

**29TH ALASKA STATE LEGISLATURE
CONFERENCE COMMITTEE ON HB247**

Bill Ray Center
Juneau, Alaska
June 6, 2016
2:04 p.m.

MEMBERS PRESENT

Representative David Talerico, Chair
Representative Kurt Olson
Representative Geran Tarr

Senator Cathy Giessel, Chair
Senator John Coghill
Senator Peter Micciche

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 247

"An Act relating to confidential information status and public record status of information in the possession of the Department of Revenue; relating to interest applicable to delinquent tax; relating to disclosure of oil and gas production tax credit information; relating to refunds for the gas storage facility tax credit, the liquefied natural gas storage facility tax credit, and the qualified in-state oil refinery infrastructure expenditures tax credit; relating to the minimum tax for certain oil and gas production; relating to the minimum tax calculation for monthly installment payments of estimated tax; relating to interest on monthly installment payments of estimated tax; relating to limitations for the application of tax credits; relating to oil and gas production tax credits for certain losses and expenditures; relating to limitations for nontransferable oil and gas production tax credits based on oil production and the alternative tax credit for oil and gas exploration; relating to purchase of tax credit certificates from the oil and gas tax credit fund; relating to a minimum for gross value at the point of production; relating to lease expenditures and tax credits for municipal entities; adding a definition for "qualified capital expenditure"; adding a definition for "outstanding liability to the state"; repealing oil and gas exploration incentive credits; repealing the

limitation on the application of credits against tax liability for lease expenditures incurred before January 1, 2011; repealing provisions related to the monthly installment payments for estimated tax for oil and gas produced before January 1, 2014; repealing the oil and gas production tax credit for qualified capital expenditures and certain well expenditures; repealing the calculation for certain lease expenditures applicable before January 1, 2011; making conforming amendments; and providing for an effective date."

- MOVED CCS HB 247 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 247

SHORT TITLE: TAX;CREDITS;INTEREST;REFUNDS;O & G

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/19/16	(H)	READ THE FIRST TIME - REFERRALS
01/19/16	(H)	RES, FIN
02/03/16	(H)	RES AT 1:00 PM BARNES 124
02/03/16	(H)	Heard & Held
02/03/16	(H)	MINUTE(RES)
02/05/16	(H)	RES AT 1:00 PM BARNES 124
02/05/16	(H)	-- MEETING CANCELED --
02/10/16	(H)	RES AT 1:00 PM BARNES 124
02/10/16	(H)	Heard & Held
02/10/16	(H)	MINUTE(RES)
02/12/16	(H)	RES AT 1:00 PM BARNES 124
02/12/16	(H)	Heard & Held
02/12/16	(H)	MINUTE(RES)
02/13/16	(H)	RES AT 1:00 PM BARNES 124
02/13/16	(H)	-- MEETING CANCELED --
02/22/16	(H)	RES AT 1:00 PM BARNES 124
02/22/16	(H)	Heard & Held
02/22/16	(H)	MINUTE(RES)
02/24/16	(H)	RES AT 1:00 PM BARNES 124
02/24/16	(H)	Heard & Held
02/24/16	(H)	MINUTE(RES)
02/25/16	(H)	RES AT 8:30 AM BARNES 124
02/25/16	(H)	Heard & Held
02/25/16	(H)	MINUTE(RES)
02/25/16	(H)	RES AT 1:00 PM BARNES 124
02/25/16	(H)	Heard & Held
02/25/16	(H)	MINUTE(RES)
02/26/16	(H)	RES AT 1:00 PM BARNES 124
02/26/16	(H)	Heard & Held

