



AMENDMENT

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OFFERED IN THE HOUSE

TO: HCS CSSB 21(FIN)

1 Page 1, line 1, through page 2, line 2: (title amendment)

2 Delete all material and insert:

3 **""An Act relating to the oil and gas production tax; relating to oil and gas production**  
4 **tax credits; amending the minimum tax on oil and gas production; relating to the**  
5 **determination of the production tax value of oil and gas; relating to the financing of oil**  
6 **processing facilities on the North Slope by the Alaska Industrial Development and**  
7 **Export Authority; and providing for an effective date.""**

8

9 Page 2, line 4, through page 30, line 17:

10 Delete all material and insert:

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

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

17 (1) the annual production tax value of the taxable oil and gas as  
18 calculated under AS 43.55.160(a)(1), as adjusted by AS 43.55.162, multiplied by 25  
19 percent; and

20 (2) the sum, over all months of the calendar year, of the tax amounts  
21 determined under (g) of this section.

22 **\* Sec. 2.** AS 43.55.011(f) is repealed and reenacted to read:

23 (f) Except for oil and gas subject to (i) of this section and gas subject to (o) of

1 this section, the provisions of this subsection apply to oil and gas produced from each  
 2 lease or property within a unit or nonunitized reservoir that has cumulatively produced  
 3 1,000,000,000 BTU equivalent barrels of oil or gas by the close of the most recent  
 4 calendar year and from which the average daily oil and gas production from the unit or  
 5 nonunitized reservoir during the most recent calendar year exceeded 100,000 BTU  
 6 equivalent barrels. Notwithstanding any contrary provision of law, a producer may not  
 7 apply tax credits to reduce its total tax liability under (e) and (g) of this section for oil  
 8 and gas produced from all leases or properties within the unit or nonunitized reservoir  
 9 below 10 percent of the total gross value at the point of production of that oil and gas.  
 10 If the amount of tax calculated by multiplying the tax rates in (e) and (g) of this  
 11 section by the total production tax value of the oil and gas taxable under (e) and (g) of  
 12 this section produced from all of the producer's leases or properties within the unit or  
 13 nonunitized reservoir is less than 10 percent of the total gross value at the point of  
 14 production of that oil and gas, the tax levied by (e) and (g) of this section for that oil  
 15 and gas is equal to 10 percent of the total gross value at the point of production of that  
 16 oil and gas.

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

18 (g) For each month of the calendar year for which the producer's average  
 19 monthly production tax value under AS 43.55.160(a)(2) of a [PER] BTU equivalent  
 20 barrel of the taxable oil and gas is more than \$30, the amount of tax for purposes of  
 21 (e)(2) of this section is determined by multiplying the monthly production tax value of  
 22 the taxable oil and gas produced during the month, as adjusted by AS 43.55.162, by  
 23 the tax rate calculated as follows:

24 (1) if the producer's average monthly production tax value of a [PER]  
 25 BTU equivalent barrel of the taxable oil and gas for the month is not more than \$60  
 26 [\$92.50], the tax rate is 0.4 percent multiplied by the number that represents the  
 27 difference between that average monthly production tax value of a [PER] BTU  
 28 equivalent barrel and \$30; or

29 (2) if the producer's average monthly production tax value of a [PER]  
 30 BTU equivalent barrel of the taxable oil and gas for the month is more than \$60  
 31 [\$92.50], the tax rate is the sum of 12 [25] percent and the product of 0.25 [0.1]

1 percent multiplied by the number that represents the difference between the average  
 2 monthly production tax value of a [PER] BTU equivalent barrel and \$60 [\$92.50],  
 3 except that the sum determined under this paragraph may not exceed 30 [50] percent.

