

**HOUSE JOURNAL**  
**ALASKA STATE LEGISLATURE**  
**TWENTY-FIFTH LEGISLATURE**  
**SECOND SPECIAL SESSION**

**Juneau, Alaska**                      **Sunday**                      **November 11, 2007**

**Twenty-fifth Day**

Pursuant to adjournment the House was called to order by Speaker Harris at 3:10 p.m.

Roll call showed 40 members present.

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

With the deepest respect for the religious beliefs of all people, I would like to offer the following thoughts.

Today, for the first time since 1973 and only the second time since statehood, the House is in session on November 11. That session was on oil and gas taxes and revenues too.

But before debating that issue, it is appropriate to reflect on what Veterans Day (formerly Armistice Day) is all about. Not just to memorialize the end of World War I on November 11, 1918, not just to honor veterans, not just to honor peace. It is a time to reflect on the meaning of life and death.

Mr. Speaker, my friends, when Kayla and I visited Europe this fall, we went to France, to Paris, and Bayeux, near the beaches of Normandy. I toured the beaches to see where we

began what was to become the beginning of the end of World War II. I had brought with me a jar which I filled with sand from Omaha Beach and brought back. Today each of you has received a small vial of sand from Omaha Beach in remembrance with affection from Kayla and me.

After touring the beaches, we went to the American cemetery, like similar cemeteries nearby from other countries, commemorating those who died on those beaches on June 6, 1944. The entrance to the American cemetery is to the east. The graves face west, towards America. So when you enter the gravesite you see not the front of the graves but the blank backs. You cannot tell the name, rank, age, home state, or branch of service of the dead until you walk among them and examine the other side of each gravestone. Until then, they are anonymous, just Americans!

That day, that first week of September, was hot, a few clouds in the sky. It was the middle of the afternoon. I was almost 64 years old, balding, fat (though I was losing weight), with a heart condition, and diabetes. So I stopped and rested beside an anonymous grave, my hand atop the cross, leaning on it as I wiped my forehead.

It wasn't until a few moments had passed that I thought to look at the other side of the grave to see to whom I owed the pleasure. And this is what I read (as best I can recall): "Here lies an unknown comrade in arms in honored glory. May he rest in peace."

Of all the thousands of graves in the American cemetery that I could have leaned on that day, fate had led me to that one—a handful of anonymous graves—to someone who had not only lost his life but even his identity. And here now, it was he who had provided a little support for me without asking anything in return.

I would like to close with a prayer that I found in another place we visited in England. It is attributed to Mary Fry but it was found in the remains of a British soldier in North Ireland

who was sending it to his father. It was read on the BBC and it provoked a response really unlike anything they had ever heard. It is entitled "Do Not Stand at My Grave and Weep—I Did Not Die."

Do not stand at my grave and forever weep.  
I am not there; I do not sleep.  
I am a thousand winds that blow.  
I am the diamond glints on snow.  
I am the sunlight on ripened grain.  
I am the gentle autumn's rain.  
When you awaken in the morning's hush  
I am the swift uplifting rush  
Of quiet birds in circled flight.  
I am the soft stars that shine at night.  
Do not stand at my grave and forever cry.  
I am not there. I did not die.

The Pledge of Allegiance was led by Representative Holmes.

#### **CERTIFICATION OF THE JOURNAL**

Representative Samuels moved and asked unanimous consent that the journal for the 12<sup>th</sup> through 24<sup>th</sup> legislative days of the Second Special Session be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

#### **REPORTS OF STANDING COMMITTEES**

##### **HB 2001**

The Finance Committee considered:

##### **HOUSE BILL NO. 2001**

"An Act relating to the production tax on oil and gas and to conservation surcharges on oil; relating to the issuance of advisory bulletins and the disclosure of certain information relating to the production tax and the sharing between agencies of certain information relating to the production tax and to oil and gas or gas only leases; amending the State Personnel Act to place in the

exempt service certain state oil and gas auditors and their immediate supervisors; establishing an oil and gas tax credit fund and authorizing payment from that fund; providing for retroactive application of certain statutory and regulatory provisions relating to the production tax on oil and gas and conservation surcharges on oil; making conforming amendments; and providing for an effective date."

and recommends it be replaced with:

CS FOR HOUSE BILL NO. 2001(FIN)

"An Act relating to the production tax on oil and gas and to conservation surcharges on oil; providing a limit on the amount of tax that may be levied on the production of certain gas that is produced outside of the Cook Inlet sedimentary basin; relating to the sharing between agencies of certain information relating to the production tax and to oil and gas or gas only leases; expanding the period in which the Department of Revenue may assess the amount of oil and gas production tax and conservation surcharges; prohibiting a producer or explorer from receiving tax credits if certain judgments are not satisfied and requiring, as a condition of receiving the tax credits, the deposit of the amount of certain unpaid judgments and certain interest on those judgments in the court during an appeal and relating to that interest; relating to state oil and gas auditors and their immediate supervisors; making conforming amendments; and providing for an effective date."

The report was signed by Representatives Meyer and Chenault, Co-chairs, with the following individual recommendations:

Do pass (1): Stoltze

Do not pass (1): Foster

No recommendation (5): Nelson, Joule, Thomas, Meyer, Chenault

Amend (4): Gara, Crawford, Hawker, Kelly

The following fiscal note(s) apply to CSHB 2001(FIN):

- 1. Zero, Dept. of Administration
- 6. Fiscal, Dept. of Revenue
- 7. Fiscal, Dept. of Revenue
- 8. Indeterminate, Dept. of Natural Resources

HB 2001 is on today's calendar.

**INTRODUCTION OF CITATIONS**

The following citation was introduced and taken up later as a Special Order of Business:

In Memoriam - Representative Thelma Garcia Buchholdt  
By Representatives Holmes, LeDoux; Senator French

**CONSIDERATION OF THE DAILY CALENDAR**

**SECOND READING OF HOUSE BILLS**

**HB 2001**

The following was read the second time:

HOUSE BILL NO. 2001

"An Act relating to the production tax on oil and gas and to conservation surcharges on oil; relating to the issuance of advisory bulletins and the disclosure of certain information relating to the production tax and the sharing between agencies of certain information relating to the production tax and to oil and gas or gas only leases; amending the State Personnel Act to place in the exempt service certain state oil and gas auditors and their immediate supervisors; establishing an oil and gas tax credit fund and authorizing payment from that fund; providing for retroactive application of certain statutory and regulatory provisions relating to the production tax on oil and gas and conservation surcharges on oil; making conforming amendments; and providing for an effective date."

with the:

Journal Page

O&G RPT CS(O&G) NT 4DP 1NR 2AM  
FN1: ZERO(ADM)

1574  
1575

FN2: (DNR)	1575
FN3: (REV)	1575
RES RPT CS(RES) NT 2DP 1NR 6AM (CS FORTHCOMING)	1594
FN(S) FORTHCOMING	1594
CS(RES) NT RECEIVED	1601
FN1: ZERO(ADM)	1602
FN4: (REV) RECEIVED	1602
FN5: (DNR) RECEIVED	1602
FIN RPT CS(FIN) NT 1DP 1DNP 5NR 4AM	1611
FN1: ZERO(ADM)	1612
FN6: (REV)	1612
FN7: (REV)	1612
FN8: INDETERMINATE(DNR)	1612

Representative Samuels placed a call of the House on the bill.

