

AMENDMENT #2

OFFERED IN THE SENATE

BY SENATOR WIELECHOWSKI

TO: SCS CSHB 111(FIN)

1 Page 1, line 1, following "Act":

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

3

4 Page 3, following line 18:

5 Insert new bill sections to read:

6 **\*\* Sec. 4.** 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, 2018 [2022],  
19 the tax is equal to the annual production tax value of the taxable oil and gas as  
20 calculated under AS 43.55.160(a)(1) multiplied by 35 percent;

21 (3) on and after January 1, 2018, 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 months of the calendar year, of the tax  
 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 months of the calendar year, of  
 9 the tax 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. 5. AS 43.55.011(g) is amended to read:

15 (g) For purposes of this section,

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

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

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

1 that the sum determined under this subparagraph [PARAGRAPH] may not  
2 exceed 50 percent;

3 (2) on or after January 1, 2018, and before January 1, 2022, for  
4 each month of a calendar year for which the producer's average monthly  
5 production tax value under AS 43.55.160(a)(2) of a BTU equivalent barrel of the  
6 taxable oil and gas is more than \$20, the amount of tax for purposes of (e)(3)(B)  
7 of this section is determined by multiplying the monthly production tax value of  
8 the taxable oil and gas produced during the month by the tax rate calculated by  
9 multiplying 0.3 percent and the number that represents the difference between  
10 that average monthly production tax value of a BTU equivalent barrel and \$20;

11 (3) on or after January 1, 2022, for each month of a calendar year  
12 for which the producer's average monthly production tax value under  
13 AS 43.55.160(a)(2) of a barrel of the taxable oil is more than \$20, the amount of  
14 tax for purposes of (e)(4)(A)(ii) of this section is determined by multiplying the  
15 monthly production tax value of the taxable oil produced during the month by  
16 the tax rate calculated by multiplying 0.3 percent and the number that represents  
17 the difference between that average monthly production tax value of a barrel of  
18 taxable oil and \$20.

19 \* Sec. 6. AS 43.55.014(b) is amended to read:

20 (b) A production tax levied by this section is equal to 13 percent of the gas  
21 otherwise taxable under AS 43.55.011(e)(4)(B) [AS 43.55.011(e)(3)] produced from  
22 each oil and gas lease to which an effective election under (a) of this section applies,  
23 when and as that gas is produced. The producer shall pay the tax in gas by delivering  
24 that 13 percent of the gas to the state at the point of production.

25 \* Sec. 7. AS 43.55.020(a) is amended to read:

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

28 (1) for oil and gas produced before January 1, 2014, an installment  
29 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied  
30 as allowed by law, is due for each month of the calendar year on the last day of the  
31 following month; except as otherwise provided under (2) of this subsection, the

1 amount of the installment payment is the sum of the following amounts, less 1/12 of  
2 the tax credits that are allowed by law to be applied against the tax levied by  
3 AS 43.55.011(e) for the calendar year, but the amount of the installment payment may  
4 not be less than zero:

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

9 (i) zero; or

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

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

20 (i) zero;

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

25 (iii) 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 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 those leases  
31 or properties during the month for which the installment payment is

1                   calculated;

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

4                   (i) zero; or

5                   (ii) the sum of 25 percent and the tax rate calculated for  
6 the month under AS 43.55.011(g) multiplied by the remainder obtained  
7 by subtracting 1/12 of the producer's adjusted lease expenditures for the  
8 calendar year of production under AS 43.55.165 and 43.55.170 that are  
9 deductible under AS 43.55.160 for the oil or gas, respectively,  
10 produced from the lease or property from the gross value at the point of  
11 production of the oil or gas, respectively, produced from the lease or  
12 property during the month for which the installment payment is  
13 calculated;

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

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

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

26                  (2) an amount calculated under (1)(C) of this subsection for oil or gas  
27 subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by  
28 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as  
29 applicable, for gas or set out in AS 43.55.011(k) for oil, but substituting in  
30 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable  
31 gas produced during the month for the amount of taxable gas produced during the

1 calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced  
2 during the month for the amount of taxable oil produced during the calendar year;