02/26/16	(H)	MINUTE(RES)
02/27/16	(H)	RES AT 10:00 AM BARNES 124
02/27/16	(H)	Heard & Held
02/27/16	(H)	MINUTE(RES)
02/29/16	(H)	RES AT 1:00 PM BARNES 124
02/29/16	(H)	Heard & Held
02/29/16	(H)	MINUTE(RES)
02/29/16	(H)	RES AT 6:00 PM BARNES 124
02/29/16	(H)	Heard & Held
02/29/16	(H)	MINUTE(RES)
03/01/16	(H)	RES AT 1:00 PM BARNES 124
03/01/16	(H)	Heard & Held
03/01/16	(H)	MINUTE(RES)
03/02/16	(H)	RES AT 1:00 PM BARNES 124
03/02/16	(H)	Heard & Held
03/02/16	(H)	MINUTE(RES)
03/02/16	(H)	RES AT 6:00 PM BARNES 124
03/02/16	(H)	Heard & Held
03/02/16	(H)	MINUTE(RES)
03/07/16	(H)	RES AT 1:00 PM BARNES 124
03/07/16	(H)	Heard & Held
03/07/16	(H)	MINUTE(RES)
03/07/16	(H)	RES AT 6:00 PM BARNES 124
03/07/16	(H)	Heard & Held
03/07/16	(H)	MINUTE(RES)
03/08/16	(H)	RES AT 1:00 PM BARNES 124
03/08/16	(H)	Heard & Held
03/08/16	(H)	MINUTE(RES)
03/09/16	(H)	RES AT 1:00 PM BARNES 124
03/09/16	(H)	Heard & Held
03/09/16	(H)	MINUTE(RES)
03/11/16	(H)	RES AT 1:00 PM BARNES 124
03/11/16	(H)	-- MEETING CANCELED --
03/14/16	(H)	RES AT 1:00 PM BARNES 124
03/14/16	(H)	Heard & Held
03/14/16	(H)	MINUTE(RES)
03/14/16	(H)	RES AT 6:00 PM BARNES 124
03/14/16	(H)	Heard & Held
03/14/16	(H)	MINUTE(RES)
03/16/16	(H)	RES AT 1:00 PM BARNES 124
03/16/16	(H)	Scheduled but Not Heard
03/18/16	(H)	RES AT 1:00 PM BARNES 124
03/18/16	(H)	Scheduled but Not Heard
03/19/16	(H)	RES AT 1:00 PM BARNES 124
03/19/16	(H)	Heard & Held
03/19/16	(H)	MINUTE(RES)
03/21/16	(H)	RES AT 1:00 PM BARNES 124

03/21/16	(H)	Heard & Held
03/21/16	(H)	MINUTE(RES)
03/21/16	(H)	RES AT 6:00 PM BARNES 124
03/21/16	(H)	-- MEETING CANCELED --
03/22/16	(H)	RES AT 1:00 PM BARNES 124
03/22/16	(H)	Heard & Held
03/22/16	(H)	MINUTE(RES)
03/22/16	(H)	RES AT 6:00 PM BARNES 124
03/22/16	(H)	Moved CSHB 247(RES) Out of Committee
03/22/16	(H)	MINUTE(RES)
03/23/16	(H)	RES RPT CS(RES) NT 5DP 1DNP 1NR 2AM
03/23/16	(H)	DP: CHENAULT, OLSON, JOHNSON, NAGEAK, TALERICO
03/23/16	(H)	DNP: TARR
03/23/16	(H)	NR: HERRON
03/23/16	(H)	AM: SEATON, JOSEPHSON
03/23/16	(H)	RES AT 1:00 PM BARNES 124
03/23/16	(H)	<Bill Hearing Canceled>
03/24/16	(H)	FIN AT 9:30 AM HOUSE FINANCE 519
03/24/16	(H)	Heard & Held
03/24/16	(H)	MINUTE(FIN)
03/25/16	(H)	RES AT 1:00 PM BARNES 124
03/25/16	(H)	<Bill Hearing Canceled>
03/31/16	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
03/31/16	(H)	Heard & Held
03/31/16	(H)	MINUTE(FIN)
03/31/16	(H)	FIN AT 5:00 PM HOUSE FINANCE 519
03/31/16	(H)	Heard & Held
03/31/16	(H)	MINUTE(FIN)
04/01/16	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
04/01/16	(H)	Heard & Held
04/01/16	(H)	MINUTE(FIN)
04/01/16	(H)	FIN AT 5:00 PM HOUSE FINANCE 519
04/01/16	(H)	Heard & Held
04/01/16	(H)	MINUTE(FIN)
04/02/16	(H)	FIN AT 8:30 AM HOUSE FINANCE 519
04/02/16	(H)	-- Continued from 4/1/16 --
04/02/16	(H)	FIN AT 2:00 PM HOUSE FINANCE 519
04/02/16	(H)	-- Public Testimony --
04/04/16	(H)	FIN AT 8:30 AM HOUSE FINANCE 519
04/04/16	(H)	Heard & Held
04/04/16	(H)	MINUTE(FIN)
04/04/16	(S)	RES AT 3:30 PM BUTROVICH 205
04/04/16	(S)	<Pending Referral>
04/05/16	(H)	FIN AT 8:30 AM HOUSE FINANCE 519
04/05/16	(H)	Heard & Held
04/05/16	(H)	MINUTE(FIN)

