

HOUSE JOURNAL

ALASKA STATE LEGISLATURE

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

Juneau, Alaska

Saturday

April 13, 2013

Eighty-ninth Day

Pursuant to adjournment the House was called to order by Speaker Chenault at 11:15 a.m.

Roll call showed 36 members present. Representative Guttenberg had been excused from a call of the House today. Representatives Kreiss-Tomkins and Stoltze were absent and their presence was noted later.

Representative Pruitt moved and asked unanimous consent that Representative Nageak be excused from a call of the House today. There being no objection, it was so ordered, and his presence was noted later.

The invocation was offered by the Chaplain, Representative Foster. Representative Edgmon and Dave Stancliff performed the song, "Shimmering Seasons." Representative P. Wilson moved and asked unanimous consent that the invocation be spread on the journal. There being no objection, it was so ordered.

As we bow our heads, I would ask that we keep the representative from Barrow in our thoughts and prayers.

As we gather here today in these Chambers, in this moment of time, we give thanks for the opportunity for public service. Help us to remember those who have occupied these Chambers in the past and the brevity and delicate balance of life. As we desire to be treated, let us so treat others. Let us not be harsh in our judgment, lest we be judged accordingly. Let us be quick to forgive. Let us be guided by compassion and love.

We offer now an instrumental piece to provide a space and time for us to remember those who have come before us and those who will follow in this grand design of American government.

Today we feature the song, "Shimmering Seasons," written and performed by Representative Edgmon and Dave Stancliff.

The Pledge of Allegiance was led by Representative Seaton.

CERTIFICATION OF THE JOURNAL

Representative Pruitt moved and asked unanimous consent that the journal for the 88th legislative day be approved as certified by the Chief Clerk. There being no objection, it was so ordered.

MESSAGES FROM THE GOVERNOR

SB 1

A message dated April 12, 2013, was read stating the Governor signed the following bill and is transmitting the engrossed and enrolled copies to the Lieutenant Governor's office for permanent filing:

SENATE BILL NO. 1(efd add H)

"An Act establishing May 10 of each year as Alaska Mining Day; and providing for an effective date."

Chapter No. 6, SLA 2013

Effective Date: April 13, 2013

MESSAGES FROM THE SENATE

HCR 7

A message dated April 12, 2013, was read stating the Senate passed:

HOUSE CONCURRENT RESOLUTION NO. 7

Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning Senate Bill No. 23, relating to development project financing by the Alaska Industrial Development and Export Authority; relating to the dividends from

the Alaska Industrial Development and Export Authority; and authorizing the Alaska Industrial Development and Export Authority to provide financing and issue bonds for a liquefied natural gas production system and natural gas distribution system.

HCR 7 was referred to the Chief Clerk for enrollment.

HCR 12

A message dated April 12, 2013, was read stating the Senate passed:

HOUSE CONCURRENT RESOLUTION NO. 12

Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning Senate Bill No. 22, relating to the commencement of actions for felony sex trafficking and felony human trafficking; relating to the crime of sexual assault; relating to the crime of unlawful contact; relating to forfeiture for certain crimes involving prostitution; relating to the time in which to commence certain prosecutions; relating to release in a prosecution for stalking or a crime involving domestic violence or for violation of a condition of release in connection with a crime involving domestic violence; relating to interception of private communications for certain sex trafficking or human trafficking offenses; relating to use of evidence of sexual conduct concerning victims of certain crimes; relating to consideration at sentencing of the effect of a crime on the victim; relating to the time to make an application for credit for time served in a treatment program or while in other custody; relating to suspending imposition of sentence for sex trafficking; relating to consecutive sentences for convictions of certain crimes involving child pornography or indecent materials to minors; relating to the referral of sexual felonies to a three-judge panel; relating to the definition of "sexual felony" for sentencing and probation for conviction of certain crimes; relating to the definition of "sex offense" regarding sex offender registration; relating to the definition of "victim counseling centers" for disclosure of certain communications concerning sexual assault or domestic violence; relating to violent crimes compensation; relating to certain information in retention election of judges concerning sentencing of persons convicted of felonies; relating to remission of sentences for certain sexual felony offenders; relating to forms for sexual

assault, stalking, and domestic violence protective orders; relating to the subpoena power of the attorney general in cases involving the use of an Internet service account; relating to reasonable efforts in child-in-need-of-aid cases involving sexual abuse or sex offender registration; relating to mandatory reporting by athletic coaches of child abuse or neglect; making conforming amendments; and amending Rules 16, 32.1(b)(1), and 32.2(a), Alaska Rules of Criminal Procedure, and Rules 404(a) and (b), Alaska Rules of Evidence.

HCR 12 was referred to the Chief Clerk for enrollment.

HB 30

A message dated April 12, 2013, was read stating the Senate passed:

CS FOR HOUSE BILL NO. 30(FIN)

"An Act relating to performance reviews, audits, and termination of executive and legislative branch agencies, the University of Alaska, and the Alaska Court System; and providing for an effective date."

CSHB 30(FIN) was referred to the Chief Clerk for enrollment.

HB 63

A message dated April 12, 2013, was read stating the Senate passed:

CS FOR HOUSE BILL NO. 63(FIN)

"An Act relating to the Board of Governors of the Alaska Bar Association; and providing for an effective date."

CSHB 63(FIN) was referred to the Chief Clerk for enrollment.

HB 83

A message dated April 12, 2013, was read stating the Senate passed:

CS FOR HOUSE BILL NO. 83(JUD)

"An Act relating to certain federal statutes, regulations, presidential executive orders and actions, and secretarial orders and actions; relating to the duties of the attorney general; and providing for an effective date."

CSHB 83(JUD) was referred to the Chief Clerk for enrollment.

HB 125

A message dated April 12, 2013, was read stating the Senate passed:

CS FOR HOUSE BILL NO. 125(L&C) am

"An Act prohibiting a health care insurer from denying coverage for an additional limited quantity of prescription topical eye medication under certain circumstances."

CSHB 125(L&C) am was referred to the Chief Clerk for enrollment.

HB 130

A message dated April 12, 2013, was read stating the Senate passed:

HOUSE BILL NO. 130

"An Act establishing July 21 each year as Jay Hammond Day."

HB 130 was referred to the Chief Clerk for enrollment.

HB 131

A message dated April 12, 2013, was read stating the Senate passed:

HOUSE BILL NO. 131

"An Act relating to abandoned and derelict vessels."

HB 131 was referred to the Chief Clerk for enrollment.

HB 4

A message dated April 12, 2013, was read stating the Senate passed CSSH 4(FIN) with the following amendment, and it is transmitted for consideration:

SENATE CS FOR CS FOR SS FOR HOUSE BILL NO. 4(FIN)

"An Act relating to the Alaska Gasline Development Corporation; establishing the Alaska Gasline Development Corporation as an independent public corporation of the state; establishing and relating to the in-state natural gas pipeline fund; making certain information provided to or by the Alaska Gasline Development Corporation and its subsidiaries exempt from inspection as a public record; relating to the Joint In-State Gasline Development

Team; relating to the Alaska Housing Finance Corporation; relating to judicial review of a right-of-way lease or an action or decision related to the development or construction of an oil or gas pipeline on state land; relating to the lease of a right-of-way for a gas pipeline transportation corridor, including a corridor for a natural gas pipeline that is a contract carrier; relating to the cost of natural resources, permits, and leases provided to the Alaska Gasline Development Corporation; relating to procurement by the Alaska Gasline Development Corporation; relating to the review by the Regulatory Commission of Alaska of natural gas transportation contracts; relating to the regulation by the Regulatory Commission of Alaska of an in-state natural gas pipeline project developed by the Alaska Gasline Development Corporation; relating to the regulation by the Regulatory Commission of Alaska of an in-state natural gas pipeline that provides transportation by contract carriage; repealing the statutes relating to the Alaska Natural Gas Development Authority and making conforming changes; exempting property of a project developed by the Alaska Gasline Development Corporation from property taxes before the commencement of commercial operations; and providing for an effective date."

CONCUR IN SENATE AMENDMENTS

HB 4

Representative Pruitt moved and asked unanimous consent that the House consider the Senate message. There being no objection, it was so ordered.

**The presence of Representatives Stoltze and Kreiss-Tomkins was noted.

Representative Pruitt moved that the House concur in the Senate amendment to CSSSHB 4(FIN), thus adopting SCS CSSSHB 4(FIN), and recommended that the members vote yes.

The question being: "Shall the House concur in the Senate amendment to CSSSHB 4(FIN)?" The roll was taken with the following result:

SCS CSSSHB 4(FIN)

Concur

YEAS: 34 NAYS: 4 EXCUSED: 2 ABSENT: 0

Yeas: Chenault, Costello, Edgmon, Feige, Foster, Gara, Gattis, Gruenberg, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Kawasaki, Keller, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Tarr, Thompson, Tuck, P.Wilson, T.Wilson

Nays: Austerman, Drummond, Josephson, Kerttula

Excused: Guttenberg, Nageak

And so, the House concurred in the Senate amendment.

Representative Pruitt moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause. There being no objection, it was so ordered.

The Chief Clerk notified the Senate.

SCS CSSSHB 4(FIN) was referred to the Chief Clerk for enrollment.

MESSAGES FROM THE SENATE

HB 52

A message dated April 12, 2013, was read stating the Senate passed HB 52 am with the following amendment, and it is transmitted for consideration:

SENATE CS FOR HOUSE BILL NO. 52(FIN)

"An Act relating to allowable absences from the state for purposes of eligibility for permanent fund dividends; and providing for an effective date."

CONCUR IN SENATE AMENDMENTS

HB 52

Representative Pruitt moved and asked unanimous consent that the House consider the Senate message. There being no objection, it was so ordered.

Representative Kerttula moved and asked unanimous consent that she be allowed to abstain from voting because of a conflict of interest. Objection was heard, and Representative Kerttula was required to vote.

Representative Pruitt moved that the House concur in the Senate amendment to HB 52 am, thus adopting SCS HB 52(FIN), and recommended that the members vote yes.

The question being: "Shall the House concur in the Senate amendment to HB 52 am?" The roll was taken with the following result:

SCS HB 52(FIN)

Concur

YEAS: 36 NAYS: 0 EXCUSED: 2 ABSENT: 2

Yeas: Austerman, Chenault, Costello, Drummond, Edgmon, Feige, Foster, Gattis, Gruenberg, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Josephson, Kawasaki, Keller, Kerttula, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Thompson, Tuck, P.Wilson, T.Wilson

Excused: Guttenberg, Nageak

Absent: Gara, Tarr

And so, the House concurred in the Senate amendment.

Representative Pruitt moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause. There being no objection, it was so ordered.

The Chief Clerk notified the Senate.

SCS HB 52(FIN) was referred to the Chief Clerk for enrollment.

MESSAGES FROM THE SENATE

HB 71

A message dated April 12, 2013, was read stating the Senate passed:

CS FOR HOUSE BILL NO. 71(FIN)

"An Act requiring the Department of Commerce, Community, and Economic Development to file an annual report to the legislature regarding statewide and regional economic development projects and regional development organizations; extending the termination date of the Alaska regional economic assistance program; and providing for an effective date."

with the following amendment, and it is transmitted for consideration:

SENATE CS FOR CS FOR HOUSE BILL NO. 71(FIN)

"An Act requiring the Commercial Fisheries Entry Commission to report biennially on the vessel-based limited entry fisheries system for the weathervane scallop and Bering Sea hair crab fisheries; requiring the Department of Commerce, Community, and Economic Development to file an annual report to the legislature regarding statewide and regional economic development projects and regional development organizations; extending the termination date of the Alaska regional economic assistance program; extending the termination date of the authority of the Commercial Fisheries Entry Commission to maintain a vessel-based limited entry fisheries system for the weathervane scallop and Bering Sea hair crab fisheries; providing for an effective date by amending the effective date under sec. 28, ch. 137, SLA 2002; and providing for an effective date."