4 \* **Sec. 4.** AS 43.55.020(a) is amended to read:

5 (a) For a calendar year, a producer subject to tax under AS 43.55.011(e) - (i)  
 6 or (p) shall pay the tax as follows:

7 (1) an installment payment of the estimated tax levied by  
 8 AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each  
 9 month of the calendar year on the last day of the following month; except as otherwise  
 10 provided under (2) of this subsection, the amount of the installment payment is the  
 11 sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be  
 12 applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount  
 13 of the installment payment may not be less than zero:

14 (A) for oil and gas produced from leases or properties in the  
 15 state outside the Cook Inlet sedimentary basin but not subject to  
 16 AS 43.55.011(o) or (p), other than leases or properties subject to  
 17 AS 43.55.011(f), the greater of

18 (i) zero; or

19 (ii) the sum of 25 percent and the tax rate calculated for  
 20 the month under AS 43.55.011(g) multiplied by the remainder obtained  
 21 by subtracting 1/12 of the producer's adjusted lease expenditures for the  
 22 calendar year of production under AS 43.55.165 and 43.55.170 that are  
 23 deductible for the leases or properties under AS 43.55.160 and 1/12 of  
 24 the adjustment to production tax value for the calendar year under  
 25 AS 43.55.162 from the gross value at the point of production of the oil  
 26 and gas produced from the leases or properties during the month for  
 27 which the installment payment is calculated;

28 (B) for oil and gas produced from leases or properties subject  
 29 to AS 43.55.011(f), 10 percent of the gross value at the point of production  
 30 of that oil and gas [THE GREATEST OF

31 (i) ZERO;

1 (ii) ZERO PERCENT, ONE PERCENT, TWO  
 2 PERCENT, THREE PERCENT, OR FOUR PERCENT, AS  
 3 APPLICABLE, OF THE GROSS VALUE AT THE POINT OF  
 4 PRODUCTION OF THE OIL AND GAS PRODUCED FROM ALL  
 5 LEASES OR PROPERTIES DURING THE MONTH FOR WHICH  
 6 THE INSTALLMENT PAYMENT IS CALCULATED; OR

7 (iii) THE SUM OF 25 PERCENT AND THE TAX  
 8 RATE CALCULATED FOR THE MONTH UNDER AS 43.55.011(g)  
 9 MULTIPLIED BY THE REMAINDER OBTAINED BY  
 10 SUBTRACTING 1/12 OF THE PRODUCER'S ADJUSTED LEASE  
 11 EXPENDITURES FOR THE CALENDAR YEAR OF PRODUCTION  
 12 UNDER AS 43.55.165 AND 43.55.170 THAT ARE DEDUCTIBLE  
 13 FOR THOSE LEASES OR PROPERTIES UNDER AS 43.55.160  
 14 FROM THE GROSS VALUE AT THE POINT OF PRODUCTION  
 15 OF THE OIL AND GAS PRODUCED FROM THOSE LEASES OR  
 16 PROPERTIES DURING THE MONTH FOR WHICH THE  
 17 INSTALLMENT PAYMENT IS CALCULATED];

18 (C) for oil and gas produced from each lease or property  
 19 subject to AS 43.55.011(j), (k), (o), or (p), the greater of

20 (i) zero; or

21 (ii) the sum of 25 percent and the tax rate calculated for  
 22 the month under AS 43.55.011(g) multiplied by the remainder obtained  
 23 by subtracting 1/12 of the producer's adjusted lease expenditures for the  
 24 calendar year of production under AS 43.55.165 and 43.55.170 that are  
 25 deductible under AS 43.55.160 **and 1/12 of the adjustment to**  
 26 **production tax value for the calendar year under AS 43.55.162** for  
 27 oil or gas, **as applicable** [RESPECTIVELY], produced from the lease  
 28 or property from the gross value at the point of production of the oil or  
 29 gas, **as applicable** [RESPECTIVELY], produced from the lease or  
 30 property during the month for which the installment payment is  
 31 calculated;

1 (2) an amount calculated under (1)(C) of this subsection for oil or gas  
2 produced from a lease or property

3 (A) subject to AS 43.55.011(j), (k), or (o) may not exceed the  
4 product obtained by carrying out the calculation set out in AS 43.55.011(j)(1)  
5 or (2) or 43.55.011(o), as applicable, for gas or set out in AS 43.55.011(k)(1)  
6 or (2), as applicable, for oil, but substituting in AS 43.55.011(j)(1)(A) or (2)(A)  
7 or 43.55.011(o), as applicable, the amount of taxable gas produced during the  
8 month for the amount of taxable gas produced during the calendar year and  
9 substituting in AS 43.55.011(k)(1)(A) or (2)(A), as applicable, the amount of  
10 taxable oil produced during the month for the amount of taxable oil produced  
11 during the calendar year;

