

NEW
AMENDMENT # 1

BY REPRESENTATIVE
KERTTULA

OFFERED IN THE HOUSE
TO: CSHB 2001(FIN)

23
Page 36, line 25:

~~Delete "(c)"~~ Following "(a)" insert "Except as provided in (k)
and (l) of this section"
Insert "~~(c), (k), and (l)~~"

Page 41, following line 13:

Insert a new bill section to read:

"* Sec. 48. AS 43.55.165 is amended by adding new subsections to read:

(k) For purposes of AS 43.55.160, for a calendar year after 2006, a producer's total lease expenditures, before adjustment under AS 43.55.170, that are applicable to oil and gas produced by the producer from all leases or properties within a unit from which 1,000,000,000 BTU equivalent barrels of oil or gas have been cumulatively produced by the close of the most recent calendar year and from which the average daily oil and gas production during the most recent calendar year exceeded 100,000 BTU equivalent barrels are determined under this subsection and (l) of this section. Except as otherwise provided under (l) of this section, the producer's total lease expenditures, other than qualified capital expenditures, (1) for calendar year 2007, are equal to the product of 1.37 multiplied by the total lease expenditures for calendar year 2006, other than qualified capital expenditures, that are applicable to oil and gas produced by the producer from all leases or properties within the unit, as reported on the producer's statement under AS 43.55.030(a) for calendar year 2006, and (2) for a calendar year after 2007, are equal to the product of 1.03 multiplied by the total lease expenditures, other than qualified capital expenditures, determined for the previous calendar year under this subsection. The producer's total lease expenditures for a

1 calendar year after 2006 that are applicable to oil and gas produced by the producer
2 from all leases or properties within a unit subject to this subsection are the sum of the
3 producer's qualified capital expenditures incurred during the calendar year that are
4 applicable to that oil and gas plus the lease expenditures, other than qualified capital
5 expenditures, that are applicable to that oil and gas as determined under this
6 subsection and (l) of this section. If a producer whose lease expenditures for 2006 are
7 used to determine lease expenditures for a later calendar year under this subsection
8 transfers an interest in an affected lease or property to a different producer, the
9 transferee's lease expenditures applicable to oil and gas produced by the transferee
10 from the lease or property continue to be determined under this subsection using those
11 2006 lease expenditures. In this subsection, "qualified capital expenditures" has the
12 meaning given in AS 43.55.023.

13 (l) If, after audit by the department of a producer's statement or amended
14 statement under AS 43.55.030(a) for calendar year 2006, the department finally
15 determines that the reported amount of total lease expenditures, other than qualified
16 capital expenditures, for calendar year 2006 applicable to oil and gas produced by the
17 producer from all leases or properties within a unit subject to (k) of this section
18 exceeds by more than 10 percent the actual amount of those lease expenditures, other
19 than qualified capital expenditures, the producer or transferee, as applicable, shall (1)
20 substitute the actual amount of those lease expenditures, other than qualified capital
21 expenditures, for purposes of the calculations set out in (k) of this section, and (2) file
22 amended statements for affected past tax periods within 60 days after the final
23 determination."

24
25 Renumber the following bill sections accordingly.

26
27 Page 42, following line 16:

28 Insert a new bill section to read:

29 "* Sec. 50. AS 43.55.180(b) is amended to read:

30 (b) The department shall prepare a report on or before the first day of the
31 2010 regular session of the legislature with recommendations concerning the

1 **determination of lease expenditures under AS 43.55.165(k) and (l).** The
2 department shall prepare a report on or before the first day of the 2011 regular session
3 of the legislature on the results of the study made under (a) of this section, including
4 recommendations as to whether any changes should be made to this chapter. The
5 department shall notify the legislature **when each** [THAT THE] report prepared under
6 this subsection is available."
7

8 Renumber the following bill sections accordingly.
9

10 Page 43, line 27:

11 Delete "42 - 48, and 51"

12 Insert "42 - 49, and 53"
13

14 Page 45, line 9:

15 Delete "42 - 48, and 51"

16 Insert "42 - 49, and 53"
17

18 Page 45, line 10:

19 Delete "sec. 56"

20 Insert "sec. 58"