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

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

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

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

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

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

31 (i) zero; or

1 (ii) the sum of 35 percent and the tax rate calculated  
2 for the month under AS 43.55.011(g), as applicable, multiplied by  
3 the remainder obtained by subtracting 1/12 of the producer's adjusted  
4 lease expenditures for the calendar year of production under  
5 AS 43.55.165 and 43.55.170 that are deductible for the oil and gas  
6 under AS 43.55.160 from the gross value at the point of production of  
7 the oil and gas produced from the leases or properties during the month  
8 for which the installment payment is calculated;

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

11 (i) zero;

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

16 (iii) the sum of 35 percent and the tax rate calculated  
17 for the month under AS 43.55.011(g), as applicable, multiplied by  
18 the remainder obtained by subtracting 1/12 of the producer's adjusted  
19 lease expenditures for the calendar year of production under  
20 AS 43.55.165 and 43.55.170 that are deductible for the oil and gas  
21 under AS 43.55.160 from the gross value at the point of production of  
22 the oil and gas produced from those leases or properties during the  
23 month for which the installment payment is calculated, except that, for  
24 the purposes of this calculation, a reduction from the gross value at the  
25 point of production may apply for oil and gas subject to  
26 AS 43.55.160(f) or (g);

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

29 (i) zero; or

30 (ii) 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 under AS 43.55.160  
4 for the oil or gas, respectively, produced from the lease or property  
5 from the gross value at the point of production of the oil or gas,  
6 respectively, produced from the lease or property during the month for  
7 which the installment payment is calculated;

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

9 (i) **the sum of 35 percent and the tax rate calculated**  
10 **for the month under AS 43.55.011(g), as applicable,** multiplied by  
11 the remainder obtained by subtracting 1/12 of the producer's adjusted  
12 lease expenditures for the calendar year of production under  
13 AS 43.55.165 and 43.55.170 that are deductible for the oil and gas  
14 under AS 43.55.160 from the gross value at the point of production of  
15 the oil and gas produced from the leases or properties during the month  
16 for which the installment payment is calculated, but not less than zero;  
17 or

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

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

29 (7) for oil and gas produced on or after January 1, 2022, an installment  
30 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied  
31 as allowed by law, is due for each month of the calendar year on the last day of the

1 following month; except as otherwise provided under (10) of this subsection, the  
 2 amount of the installment payment is the sum of the following amounts, less 1/12 of  
 3 the tax credits that are allowed by law to be applied against the tax levied by  
 4 AS 43.55.011(e) for the calendar year, but the amount of the installment payment may  
 5 not be less than zero:

6 (A) for oil produced from leases or properties subject to  
 7 AS 43.55.011(f), the greatest of

8 (i) zero;

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

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

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

29 (i) zero; or

30 (ii) **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 under  
4 AS 43.55.160(h)(1)(B) [AS 43.55.160(h)(2)] 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;

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

10 (i) the sum of 35 percent and the tax rate calculated  
11 for the month under AS 43.55.011(g), as applicable, multiplied by  
12 the remainder obtained by subtracting 1/12 of the producer's adjusted  
13 lease expenditures for the calendar year of production under  
14 AS 43.55.165 and 43.55.170 that are deductible for the oil under  
15 AS 43.55.160(h)(1)(C) [AS 43.55.160(h)(3)] from the gross value at  
16 the point of production of the oil produced from the leases or properties  
17 during the month for which the installment payment is calculated, but  
18 not less than zero; and

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

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

25 (i) zero; or

26 (ii) the sum of 35 percent and the tax rate calculated  
27 for the month under AS 43.55.011(g), as applicable, multiplied by  
28 the remainder obtained by subtracting 1/12 of the producer's adjusted  
29 lease expenditures for the calendar year of production under  
30 AS 43.55.165 and 43.55.170 that are deductible for the oil under  
31 AS 43.55.160(h)(1)(D) [AS 43.55.160(h)(4)] from the gross value at

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

3 (E) for gas produced from each lease or property in the state  
4 outside the Cook Inlet sedimentary basin, other than a lease or property subject  
5 to AS 43.55.011(o) or (p), 13 percent of the gross value at the point of  
6 production of the gas produced from the lease or property during the month for  
7 which the installment payment is calculated, but not less than zero;

