

AMENDMENT #3

OFFERED IN THE SENATE

BY SENATOR FRENCH, *EFH*

TO: SCS CSHB 2001(FIN)

1 Page 2, line 3:

2 Delete "sec. 68"

3 Insert "sec. 69"

4

5 Page 45, following line 5:

6 Insert a new bill section to read:

7 **** Sec. 57.** AS 43.55.165 is amended by adding new subsections to read:

8 (k) For purposes of AS 43.55.160, for a calendar year after 2006 and before
9 2010, a producer's total lease expenditures, before adjustment under AS 43.55.170,
10 that are applicable to oil and gas produced by the producer from all leases or
11 properties from which 1,000,000,000 BTU equivalent barrels of oil or gas have been
12 cumulatively produced by the close of 2006 and from which the average daily oil and
13 gas production during 2006 exceeded 100,000 BTU equivalent barrels as the unit
14 boundaries were defined on January 1, 2007, are determined under this subsection and
15 (l) of this section. Except as otherwise provided under (l) of this section, the
16 producer's total lease expenditures, other than qualified capital expenditures, (1) for
17 calendar year 2007, are equal to the product of 1.37 multiplied by the total lease
18 expenditures for calendar year 2006, other than qualified capital expenditures, that are
19 applicable to oil and gas produced by the producer from all leases or properties within
20 the unit, as reported on the producer's statement under AS 43.55.030(a) for calendar
21 year 2006, and (2) for a calendar year after 2007, are equal to the product of 1.03
22 multiplied by the total lease expenditures, other than qualified capital expenditures,
23 determined for the previous calendar year under this subsection. The producer's total

1 lease expenditures for a calendar year after 2006 that are applicable to oil and gas
2 produced by the producer from all leases or properties within a unit subject to this
3 subsection are the sum of the producer's qualified capital expenditures incurred during
4 the calendar year that are applicable to that oil and gas plus the lease expenditures,
5 other than qualified capital expenditures, that are applicable to that oil and gas as
6 determined under this subsection and (l) of this section. If a producer whose lease
7 expenditures for 2006 are used to determine lease expenditures for a later calendar
8 year under this subsection transfers an interest in an affected lease or property to a
9 different producer or if the unit area of the applicable unit is changed from the area as
10 it existed on December 31, 2006, the transferee's lease expenditures applicable to oil
11 and gas produced by the transferee from the lease or property and a producer's lease
12 expenditures applicable to oil or gas produced from a lease or property within a unit
13 area as it existed on December 31, 2006, continue to be determined under this
14 subsection using those 2006 lease expenditures. In this subsection, "qualified capital
15 expenditures" has the meaning given in AS 43.55.023.

16 (l) If, after audit by the department of a producer's statement or amended
17 statement under AS 43.55.030(a) for calendar year 2006, the department finally
18 determines that the reported amount of total lease expenditures, other than qualified
19 capital expenditures, for calendar year 2006 applicable to oil and gas produced by the
20 producer from all leases or properties within a unit subject to (k) of this section
21 exceeds by more than 10 percent the actual amount of those lease expenditures, other
22 than qualified capital expenditures, the producer or transferee, as applicable, shall (1)
23 substitute the actual amount of those lease expenditures, other than qualified capital
24 expenditures, for purposes of the calculations set out in (k) of this section, and (2) file
25 amended statements for affected past tax periods within 60 days after the final
26 determination. The commissioner may adjust the deduction applicable under (k) of
27 this section on changes in unit boundaries."
28

29 Renumber the following bill sections accordingly.
30

31 Page 47, line 30:

- 1 Delete "49 - 60"
- 2 Insert "49 - 61 "
- 3
- 4 Page 49, line 16:
 - 5 Delete "sec. 68"
 - 6 Insert "sec. 69"
 - 7
- 8 Page 49, line 17:
 - 9 Delete "56 - 60"
 - 10 Insert "56 - 61 "
 - 11
- 12 Page 49, line 18:
 - 13 Delete "sec. 68"
 - 14 Insert "sec. 69"
 - 15
- 16 Page 49, line 27:
 - 17 Delete "49 - 60"
 - 18 Insert "49 - 61 "
 - 19
- 20 Page 50, line 19:
 - 21 Delete "49 - 60"
 - 22 Insert "49 - 61 "
 - 23
- 24 Page 50, line 22:
 - 25 Delete "sec. 69"
 - 26 Insert "sec. 70"