

Rep. Tuck ✓

29-GH2609\C.11
Nauman/Shutts
5/12/16

AMENDMENT #24

OFFERED IN THE HOUSE

TO: 2d CSHB 247(RLS)

1 Page 1, line 6, following "interest;":

2 Insert "relating to the oil and gas production tax rate;"

3

4 Page 5, following line 29:

5 Insert new bill sections to read:

6 **** Sec. 13.** AS 43.55.011(e) is amended to read:

7 (e) There is levied on the producer of oil or gas a tax for all oil and gas
8 produced each calendar year from each lease or property in the state, less any oil and
9 gas the ownership or right to which is exempt from taxation or constitutes a
10 landowner's royalty interest or for which a tax is levied by AS 43.55.014. Except as
11 otherwise provided under (f), (j), (k), (o), and (p) of this section, for oil and gas
12 produced

13 (1) before January 1, 2014, the tax is equal to the sum of

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

16 (B) the sum, over all months of the calendar year, of the tax
17 amounts determined under (g) of this section;

18 (2) on and after January 1, 2014, and before January 1, 2017
19 [JANUARY 1, 2022], the tax is equal to the annual production tax value of the taxable
20 oil and gas as calculated under AS 43.55.160(a)(1) multiplied by 35 percent;

21 (3) on and after January 1, 2017, and before January 1, 2022, the
22 tax is equal to the sum of

23 (A) the annual production tax value of the taxable oil and

1 **gas as calculated under AS 43.55.160(a)(1) multiplied by 35 percent; and**
 2 **(B) the sum, over all the months of the calendar year, of the**
 3 **amounts determined under (g) of this section;**

4 **(4)** on and after January 1, 2022, the tax for

5 (A) oil is equal to the **sum of**

6 **(i) the** annual production tax value of the taxable oil as
 7 calculated under AS 43.55.160(h) multiplied by 35 percent; **and**

8 **(ii) the sum, over all the months of the calendar**
 9 **year, of the amounts determined under (g) of this section;**

10 (B) gas is equal to 13 percent of the gross value at the point of
 11 production of the taxable gas; if the gross value at the point of production of
 12 gas produced from a lease or property is less than zero, that gross value at the
 13 point of production is considered zero for purposes of this subparagraph.

14 * **Sec. 14.** AS 43.55.011(g) is amended to read:

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

17 **(1) before January 1, 2014, for** [FOR] each month of a calendar year
 18 [BEFORE 2014] for which the producer's average monthly production tax value under
 19 AS 43.55.160(a)(2) of a BTU equivalent barrel of the taxable oil and gas is more than
 20 \$30, the amount of tax for purposes of (e)(1)(B) of this section is determined by
 21 multiplying the monthly production tax value of the taxable oil and gas produced
 22 during the month by the tax rate calculated as follows:

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

28 **(B)** [(2)] if the producer's average monthly production tax value of a
 29 BTU equivalent barrel of the taxable oil and gas for the month is more than \$92.50,
 30 the tax rate is the sum of 25 percent and the product of 0.1 percent multiplied by the
 31 number that represents the difference between the average monthly production tax

1 value of a BTU equivalent barrel and \$92.50, except that the sum determined under
2 this **subparagraph** [PARAGRAPH] may not exceed 50 percent;

3 **(2) on or after January 1, 2017, for each month of the calendar**
4 **year for which the producer's average monthly production tax value under**
5 **AS 43.55.160(a)(2) of a BTU equivalent barrel of the taxable oil and gas is more**
6 **than \$50, the difference between the monthly production tax value of a BTU**
7 **equivalent barrel and \$50 multiplied by the volume of oil and gas produced by**
8 **the producer for the month multiplied by 10 percent."**

9
10 Renumber the following bill sections accordingly.

11
12 Page 7, following line 2:

13 Insert a new bill section to read:

14 **"* Sec. 17.** AS 43.55.020(a) is amended to read:

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

17 (1) for oil and gas produced before January 1, 2014, an installment
18 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied
19 as allowed by law, is due for each month of the calendar year on the last day of the
20 following month; except as otherwise provided under (2) of this subsection, the
21 amount of the installment payment is the sum of the following amounts, less 1/12 of
22 the tax credits that are allowed by law to be applied against the tax levied by
23 AS 43.55.011(e) for the calendar year, but the amount of the installment payment may
24 not be less than zero:

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

29 (i) zero; or

30 (ii) the sum of 25 percent and the tax rate calculated for
31 the month under AS 43.55.011(g) multiplied by the remainder obtained

1 by subtracting 1/12 of the producer's adjusted lease expenditures for the
2 calendar year of production under AS 43.55.165 and 43.55.170 that are
3 deductible for the oil and gas under AS 43.55.160 from the gross value
4 at the point of production of the oil and gas produced from the leases or
5 properties during the month for which the installment payment is
6 calculated;