8 (F) for oil subject to AS 43.55.011(k), for each lease or  
9 property, the greater of

10 (i) zero; or

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

19 (G) for gas subject to AS 43.55.011(j) or (o), for each lease or  
20 property, the greater of

21 (i) zero; or

22 (ii) 13 percent of the gross value at the point of  
23 production of the gas produced from the lease or property during the  
24 month for which the installment payment is calculated;

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

29 (9) for purposes of the calculation under (1)(B)(ii), (5)(B)(ii), and  
30 (7)(A)(ii) of this subsection, the applicable percentage of the gross value at the point  
31 of production is determined under AS 43.55.011(f)(1) or (2) but substituting the

1 phrase "month for which the installment payment is calculated" in AS 43.55.011(f)(1)  
2 and (2) for the phrase "calendar year for which the tax is due";

3 (10) an amount calculated under (7)(F) or (G) of this subsection for oil  
4 or gas subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by  
5 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as  
6 applicable, for gas, or set out in AS 43.55.011(k) for oil, but substituting in  
7 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable  
8 gas produced during the month for the amount of taxable gas produced during the  
9 calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced  
10 during the month for the amount of taxable oil produced during the calendar year.

11 \* **Sec. 8.** AS 43.55.020(k) is amended to read:

12 (k) For oil and gas produced on and after January 1, 2014, and before  
13 January 1, 2022, in making settlement with the royalty owner for oil and gas that is  
14 taxable under AS 43.55.011, the producer may deduct the amount of the tax paid on  
15 taxable royalty oil and gas, or may deduct taxable royalty oil or gas equivalent in  
16 value at the time the tax becomes due to the amount of the tax paid. If the total  
17 deductions of installment payments of estimated tax for a calendar year exceed the  
18 actual tax for that calendar year, the producer shall, before April 1 of the following  
19 year, refund the excess to the royalty owner. Unless otherwise agreed between the  
20 producer and the royalty owner, the amount of the tax paid under AS 43.55.011(e) on  
21 taxable royalty oil and gas for a calendar year, other than oil and gas the ownership or  
22 right to which constitutes a landowner's royalty interest, is considered to be the gross  
23 value at the point of production of the taxable royalty oil and gas produced during the  
24 calendar year multiplied by a figure that is a quotient, in which

25 (1) the numerator is the producer's total tax liability under  
26 **AS 43.55.011(e)** [AS 43.55.011(e)(2)] for the calendar year of production; and

27 (2) the denominator is the total gross value at the point of production  
28 of the oil and gas taxable under AS 43.55.011(e) produced by the producer from all  
29 leases and properties in the state during the calendar year.

30 \* **Sec. 9.** AS 43.55.020(l) is amended to read:

31 (l) For oil and gas produced on and after January 1, 2022, in making

1 settlement with the royalty owner for oil and gas that is taxable under AS 43.55.011,  
 2 the producer may deduct the amount of the tax paid on taxable royalty oil and gas, or  
 3 may deduct taxable royalty oil or gas equivalent in value at the time the tax becomes  
 4 due to the amount of the tax paid. If the total deductions of installment payments of  
 5 estimated tax for a calendar year exceed the actual tax for that calendar year, the  
 6 producer shall, before April 1 of the following year, refund the excess to the royalty  
 7 owner. In making settlement with the royalty owner for gas that is taxable under  
 8 AS 43.55.014, the producer may deduct the amount of the gas paid as in-kind tax on  
 9 taxable royalty gas or may deduct the gross value at the point of production of the gas  
 10 paid as in-kind tax on taxable royalty gas. Unless otherwise agreed between the  
 11 producer and the royalty owner, the amount of the tax paid under AS 43.55.011(e) on  
 12 taxable royalty oil for a calendar year, other than oil the ownership or right to which  
 13 constitutes a landowner's royalty interest, is considered to be the gross value at the  
 14 point of production of the taxable royalty oil produced during the calendar year  
 15 multiplied by a figure that is a quotient, in which