(SCR 9 - title change resolution)

CSHB 71(FIN) is under Unfinished Business.

HB 84

A message dated April 12, 2013, was read stating the Senate passed CSHB 84(FIN) with the following amendment, and it is transmitted for consideration:

CS FOR HOUSE BILL NO. 84(FIN)(efd am S)

"An Act relating to applying military education, training, and service credit to occupational licensing and certain postsecondary education and employment training requirements; providing for a

temporary occupational license for qualified military service members; and providing for an effective date."

CSHB 84(FIN) is under Unfinished Business.

SB 22

A message dated April 12, 2013, was read stating the Senate concurred in the House amendment to:

CS FOR SENATE BILL NO. 22(FIN)

"An Act relating to the commencement of actions for felony sex trafficking and felony human trafficking; relating to the crime of sexual assault; relating to the crime of unlawful contact; relating to forfeiture for certain crimes involving prostitution; relating to the time in which to commence certain prosecutions; relating to release in a prosecution for stalking or a crime involving domestic violence or for violation of a condition of release in connection with a crime involving domestic violence; relating to interception of private communications for certain sex trafficking or human trafficking offenses; relating to use of evidence of sexual conduct concerning victims of certain crimes; relating to consideration at sentencing of the effect of a crime on the victim; relating to the time to make an application for credit for time served in a treatment program or while in other custody; relating to suspending imposition of sentence for sex trafficking; relating to consecutive sentences for convictions of certain crimes involving child pornography or indecent materials to minors; relating to the referral of sexual felonies to a three-judge panel; relating to the definition of 'sexual felony' for sentencing and probation for conviction of certain crimes; relating to the definition of 'sex offense' regarding sex offender registration; relating to the definition of 'victim counseling centers' for disclosure of certain communications concerning sexual assault or domestic violence; relating to violent crimes compensation; relating to certain information in retention election of judges concerning sentencing of persons convicted of felonies; relating to remission of sentences for certain sexual felony offenders; relating to forms for sexual assault, stalking, and domestic violence protective orders; relating to the subpoena power of the attorney general in cases involving

the use of an Internet service account; relating to reasonable efforts in child-in-need-of-aid cases involving sexual abuse or sex offender registration; relating to mandatory reporting by athletic coaches of child abuse or neglect; making conforming amendments; amending Rules 16, 32.1(b)(1), and 32.2(a), Alaska Rules of Criminal Procedure, and Rules 404(a) and (b), Alaska Rules of Evidence; and providing for an effective date."

thus adopting:

HOUSE CS FOR CS FOR SENATE BILL NO. 22(FIN)

"An Act relating to the commencement of actions for felony sex trafficking and felony human trafficking; relating to the crime of sexual assault; relating to the crime of unlawful contact; relating to forfeiture for certain crimes involving prostitution; relating to the time in which to commence certain prosecutions; relating to release in a prosecution for stalking or a crime involving domestic violence or for violation of a condition of release in connection with a crime involving domestic violence; relating to interception of private communications for certain sex trafficking or human trafficking offenses; relating to use of evidence of sexual conduct concerning victims of certain crimes; relating to consideration at sentencing of the effect of a crime on the victim; relating to the time to make an application for credit for time served in a treatment program or while in other custody; relating to suspending imposition of sentence for sex trafficking; relating to consecutive sentences for convictions of certain crimes involving child pornography or indecent materials to minors; relating to the referral of sexual felonies to a three-judge panel; relating to the definition of 'sexual felony' for sentencing and probation for conviction of certain crimes; relating to the definition of 'sex offense' regarding sex offender registration; relating to the definition of 'victim counseling centers' for disclosure of certain communications concerning sexual assault or domestic violence; relating to violent crimes compensation; relating to certain information in retention election of judges concerning sentencing of persons convicted of felonies; relating to the rights of certain victims of sexual assault to obtain legal and equitable remedies for injuries arising from the conduct of a perpetrator; relating to the definition of 'sexual assault' for the purpose of adoption and the

termination of parental rights in certain proceedings; relating to remission of sentences for certain sexual felony offenders; relating to forms for sexual assault, stalking, and domestic violence protective orders; relating to the subpoena power of the attorney general in cases involving the use of an Internet service account; relating to reasonable efforts in child-in-need-of-aid cases involving sexual abuse or sex offender registration; relating to mandatory reporting by athletic coaches of child abuse or neglect; making conforming amendments; amending Rules 16, 32.1(b)(1), and 32.2(a), Alaska Rules of Criminal Procedure, and Rules 404(a) and (b), Alaska Rules of Evidence; and providing for an effective date."

(HCR 12 - title change resolution)

SB 23

A message dated April 12, 2013, was read stating the Senate concurred in the House amendment to:

CS FOR SENATE BILL NO. 23(FIN)

"An Act relating to development project financing by the Alaska Industrial Development and Export Authority; relating to the dividends from the Alaska Industrial Development and Export Authority; authorizing the Alaska Industrial Development and Export Authority to provide financing and issue bonds for a liquefied natural gas production system and natural gas distribution system; and providing for an effective date."

thus adopting:

HOUSE CS FOR CS FOR SENATE BILL NO. 23(FIN)

"An Act relating to development project financing by the Alaska Industrial Development and Export Authority; relating to the dividends from the Alaska Industrial Development and Export Authority; relating to the meaning of 'net income' and 'unrestricted net income' for purposes of the Alaska Industrial Development and Export Authority; authorizing the Alaska Industrial Development and Export Authority to provide financing and issue

bonds for a liquefied natural gas production system and natural gas distribution system; and providing for an effective date."

(HCR 7 - title change resolution)

HB 87

A message dated April 12, 2013, was read stating the Senate adopted the Conference Committee report on CSHB 87(FIN) and SCS CSHB 87(EDC), thus adopting:

CONFERENCE CS FOR HOUSE BILL NO. 87

"An Act relating to allocations to the special education service agency and extending the special education service agency; and providing for an effective date."

(SCR 5 - title change resolution)

The report is under Unfinished Business.

A message dated April 12, 2013, was read stating the Senate passed the following, and it is transmitted for consideration:

**FIRST READING AND REFERENCE
OF SENATE RESOLUTIONS**

SCR 9

SENATE CONCURRENT RESOLUTION NO. 9 by the Senate Finance Committee:

Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning House Bill No. 71, requiring the Department of Commerce, Community, and Economic Development to file an annual report to the legislature regarding statewide and regional economic development projects and regional development organizations; and extending the termination date of the Alaska regional economic assistance program.

was read the first time.

REPORTS OF STANDING COMMITTEES**SB 47**

The Finance Committee considered:

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO.
47(FIN)

"An Act relating to boarding schools operated by school districts;
and providing for an effective date."

and recommends it be replaced with:

HOUSE CS FOR CS FOR SS FOR SENATE BILL NO. 47(FIN)
(same title)

The report was signed by Representative Neuman, Vice Chair, with
the following individual recommendations:

Do pass (6): Munoz, Thompson, Edgmon, T. Wilson, Gara, Neuman

No recommendation (3): Kawasaki (Alternate), Holmes, Costello

The following fiscal note(s) apply to HCS CSSSSB 47(FIN):

3. Fiscal, Dept. of Education & Early Development

CSSSSB 47(FIN) is on today's calendar.

SB 57

The Finance Committee considered:

CS FOR SENATE BILL NO. 57(FIN)

"An Act relating to parental involvement in education; adjusting
pupil transportation funding; amending the time required for
employers to give tenured teachers notification of their
nonretention; and providing for an effective date."

and recommends it be replaced with:

HOUSE CS FOR CS FOR SENATE BILL NO. 57(EDC)
(same title)

The report was signed by Representative Neuman, Vice Chair, with the following individual recommendations:

Do pass (5): Holmes, Munoz, Edgmon, Costello, Neuman

No recommendation (3): Thompson, T. Wilson, Gara

Amend (1): Kawasaki (Alternate)

The following fiscal note(s) apply to HCS CSSB 57(EDC):

2. Zero, Dept. of Education & Early Development
4. Fiscal, Dept. of Education & Early Development
5. Fiscal, Dept. of Education & Early Development

CSSB 57(FIN) is on today's calendar.

SB 73

The Community & Regional Affairs Committee considered:

CS FOR SENATE BILL NO. 73(STA)

"An Act relating to a municipal property tax exemption for real property that is the primary residence of certain widows and widowers; and providing for an effective date."

The report was signed by Representative LeDoux, Co-chair, with the following individual recommendations:

Do pass (5): Foster, Reinbold, Olson, Drummond, LeDoux

The following fiscal note(s) apply:

1. Zero, Dept. of Commerce, Community, & Economic Development

CSSB 73(STA) is on today's calendar.

INTRODUCTION OF CITATIONS

The following citations were introduced and referred to the Rules Committee for placement on the calendar:

Honoring – Mr. Travis Harrington
By Representatives Saddler, Stoltze

Honoring – The House Floor Staff
By Representative Johnson

Honoring – Nick Begich Scholarship Intern Fund, 35th Anniversary
By Representative Tuck

Honoring – Channel 2 – KTUU, 60th Anniversary
By Representative Tuck

Honoring – Anchorage Neighborhood Health Center
By Representative Tuck; Senator Ellis

Honoring – The Alaska Air National Guard 176th Wing
By Senator Wielechowski; Representative LeDoux

Honoring – The 673rd Air Base Wing
By Senator Wielechowski; Representative LeDoux

Honoring – 2013 Top Ten Iditarod Finishers
By Senator Hoffman; Representative Foster

In Memoriam – Thomas Belarde
By Representative Tuck

In Memoriam – Joseph Reilly
By Representative Tuck

In Memoriam – Ethel K. Goad
By Representatives Guttenberg, Stoltze

UNFINISHED BUSINESS**HB 87**

Representative Pruitt moved and asked unanimous consent that that the House consider the Conference Committee report (page 1126) on CSHB 87(FIN) and SCS CSHB 87(EDC). There being no objection, it was so ordered.

Representative Pruitt moved that the House adopt the Conference Committee report, thus adopting the following, and recommended that the members vote yes:

CONFERENCE CS FOR HOUSE BILL NO. 87

"An Act relating to allocations to the special education service agency and extending the special education service agency; and providing for an effective date."

The question being: "Shall the House adopt the report?" The roll was taken with the following result:

CCS HB 87

Adopt

YEAS: 36 NAYS: 2 EXCUSED: 2 ABSENT: 0

Yeas: Austerman, Chenault, Costello, Drummond, Edgmon, Feige, Foster, Gara, Gattis, Gruenberg, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Josephson, Kawasaki, Keller, Kerttula, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Neuman, Olson, Pruitt, Saddler, Seaton, Stoltze, Tarr, Thompson, Tuck, P.Wilson

Nays: Reinbold, T.Wilson

Excused: Guttenberg, Nageak

And so, the House adopted CCS HB 87.

Representative Pruitt moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause. There being no objection, it was so ordered.

The Chief Clerk notified the Senate.

The Senate adopted the Conference Committee report (page 1166).

CCS HB 87 was referred to the Chief Clerk for engrossment and enrollment.

The Speaker stated that, without objection, the House would recess until 1:30 p.m.; and so, the House recessed at 12:32 p.m.

