

**SENATE BILL NO. 96**

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY SENATORS WIELECHOWSKI, Gardner

Introduced: 4/1/15

Referred: Resources, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the oil and gas production tax; relating to credits against the oil and  
2 gas production tax; relating to monthly installment payments of the oil and gas  
3 production tax; relating to the minimum production tax on oil; and providing for an  
4 effective date."

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

6 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
7 to read:

8 SHORT TITLE. This Act may be known as the Protecting Jobs, Education, and  
9 Opportunity Act.

10 \* **Sec. 2.** AS 43.55.011(f) is amended to read:

11 (f) The levy of tax under (e) of this section for

12 (1) oil and gas produced before January 1, 2022, from leases or  
13 properties that include land north of 68 degrees North latitude, other than gas subject  
14 to (o) of this section or oil subject to (q) of this section, may not be less than

1 (A) four percent of the gross value at the point of production  
2 when the average price per barrel for Alaska North Slope crude oil for sale on  
3 the United States West Coast during the calendar year for which the tax is due  
4 is more than \$25;

5 (B) three percent of the gross value at the point of production  
6 when the average price per barrel for Alaska North Slope crude oil for sale on  
7 the United States West Coast during the calendar year for which the tax is due  
8 is over \$20 but not over \$25;

9 (C) two percent of the gross value at the point of production  
10 when the average price per barrel for Alaska North Slope crude oil for sale on  
11 the United States West Coast during the calendar year for which the tax is due  
12 is over \$17.50 but not over \$20;

13 (D) one percent of the gross value at the point of production  
14 when the average price per barrel for Alaska North Slope crude oil for sale on  
15 the United States West Coast during the calendar year for which the tax is due  
16 is over \$15 but not over \$17.50; or

17 (E) zero percent of the gross value at the point of production  
18 when the average price per barrel for Alaska North Slope crude oil for sale on  
19 the United States West Coast during the calendar year for which the tax is due  
20 is \$15 or less; and

21 (2) oil produced on and after January 1, 2022, from leases or properties  
22 that include land north of 68 degrees North latitude, may not be less than

23 (A) four percent of the gross value at the point of production  
24 when the average price per barrel for Alaska North Slope crude oil for sale on  
25 the United States West Coast during the calendar year for which the tax is due  
26 is more than \$25;

27 (B) three percent of the gross value at the point of production  
28 when the average price per barrel for Alaska North Slope crude oil for sale on  
29 the United States West Coast during the calendar year for which the tax is due  
30 is over \$20 but not over \$25;

31 (C) two percent of the gross value at the point of production

1 when the average price per barrel for Alaska North Slope crude oil for sale on  
 2 the United States West Coast during the calendar year for which the tax is due  
 3 is over \$17.50 but not over \$20;

4 (D) one percent of the gross value at the point of production  
 5 when the average price per barrel for Alaska North Slope crude oil for sale on  
 6 the United States West Coast during the calendar year for which the tax is due  
 7 is over \$15 but not over \$17.50; or

8 (E) zero percent of the gross value at the point of production  
 9 when the average price per barrel for Alaska North Slope crude oil for sale on  
 10 the United States West Coast during the calendar year for which the tax is due  
 11 is \$15 or less.

12 \* **Sec. 3.** AS 43.55.011(f), as amended by sec. 2 of this Act, is amended to read:

13 (f) The levy of tax under (e) of this section for

14 (1) oil and gas produced before January 1, 2022, from leases or  
 15 properties that include land north of 68 degrees North latitude, other than gas subject  
 16 to (o) of this section [OR OIL SUBJECT TO (q) OF THIS SECTION], may not be  
 17 less than

18 (A) four percent of the gross value at the point of production  
 19 when the average price per barrel for Alaska North Slope crude oil for sale on  
 20 the United States West Coast during the calendar year for which the tax is due  
 21 is more than \$25;

