

HB 247 - House/Senate Comparison

*The following acronyms are used in this comparison: **ARMB**: Alaska Retirement Management Board; **DoR**: Department of Revenue; **NS**: North Slope; **CI**: Cook Inlet; **ME**: Middle Earth; **GVR**: Gross Value Reduction; **NOL**: Net Operating Loss; **QCE**: Qualified Capital Expenditure*

Statute Reference/Topic		Sec.	PASSED HOUSE - v. C.A Desc.	PASSED SENATE - v. AA.A Desc.	Sec.
37.10.220(b) <i>effective 2017</i>	AK Retirement Management Board	1	Allows ARMB to purchase transferable tax credits at 60% of face value, and to sell the certificates to DoR for full value.	<i>not in Senate Bill</i>	
31.05.030 <i>effective 2017</i>	AOGCC Duties - Gross Value Reduction (GVR)		<i>not in House Bill</i>	Directs AOGCC to determine the commencement of regular production for oil eligible for a GVR. Also see §27 & 28.	1
38.05.036 (a) - (g) <i>effective 2017</i>	Alaska Land Act: Audit of Royalty and Net Profit Payments and Costs	2 -6	Removes references to sections repealed by this bill (House: §57; Senate §34). (Conforming)		2 -6
40.25.100(a) <i>effective 2017</i>	Public Record Disclosures - Disposition of Tax Information	7	Broadens exceptions to confidentiality provisions to require DoR to make public some taxpayer information, specified in §9 of both bills (see below for details).		7
43.05.225 <i>effective 2017</i>	Interest on Delinquent Taxes	8	From 2017 forward, interest on <u>all</u> delinquent taxes (not just oil & gas) in the state is 5 points above the Federal Reserve rate, compounded quarterly for the first 4 years of delinquency, after which interest reverts to simple interest.	From 2017 forward, interest on delinquent <u>oil & gas</u> taxes is 7 points above the Federal Reserve rate for the first 3 years, compounded quarterly; after 3 years, interest no longer accrues. (Interest on other taxes remains unchanged: 3 points simple interest)	8
43.05.230 <i>effective 2017</i>	Information Required to be Annually Disclosed About Tax Credits Purchased	9	State will disclose the name of the company and aggregate amount of certificates purchased from that company in the prior calendar year.	State will disclose the aggregate amount of tax credits purchased under each statutory credit section in the prior year, classified to protect individual taxpayer information.	9
43.20.046(e) & 43.20.047(e) <i>effective 2017</i>	Alaska Net Income Tax Act - Gas & Liquefied Natural Gas Storage Facility Tax Credit	10 -11	Removes language prohibiting refunds/payments to claimant with unpaid tax liability; instead, requires claimant to be qualified under AS 43.55.028(j) - added by House §36; Senate §26.		10 -11
43.20.053(a) <i>effective 2017</i>	In-State Oil Refinery Infrastructure Expenditures Tax Credit		<i>not in House Bill</i>	Reduces the credit for 2017 to 20% (from 40%) and lowers the maximum annual credit to \$5,000,000 (from \$10,000,000). Changes the credit sunset to 2018 (from 2020).	12

HB 247 - House/Senate Comparison

Statute Reference/Topic		PASSED HOUSE - v. C.A		PASSED SENATE - v. AA.A	
		Sec.	Desc.	Desc.	Sec.
43.20.053(e) <i>effective 2017</i>	In-State Oil Refinery Infrastructure Expenditures Tax Credit	12	Removes language prohibiting refunds/payments to claimant with unpaid tax liability; instead, requires claimant to be qualified under AS 43.55.028(j) - added by House §36; Senate §26.		13
43.55.011 (e) <i>effective 2019</i>	Oil and Gas Production Tax - Conforming Amendments	13	Removes references to sections repealed by §58 (sunset on CI oil, gas, and NS gas for use in-state). This has the effect of subjecting CI oil & gas, and other gas used in-state, to the 35% tax rate for NS oil & gas.	<i>not in Senate Bill</i>	
43.55.011 (f) <i>effective 2017</i>	Oil and Gas Production Tax - NS Rates	14	Increases gross minimum tax for oil & gas produced after 2016 to a stepped rate, ranging from 5% if average ANS price is \$70 or more to 0% if average ANS price is \$15 or less.	<i>not in Senate Bill</i>	
<i>effective 2019</i>		15	Conforms to the repeal of 43.55.011(o) by §58 (gas produced outside of CI, for use in-state); has the effect of making gas for use in-state subject to the general gas tax minimums.	<i>not in Senate Bill</i>	
43.55.011(j) <i>effective 2017</i>	Oil and Gas Production Tax - Tax Cap for CI Gas	<i>Statute is repealed by House §58 (2019)</i>		Sets a gas production tax in CI by removing the 2022 tax cap sunset.	14
43.55.011(k) <i>effective 2017</i>	Oil and Gas Production Tax - Tax Cap for CI Oil	<i>Statute is repealed by House §58 (2019)</i>		Sets an oil production tax in CI by removing the 2022 tax cap sunset; provides that the tax may not exceed \$1 per barrel.	15
43.55.011(m) <i>effective 2017</i>	Oil and Gas Production Tax - Conforming Amendments	16	Removes references to sections repealed by §57. In 2019, statute is repealed by House §58.	<i>Statute is repealed by Senate §34 (2017)</i>	
43.55.011(o) <i>effective 2017</i>	Oil and Gas Production Tax - Tax Cap for Gas for In-state Use	<i>Statute is repealed by House §58 (2019)</i>		Removes 2022 sunset for the tax limit on gas produced outside of CI, for use in-state.	16