12 (B) subject to AS 43.55.011(p) may not exceed four percent of  
13 the gross value at the point of production of the oil or gas;

14 (3) an installment payment of the estimated tax levied by  
15 AS 43.55.011(i) for each lease or property is due for each month of the calendar year  
16 on the last day of the following month; the amount of the installment payment is the  
17 sum of

18 (A) the applicable tax rate for oil provided under  
19 AS 43.55.011(i), multiplied by the gross value at the point of production of the  
20 oil taxable under AS 43.55.011(i) and produced from the lease or property  
21 during the month; and

22 (B) the applicable tax rate for gas provided under  
23 AS 43.55.011(i), multiplied by the gross value at the point of production of the  
24 gas taxable under AS 43.55.011(i) and produced from the lease or property  
25 during the month;

26 (4) any amount of tax levied by AS 43.55.011(e) or (i), net of any  
27 credits applied as allowed by law, that exceeds the total of the amounts due as  
28 installment payments of estimated tax is due on March 31 of the year following the  
29 calendar year of production.

30 \* **Sec. 5.** AS 43.55.024(d) is amended to read:

31 (d) A producer may not take a tax credit under (c) of this section for any

1 calendar year after the later of

2 (1) 2022 [2016]; or

3 (2) if the producer did not have commercial oil or gas production from  
4 a lease or property in the state before April 1, 2006, the ninth calendar year after the  
5 calendar year during which the producer first has commercial oil or gas production  
6 before May 1, 2016, from at least one lease or property in the state.

7 \* **Sec. 6.** AS 43.55 is amended by adding a new section to read:

8 **Sec. 43.55.026. Heavy oil research and development tax credit.** (a) A  
9 taxpayer may apply 20 percent of the taxpayer's expenditure attributable to this state  
10 for research and development related to improving methods of producing heavy oil in  
11 the state for the taxable year that exceeds the base amount, but not to exceed  
12 \$10,000,000, as a credit against the state tax liability imposed on the taxpayer under  
13 this chapter.

14 (b) Research and development expenditures in this section are attributable to  
15 this state if the research and development is being conducted in this state or the payroll  
16 of employees conducting the research and development is in this state. In this  
17 subsection, payroll of an employee is in this state if compensation is paid to an  
18 employee in this state and reported as paid in this state in the quarterly contribution  
19 report under AS 23.20 to the Department of Labor and Workforce Development.

20 (c) If the tax credit under this section exceeds the taxpayer's tax liability after  
21 other tax credits are taken under this chapter for the year in which the expenditure is  
22 incurred, the excess of the tax credit over the liability may be carried forward for up to  
23 seven years. If an unused credit is carried forward to a tax year from an earlier year,  
24 the credit arising in the earliest year is applied first against the tax liability for the year.

25 (d) A person may not claim a credit under this section for research and  
26 development expenditures that were deducted in the calculation of tax liability under  
27 AS 43.55.011(e).

28 (e) Each year, if three or more taxpayers claim the credit authorized under this  
29 section during the immediately preceding year, the department shall report to the  
30 legislature the number of taxpayers who claimed credits under this section in the prior  
31 year, the total cumulative amount of credits granted to all taxpayers under this section

1 for the prior tax year, a description of the research and development projects for which  
 2 the credit was granted, and the total cumulative number of employees conducting the  
 3 research and development for which all taxpayers claim the credit.

4 (f) The commissioner shall establish in regulation a method for apportioning  
 5 research expenditures of a producer related to heavy oil production in and outside of  
 6 the state. When developing the regulations, the commissioner may consider the  
 7 relative amounts of heavy oil the producer is seeking to produce in areas in and  
 8 outside of the state or consider another reasonable basis on which fairly to apportion  
 9 costs for research related to in-state oil production and oil produced outside of the  
 10 state.

