

AMENDMENT #2

OFFERED IN THE HOUSE
TO: CSHB 111(FIN)

BY REPRESENTATIVE RAUSCHER

1 Page 1, lines 1 - 9:

2 Delete all material and insert:

3 **""An Act relating to the interest applicable to delinquent oil and gas production**
4 **tax; relating to the net operating loss credit against the oil and gas production tax;**
5 **relating to lease expenditures; and providing for an effective date.""**

6

7 Page 1, line 11, through page 2, line 16:

8 Delete all material.

9

10 Page 2, line 17:

11 Delete "Sec. 3"

12 Insert "Section 1"

13

14 Renumber the following bill sections accordingly.

15

16 Page 3, line 12, through page 21, line 28:

17 Delete all material.

18

19 Renumber the following bill sections accordingly.

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21 Page 22, line 29:

22 Delete "[OR (g)]"

23 Insert "or (g)"

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Page 23, line 1, through page 27, line 24:

Delete all material.

Renumber the following bill sections accordingly.

Page 27, line 28:

Delete "**(h)(1)** [(h)]"

Insert "(h)"

Page 28, line 5:

Delete "**(h)(1)(C)** [(h)(3)]"

Insert "(h)(3)"

Page 28, line 15, through page 32, line 23:

Delete all material.

Renumber the following bill sections accordingly.

Page 33, lines 16 - 25:

Delete all material and insert:

"(3) lease expenditures, as adjusted under (m) of this section, that
(A) met the requirements of AS 43.55.160(e) in the year that
the lease expenditures were incurred;
(B) were deductible in the immediately preceding 10
calendar years, not counting the year in which the expenditure was
incurred;
(C) have not been deducted in the determination of the
production tax value of oil and gas under AS 43.55.160(a) in a previous
calendar year;
(D) were not the basis of a credit under this title; and

1 (E) were incurred to explore for, develop, or produce an oil
 2 or gas deposit located north of 68 degrees North latitude."
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4 Page 33, line 26:

5 Delete "new subsections"

6 Insert "a new subsection"

7
 8 Page 33, line 27, through page 38, line 30:

9 Delete all material and insert:

10 **** Sec. 5.** AS 43.55.165 is amended by adding a new subsection to read:

11 (m) A loss carried forward under (a)(3) of this section shall increase in value
 12 at a rate of 10 percent, compounded annually. An increase in value under this
 13 subsection begins to accrue on January 1 of the calendar year immediately following
 14 the calendar year in which the loss was accrued and no longer accrues on
 15 December 31 of the calendar year immediately preceding the calendar year in which a
 16 carried-forward annual loss is applied. The increase in value accrued under this
 17 subsection has no value except as applied in this section. An increase in value may not
 18 accrue

19 (1) for a partial calendar year;

20 (2) for more than 10 calendar years, consecutive or nonconsecutive; or

21 (3) on a loss carried forward by a producer whose average amount of
 22 oil and gas produced a day and taxable under AS 43.55.011(e) is more than 50,000
 23 BTU equivalent barrels during the calendar year that the loss was accrued.

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

26 **APPLICABILITY.** (a) AS 43.55.023(b), as amended by sec. 2 of this Act, applies to
 27 lease expenditures incurred on or after the effective date of sec. 2 of this Act.

28 (b) AS 43.55.165(a)(3) and 43.55.165(m), added by secs. 4 and 5 of this Act, apply to
 29 a lease expenditure incurred on or after the effective date of secs. 4 and 5 of this Act."
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31 Renumber the following bill sections accordingly.

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2 Page 39, line 9:

3 Delete "Section 3"

4 Insert "Section 1"

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6 Page 39, line 10:

7 Delete "Sections 3, 30, 36, and 37"

8 Insert "Sections 1, 7, and 8"

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10 Page 39, line 12:

11 Delete "Section 26"

12 Insert "Section 4"

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14 Page 39, line 14:

15 Delete "secs. 38 and 39"

16 Insert "secs. 9 and 10"