HB 247 - House/Senate Comparison

Statute Reference/Topic		PASSED HOUSE - v. C.A		PASSED SENATE - v. AA.A	
		Sec.	Desc.	Desc.	Sec.
43.55.020(a) <i>effective 2017</i>	Oil and Gas Production Tax - Payment of Tax	17	Conforms to increasing and hardening of minimum tax in §14; goes from annual to monthly calculations for the per-barrel credit in 43.55.024(j)	Amends statutes related to the installment payments of taxes, AS 43.55.020(a). Adds language to conform to §12, 14, 15 and 16.	17
<i>effective 2019</i>		18	Conforms to the repeal of 43.55.011(j),(k),and (o) by §58 (CI oil & gas caps; caps on gas produced in-state).	<i>not in Senate Bill</i>	
43.55.020(g), (h), & (i) <i>effective 2019</i>	Oil and Gas Production Tax - Payment of Tax - Interest Rate on Delinquent Tax	19 -21	Conforming amendments for §18.	<i>not in Senate Bill</i>	
43.55.023(a) <i>effective 7/1/2016</i>	Oil and Gas Production Tax - Credits for Qualified Capital Expenditures	22	QCE credit terminates for CI on 7/1/16.	<i>see Senate §18, below</i>	
<i>effective 2017</i>		23	For ME, reduces the credit to 10% (from 20%); remains at 10% until repealed by §59 in 2022.	For CI and ME, reduces the credit to 10% (from 20%). For CI, credit ends after 2017; ME credit has no sunset. Removes references to sections repealed by §34.	18
43.55.023(b) <i>effective 2017</i>	Oil and Gas Production Tax - Net Operating Loss Credits	24	For NS: steps down from 35% NOL credit, starting in 2017 (32%), decreasing every two years until 2022 (25%). For CI, ends the 25% NOL after 2017. For ME, NOL remains 25% with no sunset. For expenditures after 2016, the company must meet new conditions in 43.55.023(q), added by §28 . Prevents the Gross Value Reduction, a NS-specific credit, from increasing the size of a NOL.	No changes to NS. For areas outside NS, NOL reduces to 15% (from 25%) in 2017; CI credit ends after 2017. Prevents the GVR, a NS-specific credit, from increasing an NOL. For ME, NOL remains at 15%, with no end date.	19
43.55.023(d) & (e) <i>effective 2022</i>	Oil and Gas Production Tax - Transferable Tax Credits	25 -26	Makes conforming changes to accommodate the repeal of AS 43.55.023(a) in §59 - repeal of QCE in 2022.	<i>not in Senate Bill</i> <i>QCE is not repealed as it continues to apply in ME</i>	

