

AMENDMENT #11

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OFFERED IN THE HOUSE

TO: HCS CSSB 21(FIN), Draft Version "M"

- 1 Page 1, line 5:
- 2 Delete "rate"
- 3 Insert "rates"
- 4
- 5 Page 2, line 1:
- 6 Delete "and"
- 7
- 8 Page 2, line 2, following "amendments":
- 9 Insert "; and providing for an effective date"

- 10
- 11 Page 2, following line 11:

Insert a new bill section to read:

"* **Sec. 2.** AS 29.60.850(b), as amended by sec. 1 of this Act, is amended to read:

(b) Each fiscal year, the legislature may appropriate to the community revenue sharing fund an amount equal to 20 percent of the money received by the state during the previous calendar year under AS 43.55.011(g) [AS 43.20.030(c)]. The amount may not exceed

(1) \$60,000,000; or

(2) the amount that, when added to the fund balance on June 30 of the previous fiscal year, equals \$180,000,000."

Renumber the following bill sections accordingly.

23

1 Page 4, following line 20:

2 Insert a new bill section to read:

3 **"* Sec. 6.** AS 43.55.011(e), as amended by sec. 5 of this Act, is repealed and reenacted to
4 read:

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

10 (1) the annual production tax value of the taxable oil and gas as
11 calculated under AS 43.55.160(a)(1) multiplied by 25 percent; and

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

14

15 Renumber the following bill sections accordingly.

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17 Page 5, following line 7:

18 Insert a new bill section to read:

19 **"* Sec. 8.** AS 43.55.011(g), as amended by sec. 7 of this Act, is repealed and reenacted to
20 read:

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

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

30 (2) if the producer's average monthly production tax value of a BTU
31 equivalent barrel of the taxable oil and gas for the month is more than \$92.50, the tax

1 rate is the sum of 25 percent and the product of 0.1 percent multiplied by the number
2 that represents the difference between the average monthly production tax value of a
3 BTU equivalent barrel and \$92.50, except that the sum determined under this
4 paragraph may not exceed 50 percent."
5

6 Renumber the following bill sections accordingly.7

8 Page 5, following line 30:

9 Insert a new bill section to read:

10 **** Sec. 11.** AS 43.55.011(o), as amended by sec. 10 of this Act, is amended to read:

11 (o) Notwithstanding other provisions of this section, for a calendar year before
12 2022, the tax levied under (e) of this section for each 1,000 cubic feet of gas for gas
13 produced from a lease or property outside the Cook Inlet sedimentary basin and used
14 in the state [, OTHER THAN GAS SUBJECT TO (p) OF THIS SECTION,] may not
15 exceed the amount of tax for each 1,000 cubic feet of gas that is determined under
16 (j)(2) of this section."
17

18 Renumber the following bill sections accordingly.
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20 Page 11, following line 17:

21 Insert a new bill section to read:

22 **** Sec. 14.** AS 43.55.020(a), as amended by sec. 13 of this Act, is repealed and reenacted to
23 read:

24 (a) For a calendar year, a producer subject to tax under AS 43.55.011(e), (f),
25 (g), (h), (i), or (p) shall pay the tax as follows:

26 (1) an installment payment of the estimated tax levied by
27 AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each
28 month of the calendar year on the last day of the following month; except as otherwise
29 provided under (2) of this subsection, the amount of the installment payment is the
30 sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be
31 applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount

1 of the installment payment may not be less than zero:

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

6 (i) zero; or

7 (ii) the sum of 25 percent and the tax rate calculated for
8 the month under AS 43.55.011(g) multiplied by the remainder obtained
9 by subtracting 1/12 of the producer's adjusted lease expenditures for the
10 calendar year of production under AS 43.55.165 and 43.55.170 that are
11 deductible for the leases or properties under AS 43.55.160 from the
12 gross value at the point of production of the oil and gas produced from
13 the leases or properties during the month for which the installment
14 payment is calculated;

15 (B) for oil and gas produced from leases or properties subject
16 to AS 43.55.011(f), the greatest of

17 (i) zero;

18 (ii) zero percent, one percent, two percent, three
19 percent, or four percent, as applicable, of the gross value at the point of
20 production of the oil and gas produced from all leases or properties
21 during the month for which the installment payment is calculated; or

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

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

1 (i) zero; or

2 (ii) the sum of 25 percent and the tax rate calculated for
3 the month under AS 43.55.011(g) multiplied by the remainder obtained
4 by subtracting 1/12 of the producer's adjusted lease expenditures for the
5 calendar year of production under AS 43.55.165 and 43.55.170 that are
6 deductible under AS 43.55.160 for oil or gas, respectively, produced
7 from the lease or property from the gross value at the point of
8 production of the oil or gas, respectively, produced from the lease or
9 property during the month for which the installment payment is
10 calculated;