04/05/16	(S)	RES AT 3:30 PM BUTROVICH 205
04/05/16	(S)	<Pending Referral> -- Invited Testimony Only --
04/06/16	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
04/06/16	(H)	Heard & Held
04/06/16	(H)	MINUTE(FIN)
04/06/16	(S)	RES AT 3:30 PM BUTROVICH 205
04/06/16	(S)	<Pending Referral> -- Invited Testimony Only --
04/07/16	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
04/07/16	(H)	<Bill Hearing Canceled>
04/07/16	(S)	RES AT 3:30 PM BUTROVICH 205
04/07/16	(S)	<Pending Referral> --Invited Testimony Only--
04/08/16	(H)	FIN AT 8:30 AM HOUSE FINANCE 519
04/08/16	(H)	-- MEETING CANCELED --
04/08/16	(H)	FIN AT 1:30 PM HOUSE FINANCE 519
04/08/16	(H)	Moved CSHB 247(FIN) Out of Committee
04/08/16	(H)	MINUTE(FIN)
04/08/16	(S)	RES AT 3:30 PM BUTROVICH 205
04/08/16	(S)	<Pending Referral> --Invited Testimony Only--
04/09/16	(H)	FIN RPT CS(FIN) NT 1DP 4DNP 2NR 4AM
04/09/16	(H)	DP: THOMPSON
04/09/16	(H)	DNP: PRUITT, WILSON, KAWASAKI, GATTIS
04/09/16	(H)	NR: SADDLER, NEUMAN
04/09/16	(H)	AM: GARA, GUTTENBERG, EDGMON, MUNOZ
04/09/16	(S)	RES AT 9:00 AM BUTROVICH 205
04/09/16	(S)	<Pending Referral> --Invited Testimony Only--
04/09/16	(S)	RES AT 2:30 PM BUTROVICH 205
04/09/16	(S)	<Pending Referral> --Invited Testimony Only--
04/11/16	(S)	RES AT 3:30 PM BUTROVICH 205
04/11/16	(S)	<Pending Referral> -- Invited Testimony Only --
04/13/16	(H)	BEFORE HOUSE IN THIRD READING
04/13/16	(H)	RETURNED TO RLS COMMITTEE
04/13/16	(S)	FIN AT 1:30 PM SENATE FINANCE 532
04/13/16	(S)	<Pending Referral> Invited Testimony
04/13/16	(S)	FIN AT 5:00 PM SENATE FINANCE 532
04/13/16	(S)	<Pending Referral> Invited Testimony
04/14/16	(S)	FIN AT 8:00 AM SENATE FINANCE 532
04/14/16	(S)	<Pending Referral>
04/14/16	(S)	FIN AT 1:30 PM SENATE FINANCE 532
04/14/16	(S)	<Pending Referral>
04/14/16	(S)	FIN AT 5:00 PM SENATE FINANCE 532