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

CS FOR HOUSE BILL NO. 2001(FIN)

"An Act relating to the production tax on oil and gas and to conservation surcharges on oil; providing a limit on the amount of tax that may be levied on the production of certain gas that is produced outside of the Cook Inlet sedimentary basin; relating to the sharing between agencies of certain information relating to the production tax and to oil and gas or gas only leases; expanding the period in which the Department of Revenue may assess the amount of oil and gas production tax and conservation surcharges; prohibiting a producer or explorer from receiving tax credits if certain judgments are not satisfied and requiring, as a condition of receiving the tax credits, the deposit of the amount of certain unpaid judgments and certain interest on those judgments in the court during an appeal and relating to that interest; relating to state oil and gas auditors and their immediate supervisors; making conforming amendments; and providing for an effective date."

There being no objection, it was so ordered.

Amendment No. 1 was not offered.

Representative Meyer moved and asked unanimous consent that he be allowed to abstain from voting because of a conflict of interest.

Objection was heard.

Representative LeDoux requested a roll call vote.

The Speaker ruled that there was no provision for a vote.

Representative LeDoux appealed the ruling of the Chair and withdrew the appeal.

The Speaker stated that Representative Meyer was required to vote.

Representative Chenault moved and asked unanimous consent that he be allowed to abstain from voting because of a conflict of interest. Objection was heard, and Representative Chenault was required to vote.

Representative Hawker declared a conflict of interest.

Amendment No. 2 was offered by Representative Dahlstrom:

Page 31, line 12:

Delete "four"

Insert "six"

Delete "latest"

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

Representative Fairclough objected.

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

CSHB 2001(FIN)

Second Reading

Amendment No. 2

**YEAS: 29 NAYS: 11 EXCUSED: 0 ABSENT: 0**

Yeas: Buch, Cissna, Crawford, Dahlstrom, Doll, Doogan, Edgmon, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Harris, Hawker, Holmes, Johansen, Joule, Kawasaki, Keller, Kelly, Kerttula, LeDoux, Lynn, Nelson, Neuman, Olson, Salmon, Seaton, Stoltze

Nays: Chenault, Coghill, Fairclough, Foster, Johnson, Meyer, Ramras, Roses, Samuels, Thomas, Wilson

And so, Amendment No. 2 was adopted.

Amendment No. 3 was offered by Representative Dahlstrom:

Page 42, lines 18 - 19, following "**information.**":

Delete "Subject to AS 40.25.100 and AS 43.05.230(e)"

Insert "Notwithstanding any contrary provision of AS 40.25.100, and regardless of whether the information is considered under AS 43.05.230(e) to constitute statistics classified to prevent the identification of particular returns or reports"

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

Representative Coghill objected.

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

CSHB 2001(FIN) am

Second Reading

Amendment No. 3

**YEAS: 28 NAYS: 12 EXCUSED: 0 ABSENT: 0**

Yeas: Buch, Cissna, Crawford, Dahlstrom, Doll, Doogan, Edgmon, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Harris, Holmes, Joule, Kawasaki, Keller, Kelly, Kerttula, LeDoux, Lynn, Meyer, Nelson, Neuman, Salmon, Seaton, Stoltze, Thomas

Nays: Chenault, Coghill, Fairclough, Foster, Hawker, Johansen, Johnson, Olson, Ramras, Roses, Samuels, Wilson

And so, Amendment No. 3 was adopted.

Amendment No. 4 was not offered.

Amendment No. 5 was offered by Representative Hawker:

Page 22, line 18, following "well;":

Insert a new sub-subparagraph to read:

"(ii) at the time of the request for determination under (i), the commissioner of natural resources may request from the explorer that specific data sets, ancillary data, and reports including all results, and copies of data collected and data analyses for the well be provided to the Department of Natural Resources upon completion of the well; in this subparagraph, well data includes all analyses conducted on physical material, and well logs collected from the well and sample analyses; testing geophysical and velocity data including vertical seismic profiles and check shot surveys; testing data and analyses; age data; geochemical analyses; and access to tangible material;"

Renumber the following sub-subparagraph accordingly.

Page 22, line 20, following "on":

Insert "whether the geological objective of the well is a potential oil or gas trap that is distinctly separate from any trap that has been tested by a preexisting well and what information under (ii) must be submitted after completion, abandonment, or suspension under AS 31.05.030"

Page 22, line 20:

Delete "that question"

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

Objection was heard and withdrawn. There being no further objection, Amendment No. 5 was adopted.

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

Page 2, line 10:

Delete "sec. 40"

Insert "sec. 41"

Page 2, line 15:

Delete "sec. 46"

Insert "sec. 47"

Page 2, following line 19:

Insert a new bill section to read:

**\*\* Sec. 2.** AS 37.10 is amended by adding a new section to read:

**Sec. 37.10.440. Appropriations to the budget reserve fund of production tax revenue.** (a) By February 1 each year, the Department of Revenue shall determine the amount of revenue received from the tax levied under AS 43.55.410(b)(1) and notify the legislature of that amount.

(b) The legislature may appropriate 50 percent of the amount reported by the Department of Revenue to the budget reserve fund (art. IX, sec. 17, Constitution of the State of Alaska).

(c) Nothing in this section requires that money be appropriated or creates a dedicated fund."

ReNUMBER the following bill sections accordingly.

Page 11, line 15, following "state":

Insert "that is not within a unit or area described in AS 43.55.400(a)"

Page 42, following line 16:

Insert new bill sections to read:

**\*\* Sec. 50.** AS 43.55.201(b) is amended to read:

(b) The surcharge imposed by (a) of this section is in addition to the **taxes** [TAX] imposed by AS 43.55.011 **and 43.55.410** and is due on the last day of the month on oil produced from each lease or property during the preceding month. The surcharge is in addition to the surcharge imposed by AS 43.55.300 - 43.55.310.