HB 247 - House/Senate Comparison

Statute Reference/Topic		PASSED HOUSE - v. C.A		PASSED SENATE - v. AA.A	
		Sec.	Desc.	Desc.	Sec.
43.55.023(l) <i>effective 2017</i>	Oil and Gas Production Tax - Well Lease Expenditure Credits	27	The existing 40% credit is in place for 2016. For CI, credit reduces to 20% for 2017, then ends; to qualify, claimants must produce oil or gas in CI before 2017. For ME, credit reduces to 30% after 2016, ending after 2018. Removes references to sections repealed by §57. <i>In 2019, statute is repealed by §58.</i>	Reduces the credit from 40% to 20% in 2017; sunsets in CI after 2017. Continues at 20% for ME, no end date. Removes references to sections repealed by §34.	20
43.55.023(q) & (r) <i>effective 2017</i>	Oil and Gas Production Tax - Tax credits for Certain Losses and Expenditures - NEW Sections	28	New subsection (q) institutes requirements for claiming a NOL credit after 2016: the claimant must produce not more than 15,000 barrels a day; must have a working interest in a qualifying lease; must be for leases with state or federal royalty; must be for leases in a unit with an approved plan of development; and, for CI, the expenditure must be made before 2017.	<i>not in Senate Bill</i>	
			New subsection (r) requires DoR to issue a cash refund to the ARMB for a transferable tax credit purchased by the board, subject to appropriation.		
43.55.024(i) <i>effective 2017</i>	Oil and Gas Production Tax - Add. Nontransferable Tax Credits	29	Companies may apply the \$5 per-barrel new oil credit only while receiving the GVR (time-limited in House §44-45; Senate §27-28)		21
43.55.024(j) <i>effective 2017</i>	Oil and Gas Production Tax - Add. Nontransferable Tax Credits	30	Clarifies that once new oil is no longer eligible for the GVR and is being taxed as normal oil, it is eligible for the sliding-scale per-barrel credit.		22
43.55.025(m) <i>effective immediately</i>	Oil and Gas Production Tax -Alternative Tax Credit for Oil and Gas Exploration	31	Extends a ME credit to <u>July 1, 2017</u> ; also, a company that has spudded but not completed a well by <u>July 1, 2017</u> , is eligible for the credit for costs of that well, without a sunset date.	Same as house, except the extension and deadline for a company that has spudded but not completed a well is <u>January 1, 2017</u> .	23
43.55.025(q) <i>effective 2017</i>	Oil and Gas Production Tax - Alternative Tax Credit for Oil and Gas Exploration - NEW Section	32	New subsection (q) requires the DoR to issue a cash refund to the ARMB for a transferable tax credit purchased by the board, subject to appropriation.		<i>not in Senate Bill</i>

HB 247 - House/Senate Comparison

Statute Reference/Topic		PASSED HOUSE - v. C.A		PASSED SENATE - v. AA.A	
		Sec.	Desc.	Desc.	Sec.
43.55.028(a) <i>effective 2017</i>	Oil and Gas Tax Credit Fund	33	Prohibits use of the oil & gas tax credit fund from being used to purchase or refund tax credit certificates purchased by the ARMB.	<i>not in Senate Bill</i>	
43.55.028(e) <i>effective 2017</i>	Oil and Gas Tax Credit Fund	34	Limits state repurchase of tax credits to \$70,000,000 per company per year; makes the following changes to required findings by the DoR: removes requirement that the applicant not have an outstanding liability for unpaid delinquent taxes (claims are subject to new outstanding liability requirements in AS 43.55.028(j)); adds a finding that a single entity did not divide into multiple entities that would reasonably have been expected to apply as a single entity; and reduces the average daily production threshold to not more than 15,000 barrels (from 50,000).	Same as house, with a few word changes, except does <u>not</u> change the average daily production threshold in subsection (4) (state can purchase credits from a company with not more than 50,000 barrels production).	24
43.55.028(g) <i>effective 2017</i>	Oil and Gas Tax Credit Fund - Regulations Allocating Available Money	35	If there are two applicants, a preference must be granted to the applicant with a higher percentage of resident workers in the previous calendar year, including workers employed by direct contractors.	Preference must be granted to an applicant with at least 75% resident workers in prior year. Restricts the rate of repurchase per-company as follows: the first \$35 million is repurchased at 100% of certificate value; the second \$35 million is repurchased at 75% of value. Monetary amounts conform to the annual per-company limit in 43.55.028(e).	25
43.55.028(j) <i>effective 2017</i>	Oil and Gas Tax Credit Fund - NEW Section	36	Ensures an outstanding liability to the state related to oil & gas activity is withheld from the amount of a tax certificate purchased by the DoR. The withheld amount may be used to satisfy an outstanding liability that has not been contested and resolved against the state. Satisfying a liability in this manner would not affect the applicant's ability to contest it.	Same as house, but requires the applicant <u>to be notified</u> before DoR assigns the funds to satisfy an outstanding liability.	26

