

**HOUSE BILL NO. 3005**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - THIRD SPECIAL SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Introduced: 7/25/06

Referred: State Affairs, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act providing for an additional production tax on oil when the price index on oil is  
2 above a certain amount; and providing for an effective date."

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

4 \* **Section 1.** AS 43.55 is amended by adding a new section to read:

5 **Sec. 43.55.014. Additional production tax on oil.** (a) In addition to the taxes  
6 levied under AS 43.55.011(a) - (c), for each month for which the oil price index  
7 determined under (b) of this section is greater than zero, there is levied on the  
8 producer of oil a tax for all oil produced during that month from each lease or property  
9 in the state, less any oil the ownership or right to which is exempt from taxation. The  
10 tax is equal to .35 percent of the gross value at the point of production of the oil  
11 multiplied by the oil price index as determined under this section.

12 (b) The oil price index for a month is the number of dollars equal to the  
13 average United States Gulf Coast price per barrel determined under (c) of this section  
14 for that month of West Texas Intermediate crude oil, less 50, except that, if the

1 average price determined under (c) of this section is

2 (1) not more than \$50 a barrel, the oil price index is zero; and

3 (2) more than \$150 a barrel, the oil price index is 100.

4 (c) For purposes of (b) of this section, the department may calculate the  
5 average price or may, by regulation, specify the method by which the average price  
6 shall be calculated with reference to one or more published sources of price  
7 information. If, in the department's judgment, reliable published sources of price  
8 information on West Texas Intermediate crude oil cease, or appear likely to soon  
9 cease, to be available, or if, in the department's judgment, the price of West Texas  
10 Intermediate crude oil ceases, or appears likely to soon cease, to be a reliable indicator  
11 of the general price level of crude oils, the department shall, by regulation, specify a  
12 substitute for the use of West Texas Intermediate crude oil. The substitute formula  
13 specified by the department under this subsection must bear, as nearly as is reasonably  
14 possible, the same relationship to the general price level of crude oils as did, on the  
15 effective date of this section, the United States Gulf Coast price of West Texas  
16 Intermediate crude oil.

17 \* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to  
18 read:

19 **TRANSITION: RETROACTIVITY OF REGULATIONS; PAYMENT OF TAX.** (a)  
20 Notwithstanding any contrary provision of AS 44.62.240, a regulation adopted by the  
21 Department of Revenue to implement, interpret, make specific, or otherwise carry out  
22 AS 43.55.014, enacted by sec. 1 of this Act, may apply retroactively to April 1, 2006, if the  
23 Department of Revenue expressly designates in the regulation that the regulation applies  
24 retroactively to April 1, 2006.

25 (b) A person subject to tax under AS 43.55.014, enacted in sec. 1 of this Act, shall  
26 pay the amount of tax due under AS 43.55.014 that accrues after March 31, 2006, and before  
27 the effective date of this Act

28 (1) in a single payment within 30 days after the effective date of this Act; or

29 (2) in six equal monthly payments, with the first payment due within 30 days  
30 after the effective date of this Act.

31 (c) The amount of any tax due under AS 43.55.014, enacted in sec. 1 of this Act, that

1 accrues after March 31, 2006, and before the effective date of this Act and that is not paid  
2 within 30 days after the effective date of this Act accrues interest at the rate applicable to a  
3 delinquent tax in AS 43.05.225 starting on the 31st day after the effective date of this Act.

4 \* **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to  
5 read:

6 **RETROACTIVITY.** Section 1 of this Act is retroactive to April 1, 2006, and applies  
7 to oil produced after March 31, 2006.

8 \* **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).