

AMENDMENT #3

BY: French  
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OFFERED IN THE SENATE

TO: CSSB 21(FIN)

1 Page 1, line 4:

2 Delete "the oil and gas production tax rate;"

3 Insert "oil and gas production tax rates; relating to application of the oil and gas  
4 production tax to legacy fields and fields that are not legacy fields;"

5

6 Page 2, following line 28:

7 Insert a new bill section to read:

8 **\*\* Sec. 5.** AS 43.20.043(g) is amended to read:

9 (g) A taxpayer that obtains a credit for a qualified capital investment or cost  
10 incurred for qualified services under this section may not also claim a tax credit or  
11 royalty modification for the same qualified capital investment or cost incurred for  
12 qualified services under AS 38.05.180(i), AS 41.09.010, AS 43.55.023, [OR]  
13 43.55.025, or AS 43.55.430. However, a taxpayer may elect not to obtain a credit  
14 under this section in order to qualify for a credit provided under AS 38.05.180(i),  
15 AS 41.09.010, AS 43.55.023, or 43.55.025."

16

17 Renumber the following bill sections accordingly.

18

19 Page 4, following line 29:

20 Insert a new bill section to read:

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

22 **Sec. 43.55.005. Application of tax.** (a) The following provisions in this  
23 chapter apply to the oil and gas production tax on oil and gas produced in the state

1 from a field that is a legacy field:

2 (1) AS 43.55.011(i), (j), (k), (m), (o), and (p);

3 (2) AS 43.55.017;

4 (3) AS 43.55.019;

5 (4) AS 43.55.024(a) - (h);

6 (5) AS 43.55.025 - 43.55.150;

7 (6) AS 43.55.165;

8 (7) AS 43.55.170;

9 (8) AS 43.55.201 - 43.55.310;

10 (9) AS 43.55.410 - 43.55.440; and

11 (10) AS 43.55.890 - 43.55.900.

12 (b) The following provisions in this chapter apply to the oil and gas  
13 production tax on oil and gas produced in the state from a field that is not a legacy  
14 field:

15 (1) AS 43.55.011 - 43.55.310; and

16 (2) AS 43.55.890 - 43.55.900."

17  
18 Renumber the following bill sections accordingly.

19  
20 Page 5, following line 12:

21 Insert new bill sections to read:

22 \* **Sec. 12.** AS 43.55.011(j) is amended to read:

23 (j) For a calendar year before 2022, the tax levied by (e) of this section **and**  
24 **AS 43.55.410** for gas produced from a lease or property in the Cook Inlet sedimentary  
25 basin may not exceed

26 (1) for a lease or property that first commenced commercial production  
27 of gas before April 1, 2006, the product obtained by multiplying (A) the amount of  
28 taxable gas produced during the calendar year from the lease or property, times (B) the  
29 average rate of tax that was imposed under this chapter for taxable gas produced from  
30 the lease or property for the 12-month period ending on March 31, 2006, times (C) the  
31 quotient obtained by dividing the total gross value at the point of production of the

1 taxable gas produced from the lease or property during the 12-month period ending on  
2 March 31, 2006, by the total amount of that gas;

3 (2) for a lease or property that first commences commercial production  
4 of gas after March 31, 2006, the product obtained by multiplying (A) the amount of  
5 taxable gas produced during the calendar year from the lease or property, times (B) the  
6 average rate of tax that was imposed under this chapter for taxable gas produced from  
7 all leases or properties in the Cook Inlet sedimentary basin for the 12-month period  
8 ending on March 31, 2006, times (C) the average prevailing value for gas delivered in  
9 the Cook Inlet area for the 12-month period ending March 31, 2006, as determined by  
10 the department under AS 43.55.020(f).

11 \* **Sec. 13.** AS 43.55.011(k) is amended to read:

12 (k) For a calendar year before 2022, the tax levied by (e) of this section **and**  
13 **AS 43.55.410** for oil produced from a lease or property in the Cook Inlet sedimentary  
14 basin may not exceed

15 (1) for a lease or property that first commenced commercial production  
16 of oil before April 1, 2006, the product obtained by multiplying (A) the amount of  
17 taxable oil produced during the calendar year from the lease or property, times (B) the  
18 average rate of tax that was imposed under this chapter for taxable oil produced from  
19 the lease or property for the 12-month period ending on March 31, 2006, times (C) the  
20 quotient obtained by dividing the total gross value at the point of production of the  
21 taxable oil produced from the lease or property during the 12-month period ending on  
22 March 31, 2006, by the total amount of that oil;

23 (2) for a lease or property that first commences commercial production  
24 of oil after March 31, 2006, the product obtained by multiplying (A) the amount of  
25 taxable oil produced during the calendar year from the lease or property, times (B) the  
26 average rate of tax that was imposed under this chapter for taxable oil produced from  
27 all leases or properties in the Cook Inlet sedimentary basin for the 12-month period  
28 ending on March 31, 2006, times (C) the average prevailing value for oil produced and  
29 delivered in the Cook Inlet area for the 12-month period ending on March 31, 2006, as  
30 determined by the department under AS 43.55.020(f)."  
31

1 Renumber the following bill sections accordingly.

2

3 Page 5, line 15, following "section":

4 Insert "and AS 43.55.410"

5

6 Page 5, following line 18:

7 Insert a new bill section to read:

8 **"\* Sec. 15.** AS 43.55.011(p) is amended to read:

9 (p) For the seven years immediately following the commencement of  
10 commercial production of oil or gas produced from leases or properties in the state  
11 that are outside the Cook Inlet sedimentary basin and that do not include land located  
12 north of 68 degrees North latitude, where that commercial production began after  
13 December 31, 2012, and before January 1, 2022, the levy of tax under (e) of this  
14 section and AS 43.55.410 for oil and gas may not exceed four percent of the gross  
15 value at the point of production."