11 (g) In this section, "base amount" means the average of research and  
 12 development expenditures related to improving methods of producing heavy oil and  
 13 attributable to this state for the three tax years immediately preceding the taxable year  
 14 for which the credit is being claimed.

15 \* **Sec. 7.** AS 43.55.030(a) is amended to read:

16 (a) A producer that produces oil or gas from a lease or property in the state  
 17 during a calendar year, whether or not any tax payment is due under AS 43.55.020(a)  
 18 for that oil or gas, shall file with the department on March 31 of the following year a  
 19 statement, under oath, in a form prescribed by the department, giving, with other  
 20 information required **by the department under a regulation adopted by the**  
 21 **department**, the following:

22 (1) a description of each lease or property from which oil or gas was  
 23 produced, by name, legal description, lease number, or accounting codes assigned by  
 24 the department;

25 (2) the names of the producer and, if different, the person paying the  
 26 tax, if any;

27 (3) the gross amount of oil and the gross amount of gas produced from  
 28 each lease or property, and the percentage of the gross amount of oil and gas owned by  
 29 the producer;

30 (4) the gross value at the point of production of the oil and of the gas  
 31 produced from each lease or property owned by the producer and the costs of

1 transportation of the oil and gas;

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

5 (6) the producer's qualified capital expenditures, as defined in  
6 AS 43.55.023, other lease expenditures under AS 43.55.165, and adjustments or other  
7 payments or credits under AS 43.55.170;

8 (7) the production tax values of the oil and gas under AS 43.55.160;

9 (8) any claims for tax credits to be applied; [AND]

10 (9) calculations showing the amounts, if any, that were or are due  
11 under AS 43.55.020(a) and interest on any underpayment or overpayment; **and**

12 **(10) for each expenditure that is the basis for a credit claimed**  
13 **under AS 43.55.023 or 43.55.025, a description of the expenditure, a detailed**  
14 **description of the purpose of the expenditure, and a description of the lease or**  
15 **property for which the expenditure was incurred; notwithstanding**  
16 **AS 40.25.100(a) and AS 43.05.230(a), information submitted under this**  
17 **paragraph may be disclosed to the public and shall be disclosed to the legislature**  
18 **in a report submitted within 10 days after the convening of the next regular**  
19 **legislative session following the date a statement is filed under this section.**

20 \* **Sec. 8.** AS 43.55.030(e) is amended to read:

21 (e) An explorer or producer that incurs a lease expenditure under  
22 AS 43.55.165 or receives a payment or credit under AS 43.55.170 during a calendar  
23 year but does not produce oil or gas from a lease or property in the state during the  
24 calendar year shall file with the department on March 31 of the following year a  
25 statement, under oath, in a form prescribed by the department, giving, with other  
26 information required **by the department under a regulation adopted by the**  
27 **department**, the following:

28 (1) the producer's qualified capital expenditures, as defined in  
29 AS 43.55.023, other lease expenditures under AS 43.55.165, and adjustments or other  
30 payments or credits under AS 43.55.170; [AND]

31 (2) if the explorer or producer receives a payment or credit under

1 AS 43.55.170, calculations showing whether the explorer or producer is liable for a  
2 tax under AS 43.55.160(d) or 43.55.170(b) and, if so, the amount; **and**

3 **(3) for each expenditure that is the basis for a credit claimed under**  
4 **this chapter, a description of the expenditure, a detailed description of the**  
5 **purpose of the expenditure, and a description of the lease or property for which**  
6 **the expenditure was incurred; notwithstanding AS 40.25.100(a) and**  
7 **AS 43.05.230(a), information submitted under this paragraph may be disclosed to**  
8 **the public and shall be disclosed to the legislature in a report submitted within 10**  
9 **days after the convening of the next regular legislative session following the date**  
10 **a statement is filed under this section.**

11 \* Sec. 9. AS 43.55.160(a) is amended to read:

12 (a) Except as provided in (b) of this section, **and subject to adjustment**  
13 **under AS 43.55.162,** for the purposes of

