

**HOUSE JOURNAL**  
**ALASKA STATE LEGISLATURE**  
**TWENTY-FOURTH LEGISLATURE**  
**THIRD SPECIAL SESSION**

**Juneau, Alaska**

**Saturday**

**August 5, 2006**

**Twenty-fifth Day**

Pursuant to adjournment the House was called to order by Speaker Harris at 10:08 a.m.

Roll call showed 38 members present. Representatives Kapsner and Weyhrauch were absent and their presence was noted later.

The invocation was offered by the Chaplain, Representative Gatto. Representative Meyer moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered.

Brothers and Sisters,

We are not tired. We are not even cranky. Although euphemistically, we want for greener grass which always seems to be just beyond our reach and always on the other side of the fence. Life is after all a struggle so this may sound familiar.

God's green earth, the entirety of it, is in reality one big cycle. Whether we marvel at the details of little things like the tiny and frail mustard seed or revel in our accomplishments and feel more like the tough and ready acorn, remember - all creatures great and small cycle through birth, growth, repair, competition, attack, the appearance of destruction followed by rebuilding, followed by disruption until the work is transformed into solidity and stability.

Remember Joyce Kilmer from high school:

Trees

I think that I shall never see  
A poem lovely as a tree.  
A tree whose hungry mouth is prest  
Against the earth's sweet flowing breast;  
A tree that looks at God all day,  
And lifts her leafy arms to pray;  
A tree that may in summer wear  
A nest of robins in her hair;  
Upon whose bosom snow has lain;  
Who intimately lives with rain.  
Poems are made by fools like me,  
But only God can make a tree.

Brothers and Sisters, keep your eye on the glass. It is not half full, and it is not half empty. The truth is it just needs re-engineering. Thank you.

The Pledge of Allegiance was led by Representative Neuman.

**CERTIFICATION OF THE JOURNAL**

Representative Coghill moved and asked unanimous consent that the journal for the 24th legislative day of the Third Special Session be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

**MESSAGES FROM THE GOVERNOR**

**HB 57**

A message dated August 4, 2006, was read stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO.  
57(FIN)

"An Act relating to the sale of certain state land to adjacent landowners."

Chapter No. 99, SLA 2006

Effective Date: November 2, 2006

**HB 304**

A message dated August 4, 2006, was read stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 304(FIN) am

"An Act relating to the commercial fishing loan program; and providing for an effective date."

Chapter No. 100, SLA 2006

Effective Date: August 5, 2006

**HB 316**

A message dated August 4, 2006, was read stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 316(JUD)

"An Act extending the termination date for the Board of Governors of the Alaska Bar Association; and providing for an effective date."

Chapter No. 101, SLA 2006

Effective Date: August 5, 2006

**HB 338**

A message dated August 4, 2006, was read stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

## CS FOR HOUSE BILL NO. 338(L&amp;C)

"An Act relating to applications, qualifications, and criminal history and background checks for a certificate of fitness for explosives handlers; and providing for an effective date."

Chapter No. 105, SLA 2006

Effective Date: August 5, 2006

**HB 414**

A message dated August 4, 2006, was read stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

## CONFERENCE CS FOR HOUSE BILL NO. 414(Corrected)

"An Act relating to the interception of the private communications of a minor."

Chapter No. 104, SLA 2006

Effective Date: November 2, 2006

**HB 419**

A message dated August 4, 2006, was read stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

## HOUSE BILL NO. 419

"An Act repealing the Board of Storage Tank Assistance, the underground storage tank revolving loan fund, and the tank cleanup loan program; repealing certain reporting requirements relating to underground petroleum storage tank systems; making conforming amendments; and providing for an effective date."

Chapter No. 102, SLA 2006

Effective Date: August 5, 2006

**HB 442**

A message dated August 4, 2006, was read stating the Governor has signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

CS FOR HOUSE BILL NO. 442(JUD) am

"An Act relating to the validity of advance health care directives, individual health care instructions, and do not resuscitate orders; relating to the revocation of advance health care directives; relating to do not resuscitate orders; relating to resuscitative measures; relating to the liability and discipline of health care providers, institutions, and facilities; relating to proceedings for judicial relief; relating to an individual's capacity for making health care decisions; and providing for an effective date."

Chapter No. 103, SLA 2006  
Effective Date: See Chapter

### CONSIDERATION OF THE DAILY CALENDAR

#### SECOND READING OF SENATE BILLS

##### SB 3005

The following was read the second time:

CS FOR SENATE BILL NO. 3005(JUD) am

"An Act relating to contempt of court and to temporary detention and identification of persons; and providing for an effective date."

with the:

Journal Page

JUD RPT HCS(JUD) 4DP 2NR 1AM	4282
FN1: ZERO(LAW)	4282
FN2: ZERO(ADM)	4282
FN3: ZERO(ADM)	4282
FN4: ZERO(COR)	4282

Representative Coghill moved and asked unanimous consent that the following committee substitute be adopted in lieu of the original bill:

HOUSE CS FOR CS FOR SENATE BILL NO. 3005(JUD)  
(same title)

There being no objection, it was so ordered.

Representative Coghill moved and asked unanimous consent that HCS CSSB 3005(JUD) be considered engrossed, advanced to third reading, and placed on final passage.

There was objection.

HCS CSSB 3005(JUD) will advance to third reading on tomorrow's calendar.

### THIRD READING OF HOUSE BILLS

#### HB 3001

The following, which was advanced to third reading from the August 4, 2006, calendar (page 4283), was read the third time:

#### CS FOR HOUSE BILL NO. 3001(FIN)

"An Act relating to the production tax on oil and gas and to conservation surcharges on oil; relating to criminal penalties for violating conditions governing access to and use of confidential information relating to the production tax; amending the definition of 'gas' as that definition applies in the Alaska Stranded Gas Development Act; making conforming amendments; and providing for an effective date."

Representative Kerttula moved and asked unanimous consent that CSHB 3001(FIN) be returned to second reading for the specific purpose of considering Amendment No. 1. There being no objection, it was so ordered.

The Speaker stated that, without objection, CSHB 3001(FIN) would be returned to second reading for all amendments.

Amendment No. 1 was offered by Representatives Kerttula, Gara, and Guttenberg:

Page 1, line 1, through Page 43, line 5 (title amendment):

Delete all material and insert:

**""An Act relating to oil and gas, and to the oil and gas properties production (severance) tax as it applies to oil; providing for an adjustment to increase the tax collected when oil prices exceed \$20**

per barrel and to reduce the tax collected when oil prices fall below \$16 per barrel; providing for relief from the tax when the price per barrel is low or when the taxpayer demonstrates that a reduction in the tax is necessary to establish or reestablish production from an oil field or pool that would not otherwise be economically feasible; delaying until July 1, 2016, the deadline for certain exploration expenditures that form the basis for a credit against the tax on oil and gas produced from a lease or property in the state; relating to the conservation surcharge and additional conservation surcharge on oil; and providing for an effective date."

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

\* **Section 1.** AS 36.30.850(b)(33) is amended to read:

(33) contracts between the Department of Natural Resources **or the Department of Revenue, as appropriate,** and contractors qualified to evaluate hydrocarbon development, production, transportation, and economics, to assist the commissioner of natural resources **or the commissioner of revenue, as appropriate,** in evaluating applications for

**(A)** royalty increases or decreases or other royalty adjustments, and evaluating the related financial and technical data, entered into under AS 38.05.180(j); **or**

**(B)** **tax reductions, and evaluating the related financial and technical data, as authorized by AS 43.55.011(i) and (j);**

\* **Sec. 2.** AS 43.55.011(a) is amended to read:

(a) There is levied upon the producer of oil a tax for all oil produced from each lease or property in the state, less any oil the ownership or right to which is exempt from taxation. The tax is equal to,

**(1) in the case of North Slope oil,** either the percentage-of-value amount calculated under **(b)(1)** [(b)] of this section or the cents-per-barrel amount calculated under **(c)(1)** [(c)] of this section, whichever is greater; **if** [, MULTIPLIED BY THE ECONOMIC LIMIT FACTOR DETERMINED FOR THE OIL PRODUCTION OF THE LEASE OR PROPERTY UNDER AS 43.55.013. IF] the amounts calculated under **(b)(1) and (c)(1)** [(b) AND (c)] of this section are equal, the amount calculated under **(b)(1)** [(b)] of this section shall be treated as if it were the greater

for purposes of this section;

**(2) in the case of oil that is not North Slope oil, either the percentage-of-value amount calculated under (b)(2) of this section or the cents-per-barrel amount calculated under (c)(2) of this section, whichever is greater, multiplied by the economic limit factor determined for the oil production of the lease or property under AS 43.55.013; if the amounts calculated under (b)(2) and (c)(2) of this section are equal, the amount calculated under (b)(2) of this section shall be treated as if it were the greater for purposes of this section.**

\* **Sec. 3.** AS 43.55.011(b) is amended to read:

(b) The percentage-of-value amount equals,

**(1) in the case of North Slope oil, the tax rate set out in (e) of this section multiplied by the gross value at the point of production of taxable oil produced from the lease or property;**

**(2) in the case of oil that is not North Slope oil,** [12.25 PERCENT OF THE GROSS VALUE AT THE POINT OF PRODUCTION OF TAXABLE OIL PRODUCED ON OR BEFORE JUNE 30, 1981, FROM THE LEASE OR PROPERTY AND] 15 percent of the gross value at the point of production of taxable oil produced from the lease or property, [AFTER JUNE 30, 1981;] except that [FOR A LEASE OR PROPERTY COMING INTO COMMERCIAL OIL PRODUCTION AFTER JUNE 30, 1981,] the percentage-of-value amount equals 12.25 percent of the gross value at the point of production of taxable oil produced from the lease or property in the first five years after the **date that is the** start of commercial oil production [AND EQUALS 15 PERCENT OF THE GROSS VALUE AT THE POINT OF PRODUCTION OF TAXABLE OIL PRODUCED THEREAFTER FROM THE LEASE OR PROPERTY].