**\* Sec. 51.** AS 43.55.201(c) is amended to read:

- (c) A producer of oil shall make a report of production on March 31 of the year following the calendar year of production and in the same manner and under the same penalties as required under AS 43.55.011 - 43.55.180 **and 43.55.400 - 43.55.440**.
- \* **Sec. 52.** AS 43.55.201(d) is amended to read:
- (d) Oil not considered under AS 43.55.020(e) **or 43.55.430(d)** 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. 53.** AS 43.55.300(b) is amended to read:
- (b) The surcharge imposed by (a) of this section is in addition to the **taxes** [TAX] imposed by AS 43.55.011 **and 43.55.410** and is due on the last day of the month on oil produced from each lease or property during the preceding month. The surcharge is in addition to the surcharge imposed by AS 43.55.201 - 43.55.231 **and 43.55.400 - 43.55.440**.
- \* **Sec. 54.** AS 43.55.300(c) is amended to read:
- (c) A producer of oil shall make a report of production on March 31 of the year following the calendar year of production and in the same manner and under the same penalties as required under AS 43.55.011 - 43.55.180 **and 43.55.400 - 43.55.440**.
- \* **Sec. 55.** AS 43.55.300(d) is amended to read:
- (d) Oil not considered under AS 43.55.020(e) **or 43.55.430(d)** 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. 56.** AS 43.55 is amended by adding new sections to read:
- Article 3A. Oil and Gas Production Tax for Legacy Fields.**
- Sec. 43.55.400. Applicability.** (a) AS 43.55.400 - 43.55.440 apply to the production of oil or gas after December 31, 2007, from a unit that produced more than 200,000,000 BTU equivalent barrels after the date of the commencement of commercial operations and before the year in which the tax is levied and has an average daily oil and gas production during the year immediately preceding the calendar year in which the tax is levied of more than 50,000 BTU equivalent barrels.
- (b) Before February 1 of each year, the commissioner shall identify and publish a description of each unit described in (a) of this section.
- (c) AS 43.55.011(f), 43.55.011(g), 43.55.020, 43.55.023 -

43.55.025, and 43.55.030(a) - (d) do not apply to oil and gas for which a tax is levied under AS 43.55.400 - 43.55.440.

(d) In this section,

(1) "commencement of commercial operations" means the start of regular deliveries of marketable oil or gas;

(2) "unit" means a group of leases covering all or part of one or more potential hydrocarbon accumulations, or all or part of one or more adjacent or vertically separate oil or gas reservoirs that are subject to a unit agreement;

(3) "unit agreement" means the agreement executed by the State of Alaska, working-interest owners, and royalty owners creating the unit.

**Sec. 43.55.410. Legacy field oil and gas production tax.** (a)

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 described in AS 43.55.400(a), less any oil and gas the ownership or right to which is exempt from taxation. The tax is equal to

(1) 17 percent of the gross value at the point of production of the oil taxable under this section; and

(2) 13 percent of the gross value at the point of production of the gas taxable under this section.

(b) For each calendar year for which the price index determined under (c) of this section is

(1) greater than zero, in addition to the tax levied under (a) of this section, there is levied on the producer of oil or gas a tax for all oil and gas produced that calendar year from each lease or property subject to the provisions of AS 43.55.400 - 43.55.440, less any oil and gas the ownership or right to which is exempt from taxation; the tax levied under this paragraph

(A) when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year is at least \$40 a barrel but less than \$70 a barrel, is equal to 0.25 percent of the gross value at the point of production of the taxable oil and gas for the calendar year multiplied by the number that represents the difference between the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year and \$40;

(B) when the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast

during the calendar year is at least \$70 a barrel, the tax is equal to 7.5 percent of the gross value at the point of production of taxable oil and gas for that tax year plus 0.35 percent of the gross value at the point of production of the taxable oil and gas for the calendar year multiplied by the number that represents the difference between the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year and \$70;

(2) less than zero, for all oil and gas produced that calendar year from each lease or property subject to the provisions of AS 43.55.400 - 43.55.440, less any oil and gas the ownership or right to which is exempt from taxation, a producer may take a reduction in tax levied under (a) of this section equal to 0.25 percent of the gross value at the point of production of taxable oil and gas for the calendar year multiplied by the price index determined under (c) of this section.

(c) For purposes of (b) of this section, the price index for a calendar year is calculated by subtracting 40 from the number that is equal to the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the calendar year for which the tax is due.

(d) The tax rate calculated under (b)(1) of this section may not be more than 25 percent.

**Sec. 43.55.420. Tax credit for exploration and development.** (a) A producer or explorer that incurs an expenditure that otherwise would be a qualified capital expenditure if incurred for a lease or property that is not within a unit described in AS 43.55.400 may take a credit against the tax levied by AS 43.55.410 only as provided in this section.

(b) A credit is not available under this section until the total amount of qualified capital expenditures incurred after December 31, 2007, in a unit described in AS 43.55.400(a) exceeds \$100,000,000. When the total amount of qualified capital expenditures exceeds \$100,000,000, the producer or explorer that incurs those capital expenditures is eligible for a credit against the production tax levied in AS 43.55.410 in the amount of \$40,000,000.

(c) A producer or explorer is eligible for a credit against the production tax levied in AS 43.55.410 in the amount of 40 percent

of the qualified expenditures the producer or explorer incurs for a lease or property within a unit described in AS 43.55.400(a) after qualifying for the credit in (b) of this section.

(d) A person may not apply a credit under this section against a tax levied by AS 43.55.410 more than five calendar years after the date a qualified capital expenditure is eligible for the credit under (b) or (c) of this section, starting with the first calendar year following the date the expenditure was made that qualified for the credit.

(e) A lease expenditure for a lease or property in a unit described in AS 43.55.400(a) may not be treated as a qualified capital expenditure for the purposes of AS 43.55.023 or treated as an expenditure for which a credit is allowed under AS 43.55.025.

(f) In this section, "qualified capital expenditure" has the meaning given in AS 43.55.023, except that a qualified capital expenditure must be incurred for a lease or property in a unit described in AS 43.55.400(a) to qualify for a credit under this section.

**Sec. 43.55.430. Payment of tax.** (a) For a calendar year, a producer subject to tax under AS 43.55.410 shall pay the tax as follows:

(1) an installment payment of the estimated tax levied by AS 43.55.410, net of any tax credits applied as allowed by law, is due for each month of the calendar year on the last day of the following month; the amount of the installment payment is the total amount of the gross value at the point of production of the oil or gas taxable under AS 43.55.410 and produced by the producer from leases or properties in a unit described in AS 43.55.400(a) during the month minus 1/12 of the tax credits that are allowed by law to be applied against the tax levied by AS 43.55.400 for the calendar year, except that the installment payment may not be less than zero;

(2) any amount of tax levied by AS 43.55.410, net of any credits applied as allowed by law, that exceeds the total of the amounts due as installment payments of estimated tax is due on March 31 of the year following the calendar year of production.

(b) The production tax on oil and gas shall be paid to the department by or on behalf of the producer.