14 (1) AS 43.55.011(e), the annual production tax value of the taxable oil,  
15 gas, or oil and gas subject to this paragraph produced during a calendar year is the  
16 gross value at the point of production of the oil, gas, or oil and gas taxable under  
17 AS 43.55.011(e), less the producer's lease expenditures under AS 43.55.165 for the  
18 calendar year applicable to the oil, gas, or oil and gas, as applicable, produced by the  
19 producer from leases or properties, as adjusted under AS 43.55.170; this paragraph  
20 applies to

21 (A) oil and gas produced from leases or properties in the state  
22 that include land north of 68 degrees North latitude, other than gas produced  
23 before 2022 and used in the state;

24 (B) oil and gas produced from leases or properties in the state  
25 outside the Cook Inlet sedimentary basin, no part of which is north of 68  
26 degrees North latitude; this subparagraph does not apply to gas

27 (i) produced before 2022 and used in the state; or

28 (ii) oil and gas subject to AS 43.55.011(p);

29 (C) oil produced before 2022 from a lease or property in the  
30 Cook Inlet sedimentary basin;

31 (D) gas produced before 2022 from a lease or property in the

1 Cook Inlet sedimentary basin;

2 (E) gas produced before 2022 from a lease or property in the  
3 state outside the Cook Inlet sedimentary basin and used in the state;

4 (F) oil and gas subject to AS 43.55.011(p) produced from  
5 leases or properties in the state;

6 (G) oil and gas produced from a lease or property no part of  
7 which is north of 68 degrees North latitude, other than oil or gas described in  
8 (B), (C), (D), (E), or (F) of this paragraph;

9 (2) AS 43.55.011(g), the monthly production tax value of the taxable

10 (A) oil and gas produced during a month from leases or  
11 properties in the state that include land north of 68 degrees North latitude is the  
12 gross value at the point of production of the oil and gas taxable under  
13 AS 43.55.011(e) and produced by the producer from those leases or properties,  
14 less 1/12 of the producer's lease expenditures under AS 43.55.165 for the  
15 calendar year applicable to the oil and gas produced by the producer from  
16 those leases or properties, as adjusted under AS 43.55.170; this subparagraph  
17 does not apply to gas subject to AS 43.55.011(o);

18 (B) oil and gas produced during a month from leases or  
19 properties in the state outside the Cook Inlet sedimentary basin, no part of  
20 which is north of 68 degrees North latitude, is the gross value at the point of  
21 production of the oil and gas taxable under AS 43.55.011(e) and produced by  
22 the producer from those leases or properties, less 1/12 of the producer's lease  
23 expenditures under AS 43.55.165 for the calendar year applicable to the oil and  
24 gas produced by the producer from those leases or properties, as adjusted under  
25 AS 43.55.170; this subparagraph does not apply to gas subject to  
26 AS 43.55.011(o);

27 (C) oil produced during a month from a lease or property in the  
28 Cook Inlet sedimentary basin is the gross value at the point of production of  
29 the oil taxable under AS 43.55.011(e) and produced by the producer from that  
30 lease or property, less 1/12 of the producer's lease expenditures under  
31 AS 43.55.165 for the calendar year applicable to the oil produced by the

1 producer from that lease or property, as adjusted under AS 43.55.170;

2 (D) gas produced during a month from a lease or property in  
3 the Cook Inlet sedimentary basin is the gross value at the point of production  
4 of the gas taxable under AS 43.55.011(e) and produced by the producer from  
5 that lease or property, less 1/12 of the producer's lease expenditures under  
6 AS 43.55.165 for the calendar year applicable to the gas produced by the  
7 producer from that lease or property, as adjusted under AS 43.55.170;

8 (E) gas produced during a month from a lease or property  
9 outside the Cook Inlet sedimentary basin and used in the state is the gross  
10 value at the point of production of that gas taxable under AS 43.55.011(e) and  
11 produced by the producer from that lease or property, less 1/12 of the  
12 producer's lease expenditures under AS 43.55.165 for the calendar year  
13 applicable to that gas produced by the producer from that lease or property, as  
14 adjusted under AS 43.55.170.

