

**CS FOR SENATE BILL NO. 21(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-EIGHTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Offered: 3/18/13**

**Referred: Rules**

**Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the interest rate applicable to certain amounts due for fees, taxes,**  
2 **and payments made and property delivered to the Department of Revenue; providing a**  
3 **tax credit against the corporation income tax for qualified oil and gas service industry**  
4 **expenditures; relating to the oil and gas production tax rate; relating to gas used in the**  
5 **state; relating to monthly installment payments of the oil and gas production tax;**  
6 **relating to oil and gas production tax credits for certain losses and expenditures;**  
7 **relating to oil and gas production tax credit certificates; relating to nontransferable tax**  
8 **credits based on production; relating to the oil and gas tax credit fund; relating to**  
9 **annual statements by producers and explorers; establishing the Oil and Gas**  
10 **Competitiveness Review Board; making conforming amendments; and providing for an**  
11 **effective date."**

12 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

1 \* **Section 1.** AS 05.15.095(c) is amended to read:

2 (c) A delinquent fee bears interest at the rate set by AS 43.05.225(2)  
3 [AS 43.05.225].

4 \* **Sec. 2.** AS 29.60.850(b) is amended to read:

5 (b) Each fiscal year, the legislature may appropriate an amount to the  
6 community revenue sharing fund [AN AMOUNT EQUAL TO 20 PERCENT OF  
7 THE MONEY RECEIVED BY THE STATE DURING THE PREVIOUS  
8 CALENDAR YEAR UNDER AS 43.55.011(g)]. The amount may not exceed

9 (1) \$60,000,000; or

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

12 \* **Sec. 3.** AS 34.45.470(a) is amended to read:

13 (a) A person who fails to pay or deliver property within the time prescribed by  
14 this chapter may be required to pay to the department interest at the annual rate  
15 calculated under AS 43.05.225(2) [AS 43.05.225] on the property or the value of it  
16 from the date the property should have been paid or delivered.

17 \* **Sec. 4.** AS 43.05.225 is amended to read:

18 **Sec. 43.05.225. Interest.** Unless otherwise provided,

19 (1) when a tax levied in this title becomes delinquent, it bears interest  
20 in a calendar quarter at the rate of three [FIVE] percentage points above the annual  
21 rate charged member banks for advances by the 12th Federal Reserve District as of the  
22 first day of that calendar quarter [, OR AT THE ANNUAL RATE OF 11 PERCENT,  
23 WHICHEVER IS GREATER,] compounded quarterly as of the last day of that  
24 quarter;

25 (2) the interest rate is 12 percent a year for

26 (A) delinquent fees payable under AS 05.15.095(c); and

27 (B) unclaimed property that is not timely paid or delivered, as  
28 allowed by AS 34.45.470(a).

29 \* **Sec. 5.** AS 43.20.046(i) is amended to read:

30 (i) The issuance of a refund under this section does not limit the department's  
31 ability to later audit or adjust the claim if the department determines, as a result of the

1           audit, that the person that claimed the credit was not entitled to the amount of the  
2           credit. The tax liability of the person receiving the credit under this chapter is  
3           increased by the amount of the credit that exceeds that to which the person was  
4           entitled. If the tax liability is increased under this subsection, the increase bears  
5           interest under AS 43.05.225(1) [AS 43.05.225] from the date the refund was issued.

6           \* **Sec. 6.** AS 43.20.047(i) is amended to read:

7                   (i) The issuance of a refund under this section does not limit the department's  
8           ability to later audit or adjust the claim if the department determines, as a result of the  
9           audit, that the person that claimed the credit was not entitled to the amount of the  
10          credit. The tax liability of the person receiving the credit under this section is  
11          increased by the amount of the credit that exceeds that to which the person was  
12          entitled. If the tax liability is increased under this subsection, the increase bears  
13          interest at the rate set by AS 43.05.225(1) [AS 43.05.225] from the date the refund  
14          was issued.

15          \* **Sec. 7.** AS 43.20 is amended by adding a new section to read:

16                   **Sec. 43.20.049. Qualified oil and gas industry service expenditure credit.**

17           (a) For a tax year beginning after the effective date of this section, a taxpayer may  
18           apply a credit against the tax due under this chapter for a qualified oil and gas service  
19           industry expenditure incurred in the state. The total amount of credit a taxpayer may  
20           receive in a tax year may not exceed the lesser of 10 percent of qualified oil and gas  
21           industry service expenditures incurred in the state during the tax year or \$10,000,000.

22           (b) A taxpayer may not apply more than \$10,000,000 in tax credits under this  
23           section in a tax year. A tax credit or portion of a tax credit under this section may not  
24           be used to reduce the taxpayer's tax liability under this chapter below zero. Any  
25           unused tax credit or portion of a tax credit under this section may be applied in later  
26           tax years, except that any unused tax credit or portion of a tax credit may not be  
27           carried forward for more than five tax years immediately following the tax year in  
28           which the qualified oil and gas service industry expenditures were incurred.

29           (c) An expenditure that is the basis of the credit under this section may not be  
30           the basis for

31                   (1) a deduction against the tax levied under this chapter;

1 (2) a credit or deduction under another provision of this title; or

2 (3) any federal credit claimed under this title.

3 (d) Notwithstanding any contrary provision of AS 40.25.100(a) or  
4 AS 43.05.230(e), for a year that three or more taxpayers claim a tax credit under this  
5 section, the department may publish the aggregated amount of tax credits claimed  
6 under this section and a description of the qualified oil and gas service industry  
7 expenditures that were the basis for a tax credit under this section.