(c) In making settlement with the royalty owner for oil and gas that is taxable under AS 43.55.410, the producer may deduct

the amount of the tax paid on taxable royalty oil and gas, or may deduct taxable royalty oil or gas equivalent in value at the time the tax becomes due to the amount of the tax paid. If the total deductions of installment payments of estimated tax for a calendar year exceed the actual tax for that calendar year, the producer shall, before April 1 of the following year, refund the excess to the royalty owner.

(d) Gas flared, released, or allowed to escape in excess of the amount authorized by the Alaska Oil and Gas Conservation Commission is considered, for the purpose of AS 43.55.400 - 43.55.440, as gas produced from a lease or property. Oil or gas used in the operation of a lease or property in a unit described in AS 43.55.400(a) in drilling for or producing oil or gas, or for repressuring, except to the extent determined by the Alaska Oil and Gas Conservation Commission to be waste, is not considered, for the purpose of AS 43.55.400 - 43.55.440, as oil or gas produced from a lease or property.

(e) If oil or gas is produced but not sold, or if oil or gas is produced and sold under circumstances where the sale price does not represent the prevailing value for oil or gas of like kind, character, or quality in the field or area from which the product is produced, the department may require the tax to be paid upon the basis of the value of oil or gas of the same kind, quality, and character prevailing for that field or area during the calendar month of production or sale.

(f) Notwithstanding any contrary provision of AS 43.05.225, an unpaid amount of an installment payment required under (a)(1) of this section that is not paid when due bears interest (1) at the rate provided for an underpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from the date the installment payment is due until the March 31 described in AS 43.55.440(a), and (2) as provided for a delinquent tax under AS 43.05.225 after that March 31. Interest accrued under (1) of this subsection that remains unpaid after that March 31 is treated as an addition to tax that bears interest under (2) of this subsection. An unpaid amount of tax due under (a)(2) of this section that is not paid when due bears interest as provided for a delinquent tax under AS 43.05.225.

(g) Notwithstanding any contrary provision of AS 43.05.280,  
(1) an overpayment of an installment payment required

under (a)(1) of this section bears interest at the rate provided for an overpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from the later of the date the installment payment is due or the date the overpayment is made, until the earlier of

(A) the date it is refunded or is applied to an underpayment; or

(B) the March 31 described in AS 43.55.440(a);

(2) except as provided under (1) of this subsection, interest with respect to an overpayment is allowed only on any net overpayment of the payments required under (a) of this section that remains after the later of the March 31 described in AS 43.55.440(a) or the date that the statement required under AS 43.55.440(a) is filed;

(3) interest is allowed under (2) of this subsection only from a date that is 90 days after the later of the March 31 described in AS 43.55.440(a) or the date that the statement required under AS 43.55.440(a) is filed; interest is not allowed if the overpayment was refunded within the 90-day period;

(4) interest under (2) and (3) of this subsection is paid at the rate and in the manner provided in AS 43.05.225(1).

**Sec. 43.55.440. Filing of statements.** (a) The person paying the tax under AS 43.55.400 - 43.55.440 shall file with the department on March 31 of the year following the calendar year for which the tax was levied a statement, under oath, in a form prescribed by the department, giving, with other information required, the following:

(1) a description of each lease or property within a unit described in AS 43.55.400(a) from which the oil and gas were produced, by name, legal description, lease number, or accounting codes assigned by the department;

(2) the names of the producer and the person paying the tax;

(3) the gross amount of oil and the gross amount of gas produced from each lease or property, and the percentage of the gross amount of oil and gas owned by each producer for whom the tax is paid;

(4) the gross value at the point of production of the oil and of the gas produced from each lease or property owned by each producer for whom the tax is paid; and

(5) the name of the first purchaser and the price received for the oil and for the gas, unless relieved from this requirement in whole or in part by the department.

(b) Reports required under this section are delinquent the first day following the day the report is due. The person required to file the report is liable for a penalty, as determined by the department under standards adopted in regulation by the department, of not more than \$1,000 for each day the person fails to file the report at the time required. The penalty is in addition to the penalties in AS 43.05.220 and 43.05.290 and is assessed, collected, and paid in the same manner as a tax deficiency under this title. In this subsection, "report" includes a statement."

Renumber the following bill sections accordingly.

Page 43, line 27:

Delete "Sections 14 - 35, 37, 42 - 48, and 51"

Insert "Sections 15 - 36, 38, 43 - 49, 56, and 59"

Page 43, line 29:

Delete "Sections 35 and 37"

Insert "Sections 36 and 38"

Page 43, line 30:

Delete "sec. 35"

Insert "sec. 36"

Page 43, line 31:

Delete "sec. 37"

Insert "sec. 38"

Page 44, line 1:

Delete "Sections 28 - 31 and 33"

Insert "Sections 29 - 32 and 34"

Page 44, line 4:

Delete "sec. 39"

Insert "sec. 40"

Page 44, line 5:

Delete "sec. 39"

Insert "sec. 40"

Page 44, line 6:

Delete "sec. 40"

Insert "sec. 41"

Page 44, line 8:

Delete "secs. 13 and 40"

Insert "secs. 14 and 41"

Page 44, line 10:

Delete "sec. 36" in both places

Insert "sec. 37" in both places

Page 44, line 13:

Delete "sec. 38"

Insert "sec. 39"

Page 44, line 14:

Delete "sec. 38"

Insert "sec. 39"

Page 45, line 9:

Delete "Sections 14 - 35, 37, 42 - 48, and 51"

Insert "Sections 2, 15 - 36, 38, 43 - 56, and 59"

Page 45, line 10:

Delete "sec. 56"

Insert "sec. 64"

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

There was objection.

The Speaker stated that, without objection, Amendment No. 6 would be held and taken up later.

Amendment No. 7 was not offered.

Amendment No. 8 was offered by Representatives Kelly, Stoltze, Dahlstrom, Keller, Gara, Guttenberg, Gardner, Gatto, and Gruenberg:

Page 11, line 20:

Delete "22.5"

Insert "25"

Page 16, line 6:

Delete "22.5"

Insert "25"

Page 16, line 20:

Delete "22.5"

Insert "25"

Page 16, line 31:

Delete "22.5"

Insert "25"

Page 19, line 9:

Delete "22.5"

Insert "25"

Page 43, line 8:

Delete "22.5"

Insert "25"

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

There was objection.

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

CSHB 2001(FIN) am

Second Reading

Amendment No. 8

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

Yeas: Buch, Cissna, Crawford, Dahlstrom, Doll, Doogan, Edgmon, Fairclough, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Harris, Holmes, Kawasaki, Keller, Kelly, Kerttula, LeDoux, Lynn, Nelson, Roses, Salmon, Seaton, Stoltze

Nays: Chenault, Coghill, Foster, Hawker, Johansen, Johnson, Joule, Meyer, Neuman, Olson, Ramras, Samuels, Thomas, Wilson

And so, Amendment No. 8 was adopted.