16

17 Renumber the following bill sections accordingly.

18

19 Page 8, line 21:

20 Delete "sec. 11"

21 Insert "sec. 16"

22

23 Page 12, following line 8:

24 Insert a new bill section to read:

25 **"\* Sec. 19.** AS 43.55.020(e) is amended to read:

26 (e) Gas flared, released, or allowed to escape in excess of the amount  
27 authorized by the Alaska Oil and Gas Conservation Commission is considered, for the  
28 purposes of AS 43.55.011 - 43.55.180 and 43.55.410 - 43.55.440, as gas produced  
29 from a lease or property. Oil or gas used in the operation of a lease or property in the  
30 state in drilling for or producing oil or gas, or for repressuring, except to the extent  
31 determined by the Alaska Oil and Gas Conservation Commission to be waste, is not

1 considered, for the purposes of AS 43.55.011 - 43.55.180 and 43.55.410 - 43.55.440,  
2 as oil or gas produced from a lease or property."  
3

4 Renumber the following bill sections accordingly.  
5

6 Page 13, line 23:

7 Delete "sec. 16"

8 Insert "sec. 22"  
9

10 Page 14, line 29:

11 Delete "sec. 18"

12 Insert "sec. 24"  
13

14 Page 16, following line 13:

15 Insert new bill sections to read:

16 **\*\* Sec. 28.** AS 43.55.024(a) is amended to read:

17 (a) For a calendar year for which a producer's tax liability under  
18 AS 43.55.011(e) and 43.55.410 on oil and gas produced from leases or properties  
19 outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees  
20 North latitude, exceeds zero before application of any credits under this chapter, a  
21 producer that is qualified under (e) of this section may apply a tax credit against that  
22 liability of not more than \$6,000,000.

23 **\* Sec. 29.** AS 43.55.024(c) is amended to read:

24 (c) For a calendar year for which a producer's tax liability under  
25 AS 43.55.011(e) and 43.55.410 exceeds zero before application of any credits under  
26 this chapter, other than a credit under (a) of this section but after application of any  
27 credit under (a) of this section, a producer that is qualified under (e) of this section and  
28 whose average amount of oil and gas produced a day and taxable under  
29 AS 43.55.011(e) and 43.55.410 is less than 100,000 BTU equivalent barrels a day  
30 may apply a tax credit under this subsection against that liability. A producer whose  
31 average amount of oil and gas produced a day and taxable under AS 43.55.011(e) and

**43.55.410** is

(1) not more than 50,000 BTU equivalent barrels may apply a tax credit of not more than \$12,000,000 for the calendar year;

(2) more than 50,000 and less than 100,000 BTU equivalent barrels may apply a tax credit of not more than \$12,000,000 multiplied by the following fraction for the calendar year:

$$1 - [2 \times (AP - 50,000)] / 100,000$$

where AP = the average amount of oil and gas taxable under AS 43.55.011(e), produced a day during the calendar year in BTU equivalent barrels."

Renumber the following bill sections accordingly.

Page 16, following line 22:

Insert new bill sections to read:

"\* **Sec. 31.** AS 43.55.024(f) is amended to read:

(f) A tax credit authorized by (a) of this section may not be applied to reduce a producer's tax liability for any calendar year under AS 43.55.011(e) **and 43.55.410** on oil and gas produced from leases or properties outside the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North latitude, below zero.

\* **Sec. 32.** AS 43.55.024(g) is amended to read:

(g) A tax credit authorized by (c) of this section may not be applied to reduce a producer's tax liability for any calendar year under AS 43.55.011(e) **and 43.55.410** below zero."

Renumber the following bill sections accordingly.

Page 16, following line 28:

Insert new bill sections to read:

"\* **Sec. 34.** AS 43.55.025(a) is amended to read:

(a) Subject to the terms and conditions of this section, a credit against the production tax levied by AS 43.55.011(e) **and 43.55.410** is allowed for exploration

1 expenditures that qualify under (b) of this section in an amount equal to one of the  
2 following:

3 (1) 30 percent of the total exploration expenditures that qualify only  
4 under (b) and (c) of this section;

5 (2) 30 percent of the total exploration expenditures that qualify only  
6 under (b) and (d) of this section;

7 (3) 40 percent of the total exploration expenditures that qualify under  
8 (b), (c), and (d) of this section;

9 (4) 40 percent of the total exploration expenditures that qualify only  
10 under (b) and (e) of this section;

11 (5) 80, 90, or 100 percent, or a lesser amount described in (l) of this  
12 section, of the total exploration expenditures described in (b)(1) and (2) of this section  
13 and not excluded by (b)(3) and (4) of this section that qualify only under (l) of this  
14 section;

15 (6) the lesser of \$25,000,000 or 80 percent of the total exploration  
16 drilling expenditures described in (m) of this section and that qualify under (b) and (c)  
17 of this section; or

18 (7) the lesser of \$7,500,000 or 75 percent of the total seismic  
19 exploration expenditures described in (n) of this section and that qualify under (b) of  
20 this section.

21 \* **Sec. 35.** AS 43.55.025(f) is amended to read:

22 (f) For a production tax credit under this section,

23 (1) an explorer shall, in a form prescribed by the department and,  
24 except for a credit under (k) of this section, within six months of the completion of the  
25 exploration activity, claim the credit and submit information sufficient to demonstrate  
26 to the department's satisfaction that the claimed exploration expenditures qualify under  
27 this section; in addition, the explorer shall submit information necessary for the  
28 commissioner of natural resources to evaluate the validity of the explorer's compliance  
29 with the requirements of this section;

30 (2) an explorer shall agree, in writing,

31 (A) to notify the Department of Natural Resources, within 30

1 days after completion of seismic or geophysical data processing, completion of  
2 well drilling, or filing of a claim for credit, whichever is the latest, for which  
3 exploration costs are claimed, of the date of completion and submit a report to  
4 that department describing the processing sequence and providing a list of data  
5 sets available;

6 (B) to provide to the Department of Natural Resources, within  
7 30 days after the date of a request, unless a longer period is provided by the  
8 Department of Natural Resources, specific data sets, ancillary data, and reports  
9 identified in (A) of this paragraph; in this subparagraph,

10 (i) a seismic or geophysical data set includes the data  
11 for an entire seismic survey, irrespective of whether the survey area  
12 covers nonstate land in addition to state land or land in a unit in  
13 addition to land outside a unit;