8 (e) In this section,

9 (1) "manufacture" means to perform substantial industrial operations in  
10 the state to transform raw material into tangible personal property with a useful life of  
11 three years or more for use in the exploration, development, or production of oil or gas  
12 deposits;

13 (2) "modification" means an adjustment, equipping, or other alteration  
14 to existing tangible personal property that has a useful life of three years or more and  
15 is for use in the exploration, development, or production of oil or gas deposits;  
16 "modification" does not include minor product alterations or inventory activities;

17 (3) "qualified oil and gas service industry expenditure" means an  
18 expenditure directly attributable to an in-state manufacture or in-state modification of  
19 tangible personal property used in the exploration, development, or production of oil  
20 or gas deposits, but does not include components or equipment used for or in the  
21 process of that manufacturing or modification.

22 \* **Sec. 8.** AS 43.50.570 is amended to read:

23 **Sec. 43.50.570. Interest.** A licensee who fails to pay an amount due for the  
24 purchase of stamps within the time required

25 (1) is considered to have failed to pay the cigarette taxes due under this  
26 chapter; and

27 (2) shall pay interest at the rate established under AS 43.05.225(1)  
28 [AS 43.05.225] from the date on which the amount became due until the date of  
29 payment.

30 \* **Sec. 9.** AS 43.55.011(e) is amended to read:

31 (e) There is levied on the producer of oil or gas a tax for all oil and gas

1 produced each calendar year from each lease or property in the state, less any oil and  
 2 gas the ownership or right to which is exempt from taxation or constitutes a  
 3 landowner's royalty interest. Except as otherwise provided under (f), (j), (k), (o), and  
 4 (p) of this section, the tax is equal to **the annual production tax value of the taxable**  
 5 **oil and gas as calculated under AS 43.55.160(a) produced during a calendar year**  
 6 [THE SUM OF]

7 (1) **before January 1, 2017,** [THE ANNUAL PRODUCTION TAX  
 8 VALUE OF THE TAXABLE OIL AND GAS AS CALCULATED UNDER  
 9 AS 43.55.160(a)(1)] multiplied by **35** [25] percent; and

10 (2) **after December 31, 2016, multiplied by 33 percent** [THE SUM,  
 11 OVER ALL MONTHS OF THE CALENDAR YEAR, OF THE TAX AMOUNTS  
 12 DETERMINED UNDER (g) OF THIS SECTION].

13 \* **Sec. 10.** AS 43.55.011(o) is amended to read:

14 (o) Notwithstanding other provisions of this section, for a calendar year before  
 15 2022, the tax levied under (e) of this section for each 1,000 cubic feet of gas for gas  
 16 produced from a lease or property outside the Cook Inlet sedimentary basin and used  
 17 in the state, **other than gas subject to (p) of this section,** may not exceed the amount  
 18 of tax for each 1,000 cubic feet of gas that is determined under (j)(2) of this section.

19 \* **Sec. 11.** AS 43.55.020(a) is amended to read:

20 (a) For a calendar year, a producer subject to tax under **AS 43.55.011**  
 21 [AS 43.55.011(e) - (i) OR (p)] shall pay the tax as follows:

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

29 (A) for oil and gas **not subject to AS 43.55.011(o) or (p)**  
 30 produced from leases or properties in the state outside the Cook Inlet  
 31 sedimentary basin [BUT NOT SUBJECT TO AS 43.55.011(o) OR (p)], other

1 than leases or properties subject to AS 43.55.011(f), the greater of

2 (i) zero; or

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

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

13 (i) zero;

14 (ii) zero percent, one percent, two percent, three  
15 percent, or four percent, as applicable, of the gross value at the point of  
16 production of the oil and gas produced from the [ALL] leases or  
17 properties during the month for which the installment payment is  
18 calculated; or

19 (iii) 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 oil and gas [THOSE LEASES OR PROPERTIES]  
24 under AS 43.55.160 from the gross value at the point of production of  
25 the oil and gas produced from those leases or properties during the  
26 month for which the installment payment is calculated;

27 (C) for oil or [AND] gas [PRODUCED FROM EACH LEASE  
28 OR PROPERTY] subject to AS 43.55.011(j), (k), or (o) [, OR (p)], for each  
29 lease or property, the greater of

30 (i) zero; or

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

1 the month under AS 43.55.011(g) 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 under AS 43.55.160 for **the** oil or gas, respectively,  
 5 produced from the lease or property from the gross value at the point of  
 6 production of the oil or gas, respectively, produced from the lease or  
 7 property during the month for which the installment payment is  
 8 calculated;

9 **(D) for oil and gas subject to AS 43.55.011(p), the lesser of**

10 **(i) the sum of 25 percent and the tax rate calculated**  
 11 **for the month under AS 43.55.011(g) multiplied by the remainder**  
 12 **obtained by subtracting 1/12 of the producer's adjusted lease**  
 13 **expenditures for the calendar year of production under**  
 14 **AS 43.55.165 and 43.55.170 that are deductible for the oil and gas**  
 15 **under AS 43.55.160 from the gross value at the point of production**  
 16 **of the oil and gas produced from the leases or properties during the**  
 17 **month for which the installment payment is calculated, but not less**  
 18 **than zero; or**

19 **(ii) four percent of the gross value at the point of**  
 20 **production of the oil and gas produced from the leases or**  
 21 **properties during the month, but not less than zero;**