\* **Sec. 4.** AS 43.55.011(c) is amended to read:

(c) The cents-per-barrel amount equals,

**(1) in the case of North Slope oil, \$0.80 per barrel for taxable crude oil produced from the lease or property, as adjusted by AS 43.55.012, multiplied by the economic limit factor determined for oil production of the lease or property under AS 43.55.013 and by the price adjustment factor set out in (e)(2)(D) of this section;**

**(2) in the case of oil that is not North Slope oil, [\$0.60**



PER BARREL OF TAXABLE OLD CRUDE OIL PRODUCED FROM THE LEASE OR PROPERTY, AND] \$0.80 per barrel for [ALL OTHER] taxable **crude** oil produced from the lease or property, [BOTH] as adjusted by AS 43.55.012.

\* **Sec. 5.** AS 43.55.011 is amended by adding new subsections to read:

(e) This subsection and (f) - (k) of this section apply only to North Slope oil. Except as provided in (h) of this section for heavy oil, the tax rate is the lesser of

(1) 30 percent; or

(2) the product of the volume adjusted tax rate multiplied by the price adjustment factor; for purposes of

(A) this paragraph, the volume adjusted tax rate is the greater of

(i) the applicable tax rate determined under (C) of this paragraph, except that, if during a month in which the average ANS West Coast price per barrel of oil is less than \$12, the applicable tax rate is zero and the volume adjusted tax rate is determined only by the application of (ii) of this subparagraph; or

(ii) the economic limit factor determined for the oil production of the lease or property under AS 43.55.013 multiplied by the nominal tax rate;

(B) subparagraph (A) of this paragraph, the nominal tax rate is

(i) 12.25 percent during the first five years from the date that is the start of commercial oil production; and

(ii) 15 percent after the first five years from the date that is the start of commercial oil production;

(C) sub-subparagraph (A)(i) of this paragraph, during each month in which the average ANS West Coast price per barrel of oil averages

(i) at least \$16, the applicable rate is five percent;

(ii) at least \$15, but less than \$16, the applicable rate is four percent;

(iii) at least \$14, but less than \$15, the applicable rate is three percent;

(iv) at least \$13, but less than \$14, the applicable rate is two percent; and

- (v) at least \$12, but less than \$13, the applicable rate is one percent; and
- (D) this paragraph and for the purpose of determining the cents-per-barrel amount under (c)(1) of this section, the price adjustment factor is one, except that the price adjustment factor is the average ANS West Coast price per barrel of oil for the month divided by
  - (i) 16 during each month in which the average ANS West Coast price per barrel of oil is less than \$16 per barrel;
  - (ii) 20 during each month in which the average ANS West Coast price per barrel of oil is more than \$20 per barrel.
- (f) During a month in which the average ANS West Coast price per barrel of oil is less than \$10 per barrel, the payment of
  - (1) one-half of the tax due and payable under this chapter is waived; and
  - (2) the remaining one-half of the tax due and payable under this chapter is deferred, subject to the following:
    - (A) the amount of tax payment that is deferred under this paragraph is payable by the taxpayer
      - (i) during each month in which the average ANS West Coast price per barrel of oil is at least \$16 per barrel; and
      - (ii) sequentially on a month-for-month basis in the order in which the tax payment was deferred based on payment of one month's deferred tax during each month that the average ANS West Coast price per barrel of oil is at least \$16 per barrel; and
    - (B) amounts due and payable because of a payment deferral under this paragraph bear interest at the rate of a 10-year note of the United States treasury at the time of the deferral.
- (g) Before February 1 of each year, the commissioner shall review the prices described in (e) and (f) of this section and the related denominators set out in (e)(2)(D)(i) and (ii) of this section and recommend to the legislature whether the prices and denominators should be adjusted.
- (h) Notwithstanding (e) of this section, the tax rate for heavy oil is the volume adjusted tax rate provided in this subsection. The

volume adjusted tax rate for heavy oil is determined by multiplying the economic limit factor determined for the oil production of the lease or property under AS 43.55.013 by the tax rate set out in (e)(2)(A)(i) and (ii) of this section. In this subsection, "heavy oil" means oil equal to or less than 20 degrees API gravity.

(i) A producer of North Slope oil may apply for a reduction of the tax due under (e), (j), and (k) of this section on the production of North Slope oil

(1) if and to the extent that the amount calculated under (A) of this paragraph is greater than the amount calculated under (B) of this paragraph, but a reduction of the tax may not result in collection of tax due under this section that is less than the amount calculated under (B) of this paragraph:

(A) the amount of tax on the production of the oil that results from applying the provisions of (e) of this section;

(B) the amount of tax on the production of the oil that would result from applying the provisions of (a)(2) and (b)(2) of this section as if the oil were not North Slope oil; and

(2) if the commissioner in consultation with the commission of natural resources determines that the application meets the requirements of AS 38.05.180(j)(1)(A), (j)(1)(B), or (j)(1)(C).

(j) When the commissioner receives an application under (i) of this section, the commissioner

(1) may not approve a tax reduction

(A) unless the applicant makes a clear and convincing showing that the tax reduction meets the requirements of (i) of this section and this subsection and is in the best interests of the state;

(B) that reduces the amount of the tax recovered to less than the amount determined under (i)(1)(B) of this section;

(C) without including an explicit condition that the tax reduction is not assignable without the prior written approval, which may not be unreasonably withheld, of the commissioner; in the preliminary and final findings and determinations prepared under this subsection, the commissioner shall set out the conditions under which the tax reduction may be assigned;

(2) shall require the applicant to submit financial and technical data that demonstrate that the requirements of (i) of this section and this subsection are met; the commissioner

(A) may require disclosure of only the financial and technical data related to development, production, and transportation of oil and gas or gas only from the field or pool that are reasonably available to the applicant; and

(B) shall, at the request of the applicant, keep confidential under AS 38.05.035(a)(9) and AS 43.05.230 the dates described in (A) of this paragraph; the confidential data may be disclosed by the commissioner to legislators and to the legislative auditor and, if authorized by the chair or vice-chair of the Legislative Budget and Audit Committee, to the director of the division of legislative finance, the permanent employees of their respective divisions who are responsible for evaluating a tax reduction, and to agents or contractors of the legislative auditor or the legislative finance director who are engaged under contract to evaluate the tax reduction if each signs an appropriate confidentiality agreement;

(3) may require the applicant for the tax reduction under (i) of this section and this subsection to pay for the services of an independent contractor, selected by the applicant from a list of qualified consultants compiled by the commissioner, to evaluate hydrocarbon development, production, transportation, and economics and to assist the commissioner in evaluating the application and financial and technical data; if, under this paragraph, the commissioner requires payment for the services of an independent contractor, the total cost of the services to be paid for by the applicant may not exceed \$150,000 for each application, and the commissioner shall determine the relevant scope of the work to be performed by the contractor; selection of an independent contractor under this paragraph is not subject to AS 36.30;

(4) shall make and publish a preliminary findings and determination on the tax reduction application, give reasonable public notice of the preliminary findings and determination, and invite public comment on the preliminary findings and determination during a 30-day period for receipt of public comment;

(5) shall offer to appear before the Legislative Budget

and Audit Committee, on a day that is not earlier than 10 days and not later than 20 days after giving public notice under (4) of this subsection, to provide the committee a review of the commissioner's preliminary findings and determination on the tax reduction application and administrative process; if the Legislative Budget and Audit Committee accepts the commissioner's offer, the committee shall give notice of the committee's meeting to all members of the legislature;

(6) shall make copies of the preliminary findings and determination available to

(A) the presiding officer of each house of the legislature;

(B) the chairs of the legislature's standing committees on resources; and

(C) the chairs of the legislature's special committees on oil and gas, if any; and

(7) shall, within 30 days after the close of the public comment period under (4) of this subsection,

(A) prepare a summary of the public response to the commissioner's preliminary findings and determination;

(B) make a final findings and determination; the commissioner's final findings and determination prepared under this subparagraph regarding a tax reduction is final and not appealable to the court;

(C) transmit a copy of the final findings and determination to the lessee; and

(D) make copies of the final findings and determination available to each person who submitted comment under (4) of this subsection and who has filed a request for the copies.

(k) In this section, "North Slope oil" means oil produced from a portion of a reservoir located north of 68 degrees North latitude.

\* **Sec. 6.** AS 43.55.012(b) is amended to read:

(b) The cents-per-barrel amount set out in **AS 43.55.011(c)(1)** **and (2)** [AS 43.55.011(c)] applies to oil of 27 degrees API gravity. For each degree of API gravity less than 27 degrees, the cents-per-barrel amount shall be reduced by \$.005 and for each degree of API gravity greater than 27 degrees the cents-per-barrel amount shall be increased by \$.005 except that oil above 40

degrees API gravity shall be taxed as 40 degree oil. In applying the gravity adjustment under this subsection, fractional degrees of API gravity shall be disregarded.