04/14/16	(S)	<Pending Referral>
04/20/16	(H)	RLS AT 2:00 PM GRUENBERG 120
04/20/16	(H)	-Postponed to a Call of the Chair on 4/21/16 TBD-
04/21/16	(H)	RLS AT 0:00 AM GRUENBERG 120
04/21/16	(H)	-Postponed to a Call of the Chair on 4/22/16 TBA-
04/22/16	(H)	RLS AT 0:00 AM GRUENBERG 120
04/22/16	(H)	-Postponed to a Call of the Chair on 4/23/16 TBA-
04/23/16	(H)	RLS AT 0:00 AM GRUENBERG 120
04/23/16	(H)	-Postponed to a Call of the Chair on 4/24/16 TBA-
04/24/16	(H)	RLS AT 0:00 AM GRUENBERG 120
04/24/16	(H)	-Postponed to a Call of the Chair on 4/25/16 TBA-
04/25/16	(H)	RLS AT 0:00 AM GRUENBERG 120
04/25/16	(H)	-Postponed to a Call of the Chair on 4/26/16 TBA-
04/26/16	(H)	RLS AT 0:00 AM GRUENBERG 120
04/26/16	(H)	-Postponed to a Call of the Chair on 4/27/16 TBA-
04/27/16	(H)	RLS AT 0:00 AM GRUENBERG 120
04/27/16	(H)	-Postponed to a Call of the Chair on 4/28/16 TBA-
04/28/16	(H)	RLS AT 0:00 AM GRUENBERG 120
04/28/16	(H)	-- Meeting Postponed to 5/2/16 --
05/02/16	(H)	RLS AT 9:30 AM BELTZ 105 (TSBldg)
05/02/16	(H)	-- Meeting Postponed to 5/3/16 at 9:30 a.m. --
05/03/16	(H)	RLS AT 9:30 AM BELTZ 105 (TSBldg)
05/03/16	(H)	-- MEETING CANCELED --
05/10/16	(H)	RLS AT 9:30 AM BILL RAY CENTER 208
05/10/16	(H)	Heard & Held
05/10/16	(H)	MINUTE(RLS)
05/11/16	(H)	RLS AT 9:00 AM BILL RAY CENTER 208
05/11/16	(H)	Heard & Held
05/11/16	(H)	MINUTE(RLS)
05/12/16	(H)	RLS RPT 2D CS(RLS) NT 3DP 2NR 1AM
05/12/16	(H)	DP: CHENAULT, OLSON, JOHNSON
05/12/16	(H)	NR: HERRON, TUCK
05/12/16	(H)	AM: KREISS-TOMKINS
05/12/16	(H)	BEFORE HOUSE IN THIRD READING
05/12/16	(H)	WITHDRAW AM NOS. 1,13 AS AM, 15, 16, 18 AS AM, & 19 UC
05/12/16	(H)	WITHDRAW MOTION ADOPT FIN CS UC
05/12/16	(H)	RLS AT 9:30 AM BILL RAY CENTER 208