AFTER RECESS

The Speaker called the House back to order at 1:53 p.m.

The Speaker stated that, without objection, the House would revert to:

REPORTS OF SPECIAL COMMITTEES

HB 65

The Conference Committee with limited powers of free conference considering CSHB 65(FIN) and SCS CSHB 65(FIN) recommends the following be adopted:

CONFERENCE CS FOR HOUSE BILL NO. 65

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs, capitalizing funds, and making reappropriations; and providing for an effective date."

The report was signed by Representatives Austerman (Chair), Stoltze, Gara; and Senators Kelly (Chair), Meyer, Hoffman.

A fiscal note packet was attached.

The report was received in the Chief Clerk's office at 12:12 p.m., April 13, 2013, and is under Unfinished Business.

HB 66

The Conference Committee with limited powers of free conference considering CSHB 66(FIN) and SCS CSHB 66(FIN) recommends the following be adopted:

CONFERENCE CS FOR HOUSE BILL NO. 66

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program and making a reappropriation; and providing for an effective date."

The report was signed by Representatives Austerman (Chair), Stoltze, Gara; and Senators Kelly (Chair), Meyer, Hoffman.

A fiscal note packet and mental health funding spreadsheets associated with SB 95-STATE EMPLOYEE COMPENSATION AND BENEFITS were attached.

The report was received in the Chief Clerk's office at 12:12 p.m., April 13, 2013, and is under Unfinished Business.

CONSIDERATION OF THE DAILY CALENDAR

SECOND READING OF SENATE BILLS

SB 7

The following was read the second time:

SENATE BILL NO. 7 am

"An Act relating to the computation of the tax on the taxable income of a corporation derived from sources within the state."

with the:

Journal Page

FIN RPT HCS(FIN) NT 6DP 1DNP 3NR 1AM	1135
FN2: ZERO(CED)	1136
FN3: (REV)	1136

Representative Pruitt moved and asked unanimous consent that the following committee substitute be adopted in lieu of the original bill:

HOUSE CS FOR SENATE BILL NO. 7(FIN)

"An Act relating to the computation of the tax on the taxable income of a corporation derived from sources within the state;

relating to the ineligibility and eligibility of certain productions to receive a film production tax credit; and providing for an effective date."

(HCR 14 - title change resolution)

There being no objection, it was so ordered.

**The presence of Representative Nageak, who was excused (page 1155), was noted.

Representative Pruitt moved and asked unanimous consent that HCS SB 7(FIN) be considered engrossed, advanced to third reading, and placed on final passage.

There was objection.

HCS SB 7(FIN) will advance to third reading on tomorrow's calendar.

RECONSIDERATION

SB 37

Representative Johnson brought up reconsideration of the vote on SB 37 (page 1132).

The following was before the House in third reading:

SENATE BILL NO. 37

"An Act extending the termination date of the Statewide Suicide Prevention Council; and providing for an effective date."

The question to be reconsidered: "Shall SB 37 pass the House?" The roll was taken with the following result:

SB 37

Third Reading

Final Passage

Reconsideration

YEAS: 38 NAYS: 0 EXCUSED: 1 ABSENT: 1

Yeas: Chenault, Costello, Drummond, Edgmon, Feige, Foster, Gara, Gattis, Gruenberg, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Josephson, Kawasaki, Keller, Kerttula, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Nageak, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Tarr, Thompson, Tuck, P.Wilson, T.Wilson

Excused: Guttenberg

Absent: Austerman

And so, SB 37 passed the House on reconsideration.

Representative Pruitt moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause. There being no objection, it was so ordered.

SB 37 was signed by the Speaker and Chief Clerk and returned to the Senate.

**Representative Nageak, who was excused (page 1155), left the Chamber.

SPECIAL ORDER OF BUSINESS

SCR 5

Representative Pruitt moved and asked unanimous consent that the following be taken up as a Special Order of Business:

SENATE CONCURRENT RESOLUTION NO. 5

Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, concerning House Bill No. 87, relating to the governing board and duties of the special education service agency; relating to allocations to the special education service agency; and extending the special education service agency.

There being no objection, it was so ordered.

The question being: "Shall SCR 5 pass the House?" The roll was taken with the following result:

SCR 5

Special Order of Business

YEAS: 38 NAYS: 0 EXCUSED: 2 ABSENT: 0

Yeas: Austerman, Chenault, Costello, Drummond, Edgmon, Feige, Foster, Gara, Gattis, Gruenberg, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Josephson, Kawasaki, Keller, Kerttula, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Tarr, Thompson, Tuck, P.Wilson, T.Wilson

Excused: Guttenberg, Nageak

And so, SCR 5 passed the House, was signed by the Speaker and Chief Clerk, and returned to the Senate.

SECOND READING OF SENATE BILLS

(continued)

SB 18

The following, which is on today's calendar pending referral, is in the Finance Committee:

CS FOR SENATE BILL NO. 18(FIN) am

"An Act making, amending, and repealing appropriations, including capital appropriations, supplemental appropriations, reappropriations, and other appropriations; making appropriations to capitalize funds; and providing for an effective date."

SB 27

The following was read the second time:

SENATE BILL NO. 27

"An Act establishing authority for the state to evaluate and seek primacy for administering the regulatory program for dredge and fill activities allowed to individual states under federal law and relating to the authority; and providing for an effective date."

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with the:	Journal Page
RES RPT 5DP 3DNP	618
FN1: (DEC)	618
FN2: (DNR)	618
FN3: ZERO(LAW)	618
FIN RPT 3DP 7NR 1AM	1110
FN1: (DEC)	1111
FN2: (DNR)	1111
FN3: ZERO(LAW)	1111

Representative Pruitt moved and asked unanimous consent that SB 27 be considered engrossed, advanced to third reading, and placed on final passage.

There was objection.

SB 27 will advance to third reading on tomorrow's calendar.

SB 38

The following was read the second time:

CS FOR SENATE BILL NO. 38(FIN)

"An Act extending the termination date of the State Medical Board; relating to the executive secretary of the State Medical Board; and providing for an effective date."

with the:	Journal Page
HSS RPT 4DP	913
FN1: (CED)	914
FIN RPT 3DP 7NR 1AM	1059
FN1: (CED)	1060

Representative Pruitt moved and asked unanimous consent that CSSB 38(FIN) be considered engrossed, advanced to third reading, and placed on final passage. There being no objection, it was so ordered.

CSSB 38(FIN) was read the third time.

The question being: "Shall CSSB 38(FIN) pass the House?" The roll was taken with the following result:

CSSB 38(FIN)
Third Reading
Final Passage

YEAS: 35 NAYS: 0 EXCUSED: 2 ABSENT: 3

Yeas: Austerman, Chenault, Costello, Drummond, Edgmon, Feige, Foster, Gattis, Gruenberg, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Josephson, Kawasaki, Keller, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Tarr, Thompson, Tuck, P.Wilson, T.Wilson

Excused: Guttenberg, Nageak

Absent: Gara, Hawker, Kerttula

And so, CSSB 38(FIN) passed the House.

Representative Pruitt moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the effective date clause. There being no objection, it was so ordered.

CSSB 38(FIN) was signed by the Speaker and Chief Clerk and returned to the Senate.

SB 47

The following was read the second time:

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 47(FIN)

"An Act relating to boarding schools operated by school districts; and providing for an effective date."

with the:

Journal Page

FIN RPT HCS(FIN) 6DP 3NR
FN3: (EED)

1168
1168

Representative Pruitt moved and asked unanimous consent that the following committee substitute be adopted in lieu of the original bill:

HOUSE CS FOR CS FOR SS FOR SENATE BILL NO. 47(FIN)
(same title)

There being no objection, it was so ordered.

Representative Pruitt moved and asked unanimous consent that HCS CSSSSB 47(FIN) be considered engrossed, advanced to third reading, and placed on final passage.

There was objection.

HCS CSSSSB 47(FIN) will advance to third reading on tomorrow's calendar.

SB 56

The following, which is on today's calendar pending referral, is in the Finance Committee:

CS FOR SENATE BILL NO. 56(JUD)
"An Act relating to certain crimes involving controlled substances; and providing for an effective date."

SB 57

The following was read the second time:

CS FOR SENATE BILL NO. 57(FIN)
"An Act relating to parental involvement in education; adjusting pupil transportation funding; amending the time required for employers to give tenured teachers notification of their nonretention; and providing for an effective date."

with the:

Journal Page

EDC RPT HCS(EDC) 3DP 2NR 1AM	968
FN2: ZERO(EED)	969
FN3: (EED)	969
FN4: (EED)	969

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FIN RPT HCS(EDC) 5DP 3NR 1AM	1168
FN2: ZERO(EED)	1169
FN4: (EED)	1169
FN5: (EED)	1169

Representative Pruitt moved and asked unanimous consent that the following committee substitute be adopted in lieu of the original bill:

HOUSE CS FOR CS FOR SENATE BILL NO. 57(EDC)
(same title)

There being no objection, it was so ordered.

Representative Pruitt moved and asked unanimous consent that HCS CSSB 57(EDC) be considered engrossed, advanced to third reading, and placed on final passage.

There was objection.

HCS CSSB 57(EDC) will advance to third reading on tomorrow's calendar.

SB 62

The following was read the second time:

SENATE BILL NO. 62
"An Act relating to grants for school construction."

with the: Journal Page

FIN RPT 8DP 1AM	1136
FN1: (EED)	1137

Representative Pruitt moved and asked unanimous consent that SB 62 be considered engrossed, advanced to third reading, and placed on final passage.

There was objection.

SB 62 will advance to third reading on tomorrow's calendar.

SB 65

The following was read the second time:

CS FOR SENATE BILL NO. 65(JUD)

"An Act relating to property exemptions for retirement plans, individual retirement accounts, and Roth IRAs; relating to transfers of individual retirement plans; relating to the rights of judgment creditors of members of limited liability companies and partners of limited liability partnerships; relating to the Uniform Probate Code, including pleadings, orders, liability, and notices under the Uniform Probate Code and the Alaska Principal and Income Act, the appointment of trust property, the Alaska Uniform Prudent Investor Act, co-trustees, trust protectors, and trust advisors; relating to the Alaska Principal and Income Act; relating to the Alaska Uniform Transfers to Minors Act; relating to the disposition of human remains; relating to insurable interests for certain insurance policies; relating to restrictions on transfers of trust interests; relating to discretionary interests in irrevocable trusts; relating to the community property of married persons; and amending Rule 64, Alaska Rules of Civil Procedure, and Rule 301(a), Alaska Rules of Evidence."

with the:

Journal Page

FIN RPT 3DP 8NR	1111
FN1: ZERO(LAW)	1112
FN2: ZERO(REV)	1112
FN3: ZERO(ADM)	1112
FN5: ZERO(CED)	1112

Representative Pruitt moved and asked unanimous consent that CSSB 65(JUD) be considered engrossed, advanced to third reading, and placed on final passage. There being no objection, it was so ordered.

CSSB 65(JUD) was read the third time.

Representative Gruenberg moved and asked unanimous consent that he be allowed to abstain from voting because of a conflict of interest. Objection was heard, and Representative Gruenberg was required to vote.

The question being: "Shall CSSB 65(JUD) pass the House?" The roll was taken with the following result:

CSSB 65(JUD)

Third Reading

Final Passage

YEAS: 37 NAYS: 0 EXCUSED: 2 ABSENT: 1

Yeas: Austerman, Chenault, Costello, Drummond, Feige, Foster, Gara, Gattis, Gruenberg, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Josephson, Kawasaki, Keller, Kerttula, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Tarr, Thompson, Tuck, P.Wilson, T.Wilson

Excused: Guttenberg, Nageak

Absent: Edgmon

And so, CSSB 65(JUD) passed the House.