\* **Sec. 7.** AS 43.55.025(b) is amended to read:

(b) To qualify for the production tax credit under (a) of this section, an exploration expenditure must be incurred for work performed on or after July 1, 2003, and before July 1, **2016** [2007], except that an exploration expenditure for a Cook Inlet prospect must be incurred for work performed on or after July 1, 2005, [AND BEFORE JULY 1, 2010, AND EXCEPT THAT AN EXPLORATION EXPENDITURE, IN WHOLE OR IN PART, SOUTH OF 68 DEGREES, 15 MINUTES, NORTH LATITUDE, AND NOT PART OF A COOK INLET PROSPECT MUST BE INCURRED FOR WORK PERFORMED ON OR AFTER JULY 1, 2003, AND BEFORE JULY 1, 2010,] and

(1) may be for seismic or geophysical exploration costs not connected with a specific well;

(2) if for an exploration well,

(A) must be incurred by an explorer that holds an interest in the exploration well for which the production tax credit is claimed;

(B) may be for either an oil or gas discovery well or a dry hole; and

(C) must be for goods, services, or rentals of personal property reasonably required for the surface preparation, drilling, casing, cementing, and logging of an exploration well, and, in the case of a dry hole, for the expenses required for abandonment if the well is abandoned within 18 months after the date the well was spudded;

(3) may not be for testing, stimulation, or completion costs; administration, supervision, engineering, or lease operating costs; geological or management costs; community relations or environmental costs; bonuses, taxes, or other payments to governments related to the well; or other costs that are generally recognized as indirect costs or financing costs; and

(4) may not be incurred for an exploration well or seismic exploration that is included in a plan of exploration or a plan of development for any unit on May 13, 2003.

\* **Sec. 8.** AS 43.55.201(a) is amended to read:

(a) Every producer of oil shall pay a surcharge of **\$.01** [\$.02]

per barrel of oil produced from each lease or property in the state, less any oil the ownership or right to which is exempt from taxation.

\* **Sec. 9.** AS 43.55.201(b) is amended to read:

(b) The surcharge imposed by (a) of this section is in addition to the tax imposed by AS 43.55.011 and is due on the last day of the month on oil produced from each lease or property during the preceding month. The surcharge [SHALL BE PAID IN THE SAME MANNER AS THE TAX IMPOSED BY AS 43.55.011 - 43.55.150; AND] is in addition to the surcharge imposed by AS 43.55.300 - 43.55.310.

\* **Sec. 10.** AS 43.55.201 is amended by adding a new subsection to read:

(d) Oil not considered under AS 43.55.020(e) to be produced from a lease or property is not considered to be produced from a lease or property for purposes of this section.

\* **Sec. 11.** AS 43.55.221(d) is amended to read:

(d) If the commissioner of administration reports that the sum reported under (b) of this section equals or exceeds **\$71,000,000 as adjusted under AS 43.55.225** [\$50,000,000], the commissioner of revenue shall suspend imposition and collection of the surcharge levied and collected under AS 43.55.201. Suspension of the imposition and collection of the surcharge begins on the first day of the calendar quarter next following the commissioner's receipt of the commissioner of administration's report under (b) of this section. Before the first day of a suspension authorized by this subsection, the commissioner shall make a reasonable effort to notify all persons who are known to the department to be paying the surcharge under AS 43.55.201 that the surcharge will be suspended.

\* **Sec. 12.** AS 43.55.221(e) is amended to read:

(e) Except as provided in AS 43.55.231, if the commissioner of administration reports that the sum reported under (b) of this section is less than **\$71,000,000 as adjusted under AS 43.55.225** [\$50,000,000], the commissioner of revenue shall require imposition and collection of the surcharge authorized under AS 43.55.201. If the surcharge is not in effect, reimposition of the surcharge begins on the first day of the calendar quarter next following the commissioner's receipt of the commissioner of administration's report under (b) of this section. Before the first

day of reimposition of the surcharge authorized by this subsection, the commissioner shall make a reasonable effort to notify all persons who are known to the department to be required to pay the surcharge under AS 43.55.201 that the surcharge will be reimposed.

\* **Sec. 13.** AS 43.55 is amended by adding a new section to read:

**Sec. 43.55.225. Adjustment of dollar amounts.** (a) The dollar amounts in AS 43.55.221(d) and (e) change, as provided in this section, according to and to the extent of changes in the Consumer Price Index for all urban consumers for the Anchorage metropolitan area compiled by the Bureau of Labor Statistics, United States Department of Labor (the index). The index for January 2006 is the reference base index.

(b) The dollar amounts change on October 1 of each year according to the percentage change between the index for January of that year and the most recent index used to determine whether to change the dollar amounts. After calculation of the new amounts, the resulting amounts shall be rounded to the nearest cent.

(c) If the index is revised, the percentage of change is calculated on the basis of the revised index. If a revision of the index changes the reference base index, a revised reference base index is determined by multiplying the reference base index applicable by the rebasing factor furnished by the Bureau of Labor Statistics, United States Department of Labor. If the index is superseded, the index referred to in this section is the one represented by the Bureau of Labor Statistics as reflecting most accurately changes in the purchasing power of the dollar for Alaska consumers.

(d) The department shall adopt a regulation announcing,

(1) on or before June 30 of each year, the changes in dollar amounts required by (b) of this section; and

(2) promptly after the changes occur, changes in the index required by (c) of this section, including, if applicable, the numerical equivalent of the reference base index under a revised reference base index and the designation or title of any index superseding the index.

\* **Sec. 14.** AS 43.55.300(a) is amended to read:

(a) Every producer of oil shall pay a surcharge of **\$.05** [\$.03] per barrel of oil produced from each lease or property in the state,



less any oil the ownership or right to which is exempt from taxation.

\* **Sec. 15.** AS 43.55.300(b) is amended to read:

(b) The surcharge imposed by (a) of this section is in addition to the tax imposed by AS 43.55.011 and is due on the last day of the month on oil produced from each lease or property during the preceding month. The surcharge [SHALL BE PAID IN THE SAME MANNER AS THE TAX IMPOSED BY AS 43.55.011 - 43.55.150; AND] is in addition to the surcharge imposed by AS 43.55.201 - 43.55.231.

\* **Sec. 16.** AS 43.55.300 is amended by adding a new subsection to read:

(d) Oil not considered under AS 43.55.020(e) to be produced from a lease or property is not considered to be produced from a lease or property for purposes of this section.

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

RETROACTIVITY. Sections 2 - 10 and 14 - 16 of this Act are retroactive to January 1, 2006, and apply to oil produced after December 31, 2005.

\* **Sec. 18.** This Act takes effect immediately under AS 01.10.070(c)."

Representative Kerttula moved and asked unanimous consent that Amendment No. 1 be adopted.

Representative Hawker objected.

\*\*The presence of Representative Weyhrauch was noted.

Representatives Meyer, Hawker, and Chenault moved and asked unanimous consent that they be allowed to abstain from voting because of a conflict of interest. Objection was heard, and the members were required to vote.

\*\*The presence of Representative Kapsner was noted.

Representative Coghill rose to a point of order regarding impugning the motives of members of the body.

The Speaker cautioned members to confine remarks to the amendment.

The question being: "Shall Amendment No. 1 be adopted?" The roll was taken with the following result:

CSHB 3001(FIN)  
Second Reading  
Amendment No. 1

**YEAS: 12 NAYS: 27 EXCUSED: 0 ABSENT: 1**

Yeas: Berkowitz, Cissna, Crawford, Croft, Gara, Gardner, Gruenberg, Guttenberg, Joule, Kapsner, Kerttula, Salmon

Nays: Anderson, Chenault, Coghill, Dahlstrom, Elkins, Foster, Gatto, Harris, Hawker, Holm, Kelly, Kohring, Kott, LeDoux, Lynn, McGuire, Meyer, Neuman, Olson, Ramras, Rokeberg, Samuels, Seaton, Stoltze, Thomas, Weyhrauch, Wilson

Absent: Moses

And so, Amendment No. 1 was not adopted.

The Speaker stated that the House would stand at ease until 1:15 p.m.; and so, the House stood at ease at 11:55 a.m.

#### **AFTER AT EASE**

The Speaker called the House back to order at 1:15 p.m.

#### **THIRD READING OF HOUSE BILLS** (continued)

##### **HB 3001**

CSHB 3001(FIN) was before the House in second reading for amendments (page 4292).

Amendment No. 2 was offered by Representatives Kerttula, Gara, and Guttenberg:

Page 8, line 17:

Delete "AS 43.55.023(k)"

Insert "AS 43.55.023(l)"

Page 12, line 16:

Delete "A"

Insert "Except as provided in (k) of this section, a"

Page 15, line 26, following "section,":

Insert "and except as provided in (k) of this section,"

Page 16, following line 31:

Insert a new subsection to read:

"(k) A person engaged in the production of gas in the Point Thomson Unit may not take a credit under this section for a qualified capital expenditure upstream from the point of production of gas from the Point Thomson Unit for a gas processing plant or a gas treatment facility. In this subsection, "Point Thomson Unit" means the land identified by the Department of Natural Resources as the "Point Thomson Unit.""

Reletter the following subsection accordingly.