05/12/16	(H)	-- Continued at 9:40 a.m. from 5/11/16 --
05/13/16	(H)	BEFORE HOUSE IN THIRD READING
05/13/16	(H)	TRANSMITTED TO (S)
05/13/16	(H)	VERSION: 2D CSHB 247(RLS) AM
05/14/16	(S)	READ THE FIRST TIME - REFERRALS
05/14/16	(S)	FIN
05/14/16	(S)	FIN AT 1:30 PM BILL RAY CENTER 230
05/14/16	(S)	Heard & Held
05/14/16	(S)	MINUTE(FIN)
05/15/16	(S)	FIN AT 9:00 AM BILL RAY CENTER 230
05/15/16	(S)	Heard & Held
05/15/16	(S)	MINUTE(FIN)
05/16/16	(S)	FIN AT 2:00 PM BILL RAY CENTER 230
05/16/16	(S)	-- MEETING CANCELED --
05/17/16	(S)	FIN RPT SCS 3DP 1NR 3AM NEW TITLE
05/17/16	(S)	DP: MACKINNON, HOFFMAN, MICCICHE
05/17/16	(S)	NR: KELLY
05/17/16	(S)	AM: BISHOP, DUNLEAVY, OLSON
05/17/16	(S)	FIN AT 9:00 AM BILL RAY CENTER 230
05/17/16	(S)	Moved SCS 2D CSHB 247(FIN) Out of Committee
05/17/16	(S)	MINUTE(FIN)
05/18/16	(S)	VERSION: SCS 2D CSHB 247(FIN) AM S
05/18/16	(H)	CONFERENCE COMMITTEE APPOINTED
05/18/16	(H)	TALERICO (CHAIR), OLSON, TARR
05/23/16	(H)	FOURTH SPECIAL SESSION BILL
05/23/16	(S)	FOURTH SPECIAL SESSION BILL - WITH PASSAGE OF HCR 401
05/24/16	(S)	BILL ENGROSSED ON 5/18/16
05/24/16	(S)	RECEDE MESSAGE READ AND HELD
05/24/16	(S)	TAKEN UP
05/24/16	(S)	CONFERENCE COMMITTEE APPOINTED
05/24/16	(S)	GIESSEL (CHAIR), COGHILL, MICCICHE
06/06/16	(H)	HB247 AT 8:00 AM BILL RAY CENTER 230
06/06/16	(H)	Moved CCS HB 247 Out of Committee
06/06/16	(H)	HB247 AT 2:00 PM BILL RAY CENTER 230

WITNESS REGISTER

No witnesses to report

ACTION NARRATIVE

[2:04:09 PM](#)

CHAIR DAVID TALERICO called the meeting of the Conference Committee on HB 247 to order at 2:04 p.m. Present at the call to order were Representatives Olson, Tarr, and Talerico, and Senators Coghill, Micciche, and Giessel.

[Before the committee was CCS HB 247, Version 29-GH2609\AA.A, as amended.]

HB 247-TAX;CREDITS;INTEREST;REFUNDS;O & G

2:04:39 PM

CHAIR TALERICO announced that the only order of business before the Conference Committee on HB 247 would be 2d CS FOR HOUSE BILL NO. 247(RLS) am, "An Act amending the powers of the board of trustees of the Alaska Retirement Management Board to authorize purchase and sale of transferable tax credit certificates issued in conjunction with the production tax on oil and gas; relating to interest applicable to delinquent tax; relating to the oil and gas production tax, tax payments, and credits; relating to exploration incentive credits; relating to refunds for the gas storage facility tax credit, the liquefied natural gas storage facility tax credit, and the qualified in-state oil refinery infrastructure expenditures tax credit; relating to the confidential information status and public record status of information in the possession of the Department of Revenue; relating to oil and gas lease expenditures and production tax credits for municipal entities; requiring a bond or cash deposit with a business license application for an oil or gas business; establishing a legislative working group to study the fiscal regime and tax structure and rates for oil and gas produced south of 68 degrees North latitude; and providing for an effective date." and SENATE CS FOR 2d CS FOR HOUSE BILL NO. 247(FIN) am S, "An Act relating to the exploration incentive credits; relating to the powers and duties of the Alaska Oil and Gas Conservation Commission; relating to interest applicable to delinquent tax; relating to the oil and gas production tax, tax payments, and credits; relating to tax credit certificates; relating to refunds for the gas storage facility tax credit, the liquefied natural gas storage facility tax credit, and the qualified in-state oil refinery infrastructure expenditures tax credit; relating to oil and gas lease expenditures and production tax credits for municipal entities; requiring a bond or cash deposit with a business license application for an oil or gas business; and providing for an effective date."

CHAIR TALERICO stated that the Conference Committee on HB 247 is exempt from committee meeting notice requirements as specified in Uniform Rule 23(g). He informed the committee that at the previous meeting the conference committee approved four amendments; however, Amendment 3, related to local hire, removed language related to repurchase restrictions on companies from the oil and gas tax credit fund, which was not the intent of the committee. In order to adopt the amendment "as presented," the committee will need to rescind its action adopting the conference committee report, request limited powers of free conference, and report out a new [conference] committee substitute.