HB 247 - House/Senate Comparison

Statute Reference/Topic		PASSED HOUSE - v. C.A		PASSED SENATE - v. AA.A	
		Sec.	Desc.	Desc.	Sec.
43.55.029(a) <i>effective 2019</i>	Oil and Gas Production Tax - Assignment of Tax Credit Certificate	37	Makes conforming amendment required by the repeal of AS 43.55.230(l) by §58.	<i>not in Senate Bill</i>	
<i>effective 2022</i>		38	Makes conforming amendment required by the repeal of AS 43.55.023(a) by §59.	<i>not in Senate Bill</i>	
43.55.030(a) & (e) <i>effective 2022</i>	Oil and Gas Production Tax - Filing of Statements	39 -40	Remove references to sections repealed by §59.	<i>not in Senate Bill</i>	
43.55.150 <i>effective 2017</i>	Oil and Gas Production Tax - Determination of Gross Value	41	In calculating taxes, the gross value at point of production (GVPP) may not be less than zero.	<i>not in Senate Bill</i>	
43.55.160(a) <i>effective 2019</i>	Oil and Gas Production Tax - Determination of Prod. Tax Value	42	Conforms to the repeal of 43.55.011(j), (k) and (o) by §58.	<i>not in Senate Bill</i>	
43.55.160(e) <i>effective 2019</i>	Oil and Gas Production Tax - Determination of Prod. Tax Value	43	Makes conforming amendments required by the repeal of AS 43.55.011 (j), (k) & (o) by §58.	<i>not in Senate Bill</i>	
43.55.160(f) <i>effective 2017</i>	Oil and Gas Production Tax - Determination of Prod. Tax Value - Gross Value Reduction (GVR)	44	Limits the 20% GVR to to the earliest of 7 years or 3 years (consecutively or not) in which the ANS price averages greater than \$70/barrel. For production before 2017, the GVR expires after the earliest of 2023 or 3 years of prices greater than \$70/barrel. The GVR starts with the commencement of regular production of oil & gas "in commercial quantities."	Same as House, except the start date is the commencement of regular production of oil & gas as determined by the AOGCC (no mention of "commercial quantities").	27
43.55.160(g) <i>effective 2017</i>	Oil and Gas Production Tax - Determination of Prod. Tax Value - Gross Value Reduction (GVR) for Leases Comprised of Units With a Royalty in Excess of 12.5%	45	Limits eligibility for receiving the royalty rate-based (additional 10%) GVR to 5 years after the commencement of regular production of oil & gas "in commercial quantities." For oil or gas produced before 2017, the GVR expires Jan. 1, 2021. No economic limiting factor.	Limits eligibility for receiving the royalty rate-based (additional 10%) GVR to the earliest of 7 years or 3 years in which the ANS price averages greater than \$70/barrel. For production before 2017, the GVR expires after the earliest of 3 years of prices greater than \$70/barrel or 2023. The GVR starts with the commencement of regular production as determined by AOGCC.	28

HB 247 - House/Senate Comparison

Statute Reference/Topic		PASSED HOUSE - v. C.A		PASSED SENATE - v. AA.A	
		Sec.	Desc.	Desc.	Sec.
43.55.160(h) <i>effective 2017</i>	Oil and Gas Production Tax - Determination of Production Tax Value		<i>not in House Bill</i>	Requires calculation of a separate annual production tax value for certain leases, to conform to the production tax changes in §14-15. Requires separate calculation for oil in and out of CI, related to the tax changes and removal of the 2022 sunset.	29
43.55.165(a) <i>effective: various</i>	Oil and Gas Production Tax - Lease Expenditures	46	Makes conforming amendments required by the repeal of AS 43.55.165 (j) & (k) by §59 in 2022. Effective 2022.	Same as House, but repealed in 2018 by §35. Effective 2018.	30
43.55.165(e) <i>effective 2022</i>	Oil and Gas Production Tax - Lease Expenditures	47	Makes conforming amendments required by the repeal of AS 43.55.023.	<i>not in Senate Bill</i>	
43.55.165(f) <i>effective 2017</i>	Oil and Gas Production Tax - Lease Expenditures	48	Makes conforming amendments required by the changes to the NOL in §24 & 28	<i>not in Senate Bill</i>	
<i>effective 2022</i>		49		<i>not in Senate Bill</i>	
43.55.165(h) <i>effective 2019</i>	Oil and Gas Production Tax - Lease Expenditures	50	Makes conforming amendments required by the repeal of AS 43.55.011(o) by §58.	<i>not in Senate Bill</i>	
43.55.170(c) <i>effective 2017</i>	Oil and Gas Production Tax - Adjustments to Lease Expenditures	51	Makes conforming amendments required by the changes to the NOL in §24 & 28	<i>not in Senate Bill</i>	
<i>effective 2022</i>		52		<i>not in Senate Bill</i>	
43.55.890 <i>effective 2022</i>	Oil and Gas Production Tax -Disclosure of Tax Information	53	Makes conforming amendments required by the repeal of AS 43.55.023. Effective 2022.	<i>not in Senate Bill</i>	
43.55.895(b) <i>effective 2017</i>	Oil and Gas Production Tax - Applicability to Municipal Entities.	54	Limits the credits a municipal entity can claim to only its share of taxable production.		31
43.55.900 <i>effective: various</i>	Oil and Gas Production Tax - Definitions	55	Adds a definition for "qualified lease expenditure." Effective 2022.	Adds a definition for "regular production." Effective 2017.	32