22 (2) an amount calculated under (1)(C) of this subsection for oil or gas

23 [PRODUCED FROM A LEASE OR PROPERTY

24 (A)] subject to AS 43.55.011(j), (k), or (o) may not exceed the  
 25 product obtained by carrying out the calculation set out in AS 43.55.011(j)(1)  
 26 or (2) or 43.55.011(o), as applicable, for gas or set out in AS 43.55.011(k)(1)  
 27 or (2), as applicable, for oil, but substituting in AS 43.55.011(j)(1)(A) or (2)(A)  
 28 or 43.55.011(o), as applicable, the amount of taxable gas produced during the  
 29 month for the amount of taxable gas produced during the calendar year and  
 30 substituting in AS 43.55.011(k)(1)(A) or (2)(A), as applicable, the amount of  
 31 taxable oil produced during the month for the amount of taxable oil produced

1 during the calendar year;

2 [(B) SUBJECT TO AS 43.55.011(p) MAY NOT EXCEED  
3 FOUR PERCENT OF THE GROSS VALUE AT THE POINT OF  
4 PRODUCTION OF THE OIL OR GAS;]

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

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

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

17 (4) any amount of tax levied by **AS 43.55.011** [AS 43.55.011(e) OR  
18 (i)], net of any credits applied as allowed by law, that exceeds the total of the amounts  
19 due as installment payments of estimated tax is due on March 31 of the year following  
20 the calendar year of production.

21 \* **Sec. 12.** AS 43.55.020(a), as amended by sec. 11 of this Act, is amended to read:

22 (a) For a calendar year, a producer subject to tax under AS 43.55.011 shall pay  
23 the tax as follows:

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

31 (A) for oil and gas not subject to AS 43.55.011(o) or (p)

1 produced from leases or properties in the state outside the Cook Inlet  
 2 sedimentary basin, other than leases or properties subject to AS 43.55.011(f),  
 3 the greater of

4 (i) zero; or

5 (ii) **the applicable tax rate in AS 43.55.011(e)** [THE  
 6 SUM OF 25 PERCENT AND THE TAX RATE CALCULATED FOR  
 7 THE MONTH UNDER AS 43.55.011(g)] multiplied by the remainder  
 8 obtained by subtracting 1/12 of the producer's adjusted lease  
 9 expenditures for the calendar year of production under AS 43.55.165  
 10 and 43.55.170 that are deductible for the oil and gas under  
 11 AS 43.55.160 from the gross value at the point of production of the oil  
 12 and gas produced from the leases or properties during the month for  
 13 which the installment payment is calculated;

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

16 (i) zero;

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

21 (iii) **the applicable tax rate in AS 43.55.011(e)** [THE  
 22 SUM OF 25 PERCENT AND THE TAX RATE CALCULATED FOR  
 23 THE MONTH UNDER AS 43.55.011(g)] multiplied by the remainder  
 24 obtained by subtracting 1/12 of the producer's adjusted lease  
 25 expenditures for the calendar year of production under AS 43.55.165  
 26 and 43.55.170 that are deductible for **the** oil and gas under  
 27 AS 43.55.160 from the gross value at the point of production of the oil  
 28 and gas produced from those leases or properties during the month for  
 29 which the installment payment is calculated, **except that, for the**  
 30 **purposes of this calculation, a 20 percent exclusion from the gross**  
 31 **value at the point of production may apply for oil and gas subject**

1 **to AS 43.55.160(f):**

2 (C) for oil or gas subject to AS 43.55.011(j), (k), or (o), for  
3 each lease or property, the greater of

4 (i) zero; or

5 (ii) **the applicable tax rate in AS 43.55.011(e)** [THE  
6 SUM OF 25 PERCENT AND THE TAX RATE CALCULATED FOR  
7 THE MONTH UNDER AS 43.55.011(g)] multiplied by the remainder  
8 obtained by subtracting 1/12 of the producer's adjusted lease  
9 expenditures for the calendar year of production under AS 43.55.165  
10 and 43.55.170 that are deductible under AS 43.55.160 for the oil or gas,  
11 respectively, produced from the lease or property from the gross value  
12 at the point of production of the oil or gas, respectively, produced from  
13 the lease or property during the month for which the installment  
14 payment is calculated;

15 (D) for oil and gas subject to AS 43.55.011(p), the lesser of

16 (i) **the applicable tax rate in AS 43.55.011(e)** [THE  
17 SUM OF 25 PERCENT AND THE TAX RATE CALCULATED FOR  
18 THE MONTH UNDER AS 43.55.011(g)] multiplied by the remainder  
19 obtained by subtracting 1/12 of the producer's adjusted lease  
20 expenditures for the calendar year of production under AS 43.55.165  
21 and 43.55.170 that are deductible for the oil and gas under  
22 AS 43.55.160 from the gross value at the point of production of the oil  
23 and gas produced from the leases or properties during the month for  
24 which the installment payment is calculated, but not less than zero; or

25 (ii) four percent of the gross value at the point of  
26 production of the oil and gas produced from the leases or properties  
27 during the month, but not less than zero;

28 (2) an amount calculated under (1)(C) of this subsection for oil or gas  
29 subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by  
30 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as  
31 applicable, for gas or set out in AS 43.55.011(k)(1) or (2), as applicable, for oil, but

1 substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the  
 2 amount of taxable gas produced during the month for the amount of taxable gas  
 3 produced during the calendar year and substituting in AS 43.55.011(k)(1)(A) or  
 4 (2)(A), as applicable, the amount of taxable oil produced during the month for the  
 5 amount of taxable oil produced during the calendar year;

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

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

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

18 (4) any amount of tax levied by AS 43.55.011, net of any credits  
 19 applied as allowed by law, that exceeds the total of the amounts due as installment  
 20 payments of estimated tax is due on March 31 of the year following the calendar year  
 21 of production.