15 \* **Sec. 10.** AS 43.55 is amended by adding a new section to read:

16 **Sec. 43.55.162. Adjustments to production tax value.** (a) The annual  
17 production tax value of oil produced from a lease or property north of 68 degrees  
18 North latitude by the producer is reduced, during the first seven consecutive years  
19 after the start of commercial production by 20 percent of the gross value at the point of  
20 production of oil produced during the calendar year. This subsection does not apply to  
21 a lease or property that

22 (1) was in commercial production before January 1, 2007;

23 (2) is located within a unit area that has never had commercial  
24 production; or

25 (3) is located within a unit for more than 20 years before the first  
26 commercial production on the lease or property.

27 (b) The annual production tax value of oil or gas produced by a producer is  
28 reduced during the first five consecutive years after the start of commercial production  
29 by 10 percent if the oil or gas is produced from a participating area established after  
30 December 31, 2012, that is within a unit formed under AS 38.05.180(p) before  
31 January 1, 2003, if the participating area does not contain a reservoir that had

1 previously been in a participating area established before January 1, 2012. This  
2 subsection does not apply to production from a lease or property located within a unit  
3 for more than 20 years before the first commercial production on the lease or property.

4 (c) The annual production tax value of heavy oil produced by a producer is  
5 reduced by 10 percent of the gross value at the point of production of heavy oil  
6 produced, for the calendar year, from a lease or property that is located within a unit  
7 area existing on January 1, 2014.

8 (d) For a calendar year after 2012, the annual production tax value of oil  
9 produced by a producer that produced oil in 2012 is reduced by 10 percent of the gross  
10 value at the point of production of the volume of oil produced during the calendar year  
11 in excess of the total volume produced by the producer in 2012. The volume of oil  
12 produced by a producer in 2012 is the average daily statewide production of the  
13 producer, excluding from the calculation the days on which production is significantly  
14 reduced, multiplied by the number of days in the calendar year. For the purposes of  
15 this subsection, production is significantly reduced when the production volume of oil  
16 for the day is less than one-half of the quotient of the total volume of oil production  
17 that is produced by the producer for the year and the number of days in the calendar  
18 year. A producer that increases its volume of production through the purchase, merger,  
19 or other acquisition of another producer is the sum of the producer's total target  
20 volume and the total target volume for the producer that is purchased, merged with, or  
21 otherwise acquired; however, if the producer that is purchased, merged with, or  
22 otherwise acquired did not have a target volume determined under this section, the  
23 volume of the increased production that is attributable to the purchase, merger, or  
24 other acquisition may not be considered for the purpose of determining whether the  
25 producer that acquired the additional production has increased the volume of  
26 production above its target volume.

27 (e) A reduction in production tax value provided by this section may not be  
28 combined with any other reduction in production tax value provided by this section in  
29 the same year. Oil or gas from a lease or property that produces oil or gas that results  
30 in a production tax reduction under (a) of this section is ineligible for a production tax  
31 reduction under (b) and (c) of this section and may not be used in the calculation of

1 production volume under (d) of this section.

2 (f) A reduction in production tax value provided by this section may not  
3 reduce the production tax value of a producer below zero.

4 (g) The rate of tax under AS 43.55.011(g) shall be determined before the  
5 application of the adjustment provided by this section.

6 (h) In this section,

7 (1) "commercial production" means the production of oil for the  
8 purpose of sale or other beneficial use, except when the sale or beneficial use is  
9 incidental to the testing of an unproved well or unproved completion interval;

10 (2) "participating area" means that part of an oil and gas lease unit to  
11 which production is allocated in the manner described in a unit agreement.

12 \* **Sec. 11.** AS 43.55.990 is amended by adding a new paragraph to read:

13 (14) "heavy oil" means oil with an American Petroleum Institute  
14 gravity of less than 18 degrees.