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

9 (i) zero;

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

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

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

24 (i) zero; or

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

1 property during the month for which the installment payment is
2 calculated;

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

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

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

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

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

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

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

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

9 (5) for oil and gas produced on and after January 1, 2014, and before
10 January 1, 2022, an installment payment of the estimated tax levied by
11 AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each
12 month of the calendar year on the last day of the following month; except as otherwise
13 provided under (6) of this subsection, the amount of the installment payment is the
14 sum of the following amounts, less 1/12 of the tax credits that are allowed by law to be
15 applied against the tax levied by AS 43.55.011(e) for the calendar year, but the amount
16 of the installment payment may not be less than zero:

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

21 (i) zero; or

22 (ii) **the sum of 35 percent and the tax rate calculated**
23 **for the month under AS 43.55.011(g), as applicable,** multiplied by
24 the remainder obtained by subtracting 1/12 of the producer's adjusted
25 lease expenditures for the calendar year of production under
26 AS 43.55.165 and 43.55.170 that are deductible for the oil and gas
27 under AS 43.55.160 from the gross value at the point of production of
28 the oil and gas produced from the leases or properties during the month
29 for which the installment payment is calculated;

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

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

6 (iii) **the sum of 35 percent and the tax rate calculated**
7 **for the month under AS 43.55.011(g), as applicable,** multiplied by
8 the remainder obtained by subtracting 1/12 of the producer's adjusted
9 lease expenditures for the calendar year of production under
10 AS 43.55.165 and 43.55.170 that are deductible for the oil and gas
11 under AS 43.55.160 from the gross value at the point of production of
12 the oil and gas produced from those leases or properties during the
13 month for which the installment payment is calculated, except that, for
14 the purposes of this calculation, a reduction from the gross value at the
15 point of production may apply for oil and gas subject to
16 AS 43.55.160(f) or (g);

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

19 (i) zero; or
20 (ii) **the sum of 35 percent and the tax rate calculated**
21 **for the month under AS 43.55.011(g), as applicable,** multiplied by
22 the remainder obtained by subtracting 1/12 of the producer's adjusted
23 lease expenditures for the calendar year of production under
24 AS 43.55.165 and 43.55.170 that are deductible under AS 43.55.160
25 for the oil or gas, respectively, produced from the lease or property
26 from the gross value at the point of production of the oil or gas,
27 respectively, produced from the lease or property during the month for
28 which the installment payment is calculated;

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

30 (i) **the sum of 35 percent and the tax rate calculated**
31 **for the month under AS 43.55.011(g), as applicable,** multiplied by

1 the remainder obtained by subtracting 1/12 of the producer's adjusted
2 lease expenditures for the calendar year of production under
3 AS 43.55.165 and 43.55.170 that are deductible for the oil and gas
4 under AS 43.55.160 from the gross value at the point of production of
5 the oil and gas produced from the leases or properties during the month
6 for which the installment payment is calculated, but not less than zero;
7 or

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

11 (6) an amount calculated under (5)(C) of this subsection for oil or gas
12 subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by
13 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as
14 applicable, for gas or set out in AS 43.55.011(k)(1) or (2), as applicable, for oil, but
15 substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the
16 amount of taxable gas produced during the month for the amount of taxable gas
17 produced during the calendar year and substituting in AS 43.55.011(k)(1)(A) or
18 (2)(A), as applicable, the amount of taxable oil produced during the month for the
19 amount of taxable oil produced during the calendar year;

20 (7) for oil and gas produced on or after January 1, 2022, an installment
21 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied
22 as allowed by law, is due for each month of the calendar year on the last day of the
23 following month; the amount of the installment payment is the sum of the following
24 amounts, less 1/12 of the tax credits that are allowed by law to be applied against the
25 tax levied by AS 43.55.011(e) for the calendar year, but the amount of the installment
26 payment may not be less than zero:

27 (A) for oil produced from leases or properties that include land
28 north of 68 degrees North latitude, the greatest of

29 (i) zero;

30 (ii) zero percent, one percent, two percent, three
31 percent, or four percent, as applicable, of the gross value at the point of

1 production of the oil produced from the leases or properties during the
2 month for which the installment payment is calculated; or

3 (ii) **the sum of 35 percent and the tax rate calculated**
4 **for the month under AS 43.55.011(g), as applicable,** multiplied by
5 the remainder obtained by subtracting 1/12 of the producer's adjusted
6 lease expenditures for the calendar year of production under
7 AS 43.55.165 and 43.55.170 that are deductible for the oil under
8 AS 43.55.160(h)(1) from the gross value at the point of production of
9 the oil produced from those leases or properties during the month for
10 which the installment payment is calculated, except that, for the
11 purposes of this calculation, a reduction from the gross value at the
12 point of production may apply for oil subject to AS 43.55.160(f) or
13 43.55.160(f) and (g);