22 \* **Sec. 13.** AS 43.55.020(d) is amended to read:

23 (d) In making settlement with the royalty owner for oil and gas that is taxable  
 24 under AS 43.55.011, the producer may deduct the amount of the tax paid on taxable  
 25 royalty oil and gas, or may deduct taxable royalty oil or gas equivalent in value at the  
 26 time the tax becomes due to the amount of the tax paid. If the total deductions of  
 27 installment payments of estimated tax for a calendar year exceed the actual tax for that  
 28 calendar year, the producer shall, before April 1 of the following year, refund the  
 29 excess to the royalty owner. Unless otherwise agreed between the producer and the  
 30 royalty owner, the amount of the tax paid under **AS 43.55.011(e)** [AS 43.55.011(e) -  
 31 (g)] on taxable royalty oil and gas for a calendar year, other than oil and gas the

1 ownership or right to which constitutes a landowner's royalty interest, is considered to  
 2 be the gross value at the point of production of the taxable royalty oil and gas  
 3 produced during the calendar year multiplied by a figure that is a quotient, in which

4 (1) the numerator is the producer's total tax liability under  
 5 AS 43.55.011(e) [AS 43.55.011(e) - (g)] for the calendar year of production; and

6 (2) the denominator is the total gross value at the point of production  
 7 of the oil and gas taxable under AS 43.55.011(e) [AS 43.55.011(e) - (g)] produced by  
 8 the producer from all leases and properties in the state during the calendar year.

9 \* **Sec. 14.** AS 43.55.020(g) is amended to read:

10 (g) Notwithstanding any contrary provision of AS 43.05.225, an unpaid  
 11 amount of an installment payment required under (a)(1) - (3) of this section that is not  
 12 paid when due bears interest (1) at the rate provided for an underpayment under 26  
 13 U.S.C. 6621 (Internal Revenue Code), as amended, compounded daily, from the date  
 14 the installment payment is due until March 31 following the calendar year of  
 15 production, and (2) as provided for a delinquent tax under AS 43.05.225(1)  
 16 [AS 43.05.225] after that March 31. Interest accrued under (1) of this subsection that  
 17 remains unpaid after that March 31 is treated as an addition to tax that bears interest  
 18 under (2) of this subsection. An unpaid amount of tax due under (a)(4) of this section  
 19 that is not paid when due bears interest as provided for a delinquent tax under  
 20 AS 43.05.225(1) [AS 43.05.225].

21 \* **Sec. 15.** AS 43.55.023(a) is amended to read:

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

24 (1) notwithstanding that a qualified capital expenditure may be a  
 25 deductible lease expenditure for purposes of calculating the production tax value of oil  
 26 and gas under AS 43.55.160(a), unless a credit for that expenditure is taken under  
 27 AS 38.05.180(i), AS 41.09.010, AS 43.20.043, or AS 43.55.025, a producer or  
 28 explorer that incurs a qualified capital expenditure may also elect to apply a tax credit  
 29 against a tax levied by AS 43.55.011(e) in the amount of 20 percent of that  
 30 expenditure; [HOWEVER, NOT MORE THAN HALF OF THE TAX CREDIT MAY  
 31 BE APPLIED FOR A SINGLE CALENDAR YEAR;]

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

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

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

8 **(3) a credit for a qualified capital expenditure incurred to explore**  
 9 **for, develop, or produce oil or gas deposits located north of 68 degrees North**  
 10 **latitude may be taken only if the expenditure is incurred before January 1, 2014.**

11 \* **Sec. 16.** AS 43.55.023(b) is amended to read:

12 (b) A producer or explorer may elect to take a tax credit in the amount of 25  
 13 percent of a carried-forward annual loss **for lease expenditures incurred to explore**  
 14 **for, develop, or produce oil or gas deposits located south of 68 degrees North**  
 15 **latitude, and 35 percent of a carried-forward annual loss based on lease**  
 16 **expenditures incurred after December 31, 2013, to explore for, develop, or**  
 17 **produce oil or gas deposits located north of 68 degrees North latitude.** A credit  
 18 under this subsection may be applied against a tax levied by AS 43.55.011(e). For  
 19 purposes of this subsection, a carried-forward annual loss is the amount of a producer's  
 20 or explorer's adjusted lease expenditures under AS 43.55.165 and 43.55.170 for a  
 21 previous calendar year that was not deductible in calculating production tax values for  
 22 that calendar year under AS 43.55.160.

23 \* **Sec. 17.** AS 43.55.023(b), as amended by sec. 16 of this Act, is amended to read:

24 (b) A producer or explorer may elect to take a tax credit in the amount of 25  
 25 percent of a carried-forward annual loss for lease expenditures incurred to explore for,  
 26 develop, or produce oil or gas deposits located south of 68 degrees North latitude, and  
 27 **33** [35] percent of a carried-forward annual loss based on lease expenditures incurred  
 28 after December 31, **2016** [2013], to explore for, develop, or produce oil or gas deposits  
 29 located north of 68 degrees North latitude. A credit under this subsection may be  
 30 applied against a tax levied by AS 43.55.011(e). For purposes of this subsection, a  
 31 carried-forward annual loss is the amount of a producer's or explorer's adjusted lease

1 expenditures under AS 43.55.165 and 43.55.170 for a previous calendar year that was  
 2 not deductible in calculating production tax values for that calendar year under  
 3 AS 43.55.160.