Representative Pruitt moved and asked unanimous consent that the roll call on the passage of the bill be considered the roll call on the court rule changes. There being no objection, it was so ordered.

CSSB 65(JUD) was signed by the Speaker and Chief Clerk and returned to the Senate.

SB 73

The Speaker stated that, without objection, the following would be moved to the bottom of the calendar:

CS FOR SENATE BILL NO. 73(STA)

"An Act relating to a municipal property tax exemption for real property that is the primary residence of certain widows and widowers; and providing for an effective date."

SB 74

The following, which is on today's calendar pending referral, is in the Finance Committee:

SENATE BILL NO. 74

"An Act creating the University of Alaska building fund for the payment by the University of Alaska of the costs of use, management, operation, maintenance, and depreciation of space in buildings; and authorizing the Board of Regents of the University of Alaska to designate buildings for which the fund is to be used."

SB 83

The following was read the second time:

CS FOR SENATE BILL NO. 83(FIN)

"An Act relating to the corporation income tax; relating to the computation of interest under the look-back method applicable to long-term contracts in the Internal Revenue Code; and providing for an effective date."

with the:

Journal Page

FIN RPT HCS(FIN) NT 9DP 1NR 1AM

1125

FN1: INDETERMINATE(REV)

1126

Representative Pruitt moved and asked unanimous consent that the following committee substitute be adopted in lieu of the original bill:

HOUSE CS FOR CS FOR SENATE BILL NO. 83(FIN)

"An Act making the income received by a regional aquaculture association or a salmon hatchery permit holder from the sale of salmon or salmon eggs under or from a cost recovery fishery exempt from the corporation income tax; relating to the corporation income tax; relating to the computation of interest under the look-back method applicable to long-term contracts in the Internal Revenue Code; relating to the assignment of certain tax credits; providing for an effective date by repealing the effective date of sec. 8, ch. 51, SLA 2012; and providing for an effective date."

(HCR 13 - title change resolution)

There being no objection, it was so ordered.

Representative Pruitt moved and asked unanimous consent that HCS CSSB 83(FIN) be considered engrossed, advanced to third reading, and placed on final passage.

There was objection.

HCS CSSB 83(FIN) will advance to third reading on tomorrow's calendar.

SB 95

The following was read the second time:

CS FOR SENATE BILL NO. 95(FIN)

"An Act relating to the compensation, allowances, geographic differentials in pay, and leave of certain public officials, officers, and employees not covered by collective bargaining agreements; relating to the compensation and geographic differentials in pay of certain justices and judges; relating to certain petroleum engineers and petroleum geologists employed by the Department of Natural Resources; relating to increased pay for certain partially exempt employees of the state in specific circumstances; making conforming amendments; and providing for an effective date."

with the:

Journal Page

FIN RPT HCS(FIN) 3DP 2NR 2AM	1137
FN1: (GOV/ALL DEPTS)	1138
FN2: (LEG)	1138
FN3: (CRT)	1138

Representative Pruitt moved and asked unanimous consent that the following committee substitute be adopted in lieu of the original bill:

HOUSE CS FOR CS FOR SENATE BILL NO. 95(FIN)
(same title)

There being no objection, it was so ordered.

Representative Pruitt moved and asked unanimous consent that HCS CSSB 95(FIN) be considered engrossed, advanced to third reading, and placed on final passage.

There was objection.

HCS CSSB 95(FIN) will advance to third reading on tomorrow's calendar.

The Speaker stated that, without objection, the House would recess until 3:30 p.m.; and so, the House recessed at 2:38 p.m.

AFTER RECESS

The Speaker called the House back to order at 4:15 p.m.

CONCUR IN SENATE AMENDMENTS

HB 71

Representative Pruitt moved and asked unanimous consent that the House consider the Senate message (page 1162) on the following:

CS FOR HOUSE BILL NO. 71(FIN)

"An Act requiring the Department of Commerce, Community, and Economic Development to file an annual report to the legislature regarding statewide and regional economic development projects and regional development organizations; extending the termination date of the Alaska regional economic assistance program; and providing for an effective date."

and

SENATE CS FOR CS FOR HOUSE BILL NO. 71(FIN)

"An Act requiring the Commercial Fisheries Entry Commission to report biennially on the vessel-based limited entry fisheries system for the weathervane scallop and Bering Sea hair crab fisheries; requiring the Department of Commerce, Community, and Economic Development to file an annual report to the legislature

regarding statewide and regional economic development projects and regional development organizations; extending the termination date of the Alaska regional economic assistance program; extending the termination date of the authority of the Commercial Fisheries Entry Commission to maintain a vessel-based limited entry fisheries system for the weathervane scallop and Bering Sea hair crab fisheries; providing for an effective date by amending the effective date under sec. 28, ch. 137, SLA 2002; and providing for an effective date."

(SCR 9 - title change resolution)

There being no objection, it was so ordered.

Representative Pruitt moved that the House concur in the Senate amendment to CSHB 71(FIN), thus adopting SCS CSHB 71(FIN), and recommended that the members vote no.

The question being: "Shall the House concur in the Senate amendment to CSHB 71(FIN)?" The roll was taken with the following result:

SCS CSHB 71(FIN)

Concur

YEAS: 1 NAYS: 37 EXCUSED: 2 ABSENT: 0

Yeas: Josephson

Nays: Austerman, Chenault, Costello, Drummond, Edgmon, Feige, Foster, Gara, Gattis, Gruenberg, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Kawasaki, Keller, Kerttula, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Tarr, Thompson, Tuck, P.Wilson, T.Wilson

Excused: Guttenberg, Nageak

And so, the House failed to concur in the Senate amendment.

The Chief Clerk notified the Senate and respectfully requested it to recede.

In the event the Senate fails to recede from its amendment, the Speaker appointed the following members to a Conference Committee to meet with a like committee from the Senate to consider the above bills:

Representative Hughes, Chair
Representative Johnson
Representative Tarr

CONSIDERATION OF THE DAILY CALENDAR

(continued)

THIRD READING OF SENATE BILLS

SB 21

The following, which was advanced to third reading from the April 12, 2013, calendar (page 1130), was read the third time:

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

"An Act relating to the interest rate applicable to certain amounts due for fees, taxes, and payments made and property delivered to the Department of Revenue; relating to appropriations from taxes paid under the Alaska Net Income Tax Act; providing a tax credit against the corporation income tax for qualified oil and gas service industry expenditures; relating to the oil and gas production tax rate; relating to gas used in the state; relating to monthly installment payments of the oil and gas production tax; relating to oil and gas production tax credits for certain losses and expenditures; relating to oil and gas production tax credit certificates; relating to nontransferable tax credits based on production; relating to the oil and gas tax credit fund; relating to annual statements by producers and explorers; establishing an Oil and Gas Competitiveness Review Board; relating to the determination of annual oil and gas production tax value including adjustments based on a percentage of gross value at the point of production from certain leases or properties; and making conforming amendments."

Representative Thompson moved and asked unanimous consent that HCS CSSB 21(FIN) be returned to second reading for the specific purpose of considering Amendment No. 1. There being no objection, it was so ordered.

The Speaker stated that, without objection, HCS CSSB 21(FIN) would be returned to second reading for Amendment Nos. 1-12.

Amendment No. 1 was offered by Representatives Thompson, Costello, Feige, and Kawasaki:

Page 19, line 21:

Delete "**(a)(5), (6), or (7)** [(a)]"

Insert "(a)"

Page 19, lines 23 - 25:

Delete "**or, for work qualifying under (a)(1), (2), (3), or (4) of this section, for work performed in an area outside of the Cook Inlet sedimentary basin and south of 68 degrees North latitude,**"

Insert "**except that to qualify for the production tax credit under (a)(1), (2), (3), or (4) of this section for exploration conducted outside of the Cook Inlet sedimentary basin and south of 68 degrees North latitude, an exploration expenditure must be incurred for work performed**"

Representative Thompson moved and asked unanimous consent that Amendment No. 1 be adopted.

Objection was heard and withdrawn. There being no further objection, Amendment No. 1 was adopted.

Amendment No. 2 was offered by Representatives Seaton, Munoz, Kawasaki, and Gara:

Page 2, line 1, following "**properties;**" (title amendment):

Insert "**relating to the additional conservation surcharge on oil;**"

Page 26, following line 16:

Insert a new bill section to read:

**** Sec. 30.** AS 43.55.300(a) is amended to read:

(a) Every producer of oil shall pay a surcharge of **\$.07 for each** [\$.04 PER] barrel of oil produced from each lease or property in the state, less any oil the ownership or right to which is exempt from taxation."

Renumber the following bill sections accordingly.

Page 30, line 11:

Delete "sec. 31"

Insert "sec. 32"

Page 32, line 15:

Delete "32"

Insert "33"

Representative Seaton moved and asked unanimous consent that Amendment No. 2 be adopted.

Representative Stoltze objected.

The question being: "Shall Amendment No. 2 be adopted?" The roll was taken with the following result:

HCS CSSB 21(FIN) am H

Second Reading

Amendment No. 2

YEAS: 14 NAYS: 24 EXCUSED: 2 ABSENT: 0

Yeas: Drummond, Edgmon, Gara, Gruenberg, Herron, Josephson, Kawasaki, Kerttula, Kreiss-Tomkins, Munoz, Seaton, Tarr, Tuck, P.Wilson

Nays: Austerman, Chenault, Costello, Feige, Foster, Gattis, Hawker, Higgins, Holmes, Hughes, Isaacson, Johnson, Keller, LeDoux, Lynn, Millett, Neuman, Olson, Pruitt, Reinbold, Saddler, Stoltze, Thompson, T.Wilson

Excused: Guttenberg, Nageak

And so, Amendment No. 2 was not adopted.

Amendment No. 3 was offered by Representatives Seaton and Edgmon:

Page 17, line 26, through page 18, line 28:

Delete all material and insert:

"(j) For each month of the calendar year for which a producer's average monthly gross value at the point of production of a barrel of taxable oil and gas is less than \$150, a producer may apply against the producer's tax liability for the calendar year under AS 43.55.011(e) a tax credit in the amount specified in this subsection for each barrel of taxable oil under AS 43.55.011(e) that does not meet any of the criteria in AS 43.55.160(f) and that is produced during a calendar year after December 31, 2013, from leases or properties north of 68 degrees North latitude. A tax credit under this section may not reduce a producer's tax liability for a calendar year under AS 43.55.011(e) below zero. The amount of the tax credit for a barrel of taxable oil subject to this subsection is

(1) if the producer's average monthly gross value at the point of production of a barrel of taxable oil and gas is less than or equal to \$100, \$5 for each barrel of taxable oil; or

(2) if the producer's average monthly gross value at the point of production of a barrel of taxable oil and gas is more than \$100 and less than \$150, \$5 for each barrel of taxable oil, reduced by one-tenth of the difference between that average monthly gross value at the point of production of a barrel of oil and \$100."

Representative Seaton moved and asked unanimous consent that Amendment No. 3 be adopted.

Representative Feige objected.