14 (B) for oil produced before or during the last calendar year
15 under AS 43.55.024(b) for which the producer could take a tax credit under
16 AS 43.55.024(a), from leases or properties in the state outside the Cook Inlet
17 sedimentary basin, no part of which is north of 68 degrees North latitude, other
18 than leases or properties subject to AS 43.55.011(p), the greater of

19 (i) zero; or

20 (ii) **the sum of 35 percent and the tax rate calculated**
21 **for the month under AS 43.55.011(g), as applicable,** multiplied by
22 the remainder obtained by subtracting 1/12 of the producer's adjusted
23 lease expenditures for the calendar year of production under
24 AS 43.55.165 and 43.55.170 that are deductible for the oil under
25 AS 43.55.160(h)(2) from the gross value at the point of production of
26 the oil produced from the leases or properties during the month for
27 which the installment payment is calculated;

28 (C) for oil and gas produced from leases or properties subject
29 to AS 43.55.011(p), except as otherwise provided under (8) of this subsection,
30 the sum of

31 (i) **the sum of 35 percent and the tax rate calculated**

1 for the month under AS 43.55.011(g), as applicable, multiplied by
2 the remainder obtained by subtracting 1/12 of the producer's adjusted
3 lease expenditures for the calendar year of production under
4 AS 43.55.165 and 43.55.170 that are deductible for the oil under
5 AS 43.55.160(h)(3) from the gross value at the point of production of
6 the oil produced from the leases or properties during the month for
7 which the installment payment is calculated, but not less than zero; and

8 (ii) 13 percent of the gross value at the point of
9 production of the gas produced from the leases or properties during the
10 month, but not less than zero;

11 (D) for oil produced from leases or properties in the state, no
12 part of which is north of 68 degrees North latitude, other than leases or
13 properties subject to (B) or (C) of this paragraph, the greater of

14 (i) zero; or

15 (ii) the sum of 35 percent and the tax rate calculated
16 for the month under AS 43.55.011(g), as applicable, multiplied by
17 the remainder obtained by subtracting 1/12 of the producer's adjusted
18 lease expenditures for the calendar year of production under
19 AS 43.55.165 and 43.55.170 that are deductible for the oil under
20 AS 43.55.160(h)(4) from the gross value at the point of production of
21 the oil produced from the leases or properties during the month for
22 which the installment payment is calculated;

23 (E) for gas produced from each lease or property in the state,
24 other than a lease or property subject to AS 43.55.011(p), 13 percent of the
25 gross value at the point of production of the gas produced from the lease or
26 property during the month for which the installment payment is calculated, but
27 not less than zero;

28 (8) an amount calculated under (7)(C) of this subsection may not
29 exceed four percent of the gross value at the point of production of the oil and gas
30 produced from leases or properties subject to AS 43.55.011(p) during the month for
31 which the installment payment is calculated;

1 (9) for purposes of the calculation under (1)(B)(ii), (5)(B)(ii), and
2 (7)(A)(ii) of this subsection, the applicable percentage of the gross value at the point
3 of production is determined under AS 43.55.011(f)(1) or (2) but substituting the
4 phrase "month for which the installment payment is calculated" in AS 43.55.011(f)(1)
5 and (2) for the phrase "calendar year for which the tax is due.""
6