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

13 (A) subject to AS 43.55.011(j), (k), or (o) may not exceed the
14 product obtained by carrying out the calculation set out in AS 43.55.011(j)(1)
15 or (2) or 43.55.011(o), as applicable, for gas or set out in AS 43.55.011(k)(1)
16 or (2), as applicable, for oil, but substituting in AS 43.55.011(j)(1)(A) or (2)(A)
17 or 43.55.011(o), as applicable, the amount of taxable gas produced during the
18 month for the amount of taxable gas produced during the calendar year and
19 substituting in AS 43.55.011(k)(1)(A) or (2)(A), as applicable, the amount of
20 taxable oil produced during the month for the amount of taxable oil produced
21 during the calendar year;

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

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

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

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

5 (4) any amount of tax levied by AS 43.55.011(e) or (i), net of any
 6 credits applied as allowed by law, that exceeds the total of the amounts due as
 7 installment payments of estimated tax is due on March 31 of the year following the
 8 calendar year of production."
 9

10 Renumber the following bill sections accordingly.

11
 12 Page 12, following line 5:

13 Insert a new bill section to read:

14 **"* Sec. 16.** AS 43.55.020(d), as amended by sec. 15 of this Act, is repealed and reenacted to
 15 read:

16 (d) In making settlement with the royalty owner for oil and gas that is taxable
 17 under AS 43.55.011, the producer may deduct the amount of the tax paid on taxable
 18 royalty oil and gas, or may deduct taxable royalty oil or gas equivalent in value at the
 19 time the tax becomes due to the amount of the tax paid. If the total deductions of
 20 installment payments of estimated tax for a calendar year exceed the actual tax for that
 21 calendar year, the producer shall, before April 1 of the following year, refund the
 22 excess to the royalty owner. Unless otherwise agreed between the producer and the
 23 royalty owner, the amount of the tax paid under AS 43.55.011(e), (f), and (g) on
 24 taxable royalty oil and gas for a calendar year, other than oil and gas the ownership or
 25 right to which constitutes a landowner's royalty interest, is considered to be the gross
 26 value at the point of production of the taxable royalty oil and gas produced during the
 27 calendar year multiplied by a figure that is a quotient, in which

28 (1) the numerator is the producer's total tax liability under
 29 AS 43.55.011(e), (f), and (g) for the calendar year of production; and

30 (2) the denominator is the total gross value at the point of production
 31 of the oil and gas taxable under AS 43.55.011(e), (f), and (g) produced by the producer

1 from all leases and properties in the state during the calendar year."

2
3 Renumber the following bill sections accordingly.

4
5 Page 14, following line 27:

6 Insert a new bill section to read:

7 **** Sec. 21.** AS 43.55.023(a), as amended by sec. 20 of this Act, is amended to read:

8 (a) A producer or explorer may take a tax credit for a qualified capital
9 expenditure as follows:

10 (1) notwithstanding that a qualified capital expenditure may be a
11 deductible lease expenditure for purposes of calculating the production tax value of oil
12 and gas under AS 43.55.160(a), unless a credit for that expenditure is taken under
13 AS 38.05.180(i), AS 41.09.010, AS 43.20.043, or AS 43.55.025, a producer or
14 explorer that incurs a qualified capital expenditure may also elect to apply a tax credit
15 against a tax levied by AS 43.55.011(e) in the amount of 20 percent of that
16 expenditure; **however, not more than half of the tax credit may be applied for a**
17 **single calendar year;**

18 (2) a producer or explorer may take a credit for a qualified capital
19 expenditure incurred in connection with geological or geophysical exploration or in
20 connection with an exploration well only if the producer or explorer

21 (A) agrees, in writing, to the applicable provisions of
22 AS 43.55.025(f)(2); and

23 (B) submits to the Department of Natural Resources all data
24 that would be required to be submitted under AS 43.55.025(f)(2) [;

25 (3) A CREDIT FOR A QUALIFIED CAPITAL EXPENDITURE
26 INCURRED TO EXPLORE FOR, DEVELOP, OR PRODUCE OIL OR GAS
27 DEPOSITS LOCATED NORTH OF 68 DEGREES NORTH LATITUDE MAY BE
28 TAKEN ONLY IF THE EXPENDITURE IS INCURRED BEFORE JANUARY 1,
29 2014]."

30
31 Renumber the following bill sections accordingly.