22 (B) three percent of the gross value at the point of production  
 23 when the average price per barrel for Alaska North Slope crude oil for sale on  
 24 the United States West Coast during the calendar year for which the tax is due  
 25 is over \$20 but not over \$25;

26 (C) two percent of the gross value at the point of production  
 27 when the average price per barrel for Alaska North Slope crude oil for sale on  
 28 the United States West Coast during the calendar year for which the tax is due  
 29 is over \$17.50 but not over \$20;

30 (D) one percent of the gross value at the point of production  
 31 when the average price per barrel for Alaska North Slope crude oil for sale on

1 the United States West Coast during the calendar year for which the tax is due  
2 is over \$15 but not over \$17.50; or

3 (E) zero percent of the gross value at the point of production  
4 when the average price per barrel for Alaska North Slope crude oil for sale on  
5 the United States West Coast during the calendar year for which the tax is due  
6 is \$15 or less; and

7 (2) oil produced on and after January 1, 2022, from leases or properties  
8 that include land north of 68 degrees North latitude, may not be less than

9 (A) four percent of the gross value at the point of production  
10 when the average price per barrel for Alaska North Slope crude oil for sale on  
11 the United States West Coast during the calendar year for which the tax is due  
12 is more than \$25;

13 (B) three percent of the gross value at the point of production  
14 when the average price per barrel for Alaska North Slope crude oil for sale on  
15 the United States West Coast during the calendar year for which the tax is due  
16 is over \$20 but not over \$25;

17 (C) two percent of the gross value at the point of production  
18 when the average price per barrel for Alaska North Slope crude oil for sale on  
19 the United States West Coast during the calendar year for which the tax is due  
20 is over \$17.50 but not over \$20;

21 (D) one percent of the gross value at the point of production  
22 when the average price per barrel for Alaska North Slope crude oil for sale on  
23 the United States West Coast during the calendar year for which the tax is due  
24 is over \$15 but not over \$17.50; or

25 (E) zero percent of the gross value at the point of production  
26 when the average price per barrel for Alaska North Slope crude oil for sale on  
27 the United States West Coast during the calendar year for which the tax is due  
28 is \$15 or less.

29 \* **Sec. 4.** AS 43.55.011 is amended by adding a new subsection to read:

30 (q) Except for oil subject to (i) of this section, the provisions of this subsection  
31 apply to oil produced from each lease or property within a unit or nonunitized

1 reservoir that has cumulatively produced 400,000,000 barrels of oil by the close of the  
 2 most recent calendar year and from which the average daily production of oil from the  
 3 unit or nonunitized reservoir during the most recent calendar year exceeded 20,000  
 4 barrels. Notwithstanding any contrary provision of law, a producer may not apply tax  
 5 credits to reduce its total tax liability under (e) and (g) of this section for oil produced  
 6 from all leases or properties within the unit or nonunitized reservoir below 12.5  
 7 percent of the total gross value at the point of production of that oil. If the amount of  
 8 tax calculated by multiplying the tax rates in (e) and (g) of this section by the total  
 9 production tax value of the oil taxable under (e) and (g) of this section produced from  
 10 all of the producer's leases or properties within the unit or nonunitized reservoir is less  
 11 than 12.5 percent of the total gross value at the point of production of that oil, the tax  
 12 levied by (e) of this section for that oil is equal to 12.5 percent of the total gross value  
 13 at the point of production of that oil.

14 \* **Sec. 5.** 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) 35 percent multiplied by the remainder obtained by  
23 subtracting 1/12 of the producer's adjusted lease expenditures for the  
24 calendar year of production under AS 43.55.165 and 43.55.170 that are  
25 deductible for the oil and gas under AS 43.55.160 from the gross value  
26 at the point of production of the oil and gas produced from the leases or  
27 properties during the month for which the installment payment is  
28 calculated;

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

31 (i) zero;