The question being: "Shall Amendment No. 3 be adopted?" The roll was taken with the following result:

HCS CSSB 21(FIN) am H

Second Reading

Amendment No. 3

YEAS: 15 NAYS: 23 EXCUSED: 2 ABSENT: 0

Yeas: Austerman, Drummond, Edgmon, Foster, Gara, Gruenberg, Herron, Josephson, Kawasaki, Kerttula, Kreiss-Tomkins, Munoz, Seaton, Tarr, Tuck

Nays: Chenault, Costello, Feige, Gattis, Hawker, Higgins, Holmes, Hughes, Isaacson, Johnson, Keller, LeDoux, Lynn, Millett, Neuman, Olson, Pruitt, Reinbold, Saddler, Stoltze, Thompson, P.Wilson, T.Wilson

Excused: Guttenberg, Nageak

And so, Amendment No. 3 was not adopted.

Amendment No. 4 was offered by Representatives Seaton and Kawasaki:

Page 25, line 18, through page 26, line 4:

Delete all material and insert:

"(f) Except as provided in (g) of this section, on and after January 1, 2014, in the calculation of an annual production tax value of a producer under (a)(1) of this section, the gross value at the point of production of oil or gas meeting one or more of the following criteria is reduced by 20 percent:

(1) the oil or gas is produced from a lease or property that does not contain a lease that was within a unit on January 1, 2003;

(2) the oil or gas is produced from a participating area established after December 31, 2011, that is within a unit formed under AS 38.05.180(p) before January 1, 2003, if the participating area does not contain a reservoir that had previously been in a participating area established before December 31, 2011;

(3) the oil or gas is produced from acreage that was added to an existing participating area by the Department of Natural Resources on and after January 1, 2014, and the producer demonstrates to the department that the volume of oil or gas produced is from acreage added to an existing participating area.

(g) A reduction under (f) of this section may not reduce the gross value at the point of production below zero."

Reletter the following subsection accordingly.

Page 26, following line 16:

Insert a new subsection to read:

"(i) In this section, "participating area" means a reservoir or portion of a reservoir producing or contributing to production as approved by the Department of Natural Resources."

Page 29, following line 24:

Insert new bill sections to read:

"* **Sec. 34.** AS 43.55.024(j) is repealed January 1, 2019.

* **Sec. 35.** AS 43.55.160(f)(3) is repealed January 1, 2021."

Renumber the following bill sections accordingly.

Page 30, following line 17:

Insert a new bill section to read:

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

CONDITIONAL EFFECT. (a) Section 34 of this Act takes effect only if the volume of oil production for calendar year 2018 does not exceed the volume of oil produced for calendar year 2012. The commissioner of natural resources shall notify the lieutenant governor and the revisor of statutes before January 1, 2019, or as soon as practicable thereafter, if the volume of oil production for calendar year 2018 is greater than the volume of oil produced during calendar year 2012.

(b) Section 35 of this Act takes effect only if the volume of oil production for calendar year 2020 does not exceed the volume of oil produced for calendar year 2012. The commissioner of natural resources shall notify the lieutenant governor and the revisor of statutes before January 1, 2021, or as soon as practicable thereafter, if the volume of oil production for calendar year 2020 is greater than the volume of oil produced during calendar year 2012."

Representative Seaton moved and asked unanimous consent that Amendment No. 4 be adopted.

Representative Costello objected.

The question being: "Shall Amendment No. 4 be adopted?" The roll was taken with the following result:

HCS CSSB 21(FIN) am H
Second Reading
Amendment No. 4

YEAS: 16 NAYS: 22 EXCUSED: 2 ABSENT: 0

Yeas: Austerman, Drummond, Edgmon, Foster, Gara, Gruenberg, Herron, Josephson, Kawasaki, Kerttula, Kreiss-Tomkins, Munoz, Seaton, Tarr, Tuck, P.Wilson

Nays: Chenault, Costello, Feige, Gattis, Hawker, Higgins, Holmes, Hughes, Isaacson, Johnson, Keller, LeDoux, Lynn, Millett, Neuman, Olson, Pruitt, Reinbold, Saddler, Stoltze, Thompson, T.Wilson

Excused: Guttenberg, Nageak

And so, Amendment No. 4 was not adopted.

Amendment No. 5 was offered by Representatives Gara, Kerttula, Tuck, Kawasaki, Tarr, Gruenberg, Josephson, Drummond, and Kreiss-Tomkins:

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

Delete all material and insert:

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

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

Delete all material and insert:

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

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

(p) of this section, the tax is equal to the sum of

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

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

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

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

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

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

(1) if the producer's average monthly production tax value **of a** [PER] BTU equivalent barrel of the taxable oil and gas

for the month is not more than **\$60** [\$92.50], the tax rate is 0.4 percent multiplied by the number that represents the difference between that average monthly production tax value **of a** [PER] BTU equivalent barrel and \$30; or

(2) if the producer's average monthly production tax value **of a** [PER] BTU equivalent barrel of the taxable oil and gas for the month is more than **\$60** [\$92.50], the tax rate is the sum of **12** [25] percent and the product of **0.25** [0.1] percent multiplied by the number that represents the difference between the average monthly production tax value **of a** [PER] BTU equivalent barrel and **\$60** [\$92.50], except that the sum determined under this paragraph may not exceed **30** [50] percent.

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

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

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

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

(i) zero; or

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

payment is calculated;

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

(i) ZERO;

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

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

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

(i) zero; or

(ii) the sum of 25 percent and the tax rate calculated for the month under AS 43.55.011(g) multiplied by the remainder obtained by subtracting 1/12 of the producer's adjusted lease expenditures for the calendar year of production under AS 43.55.165 and 43.55.170 that are deductible under AS 43.55.160 **and 1/12 of the adjustment to production tax value for the calendar year under AS 43.55.162** for oil or gas, **as applicable** [RESPECTIVELY], produced from the lease

or property from the gross value at the point of production of the oil or gas, **as applicable** [RESPECTIVELY], produced from the lease or property during the month for which the installment payment is calculated;

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

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

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

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

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

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

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

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

(d) A producer may not take a tax credit under (c) of this section for any calendar year after the later of

(1) 2022 [2016]; or

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

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

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

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

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

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

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

research and development projects for which the credit was granted, and the total cumulative number of employees conducting the research and development for which all taxpayers claim the credit.

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

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

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

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

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

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

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

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

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

(6) the producer's qualified capital expenditures, as

defined in AS 43.55.023, other lease expenditures under AS 43.55.165, and adjustments or other payments or credits under AS 43.55.170;

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

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

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

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

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

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

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

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

(3) for each expenditure that is the basis for a credit claimed under this chapter, a description of the expenditure, a detailed description of the purpose of the expenditure, and a description of the lease or property for which the expenditure

was incurred; notwithstanding AS 40.25.100(a) and AS 43.05.230(a), information submitted under this paragraph may be disclosed to the public and shall be disclosed to the legislature in a report submitted within 10 days after the convening of the next regular legislative session following the date a statement is filed under this section.

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

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

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

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

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

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

or

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

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

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

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

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

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

paragraph;

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

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

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

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

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

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

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

Sec. 43.55.162. Adjustments to production tax value. (a)

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

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

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

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

(b) The annual production tax value of oil or gas produced by a producer is reduced during the first five consecutive years after the start of commercial production by 10 percent if the oil or gas is produced from a participating area established after December 31, 2012, that is within a unit formed under AS 38.05.180(p) before January 1, 2003, if the participating area does not contain a reservoir that had previously been in a participating area established before January 1, 2012. This subsection does not apply to production from a lease or property located within a unit for more than 20 years before the first commercial production on the lease or property.

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

(d) For a calendar year after 2012, the annual production tax value of oil produced by a producer that produced oil in 2012 is

reduced by 10 percent of the gross value at the point of production of the volume of oil produced during the calendar year in excess of the total volume produced by the producer in 2012. The volume of oil produced by a producer in 2012 is the average daily statewide production of the producer, excluding from the calculation the days on which production is significantly reduced, multiplied by the number of days in the calendar year. For the purposes of this subsection, production is significantly reduced when the production volume of oil for the day is less than one-half of the quotient of the total volume of oil production that is produced by the producer for the year and the number of days in the calendar year. A producer that increases its volume of production through the purchase, merger, or other acquisition of another producer is the sum of the producer's total target volume and the total target volume for the producer that is purchased, merged with, or otherwise acquired; however, if the producer that is purchased, merged with, or otherwise acquired did not have a target volume determined under this section, the volume of the increased production that is attributable to the purchase, merger, or other acquisition may not be considered for the purpose of determining whether the producer that acquired the additional production has increased the volume of production above its target volume.

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

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

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

(h) In this section,

(1) "commercial production" means the production of oil for the purpose of sale or other beneficial use, except when the

sale or beneficial use is incidental to the testing of an unproved well or unproved completion interval;

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

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

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

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

(a) Except as provided in AS 29.45.030(a)(1) **and AS 44.88.168**, the real and personal property of the authority and its assets, income, and receipts are declared to be the property of a political subdivision of the state and, together with any project or development project financed under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, and a leasehold interest created in a project or development project financed under AS 44.88.155 - 44.88.159 or 44.88.172 - 44.88.177, devoted to an essential public and governmental function and purpose, and the property, assets, income, receipts, project, development project, and leasehold interests shall be exempt from all taxes and special assessments of the state or a political subdivision of the state, including, without limitation, all boroughs, cities, municipalities, school districts, public utility districts, and other taxing units. All bonds of the authority are declared to be issued by a political subdivision of the state and for an essential public and governmental purpose and to be a public instrumentality, and the bonds, and the interest on them, the income from them and the transfer of the bonds, and all assets, income, and receipts pledged to pay or secure the payments of the bonds, or interest on them, shall at all times be exempt from taxation by or under the authority of the state, except for inheritance and estate taxes and taxes on transfers by or in contemplation of death. Nothing in this section affects or limits an exemption from license fees, property taxes, or excise, income, or any other taxes, provided under any other law, nor does it create a tax exemption with respect to the interest of any business enterprise or other person, other than the authority, in any property, assets, income, receipts, project, development project, or lease whether or not financed under this chapter. By January 10 of each year, the authority shall submit to the governor a report

describing the nature and extent of the tax exemption of the property, assets, income, receipts, project, development project, and leasehold interests of the authority under this section. The authority shall notify the legislature that the report is available.

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

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

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

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

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

LEGISLATIVE APPROVAL; NORTH SLOPE OIL OR GAS PROCESSING FACILITY. (a) The Alaska Industrial Development and Export Authority may issue bonds to finance the construction and improvement of an oil or gas processing facility on the Alaska North Slope and flow lines and other surface infrastructure for the facility. The processing facility, flow lines, and other surface infrastructure for the facility shall be used to secure bonds issued under this section. The principal amount of the bonds provided by the authority for the facility, flow lines, and other surface infrastructure may not exceed \$200,000,000 and may include the costs of funding reserves and other costs of issuing the bonds that the authority considers reasonable and appropriate. Notwithstanding AS 44.88.140, an oil or gas processing facility, flow lines, and other surface infrastructure for the facility constructed or financed by the oil and gas infrastructure fund are subject to taxes and special assessments of the state or a political subdivision of the state.

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

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

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

Representative Gara moved and asked unanimous consent that Amendment No. 5 be adopted.

Representative Hawker objected.

The question being: "Shall Amendment No. 5 be adopted?" The roll was taken with the following result:

HCS CSSB 21(FIN) am H
Second Reading
Amendment No. 5

YEAS: 9 NAYS: 29 EXCUSED: 2 ABSENT: 0

Yeas: Drummond, Gara, Gruenberg, Josephson, Kawasaki, Kerttula, Kreiss-Tomkins, Tarr, Tuck

Nays: Austerman, Chenault, Costello, Edgmon, Feige, Foster, Gattis, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Keller, LeDoux, Lynn, Millett, Munoz, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Thompson, P.Wilson, T.Wilson

Excused: Guttenberg, Nageak

And so, Amendment No. 5 was not adopted.