1

2 Page 15, following line 15:

3 Insert a new bill section to read:

4 **** Sec. 23.** AS 43.55.023(b), as amended by sec. 22 of this Act, is amended to read:

5 (b) A [BEFORE JANUARY 1, 2014, A] producer or explorer may elect to take
6 a tax credit in the amount of 25 percent of a carried-forward annual loss. [FOR
7 LEASE EXPENDITURES INCURRED ON AND AFTER JANUARY 1, 2014, AND
8 BEFORE JANUARY 1, 2016, TO EXPLORE FOR, DEVELOP, OR PRODUCE OIL
9 OR GAS DEPOSITS LOCATED NORTH OF 68 DEGREES NORTH LATITUDE,
10 A PRODUCER OR EXPLORER MAY ELECT TO TAKE A TAX CREDIT IN THE
11 AMOUNT OF 45 PERCENT OF A CARRIED-FORWARD ANNUAL LOSS. FOR
12 LEASE EXPENDITURES INCURRED ON AND AFTER JANUARY 1, 2016, TO
13 EXPLORE FOR, DEVELOP, OR PRODUCE OIL OR GAS DEPOSITS LOCATED
14 NORTH OF 68 DEGREES NORTH LATITUDE, A PRODUCER OR EXPLORER
15 MAY ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 35 PERCENT OF
16 A CARRIED-FORWARD ANNUAL LOSS. FOR LEASE EXPENDITURES
17 INCURRED ON OR AFTER JANUARY 1, 2014, TO EXPLORE FOR, DEVELOP,
18 OR PRODUCE OIL OR GAS DEPOSITS LOCATED SOUTH OF 68 DEGREES
19 NORTH LATITUDE, A PRODUCER OR EXPLORER MAY ELECT TO TAKE A
20 TAX CREDIT IN THE AMOUNT OF 25 PERCENT OF A CARRIED-FORWARD
21 ANNUAL LOSS.] A credit under this subsection may be applied against a tax levied
22 by AS 43.55.011(e). For purposes of this subsection, a carried-forward annual loss is
23 the amount of a producer's or explorer's adjusted lease expenditures under
24 AS 43.55.165 and 43.55.170 for a previous calendar year that was not deductible in
25 calculating production tax values for that calendar year under AS 43.55.160."

26

27 Renumber the following bill sections accordingly.

28

29 Page 16, following line 9:

30 Insert a new bill section to read:

31 **** Sec. 25.** AS 43.55.023(d), as amended by sec. 24 of this Act, is repealed and reenacted to

1 read:

2 (d) A person that is entitled to take a tax credit under this section that wishes
3 to transfer the unused credit to another person or obtain a cash payment under
4 AS 43.55.028 may apply to the department for transferable tax credit certificates. An
5 application under this subsection must be in a form prescribed by the department and
6 must include supporting information and documentation that the department
7 reasonably requires. The department shall grant or deny an application, or grant an
8 application as to a lesser amount than that claimed and deny it as to the excess, not
9 later than 120 days after the latest of the following: March 31 of the year following the
10 calendar year in which the qualified capital expenditure or carried-forward annual loss
11 for which the credit is claimed was incurred; the date the statement required under
12 AS 43.55.030(a) or (e) was filed for the calendar year in which the qualified capital
13 expenditure or carried-forward annual loss for which the credit is claimed was
14 incurred; or the date the application was received by the department. If, based on the
15 information then available to it, the department is reasonably satisfied that the
16 applicant is entitled to a credit, the department shall issue the applicant two
17 transferable tax credit certificates, each for half of the amount of the credit. The credit
18 shown on one of the two certificates is available for immediate use. The credit shown
19 on the second of the two certificates may not be applied against a tax for a calendar
20 year earlier than the calendar year following the calendar year in which the certificate
21 is issued, and the certificate must contain a conspicuous statement to that effect. A
22 certificate issued under this subsection does not expire."

23
24 Renumber the following bill sections accordingly.

25
26 Page 16, following line 23:

27 Insert a new bill section to read:

28 **"* Sec. 27.** AS 43.55.023(g), as amended by sec. 26 of this Act, is amended to read:

29 (g) The issuance of a transferable tax credit certificate under (d) or (p) of this
30 section or former (m) of this section or the purchase of a certificate under
31 AS 43.55.028 does not limit the department's ability to later audit a tax credit claim to

1 which the certificate relates or to adjust the claim if the department determines, as a
 2 result of the audit, that the applicant was not entitled to the amount of the credit for
 3 which the certificate was issued. The tax liability of the applicant under
 4 AS 43.55.011(e) and 43.55.017 - 43.55.180 is increased by the amount of the credit
 5 that exceeds that to which the applicant was entitled, or the applicant's available valid
 6 outstanding credits applicable against the tax levied by AS 43.55.011(e) are reduced
 7 by that amount. If the applicant's tax liability is increased under this subsection, the
 8 increase bears interest under AS 43.05.225 from the date the transferable tax credit
 9 certificate was issued. For purposes of this subsection, an applicant that is an explorer
 10 is considered a producer subject to the tax levied by AS 43.55.011(e)."