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

5 (iii) 35 percent multiplied by the remainder obtained by  
6 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 those leases  
10 or properties during the month for which the installment payment is  
11 calculated, except that, for the purposes of this calculation, a reduction  
12 from the gross value at the point of production may apply for oil and  
13 gas subject to AS 43.55.160(f) [OR (g)];

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

16 (i) zero; or

17 (ii) 35 percent multiplied by the remainder obtained by  
18 subtracting 1/12 of the producer's adjusted lease expenditures for the  
19 calendar year of production under AS 43.55.165 and 43.55.170 that are  
20 deductible under AS 43.55.160 for the oil or gas, respectively,  
21 produced from the lease or property from the gross value at the point of  
22 production of the oil or gas, respectively, produced from the lease or  
23 property during the month for which the installment payment is  
24 calculated;

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

26 (i) 35 percent multiplied by the remainder obtained by  
27 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 for the oil and gas under AS 43.55.160 from the gross value  
30 at the point of production of the oil and gas produced from the leases or  
31 properties during the month for which the installment payment is

1 calculated, but not less than zero; or

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

5 **(E) for oil subject to AS 43.55.011(q), the greater of**

6 **(i) 12.5 percent of the gross value at the point of**  
7 **production of that oil produced from leases or properties during**  
8 **the month for which the installment payment is calculated; and**

9 **(ii) 35 percent multiplied by the remainder obtained**  
10 **by subtracting 1/12 of the producer's adjusted lease expenditures**  
11 **for the calendar year of production under AS 43.55.165 and**  
12 **43.55.170 that are deductible for the oil under AS 43.55.160(h)(3)**  
13 **from the gross value at the point of production of the oil produced**  
14 **from the leases or properties during the month for which the**  
15 **installment payment is calculated;**

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

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

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

3 (i) zero;

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

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

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

22 (i) zero; or

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

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

1 (i) 35 percent multiplied by the remainder obtained by  
2 subtracting 1/12 of the producer's adjusted lease expenditures for the  
3 calendar year of production under AS 43.55.165 and 43.55.170 that are  
4 deductible for the oil under AS 43.55.160(h)(3) from the gross value at  
5 the point of production of the oil produced from the leases or properties  
6 during the month for which the installment payment is calculated, but  
7 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) 35 percent multiplied by the remainder obtained by  
16 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 under AS 43.55.160(h)(4) from the gross value at  
19 the point of production of the oil produced from the leases or properties  
20 during the month for which the installment payment is calculated;

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

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

30 (9) for purposes of the calculation under (1)(B)(ii), (5)(B)(ii), and  
31 (7)(A)(ii) of this subsection, the applicable percentage of the gross value at the point

1 of production is determined under AS 43.55.011(f)(1) or (2) but substituting the  
 2 phrase "month for which the installment payment is calculated" in AS 43.55.011(f)(1)  
 3 and (2) for the phrase "calendar year for which the tax is due."

4 \* **Sec. 6.** AS 43.55.024(i) is amended to read:

5 (i) A producer may apply against the producer's tax liability for the calendar  
 6 year under AS 43.55.011(e) a tax credit of \$5 for each barrel of oil taxable under  
 7 AS 43.55.011(e) that meets one or more of the criteria in AS 43.55.160(f), **but does**  
 8 **not meet the criteria for a credit in (k) of this section,** [OR (g)] and that is produced  
 9 during a calendar year after December 31, 2013. A tax credit authorized by this  
 10 subsection may not reduce a producer's tax liability for a calendar year under  
 11 AS 43.55.011(e) below zero.

12 \* **Sec. 7.** AS 43.55.024(i), as amended by sec. 6 of this Act, is amended to read:

13 (i) A producer may apply against the producer's tax liability for the calendar  
 14 year under AS 43.55.011(e) a tax credit of \$5 for each barrel of oil taxable under  
 15 AS 43.55.011(e) that meets one or more of the criteria in AS 43.55.160(f) [, BUT  
 16 DOES NOT MEET THE CRITERIA FOR A CREDIT IN (k) OF THIS SECTION,]  
 17 and that is produced during a calendar year after December 31, 2013. A tax credit  
 18 authorized by this subsection may not reduce a producer's tax liability for a calendar  
 19 year under AS 43.55.011(e) below zero.

