

AMENDMENT #2

OFFERED IN THE HOUSE
TO: CSHB 110(FIN)

BY REPRESENTATIVE MILLER

1 Page 3, lines 3 - 21:

2 Delete all material and insert:

3 **** Sec. 6. AS 43.55.011(e) is amended to read:**

4 (e) There is levied on the producer of oil or gas a tax for all oil and gas
5 produced each calendar year from each lease or property in the state, less any oil and
6 gas the ownership or right to which is exempt from taxation or constitutes a
7 landowner's royalty interest. Except as otherwise provided under (f), (j), (k), and (o) of
8 this section,

9 **(1) and except as provided in (2) of this subsection,** the tax is equal
10 to the sum of [(1)] the annual production tax value of the taxable oil and gas

11 **(A) produced from a lease or property not described in (B)**
12 **of this paragraph** as calculated under AS 43.55.160(a)(1) multiplied by 25
13 percent, **and the sum, over all months of the calendar year, of the tax**
14 **amounts determined under (g)(1) of this section;** and

15 **(B) produced during the first seven consecutive years after**
16 **the start of sustained production or produced during the first seven years**
17 **after the effective date of this bill section, whichever is later, from a lease**
18 **or property containing land that was not or previously had not been**
19 **within a unit or in commercial production as of December 31, 2008, as**
20 **calculated under AS 43.55.160(a)(1) multiplied by 15 percent, and [(2)] the**
21 sum, over all months of the calendar year, of the tax amounts determined under
22 **(g)(2) [(g)] of this section;**

23 **(2) the tax is equal to the annual production tax value of the**

1 taxable oil and gas as calculated under AS 43.55.160(a)(1) multiplied by 25
 2 percent added to the sum, over all months of the calendar year, of the tax
 3 amounts determined under (g)(3) of this section, for a producer that

4 (A) produces oil or gas after December 31, 2016, and before
 5 January 1, 2018, and produced or whose predecessor produced oil or gas
 6 after December 31, 2009, and before January 1, 2011, but produced less
 7 than 10 percent more oil or gas during the period after December 31,
 8 2016, and before January 1, 2018, than the producer or the predecessor to
 9 the producer produced after December 31, 2009, and before January 1,
 10 2011; or

11 (B) is not included in (A) of this paragraph and produces oil
 12 or gas after December 31, 2016, or a producer described in (A) of this
 13 paragraph that produces oil or gas after December 31, 2017, but fails to
 14 produce two percent more oil or gas than the person or the predecessor to
 15 the person produced during the immediately preceding calendar year."

16
 17 Page 3, line 26:

18 Delete "(e)(1)"

19 Insert "(e)(1)(A)"

20
 21 Page 5, line 26:

22 Delete "(e)(2)"

23 Insert "(e)(1)(B)"

24
 25 Page 7, line 25, following "\$92.50":

26 Insert ";

27 (3) of (e)(2) of this section is determined by multiplying the monthly
 28 production tax value of the taxable oil and gas produced during the month by the tax
 29 rate calculated as follows:

30 (A) if the producer's average monthly production tax value of a
 31 BTU equivalent barrel of the taxable oil and gas for the month is not more than

1 \$92.50, the tax rate is 0.4 percent multiplied by the number that represents the
2 difference between that average monthly production tax value of a BTU
3 equivalent barrel and \$30; or

4 (B) if the producer's average monthly production tax value of a
5 BTU equivalent barrel of the taxable oil and gas for the month is more than
6 \$92.50, the tax rate is the sum of 25 percent and the product of 0.1 percent
7 multiplied by the number that represents the difference between the average
8 monthly production tax value of a BTU equivalent barrel and \$92.50, except
9 that the sum determined under this subparagraph may not exceed 50 percent"

10
11 Page 7, following line 25:

12 Insert a new bill section to read:

13 "*** Sec. 8.** AS 43.55.011 is amended by adding a new subsection to read:

14 (p) For purposes of (e) of this section,

15 (1) "sustained production" has the meaning given in AS 43.55.025(I);

16 and

17 (2) production during the applicable periods is measured in BTU
18 equivalent barrels."

19
20 Renumber the following bill sections accordingly.

21
22 Page 20, line 6:

23 Delete "Sections 10 - 12, 14, 16, and 28"

24 Insert "Sections 11 - 13, 15, 17, and 29"

25
26 Page 20, line 8:

27 Delete "Sections 6 - 8"

28 Insert "AS 43.55.011(e)(1), as enacted by sec. 6 of this Act, and secs. 7 - 9"

29
30 Page 20, following line 8:

31 Insert a new subsection to read:

1 (c) AS 43.55.011(e)(2), enacted by sec. 6 of this Act, applies to oil and gas
2 produced after December 31, 2016."

3

4 Reletter the following subsection accordingly.

5

6 Page 20, line 9:

7 Delete "Sections 15 and 17"

8 Insert "Sections 16 and 18"

9

10 Page 20, line 19:

11 Delete "Sections 10 - 12, 14, 16, 22, 23, and 28"

12 Insert "Sections 11 - 13, 15, 17, 23, 24, and 29"

13

14 Page 20, line 21:

15 Delete "Section 24"

16 Insert "Section 25"

17

18 Page 20, line 22:

19 Delete "Sections 6 - 8 and 29(b)"

20 Insert "Sections 6 - 9, 30(b), and 30(c)"

21

22 Page 20, line 23:

23 Delete "Sections 15, 17, and 29(c)"

24 Insert "Sections 16, 18, and 30(d)"

25

26 Page 20, line 24:

27 Delete "Sections 10 - 12, 14, 16, 22, 23, 28, 29(a), and 31"

28 Insert "Sections 11 - 13, 15, 17, 23, 24, 29, 30(a), and 32"

29

30 Page 20, line 26:

31 Delete "secs. 32 - 35"

1

Insert "secs. 33 - 36"