

AMENDMENT #10 Sen. French

OFFERED IN THE SENATE

TO: CSSB 305(FIN)

1 Page 3, line 25, through page 4, line 2:

2 Delete all material and insert:

3 "(e) There is levied on the producer of oil or gas a tax for all oil and gas  
4 produced each month from each lease or property in the state, less any oil and gas the  
5 ownership or right to which is exempt from taxation or constitutes a lessor's royalty  
6 interest under an oil and gas lease, as follows:

7 (1) for oil that is produced from the Prudhoe Bay field or Kuparuk  
8 reservoir, the tax is equal to 30 percent of the production tax value of the taxable oil as  
9 calculated under AS 43.55.160;

10 (2) for oil that is produced from the area north of 68 degrees North  
11 latitude, except for production described in (1) of this subsection, the tax is equal to 20  
12 percent of the production tax value of the taxable oil as calculated under  
13 AS 43.55.160;

14 (3) for oil that is produced in the Cook Inlet sedimentary basin, as that  
15 term is defined by regulations adopted to implement AS 38.05.180(f)(4), the tax is  
16 equal to five percent of the production tax value of the taxable oil as calculated under  
17 AS 43.55.160; and

18 (4) except as to oil described in (1) - (3) of this subsection, the tax is  
19 equal to 20 percent of the production tax value of the taxable oil and gas as calculated  
20 under AS 43.55.160."

21

22 Page 7, line 24, through page 8, line 4:

23 Delete all material and insert:

1           "(A) a producer or explorer that incurs a qualified capital  
2 expenditure may also elect to take a tax credit against

3                       (i) a tax due under AS 43.55.011(e)(1), (e)(2), or (e)(4)  
4 in the amount of 20 percent of that expenditure;

5                       (ii) a tax due under AS 43.55.011(e)(3) in the amount of  
6 25 percent of that expenditure;

7           (B) for a calendar year for which the producer makes an  
8 election under AS 43.55.160(f), instead of taking a tax credit at a rate  
9 authorized by (A) of this paragraph as to each separate qualified capital  
10 expenditure after it has been incurred, a producer that incurs a qualified capital  
11 expenditure during that year and that wishes to apply a credit based on that  
12 expenditure against a tax due

13                       (i) under AS 43.55.011(e)(1), (e)(2), or (e)(4) shall  
14 calculate and apply every month an annualized tax credit in an amount  
15 equal to  $1 \frac{2}{3}$  percent of the total qualified capital expenditures  
16 incurred during that year and for which the tax credit is taken for that  
17 year;

18                       (ii) under AS 43.55.011(e)(3) shall calculate and apply  
19 every month an annualized tax credit in an amount equal to  $2 \frac{1}{12}$   
20 percent of the total qualified capital expenditures incurred during that  
21 year and for which the tax credit is taken for that year;"

22  
23 Page 25, line 14, through page 26, line 1:

24 Delete all material and insert:

25                       "(1) not more than 5,000 barrels of oil equivalent, the amount of the  
26 credit

27                       (A) for oil subject to tax

28                               (i) under AS 43.55.011(e)(1) is 30 percent of the  
29 producer's production tax value for that month under AS 43.55.160(a);

30                               (ii) under AS 43.55.011(e)(2) is 20 percent of the  
31 producer's production tax value for that month under AS 43.55.160(a);

1 (iii) under AS 43.55.011(e)(3) is five percent of the  
2 producer's production tax value for that month under AS 43.55.160(a);  
3 and

4 (B) for oil and gas subject to tax under AS 43.55.011(e)(4) is  
5 20 percent of the producer's production tax value for that month under  
6 AS 43.55.160(a); and

7 (2) more than 5,000 barrels of oil equivalent, the amount of the credit

8 (A) for oil subject to tax

9 (i) under AS 43.55.011(e)(1) is 30 percent of the  
10 producer's production tax value for that month under AS 43.55.160(a)  
11 multiplied by the quotient of 5,000 divided by the average amount of  
12 oil and gas expressed as barrels of oil equivalent, produced a day  
13 during that month and taxable under AS 43.55.011(e)(1);

14 (ii) under AS 43.55.011(e)(2) is 20 percent of the  
15 producer's production tax value for that month under AS 43.55.160(a)  
16 multiplied by the quotient of 5,000 divided by the average amount of  
17 oil and gas expressed as barrels of oil equivalent, produced a day  
18 during that month and taxable under AS 43.55.011(e)(2);

19 (iii) under AS 43.55.011(e)(3) is five percent of the  
20 producer's production tax value for that month under AS 43.55.160(a)  
21 multiplied by the quotient of 5,000 divided by the average amount of  
22 oil and gas expressed as barrels of oil equivalent, produced a day  
23 during that month and taxable under AS 43.55.011(e)(3); and

24 (B) for oil and gas subject to tax under AS 43.55.011(e)(4) is  
25 20 percent of the producer's production tax value for that month under  
26 AS 43.55.160(a) multiplied by the quotient of 5,000 divided by the average  
27 amount of oil and gas expressed as barrels of oil equivalent, produced a day  
28 during that month and taxable under AS 43.55.011(e)(4)."

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30 Page 31, lines 1 - 5:

31 Delete all material.

1           Insert "AS 43.55.024(a), enacted by sec. 12 of this Act, for oil and gas produced on or  
2 after April 1, 2006, and before January 1, 2007,

3           (1) the phrase "every month an annualized tax credit in an amount equal to 1  
4  $\frac{2}{3}$  percent" in AS 43.55.024(a)(1)(B)(i), enacted by sec. 12 of this Act, shall be replaced by  
5 the phrase "every month during the period April 1, 2006, through December 31, 2006, an  
6 annualized tax credit in an amount equal to  $2\frac{2}{9}$  percent"; and

7           (2) the phrase "every month an annualized tax credit in an amount equal to 2  
8  $\frac{1}{12}$  percent" in AS 43.55.024(a)(1)(B)(ii), enacted by sec. 12 of this Act, shall be replaced by  
9 the phrase "every month during the period April 1, 2006, through December 31, 2006, an  
10 annualized tax credit in an amount equal to  $2\frac{7}{9}$  percent."