4 \* **Sec. 18.** AS 43.55.023(d) is amended to read:

5 (d) Except as limited by (i) of this section, a person that is entitled to take a tax  
 6 credit under this section that wishes to transfer the unused credit to another person or  
 7 obtain a cash payment under AS 43.55.028 may apply to the department for a  
 8 transferable tax credit certificate [CERTIFICATES]. An application under this  
 9 subsection must be in a form prescribed by the department and must include  
 10 supporting information and documentation that the department reasonably requires.  
 11 The department shall grant or deny an application, or grant an application as to a lesser  
 12 amount than that claimed and deny it as to the excess, not later than 120 days after the  
 13 latest of (1) March 31 of the year following the calendar year in which the qualified  
 14 capital expenditure or carried-forward annual loss for which the credit is claimed was  
 15 incurred; (2) the date the statement required under AS 43.55.030(a) or (e) was filed for  
 16 the calendar year in which the qualified capital expenditure or carried-forward annual  
 17 loss for which the credit is claimed was incurred; or (3) the date the application was  
 18 received by the department. If, based on the information then available to it, the  
 19 department is reasonably satisfied that the applicant is entitled to a credit, the  
 20 department shall issue the applicant a [TWO] transferable tax credit certificate for  
 21 [CERTIFICATES, EACH FOR HALF OF] the amount of the credit. [THE CREDIT  
 22 SHOWN ON ONE OF THE TWO CERTIFICATES IS AVAILABLE FOR  
 23 IMMEDIATE USE. THE CREDIT SHOWN ON THE SECOND OF THE TWO  
 24 CERTIFICATES MAY NOT BE APPLIED AGAINST A TAX FOR A CALENDAR  
 25 YEAR EARLIER THAN THE CALENDAR YEAR FOLLOWING THE  
 26 CALENDAR YEAR IN WHICH THE CERTIFICATE IS ISSUED, AND THE  
 27 CERTIFICATE MUST CONTAIN A CONSPICUOUS STATEMENT TO THAT  
 28 EFFECT.] A certificate issued under this subsection does not expire.

29 \* **Sec. 19.** AS 43.55.023(d), as amended by sec. 18 of this Act, is amended to read:

30 (d) A [EXCEPT AS LIMITED BY (i) OF THIS SECTION, A] person that is  
 31 entitled to take a tax credit under this section that wishes to transfer the unused credit

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

16 \* **Sec. 20.** AS 43.55.023(g) is amended to read:

17 (g) The issuance of a transferable tax credit certificate under (d) **of this**  
18 **section** or **former** (m) of this section or the purchase of a certificate under  
19 AS 43.55.028 does not limit the department's ability to later audit a tax credit claim to  
20 which the certificate relates or to adjust the claim if the department determines, as a  
21 result of the audit, that the applicant was not entitled to the amount of the credit for  
22 which the certificate was issued. The tax liability of the applicant under  
23 AS 43.55.011(e) and 43.55.017 - 43.55.180 is increased by the amount of the credit  
24 that exceeds that to which the applicant was entitled, or the applicant's available valid  
25 outstanding credits applicable against the tax levied by AS 43.55.011(e) are reduced  
26 by that amount. If the applicant's tax liability is increased under this subsection, the  
27 increase bears interest under **AS 43.05.225(1)** [AS 43.05.225] from the date the  
28 transferable tax credit certificate was issued. For purposes of this subsection, an  
29 applicant that is an explorer is considered a producer subject to the tax levied by  
30 AS 43.55.011(e).

31 \* **Sec. 21.** AS 43.55.023(n) is amended to read:

1 (n) For the purposes of (l) [AND (m)] of this section, a well lease expenditure  
2 incurred in the state south of 68 degrees North latitude is a lease expenditure that is

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

12 (2) an expense for seismic work conducted within the boundaries of a  
13 production or exploration unit.

14 \* **Sec. 22.** AS 43.55.024(e) is amended to read:

15 (e) On written application by a producer that includes any information the  
16 department may require, the department shall determine whether the producer  
17 qualifies for a calendar year under **(a) and (c) of** this section. To qualify under **(a) and**  
18 **(c) of** this section, a producer must demonstrate that its operation in the state or its  
19 ownership of an interest in a lease or property in the state as a distinct producer would  
20 not result in the division among multiple producer entities of any production tax  
21 liability under AS 43.55.011(e) that reasonably would be expected to be attributed to a  
22 single producer if the tax credit provisions of (a) or (c) of this section did not exist.

23 \* **Sec. 23.** AS 43.55.024 is amended by adding a new subsection to read:

24 (i) A producer may apply a tax credit of \$5 for each barrel of oil taxable under  
25 AS 43.55.011(e) produced during a calendar year against the producer's tax liability  
26 for the calendar year under AS 43.55.011(e). A tax credit authorized by this subsection  
27 may not reduce a producer's tax liability for a calendar year under AS 43.55.011(e) to  
28 below zero.