20 \* **Sec. 8.** AS 43.55.024(j) is amended to read:

21 (j) A producer may apply against the producer's tax liability for the calendar  
 22 year under AS 43.55.011(e) a tax credit in the amount specified in this subsection for  
 23 each barrel of oil taxable under AS 43.55.011(e) that does not meet any of the criteria  
 24 in AS 43.55.160(f) or **the criteria for a credit under (k) of this section,** [(g)] and that  
 25 is produced during a calendar year after December 31, 2013, from leases or properties  
 26 north of 68 degrees North latitude. A tax credit under this subsection may not reduce a  
 27 producer's tax liability for a calendar year under AS 43.55.011(e) below the amount  
 28 calculated under AS 43.55.011(f). The amount of the tax credit for a barrel of taxable  
 29 oil subject to this subsection produced during a month of the calendar year is

30 (1) \$8 for each barrel of taxable oil if the average gross value at the  
 31 point of production for the month is less than \$80 a barrel;

1 (2) \$7 for each barrel of taxable oil if the average gross value at the  
2 point of production for the month is greater than or equal to \$80 a barrel, but less than  
3 \$90 a barrel;

4 (3) \$6 for each barrel of taxable oil if the average gross value at the  
5 point of production for the month is greater than or equal to \$90 a barrel, but less than  
6 \$100 a barrel;

7 (4) \$5 for each barrel of taxable oil if the average gross value at the  
8 point of production for the month is greater than or equal to \$100 a barrel, but less  
9 than \$110 a barrel;

10 (5) \$4 for each barrel of taxable oil if the average gross value at the  
11 point of production for the month is greater than or equal to \$110 a barrel, but less  
12 than \$120 a barrel;

13 (6) \$3 for each barrel of taxable oil if the average gross value at the  
14 point of production for the month is greater than or equal to \$120 a barrel, but less  
15 than \$130 a barrel;

16 (7) \$2 for each barrel of taxable oil if the average gross value at the  
17 point of production for the month is greater than or equal to \$130 a barrel, but less  
18 than \$140 a barrel;

19 (8) \$1 for each barrel of taxable oil if the average gross value at the  
20 point of production for the month is greater than or equal to \$140 a barrel, but less  
21 than \$150 a barrel;

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

24 \* **Sec. 9.** AS 43.55.024(j), as amended by sec. 8 of this Act, is amended to read:

25 (j) A producer may apply against the producer's tax liability for the calendar  
26 year under AS 43.55.011(e) a tax credit in the amount specified in this subsection for  
27 each barrel of oil taxable under AS 43.55.011(e) that does not meet any of the criteria  
28 in AS 43.55.160(f) [OR THE CRITERIA FOR A CREDIT UNDER (k) OF THIS  
29 SECTION,] and that is produced during a calendar year after December 31, 2013,  
30 from leases or properties north of 68 degrees North latitude. A tax credit under this  
31 subsection may not reduce a producer's tax liability for a calendar year under

1 AS 43.55.011(e) below the amount calculated under AS 43.55.011(f). The amount of  
2 the tax credit for a barrel of taxable oil subject to this subsection produced during a  
3 month of the calendar year is

4 (1) \$8 for each barrel of taxable oil if the average gross value at the  
5 point of production for the month is less than \$80 a barrel;

6 (2) \$7 for each barrel of taxable oil if the average gross value at the  
7 point of production for the month is greater than or equal to \$80 a barrel, but less than  
8 \$90 a barrel;

9 (3) \$6 for each barrel of taxable oil if the average gross value at the  
10 point of production for the month is greater than or equal to \$90 a barrel, but less than  
11 \$100 a barrel;