Page 32, line 29, following "AS 38.05.132":

Insert ";

(19) costs related to a gas processing plant or a gas treatment facility upstream from the point of production of gas from the Point Thomson Unit"

Page 33, following line 25:

Insert a new paragraph to read:

"(3) "Point Thomson Unit" means the land identified by the Department of Natural Resources as the "Point Thomson Unit";"

Renumber the following paragraph accordingly.

Representative Kerttula moved and asked unanimous consent that Amendment No. 2 be adopted.

Representative Samuels objected.

Representative Kerttula placed a call of the House and lifted the call.

The question being: "Shall Amendment No. 2 be adopted?" The roll was taken with the following result:

CSHB 3001(FIN)  
Second Reading  
Amendment No. 2

**YEAS: 13 NAYS: 27 EXCUSED: 0 ABSENT: 0**

Yeas: Berkowitz, Cissna, Crawford, Croft, Gara, Gardner, Gruenberg, Guttenberg, Joule, Kapsner, Kerttula, Moses, Salmon

Nays: Anderson, Chenault, Coghill, Dahlstrom, Elkins, Foster, Gatto, Harris, Hawker, Holm, Kelly, Kohring, Kott, LeDoux, Lynn, McGuire, Meyer, Neuman, Olson, Ramras, Rokeberg, Samuels, Seaton, Stoltze, Thomas, Weyhrauch, Wilson

And so, Amendment No. 2 was not adopted.

Amendment No. 3 was offered by Representatives Kerttula, Gara, and Guttenberg:

Page 15, line 28, following "expenditures":

Insert "made during each April 1 through March 31 12-month period that exceeded the 12-month average expenditures for the two 12-month periods immediately before April 1, 2006, that"

Page 15, line 29, following "April 1, 2006,":

Insert "and"

Page 15, line 30:

Delete "the sum"

Insert "that portion"

Page 15, line 31, following "April 1, 2006,":

Insert "during each 12-month period multiplied by a fraction in which the numerator is the amount of transitional investment expenditures during that 12-month period and the denominator is the total expenditures incurred during that 12-month period that would be qualified capital expenditures if they were incurred after March 31, 2006,"

Page 16, lines 3 - 4:

Delete ", that would be qualified capital expenditures, if they were incurred after March 31, 2006"

Representative Kerttula moved and asked unanimous consent that Amendment No. 3 be adopted.

Representative Kelly objected.

Representative Samuels rose to a point of order.

The Speaker cautioned members to confine remarks to the amendment.

The question being: "Shall Amendment No. 3 be adopted?" The roll was taken with the following result:

CSHB 3001(FIN)

Second Reading

Amendment No. 3

**YEAS: 14 NAYS: 26 EXCUSED: 0 ABSENT: 0**

Yeas: Berkowitz, Cissna, Crawford, Croft, Gara, Gardner, Gruenberg, Guttenberg, Joule, Kapsner, Kerttula, McGuire, Moses, Salmon

Nays: Anderson, Chenault, Coghill, Dahlstrom, Elkins, Foster, Gatto, Harris, Hawker, Holm, Kelly, Kohring, Kott, LeDoux, Lynn, Meyer, Neuman, Olson, Ramras, Rokeberg, Samuels, Seaton, Stoltze, Thomas, Weyhrauch, Wilson

And so, Amendment No. 3 was not adopted.

Amendment No. 4 was offered by Representatives Kerttula, Gara, and Guttenberg:

Page 1, line 1, following "Act" (title amendment):

Insert "**amending the powers and duties of the Alaska Oil and Gas Conservation Commission;**"

Page 2, following line 8:

Insert a new bill section to read:

**\*\* Sec. 2.** AS 31.05.030(d) is amended to read:

(d) The commission may require

(1) identification of ownership of wells, producing leases, tanks, plants, and drilling structures;

(2) the making and filing of reports, well logs, drilling logs, electric logs, lithologic logs, directional surveys, and all other subsurface information on a well drilled for oil or gas, or for the discovery of oil or gas, or for geologic information, and the required reports and information shall be filed within 30 days after the completion, abandonment, or suspension of the well;

(3) the drilling, casing, and plugging of wells in a manner that will prevent the escape of oil or gas out of one stratum into another, the intrusion of water into an oil or gas stratum, the pollution of fresh water supplies by oil, gas, or salt water, and prevent blowouts, cavings, seepages and fires;

(4) the furnishing of a reasonable bond with sufficient surety conditions for the performance of the duty to plug each dry or abandoned well or the repair of wells causing waste;

(5) the operation of wells with efficient gas-oil and water-oil ratios, and may fix these ratios;

(6) the gauging or other measuring of oil and gas to determine the quality and quantity of oil and gas;

(7) every person who produces oil or gas in the state to keep and maintain for a period of five years in the state complete and accurate records of the quantities of oil and gas produced, which shall be available for examination by the Department of Natural Resources or its agents at all reasonable times;

(8) the measuring and monitoring of oil and gas pool pressures;

(9) the filing and approval of a plan of development and operation for a field or pool in order to prevent waste, **ensure** [INSURE] a greater ultimate recovery of oil and gas, and protect the correlative rights of persons owning interests in the tracts of land affected;

**(10) working interest owners to provide, at cost plus a reasonable rate of return determined under regulations adopted by the commission and without causing substantial injury to the owner, access by or for the benefit of others to production and other facilities whenever necessary; for purposes of this paragraph, the commission's regulations must be consistent with the standards of the Regulatory Commission of Alaska adopted to implement AS 42.05.311(a); the commission may act under this paragraph**

**(A) to**

**(i) maximize the economic and physical recovery of the state's oil and gas resources;**

**(ii) maximize competition among parties seeking to explore and develop the state's oil and gas resources;**

**(iii) minimize the adverse affects of exploration, development, production, and transportation activity; or**

**(iv) otherwise protect the best interest of the state;**

**(B) only if the commission finds that directing the working interest owner to provide access by or for the benefit of others would not materially interfere with the owner's paramount use of the facility; and**

**(C) only if the commission finds that the facility has excess capacity or that it is feasible to expand the facility with the expansion costs and any additional operating costs to be borne by the entities that use the**

**added capacity in proportion to the amount of use by each entity."**

Renumber the following bill sections accordingly.

Renumber internal references to bill sections in accordance with this amendment. Bill sec. 2, added in this amendment, should not be set out in any of the internal bill section references. Below are all internal bill section references in this bill to be renumbered:

Page 1, line 9

Page 2, line 5

Page 40, lines 9, 10, 12, 13, 17, 19, 24, and 31

Page 41, lines 3, 9, 11, 18, 21, 27, and 28

Page 42, lines 3, 6, 7, 9, 15, and 16

Page 43, lines 3 and 4

Representative Kerttula moved and asked unanimous consent that Amendment No. 4 be adopted.

Representative Chenault objected.

The question being: "Shall Amendment No. 4 be adopted?" The roll was taken with the following result:

CSHB 3001(FIN)

Second Reading

Amendment No. 4

**YEAS: 14 NAYS: 25 EXCUSED: 0 ABSENT: 1**

Yeas: Berkowitz, Cissna, Crawford, Croft, Gara, Gardner, Gruenberg, Guttenberg, Joule, Kapsner, Kerttula, Moses, Salmon, Thomas

Nays: Anderson, Chenault, Coghill, Dahlstrom, Elkins, Foster, Gatto, Harris, Hawker, Holm, Kelly, Kohring, Kott, LeDoux, Lynn, McGuire, Neuman, Olson, Ramras, Rokeberg, Samuels, Seaton, Stoltze, Weyhrauch, Wilson

Absent: Meyer

And so, Amendment No. 4 was not adopted.



Amendment No. 5 was offered by Representatives Kerttula, Gara, Berkowitz, Guttenberg, and Crawford:

Page 32, lines 21 - 27:

Delete all material and insert:

"(17) costs incurred for containment, control, cleanup, or removal in connection with any unpermitted release of oil or a hazardous substance; any liability for damages, fines, and penalties imposed on the producer or explorer; or the cost of developing and maintaining an oil discharge prevention and contingency plan under AS 46.04.030;"

Representative Kerttula moved and asked unanimous consent that Amendment No. 5 be adopted.

Representative Weyhrauch objected.

Representative Croft placed a call of the House on the calendar.

The call was satisfied.

The question being: "Shall Amendment No. 5 be adopted?" The roll was taken with the following result:

CSHB 3001(FIN)

Second Reading

Amendment No. 5

**YEAS: 14 NAYS: 26 EXCUSED: 0 ABSENT: 0**

Yeas: Berkowitz, Cissna, Crawford, Croft, Gara, Gardner, Gruenberg, Guttenberg, Joule, Kapsner, Kerttula, Moses, Salmon, Thomas

Nays: Anderson, Chenault, Coghill, Dahlstrom, Elkins, Foster, Gatto, Harris, Hawker, Holm, Kelly, Kohring, Kott, LeDoux, Lynn, McGuire, Meyer, Neuman, Olson, Ramras, Rokeberg, Samuels, Seaton, Stoltze, Weyhrauch, Wilson

And so, Amendment No. 5 was not adopted.