29 \* **Sec. 24.** AS 43.55.028(e) is amended to read:

30 (e) The department, on the written application of a person to whom a  
31 transferable tax credit certificate has been issued under AS 43.55.023(d) or **former**

1 AS 43.55.023(m) [(m)] or to whom a production tax credit certificate has been issued  
 2 under AS 43.55.025(f), may use available money in the oil and gas tax credit fund to  
 3 purchase, in whole or in part, the certificate if the department finds that

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

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

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

12 (4) the applicant's average daily production of oil and gas taxable  
 13 under AS 43.55.011(e) during the calendar year preceding the calendar year in which  
 14 the application is made was not more than 50,000 BTU equivalent barrels; and

15 (5) the purchase is consistent with this section and regulations adopted  
 16 under this section.

17 \* **Sec. 25.** AS 43.55.028(g) is amended to read:

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

27 \* **Sec. 26.** AS 43.55.030(e) is amended to read:

28 (e) An explorer or producer that incurs a lease expenditure under  
 29 AS 43.55.165 or receives a payment or credit under AS 43.55.170 during a calendar  
 30 year but does not produce oil or gas from a lease or property in the state during the  
 31 calendar year shall file with the department, on March 31 of the following year, a

1 statement, under oath, in a form prescribed by the department, giving, with other  
2 information required, the following:

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

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

9 \* **Sec. 27.** AS 43.55.160(a) is amended to read:

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

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

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

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

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

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

26 (C) oil produced before 2022 from each [A] lease or property  
27 in the Cook Inlet sedimentary basin;

28 (D) gas produced before 2022 from each [A] lease or property  
29 in the Cook Inlet sedimentary basin;

30 (E) gas produced before 2022 from each [A] lease or property  
31 in the state outside the Cook Inlet sedimentary basin and used in the state,

1 **other than gas subject to AS 43.55.011(p);**

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

4 (G) oil and gas produced from **leases or properties in the**  
5 **state** [A LEASE OR PROPERTY] no part of which is north of 68 degrees  
6 North latitude, other than oil or gas described in (B), (C), (D), (E), or (F) of  
7 this paragraph;

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

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

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

26 (C) oil produced during a month from a lease or property in the  
27 Cook Inlet sedimentary basin is the gross value at the point of production of  
28 the oil taxable under AS 43.55.011(e) and produced by the producer from that  
29 lease or property, less 1/12 of the producer's lease expenditures under  
30 AS 43.55.165 for the calendar year applicable to the oil produced by the  
31 producer from that lease or property, as adjusted under AS 43.55.170;

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

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

14 \* **Sec. 28.** AS 43.55.160(a) is repealed and reenacted to read:

15 (a) Except as provided in (b) and (f) of this section, for the purposes of  
 16 AS 43.55.011(e), the annual production tax value of taxable oil, gas, or oil and gas  
 17 produced by a producer during a calendar year in a specific category for which a  
 18 separate production tax value is required to be calculated under this subsection is equal  
 19 to the gross value at the point of production of that oil, gas, or oil and gas,  
 20 respectively, taxable under AS 43.55.011(e), less the producer's lease expenditures  
 21 under AS 43.55.165 for the calendar year that are applicable to the oil, gas, or oil and  
 22 gas, respectively, in that category produced by the producer during the calendar year,  
 23 as adjusted under AS 43.55.170. A separate annual production tax value must be  
 24 calculated for

25 (1) oil and gas produced from leases or properties in the state that  
 26 include land north of 68 degrees North latitude, other than gas produced before 2022  
 27 and used in the state;

28 (2) oil and gas produced from leases or properties in the state outside  
 29 the Cook Inlet sedimentary basin, no part of which is north of 68 degrees North  
 30 latitude, during a calendar year before or during the last calendar year under  
 31 AS 43.55.024(b) for which the producer could take a tax credit under

1 AS 43.55.024(a); this paragraph does not apply to

2 (A) gas produced before 2022 and used in the state; or

3 (B) oil and gas subject to AS 43.55.011(p);

4 (3) oil produced before 2022 from each lease or property in the Cook  
5 Inlet sedimentary basin;

6 (4) gas produced before 2022 from each lease or property in the Cook  
7 Inlet sedimentary basin;

8 (5) gas produced before 2022 from each lease or property in the state  
9 outside the Cook Inlet sedimentary basin and used in the state, other than gas subject  
10 to AS 43.55.011(p);

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

13 (7) oil and gas produced from leases or properties in the state no part  
14 of which is north of 68 degrees North latitude, other than oil or gas described in (2),  
15 (3), (4), (5), or (6) of this subsection.

16 \* **Sec. 29.** AS 43.55.160(e) is amended to read:

17 (e) Any adjusted lease expenditures under AS 43.55.165 and 43.55.170 that  
18 would otherwise be deductible by a producer in a calendar year but whose deduction  
19 would cause an annual production tax value calculated under (a) [(a)(1)] of this  
20 section of taxable oil or gas produced during the calendar year to be less than zero  
21 may be used to establish a carried-forward annual loss under AS 43.55.023(b).  
22 However, the department shall provide by regulation a method to ensure that, for a  
23 period for which a producer's tax liability is limited by AS 43.55.011(j), (k), (o), or  
24 (p), any adjusted lease expenditures under AS 43.55.165 and 43.55.170 that would  
25 otherwise be deductible by a producer for that period but whose deduction would  
26 cause a production tax value calculated under (a)(3), (4), (5), or (6) [(a)(1)(C), (D),  
27 (E), OR (F)] of this section to be less than zero are accounted for as though the  
28 adjusted lease expenditures had first been used as deductions in calculating the  
29 production tax values of oil or gas subject to any of the limitations under  
30 AS 43.55.011(j), (k), (o), or (p) that have positive production tax values so as to  
31 reduce the tax liability calculated without regard to the limitation to the maximum

1 amount provided for under the applicable provision of AS 43.55.011(j), (k), (o), or (p).  
 2 Only the amount of those adjusted lease expenditures remaining after the accounting  
 3 provided for under this subsection may be used to establish a carried-forward annual  
 4 loss under AS 43.55.023(b). In this subsection, "producer" includes "explorer."