Amendment No. 9 was offered by Representative Samuels:

Page 33, following line 27:

Insert a new subsection to read:

"(i) A person who, under (h) of this section, provides to the department erroneous information about noncompliance with the provisions of this chapter by an explorer or producer of oil or gas shall pay to the

(1) department all expenses related to the department's investigation of the alleged noncompliance; and

(2) explorer or producer about whom the noncompliance was alleged all expenses that are incurred by the explorer or producer relating to the department's investigation of the alleged noncompliance."

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

Representative Gara objected.

Amendment to Amendment No. 9 was offered by Representative Gara:

Following "provides":

Insert ", in bad faith,"

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

Representative Gruenberg objected and withdrew the objection. There being no further objection, Amendment to Amendment No. 9 was adopted.

There being no further objection, Amendment No. 9 as amended was adopted.

Amendment No. 10 was not offered.

Amendment No. 11 was offered by Representatives Guttenberg and Gara:

Page 2, line 15:

Delete "sec. 46"

Insert "sec. 47"

Page 33, following line 27:

Insert a new bill section to read:

"\* **Sec. 42.** AS 43.55.150 is amended to read:

**Sec. 43.55.150. Determination of gross value at the point of production.** (a) For the purposes of AS 43.55.011 - 43.55.180, the gross value at the point of production is calculated using the **actual** [REASONABLE] costs of transportation of the oil or gas [ THE REASONABLE COSTS OF TRANSPORTATION ARE THE ACTUAL COSTS], except when the

(1) **shipper** [PARTIES TO THE TRANSPORTATION] of oil or gas **is** [ARE] affiliated **with the transportation carrier or with a person that owns an interest in the transportation facility**;

(2) contract for the transportation of oil or gas is not an arm's length transaction [OR IS NOT REPRESENTATIVE OF THE MARKET VALUE OF THAT TRANSPORTATION]; **or** [AND]

(3) method **or terms** of transportation of oil or gas **are** [IS] not reasonable in view of existing alternative [METHODS OF] transportation **options**.

(b) If the department finds that **a condition** [THE CONDITIONS] in (a)(1), (2), **or** [AND] (3) of this section **is** [ARE] present, **the gross value at the point of production is calculated using the actual costs of transportation, or the reasonable costs of transportation as determined under this subsection, whichever is lower. The** [THE] department shall determine the reasonable costs of transportation, using the fair market value of like transportation, the fair market value of

equally efficient and available alternative modes of transportation, or other reasonable methods. Transportation costs fixed by tariff rates **that have been adjudicated as just and reasonable by [PROPERLY ON FILE WITH] the Regulatory Commission of Alaska or another [OTHER] regulatory agency and transportation costs in an arm's length transaction paid by parties not affiliated with an owner of the method of transportation** shall be considered prima facie reasonable.

(c) In determining the gross value of oil under [(a) OF] this section, the department may not allow as reasonable costs of transportation

(1) the amount of loss of or damage to, or of expense incurred due to the loss of or damage to, a vessel used to transport oil if the loss, damage, or expense is incurred in connection with a catastrophic oil discharge from the vessel into the marine or inland waters of the state;

(2) the incremental costs of transportation of the oil that are attributable to temporary use of or chartered or substituted service provided by another vessel due to the loss of or damage to a vessel regularly used to transport oil and that are incurred in connection with a catastrophic oil discharge into the marine or inland waters of the state; and

(3) the costs incurred to charter, contract, or hire vessels and equipment used to contain or clean up a catastrophic oil discharge."

Renumber the following bill sections accordingly.

Page 43, line 27:

Delete "42 - 48, and 51"

Insert "43 - 49, and 52"

Page 45, line 9:

Delete "42 - 48, and 51"

Insert "43 - 49, and 52"

Page 45, line 10:

Delete "sec. 56"

Insert "sec. 57"

Representative Guttenberg moved and asked unanimous consent that Amendment No. 11 be adopted.

Objection was heard and withdrawn. There being no further objection, Amendment No. 11 was adopted.

Amendment No. 12 was offered by Representative Dahlstrom:

Page 1, line 11, following "gas" (title amendment):

Delete "**auditors and their immediate supervisors**"

Insert "**audit managers**"

Page 9, following line 28:

Insert a new bill section to read:

"\* **Sec. 10.** AS 39.25.110 is amended by adding a new paragraph to read:

(42) oil and gas audit managers employed in a professional capacity by the Department of Revenue and the Department of Natural Resources to collect oil and gas revenue by developing policy, conducting studies, drafting proposed regulations, enforcing regulations, and supervising audits by oil and gas revenue auditors."

ReNUMBER the following bill sections accordingly.

Page 44, lines 17 - 23:

Delete all material and insert:

"OIL AND GAS REVENUE AUDIT MANAGER POSITIONS; LEGISLATIVE INTENT. It is the intent of the legislature that the commissioner of administration shall cause not more than four oil and gas revenue audit manager positions to be created in the Department of Revenue and not more than two oil and gas revenue audit manager positions to be created in the Department of Natural Resources. Oil and gas revenue audit managers shall be employed in a professional capacity to collect oil and gas revenue by developing policy, conducting studies, drafting proposed regulations, enforcing regulations, and supervising audits by oil and gas auditors."

Representative Dahlstrom moved and asked unanimous consent that Amendment No. 12 be adopted.

Representative Doogan objected.

Representative Dahlstrom moved and asked unanimous consent to withdraw Amendment No. 12. There being no objection, it was so ordered.

Amendment No. 13 was offered by Representatives Harris, Stoltze, and Keller:

Page 20, line 16:

Delete "a new subsection"  
Insert "new subsections"

Page 20, following line 23:

Insert a new subsection to read:

"(m) A producer or explorer may elect to take a tax credit in the amount of 20 percent of expenditures on wages and other compensation paid to Alaska residents. In this subsection, "Alaska resident" has the meaning given in AS 43.82.230."

Page 45, following line 8:

Insert a new bill section to read:

"\* **Sec. 56.** The uncodified law of the State of Alaska is amended by adding a new section to read:

SEVERABILITY. Under AS 01.10.030, if AS 43.55.023(m), added by sec. 27 of this Act, or the application of it to any person or circumstance, is held invalid, the remainder of this Act and the application to other persons or circumstances are not affected."

Renumber the following bill sections accordingly.

Page 45, line 10:

Delete "sec. 56"  
Insert "sec. 57"

Representative Stoltze moved and asked unanimous consent that Amendment No. 13 be adopted.

There was objection.

Representative Stoltze moved and asked unanimous consent to withdraw Amendment No. 13. There being no objection, it was so ordered.

Representative Samuels lifted the call of the House.

The Speaker stated that, without objection, the House would recess until 6:45 p.m.; and so, the House recessed at 5:54 p.m.

#### **AFTER RECESS**

The Speaker called the House back to order at 6:55 p.m.