14 (ii) well data include all analyses conducted on physical  
15 material, and well logs collected from the well, results, and copies of  
16 data collected and data analyses for the well, including well logs;  
17 sample analyses; testing geophysical and velocity data including  
18 seismic profiles and check shot surveys; testing data and analyses; age  
19 data; geochemical analyses; and tangible material;

20 (C) that, notwithstanding any provision of AS 38, information  
21 provided under this paragraph will be held confidential by the Department of  
22 Natural Resources,

23 (i) in the case of well data, until the expiration of the  
24 24-month period of confidentiality described in AS 31.05.035(c), at  
25 which time the Department of Natural Resources will release the  
26 information after 30 days' public notice unless, in the discretion of the  
27 commissioner of natural resources, it is necessary to protect  
28 information relating to the valuation of unleased acreage in the same  
29 vicinity, or unless the well is on private land and the owner, including  
30 the lessor but not the lessee, of the oil and gas resources has not given  
31 permission to release the well data;

1 (ii) in the case of seismic or other geophysical data,  
2 other than seismic data acquired by seismic exploration subject to (k) of  
3 this section, for 10 years following the completion date, at which time  
4 the Department of Natural Resources will release the information after  
5 30 days' public notice, except as to seismic or other geophysical data  
6 acquired from private land, unless the owner, including a lessor but not  
7 a lessee, of the oil and gas resources in the private land gives  
8 permission to release the seismic or other geophysical data associated  
9 with the private land;

10 (iii) in the case of seismic data obtained by seismic  
11 exploration subject to (k) of this section, only until the expiration of 30  
12 days' public notice issued on or after the date the production tax credit  
13 certificate is issued under (5) of this subsection;

14 (3) if more than one explorer holds an interest in a well or seismic  
15 exploration, each explorer may claim an amount of credit that is proportional to the  
16 explorer's cost incurred;

17 (4) the department may exercise the full extent of its powers as though  
18 the explorer were a taxpayer under this title, in order to verify that the claimed  
19 expenditures are qualified exploration expenditures under this section; and

20 (5) if the department is satisfied that the explorer's claimed  
21 expenditures are qualified under this section and that all data required to be submitted  
22 under this section have been submitted, the department shall issue to the explorer a  
23 production tax credit certificate for the amount of credit to be allowed against  
24 production taxes levied by AS 43.55.011(e) **and 43.55.410**; notwithstanding any  
25 contrary provision of AS 38, AS 40.25.100, or AS 43.05.230, the following  
26 information is not confidential:

27 (A) the explorer's name;

28 (B) the date of the application;

29 (C) the location of the well or seismic exploration;

30 (D) the date of the department's issuance of the certificate; and

31 (E) the date on which the information required to be submitted

1 under this section will be released.

2 \* **Sec. 36.** AS 43.55.025(h) is amended to read:

3 (h) A producer that purchases a production tax credit certificate may apply the  
4 credits against its production tax levied by AS 43.55.011(e) **and 43.55.410**.  
5 Regardless of the price the producer paid for the certificate, the producer may receive  
6 a credit against its production tax liability for the full amount of the credit, but for not  
7 more than the amount for which the certificate is issued. A production tax credit  
8 allowed under this section may not be applied more than once.

9 \* **Sec. 37.** AS 43.55.025(i) is amended to read:

10 (i) For a production tax credit under this section,

11 (1) a credit may not be applied to reduce a taxpayer's tax liability under  
12 AS 43.55.011(e) **and 43.55.410** below zero for a calendar year; and

13 (2) an amount of the production tax credit in excess of the amount that  
14 may be applied for a calendar year under this subsection may be carried forward and  
15 applied against the taxpayer's tax liability under AS 43.55.011(e) **and 43.55.410** in  
16 one or more later calendar years.

17 \* **Sec. 38.** AS 43.55.025(k) is amended to read:

18 (k) Subject to the terms and conditions of this section, if a claim is filed under  
19 (f)(1) of this section before January 1, 2016, a credit against the production tax levied  
20 by AS 43.55.011(e) **and 43.55.410** is allowed in an amount equal to five percent of an  
21 eligible expenditure under this subsection incurred for seismic exploration performed  
22 before July 1, 2003. To be eligible under this subsection, an expenditure must

23 (1) have been for seismic exploration that

24 (A) obtained data that the commissioner of natural resources  
25 considers to be in the best interest of the state to acquire for public distribution;  
26 and

27 (B) was conducted outside the boundaries of a production unit;  
28 however, the amount of the expenditure that is otherwise eligible under this  
29 section is reduced proportionately by the portion of the seismic exploration  
30 activity that crossed into a production unit; and

31 (2) qualify under (b)(3) of this section.

1 \* **Sec. 39.** AS 43.55.025(l) is amended to read:

2 (l) The first three unaffiliated persons that drill an offshore exploration well  
3 for the purpose of discovering oil or gas in Cook Inlet that penetrates and evaluates a  
4 prospect in the pre-Tertiary zone using a jack-up rig are eligible for the credit under  
5 this subsection. The person that drills the first exploration well is entitled to a credit in  
6 the amount of 100 percent of its exploration expenditures or \$25,000,000, whichever  
7 is less; the person that drills the second exploration well using the same jack-up rig is  
8 entitled to a credit in the amount of 90 percent of its exploration expenditures or  
9 \$22,500,000, whichever is less; and the person that drills the third exploration well  
10 using the same jack-up rig is entitled to a credit in the amount of 80 percent of its  
11 exploration expenditures or \$20,000,000, whichever is less. A person or an affiliate of  
12 a person drilling an exploration well is not entitled to a credit for more than one  
13 exploration well under this subsection. The department shall make a determination of  
14 the order in which the wells are drilled based on the date and time that the drill bit first  
15 turns to the right against the seafloor for the purpose of drilling the well. Exploration  
16 expenditures eligible for the credit in this subsection may include the necessary and  
17 reasonable costs to modify an existing jack-up rig for use in Cook Inlet, may not  
18 include the cost to construct or manufacture a jack-up rig, and, notwithstanding (b) of  
19 this section, must be incurred for work performed after March 31, 2010. If the  
20 exploration well for which a credit is received under this subsection results in  
21 sustained production of oil or gas from a reservoir discovered by the exploration well,  
22 and notwithstanding that the credit may have been transferred under (g) of this section,  
23 50 percent of the amount of the credit received shall be repaid to the department by the  
24 person that received the credit in equal monthly installments over a 10-year period  
25 commencing 60 days after the start of sustained production of oil or gas. Whether the  
26 exploration well for which a credit is requested under this subsection penetrated and  
27 evaluated a prospect in the pre-Tertiary zone and the exploration well resulted in  
28 sustained production of oil or gas from a reservoir discovered by the exploration well  
29 shall be determined by the commissioner of natural resources and reported to the  
30 commissioner. A taxpayer that obtains a credit under this subsection may not claim a  
31 tax credit under AS 43.55.023 or 43.55.430 or another provision in this section for the