Amendment No. 6 was offered by Representatives Gardner and Crawford:

Page 2, following line 8:

Insert a new subsection to read:

"(c) It is the intent of the legislature that all provisions in this bill sunset on June 30, 2009 unless reenacted by law between January 1 and June 30, 2009. Upon the sunset of this law, statutory language shall revert to that which was in place prior to passage of the law, and be replaced with the following:"

**""An Act relating to the oil and gas properties production tax; providing for a reduction in the amount of taxable production; providing for an increase in the tax rate when the average Alaska North Slope crude oil West Coast price per barrel exceeds \$40; providing for tax credits based on expenditures for oil and gas exploration, gas only exploration, and development wells; and providing for an effective date."**

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

\* **Section 1.** AS 43.55.011(a) is amended to read:

(a) There is levied upon the producer of oil a tax for all oil produced from each lease or property in the **Cook Inlet sedimentary basin** [STATE], less any oil the ownership or right to which is exempt from taxation **or constitutes a land owner's royalty interest**. The tax is equal to either the percentage-of-value amount calculated under (b) of this section or the cents-per-barrel amount calculated under (c) of this section, whichever is greater, multiplied by the economic limit factor determined for the oil production of the lease or property under AS 43.55.013. If the amounts calculated under (b) and (c) of this section are equal, the amount calculated under (b) of this section shall be treated as if it were the greater for purposes of this section.

\* **Sec. 2.** AS 43.55.011(b) is amended to read:

(b) The percentage-of-value amount equals [12.25 PERCENT OF THE GROSS VALUE AT THE POINT OF PRODUCTION OF TAXABLE OIL PRODUCED ON OR BEFORE JUNE 30, 1981, FROM THE LEASE OR PROPERTY AND] 15 percent of the gross value at the point of production of taxable oil produced from the lease or property **in the Cook Inlet sedimentary basin**, [AFTER JUNE 30, 1981;] except that [FOR A LEASE OR PROPERTY COMING INTO COMMERCIAL OIL PRODUCTION AFTER JUNE 30, 1981,] the percentage-of-

value amount equals 12.25 percent of the gross value at the point of production of taxable oil produced from the lease or property **in the Cook Inlet sedimentary basin** in the first five years after the start of commercial oil production [AND EQUALS 15 PERCENT OF THE GROSS VALUE AT THE POINT OF PRODUCTION OF TAXABLE OIL PRODUCED THEREAFTER FROM THE LEASE OR PROPERTY].

\* **Sec. 3.** AS 43.55.011(c) is amended to read:

(c) The cents-per-barrel amount equals [\$0.60 PER BARREL OF TAXABLE OLD CRUDE OIL PRODUCED FROM THE LEASE OR PROPERTY, AND] \$0.80 per barrel for all [OTHER] taxable oil produced from the lease or property, [BOTH] as adjusted by AS 43.55.012.

\* **Sec. 4.** AS 43.55.011 is amended by adding new subsections to read:

(e) There is levied upon the producer of oil a tax for all oil produced from each lease or property in the state outside of the Cook Inlet sedimentary basin, less any oil the ownership or right to which is exempt from taxation or constitutes a land owner's royalty interest. The tax is equal to the greater of

(1) the cents-per-barrel amount calculated under (c) of this section; or

(2) the percentage-of-value amount calculated under (f) of this section plus the tax determined under (g) of this section.

(f) The percentage-of-value amount equals 15 percent of the gross value at the point of production of taxable oil produced from the lease or property in the state outside of the Cook Inlet sedimentary basin, as adjusted under AS 43.55.022.

(g) In addition to the taxes levied using the percentage-of-value amount under (e) of this section, if the average ANS West Coast price per barrel of oil during a month exceeds \$40, there is levied on the producer of oil a tax for oil produced during that month from each lease or property in the state outside of the Cook Inlet sedimentary basin, less any oil the ownership or right to which is exempt from taxation. The tax levied under this subsection is equal to

$$[(\text{ANS West Coast price} - 40) \times .003] \times (\text{ANS wellhead price} \times .85)$$

x (total taxable barrels of oil at the point of production)

where "ANS wellhead price" means the prevailing value for oil

produced in the Alaska North Slope area.

(h) For purposes of (g) of this section, the department may calculate the average price or may, by regulation, specify the method by which the average price shall be calculated with reference to one or more published sources of price information. If, in the department's judgment, reliable published sources of price information on Alaska North Slope crude oil cease, or appear likely to soon cease, to be available, or if, in the department's judgment, the price of Alaska North Slope crude oil ceases, or appears likely to soon cease, to be a reliable indicator of the general price level of crude oils, the department shall, by regulation, specify a substitute formula for computing the oil price index. The substitute formula specified by the department under this subsection must bear, as nearly as is reasonably possible, the same relationship to the general price level of crude oils as did the price of Alaska North Slope crude oil.

(i) There is levied on the producer of oil or gas a tax for all oil and gas produced each month from each lease or property in the state the ownership or right to which constitutes a landowner's royalty interest, except for oil and gas the ownership or right to which is exempt from taxation. The provisions of this subsection apply to a landowner's royalty interest as follows:

(1) the rate of tax levied on oil is equal to five percent of the gross value at the point of production of the oil;

(2) the rate of tax levied on gas is equal to 1.667 percent of the gross value at the point of production of the gas;

(3) if the department determines that, for purposes of reducing the producer's tax liability under (1) or (2) of this subsection, the producer has received or will receive consideration from the royalty owner offsetting all or a part of the producer's royalty obligation, other than a deduction under AS 43.55.020(d) of the amount of a tax paid,

(A) notwithstanding (1) of this subsection, the tax is equal to

(i) for oil that is produced from a lease or property in the Cook Inlet sedimentary basin, five percent of the gross value at the point of production of the oil;

(ii) for oil, except oil described in (i) of this subparagraph, 22.8 percent of the gross value at the point of production of the oil; and

(B) notwithstanding (2) of this subsection, for gas the tax is equal to 11.25 percent of the gross value at the point of production of the gas.

\* **Sec. 5.** AS 43.55.013(j) is amended to read:

(j) The department may aggregate two or more leases or properties (or portions of them), for purposes of determining economic limit factors under this section and applying them to AS 43.55.011(a) and 43.55.016(a) [AS 43.55.011 OR AS 43.55.016], when economically interdependent oil or gas production operations are not confined to a single lease or property. The department may also segregate a lease or property into two or more parts, for purposes of determining economic limit factors under this section and applying them under AS 43.55.011(a) and 43.55.016(a) [AS 43.55.011 OR AS 43.55.016], when two or more economically independent oil or gas production operations are being conducted on it, or when old crude oil is produced from the same lease or property as other oil.

\* **Sec. 6.** AS 43.55.016(a) is amended to read:

(a) There is levied upon the producer of gas a tax for all gas produced from each lease or property in the **Cook Inlet sedimentary basin** [STATE], less any gas the ownership or right to which is exempt from taxation. The tax is equal to either the percentage-of-value amount calculated under (b) of this section or the cents-per-Mcf amount calculated under (c) of this section, whichever is greater, multiplied by the economic limit factor determined for gas production of the lease or property under AS 43.55.013. If the amounts calculated under (b) and (c) of this section are equal, the amount calculated under (b) of this section shall be treated as if it were the greater for purposes of this section.

\* **Sec. 7.** AS 43.55.016(b) is amended to read:

(b) The percentage-of-value amount equals 10 percent of the gross value at the point of production of the taxable gas produced from the lease or property **in the Cook Inlet sedimentary basin.**

\* **Sec. 8.** AS 43.55.016 is amended by adding new subsections to read:

(d) There is levied upon the producer of gas a tax for all gas produced from each lease or property in the state outside of the Cook Inlet sedimentary basin, less any gas the ownership or right

to which is exempt from taxation. The tax is equal to either the cents-per-Mcf amount calculated under (c) of this section or the percentage-of-value amount calculated under (e) of this section, whichever is greater. If the amounts calculated under (c) and (e) of this section are equal, the amount calculated under (e) of this section shall be treated as if it were the greater for purposes of this section.

(e) The percentage-of-value amount equals 10 percent of the gross value at the point of production of the taxable gas produced from the lease or property in the state outside of the Cook Inlet sedimentary basin, as adjusted under AS 43.55.022.

\* **Sec. 9.** AS 43.55 is amended by adding a new section to read:

**Sec. 43.55.022. Production deduction.** (a) A producer of oil subject to tax using the percentage-of-value amount in AS 43.55.011(f) and a producer of gas using the percentage-of-value amount in AS 43.55.016(e) may take a deduction against the gross value at the point of production as provided in this section before applying the percentage-of-value tax rate.

(b) Each operating unit in the state may reduce the volume of taxable oil and gas produced from the operating unit by 7,500 barrels of oil equivalent for each day during which oil or gas is produced from the operating unit. The lessees who are producers having leases within an operating unit shall allocate the reduction proportionately to the production in barrels of oil equivalent of oil and gas produced from the unit and to each producer of oil and gas in proportion to the interest of the producer in the oil and gas produced from the unit.

(c) Each producer of oil and each producer of gas may deduct the value of the producer's pro rata share of the reduction provided for in (b) of this section from the gross value at the point of production of oil and the gross value at the point of production of gas produced from the unit before applying the applicable percentage-of-value tax rate.

(d) The department may adopt regulations providing for the allocation of the barrels of oil equivalent production deduction within an operating unit between the oil and gas produced and between producers having an interest in the oil and gas produced from the operating unit.