5 \* **Sec. 30.** AS 43.55.160 is amended by adding a new subsection to read:

6 (f) In the calculation of an annual production tax value of a producer under  
 7 (a)(1) of this section, the gross value at the point of production of oil or gas meeting  
 8 one or more of the following criteria is reduced by 20 percent: (1) the oil or gas is  
 9 produced from a lease or property that does not contain a lease that was within a unit  
 10 on January 1, 2003; (2) the oil or gas is produced from a participating area established  
 11 after December 31, 2011, that is within a unit formed under AS 38.05.180(p) before  
 12 January 1, 2003, if the participating area does not contain a reservoir that had  
 13 previously been in a participating area established before December 31, 2011; (3) the  
 14 oil or gas is produced from a well that has been accurately metered and measured by  
 15 the operator to the satisfaction of the commissioner, and the producer demonstrates to  
 16 the department that the metered well drains a reservoir or portion of a reservoir that  
 17 the Department of Natural Resources has certified was not contributing to production  
 18 before January 1, 2013, and the producer demonstrates to the department that the  
 19 volume of oil or gas produced from the well was subject to certification by the  
 20 Department of Natural Resources. An exclusion under this section may not reduce the  
 21 gross value at the point of production below zero. In this subsection, "participating  
 22 area" means a reservoir or portion of a reservoir producing or contributing to  
 23 production as approved by the Department of Natural Resources.

24 \* **Sec. 31.** AS 43.56.160 is amended to read:

25 **Sec. 43.56.160. Interest and penalty.** When the tax levied by AS 43.56.010(a)  
 26 becomes delinquent, a penalty of 10 percent shall be added. Interest on the delinquent  
 27 taxes, exclusive of penalty, shall be assessed at **the rate specified in AS 43.05.225(1)**  
 28 **[A RATE OF EIGHT PERCENT A YEAR].**

29 \* **Sec. 32.** AS 43.77.020(d) is amended to read:

30 (d) A person subject to the tax under this chapter shall make quarterly  
 31 payments of the tax estimated to be due for the year, as required under regulations

1 adopted by the department. A taxpayer will be subject to an estimated tax penalty,  
 2 determined by applying the interest rate specified in AS 43.05.225(1) [AS 43.05.225]  
 3 to the underpayment for each quarter, unless the taxpayer makes estimated tax  
 4 payments in equal installments that total either

5 (1) at least 90 percent of the taxpayer's tax liability under this chapter  
 6 for the tax year; or

7 (2) at least 100 percent of the taxpayer's tax liability under this chapter  
 8 for the prior tax year.

9 \* **Sec. 33.** AS 43.90.430 is amended to read:

10 **Sec. 43.90.430. Interest.** When a payment due to the state under this chapter  
 11 becomes delinquent, the payment bears interest at the rate applicable to a delinquent  
 12 tax under AS 43.05.225(1) [AS 43.05.225].

13 \* **Sec. 34.** AS 43.98 is amended by adding new sections to read:

14 **Article 2. Oil and Gas Competitiveness Review Board.**

15 **Sec. 43.98.040. Oil and Gas Competitiveness Review Board.** (a) The Oil and  
 16 Gas Competitiveness Review Board is established in the department.

17 (b) The board shall consist of nine members as follows:

18 (1) two members nominated by the two leading nonprofit trade  
 19 associations representing the oil and gas industry in the state and appointed by the  
 20 governor, with one member nominated by each association;

21 (2) the chair of the Alaska Oil and Gas Conservation Commission or  
 22 the chair's designee;

23 (3) three members of the public appointed by the governor, including  
 24 one member who is a petroleum engineer, one member who is a geologist, and one  
 25 member who is an economist;

26 (4) the commissioner of environmental conservation or the  
 27 commissioner's designee;

28 (5) the commissioner of natural resources or the commissioner's  
 29 designee; and

30 (6) the commissioner of revenue or the commissioner's designee.

31 (c) The governor shall, every two years, designate one of the members as

1 chair.

2 (d) Members of the board appointed under (b)(1) and (b)(3) of this section  
3 serve for six years. An individual who has served on the board may be reappointed.

4 (e) A vacancy on the board shall be filled in the manner of the original  
5 appointment.

6 (f) A member of the board may be removed and replaced at the discretion of  
7 the governor.

8 (g) The members of the board appointed under (b)(1) and (b)(3) of this section  
9 serve without compensation but shall receive per diem and travel expenses authorized  
10 for boards and commissions under AS 39.20.180.

11 (h) The board may enter into contracts for professional services and may  
12 employ staff for administrative support for the board.

13 (i) The board may not meet more than once in a calendar year.