1 same exploration expenditure. In this subsection,

2 (1) "jack-up rig" means a mobile drilling platform with extendible legs  
3 for support on the ocean floor;

4 (2) "reservoir" means an oil and gas accumulation, discovered and  
5 evaluated by testing, that is separate from any other accumulation of oil and gas;

6 (3) "sustained production" means production of oil or gas from a  
7 reservoir into a pipeline or other means of transportation to market, but does not  
8 include testing, evaluation, or pilot production.

9 \* **Sec. 40.** AS 43.55.025(m) is amended to read:

10 (m) The persons that drill the first four exploration wells in the state and  
11 within the areas described in (o) of this section on state lands, private lands, or federal  
12 onshore lands for the purpose of discovering oil or gas that penetrate and evaluate a  
13 prospect in a basin described in (o) of this section are eligible for a credit under (a)(6)  
14 of this section. A credit under this subsection may not be taken for more than two  
15 exploration wells in a single area described in (o)(1) - (6) of this section. Exploration  
16 expenditures eligible for the credit in this subsection must be incurred for work  
17 performed after June 1, 2012, and before July 1, 2016. A person planning to drill an  
18 exploration well on private land and to apply for a credit under this subsection shall  
19 obtain written consent from the owner of the oil and gas interest for the full public  
20 release of all well data after the expiration of the confidentiality period applicable to  
21 information collected under (f) of this section. The written consent of the owner of the  
22 oil and gas interest must be submitted to the commissioner of natural resources before  
23 approval of the proposed exploration well. In addition to the requirements in (c) of this  
24 section and submission of the written consent of the owner of the oil and gas interest, a  
25 person planning to drill an exploration well shall obtain approval from the  
26 commissioner of natural resources before the well is spudded. The commissioner of  
27 natural resources shall make a written determination approving or rejecting an  
28 exploration well within 60 days after receiving the request for approval or as soon as is  
29 practicable thereafter. Before approving the exploration well, the commissioner of  
30 natural resources shall consider the following: the location of the well; the proximity  
31 to a community in need of a local energy source; the proximity of existing

1 infrastructure; the experience and safety record of the explorer in conducting  
2 operations in remote or roadless areas; the projected cost schedule; whether seismic  
3 mapping and seismic data sufficiently identify a particular trap for exploration;  
4 whether the targeted and planned depth and range are designed to penetrate and fully  
5 evaluate the hydrocarbon potential of the proposed prospect and reach the level below  
6 which economic hydrocarbon reservoirs are likely to be found, or reach 12,000 feet or  
7 more true vertical depth; and whether the exploration plan provides for a full  
8 evaluation of the wellbore below surface casing to the depth of the well. Whether the  
9 exploration well for which a credit is requested under this subsection is located within  
10 an area and a basin described under (o) of this section shall be determined by the  
11 commissioner of natural resources and reported to the commissioner. A taxpayer that  
12 obtains a credit under this subsection may not claim a tax credit under AS 43.55.023  
13 or 43.55.430 or another provision in this section for the same exploration expenditure.

14 \* **Sec. 41.** AS 43.55.025(n) is amended to read:

15 (n) The persons that conduct the first four seismic exploration projects in the  
16 state and within the areas described in (o) of this section for the purpose of discovering  
17 oil or gas in a basin are eligible for the credit under (a)(7) of this section. A credit  
18 under this subsection may not be taken for more than one seismic exploration project  
19 in a single area described in (o)(1) - (6) of this section. Exploration expenditures  
20 eligible for the credit in this subsection must be incurred for work performed after  
21 June 1, 2012, and before July 1, 2016. A person planning to conduct a seismic  
22 exploration project on private land and to apply for a credit under this subsection shall  
23 obtain written consent from the owner of the oil and gas interest for the full public  
24 release of all geophysical data and compliance with the data submission requirements  
25 in (f)(2) of this section. Notwithstanding (f)(2)(C)(ii) of this section, to qualify for a  
26 credit under this subsection, a person shall submit the written consent of the owner of  
27 the oil and gas interest for the release of data if applicable, and all data required under  
28 (f)(2) of this section to the Department of Natural Resources and shall agree in writing  
29 that all seismic data requirements submitted under the requirements of (f)(2) of this  
30 section may be made public two years after receiving a credit under this subsection. A  
31 person intending to qualify for the tax credit under this subsection shall obtain

1 approval from the commissioner of natural resources before the commencement of the  
2 seismic exploration activities. The commissioner of natural resources shall make a  
3 written determination approving or rejecting a seismic project within 60 days after  
4 receiving the request for approval or as soon as is practicable thereafter. Before  
5 approving a seismic exploration project, the commissioner shall consider the  
6 following: the location of the project; the projected cost schedule; the data acquisition  
7 and data processing plan; the reasons for choosing the particular area for seismic  
8 exploration; and the experience and safety record of the person in conducting seismic  
9 exploration operations in remote or roadless areas. Whether the seismic exploration  
10 project for which a credit is requested under this subsection is located in a basin  
11 described in (o) of this section shall be determined by the commissioner of natural  
12 resources and reported to the commissioner. A taxpayer that obtains a credit under this  
13 subsection may not claim a tax credit under AS 43.55.023 or 43.55.430 or another  
14 provision in this section for the same exploration expenditure.

15 \* **Sec. 42.** AS 43.55.028(a) is amended to read:

16 (a) The oil and gas tax credit fund is established as a separate fund of the state.  
17 The purpose of the fund is to purchase transferable tax credit certificates issued under  
18 AS 43.55.023 or 43.55.430 and production tax credit certificates issued under  
19 AS 43.55.025 and to pay refunds and payments claimed under AS 43.20.046 or  
20 43.20.047.