(e) In this section,

(1) "barrel of oil equivalent" means,

(A) one barrel, in the case of oil;

(B) the amount of gas that has an energy content of 6,000,000 British thermal units, in the case of gas;

(2) "operating unit" means all or part of an oil or gas pool, field, or like area that is the subject of a cooperative or unit plan adopted or operated that is approved by the commissioner of natural resources under AS 38.05.180(p).

\* **Sec. 10.** AS 43.55.025(a) is amended to read:

(a) Subject to the terms and conditions of this section, on oil and gas produced on or after July 1, 2004, from an oil and gas lease, or on gas produced from a gas only lease, a credit against the production tax due under this chapter is allowed for

**(1)** exploration expenditures that qualify under (b) of this section in an amount equal to one of the following:

**(A) 50** [(1) 20] percent of the total exploration expenditures that qualify only under (b) and (c) of this section;

**(B) 50** [(2) 20] percent of the total exploration expenditures for work performed before July 1, 2007, and that qualify only under (b) and (d) of this section;

**(C) 60** [(3) 40] percent of the total exploration expenditures that qualify under (b), (c), and (d) of this section;

or

**(D) 60** [(4) 40] percent of the total exploration expenditures that qualify only under (b) and (e) of this section; **and**

**(2) 25 percent of the actual expenditures directly related to the drilling of a development well, excluding expenditures related to corporate overhead or for facilities other than the development well.**

\* **Sec. 11.** AS 43.55.025(b) is amended to read:

(b) To qualify for the production tax credit under (a) of this section, an exploration expenditure must be incurred for work performed on or after July 1, 2003, and before July 1, **2016** [2007], except that an exploration expenditure for a Cook Inlet prospect must be incurred for work performed on or after July 1, 2005, [AND BEFORE JULY 1, 2010, AND EXCEPT THAT AN EXPLORATION EXPENDITURE, IN WHOLE OR IN PART, SOUTH OF 68 DEGREES, 15 MINUTES, NORTH LATITUDE, AND NOT PART OF A COOK INLET PROSPECT MUST BE

INCURRED FOR WORK PERFORMED ON OR AFTER JULY 1, 2003, AND BEFORE JULY 1, 2010,] and

(1) may be for seismic or geophysical exploration costs not connected with a specific well;

(2) if for an exploration well,

(A) must be incurred by an explorer that holds an interest in the exploration well for which the production tax credit is claimed;

(B) may be for either an oil or gas discovery well or a dry hole; and

(C) must be for goods, services, or rentals of personal property reasonably required for the surface preparation, drilling, casing, cementing, and logging of an exploration well, and, in the case of a dry hole, for the expenses required for abandonment if the well is abandoned within 18 months after the date the well was spudded;

(3) may not be for testing, stimulation, or completion costs; administration, supervision, engineering, or lease operating costs; geological or management costs; community relations or environmental costs; bonuses, taxes, or other payments to governments related to the well; or other costs that are generally recognized as indirect costs or financing costs; and

(4) may not be incurred for an exploration well or seismic exploration that is included in a plan of exploration or a plan of development for any unit on May 13, 2003.

\* **Sec. 12.** AS 43.55.025(c) is amended to read:

(c) To be eligible for the **50** [20] percent production tax credit authorized by **(a)(1)(A)** [(a)(1)] of this section or the **60** [40] percent production tax credit authorized by **(a)(1)(C)** [(a)(3)] of this section, exploration expenditures must

(1) qualify under (b) of this section; and

(2) be for an exploration well, subject to the following:

(A) for an exploration well other than a well that is described in (B) of this paragraph, the well must be located and drilled in such a manner that the bottom hole is located not less than three miles away from the bottom hole of a preexisting suspended, completed, or abandoned oil or gas well; in this subparagraph, "preexisting" means a well that was spudded more than 150 days but less than 35 years before the exploration well was spudded;



(B) for an exploration well that explores a Cook Inlet prospect, the well must be located at least three miles from any other well drilled for oil and gas with all distances measured as the horizontal distance between exploration targets, except that the exploration well that is located within three miles of a well drilled for oil and gas qualifies for the tax credit authorized by this subsection if the exploration well tests potential hydrocarbon traps that the commissioner of natural resources determines, after analyzing evidence submitted by the explorer and from other information that the commissioner of natural resources determines relevant, constitute a distinctly separate exploration target.

\* **Sec. 13.** AS 43.55.025(d) is amended to read:

(d) To be eligible for the **50** [20] percent production tax credit authorized by **(a)(1)(B)** [(a)(2)] of this section or the **60** [40] percent production tax credit authorized by **(a)(1)(C)** [(a)(3)] of this section, an exploration expenditure must

(1) qualify under (b) of this section; and

(2) be for an exploration well that is located not less than 25 miles outside of the outer boundary, as delineated on July 1, 2003, of any unit that is under a plan of development, except that for an exploration well for a Cook Inlet prospect to qualify under this paragraph, the exploration well must be located not less than 10 miles outside the outer boundary, as delineated on July 1, 2003, of any unit that is under a plan of development.

\* **Sec. 14.** AS 43.55.025(e) is amended to read:

(e) To be eligible for the **60** [40] percent production tax credit authorized by **(a)(1)(D)** [(a)(4)] of this section, the exploration expenditure must

(1) qualify under (b) of this section;

(2) be for seismic exploration; and

(3) have been conducted outside the boundaries of a production unit or an exploration unit; however, the amount of the expenditure that is otherwise eligible under this subsection is reduced proportionately by the portion of the seismic exploration activity that crossed into a production unit or an exploration unit.

\* **Sec. 15.** AS 43.55.025(f) is amended to read:

(f) For a production tax credit under this section,

(1) an explorer **or person drilling a development well** shall, in a form prescribed by the department and within six

months of the completion of the exploration activity **or the development well**, claim the credit and submit information sufficient to demonstrate to the department's satisfaction that the claimed exploration **expenditures and development well** expenditures qualify under this section;

(2) an explorer shall agree, in writing,

(A) to notify the Department of Natural Resources, within 30 days after completion of seismic or geophysical data processing, completion of a well, or filing of a claim for credit, whichever is the latest, for which exploration costs are claimed, of the date of completion and submit a report to that department describing the processing sequence and providing a list of data sets available; if, under (c)(2)(B) of this section, an explorer submits a claim for a credit for expenditures for an exploration well that is located within three miles of a well already drilled for oil and gas, in addition to the submissions required under (1) of this subsection, the explorer shall submit the information necessary for the commissioner of natural resources to evaluate the validity of the explorer's claim that the well is directed at a distinctly separate exploration target, and the commissioner of natural resources shall, upon receipt of all evidence sufficient for the commissioner to evaluate the explorer's claim, make that determination within 60 days;

(B) to provide to the Department of Natural Resources, within 30 days after the date of a request, specific data sets, ancillary data, and reports identified in (A) of this paragraph;

(C) that, notwithstanding any provision of AS 38, information provided under this paragraph will be held confidential by the Department of Natural Resources for 10 years following the completion date, at which time that department will release the information after 30 days' public notice;

(3) if more than one **person** [EXPLORER] holds an interest in a well, [OR] seismic exploration, **or development well** each **person** [EXPLORER] may claim an amount of credit that is proportional to the [EXPLORER'S] cost incurred **by that person**;

(4) the department may exercise the full extent of its powers as though the explorer **or the person drilling a development well** were a taxpayer under this title, in order to

verify that the claimed expenditures are qualified exploration **expenditures or development well** expenditures under this section; and

(5) if the department is satisfied that the [EXPLORER'S] claimed expenditures are qualified under this section, the department shall issue to the explorer **or person drilling a development well** a production tax credit certificate for the amount of credit to be allowed against production taxes due under this chapter; however, notwithstanding any other provision of this section, the department may not issue [TO AN EXPLORER] a production tax credit certificate **under this section** if the total of production tax credits submitted for Cook Inlet production, based on exploration **expenditures and development well** expenditures for work performed during the period described in (b) of this section for that production, that have been approved by the department exceeds \$20,000,000.

\* **Sec. 16.** AS 43.55.025(g) is amended to read:

(g) **A person receiving a production tax credit certificate under this section** [AN EXPLORER] may transfer, convey, or sell its production tax credit certificate to any person, and any person who receives a production tax credit certificate may also transfer, convey, or sell the certificate.

\* **Sec. 17.** AS 43.55.025(j) is amended to read:

(j) Notwithstanding any other provision of this title, of AS 31.05, or of AS 40.25.100, the department shall provide to the Department of Natural Resources information submitted with a claim under this section to support the eligibility of an exploration **expenditure or development well** expenditure, including seismic exploration data and well data, and any information described in (f)(2) of this section received by the department.

\* **Sec. 18.** AS 43.55.025(k) is amended by adding a new paragraph to read:

(4) "development well" means a well drilled to a known producing formation in a previously discovered field.

\* **Sec. 19.** AS 43.55.900 is amended by adding a new paragraph to read:

(17) "Cook Inlet sedimentary basin" has the meaning given in regulations to implement AS 38.05.180(f)(4).

\* **Sec. 20.** This Act takes effect on July 1, 2009."

Representative Gardner moved and asked unanimous consent that Amendment No. 6 be adopted.

There was objection.