7 Renumber the following bill sections accordingly.
8

9 Page 12, line 28:

10 Delete "sec. 21"

11 Insert "sec. 24"

12

13 Page 15, line 25:

14 Delete "sec. 25"

15 Insert "sec. 28"

16

17 Page 17, line 29:

18 Delete "sec. 29"

19 Insert "sec. 32"

20

21 Page 18, line 11:

22 Delete "secs. 29 and 30"

23 Insert "secs. 32 and 33"

24

25 Page 21, line 12:

26 Delete "sec. 35"

27 Insert "sec. 38"

28

29 Page 32, line 28:

30 Delete "sec. 25"

31 Insert "sec. 28"

1

2 Page 32, line 29:

3 Delete "sec. 28"

4 Insert "sec. 31"

5

6 Page 32, line 31:

7 Delete "sec. 27"

8 Insert "sec. 30"

9

10 Page 33, line 1:

11 Delete "secs. 25, 27, and 28"

12 Insert "secs. 28, 30, and 31"

13

14 Page 33, line 2:

15 Delete "sec. 39"

16 Insert "sec. 42"

17

18 Page 33, line 7:

19 Delete "sec. 49"

20 Insert "sec. 52"

21

22 Page 33, line 8:

23 Delete "sec. 16"

24 Insert "sec. 19"

25 Delete "sec. 29"

26 Insert "sec. 32"

27

28 Page 33, line 9:

29 Delete "secs. 32 and 33"

30 Insert "secs. 35 and 36"

31 Delete "sec. 41"

- 1 Insert "sec. 44"
- 2
- 3 Page 33, line 10:
- 4 Delete "sec. 42"
- 5 Insert "sec. 45"
- 6
- 7 Page 33, line 11:
- 8 Delete "sec. 49"
- 9 Insert "sec. 52"
- 10
- 11 Page 33, lines 14 - 15:
- 12 Delete "sec. 49"
- 13 Insert "sec. 52"
- 14
- 15 Page 33, line 18:
- 16 Delete "sec. 49"
- 17 Insert "sec. 52"
- 18
- 19 Page 33, line 19:
- 20 Delete "sec. 49"
- 21 Insert "sec. 52"
- 22
- 23 Page 33, line 23:
- 24 Delete "sec. 50"
- 25 Insert "sec. 53"
- 26
- 27 Page 33, lines 23 - 24:
- 28 Delete "sec. 30"
- 29 Insert "sec. 33"
- 30
- 31 Page 33, line 25:

- 1 Delete "sec. 50"
- 2 Insert "sec. 53"
- 3
- 4 Page 33, line 28:
- 5 Delete "sec. 50"
- 6 Insert "sec. 53"
- 7
- 8 Page 33, line 30:
- 9 Delete "sec. 50"
- 10 Insert "sec. 53"
- 11
- 12 Page 33, line 31:
- 13 Delete "sec. 50"
- 14 Insert "sec. 53"
- 15
- 16 Page 34, line 5:
- 17 Delete "sec. 51"
- 18 Insert "sec. 54"
- 19
- 20 Page 34, line 6:
- 21 Delete "sec. 31"
- 22 Insert "sec. 34"
- 23 Delete "sec. 34"
- 24 Insert "sec. 37"
- 25
- 26 Page 34, line 7:
- 27 Delete "sec. 36"
- 28 Insert "sec. 39"
- 29
- 30 Page 34, line 8:
- 31 Delete "sec. 51"

1 Insert "sec. 54"

2

3 Page 34, line 12:

4 Delete "sec. 51"

5 Insert "sec. 54"

6

7 Page 34, line 14:

8 Delete "sec. 51"

9 Insert "sec. 54"

10

11 Page 34, line 15:

12 Delete "sec. 51"

13 Insert "sec. 54"

14

15 Page 34, line 20:

16 Delete "sec. 51"

17 Insert "sec. 54"

18

19 Page 34, line 21:

20 Delete "sec. 22"

21 Insert "sec. 25"

22 Delete "secs. 24 and 26"

23 Insert "secs. 27 and 29"

24

25 Page 34, line 22:

26 Delete "sec. 31"

27 Insert "sec. 34"

28 Delete "sec. 34"

29 Insert "sec. 37"

30

31 Page 34, line 23:

1 Delete "sec. 43"

2 Insert "sec. 46"

3

4 Page 34, line 25:

5 Delete "sec. 51" in both places.

6 Insert "sec. 54" in both places.

7

8 Page 34, line 30:

9 Delete "sec. 39"

10 Insert "sec. 42"

11

12 Page 34, line 31:

13 Delete "sec. 49"

14 Insert "sec. 52"

15

16 Page 35, line 3:

17 Delete "sec. 49"

18 Insert "sec. 52"

19

20 Page 35, line 8:

21 Delete "sec. 49"

22 Insert "sec. 52"

23

24 Page 35, line 10:

25 Delete "sec. 49"

26 Insert "sec. 52"

27

28 Page 35, line 13:

29 Delete "sec. 49"

30 Insert "sec. 52"

31

1 Page 35, line 16:

2 Delete "sec. 49"

3 Insert "sec. 52"

4

5 Page 35, line 18:

6 Delete "sec. 49"

7 Insert "sec. 52"

8

9 Page 36, line 13:

10 Delete "Sections 21, 52, 60, and 61"

11 Insert "Sections 24, 55, 63, and 64"

12

13 Page 36, line 15:

14 Delete "Sections 30, 50, and 55"

15 Insert "Sections 33, 53, and 58"

16

17 Page 36, line 16:

18 Delete "Sections 22, 24, 26, 31, 34, 36, 43, 51, 56, and 57"

19 Insert "Sections 25, 27, 29, 34, 37, 39, 46, 54, 59, and 60"

20

21 Page 36, line 18:

22 Delete "secs. 62 - 64"

23 Insert "secs. 65 - 67"