

HOUSE BILL NO. 234

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE SPECIAL COMMITTEE ON OIL AND GAS

Introduced: 3/23/05

Referred: House Special Committee on Oil and Gas, Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the due date for the payment of oil and gas royalty and net profit
2 shares and amending the rate of interest payable on royalties or net profit shares."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 38.05.135(c) is amended to read:

5 (c) Payment of a royalty or a net profit share payment to the state under a lease
6 issued under AS 38.05.135 - 38.05.181 becomes due on the date and in the manner
7 specified in the lease or in a regulation adopted by the commissioner. **However, if, as**
8 **a result of an inspection of records or an audit, the commissioner determines that**
9 **there is an error in the oil or gas royalty or net profit share payment due the**
10 **state, the commissioner shall redetermine and recalculate the royalty or net**
11 **profit and notify the lessee of the redetermination and recalculation, and, if**
12 **under that recalculation, the lessee has underpaid the amount due, the payment**
13 **of the redetermined oil or gas royalty or net profit share payment becomes due**
14 **and payable 60 days after the date of the commissioner's transmittal of the**

1 **notification of the redetermination.**

2 * **Sec. 2.** AS 38.05.135(d) is amended to read:

3 (d) If a royalty or net profit share payment to which the state is entitled under
4 AS 38.05.135 - 38.05.181 is not paid or is underpaid when it becomes due under (c) of
5 this section, the unpaid amount of the royalty or net profit share payment bears interest
6 in a calendar quarter at the rate of **two** [FIVE] percentage points above the annual rate
7 charged member banks for advances by the 12th Federal Reserve District as of the
8 first day of that calendar quarter [, OR AT THE ANNUAL RATE OF 11 PERCENT,
9 WHICHEVER IS GREATER, COMPOUNDED QUARTERLY AS OF THE LAST
10 DAY OF THAT QUARTER].