21 \* **Sec. 43.** AS 43.55.028(b) is amended to read:

22 (b) The oil and gas tax credit fund consists of  
23 (1) money appropriated to the fund, including any appropriation of the  
24 percentage provided under (c) of this section of all revenue from taxes levied by  
25 AS 43.55.011 and 43.55.410 that is not required to be deposited in the constitutional  
26 budget reserve fund established in art. IX, sec. 17(a), Constitution of the State of  
27 Alaska; and

28 (2) earnings on the fund.

29 \* **Sec. 44.** AS 43.55.028(c) is amended to read:

30 (c) The applicable percentage for a fiscal year under (b)(1) of this section is  
31 determined with reference to the average price or value forecast by the department for

1 Alaska North Slope oil sold or otherwise disposed of on the United States West Coast  
2 during the fiscal year for which the appropriation of revenue from taxes levied by  
3 AS 43.55.011 **and 43.55.410** is made. If that forecast is

4 (1) \$60 a barrel or higher, the applicable percentage is 10 percent;

5 (2) less than \$60 a barrel, the applicable percentage is 15 percent."  
6

7 Renumber the following bill sections accordingly.  
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9 Page 22, following line 23:

10 Insert new bill sections to read:

11 **"\* Sec. 52.** AS 43.55.165(e) is amended to read:

12 (e) For purposes of this section, lease expenditures do not include

13 (1) depreciation, depletion, or amortization;

14 (2) oil or gas royalty payments, production payments, lease profit  
15 shares, or other payments or distributions of a share of oil or gas production, profit, or  
16 revenue, except that a producer's lease expenditures applicable to oil and gas produced  
17 from a lease issued under AS 38.05.180(f)(3)(B), (D), or (E) include the share of net  
18 profit paid to the state under that lease;

19 (3) taxes based on or measured by net income;

20 (4) interest or other financing charges or costs of raising equity or debt  
21 capital;

22 (5) acquisition costs for a lease or property or exploration license;

23 (6) costs arising from fraud, wilful misconduct, gross negligence,  
24 violation of law, or failure to comply with an obligation under a lease, permit, or  
25 license issued by the state or federal government;

26 (7) fines or penalties imposed by law;

27 (8) costs of arbitration, litigation, or other dispute resolution activities  
28 that involve the state or concern the rights or obligations among owners of interests in,  
29 or rights to production from, one or more leases or properties or a unit;

30 (9) costs incurred in organizing a partnership, joint venture, or other  
31 business entity or arrangement;

1 (10) amounts paid to indemnify the state; the exclusion provided by  
2 this paragraph does not apply to the costs of obtaining insurance or a surety bond from  
3 a third-party insurer or surety;

4 (11) surcharges levied under AS 43.55.201 or 43.55.300;

5 (12) an expenditure otherwise deductible under (b) of this section that  
6 is a result of an internal transfer, a transaction with an affiliate, or a transaction  
7 between related parties, or is otherwise not an arm's length transaction, unless the  
8 producer establishes to the satisfaction of the department that the amount of the  
9 expenditure does not exceed the fair market value of the expenditure;

10 (13) an expenditure incurred to purchase an interest in any corporation,  
11 partnership, limited liability company, business trust, or any other business entity,  
12 whether or not the transaction is treated as an asset sale for federal income tax  
13 purposes;

14 (14) a tax levied under AS 43.55.011 or 43.55.410;

15 (15) costs incurred for dismantlement, removal, surrender, or  
16 abandonment of a facility, pipeline, well pad, platform, or other structure, or for the  
17 restoration of a lease, field, unit, area, tract of land, body of water, or right-of-way in  
18 conjunction with dismantlement, removal, surrender, or abandonment; a cost is not  
19 excluded under this paragraph if the dismantlement, removal, surrender, or  
20 abandonment for which the cost is incurred is undertaken for the purpose of replacing,  
21 renovating, or improving the facility, pipeline, well pad, platform, or other structure;

22 (16) costs incurred for containment, control, cleanup, or removal in  
23 connection with any unpermitted release of oil or a hazardous substance and any  
24 liability for damages imposed on the producer or explorer for that unpermitted release;  
25 this paragraph does not apply to the cost of developing and maintaining an oil  
26 discharge prevention and contingency plan under AS 46.04.030;

27 (17) costs incurred to satisfy a work commitment under an exploration  
28 license under AS 38.05.132;

29 (18) that portion of expenditures, that would otherwise be qualified  
30 capital expenditures, as defined in AS 43.55.023, incurred during a calendar year that  
31 are less than the product of \$0.30 multiplied by the total taxable production from each

1 lease or property, in BTU equivalent barrels, during that calendar year, except that,  
2 when a portion of a calendar year is subject to this provision, the expenditures and  
3 volumes shall be prorated within that calendar year;

4 (19) costs incurred for repair, replacement, or deferred maintenance of  
5 a facility, a pipeline, a structure, or equipment, other than a well, that results in or is  
6 undertaken in response to a failure, problem, or event that results in an unscheduled  
7 interruption of, or reduction in the rate of, oil or gas production; or costs incurred for  
8 repair, replacement, or deferred maintenance of a facility, a pipeline, a structure, or  
9 equipment, other than a well, that is undertaken in response to, or is otherwise  
10 associated with, an unpermitted release of a hazardous substance or of gas; however,  
11 costs under this paragraph that would otherwise constitute lease expenditures under (a)  
12 and (b) of this section may be treated as lease expenditures if the department  
13 determines that the repair or replacement is solely necessitated by an act of war, by an  
14 unanticipated grave natural disaster or other natural phenomenon of an exceptional,  
15 inevitable, and irresistible character, the effects of which could not have been  
16 prevented or avoided by the exercise of due care or foresight, or by an intentional or  
17 negligent act or omission of a third party, other than a party or its agents in privity of  
18 contract with, or employed by, the producer or an operator acting for the producer, but  
19 only if the producer or operator, as applicable, exercised due care in operating and  
20 maintaining the facility, pipeline, structure, or equipment, and took reasonable  
21 precautions against the act or omission of the third party and against the consequences  
22 of the act or omission; in this paragraph,