The Speaker stated that, without objection, the House would recess until 8:15 p.m.; and so, the House recessed at 7:06 p.m.

AFTER RECESS

The Speaker called the House back to order at 8:40 p.m.

THIRD READING OF SENATE BILLS

(continued)

SB 21

HCS CSSB 21(FIN) am H was before the House in second reading (page 1188).

Amendment No. 6 was offered by Representatives Kerttula, Tuck, Gara, Kawasaki, Tarr, Gruenberg, Josephson, Drummond, and Kreiss-Tomkins:

Page 4, line 18, following "to":

Insert "**the sum of**
(A)"

Page 4, line 20, following "percent":

Insert "**;** **and**
(B) the sum, over all months of the calendar year,
of the tax amounts determined under (g) of this section"

Page 4, line 21, through page 5, line 7:

Delete all material and insert:

** **Sec. 5.** AS 43.55.011(g) is amended to read:

(g) **For purposes of (e) of this section, the tax amount is determined as follows:**

(1) before January 1, 2014, for [FOR] each month of the calendar year for which the producer's average monthly production tax value under AS 43.55.160(a)(2) **of a** [PER] BTU equivalent barrel of the taxable oil and gas is more than \$30, the amount of tax for purposes of **(e)(1)(B) and (e)(2)(B)** [(e)(2)] of this section is determined by multiplying the monthly production tax value of the taxable oil and gas produced during the month by the tax rate calculated as follows:

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

(B) [(2)] if the producer's average monthly

production tax value **of a** [PER] BTU equivalent barrel of the taxable oil and gas for the month is more than \$92.50, the tax rate is the sum of 25 percent and the product of 0.1 percent multiplied by the number that represents the difference between the average monthly production tax value **of a** [PER] BTU equivalent barrel and \$92.50, except that the sum determined under this paragraph may not exceed 50 percent;

(2) on or after January 1, 2014, for each month of the calendar year for which the producer's average monthly production tax value under AS 43.55.160(a)(2) of a BTU equivalent barrel of the taxable oil and gas is more than \$60, the difference between the monthly production tax value of a BTU equivalent barrel and \$60 multiplied by the volume of oil and gas produced by the producer for the month multiplied by 10 percent.

Renumber the following bill sections accordingly.

Page 9, line 23, following "**(ii)**":

Insert "**the sum of the amount calculated for the month under AS 43.55.011(g) and**"

Page 10, line 7, following "**(iii)**":

Insert "**the sum of the amount calculated for the month under AS 43.55.011(g) and**"

Page 10, line 20, following "**(ii)**":

Insert "**the sum of the amount calculated for the month under AS 43.55.011(g) and**"

Page 10, line 29, following "**(i)**":

Insert "**the sum of the amount calculated for the month under AS 43.55.011(g) and**"

Page 11, line 18, through page 12, line 5:

Delete all material.

Renumber the following bill sections accordingly.

Page 13, line 19, through page 14, line 6:
Delete all material.

Renumber the following bill sections accordingly.

Page 29, line 24:
Delete "AS 43.55.020(d), 43.55.023(i), and 43.55.023(p)"
Insert "AS 43.55.023(i) and 43.55.023(p)"

Page 29, line 30:
Delete "sec. 28"
Insert "sec. 26"

Page 29, line 31:
Delete "sec. 14"
Insert "sec. 12"
Delete "secs. 16 - 19"
Insert "secs. 14 - 17"

Page 30, line 11:
Delete "sec. 31"
Insert "sec. 29"

Page 30, line 15:
Delete "16 - 19, 25, and 32"
Insert "14 - 17, 23, and 30"

Page 30, line 16:
Delete "sec. 14"
Insert "sec. 12"
Delete "sec. 28"
Insert "sec. 26"

Representative Kerttula moved and asked unanimous consent that Amendment No. 6 be adopted.

Representative Costello objected.

The question being: "Shall Amendment No. 6 be adopted?" The roll was taken with the following result:

HCS CSSB 21(FIN) am H
Second Reading
Amendment No. 6

YEAS: 9 NAYS: 29 EXCUSED: 2 ABSENT: 0

Yeas: Drummond, Gara, Gruenberg, Josephson, Kawasaki, Kerttula, Kreiss-Tomkins, Tarr, Tuck

Nays: Austerman, Chenault, Costello, Edgmon, Feige, Foster, Gattis, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Keller, LeDoux, Lynn, Millett, Munoz, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Thompson, P.Wilson, T.Wilson

Excused: Guttenberg, Nageak

And so, Amendment No. 6 was not adopted.

Amendment No. 7 was offered by Representatives Tarr, Gara, Kerttula, Tuck, Kawasaki, Gruenberg, Josephson, Drummond, and Kreiss-Tomkins:

Page 25, line 19, following "section,":

Insert "for the first seven years immediately following the commencement of production subject to tax under AS 43.55.011(e),"

Page 26, line 6, following "section,":

Insert "for the first seven years immediately following the commencement of production subject to tax under AS 43.55.011(e),"

Representative Tarr moved and asked unanimous consent that Amendment No. 7 be adopted.

Representative Hawker objected.

The question being: "Shall Amendment No. 7 be adopted?" The roll was taken with the following result:

HCS CSSB 21(FIN) am H
Second Reading
Amendment No. 7

YEAS: 11 NAYS: 27 EXCUSED: 2 ABSENT: 0

Yeas: Drummond, Gara, Gruenberg, Josephson, Kawasaki, Kerttula, Kreiss-Tomkins, Munoz, Seaton, Tarr, Tuck

Nays: Austerman, Chenault, Costello, Edgmon, Feige, Foster, Gattis, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Keller, LeDoux, Lynn, Millett, Neuman, Olson, Pruitt, Reinbold, Saddler, Stoltze, Thompson, P.Wilson, T.Wilson

Excused: Guttenberg, Nageak

And so, Amendment No. 7 was not adopted.

Amendment No. 8 was offered by Representatives Kerttula, Gara, Tuck, Kawasaki, Tarr, Gruenberg, Josephson, Drummond, and Kreiss-Tomkins:

Page 25, line 20, following "gas":

Insert "produced from a unit that did not have production on January 1, 2012, and"

Page 26, line 7, following "gas":

Insert "produced from a unit that did not have production on January 1, 2012, and"

Representative Kerttula moved and asked unanimous consent that Amendment No. 8 be adopted.

Representative Costello objected.

The question being: "Shall Amendment No. 8 be adopted?" The roll was taken with the following result:

HCS CSSB 21(FIN) am H
Second Reading
Amendment No. 8

YEAS: 9 NAYS: 29 EXCUSED: 2 ABSENT: 0

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Yeas: Drummond, Gara, Gruenberg, Josephson, Kawasaki, Kerttula, Kreiss-Tomkins, Tarr, Tuck

Nays: Austerman, Chenault, Costello, Edgmon, Feige, Foster, Gattis, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Keller, LeDoux, Lynn, Millett, Munoz, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Thompson, P.Wilson, T.Wilson

Excused: Guttenberg, Nageak

And so, Amendment No. 8 was not adopted.

Amendment No. 9 was offered by Representatives Gara, Kerttula, Tuck, Kawasaki, Tarr, Gruenberg, Josephson, Drummond, and Kreiss-Tomkins:

Page 25, line 21:

Delete "20"

Insert "15"

Page 26, line 5, through page 26, line 16:

Delete all material.

Representative Gara moved and asked unanimous consent that Amendment No. 9 be adopted.

Representative Feige objected.

The question being: "Shall Amendment No. 9 be adopted?" The roll was taken with the following result:

HCS CSSB 21(FIN) am H

Second Reading

Amendment No. 9

YEAS: 9 NAYS: 29 EXCUSED: 2 ABSENT: 0

Yeas: Drummond, Gara, Gruenberg, Josephson, Kawasaki, Kerttula, Kreiss-Tomkins, Tarr, Tuck

Nays: Austerman, Chenault, Costello, Edgmon, Feige, Foster, Gattis, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Keller, LeDoux, Lynn, Millett, Munoz, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Thompson, P.Wilson, T.Wilson

Excused: Guttenberg, Nageak

And so, Amendment No. 9 was not adopted.

Amendment No. 10 was offered by Representatives Kerttula, Gara, Tuck, Kawasaki, Tarr, Gruenberg, Josephson, Drummond, and Kreiss-Tomkins:

Page 25, line 30, following "area.":

Insert "This subsection does not apply to a lease or property that is located within a unit for more than 20 years before commercial production on the lease or property."

Page 26, lines 2 - 4:

Delete "In this subsection, "participating area" means a reservoir or portion of a reservoir producing or contributing to production as approved by the Department of Natural Resources."

Page 26, line 14, following "calculated.":

Insert "This subsection does not apply to a lease or property that is located within a unit for more than 20 years before commercial production on the lease or property."

Page 26, following line 16:

Insert a new subsection to read:

"(h) In this section,

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

(2) "participating area" means a reservoir or portion of a reservoir producing or contributing to production as approved by the Department of Natural Resources."

Representative Kerttula moved and asked unanimous consent that Amendment No. 10 be adopted.

Representative Feige objected.

The question being: "Shall Amendment No. 10 be adopted?" The roll was taken with the following result:

HCS CSSB 21(FIN) am H
Second Reading
Amendment No. 10

YEAS: 8 NAYS: 27 EXCUSED: 2 ABSENT: 3

Yeas: Drummond, Gara, Gruenberg, Josephson, Kawasaki, Kerttula, Tarr, Tuck

Nays: Austerman, Chenault, Costello, Edgmon, Feige, Gattis, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Keller, Lynn, Millett, Munoz, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Thompson, P.Wilson, T.Wilson

Excused: Guttenberg, Nageak

Absent: Foster, Kreiss-Tomkins, LeDoux

And so, Amendment No. 10 was not adopted.

Amendment No. 11 was offered by Representatives Kawasaki, Gara, Kerttula, Tuck, Tarr, Gruenberg, Josephson, Drummond, and Kreiss-Tomkins:

Page 1, line 5 (title amendment):

Delete "**rate**"

Insert "**rates**"

Page 2, line 1 (title amendment):

Delete "**and**"

Page 2, line 2, following "**amendments**" (title amendment):

Insert "**; and providing for an effective date**"

Page 2, following line 11:

Insert a new bill section to read:

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

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

- (1) \$60,000,000; or
- (2) the amount that, when added to the fund balance on June 30 of the previous fiscal year, equals \$180,000,000."

Renumber the following bill sections accordingly.

Page 4, following line 20:

Insert a new bill section to read:

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

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

- (1) the annual production tax value of the taxable oil and gas as calculated under AS 43.55.160(a)(1) multiplied by 25 percent; and
- (2) the sum, over all months of the calendar year, of the tax amounts determined under (g) of this section."

Renumber the following bill sections accordingly.

Page 5, following line 7:

Insert a new bill section to read:

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

(g) For each month of the calendar year for which the producer's average monthly production tax value under AS 43.55.160(a)(2) of a BTU equivalent barrel of the taxable oil

and gas is more than \$30, the amount of tax for purposes of (e)(2) of this section is determined by multiplying the monthly production tax value of the taxable oil and gas produced during the month by the tax rate calculated as follows:

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

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

Renumber the following bill sections accordingly.

Page 5, following line 30:

Insert a new bill section to read:

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

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

Renumber the following bill sections accordingly.