The question being: "Shall Amendment No. 6 be adopted?" The roll was taken with the following result:

CSHB 3001(FIN)  
Second Reading  
Amendment No. 6

**YEAS: 13 NAYS: 27 EXCUSED: 0 ABSENT: 0**

Yeas: Berkowitz, Cissna, Crawford, Croft, Gara, Gardner, Gruenberg, Guttenberg, Joule, Kapsner, Kerttula, Moses, Salmon

Nays: Anderson, Chenault, Coghill, Dahlstrom, Elkins, Foster, Gatto, Harris, Hawker, Holm, Kelly, Kohring, Kott, LeDoux, Lynn, McGuire, Meyer, Neuman, Olson, Ramras, Rokeberg, Samuels, Seaton, Stoltze, Thomas, Weyhrauch, Wilson

And so, Amendment No. 6 was not adopted.

Amendment No. 7 was offered by Representatives Croft and Crawford:

Page 13, lines 20 - 23:

Delete all material and insert:

"(c) A credit or portion of a credit under this section

(1) may not be used to reduce a person's tax liability under AS 43.55.011(e) for any calendar year below

(A) four percent of the gross value at the point of production for oil and gas produced in the state lying north of 68 degrees North latitude for producer of more than 75,000 barrels of oil equivalent a day; or

(B) zero for all regions and producers other than those described in (A) of this paragraph; and

(2) not used under (1) of this subsection may be applied in a later calendar year."

Page 27, line 19:

Delete "zero"

Insert "four percent of the gross value at the point of production for oil and gas produced in the state north of 68 degrees North latitude of more than 75,000 barrels of oil equivalent a day, or less than zero for all other regions and producers in the state"

Representative Croft moved and asked unanimous consent that Amendment No. 7 be adopted.

There was objection.

The question being: "Shall Amendment No. 7 be adopted?" The roll was taken with the following result:

CSHB 3001(FIN)

Second Reading

Amendment No. 7

**YEAS: 13 NAYS: 27 EXCUSED: 0 ABSENT: 0**

Yeas: Berkowitz, Cissna, Crawford, Croft, Gara, Gardner, Gruenberg, Guttenberg, Joule, Kapsner, Kerttula, Moses, Salmon

Nays: Anderson, Chenault, Coghill, Dahlstrom, Elkins, Foster, Gatto, Harris, Hawker, Holm, Kelly, Kohring, Kott, LeDoux, Lynn, McGuire, Meyer, Neuman, Olson, Ramras, Rokeberg, Samuels, Seaton, Stoltze, Thomas, Weyhrauch, Wilson

And so, Amendment No. 7 was not adopted.

Amendment No. 8 was offered by Representative Berkowitz:

Page 32, line 29, following "AS 38.05.132":

Delete "."

Insert ";"

Page 32, following line 29:

Insert a new paragraph to read:

"(19) costs of lobbying and advertising."

Representative Berkowitz moved and asked unanimous consent that Amendment No. 8 be adopted.

Representative Hawker objected.

The question being: "Shall Amendment No. 8 be adopted?" The roll was taken with the following result:

CSHB 3001(FIN)  
Second Reading  
Amendment No. 8

**YEAS: 14 NAYS: 26 EXCUSED: 0 ABSENT: 0**

Yeas: Berkowitz, Cissna, Crawford, Croft, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Joule, Kapsner, Kerttula, Moses, Salmon

Nays: Anderson, Chenault, Coghill, Dahlstrom, Elkins, Foster, Harris, Hawker, Holm, Kelly, Kohring, Kott, LeDoux, Lynn, McGuire, Meyer, Neuman, Olson, Ramras, Rokeberg, Samuels, Seaton, Stoltze, Thomas, Weyhrauch, Wilson

And so, Amendment No. 8 was not adopted.

Representative Croft lifted the call.

The Speaker stated that the House would stand at ease until 4:00 p.m.; and so, the House stood at ease at 3:11 p.m.

#### **AFTER AT EASE**

The Speaker called the House back to order at 4:15 p.m.

#### **THIRD READING OF HOUSE BILLS** (continued)

#### **HB 3001**

CSHB 3001(FIN) was before the House in second reading for amendments (page 4292).

Amendment No. 9 was offered by Representative Gardner:

Page 1, line 1 (title amendment):

Delete "**tax**"

Insert "**taxes**"

Page 1, lines 3 - 4 (title amendment):

Delete "**amending the definition of 'gas' as that definition applies in the Alaska Stranded Gas Development Act;**"

Page 3, line 5:

Delete "or gas"

Delete "and gas"

Page 3, lines 6 - 7:

Delete "and gas"

Page 3, line 8:

Delete "and (k)"

Page 3, line 9:

Delete "and gas"

Page 3, line 15:

Delete "BTU equivalent"

Page 3, line 17:

Delete "BTU equivalent"

Page 3, line 19:

Delete "BTU equivalent"

Page 3, lines 27 - 28:

Delete "and gas, in BTU equivalent barrels,"

Page 4, line 2:

Delete "and gas"

Page 4, line 17:

Delete "and gas"

Page 4, line 28:

Delete "or gas"

Page 4, line 29:

Delete "and gas"

Page 4, line 30:

Delete "and gas"

Page 4, line 31:

Delete "and (k)"

Page 5, line 3:

Delete "and gas"

Page 5, line 6:

Delete "and gas"

Page 5, line 10:

Delete "and gas"

Page 5, lines 12 - 13:

Delete "and gas"

Delete ", in BTU equivalent barrels"

Page 5, line 14:

Delete "or gas"

Page 5, line 16:

Delete "and gas"

Page 5, lines 21 - 22:

Delete all material.

Re-number the following paragraph accordingly.

Page 5, line 24:

Delete "or (2)"



Page 5, line 27:

Delete "and (2)"

Page 5, line 29, through Page 6, line 16:

Delete all material.

Reletter the following subsections accordingly.

Page 7, line 5:

Delete "or (k)"

Page 7, line 6:

Delete "or gas"

Page 7, line 10, through Page 8, line 10:

Delete all material.

Page 7, line 23:

Delete "or (k)"

Page 8, following line 17:

Insert a new bill section to read:

"\* **Sec. 6.** AS 43.55.013(j) is amended to read:

(j) The department may aggregate two or more leases or properties (or portions of them), for purposes of determining **the** economic limit **factor** [FACTORS] under this section and applying **it** [THEM] to [AS 43.55.011 OR] AS 43.55.016, when economically interdependent [OIL OR] gas production operations are not confined to a single lease or property. The department may also segregate a lease or property into two or more parts, for purposes of determining **the** economic limit **factor** [FACTORS] under this section and applying **it** [THEM] under [AS 43.55.011 OR] AS 43.55.016, when two or more economically independent [OIL OR] gas production operations are being conducted on it [, OR WHEN OLD CRUDE OIL IS PRODUCED FROM THE SAME LEASE OR PROPERTY AS OTHER OIL]."

Renumber the following bill sections accordingly.

Page 8, line 28, following "(a)":

Insert "The production tax on gas shall be paid monthly. The tax on gas is due on the 20th day of each calendar month on gas produced from each lease or property during the preceding month. If the tax on gas is not paid before the end of the month in which it becomes due, the tax becomes delinquent."

Page 9, line 10:

Delete "and gas"

Page 9, line 19:

Delete "or gas"

Page 9, lines 27 - 28:

Delete "the sum of"

Page 9, line 29:

Delete "(A)"

Page 10, line 1:

Delete "plus"

Page 10, lines 2 - 5:

Delete all material.

Page 10, line 11:

Delete "**and** [OR]"

Insert "or"

Page 10, line 14:

Delete "**and**"

Insert "**or**"

Page 10, line 15, following "**AS 43.55.011**":

Insert "**or 43.55.016**"

Page 10, line 16:

Delete "**and** [OR]"

Insert "or"

Page 10, line 18, following "**tax**":

Insert "**on oil and monthly payments of tax on gas**"

Page 10, line 22:

Delete "**and gas**"

Page 10, line 23:

Delete "**and gas**"

Page 10, line 25:

Delete "**and gas**"

Page 10, line 30:

Delete "**and gas**"

Page 11, lines 1 - 8:

Delete all material.

ReNUMBER the following bill sections accordingly.

Page 12, line 21:

Delete "and gas"

Page 14, line 17:

Delete "and gas"

Page 14, line 24:

Delete "and gas"

Page 14, line 25:

Delete "BTU equivalent"

Page 16, line 17:

Delete "or gas"

Page 17, line 24:

Delete "and gas"

Page 18, line 2:

Delete "or gas"

Page 18, line 5:

Delete "or gas"

Page 18, line 12:

Delete "and gas"

Page 18, line 13:

Delete "BTU equivalent"

Following "barrels"

Insert "a"

Page 18, line 14:

Delete "and gas"

Page 18, line 16:

Delete "BTU equivalent"

Page 18, line 18:

Delete "BTU equivalent"

Page 18, line 22:

Delete "and gas"

Page 18, line 23:

Delete "in BTU equivalent barrels"

Page 18, line 27:

Delete "or gas"

Page 18, line 29:

Delete "or gas"

Page 19, line 9:

Delete "and gas"

Page 19, line 20, following "AS 43.55.011(e)":  
Insert "or 43.55.016"

Page 22, line 5, following "AS 43.55.011(e)":  
Insert "or 43.55.016"

Page 22, line 15, following "AS 43.55.011(e)":  
Insert "or 43.55.016"

Page 22, line 24, following "AS 43.55.011(e)":  
Insert "or 43.55.016, as applicable,"

Page 22, line 27, following "AS 43.55.011(e)":  
Insert "or 43.55.016, as applicable,"

Page 22, line 29, following "AS 43.55.011(e)":  
Insert "or 43.55.016, as applicable,"

Page 23, line 8:  
Delete "and [OR] gas were [WAS]"  
Insert "or gas was"

Page 23, line 13:  
Delete "and gas"  
Insert "or gas, as applicable,"

Page 23, line 15:  
Delete "and of the [OR] gas"  
Insert ", or the total value of the gas, as applicable,"

Page 23, line 18:  
Delete "and for the [OR]"  
Insert "or"

Page 25, line 11, following "value":  
Delete "at the point of production is"  
Insert "of gas and the gross value at the point of production of oil are"

Page 25, line 22:  
Delete "**and gas**"

Page 25, line 25:  
Delete "and gas"

Page 25, line 27:  
Delete "and gas"

Page 25, line 30:  
Delete "and gas"

Page 26, line 1:  
Delete "and gas"

Page 26, line 4:  
Delete "and gas"

Page 26, lines 6 - 7:  
Delete "and gas"

Page 26, lines 15 - 20:  
Delete all material.