12 (4) \$5 for each barrel of taxable oil if the average gross value at the  
13 point of production for the month is greater than or equal to \$100 a barrel, but less  
14 than \$110 a barrel;

15 (5) \$4 for each barrel of taxable oil if the average gross value at the  
16 point of production for the month is greater than or equal to \$110 a barrel, but less  
17 than \$120 a barrel;

18 (6) \$3 for each barrel of taxable oil if the average gross value at the  
19 point of production for the month is greater than or equal to \$120 a barrel, but less  
20 than \$130 a barrel;

21 (7) \$2 for each barrel of taxable oil if the average gross value at the  
22 point of production for the month is greater than or equal to \$130 a barrel, but less  
23 than \$140 a barrel;

24 (8) \$1 for each barrel of taxable oil if the average gross value at the  
25 point of production for the month is greater than or equal to \$140 a barrel, but less  
26 than \$150 a barrel;

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

29 \* **Sec. 10.** AS 43.55.024 is amended by adding a new subsection to read:

30 (k) A producer may apply against the producer's tax liability for the calendar  
31 year under AS 43.55.011(e) a tax credit in the amount specified in this subsection for

1 each barrel of oil taxable under AS 43.55.011(e) produced from a lease or property  
2 north of 68 degrees North latitude, within a unit that had first commercial production  
3 within 20 years after establishment under AS 38.05.180(p), and within a unit or  
4 nonunitized reservoir that has cumulatively produced 400,000,000 barrels of oil by the  
5 close of the most recent calendar year and from which the average daily production of  
6 oil from the unit or nonunitized reservoir during the most recent calendar year  
7 exceeded 20,000 barrels. A tax credit under this subsection may not reduce a  
8 producer's tax liability for a calendar year under AS 43.55.011(e) below the amount  
9 calculated under AS 43.55.011(f). The amount of the tax credit for a barrel of taxable  
10 oil subject to this subsection produced during a month of the calendar year is

11 (1) \$4 for each barrel of taxable oil if the average gross value at the  
12 point of production for the month is less than \$80 a barrel;

13 (2) \$3.50 for each barrel of taxable oil if the average gross value at the  
14 point of production for the month is greater than or equal to \$80 a barrel, but less than  
15 \$90 a barrel;

16 (3) \$3 for each barrel of taxable oil if the average gross value at the  
17 point of production for the month is greater than or equal to \$90 a barrel, but less than  
18 \$100 a barrel;

19 (4) \$2.50 for each barrel of taxable oil if the average gross value at the  
20 point of production for the month is greater than or equal to \$100 a barrel, but less  
21 than \$110 a barrel;

22 (5) \$2 for each barrel of taxable oil if the average gross value at the  
23 point of production for the month is greater than or equal to \$110 a barrel, but less  
24 than \$120 a barrel;

25 (6) \$1.50 for each barrel of taxable oil if the average gross value at the  
26 point of production for the month is greater than or equal to \$120 a barrel, but less  
27 than \$130 a barrel;

28 (7) \$1 for each barrel of taxable oil if the average gross value at the  
29 point of production for the month is greater than or equal to \$130 a barrel, but less  
30 than \$140 a barrel;

31 (8) \$.50 for each barrel of taxable oil if the average gross value at the

1 point of production for the month is greater than or equal to \$140 a barrel, but less  
2 than \$150 a barrel;

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

5 \* **Sec. 11.** AS 43.55.160(a) is amended to read:

6 (a) For oil and gas produced before January 1, 2022, except as provided in (b)  
7 **and** [,] (f) [, AND (g)] of this section, for the purposes of

8 (1) AS 43.55.011(e)(1) and (2), the annual production tax value of  
9 taxable oil, gas, or oil and gas produced during a calendar year in a category for which  
10 a separate annual production tax value is required to be calculated under this  
11 paragraph is the gross value at the point of production of that oil, gas, or oil and gas  
12 taxable under AS 43.55.011(e), less the producer's lease expenditures under  
13 AS 43.55.165 for the calendar year applicable to the oil, gas, or oil and gas in that  
14 category produced by the producer during the calendar year, as adjusted under  
15 AS 43.55.170; a separate annual production tax value shall be calculated for