HB 247 - House/Senate Comparison

Statute Reference/Topic		PASSED HOUSE - v. C.A		PASSED SENATE - v. AA.A	
		Sec.	Desc.	Desc.	Sec.
43.70 <i>effective 2017</i>	Alaska Business License Act - NEW Sections	56	Requires a \$250,000 surety bond for oil & gas businesses; DCCED commissioner can waive the requirement once a business produces commercial quantities of oil or gas. Provides a framework for claims against a business required to post the surety bond; prioritizes satisfaction of types of claims.	Same intent as House, but with minor word changes, including the removal of the phrase "unsecured creditor." Includes breach of contract. Different priority list.	33
Repeals - Effective 1/1/2017		57	AS 38.05.180(i); AS 41.09.010, 41.09.020, 41.09.030, 41.09.090; and AS 43.20.053(j)(4)	All of House repeals, plus 43.55.011(m)	34
Repeals - Effective 1/1/2018		<i>not in House Bill</i>		43.55.165(j) and 3.55.165(k)	35
Repeals - Effective 1/1/2019		58	AS 43.55.011(j), 43.55.011(k), 43.55.011(m), 43.55.011(o), 43.55.023(l), and 43.55.023(n)	<i>not in Senate Bill</i>	
Repeals - Effective 1/1/2022		59	AS 43.55.023(a), 43.55.023(o), 43.55.028(i), 43.55.075(d)(1), 43.55.165(j), and 43.55.165(k)	<i>not in Senate Bill</i>	
Legislative Working Group <i>effective immediately</i>		60	Working group established to analyze the CI oil & gas fiscal regime and recommend changes to the first regular session of the Thirtieth Legislature.	<i>not in Senate Bill</i>	
Uncodified Law - Transition and Applicability <i>effective: various</i>		61 -68	Applicability & Transition Sections - various effective dates		36 -39
Effective Dates		69 -73	Various - see individual sections for effective dates. Unless otherwise noted, all effective dates are January 1 of the year specified.		40 -42

HB 247 - House/Senate Comparison - Repeals

Statute Citation	House	Senate	Description
38.05.180(i)	2017	2017	Old DNR Exploration Incentive Credit Program
41.09.010	2017	2017	Sections related to a currently unused Exploration Incentive Credit program
41.09.020	2017	2017	
41.09.030	2017	2017	
41.09.090	2017	2017	
43.20.053(j)(4)	2017	2017	Definition of "Unpaid Delinquent Tax;" this term is no longer used in this subsection, as the new language cross references the new AS 43.55.028(j)
43.55.011(j)	2019	amended in §14	Tax limit on gas produced in CI
43.55.011(k)	2019	amended in §15	Tax limit on oil produced in CI
43.55.011(m)	2019	2017	Statute regarding calculation of certain tax liabilities before 1/1/2011.
43.55.011(o)	2019	amended in §16	Tax limit on gas produced outside of CI, for use in-state
43.55.023(a)	2022	amended in §18	Repeals Qualified Capital Expenditure Credit
43.55.023(l)	2019	amended in §20	The 40% well lease expenditure credit
43.55.023(n)	2019	n/a	Related to the repeal of the well lease expenditure credit
43.55.023(o)	2022	n/a	Definition of "qualified capital expenditure" for the related sections; conform to the repeal of the qualified expenditure credit (43.55.023(a))
43.55.028(i)	2022	n/a	
43.55.075(d)(1)	2022	n/a	
43.55.165(j)	2022	2018	Sections related to the "standard deduction" limitation on lease expenditure inflation that expired in 2010.
43.55.165(k)	2022	2018	