23 (A) "costs incurred for repair, replacement, or deferred  
24 maintenance of a facility, a pipeline, a structure, or equipment" includes costs  
25 to dismantle and remove the facility, pipeline, structure, or equipment that is  
26 being replaced;

27 (B) "hazardous substance" has the meaning given in  
28 AS 46.03.826;

29 (C) "replacement" includes renovation or improvement;

30 (20) costs incurred to construct, acquire, or operate a refinery or crude  
31 oil topping plant, regardless of whether the products of the refinery or topping plant

1 are used in oil or gas exploration, development, or production operations; however, if  
 2 a producer owns a refinery or crude oil topping plant that is located on or near the  
 3 premises of the producer's lease or property in the state and that processes the  
 4 producer's oil produced from that lease or property into a product that the producer  
 5 uses in the operation of the lease or property in drilling for or producing oil or gas, the  
 6 producer's lease expenditures include the amount calculated by subtracting from the  
 7 fair market value of the product used the prevailing value, as determined under  
 8 AS 43.55.020(f), of the oil that is processed;

9 (21) costs of lobbying, public relations, public relations advertising, or  
 10 policy advocacy.

11 \* **Sec. 53.** AS 43.55.165(f) is amended to read:

12 (f) For purposes of AS 43.55.023(a) and (b) **and 43.55.430** and only as to  
 13 expenditures incurred to explore for an oil or gas deposit located within land in which  
 14 an explorer does not own a working interest, the term "producer" in this section  
 15 includes "explorer."

16 \* **Sec. 54.** AS 43.55.170(c) is amended to read:

17 (c) For purposes of AS 43.55.023(a) and (b) **and 43.55.430** and only as to  
 18 expenditures incurred to explore for an oil or gas deposit located within land in which  
 19 an explorer does not own a working interest, the term "producer" in this section  
 20 includes "explorer."

21 \* **Sec. 55.** AS 43.55.180(a) is amended to read:

22 (a) The department shall study

23 (1) the effects of the provisions of this chapter on oil and gas  
 24 exploration, development, and production in the state, on investment expenditures for  
 25 oil and gas exploration, development, and production in the state, on the entry of new  
 26 producers into the oil and gas industry in the state, on state revenue, and on tax  
 27 administration and compliance, giving particular attention to the tax rates provided  
 28 under AS 43.55.011 **and 43.55.410**, the tax credits provided under AS 43.55.023 -  
 29 43.55.025 **and 43.55.430**, and the deductions for and adjustments to lease  
 30 expenditures provided under AS 43.55.160 - 43.55.170 **and 43.55.440**; and

31 (2) the effects of the tax rates under AS 43.55.011(i) on state revenue

1 and on oil and gas exploration, development, and production on private land, and the  
2 fairness of those tax rates for private landowners.

3 \* **Sec. 56.** AS 43.55.201(b) is amended to read:

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

8 \* **Sec. 57.** AS 43.55.201(c) is amended to read:

9 (c) A producer of oil shall make a report of production on March 31 of the  
10 year following the calendar year of production and in the same manner and under the  
11 same penalties as required under **this chapter** [AS 43.55.011 - 43.55.180].

12 \* **Sec. 58.** AS 43.55.300(b) is amended to read:

13 (b) The surcharge imposed by (a) of this section is in addition to the tax  
14 imposed by AS 43.55.011 **and 43.55.410** and is due on the last day of the month on  
15 oil produced from each lease or property during the preceding month. The surcharge is  
16 in addition to the surcharge imposed by AS 43.55.201 - 43.55.231.

17 \* **Sec. 59.** AS 43.55.300(c) is amended to read:

18 (c) A producer of oil shall make a report of production on March 31 of the  
19 year following the calendar year of production and in the same manner and under the  
20 same penalties as required under **this chapter** [AS 43.55.011 - 43.55.180].

21 \* **Sec. 60.** AS 43.55 is amended by adding new sections to read:

22 **Article 4. Oil and Gas Production Tax - Legacy Fields**

23 **Sec. 43.55.410. Oil and gas production tax for legacy fields.** (a) There is  
24 levied on the producer of oil or gas a tax for all oil and gas produced each calendar  
25 year from each lease or property in a legacy field in the state, less any oil and gas the  
26 ownership or right to which is exempt from taxation or constitutes a landowner's  
27 royalty interest. Except as otherwise provided under AS 43.55.011(f), (j), (k), (o), and  
28 (p), the tax is equal to the sum of

29 (1) the annual production tax value of the taxable oil and gas as  
30 calculated under AS 43.55.440 multiplied by 25 percent; and

31 (2) the sum, over all months of the calendar year, of the tax amounts

1 determined under (b) of this section.

2 (b) For each month of the calendar year for which the producer's average  
3 monthly production tax value under AS 43.55.440(a)(2) of a BTU equivalent barrel of  
4 the taxable oil and gas is more than \$30, the amount of tax for purposes of (a)(2) of  
5 this section is determined by multiplying the monthly production tax value of the  
6 taxable oil and gas produced during the month by the tax rate calculated as follows:

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

11 (2) if the producer's average monthly production tax value of a BTU  
12 equivalent barrel of the taxable oil and gas for the month is more than \$92.50, the tax  
13 rate is the sum of 25 percent and the product of 0.1 percent multiplied by the number  
14 that represents the difference between the average monthly production tax value of a  
15 BTU equivalent barrel and \$92.50, except that the sum determined under this  
16 paragraph may not exceed 30 percent.