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

19 (B) oil and gas produced from leases or properties in the state  
20 outside the Cook Inlet sedimentary basin, no part of which is north of 68  
21 degrees North latitude and that qualifies for a tax credit under AS 43.55.024(a)  
22 and (b); this subparagraph does not apply to

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

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

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

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

29 (E) gas produced before 2022 from each lease or property in  
30 the state outside the Cook Inlet sedimentary basin and used in the state, other  
31 than gas subject to AS 43.55.011(p);

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

3 (G) oil and gas produced from leases or properties in the state  
4 no part of which is north of 68 degrees North latitude, other than oil or gas  
5 described in (B), (C), (D), (E), or (F) of this paragraph;

6 (2) AS 43.55.011(g), for oil and gas produced before January 1, 2014,  
7 the monthly production tax value of the taxable

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

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

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

31 (D) gas produced during a month from a lease or property in

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

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

13 \* **Sec. 12.** AS 43.55.160(f) is amended to read:

14 (f) On and after January 1, 2014, in the calculation of an annual production tax  
 15 value of a producer under (a)(1)(A) or (h)(1) of this section, the gross value at the  
 16 point of production of oil or gas produced from a lease or property north of 68 degrees  
 17 North latitude [MEETING ONE OR MORE OF THE FOLLOWING CRITERIA] is  
 18 reduced by 10 [20] percent **for the first portion of a calendar year after the**  
 19 **commencement of commercial production and the three immediately following**  
 20 **calendar years, if** [: (1)] the oil or gas is produced from a lease or property that **is not**  
 21 **located within a unit established under AS 38.05.180(p) for more than 20 years**  
 22 **before the first commercial production on that lease or property, as that unit**  
 23 **existed on the effective date of this section, and is** [DOES NOT CONTAIN A  
 24 LEASE THAT WAS] within a unit **that did not have commercial production**  
 25 **before January 1, 2014** [ON JANUARY 1, 2003; (2) THE OIL OR GAS IS  
 26 PRODUCED FROM A PARTICIPATING AREA ESTABLISHED AFTER  
 27 DECEMBER 31, 2011, THAT IS WITHIN A UNIT FORMED UNDER  
 28 AS 38.05.180(p) BEFORE JANUARY 1, 2003, IF THE PARTICIPATING AREA  
 29 DOES NOT CONTAIN A RESERVOIR THAT HAD PREVIOUSLY BEEN IN A  
 30 PARTICIPATING AREA ESTABLISHED BEFORE DECEMBER 31, 2011; (3)  
 31 THE OIL OR GAS IS PRODUCED FROM ACREAGE THAT WAS ADDED TO

1 AN EXISTING PARTICIPATING AREA BY THE DEPARTMENT OF NATURAL  
 2 RESOURCES ON AND AFTER JANUARY 1, 2014, AND THE PRODUCER  
 3 DEMONSTRATES TO THE DEPARTMENT THAT THE VOLUME OF OIL OR  
 4 GAS PRODUCED IS FROM ACREAGE ADDED TO AN EXISTING  
 5 PARTICIPATING AREA]. This subsection does not apply to gas produced before  
 6 2022 that is used in the state or to gas produced on and after January 1, 2022. A  
 7 reduction under this subsection may not reduce the gross value at the point of  
 8 production below zero. [IN THIS SUBSECTION, "PARTICIPATING AREA"  
 9 MEANS A RESERVOIR OR PORTION OF A RESERVOIR PRODUCING OR  
 10 CONTRIBUTING TO PRODUCTION AS APPROVED BY THE DEPARTMENT  
 11 OF NATURAL RESOURCES.]