15 \* **Sec. 12.** AS 44.88.140(a) is amended to read:

16 (a) Except as provided in AS 29.45.030(a)(1) **and AS 44.88.168**, the real and  
17 personal property of the authority and its assets, income, and receipts are declared to  
18 be the property of a political subdivision of the state and, together with any project or  
19 development project financed under AS 44.88.155 - 44.88.159 or 44.88.172 -  
20 44.88.177, and a leasehold interest created in a project or development project  
21 financed under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, devoted to an  
22 essential public and governmental function and purpose, and the property, assets,  
23 income, receipts, project, development project, and leasehold interests shall be exempt  
24 from all taxes and special assessments of the state or a political subdivision of the  
25 state, including, without limitation, all boroughs, cities, municipalities, school  
26 districts, public utility districts, and other taxing units. All bonds of the authority are  
27 declared to be issued by a political subdivision of the state and for an essential public  
28 and governmental purpose and to be a public instrumentality, and the bonds, and the  
29 interest on them, the income from them and the transfer of the bonds, and all assets,  
30 income, and receipts pledged to pay or secure the payments of the bonds, or interest on  
31 them, shall at all times be exempt from taxation by or under the authority of the state,

1 except for inheritance and estate taxes and taxes on transfers by or in contemplation of  
 2 death. Nothing in this section affects or limits an exemption from license fees,  
 3 property taxes, or excise, income, or any other taxes, provided under any other law,  
 4 nor does it create a tax exemption with respect to the interest of any business  
 5 enterprise or other person, other than the authority, in any property, assets, income,  
 6 receipts, project, development project, or lease whether or not financed under this  
 7 chapter. By January 10 of each year, the authority shall submit to the governor a report  
 8 describing the nature and extent of the tax exemption of the property, assets, income,  
 9 receipts, project, development project, and leasehold interests of the authority under  
 10 this section. The authority shall notify the legislature that the report is available.

11 \* **Sec. 13.** AS 44.88 is amended by adding a new section to read:

12 **Sec. 44.88.168. Oil and gas infrastructure fund.** (a) The oil and gas  
 13 infrastructure fund is established in the authority. The oil and gas infrastructure fund  
 14 consists of money appropriated to the authority for deposit in the fund, and money  
 15 deposited in the fund by the authority. The fund is not an account in the revolving loan  
 16 fund established in AS 44.88.060, and the authority shall account for the fund  
 17 separately from the revolving fund. Money in the fund may be used to finance the  
 18 construction and improvement of an oil or gas processing facility on the North Slope  
 19 and flow lines and other surface infrastructure for the facility.

20 (b) Notwithstanding AS 44.88.140, the state or a political subdivision of the  
 21 state may levy a tax or special assessment on an oil or gas processing facility, flow  
 22 lines, and other surface infrastructure for the facility financed by the oil and gas  
 23 infrastructure fund.

24 (c) In this section, "North Slope" means that area of the state lying north of 68  
 25 degrees North latitude.

26 \* **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to  
 27 read:

28 **LEGISLATIVE APPROVAL; NORTH SLOPE OIL OR GAS PROCESSING**  
 29 **FACILITY.** (a) The Alaska Industrial Development and Export Authority may issue bonds to  
 30 finance the construction and improvement of an oil or gas processing facility on the Alaska  
 31 North Slope and flow lines and other surface infrastructure for the facility. The processing

1 facility, flow lines, and other surface infrastructure for the facility shall be used to secure  
2 bonds issued under this section. The principal amount of the bonds provided by the authority  
3 for the facility, flow lines, and other surface infrastructure may not exceed \$200,000,000 and  
4 may include the costs of funding reserves and other costs of issuing the bonds that the  
5 authority considers reasonable and appropriate. Notwithstanding AS 44.88.140, an oil or gas  
6 processing facility, flow lines, and other surface infrastructure for the facility constructed or  
7 financed by the oil and gas infrastructure fund are subject to taxes and special assessments of  
8 the state or a political subdivision of the state.

9 (b) This section constitutes the legislative approval required by AS 44.88.095(g) and  
10 44.88.690.

11 (c) The prohibition on the issuance of bonds in an amount exceeding \$400,000,000  
12 under AS 44.88.095 does not apply to bonds issued under this section, and the principal  
13 amount of bonds issued under this section may not be considered in determining whether the  
14 limit in AS 44.88.095 has been reached.

15 \* **Sec. 15.** This Act takes effect January 1, 2014."