17 **Sec. 43.55.420. Payment of tax.** In addition to payments required by  
18 AS 43.55.021, for a calendar year, a producer subject to tax under AS 43.55.410 shall  
19 pay the tax as follows:

20 (1) an installment payment of the estimated tax levied by  
21 AS 43.55.410, net of any tax credits applied as allowed by law, is due for each month  
22 of the calendar year on the last day of the following month; except as otherwise  
23 provided under (2) of this subsection, the amount of the installment payment is the  
24 sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be  
25 applied against the tax levied by AS 43.55.410 for the calendar year, but the amount of  
26 the installment payment may not be less than zero:

27 (A) for oil and gas subject to AS 43.55.410 produced from  
28 leases or properties in the state outside the Cook Inlet sedimentary basin, the  
29 greater of

30 (i) zero; or

31 (ii) the sum of 25 percent and the tax rate calculated for

1 the month under AS 43.55.410(b) multiplied by the remainder obtained  
2 by subtracting 1/12 of the producer's adjusted lease expenditures for the  
3 calendar year of production under AS 43.55.165 and 43.55.170 that are  
4 deductible for the oil and gas under AS 43.55.440 from the gross value  
5 at the point of production of the oil and gas produced from the leases or  
6 properties during the month for which the installment payment is  
7 calculated;

8 (B) for oil or gas subject to AS 43.55.011(j), (k), or (o), for  
9 each lease or property, the greater of

10 (i) zero; or

11 (ii) the sum of 25 percent and the tax rate calculated for  
12 the month under AS 43.55.410(b) multiplied by the remainder obtained  
13 by subtracting 1/12 of the producer's adjusted lease expenditures for the  
14 calendar year of production under AS 43.55.165 and 43.55.170 that are  
15 deductible under AS 43.55.440 for the oil or gas, as applicable,  
16 produced from the lease or property from the gross value at the point of  
17 production of the oil or gas, as applicable, produced from the lease or  
18 property during the month for which the installment payment is  
19 calculated;

20 (2) an amount calculated under (1)(B) of this subsection for oil or gas  
21 subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by  
22 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as  
23 applicable, for gas or set out in AS 43.55.011(k)(1) or (2), as applicable, for oil, but  
24 substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the  
25 amount of taxable gas produced during the month for the amount of taxable gas  
26 produced during the calendar year and substituting in AS 43.55.011(k)(1)(A) or  
27 (2)(A), as applicable, the amount of taxable oil produced during the month for the  
28 amount of taxable oil produced during the calendar year;

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

1 of production.

2 **Sec. 43.55.430. Tax credits for certain losses and expenditures in a legacy**  
3 **field.** (a) A producer or explorer may take a tax credit for a qualified capital  
4 expenditure incurred for a legacy field, as follows:

5 (1) notwithstanding that a qualified capital expenditure may be a  
6 deductible lease expenditure for purposes of calculating the production tax value of oil  
7 and gas under AS 43.55.440, unless a credit for that expenditure is taken under  
8 AS 38.05.180(i), AS 41.09.010, AS 43.20.043, AS 43.55.023, or 43.55.025, a  
9 producer or explorer that incurs a qualified capital expenditure may also elect to apply  
10 a tax credit against a tax levied by AS 43.55.410 in the amount of 20 percent of that  
11 expenditure;

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

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

17 (B) submits to the Department of Natural Resources all data  
18 that would be required to be submitted under AS 43.55.025(f)(2).

19 (b) A producer or explorer may elect to take a tax credit in the amount of 25  
20 percent of a carried-forward annual loss that results from lease expenditures incurred  
21 for a legacy field. A credit under this subsection may be applied against a tax levied by  
22 AS 43.55.410. For purposes of this subsection, a carried-forward annual loss is the  
23 amount of a producer's or explorer's adjusted lease expenditures under AS 43.55.165  
24 and 43.55.170 for a previous calendar year that was not deductible in calculating  
25 production tax values for that calendar year under AS 43.55.440.

26 (c) A credit or portion of a credit under this section may not be used to reduce  
27 a person's tax liability under AS 43.55.410 for any calendar year below zero, and any  
28 unused credit or portion of a credit not used under this subsection may be applied in a  
29 later calendar year.

30 (d) A person that is entitled to take a tax credit under this section that wishes  
31 to transfer the unused credit to another person or obtain a cash payment under

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

20 (e) A person to which a transferable tax credit certificate is issued under (d) of  
21 this section may transfer the certificate to another person, and a transferee may further  
22 transfer the certificate. Subject to the limitations set out in (a) - (d) of this section, and  
23 notwithstanding any action the department may take with respect to the applicant  
24 under (g) of this section, the owner of a certificate may apply the credit or a portion of  
25 the credit shown on the certificate only against a tax levied by AS 43.55.410.  
26 However, a credit shown on a transferable tax credit certificate may not be applied to  
27 reduce a transferee's total tax liability under AS 43.55.410 for oil and gas produced  
28 during a calendar year to less than 80 percent of the tax that would otherwise be due  
29 without applying that credit. Any portion of a credit not used under this subsection  
30 may be applied in a later period.

31 (f) The issuance of a transferable tax credit certificate under (d) of this section

1 or the purchase of a certificate under AS 43.55.028 does not limit the department's  
2 ability to later audit a tax credit claim to which the certificate relates or to adjust the  
3 claim if the department determines, as a result of the audit, that the applicant was not  
4 entitled to the amount of the credit for which the certificate was issued. The tax  
5 liability of the applicant under AS 43.55.410 is increased by the amount of the credit  
6 that exceeds that to which the applicant was entitled, or the applicant's available valid  
7 outstanding credits applicable against the tax levied by AS 43.55.410 are reduced by  
8 that amount. If the applicant's tax liability is increased under this subsection, the  
9 increase bears interest under AS 43.05.225(1) from the date the transferable tax credit  
10 certificate was issued. For purposes of this subsection, an applicant that is an explorer  
11 is considered a producer subject to the tax levied by AS 43.55.410.

12 (g) Regulations adopted to implement this section must include provisions  
13 prescribing reporting, record keeping, and certification procedures and requirements to  
14 verify the accuracy of credits claimed and to ensure that a credit is not used more than  
15 once.

16 (h) As a condition of receiving a tax credit under this section, a producer or  
17 explorer that obtains the tax credit for or directly related to a pipeline, facility, or other  
18 asset that is or becomes subject to regulation by the Federal Energy Regulatory  
19 Commission, the Regulatory Commission of Alaska, or a successor regulatory body  
20 shall at all times support and in all rate proceedings file to flow through 100 percent of  
21 the tax credits to ratepayers as a reduction in the costs of service for the pipeline,  
22 facility, or other asset.