11
 12 Renumber the following bill sections accordingly.

13
 14 Page 17, following line 6:

15 Insert a new bill section to read:

16 **"* Sec. 29.** AS 43.55.023(n), as amended by sec. 28 of this Act, is amended to read:

17 (n) For the purposes of *(l)* **and (q)** of this section, a well lease expenditure
 18 incurred in the state south of 68 degrees North latitude is a lease expenditure that is

19 (1) directly related to an exploration well, a stratigraphic test well, a
 20 producing well, or an injection well other than a disposal well, located in the state
 21 south of 68 degrees North latitude, if the expenditure is a qualified capital expenditure
 22 and an intangible drilling and development cost authorized under 26 U.S.C. (Internal
 23 Revenue Code), as amended, and 26 C.F.R. 1.612-4, regardless of the elections made
 24 under 26 U.S.C. 263(c); in this paragraph, an expenditure directly related to a well
 25 includes an expenditure for well sidetracking, well deepening, well completion or
 26 recompletion, or well workover, regardless of whether the well is or has been a
 27 producing well; or

28 (2) an expense for seismic work conducted within the boundaries of a
 29 production or exploration unit."

30
 31 Renumber the following bill sections accordingly.

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Page 17, line 7:

Delete "a new subsection"

Insert "new subsections"

Page 17, following line 9:

Insert a new subsection to read:

"(q) For a lease expenditure incurred in the state south of 68 degrees North latitude after December 31, 2018, that qualifies for tax credits under (a) and (b) of this section, and for a well lease expenditure incurred in the state south of 68 degrees North latitude that qualifies for a tax credit under (l) of this section, the department shall issue transferable tax credit certificates to the person entitled to the credit for the full amount of the credit. The transferable tax credit certificates do not expire."

Page 22, following line 14:

Insert a new bill section to read:

**** Sec. 37.** AS 43.55.028(e), as amended by sec. 36 of this Act, is amended to read:

(e) The department, on the written application of a person to whom a transferable tax credit certificate has been issued under AS 43.55.023(d) **or (p)** or former AS 43.55.023(m) or to whom a production tax credit certificate has been issued under AS 43.55.025(f), may use available money in the oil and gas tax credit fund to purchase, in whole or in part, the certificate if the department finds that

(1) the calendar year of the purchase is not earlier than the first calendar year for which the credit shown on the certificate would otherwise be allowed to be applied against a tax;

(2) the applicant does not have an outstanding liability to the state for unpaid delinquent taxes under this title;

(3) the applicant's total tax liability under AS 43.55.011(e), after application of all available tax credits, for the calendar year in which the application is made is zero;

(4) the applicant's average daily production of oil and gas taxable

1 under AS 43.55.011(e) during the calendar year preceding the calendar year in which
2 the application is made was not more than 50,000 BTU equivalent barrels; and
3 (5) the purchase is consistent with this section and regulations adopted
4 under this section."
5

6 Renumber the following bill sections accordingly.
7

8 Page 22, following line 24:

9 Insert a new bill section to read:

10 **"* Sec. 39.** AS 43.55.028(g), as amended by sec. 38 of this Act, is amended to read:

11 (g) The department may adopt regulations to carry out the purposes of this
12 section, including standards and procedures to allocate available money among
13 applications for purchases under this chapter and claims for refunds and payments
14 under AS 43.20.046 or 43.20.047 when the total amount of the applications for
15 purchase and claims for refund exceed the amount of available money in the fund. The
16 regulations adopted by the department may not, when allocating available money in
17 the fund under this section, distinguish an application for the purchase of a credit
18 certificate issued under AS 43.55.023(p) or former AS 43.55.023(m), or a claim for a
19 refund or payment under AS 43.20.046 or 43.20.047."
20

21 Renumber the following bill sections accordingly.
22

23 Page 23, following line 6:

24 Insert a new bill section to read:

25 **"* Sec. 41.** AS 43.55.030(e), as amended by sec. 40 of this Act, is amended to read:

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

1 (1) the [EXPLORER'S OR] producer's qualified capital expenditures,
 2 as defined in AS 43.55.023, other lease expenditures under AS 43.55.165, and
 3 adjustments or other payments or credits under AS 43.55.170; and