2:05:14 PM

SENATOR GIESSEL moved to rescind the committee's action in reporting CCS HB 247 from committee. There being no objection, it was so ordered.

2:05:38 PM

SENATOR GIESSEL moved to request limited powers of free conference [from the presiding officers for the aforementioned specific points of HB 247, regarding local hire and repurchase restrictions], found in Section 35 of the House version and in Section 25 of the Senate version.

2:05:56 PM

REPRESENTATIVE TARR informed the committee that [after the conference committee meeting held at 8:11 a.m., 6/6/16], she learned a different provision found in the Senate version of the bill, related to delinquent taxes and interest rates, "could be problematic according to the Department of Revenue." She said the committee may use this opportunity to reconsider that provision as well, if there is interest from committee members. She said she was unsure of the nature of the problem; however, the problem was brought to her attention.

[Although not stated on the record, the committee treated the comments by Representative Tarr as an objection to the motion for discussion purposes.]

CHAIR TALERICO expressed his belief that the conference committee's limited powers are related to the one particular subject matter [of Amendment 3].

[2:07:10 PM](#)

The committee took a brief at ease.

[2:07:54 PM](#)

REPRESENTATIVE TARR removed her objection. There being no further objection, the motion to request limited powers of free conference was approved.

[2:08:13 PM](#)

The committee took an at ease from 2:08 p.m. to 2:09 p.m.

[2:09:56 PM](#)

CHAIR TALERICO described a new conference committee substitute.

[2:10:24 PM](#)

The committee took a brief at ease.

[2:10:54 PM](#)

CHAIR TALERICO directed attention to CCS for HB 247, Version 29-GH2609\EE, Nauman, 6/6/16, which includes all of the amendments that passed in the conference committee meeting [held at 8:11 a.m., on 6/6/16], except for Amendment 3. He explained Version EE would adopt the House local hire provisions, as shown on page 22, lines 11-16, which read:

(2) must, when allocating available money in the fund under this section, grant a preference, between two applicants, to the applicant with a higher percentage of resident workers in the applicant's workforce, including workers employed by the applicant's direct contractors, in the state in the previous calendar year; in this paragraph, "resident worker" has the meaning given in AS 43.40.092(b):

CHAIR TALERICO continued to explain that the CCS leaves the Senate repurchase restrictions intact, as shown on page 22, lines 17-23, which read:

(3) must provide for the purchase of the amount equal to the first 50 percent of the credit repurchase limit per person under (e) of this section at a rate of 100

percent of the value of the certificate or portion of the certificate requested to be purchased and the amount equal to the next 50 percent of the credit repurchase limit per person under (e) of this section at a rate of 75 percent of the value of the certificate or portion of the certificate requested to be purchased.

[2:11:23 PM](#)

SENATOR GIESSEL moved that pursuant to receiving limited powers, the Conference Committee for HB 247 recommends that the House and Senate adopt the CCS for HB 247, Version 29-GH2609\EE.

[2:11:41 PM](#)

REPRESENTATIVE TARR objected for discussion purposes. She called attention to Section 8, in both the House and Senate versions, and said DOR indicated that the language in the Senate version could be problematic in figuring out the interest rate on delinquent oil and gas taxes. Although she did not have further supporting documents, Representative Tarr suggested the aforementioned provision needs further consideration.

[2:12:56 PM](#)

A roll call vote was taken. Representatives Olson and Talerico voted in favor of the motion to recommend that the House and Senate adopt CCS for HB 247, Version EE. Representative Tarr voted against it. Senators Coghill, Micciche, and Giessel voted in favor of the motion to recommend that the House and Senate adopt CCS for HB 247, Version EE. Therefore, the motion passed by a vote of 2:1 (House) and 3:0 (Senate).

[2:13:39 PM](#)

ADJOURNMENT

There being no further business before the committee, the meeting of the Conference Committee on HB 247 was adjourned at 2:13 p.m.