23 (i) An entity that is exempt from taxation under this chapter may not apply for  
24 a transferable tax credit certificate.

25 **Sec. 43.55.440. Production tax value for legacy fields.** (a) Except as  
26 provided in (b) of this section, for the purposes of

27 (1) AS 43.55.410(a), the annual production tax value of the taxable oil,  
28 gas, or oil and gas subject to this paragraph produced during a calendar year is the  
29 gross value at the point of production of the oil, gas, or oil and gas taxable under  
30 AS 43.55.410, less the producer's lease expenditures for the legacy field under  
31 AS 43.55.165 for the calendar year applicable to the oil, gas, or oil and gas, as

1 applicable, produced by the producer from leases or properties, as adjusted under  
2 AS 43.55.170; this paragraph applies to oil and gas produced from leases or properties  
3 in legacy felids in the state;

4 (2) AS 43.55.011(b), the monthly production tax value of the taxable

5 (A) oil and gas produced during a month from leases or  
6 properties in legacy felids in the state is the gross value at the point of  
7 production of the oil and gas taxable under AS 43.55.410 and produced by the  
8 producer from those leases or properties, less 1/12 of the producer's lease  
9 expenditures under AS 43.55.165 for the calendar year applicable to the oil and  
10 gas produced by the producer from those leases or properties, as adjusted under  
11 AS 43.55.170.

12 (b) A production tax value calculated under this section may not be less than  
13 zero.

14 (c) Notwithstanding any contrary provision of AS 43.55.150, for purposes of  
15 calculating a monthly production tax value under (a)(2) of this section, the gross value  
16 at the point of production of the oil and gas is calculated under regulations adopted by  
17 the department that provide for using an appropriate monthly share of the producer's  
18 costs of transportation for the calendar year.

19 (d) Irrespective of whether a producer produces taxable oil or gas during a  
20 calendar year or month, the producer is considered to have generated a positive  
21 production tax value if a calculation described in (a) of this section yields a positive  
22 number because the producer's adjusted lease expenditures for a calendar year under  
23 AS 43.55.165 and 43.55.170 are less than zero as a result of the producer's receiving a  
24 payment or credit under AS 43.55.170. An explorer that has taken a tax credit under  
25 AS 43.55.430(b) or that has obtained a transferable tax credit certificate under  
26 AS 43.55.430(d) for the amount of a tax credit under AS 43.55.430(b) is considered a  
27 producer, subject to the tax levied under AS 43.55.410, to the extent that the explorer  
28 generates a positive production tax value as the result of the explorer's receiving a  
29 payment or credit under AS 43.55.170.

30 (e) Any adjusted lease expenditures under AS 43.55.165 and 43.55.170 that  
31 would otherwise be deductible by a producer in a calendar year but whose deduction

1 would cause an annual production tax value calculated under (a)(1) of this section of  
 2 taxable oil or gas produced during the calendar year to be less than zero may be used  
 3 to establish a carried-forward annual loss under AS 43.55.430(b). However, the  
 4 department shall provide by regulation a method to ensure that, for a period for which  
 5 a producer's tax liability is limited by AS 43.55.011(j), (k), (o), or (p), any adjusted  
 6 lease expenditures under AS 43.55.165 and 43.55.170 that would otherwise be  
 7 deductible by a producer for that period but whose deduction would cause a  
 8 production tax value calculated under (a)(1) of this section to be less than zero are  
 9 accounted for as though the adjusted lease expenditures had first been used as  
 10 deductions in calculating the production tax values of oil or gas subject to any of the  
 11 limitations under AS 43.55.011(j), (k), (o), or (p) that have positive production tax  
 12 values so as to reduce the tax liability calculated without regard to the limitation to the  
 13 maximum amount provided for under the applicable provision of AS 43.55.011(j), (k),  
 14 (o), or (p). Only the amount of those adjusted lease expenditures remaining after the  
 15 accounting provided for under this subsection may be used to establish a carried-  
 16 forward annual loss under AS 43.55.430(b). In this subsection, "producer" includes  
 17 "explorer."

18 \* **Sec. 61.** AS 43.55.900 is amended by adding a new paragraph to read:

19 (25) "legacy field" means leases or properties within a unit on  
 20 January 1, 2012, from which 400,000,000 BTU equivalent barrels of oil and gas had  
 21 been produced by a producer before January 1, 2013, and for which the average daily  
 22 production of oil and gas during calendar year 2012 exceeded 75,000 BTU equivalent  
 23 barrels of oil and gas."  
 24

25 Renumber the following bill sections accordingly.  
 26

27 Page 26, line 4:

28 Delete "Sections 9, 12, 13, and 28 - 30"

29 Insert "Sections 11 - 15, 17 - 19, and 49 - 61"  
 30

31 Page 26, line 6:

1 Delete "Sections 10 and 27"

2 Insert "Sections 14 and 48"

3

4 Page 26, line 8:

5 Delete "Sections 15 and 18 - 21"

6 Insert "Sections 21 and 24 - 27"

7 Delete "sec. 15"

8 Insert "sec. 21"

9

10 Page 26, line 10:

11 Delete "Sections 16, 19, and 24"

12 Insert "Sections 22, 25, 45, and 52 - 54"

13

14 Page 26, line 12:

15 Delete "Section 17"

16 Insert "Section 23"

17

18 Page 26, line 22:

19 Delete "sec. 34"

20 Insert "sec. 65"

21

22 Page 26, line 30:

23 Delete "Sections 10, 18, 20, 21, 24, 27, and 35"

24 Insert "Sections 14, 24, 26, 27, 45, 48, and 66"

25

26 Page 26, line 31:

27 Delete "sec. 15"

28 Insert "sec. 21"

29

30 Page 27, line 1:

31 Delete "Sections 1 - 6, 8, 9, 12 - 14, 16, 19, 22, 23, 28 - 33, and 36"

1           Insert "Sections 1 - 7, 9 - 13, 15, 17 - 20, 22, 25, 28 - 44, 49 - 64, and 67"

2

3   Page 27, line 3:

4           Delete "Section 17"

5           Insert "Section 23"

6

7   Page 27, line 4:

8           Delete "secs. 42 and 43"

9           Insert "secs. 73 and 74"