#### **SECOND READING OF HOUSE BILLS**

(continued)

#### **HB 2001**

The following was again before the House in second reading:

CS FOR HOUSE BILL NO. 2001(FIN) am

"An Act relating to the production tax on oil and gas and to conservation surcharges on oil; providing a limit on the amount of tax that may be levied on the production of certain gas that is produced outside of the Cook Inlet sedimentary basin; relating to the sharing between agencies of certain information relating to the production tax and to oil and gas or gas only leases; expanding the period in which the Department of Revenue may assess the amount of oil and gas production tax and conservation surcharges; prohibiting a producer or explorer from receiving tax credits if certain judgments are not satisfied and requiring, as a condition of receiving the tax credits, the deposit of the amount of certain unpaid judgments and certain interest on those judgments in the court during an appeal and relating to that interest; relating to state oil and gas auditors and their immediate supervisors; making conforming amendments; and providing for an effective date."

Representative Samuels placed a call of the House on the bill.

Amendment No. 1 was offered by Representative Kerttula:

Page 36, line 23, following "(a)":

Insert "Except as provided in (k) and (l) of this section"

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 calendar year after 2006 that are applicable to oil and gas produced by the producer from all leases or properties within a unit subject to this subsection are the sum of the producer's qualified capital expenditures incurred during the calendar year that are applicable to that oil and gas plus the lease expenditures, other than qualified capital expenditures, that are applicable to that oil and gas as determined under this subsection and (l) of this section. If a producer whose lease expenditures for 2006 are used

to determine lease expenditures for a later calendar year under this subsection transfers an interest in an affected lease or property to a different producer, the transferee's lease expenditures applicable to oil and gas produced by the transferee from the lease or property continue to be determined under this subsection using those 2006 lease expenditures. In this subsection, "qualified capital expenditures" has the meaning given in AS 43.55.023.

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

Renumber the following bill sections accordingly.

Page 42, following line 16:

Insert a new bill section to read:

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

(b) **The department shall prepare a report on or before the first day of the 2010 regular session of the legislature with recommendations concerning the determination of lease expenditures under AS 43.55.165(k) and (l).** The department shall prepare a report on or before the first day of the 2011 regular session of the legislature on the results of the study made under (a) of this section, including recommendations as to whether any changes should be made to this chapter. The department shall notify the legislature **when each** [THAT THE] report prepared under this subsection is available."

Renumber the following bill sections accordingly.

Page 43, line 27:

Delete "42 - 48, and 51"

Insert "42 - 49, and 53"

Page 45, line 9:

Delete "42 - 48, and 51"

Insert "42 - 49, and 53"

Page 45, line 10:

Delete "sec. 56"

Insert "sec. 58"

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

Representative Roses objected.

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

CSHB 2001(FIN) am

Second Reading

Amendment No. 1

**YEAS: 21 NAYS: 19 EXCUSED: 0 ABSENT: 0**

Yeas: Buch, Cissna, Crawford, Doll, Doogan, Edgmon, Gara, Gardner, Gruenberg, Guttenberg, Holmes, Joule, Kawasaki, Keller, Kerttula, LeDoux, Lynn, Nelson, Salmon, Thomas, Wilson

Nays: Chenault, Coghill, Dahlstrom, Fairclough, Foster, Gatto, Harris, Hawker, Johansen, Johnson, Kelly, Meyer, Neuman, Olson, Ramras, Roses, Samuels, Seaton, Stoltze

And so, Amendment No. 1 was adopted.

Amendment No. 6 (page 1618), which was moved and pending (page 1626), was again before the House.

Representative Crawford moved and asked unanimous consent to withdraw Amendment No. 6. There being no objection, it was so ordered.

Amendment No. 7 was offered by Representatives Gara, Stoltze, and Gatto:

Page 19, lines 19 - 20:

Delete "**2003** [2001]"

Insert "2001"

Page 19, line 27, following "explorer":

Insert "**that did not have commercial production of oil or gas from a lease or property in the state before January 1, 2008,**"

Page 19, line 28:

Delete "due under"

Insert "**levied by** [DUE UNDER]"

Page 19, lines 30 - 31:

Delete "are incurred during the calendar year for which the credit is taken"

Insert "**were incurred after March 31, 2006, and before January 1, 2008** [ARE INCURRED DURING THE CALENDAR YEAR FOR WHICH THE CREDIT IS TAKEN]"

Page 20, lines 3 - 9:

Delete

"(A) for any calendar year after the later of  
(i) 2013; or  
(ii) the sixth calendar year after the calendar year for which the producer first applies a credit under this subsection against a tax due under AS 43.55.011(e), if the producer did not have commercial production of oil or gas from a lease or property in the state before April 1, 2006;"

Insert

"(A) for any calendar year after [THE LATER OF  
(i)] 2013; [OR  
(ii) THE SIXTH CALENDAR YEAR AFTER

THE CALENDAR YEAR FOR WHICH THE PRODUCER FIRST APPLIES A CREDIT UNDER THIS SUBSECTION AGAINST A TAX DUE UNDER AS 43.55.011(e), IF THE PRODUCER DID NOT HAVE COMMERCIAL PRODUCTION OF OIL OR GAS FROM A LEASE OR PROPERTY IN THE STATE BEFORE APRIL 1, 2006;]"

Representative Gara 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 2001(FIN) am  
Second Reading  
Amendment No. 7

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

Yeas: Buch, Cissna, Coghill, Crawford, Dahlstrom, Doll, Doogan, Edgmon, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Harris, Holmes, Joule, Kawasaki, Keller, Kelly, Kerttula, LeDoux, Lynn, Nelson, Salmon, Seaton, Stoltze, Thomas

Nays: Chenault, Fairclough, Foster, Hawker, Johansen, Johnson, Meyer, Neuman, Olson, Ramras, Roses, Samuels, Wilson

And so, Amendment No. 7 was adopted.

Amendment No. 14 was offered by Representative Seaton:

Page 21, line 31, through page 22, line 1:

Delete "costs arising from"

Insert "costs, including repairs and replacements, arising from or associated with"

Page 22, line 1, following "criminal negligence,":

Insert "or"

Page 22, lines 3 - 4:

Delete "**or failure to comply with an obligation under a lease, permit, or license issued by the state or federal government,**"

Page 38, line 24:

Delete "costs arising from"

Insert "costs, **including repairs and replacements,** arising from **or associated with**"

Page 38, line 25, following "**negligence,**":

Insert "**or**"

Page 38, lines 26 - 28:

Delete "**, or failure to comply with an obligation under a lease, permit, or license issued by the state or federal government**"

Representative Seaton moved and asked unanimous consent that Amendment No. 14 be adopted.

Objection was heard and withdrawn. There being no further objection, Amendment No. 14 was adopted.