12 \* **Sec. 13.** AS 43.55.160(h) is amended to read:

13 (h) For oil produced on and after January 1, 2022, except as provided in (b)  
 14 **and** [,] (f) [, AND (g)] of this section, for the purposes of AS 43.55.011(e)(3), the  
 15 annual production tax value of oil taxable under AS 43.55.011(e) produced by a  
 16 producer during a calendar year

17 (1) from leases or properties in the state that include land north of 68  
 18 degrees North latitude is the gross value at the point of production of that oil, less the  
 19 producer's lease expenditures under AS 43.55.165 for the calendar year incurred to  
 20 explore for, develop, or produce oil and gas deposits located in the state north of 68  
 21 degrees North latitude or located in leases or properties in the state that include land  
 22 north of 68 degrees North latitude, as adjusted under AS 43.55.170;

23 (2) before or during the last calendar year under AS 43.55.024(b) for  
 24 which the producer could take a tax credit under AS 43.55.024(a), from leases or  
 25 properties in the state outside the Cook Inlet sedimentary basin, no part of which is  
 26 north of 68 degrees North latitude, other than leases or properties subject to  
 27 AS 43.55.011(p), is the gross value at the point of production of that oil, less the  
 28 producer's lease expenditures under AS 43.55.165 for the calendar year incurred to  
 29 explore for, develop, or produce oil and gas deposits located in the state outside the  
 30 Cook Inlet sedimentary basin and south of 68 degrees North latitude, other than oil  
 31 and gas deposits located in a lease or property that includes land north of 68 degrees

1 North latitude or that is subject to AS 43.55.011(p) or, before January 1, 2027, from  
2 which commercial production has not begun, as adjusted under AS 43.55.170;

3 (3) from leases or properties subject to AS 43.55.011(p) is the gross  
4 value at the point of production of that oil, less the producer's lease expenditures under  
5 AS 43.55.165 for the calendar year incurred to explore for, develop, or produce oil and  
6 gas deposits located in leases or properties subject to AS 43.55.011(p) or, before  
7 January 1, 2027, located in leases or properties in the state outside the Cook Inlet  
8 sedimentary basin, no part of which is north of 68 degrees North latitude from which  
9 commercial production has not begun, as adjusted under AS 43.55.170;

10 (4) from leases or properties in the state no part of which is north of 68  
11 degrees North latitude, other than leases or properties subject to (2) or (3) of this  
12 subsection, is the gross value at the point of production of that oil less the producer's  
13 lease expenditures under AS 43.55.165 for the calendar year incurred to explore for,  
14 develop, or produce oil and gas deposits located in the state south of 68 degrees North  
15 latitude, other than oil and gas deposits located in a lease or property in the state that  
16 includes land north of 68 degrees North latitude, and excluding lease expenditures that  
17 are deductible under (2) or (3) of this subsection or would be deductible under (2) or  
18 (3) of this subsection if not prohibited by (b) of this section, as adjusted under  
19 AS 43.55.170.

20 \* **Sec. 14.** AS 43.98.050 is amended to read:

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

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

25 (2) review historical, current, and potential levels of investment in the  
26 state's oil and gas sector;

27 (3) identify factors that affect investment in oil and gas exploration,  
28 development, and production in the state, including tax structure, rates, and credits;  
29 royalty requirements; infrastructure; workforce availability; and regulatory  
30 requirements;

31 (4) review the competitive position of the state to attract and maintain

1 investment in the oil and gas sector in the state as compared to the competitive  
2 position of other regions with oil and gas resources;

3 (5) in order to facilitate the work of the board, establish procedures to  
4 accept and keep confidential information that is beneficial to the work of the board,  
5 including the creation of a secure data room and confidentiality agreements to be  
6 signed by individuals having access to confidential information;

7 (6) make written findings and recommendations to the Alaska State  
8 Legislature before

9 (A) January 31, 2015, or as soon thereafter as practicable,  
10 regarding

11 (i) changes to the state's regulatory environment and  
12 permitting structure that would be conducive to encouraging increased  
13 investment while protecting the interests of the people of the state and  
14 the environment;