14 **Sec. 43.98.050. Duties.** The duties of the board include the following:

15 (1) establish and maintain a salient collection of information related to  
16 oil and gas exploration, development, and production in the state and related to tax  
17 structures, rates, and credits in other regions with oil and gas resources;

18 (2) evaluate and suggest changes to state laws and regulations  
19 governing the oil and gas industry;

20 (3) review historical, current, and potential levels of investment in the  
21 state's oil and gas sector;

22 (4) identify factors that affect investment in oil and gas exploration,  
23 development, and production in the state, including tax structure, rates, and credits;  
24 royalty requirements; infrastructure; workforce availability; and regulatory  
25 requirements;

26 (5) review the competitive position of the state to attract and maintain  
27 investment in the oil and gas sector in the state as compared to the competitive  
28 position of other regions with oil and gas resources;

29 (6) in order to facilitate the work of the board, establish procedures to  
30 accept and keep confidential information that is beneficial to the work of the board,  
31 including the creation of a secure data room and confidentiality agreements to be

1 signed by individuals having access to confidential information;

2 (7) make written findings and recommendations, together with  
3 suggested legislation, to the Alaska State Legislature before December 1 of each year,  
4 or as soon thereafter as practicable, regarding

5 (A) changes to the state's regulatory environment that would be  
6 conducive to encouraging increased investment while protecting the interests  
7 of the people of the state and the environment;

8 (B) changes to the state's fiscal regime that would be conducive  
9 to increased and ongoing long-term investment in and development of the  
10 state's oil and gas resources; and

11 (C) alternative means for increasing the state's ability to attract  
12 and maintain investment in and development of the state's oil and gas  
13 resources.

14 **Sec. 43.98.060. Information to be provided to board.** (a) The commissioner  
15 of natural resources, the commissioner of revenue, the commissioner of environmental  
16 conservation, and other commissioners and state agencies that have responsibility for  
17 and maintain information related to oil and gas investment and activity in the state  
18 shall, at the request of the board, provide information required by the board to carry  
19 out the duties described in AS 43.98.050.

20 (b) At the request of the board, and except for information that is confidential  
21 under AS 40.25.100(a) or AS 43.05.230 and information required to be held  
22 confidential by the Alaska Oil and Gas Conservation Commission, a commissioner  
23 may disclose to the board information that is otherwise confidential after each member  
24 of the board and each staff member for the board with access to the information signs  
25 a confidentiality agreement prepared by the commissioner making the disclosure.  
26 Information that is confidential under AS 43.05.230 may not be disclosed to the board.

27 **Sec. 43.98.070. Definition.** In AS 43.98.040 - 43.98.070, "board" means the  
28 Oil and Gas Competitiveness Review Board.

29 \* **Sec. 35.** AS 43.55.023(m) is repealed.

30 \* **Sec. 36.** AS 43.55.011(g), 43.55.023(i), and 43.55.160(c) are repealed January 1, 2014.

31 \* **Sec. 37.** AS 43.98.040, 43.98.050, 43.98.060, and 43.98.070 are repealed December 31,

1 2022.

2 \* **Sec. 38.** The uncodified law of the State of Alaska is amended by adding a new section to  
3 read:

4 APPLICABILITY. (a) Sections 9, 12, 13, and 28 - 30 of this Act apply to oil and gas  
5 produced after December 31, 2013.

6 (b) Sections 10 and 27 of this Act apply to oil and gas produced after December 31,  
7 2012.

8 (c) Sections 15 and 18 - 21 of this Act and AS 43.55.023(a)(1), as amended by sec. 15  
9 of this Act, apply to expenditures incurred after December 31, 2012.

10 (d) Sections 16, 19, and 24 of this Act apply to expenditures incurred after  
11 December 31, 2013.

12 (e) Section 17 of this Act applies to expenditures incurred after December 31, 2016.

13 \* **Sec. 39.** The uncodified law of the State of Alaska is amending by adding a new section to  
14 read:

15 TRANSITION: REGULATIONS. The Department of Revenue may adopt regulations  
16 to implement this Act. The regulations take effect under AS 44.62 (Administrative Procedure  
17 Act), but not before the effective date of the respective provision of this Act.

18 \* **Sec. 40.** The uncodified law of the State of Alaska is amended by adding a new section to  
19 read:

20 TRANSITION: OIL AND GAS COMPETITIVENESS REVIEW BOARD. The  
21 governor shall appoint the initial members of the Oil and Gas Competitiveness Review Board,  
22 established in sec. 34 of this Act, before January 1, 2014. The initial terms of the members of  
23 the board appointed under AS 43.98.040(b)(1) and (b)(3) shall be set by the governor and  
24 staggered so that one member serves one year, two members serve four years, and two  
25 members serve six years. The first written findings and recommendations, together with  
26 suggested legislation, shall be delivered to the Alaska State Legislature on December 1, 2015,  
27 or as soon thereafter as practicable.

28 \* **Sec. 41.** The uncodified law of the State of Alaska is amended by adding a new section to  
29 read:

30 RETROACTIVITY. Sections 10, 18, 20, 21, 24, 27, and 35 of this Act and  
31 AS 43.55.023(a)(1), as amended by sec. 15 of this Act, are retroactive to January 1, 2013.

1     \* **Sec. 42.** Sections 1 - 6, 8, 9, 12 - 14, 16, 19, 22, 23, 28 - 33, and 36 of this Act take effect  
2     January 1, 2014.

3     \* **Sec. 43.** Section 17 of this Act takes effect January 1, 2017.

4     \* **Sec. 44.** Except as provided in secs. 42 and 43 of this Act, this Act takes effect  
5     immediately under AS 01.10.070(c).