

AMENDMENT #3 BY SEN. NIELECHOWSKI

OFFERED IN THE SENATE

TO: SCS 2d CSHB 247(FIN)

1 Page 17, line 1, through page 18, line 25:

2 Delete all material and insert:

3 "* **Sec. 19.** AS 43.55.023(b) is amended to read:

4 (b) Before January 1, 2014, a producer or explorer may elect to take a tax
5 credit in the amount of 25 percent of a carried-forward annual loss. For lease
6 expenditures incurred on and after January 1, 2014, and before January 1, 2016, to
7 explore for, develop, or produce oil or gas deposits located north of 68 degrees North
8 latitude, a producer or explorer may elect to take a tax credit in the amount of 45
9 percent of a carried-forward annual loss. For lease expenditures incurred during
10 calendar year 2016 [ON AND AFTER JANUARY 1, 2016,] to explore for, develop,
11 or produce oil or gas deposits located north of 68 degrees North latitude, a producer or
12 explorer may elect to take a tax credit in the amount of 35 percent of a carried-forward
13 annual loss. For lease expenditures incurred north of 68 degrees North latitude, a
14 producer may elect to take a tax credit in the amount of 32 percent of a carried-
15 forward annual loss incurred during calendar year 2017 or 2018; 29 percent of a
16 carried-forward annual loss incurred during calendar year 2019 or 2020; 26
17 percent of a carried-forward annual loss incurred during calendar year 2021 or
18 2022; and 25 percent of a carried-forward annual loss incurred after calendar
19 year 2022. For lease expenditures incurred on or after January 1, 2014, and before
20 January 1, 2018, to explore for, develop, or produce oil or gas deposits located south
21 of 68 degrees North latitude, a producer or explorer may elect to take a tax credit in
22 the amount of 25 percent of a carried-forward annual loss. For lease expenditures
23 incurred after December 31, 2017, to explore for, develop, or produce oil or gas

1 deposits located south of 68 degrees North latitude and outside of the Cook Inlet
 2 sedimentary basin, a producer may elect to take a tax credit in the amount of 25
 3 percent of a carried-forward annual loss. A credit under this subsection for an
 4 expenditure incurred after December 31, 2016, is subject to the requirements of
 5 (q) of this section. A credit under this subsection may be applied against a tax levied
 6 by AS 43.55.011(e). For purposes of this subsection,

7 (1) a carried-forward annual loss is the amount of a producer's or
 8 explorer's adjusted lease expenditures under AS 43.55.165 and 43.55.170 for a
 9 previous calendar year that was not deductible in calculating production tax values for
 10 that calendar year under AS 43.55.160;

11 (2) for lease expenditures incurred after December 31, 2016, any
 12 reduction under AS 43.55.160(f) or (g) is added back to the calculation of
 13 production tax values for that calendar year under AS 43.55.160 for the
 14 determination of a carried-forward annual loss."

15
 16 Renumber the following bill sections accordingly.

17
 18 Page 20, following line 15:

19 Insert a new bill section to read:

20 **"* Sec. 23.** AS 43.55.023 is amended by adding a new subsection to read:

21 (q) For a calendar year after December 31, 2016, to qualify for a credit under
 22 (b) of this section,

23 (1) the producer incurring the expenditure may not have an average
 24 daily production of more than 15,000 BTU equivalent barrels a day in the state during
 25 the calendar year in which the expenditure is incurred;

26 (2) the expenditure must be incurred for a lease

27 (A) from which the state receives a royalty under AS 38.05 or
 28 federal law and in a unit under a unit plan of development approved by the
 29 commissioner of natural resources as consistent with AS 38.05.180 or by the
 30 applicable federal agency; and

31 (B) in which the producer has a working interest; and

1 (3) if the unit is in the Cook Inlet sedimentary basin, the producer
2 incurring the expenditure must have produced oil or gas in the Cook Inlet sedimentary
3 basin before January 1, 2017."
4

5 Renumber the following bill sections accordingly.

6

7 Page 36, line 17:

8 Delete "secs. 21 and 22"

9 Insert "secs. 20 and 21"

10

11 Page 37, lines 4 - 12:

12 Delete all material.

13

14 Page 38, line 15:

15 Delete "Sections 51 and 52"

16 Insert "Sections 50 and 51"

17

18 Page 38, line 16:

19 Delete "20 - 22"

20 Insert "20, 21"

21 Delete "47 - 50"

22 Insert "47 - 49"

23

24 Page 38, line 18:

25 Delete "secs. 53 and 54"

26 Insert "secs. 52 and 53"