Page 26, line 22:  
Delete "and gas"

Page 26, line 24:  
Delete "and gas"

Page 26, line 27:  
Delete "and gas"

Page 26, line 29:  
Delete "and gas"

Page 27, line 1:  
Delete "and gas"

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Page 27, lines 3 - 4:  
Delete "and gas"

Page 27, line 11:  
Delete " ;"  
Insert "."

Page 27, lines 12 - 17:  
Delete all material.

Page 27, line 22:  
Delete "and gas"

Page 27, line 26:  
Delete "or gas"

Page 28, line 9:  
Delete "or gas"

Page 28, line 15:  
Delete "and gas"

Page 28, line 17:  
Delete "or gas"

Page 28, line 19:  
Delete "or gas"

Page 29, line 11:  
Delete "or gas"

Page 29, line 14:  
Delete "or gas"

Page 29, line 16:  
Delete "or gas"

Page 29, line 23:  
Delete "and gas"

Page 30, line 11:

Delete "or gas"

Page 30, line 20:

Delete "and gas"

Page 31, line 4:

Delete "or gas"

Page 31, line 8:

Delete "or gas"

Page 32, lines 8 - 9:

Delete "and gas production, in barrels of oil equivalent,"

Insert "production"

Page 32, line 11:

Delete "and gas production, in barrels of oil equivalent,"

Insert "production"

Page 32, lines 18 - 20:

Delete all material.

Page 32, line 31:

Delete "or gas"

Page 33, line 7:

Delete "or gas"

Page 33, line 8:

Delete "or gas"

Page 33, line 9:

Delete "or gas"

Page 33, lines 11 - 15:

Delete all material and insert:

"(h) If a cost that would otherwise constitute a lease expenditure under this section is incurred to explore for, develop, or produce both oil and gas, the department shall allocate the cost



between oil and gas to determine the amount applicable to oil and deductible under this section by (1) a ratio of the volume of oil production to the volume of gas production in barrels of oil equivalent for the applicable lease or property, (2) the predominant purpose of the expenditure between oil and gas, or (3) other reasonable allocation methods to determine the portion of the cost that is appropriately treated as a lease expenditure for oil under this section. In this subsection, "barrels of oil equivalent" means 6,000 cubic feet of gas."

Page 33, line 27:

Delete "or gas"

Page 34, line 11:

Delete "or gas"

Page 34, line 26:

Delete "or gas"

Page 34, line 30:

Delete "or gas"

Page 35, line 10:

Delete "or gas"

Page 37, line 4, through Page 37, line 14:

Delete all material.

Renumber the following bill sections accordingly.

Page 37, lines 19 - 20:

Delete all material and insert:

"(B) for gas

(i) recovered from or in association with oil, the value of the gas at the point where it is accurately metered or measured after separation from the oil; for gas run through a gas processing plant, the gross value at the point of production is the full consideration received by the producer for the gas if sold in an arm's length transaction or, in the absence of an arm's length

transaction, is the sum of the value of the liquids extracted from the gas at the plant and the value of the residue gas, less a reasonable allowance for processing the gas at the plant and for transporting the gas to the plant from the premises on which the oil production operation is conducted; and

(ii) not recovered from or in association with oil, the value of the gas at the point where it is accurately metered or measured or the value of the gas at the point of sale, if any, on the premises of the lease or property from which the gas is recovered, whichever is the higher value; for gas run through a gas processing plant, the gross value at the point of production is the full consideration received by the producer for the gas if sold in an arm's length transaction or, in the absence of an arm's length transaction, is the sum of the value of the liquids extracted from the gas at the plant and the value of the residue gas, less a reasonable allowance for processing the gas at the plant and for transporting the gas to the plant from the point where it was accurately metered or measured;"

Page 37, line 27, through Page 38, line 2:

Delete all material.

ReNUMBER the following paragraphs accordingly.

Page 39, lines 1 - 2:

Delete all material.

ReNUMBER the following paragraphs accordingly.

Page 39, line 13:

Delete "(A) for oil,"

Page 39, line 20:

Delete ";

Insert ".

Page 39, line 21, through Page 40, line 3:

Delete all material.

Page 40, line 4:

Delete "43.55.013, 43.55.016"

Insert "43.55.013(b), 43.55.013(d)"

Page 40, line 9:

Delete "5, 7 - 10, 12 - 14, 16 - 20, 24, and 26 - 34"

Insert "5, 8 - 10, 12 - 14, 16 - 20, 24, and 26 - 33"

Page 40, line 17:

Delete "and gas"

Page 40, line 24:

Delete "and gas"

Page 40, line 28:

Delete "and gas"

Page 41, line 3:

Delete "and gas"

Page 42, line 9:

Delete "AS 43.55.160(a)(2)(A) - (D)"

Insert "AS 43.55.160(a)(2)(A) - (C)"

Page 42, lines 15 - 16:

Delete "5, 7 - 10, 12 - 14, 16 - 20, 24 - 34, and 36"

Insert "5, 8 - 10, 12 - 14, 16 - 20, 24 - 33, and 35"

Page 42, lines 19 - 31:

Delete all material.

Renumber the following bill sections accordingly.

Page 43, lines 3 - 4:

Delete "5, 7 - 10, 12 - 14, 16 - 20, and 24 - 36"

Insert "5, 8 - 10, 12 - 14, 16 - 20, and 24 - 35"

Representative Gardner moved and asked unanimous consent that Amendment No. 9 be adopted.

Representative Hawker objected.

The question being: "Shall Amendment No. 9 be adopted?" The roll was taken with the following result:

CSHB 3001(FIN)  
Second Reading  
Amendment No. 9

**YEAS: 14 NAYS: 26 EXCUSED: 0 ABSENT: 0**

Yeas: Berkowitz, Cissna, Crawford, Croft, Dahlstrom, Gara, Gardner, Gruenberg, Guttenberg, Joule, Kapsner, Kerttula, Moses, Salmon

Nays: Anderson, Chenault, Coghill, Elkins, Foster, Gatto, Harris, Hawker, Holm, Kelly, Kohring, Kott, LeDoux, Lynn, McGuire, Meyer, Neuman, Olson, Ramras, Rokeberg, Samuels, Seaton, Stoltze, Thomas, Weyhrauch, Wilson

And so, Amendment No. 9 was not adopted.

CSHB 3001(FIN) was automatically in third reading.

The question being: "Shall CSHB 3001(FIN) pass the House?" The roll was taken with the following result:

CSHB 3001(FIN)  
Third Reading  
Final Passage

**YEAS: 30 NAYS: 10 EXCUSED: 0 ABSENT: 0**

Yeas: Anderson, Chenault, Coghill, Dahlstrom, Elkins, Foster, Gatto, Harris, Hawker, Holm, Joule, Kapsner, Kelly, Kott, LeDoux, Lynn, McGuire, Meyer, Moses, Neuman, Olson, Ramras, Rokeberg, Salmon, Samuels, Seaton, Stoltze, Thomas, Weyhrauch, Wilson

Nays: Berkowitz, Cissna, Crawford, Croft, Gara, Gardner, Gruenberg, Guttenberg, Kerttula, Kohring

And so, CSHB 3001(FIN) passed the House.

Representative Coghill moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause.

Representative Berkowitz objected.

The question being: "Shall the effective date clause be adopted?" The roll was taken with the following result:

CSHB 3001(FIN)

Third Reading

Effective Date

**YEAS: 40 NAYS: 0 EXCUSED: 0 ABSENT: 0**

Yeas: Anderson, Berkowitz, Chenault, Cissna, Coghill, Crawford, Croft, Dahlstrom, Elkins, Foster, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Harris, Hawker, Holm, Joule, Kapsner, Kelly, Kerttula, Kohring, Kott, LeDoux, Lynn, McGuire, Meyer, Moses, Neuman, Olson, Ramras, Rokeberg, Salmon, Samuels, Seaton, Stoltze, Thomas, Weyhrauch, Wilson

And so, the effective date clause was adopted.

Representative Berkowitz gave notice of reconsideration of the vote on CSHB 3001(FIN).

#### **ANNOUNCEMENTS**

House committee schedules are published under separate cover.

#### **ADJOURNMENT**

Representative Coghill moved and asked unanimous consent that the House adjourn until 1:00 p.m., August 6, 2006. There being no objection, the House adjourned at 5:37 p.m.

Suzi Lowell  
Chief Clerk