15 (ii) the status of the oil and gas industry labor pool in  
16 the state and the effectiveness of workforce development efforts by the  
17 state;

18 (iii) the status of the oil-and-gas-related infrastructure  
19 of the state, including a description of infrastructure deficiencies; and

20 (iv) the competitiveness of the state's fiscal oil and gas  
21 tax regime when compared to other regions of the world;

22 (B) January 15, 2017, regarding

23 (i) the state's tax structure and rates on oil and gas  
24 produced south of 68 degrees North latitude;

25 (ii) a tax structure that takes into account the unique  
26 economic circumstances for each oil and gas producing area south of  
27 68 degrees North latitude;

28 (iii) a reduction in the gross value at the point of  
29 production for oil and gas produced south of 68 degrees North latitude  
30 that is similar to the reduction in gross value at the point of production  
31 in AS 43.55.160(f) [AND (g)];

1 (iv) other incentives for oil and gas production south of  
2 68 degrees North latitude;

3 (C) January 31, 2021, or as soon thereafter as practicable,  
4 regarding

5 (i) changes to the state's fiscal regime that would be  
6 conducive to increased and ongoing long-term investment in and  
7 development of the state's oil and gas resources;

8 (ii) alternative means for increasing the state's ability to  
9 attract and maintain investment in and development of the state's oil  
10 and gas resources; and

11 (iii) a review of the current effectiveness and future  
12 value of any provisions of the state's oil and gas tax laws that are  
13 expiring in the next five years.

14 \* **Sec. 15.** AS 43.55.160(g) is repealed.

15 \* **Sec. 16.** AS 43.55.011(q), 43.55.020(a)(5)(B), and 43.55.024(k) are repealed.

16 \* **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to  
17 read:

18 TRANSITION: PAYMENT OF TAX. A person that was required to make one or  
19 more installment payments of estimated tax or other payment of tax under AS 43.55.020(a)  
20 during the period after December 31, 2014, and before the effective date of secs. 2, 4 - 6, 8,  
21 and 10 - 15 of this Act, but failed to pay the full amount of the installment payments or other  
22 payment because of the retroactive application of AS 43.55.011(f), as amended by sec. 2 of  
23 this Act, AS 43.55.011(q), added by sec. 4 of this Act, AS 43.55.020(a), as amended by sec. 5  
24 of this Act, AS 43.55.024(i), as amended by sec. 6 of this Act, AS 43.55.024(j), as amended  
25 by sec. 8 of this Act, AS 43.55.024(k), added by sec. 10 of this Act, AS 43.55.160(a), as  
26 amended by sec. 11 of this Act, AS 43.55.160(f), as amended by sec. 12 of this Act, or former  
27 AS 43.55.160(g), as repealed by sec. 15 of this Act, which are retroactive to January 1, 2015,  
28 under sec. 19 of this Act, shall pay, before September 1, 2015, the balance of any tax due for  
29 the period after December 31, 2014, and before the effective date of this section.

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

1           TRANSITION: RETROACTIVITY OF REGULATIONS. Notwithstanding any  
2 contrary provision of AS 44.62.240, if the Department of Revenue expressly designates in the  
3 regulation that the regulation applies retroactively to January 1, 2015, a regulation adopted by  
4 the Department of Revenue to implement, interpret, make specific, or otherwise carry out  
5 secs. 2, 4 - 6, 8, and 10 - 15 of this Act may apply retroactively to January 1, 2015.

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

8           RETROACTIVITY OF CERTAIN PROVISIONS OF THIS ACT. Sections 2, 4 - 6, 8,  
9 and 10 - 15 of this Act are retroactive to January 1, 2015.

10       \* **Sec. 20.** Sections 3, 7, 9, and 16 of this Act take effect December 31, 2016.

11       \* **Sec. 21.** Except as provided in sec. 20 of this Act, this Act takes effect immediately under  
12 AS 01.10.070(c).