Page 11, following line 17:

Insert a new bill section to read:

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

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

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

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

(i) zero; or

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

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

(i) zero;

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

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

those leases or properties during the month for which the installment payment is calculated;

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

(i) zero; or

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

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

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

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

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

(A) the applicable tax rate for oil provided under AS 43.55.011(i), multiplied by the gross value at the point of production of the oil taxable under AS 43.55.011(i) and

produced from the lease or property during the month; and

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

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

Renumber the following bill sections accordingly.

Page 12, following line 5:

Insert a new bill section to read:

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

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

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

(2) the denominator is the total gross value at the point of production of the oil and gas taxable under AS 43.55.011(e), (f), and (g) produced by the producer from all leases and properties in the state during the calendar year."

Renumber the following bill sections accordingly.

Page 14, following line 27:

Insert a new bill section to read:

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

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

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

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

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

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

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

Renumber the following bill sections accordingly.

Page 15, following line 15:

Insert a new bill section to read:

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

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

Renumber the following bill sections accordingly.

Page 16, following line 9:

Insert a new bill section to read:

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

(d) A person that is entitled to take a tax credit under this section that wishes to transfer the unused credit to another person or obtain a cash payment under AS 43.55.028 may apply to the department for transferable tax credit certificates. An application under this subsection must be in a form prescribed by the

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

Renumber the following bill sections accordingly.

Page 16, following line 23:

Insert a new bill section to read:

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

(g) The issuance of a transferable tax credit certificate under (d) **or (p)** of this section or former (m) of this section or the purchase of a certificate under AS 43.55.028 does not limit the department's ability to later audit a tax credit claim to which the certificate relates or to adjust the claim if the department determines, as a result of the audit, that the applicant was not entitled to the amount of the credit for which the certificate was issued. The tax liability of the applicant under AS 43.55.011(e) and 43.55.017 - 43.55.180 is increased by the amount of the credit that exceeds that to which the applicant was entitled, or the

applicant's available valid outstanding credits applicable against the tax levied by AS 43.55.011(e) are reduced by that amount. If the applicant's tax liability is increased under this subsection, the increase bears interest under AS 43.05.225 from the date the transferable tax credit certificate was issued. For purposes of this subsection, an applicant that is an explorer is considered a producer subject to the tax levied by AS 43.55.011(e)."

Renumber the following bill sections accordingly.

Page 17, following line 6:

Insert a new bill section to read:

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

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

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

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

Renumber the following bill sections accordingly.

Page 17, line 7:

Delete "a new subsection"

Insert "new subsections"

Page 17, following line 9:

Insert a new subsection to read:

"(q) For a lease expenditure incurred in the state south of 68

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

Page 22, following line 14:

Insert a new bill section to read:

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

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

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

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

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

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

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

Renumber the following bill sections accordingly.

Page 22, following line 24:

Insert a new bill section to read:

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

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

Renumber the following bill sections accordingly.

Page 23, following line 6:

Insert a new bill section to read:

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

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

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

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

Renumber the following bill sections accordingly.

Page 25, following line 16:

Insert a new bill section to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) oil and gas produced during a month from leases or properties in the state that include land north of 68 degrees

North latitude is the gross value at the point of production of the oil and gas taxable under AS 43.55.011(e) and produced by the producer from those leases or properties, less 1/12 of the producer's lease expenditures under AS 43.55.165 for the calendar year applicable to the oil and gas produced by the producer from those leases or properties, as adjusted under AS 43.55.170; this subparagraph does not apply to gas subject to AS 43.55.011(o);

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

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

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

(E) gas produced during a month from a lease or property outside the Cook Inlet sedimentary basin and used in the state is the gross value at the point of production of that gas taxable under AS 43.55.011(e) and produced by the producer from that lease or property, less 1/12 of the

producer's lease expenditures under AS 43.55.165 for the calendar year applicable to that gas produced by the producer from that lease or property, as adjusted under AS 43.55.170."

Renumber the following bill sections accordingly.

Page 26, following line 16:

Insert a new subsection to read:

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

Page 29, following line 23:

Insert a new bill section to read:

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

Page 29, lines 29 - 30:

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

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

Page 29, line 31:

Delete "sec. 14"

Insert "sec. 20"

Delete "secs. 16 - 19"

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

Page 30, following line 1:

Insert a new subsection to read:

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

Page 30, line 11:

Delete "Sec. 31"

Insert "Sec. 46"

Page 30, line 15:

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

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

Page 30, line 16:

Delete "sec. 14"

Insert "sec. 20"

Delete "sec. 28"

Insert "sec. 42"

Page 30, following line 17:

Insert new bill sections to read:

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

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

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

Representative Kawasaki moved and asked unanimous consent that Amendment No. 11 be adopted.

Representative Hawker objected.

The question being: "Shall Amendment No. 11 be adopted?" The roll was taken with the following result:

HCS CSSB 21(FIN) am H
Second Reading
Amendment No. 11

YEAS: 9 NAYS: 29 EXCUSED: 2 ABSENT: 0

Yeas: Drummond, Gara, Gruenberg, Josephson, Kawasaki, Kerttula, Kreiss-Tomkins, Tarr, Tuck

Nays: Austerman, Chenault, Costello, Edgmon, Feige, Foster, Gattis, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Keller, LeDoux, Lynn, Millett, Munoz, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Thompson, P.Wilson, T.Wilson

Excused: Guttenberg, Nageak

And so, Amendment No. 11 was not adopted.

Amendment No. 12 was offered by Representatives Kawasaki, Kerttula, Tuck, Gara, Tarr, Gruenberg, Josephson, Drummond, and Kreiss-Tomkins:

Page 18, lines 4 - 28:

Delete all material and insert:

"(1) if the average gross value at the point of production for the month is less than \$80 a barrel,

(A) \$8 for each barrel of taxable oil if the volume of taxable oil produced by the producer for the month exceeds the volume of taxable oil produced in the corresponding month in 2012; or

(B) \$6 for each barrel of taxable oil if the volume of taxable oil produced by the producer for the month does not exceed the volume of taxable oil produced in the corresponding month in 2012;

(2) if the average gross value at the point of production for the month is greater than or equal to \$80 a barrel, but less than \$90 a barrel,

(A) \$7 for each barrel of taxable oil if the volume of taxable oil produced by the producer for the month exceeds

the volume of taxable oil produced in the corresponding month in 2012; or

(B) \$5 for each barrel of taxable oil if the volume of taxable oil produced by the producer for the month does not exceed the volume of taxable oil produced in the corresponding month in 2012;

(3) if the average gross value at the point of production for the month is greater than or equal to \$90 a barrel, but less than \$100 a barrel,

(A) \$6 for each barrel of taxable oil if the volume of taxable oil produced by the producer for the month exceeds the volume of taxable oil produced in the corresponding month in 2012; or

(B) \$4 for each barrel of taxable oil if the volume of taxable oil produced by the producer for the month does not exceed the volume of taxable oil produced in the corresponding month in 2012;

(4) if the average gross value at the point of production for the month is greater than or equal to \$100 a barrel, but less than \$110 a barrel,

(A) \$5 for each barrel of taxable oil if the volume of taxable oil produced by the producer for the month exceeds the volume of taxable oil produced in the corresponding month in 2012; or

(B) \$3 for each barrel of taxable oil if the volume of taxable oil produced by the producer for the month does not exceed the volume of taxable oil produced in the corresponding month in 2012;

(5) if the average gross value at the point of production for the month is greater than or equal to \$110 a barrel, but less than \$120 a barrel,

(A) \$4 for each barrel of taxable oil if the volume of taxable oil produced by the producer for the month exceeds the volume of taxable oil produced in the corresponding month in 2012; or

(B) \$2 for each barrel of taxable oil if the volume of taxable oil produced by the producer for the month does not exceed the volume of taxable oil produced in the corresponding month in 2012;

(6) if the average gross value at the point of production

for the month is greater than or equal to \$120 a barrel, but less than \$130 a barrel,

(A) \$3 for each barrel of taxable oil if the volume of taxable oil produced by the producer for the month exceeds the volume of taxable oil produced in the corresponding month in 2012; or

(B) \$1 for each barrel of taxable oil if the volume of taxable oil produced by the producer for the month does not exceed the volume of taxable oil produced in the corresponding month in 2012;

(7) if the average gross value at the point of production for the month is greater than or equal to \$130 a barrel, but less than \$140 a barrel,

(A) \$2 for each barrel of taxable oil if the volume of taxable oil produced by the producer for the month exceeds the volume of taxable oil produced in the corresponding month in 2012; or

(B) zero if the volume of taxable oil produced by the producer for the month does not exceed the volume of taxable oil produced in the corresponding month in 2012;

(8) if the average gross value at the point of production for the month is greater than or equal to \$140 a barrel, but less than \$150 a barrel,

(A) \$1 for each barrel of taxable oil if the volume of taxable oil produced by the producer for the month exceeds the volume of taxable oil produced in the corresponding month in 2012; or

(B) zero if the volume of taxable oil produced by the producer for the month does not exceed the volume of taxable oil produced in the corresponding month in 2012;

(9) zero if the average gross value at the point of production for the month is greater than or equal to \$150 a barrel."

Representative Kawasaki moved and asked unanimous consent that Amendment No. 12 be adopted.

Representative Feige objected.

The question being: "Shall Amendment No. 12 be adopted?" The roll was taken with the following result:

HCS CSSB 21(FIN) am H
Second Reading
Amendment No. 12

YEAS: 9 NAYS: 29 EXCUSED: 2 ABSENT: 0

Yeas: Drummond, Gara, Gruenberg, Josephson, Kawasaki, Kerttula, Kreiss-Tomkins, Tarr, Tuck

Nays: Austerman, Chenault, Costello, Edgmon, Feige, Foster, Gattis, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Keller, LeDoux, Lynn, Millett, Munoz, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Thompson, P.Wilson, T.Wilson

Excused: Guttenberg, Nageak

And so, Amendment No. 12 was not adopted.

HCS CSSB 21(FIN) am H was automatically in third reading.

Representative Tarr moved and asked unanimous consent that HCS CSSB 21(FIN) am H be returned to second reading for the specific purpose of considering Amendment No. 13. There being no objection, it was so ordered.

Amendment No. 13 was offered by Representative Tarr:

Page 17, line 26, through page 18, line 28:

Delete all material and insert:

"(j) For each month of the calendar year for which a producer's average monthly gross value at the point of production of a barrel of taxable oil is less than \$150, a producer may apply against the producer's tax liability for the calendar year under AS 43.55.011(e) a tax credit in the amount specified in this subsection for each barrel of taxable oil under AS 43.55.011(e) that does not meet any of the criteria in AS 43.55.160(f) and that is produced during a calendar year after December 31, 2013, from leases or properties north of 68 degrees North latitude. A tax credit under this subsection may not reduce a producer's tax liability for a calendar year under AS 43.55.011(e) below zero. A

credit under this subsection may not exceed \$8 for a barrel of taxable oil. The amount of the tax credit for a barrel of taxable oil subject to this subsection is 10 percent of the difference between \$150 and the average monthly gross value at the point of production of a barrel of taxable oil of the producer."

Representative Tarr moved and asked unanimous consent that Amendment No. 13 be adopted.

Representative Feige objected.