Amendment No. 15 was offered by Representatives Dahlstrom, Meyer, and Gara:

Page 1, line 11, following "**gas**" (title amendment):

Delete "**auditors and their immediate supervisors**"

Insert "**audit masters**"

Page 9, following line 28:

Insert a new bill section to read:

"\* **Sec. 10.** AS 39.25.110 is amended by adding a new paragraph to read:

(42) oil and gas auditor masters employed in a professional capacity by the Department of Revenue and the Department of Natural Resources to collect oil and gas revenue by developing policy, conducting studies, drafting proposed regulations, enforcing regulations, and directing audits by oil and gas revenue auditors."

Renumber the following bill sections accordingly.

Page 44, following line 16, insert:

"OIL AND GAS REVENUE AUDIT MASTER POSITIONS; LEGISLATIVE INTENT. It is the intent of the legislature that the commissioner of administration shall cause not more than four oil and gas revenue audit master positions to be created in the Department of Revenue and not more than two oil and gas revenue audit master positions to be created in the Department of Natural Resources. Oil and gas revenue audit masters shall be employed in a professional capacity to collect oil and gas revenue by developing policy, conducting studies, drafting proposed regulations, enforcing regulations, and directing audits by oil and gas auditors."

Representative Dahlstrom moved and asked unanimous consent that Amendment No. 15 be adopted.

Objection was heard and withdrawn. There being no further objection, Amendment No. 15 was adopted, and the new title follows:

CS FOR HOUSE BILL NO. 2001(FIN) am

"An Act relating to the production tax on oil and gas and to conservation surcharges on oil; providing a limit on the amount of tax that may be levied on the production of certain gas that is produced outside of the Cook Inlet sedimentary basin; relating to the sharing between agencies of certain information relating to the production tax and to oil and gas or gas only leases; expanding the period in which the Department of Revenue may assess the amount of oil and gas production tax and conservation surcharges; prohibiting a producer or explorer from receiving tax credits if certain judgments are not satisfied and requiring, as a condition of receiving the tax credits, the deposit of the amount of certain unpaid judgments and certain interest on those judgments in the court during an appeal and relating to that interest; relating to state oil and gas audit masters; making conforming amendments; and providing for an effective date."

Amendment No. 16 was offered by Representative Seaton:

Page 2, line 15:

Delete "sec. 46"

Insert "sec. 47"

Page 37, lines 28 - 31:

Delete all material and insert:

"(2) an activity **must be physically located in the state**  
[DOES NOT NEED TO BE PHYSICALLY LOCATED ON,  
NEAR, OR WITHIN THE PREMISES OF THE LEASE OR  
PROPERTY WITHIN WHICH AN OIL OR GAS DEPOSIT  
BEING EXPLORED FOR, DEVELOPED, OR PRODUCED IS  
LOCATED] in order for the cost of the activity to be a cost  
upstream of the point of production of the oil or gas;"

Page 38, following line 13:

Insert a new bill section to read:

"\* **Sec. 46.** AS 43.55.165(b), as amended by sec. 45 of this Act, is amended to read:

(b) For purposes of (a) of this section,

(1) direct costs include

(A) an expenditure, when incurred, to acquire an item if the acquisition cost is otherwise a direct cost, notwithstanding that the expenditure may be required to be capitalized rather than treated as an expense for financial accounting or federal income tax purposes;

(B) payments of or in lieu of property taxes, sales and use taxes, motor fuel taxes, and excise taxes;

(2) an activity must be physically located **on the premises of the lease or property from which oil or gas is recovered** [IN THE STATE] in order for the cost of the activity to be a cost upstream of the point of production of the oil or gas;

(3) in determining whether costs are lease expenditures, the department may consider, among other factors, the

(A) typical industry practices and standards in the state that determine the costs, other than items listed in (e) of this section, that an operator is allowed to bill a producer that is not the operator, under unit operating agreements or similar operating agreements that were in effect before December 2,

2005, and were subject to negotiation with at least one producer with substantial bargaining power, other than the operator; and

(B) standards adopted by the Department of Natural Resources that determine the costs, other than items listed in (e) of this section, that a lessee is allowed to deduct from revenue in calculating net profits under a lease issued under AS 38.05.180(f)(3)(B), (D), or (E)."

Renumber the following bill sections accordingly.

Page 43, line 27:

Delete "42 - 48, and 51"

Insert "42 - 45, 47 - 49, and 52"

Page 44, following line 14:

Insert a new subsection to read:

"(h) AS 43.55.165(b), as amended by sec. 45 of this Act, applies to oil and gas produced after March 31, 2006."

Page 44, line 31, following "leases,":

Insert "or AS 43.55.165(b), as amended by sec. 45 of this Act,"

Page 45, following line 8:

Insert new bill sections to read:

"\* **Sec. 57.** The uncodified law of the State of Alaska is amended by adding a new section to read:

RETROACTIVITY. Section 45 of this Act is retroactive to April 1, 2006.

\* **Sec. 58.** The uncodified law of the State of Alaska is amended by adding a new section to read:

CONTINGENT EFFECT. Section 46 of this Act takes effect only if a court of competent jurisdiction enters a final judgment on the merits, the final judgment is no longer subject to appeal, and the final judgment nullifies the effect of AS 43.55.165(b), as amended by sec. 45 of this Act.

\* **Sec. 59.** If sec. 46 of this Act takes effect, it takes effect on the day after the last day on which the final judgment described in sec. 58 of this Act is no longer subject to appeal."

Renumber the following bill sections accordingly.

Page 45, line 9:

Delete "42 - 48, and 51"

Insert "42 - 45, 47 - 49, and 52"

Page 45, line 10:

Delete "sec. 56"

Insert "secs. 59 and 60"

Representative Seaton moved and asked unanimous consent that Amendment No. 16 be adopted.

Representative Fairclough objected.

The question being: "Shall Amendment No. 16 be adopted?" The roll was taken with the following result:

CSHB 2001(FIN) am

Second Reading

Amendment No. 16

**YEAS: 20 NAYS: 20 EXCUSED: 0 ABSENT: 0**

Yeas: Buch, Cissna, Crawford, Doll, Doogan, Edgmon, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Harris, Kawasaki, Kerttula, LeDoux, Lynn, Nelson, Salmon, Seaton, Wilson

Nays: Chenault, Coghill, Dahlstrom, Fairclough, Foster, Hawker, Holmes, Johansen, Johnson, Joule, Keller, Kelly, Meyer, Neuman, Olson, Ramras, Roses, Samuels, Stoltze, Thomas

And so, Amendment No. 16 was not adopted.

Representative Wilson moved and asked unanimous consent that the House rescind previous action in adopting Amendment No. 1.

There being no objection, it was so ordered.

Amendment No. 1 was again before the House (page 1634).

