. 53"

Page 30, line 26:

Delete "sec. 51"

Insert "sec. 53"

Page 30, line 27:

Delete "sec. 51"

Insert "sec. 53"

Page 31, line 1:

Delete "sec. 52"

Insert "sec. 54"

Page 31, line 2:

Delete "sec. 33"
Insert "sec. 35"
Delete "sec. 37"
Insert "sec. 39"

Page 31, line 3:
Delete "sec. 39"
Insert "sec. 41"

Page 31, line 4:
Delete "sec. 52"
Insert "sec. 54"

Page 31, line 8:
Delete "sec. 52"
Insert "sec. 54"

Page 31, line 10:
Delete "sec. 52"
Insert "sec. 54"

Page 31, line 11:
Delete "sec. 52"
Insert "sec. 54"

Page 31, line 16:
Delete "sec. 52"
Insert "sec. 54"

Page 31, line 17:
Delete "sec. 23"

Insert "sec. 25"
Delete "secs. 26 and 28"
Insert "secs. 28 and 30"

Page 31, line 18:
Delete "sec. 33"
Insert "sec. 35"
Delete "sec. 37"
Insert "sec. 39"

Page 31, line 19:
Delete "sec. 45"
Insert "sec. 47"

Page 31, line 21:
Delete "sec. 52" in both places
Insert "sec. 54" in both places

Page 31, line 26:
Delete "sec. 42"
Insert "sec. 44"

Page 31, line 27:
Delete "sec. 50"
Insert "sec. 52"

Page 31, line 30:
Delete "sec. 50"
Insert "sec. 52"

Page 32, line 4:

Delete "sec. 50"
Insert "sec. 52"

Page 32, line 6:
Delete "sec. 50"
Insert "sec. 52"

Page 32, line 9:
Delete "sec. 50"
Insert "sec. 52"

Page 32, line 12:
Delete "sec. 50"
Insert "sec. 52"

Page 32, line 14:
Delete "sec. 50"
Insert "sec. 52"

Page 33, line 9:
Delete "Sections 22, 53, 61, and 62"
Insert "Sections 24, 55, 63, and 64"

Page 33, line 11:
Delete "Sections 32, 51, and 56"
Insert "Sections 34, 53, and 58"

Page 33, line 12:
Delete "Sections 23, 26, 28, 33, 37, 39, 45, 52, 57, and 58"
Insert "Sections 25, 28, 30, 35, 39, 41, 47, 54, 59, and 60"

Page 33, line 14:

Delete "secs. 63 - 65"

Insert "secs. 65 - 67"