The question being: "Shall Amendment No. 13 be adopted?" The roll was taken with the following result:

HCS CSSB 21(FIN) am H
Second Reading
Amendment No. 13

YEAS: 10 NAYS: 28 EXCUSED: 2 ABSENT: 0

Yeas: Drummond, Gruenberg, Herron, Josephson, Kawasaki, Kerttula, Kreiss-Tomkins, Munoz, Tarr, Tuck

Nays: Austerman, Chenault, Costello, Edgmon, Feige, Foster, Gara, Gattis, Hawker, Higgins, Holmes, Hughes, Isaacson, Johnson, Keller, LeDoux, Lynn, Millett, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Thompson, P.Wilson, T.Wilson

Excused: Guttenberg, Nageak

And so, Amendment No. 13 was not adopted.

HCS CSSB 21(FIN) am H was automatically in third reading.

**The presence of Representative Nageak, who was excused (page 1155), was noted.

The question being: "Shall HCS CSSB 21(FIN) am H pass the House?" The roll was taken with the following result:

HCS CSSB 21(FIN) am H
 Third Reading
 Final Passage

YEAS: 24 NAYS: 15 EXCUSED: 1 ABSENT: 0

Yeas: Chenault, Costello, Feige, Gattis, Hawker, Higgins, Holmes, Hughes, Isaacson, Johnson, Keller, LeDoux, Lynn, Millett, Nageak, Neuman, Olson, Pruitt, Reinbold, Saddler, Stoltze, Thompson, P.Wilson, T.Wilson

Nays: Austerman, Drummond, Edgmon, Foster, Gara, Gruenberg, Herron, Josephson, Kawasaki, Kerttula, Kreiss-Tomkins, Munoz, Seaton, Tarr, Tuck

Excused: Guttenberg

And so, HCS CSSB 21(FIN) am H passed the House.

Representative Johnson later gave notice of reconsideration of the vote on HCS CSSB 21(FIN) am H, and reconsideration was taken up then.

SECOND READING OF SENATE BILLS

(continued)

SB 73

The following, which was moved to the bottom of the calendar (page 1182), was read the second time:

CS FOR SENATE BILL NO. 73(STA)

"An Act relating to a municipal property tax exemption for real property that is the primary residence of certain widows and widowers; and providing for an effective date."

with the:

Journal Page

CRA RPT 5DP

1169

FN1: ZERO(CED)

1169

Representative Pruitt moved and asked unanimous consent that CSSB 73(STA) be considered engrossed, advanced to third reading, and placed on final passage.

There was objection.

CSSB 73(STA) will advance to third reading on tomorrow's calendar.

SECOND READING OF HOUSE RESOLUTIONS

HR 8

The following, which is on today's calendar pending referral, is in the Finance Committee:

HOUSE RESOLUTION NO. 8

Establishing the Task Force on Sustainable Education in the House of Representatives.

LEGISLATIVE CITATIONS

Representative Pruitt moved and asked unanimous consent that the House approve the citations on the calendar. There being no objection, the following citations were approved and sent to enrolling:

Honoring – Gary Baldwin

By Representatives Herron, Chenault, Costello, Drummond, Edgmon, Feige, Foster, Gara, Gattis, Gruenberg, Guttenberg, Hawker, Higgins, Holmes, Hughes, Isaacson, Johnson, Josephson, Kawasaki, Keller, Kerttula, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Nageak, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Tarr, Thompson, Tuck, P. Wilson, T. Wilson

Honoring – Peter Atchak Upon His Retirement from Bethel Search & Rescue

By Representatives Herron, Chenault, Costello, Drummond, Edgmon, Feige, Foster, Gara, Gattis, Gruenberg, Guttenberg, Hawker, Higgins, Holmes, Hughes, Isaacson, Johnson, Josephson, Kawasaki, Keller, Kerttula, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Nageak, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Tarr, Thompson, Tuck, P. Wilson, T. Wilson; Senator Hoffman

Honoring – Bethel Regional High School Warriors, 2012 State Wrestling Championship

By Representatives Herron, Chenault, Austerman, Costello, Drummond, Edgmon, Feige, Foster, Gara, Gattis, Gruenberg, Guttenberg, Hawker, Higgins, Holmes, Hughes, Isaacson, Johnson, Josephson, Kawasaki, Keller, Kerttula, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Nageak, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Tarr, Thompson, Tuck, P. Wilson, T. Wilson; Senator Hoffman

Honoring – Keith Ferris

By Senator Wielechowski; Representatives Gruenberg, Chenault, Costello, Drummond, Edgmon, Feige, Foster, Gara, Gattis, Guttenberg, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Josephson, Kawasaki, Keller, Kerttula, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Nageak, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Tarr, Thompson, Tuck, P. Wilson, T. Wilson

Honoring – Michelle Rizk, 2013 Top Forty Under 40

By Senator Kelly; Representatives Kawasaki, Chenault, Costello, Drummond, Edgmon, Feige, Foster, Gara, Gattis, Gruenberg, Guttenberg, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Josephson, Keller, Kerttula, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Nageak, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Tarr, Thompson, Tuck, P. Wilson, T. Wilson

Honoring – Angela Major, 2013 Top Forty Under 40

By Senator Kelly; Representatives Kawasaki, Chenault, Costello, Drummond, Edgmon, Feige, Foster, Gara, Gattis, Gruenberg, Guttenberg, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Josephson, Keller, Kerttula, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Nageak, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Tarr, Thompson, Tuck, P. Wilson, T. Wilson

Honoring – Michael Campbell, 2013 Top Forty Under 40

By Senator Kelly; Representatives Kawasaki, Chenault, Costello, Drummond, Edgmon, Feige, Foster, Gara, Gattis, Gruenberg, Guttenberg, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Josephson, Keller, Kerttula, Kreiss-Tomkins, LeDoux, Lynn,

Millett, Munoz, Nageak, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Tarr, Thompson, Tuck, P. Wilson, T. Wilson

Honoring – The Senate Floor Staff

By Senator McGuire; Representatives Chenault, Costello, Drummond, Edgmon, Feige, Foster, Gara, Gattis, Gruenberg, Guttenberg, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Josephson, Kawasaki, Keller, Kerttula, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Nageak, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Tarr, Thompson, Tuck, P. Wilson, T. Wilson

In Memoriam – Irene Mary Hoffman

By Representatives Herron, Chenault, Costello, Drummond, Edgmon, Feige, Foster, Gara, Gattis, Gruenberg, Guttenberg, Hawker, Higgins, Holmes, Hughes, Isaacson, Johnson, Josephson, Kawasaki, Keller, Kerttula, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Nageak, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Tarr, Thompson, Tuck, P. Wilson, T. Wilson

In Memoriam – Maggie "Mikey" Jackson-Kinegak

By Representatives Herron, Chenault, Costello, Drummond, Edgmon, Feige, Foster, Gara, Gattis, Gruenberg, Guttenberg, Hawker, Higgins, Holmes, Hughes, Isaacson, Johnson, Josephson, Kawasaki, Keller, Kerttula, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Nageak, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Tarr, Thompson, Tuck, P. Wilson, T. Wilson

In Memoriam – Don de Lima

By Senator Bishop; Representatives Chenault, Costello, Drummond, Edgmon, Feige, Foster, Gara, Gattis, Gruenberg, Guttenberg, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Josephson, Kawasaki, Keller, Kerttula, Kreiss-Tomkins, LeDoux, Lynn, Millett, Munoz, Nageak, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Tarr, Thompson, Tuck, P. Wilson, T. Wilson

RECONSIDERATION

SB 21

Representative Johnson gave notice of reconsideration of the vote on HCS CSSB 21(FIN) am H (page 1235).

Representative Johnson moved and asked unanimous consent that reconsideration of HCS CSSB 21(FIN) am H be taken up on the same day.

There was objection.

The question being: "Shall reconsideration of HCS CSSB 21(FIN) am H be taken up on the same day?" The roll was taken with the following result:

HCS CSSB 21(FIN) am H

Third Reading

Take Up Reconsideration on the Same Day

YEAS: 31 NAYS: 8 EXCUSED: 1 ABSENT: 0

Yeas: Austerman, Chenault, Costello, Edgmon, Feige, Foster, Gattis, Gruenberg, Hawker, Herron, Higgins, Holmes, Hughes, Isaacson, Johnson, Keller, LeDoux, Lynn, Millett, Munoz, Nageak, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Thompson, P.Wilson, T.Wilson

Nays: Drummond, Gara, Josephson, Kawasaki, Kerttula, Kreiss-Tomkins, Tarr, Tuck

Excused: Guttenberg

And so, the motion passed.

The following was before the House in third reading:

HOUSE CS FOR CS FOR SENATE BILL NO. 21(FIN) am H
"An Act relating to the interest rate applicable to certain amounts due for fees, taxes, and payments made and property delivered to the Department of Revenue; relating to appropriations from taxes paid under the Alaska Net Income Tax Act; providing a tax credit against the corporation income tax for qualified oil and gas service industry expenditures; relating to the oil and gas production tax rate; relating to gas used in the state; relating to monthly installment payments of the oil and gas production tax; relating to oil and gas production tax credits for certain losses and expenditures; relating to oil and gas production tax credit certificates; relating to nontransferable tax credits based on

production; relating to the oil and gas tax credit fund; relating to annual statements by producers and explorers; establishing an Oil and Gas Competitiveness Review Board; relating to the determination of annual oil and gas production tax value including adjustments based on a percentage of gross value at the point of production from certain leases or properties; and making conforming amendments."

The question to be reconsidered: "Shall HCS CSSB 21(FIN) am H pass the House?" The roll was taken with the following result:

HCS CSSB 21(FIN) am H

Third Reading

Final Passage

Reconsideration

YEAS: 27 NAYS: 12 EXCUSED: 1 ABSENT: 0

Yeas: Austerman, Chenault, Costello, Feige, Gattis, Hawker, Higgins, Holmes, Hughes, Isaacson, Johnson, Keller, LeDoux, Lynn, Millett, Munoz, Nageak, Neuman, Olson, Pruitt, Reinbold, Saddler, Seaton, Stoltze, Thompson, P.Wilson, T.Wilson

Nays: Drummond, Edgmon, Foster, Gara, Gruenberg, Herron, Josephson, Kawasaki, Kerttula, Kreiss-Tomkins, Tarr, Tuck

Excused: Guttenberg

Seaton changed from "Nay" to "Yea".

And so, HCS CSSB 21(FIN) am H passed the House on reconsideration and was referred to the Chief Clerk for engrossment.

UNFINISHED BUSINESS

HB 87

Representative Kreiss-Tomkins added his name as cosponsor to:

CONFERENCE CS FOR HOUSE BILL NO. 87

"An Act relating to allocations to the special education service agency and extending the special education service agency; and providing for an effective date."

SB 38

Representative Tuck added his name as cross sponsor to:

CS FOR SENATE BILL NO. 38(FIN)

"An Act extending the termination date of the State Medical Board; relating to the executive secretary of the State Medical Board; and providing for an effective date."

SB 56

Representative Costello added her name as cross sponsor to:

HOUSE CS FOR CS FOR SENATE BILL NO. 56(JUD)

"An Act relating to certain crimes involving controlled substances; and providing for an effective date."

ENGROSSMENT

SB 21

HCS CSSB 21(FIN) am H was engrossed, signed by the Speaker and Chief Clerk, and transmitted to the Senate for consideration.

ANNOUNCEMENTS

With appointment of the Conference Committee on the operating budget, Rule 23(d) of the Uniform Rules is in effect as of April 2, 2013.

House committee schedules are published under separate cover.

ADJOURNMENT

Representative Pruitt moved and asked unanimous consent that the House adjourn until 10:00 a.m., April 14, 2013. There being no objection, the House adjourned at 2:09 a.m., April 14, 2013.

Suzi Lowell
Chief Clerk