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

CSHB 2001(FIN) am  
Second Reading  
Amendment No. 1

**YEAS: 21 NAYS: 19 EXCUSED: 0 ABSENT: 0**

Yeas: Buch, Cissna, Crawford, Doll, Doogan, Edgmon, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Holmes, Joule, Kawasaki, Keller, Kerttula, LeDoux, Lynn, Nelson, Salmon, Thomas

Nays: Chenault, Coghill, Dahlstrom, Fairclough, Foster, Harris, Hawker, Johansen, Johnson, Kelly, Meyer, Neuman, Olson, Ramras, Roses, Samuels, Seaton, Stoltze, Wilson

And so, Amendment No. 1 was adopted.

Amendment No. 17 was offered by Representatives Kelly and Stoltze:

Page 43, line 24:

Delete "and 43.55.165(d)"

Insert ", 43.55.165(d), and 43.55.180"

Page 45, following line 8:

Insert a new bill section to read:

"\* **Sec. 56.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REVISOR'S INSTRUCTION. In the following statute sections, the revisor of statutes shall substitute the spanned reference

(1) "AS 43.55.011 - 43.55.170" for the spanned reference "AS 43.55.011 - 43.55.180": AS 43.55.020(e), 43.55.080, 43.55.135, 43.55.150(a), 43.55.201(c), and 43.55.300(c);

(2) "AS 43.55.017 - 43.55.170" for the spanned reference "AS 43.55.017 - 43.55.180": AS 43.55.023(g)."

Renumber the following bill sections accordingly.

Page 45, line 10:

Delete "sec. 56"

Insert "sec. 57"

Representative Kelly moved and asked unanimous consent that Amendment No. 17 be adopted.

Representative Ramras objected.

The question being: "Shall Amendment No. 17 be adopted?" The roll was taken with the following result:

CSHB 2001(FIN) am

Second Reading

Amendment No. 17

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

Yeas: Buch, Cissna, Coghill, Crawford, Dahlstrom, Doll, Doogan, Edgmon, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Harris, Holmes, Joule, Kawasaki, Keller, Kelly, Kerttula, LeDoux, Lynn, Nelson, Salmon, Seaton, Stoltze, Thomas

Nays: Chenault, Fairclough, Foster, Hawker, Johansen, Johnson, Meyer, Neuman, Olson, Ramras, Roses, Samuels, Wilson

And so, Amendment No. 17 was adopted.

Representative Samuels moved and asked unanimous consent that CSHB 2001(FIN) am be considered engrossed, advanced to third reading, and placed on final passage. There being no objection, it was so ordered.

CSHB 2001(FIN) am was read the third time.

The question being: "Shall CSHB 2001(FIN) am pass the House?"  
The roll was taken with the following result:

CSHB 2001(FIN) am

Third Reading

Final Passage

**YEAS: 28 NAYS: 12 EXCUSED: 0 ABSENT: 0**

Yeas: Buch, Cissna, Coghill, Dahlstrom, Doll, Doogan, Edgmon, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Harris, Holmes, Joule, Kawasaki, Keller, Kelly, Kerttula, LeDoux, Lynn, Nelson, Neuman, Salmon, Seaton, Stoltze, Thomas, Wilson

Nays: Chenault, Crawford, Fairclough, Foster, Hawker, Johansen, Johnson, Meyer, Olson, Ramras, Roses, Samuels

And so, CSHB 2001(FIN) am passed the House.

Representative Samuels 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. There being no objection, it was so ordered.

Representative Kerttula gave notice of reconsideration of the vote on CSHB 2001(FIN) am.

### RECONSIDERATION

#### HB 2001

Representative Kerttula moved and asked unanimous consent that reconsideration of CSHB 2001(FIN) am be taken up on the same day. There being no objection, it was so ordered.

CSHB 2001(FIN) am was again before the House in third reading.

The question to be reconsidered: "Shall CSHB 2001(FIN) am pass the House?" The roll was taken with the following result:

CSHB 2001(FIN) am--RECONSIDERATION

Third Reading

Final Passage

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

Yeas: Buch, Cissna, Coghill, Dahlstrom, Doll, Doogan, Edgmon, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Harris, Holmes, Joule, Kawasaki, Keller, Kelly, Kerttula, LeDoux, Lynn, Nelson, Neuman, Salmon, Seaton, Stoltze, Thomas

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Nays: Chenault, Crawford, Fairclough, Foster, Hawker, Johansen, Johnson, Meyer, Olson, Ramras, Roses, Samuels, Wilson

And so, CSHB 2001(FIN) am passed the House on reconsideration.

Representative Samuels 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. There being no objection, it was so ordered.

CSHB 2001(FIN) am was referred to the Chief Clerk for engrossment.

### **UNFINISHED BUSINESS**

Representative Samuels moved and asked unanimous consent that the following members be excused from a call of the House. There being no objection, the members were excused as noted:

Representative Gardner - from noon, November 22 to noon, December 7

Representative Guttenberg - from 7:00 a.m., November 17 to evening plane time, November 23; and from 8:00 a.m., December 4 to midnight, December 13

Representative Samuels - from 6:00 a.m., December 11 to evening plane time, December 16

Representative Nelson - from 8:00 a.m., November 13 to 4:00 p.m., November 15

### **SPECIAL ORDER OF BUSINESS**

Representative Samuels moved and asked unanimous consent that the notice and publication requirements be waived and the citation, In Memoriam - Representative Thelma Garcia Buchholdt, be taken up as a Special Order of Business. There being no objection, it was so ordered.

Representative Samuels moved and asked unanimous consent that the House approve the citation. There being no objection, the following citation was approved and sent to enrolling:

In Memoriam - Representative Thelma Garcia Buchholdt

By Representatives Holmes, LeDoux, Harris, Chenault, Cissna, Coghill, Crawford, Dahlstrom, Doll, Doogan, Edgmon, Fairclough, Foster, Gara, Gardner, Gatto, Gruenberg, Guttenberg, Hawker, Johansen, Johnson, Joule, Kawasaki, Keller, Kerttula, Lynn, Meyer, Nelson, Neuman, Olson, Ramras, Roses, Salmon, Samuels, Seaton, Stoltze, Thomas, Wilson; Senator French

### **UNFINISHED BUSINESS**

#### **HB 41**

Representative Buch added his name as cosponsor to:

HOUSE BILL NO. 41

"An Act returning certain duties regarding habitat management from the Department of Natural Resources to the Department of Fish and Game; and providing for an effective date."

### **ENGROSSMENT**

#### **HB 2001**

CShB 2001(FIN) am was engrossed and signed by the Speaker and Chief Clerk.

### **ANNOUNCEMENTS**

House committee schedules are published daily under separate cover.

### **ADJOURNMENT**

Representative Samuels moved and asked unanimous consent that the House adjourn until 10:00 a.m., November 15, 2007. There being no objection, the House adjourned at 10:02 p.m.

Suzi Lowell  
Chief Clerk