4 (2) if the explorer or producer receives a payment or credit under
 5 AS 43.55.170, calculations showing whether the explorer or producer is liable for a
 6 tax under AS 43.55.160(d) or 43.55.170(b) and, if so, the amount."
 7

8 Renumber the following bill sections accordingly.

9
 10 Page 25, following line 16:

11 Insert a new bill section to read:

12 **"* Sec. 43.** AS 43.55.160(a), as amended by sec. 42 of this Act, is repealed and reenacted to
 13 read:

14 (a) Except as provided in (b) of this section, for the purposes of

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

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

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

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

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

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

1 (D) gas produced before 2022 from a lease or property in the
2 Cook Inlet sedimentary basin;

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

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

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

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

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

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

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

1 AS 43.55.165 for the calendar year applicable to the oil produced by the
2 producer from that lease or property, as adjusted under AS 43.55.170;

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

9 (E) gas produced during a month from a lease or property
10 outside the Cook Inlet sedimentary basin and used in the state is the gross
11 value at the point of production of that gas taxable under AS 43.55.011(e) and
12 produced by the producer from that lease or property, less 1/12 of the
13 producer's lease expenditures under AS 43.55.165 for the calendar year
14 applicable to that gas produced by the producer from that lease or property, as
15 adjusted under AS 43.55.170."
16

17 **Renumber the following bill sections accordingly.**

18
19 **Page 26, following line 16:**

20 **Insert a new subsection to read:**

21 "(h) Notwithstanding any contrary provision of AS 43.55.150, for purposes of
22 calculating a monthly production tax value under (a)(2) of this section, the gross value
23 at the point of production of the oil and gas is calculated under regulations adopted by
24 the department that provide for using an appropriate monthly share of the producer's
25 costs of transportation for the calendar year."
26

27 **Page 29, following line 23:**

28 **Insert a new bill section to read:**

29 **"* Sec. 48. AS 43.55.020(l), 43.55.024(i), 43.55.024(j), 43.55.160(f), and 43.55.160(g) are**
30 **repealed."**
31

1 Page 29, lines 29 - 30:

2 Delete "Section 7 of this Act and AS 43.55.160(a)(1)(E), as amended by sec. 28"

3 Insert "Section 10 of this Act, AS 43.55.160(a)(1)(E), as amended by sec. 42 of this
4 Act, and AS 43.55.160(f) and (g), as enacted by sec. 44"

5

6 Page 29, line 31:

7 Delete "sec. 14"

8 Insert "sec. 20"

9 Delete "secs. 16 - 19"

10 Insert "secs. 24, 26, and 28 of this Act and AS 43.55.023(p) in sec. 30"

11

12 Page 30, following line 1:

13 Insert a new subsection to read:

14 "(c) AS 43.55.160(h), enacted by sec. 44 of this Act, applies to the transportation of
15 oil and gas produced on and after the effective date of sec. 8 of this Act."

16

17 Page 30, line 11:

18 Delete "Sec. 31"

19 Insert "Sec. 46"

20

21 Page 30, line 15:

22 Delete "Sections 7, 16 - 19, 25, and 32"

23 Insert "Sections 10, 24, 26, 28, 30, 36, and 47"

24

25 Page 30, line 16:

26 Delete "sec. 14"

27 Insert "sec. 20"

28 Delete "sec. 28"

29 Insert "sec. 42"

30

31 Page 30, following line 17:

1 Insert new bill sections to read:

2 "* **Sec. 55.** The uncodified law of the State of Alaska is amended by adding a new section to
3 read:

4 CONDITIONAL EFFECT. Sections 2, 6, 8, 11, 14, 16, 21, 23, 25, 27, 29, 32, 39, 41,
5 43, and 48 of this Act, AS 43.55.023(q) in sec. 30 of this Act, and AS 43.55.160(h) in sec. 44
6 of this Act take effect only if the volume of oil production for the calendar year 2018 does not
7 exceed the volume of oil produced for the 2013 calendar year. The commissioner of natural
8 resources shall notify the lieutenant governor and the revisor of statutes before January 1,
9 2019, or as soon as practicable thereafter, if the volume of oil production for the calendar year
10 2018 is greater than the volume of oil produced during the 2013 calendar year.

11 * **Sec. 56.** If secs. 2, 6, 8, 11, 14, 16, 21, 23, 25, 27, 29, 32, 39, 41, 43, and 48 of this Act,
12 AS 43.55.023(p) in sec. 30 of this Act, and AS 43.55.160(h) in sec. 44 of this Act take effect
13 under sec. 55 of this Act, they take effect January 1, 2019."