16 (1) the numerator is the producer's total tax liability under  
 17 AS 43.55.011(e)(4)(A) [AS 43.55.011(e)(3)(A)] for the calendar year of production;  
 18 and

19 (2) the denominator is the total gross value at the point of production  
 20 of the oil taxable under AS 43.55.011(e) produced by the producer from all leases and  
 21 properties in the state during the calendar year."  
 22

23 Renumber the following bill sections accordingly.  
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25 Page 4, line 20:

26 Delete "sec. 5"

27 Insert "sec. 11"

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 29 Page 7, line 8:

30 Delete "sec. 9"

31 Insert "sec. 15"

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Page 14, line 26:

- Delete "sec. 19"
- Insert "sec. 25"

Page 16, following line 3:

Insert a new bill section to read:

**"\* Sec. 28.** AS 43.55.160(a) is amended to read:

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

(1) **AS 43.55.011(e)(1) - (3)** [AS 43.55.011(e)(1) AND (2)], the annual production tax value of taxable oil, gas, or oil and gas produced during a calendar year in a category for which a separate annual production tax value is required to be calculated under this paragraph is the gross value at the point of production of that oil, gas, or oil and gas taxable under AS 43.55.011(e), less the producer's lease expenditures under AS 43.55.165 for the calendar year applicable to the oil, gas, or oil and gas in that category produced by the producer during the calendar year, as adjusted under AS 43.55.170; a separate annual production tax value shall be calculated for

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

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

- (i) gas produced before 2022 and used in the state; or
- (ii) oil and gas subject to AS 43.55.011(p);

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

(D) gas produced before 2022 from each lease or property in

1 the Cook Inlet sedimentary basin;

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

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

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

10 (2) AS 43.55.011(g), for oil and gas produced before January 1, 2014,  
11 **or on or after January 1, 2018**, the monthly production tax value of the taxable

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

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

29 (C) oil produced during a month from a lease or property in the  
30 Cook Inlet sedimentary basin is the gross value at the point of production of  
31 the oil taxable under AS 43.55.011(e) and produced by the producer from that

1 lease or property, less 1/12 of the producer's lease expenditures under  
2 AS 43.55.165 for the calendar year applicable to the oil produced by the  
3 producer from that lease or property, as adjusted under AS 43.55.170;

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

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

17  
18 Renumber the following bill sections accordingly.

19  
20 Page 16, line 31:

21 Delete "~~(h)(3)~~"  
22 Insert "(h)(1)(C)"

23  
24 Page 17, following line 11:

25 Insert a new bill section to read:

26 **\*\* Sec. 31.** AS 43.55.160(h) is amended to read:

27 (h) For oil produced on and after January 1, 2022, except as provided in (b),  
28 (f), and (g) of this section, for the purposes of

29 (1) AS 43.55.011(e)(4) [AS 43.55.011(e)(3)], the annual production  
30 tax value of oil taxable under AS 43.55.011(e) produced by a producer during a  
31 calendar year

1            **(A)** [(1)] from leases or properties in the state that include land  
2 north of 68 degrees North latitude is the gross value at the point of production  
3 of that oil, less the producer's lease expenditures under AS 43.55.165 for the  
4 calendar year incurred to explore for, develop, or produce oil and gas deposits  
5 located in the state north of 68 degrees North latitude or located in leases or  
6 properties in the state that include land north of 68 degrees North latitude, as  
7 adjusted under AS 43.55.170;

8            **(B)** [(2)] before or during the last calendar year under  
9 AS 43.55.024(b) for which the producer could take a tax credit under  
10 AS 43.55.024(a), from leases or properties in the state outside the Cook Inlet  
11 sedimentary basin, no part of which is north of 68 degrees North latitude, other  
12 than leases or properties subject to AS 43.55.011(p), is the gross value at the  
13 point of production of that oil, less the producer's lease expenditures under  
14 AS 43.55.165 for the calendar year incurred to explore for, develop, or produce  
15 oil and gas deposits located in the state outside the Cook Inlet sedimentary  
16 basin and south of 68 degrees North latitude, other than oil and gas deposits  
17 located in a lease or property that includes land north of 68 degrees North  
18 latitude or that is subject to AS 43.55.011(p) or, before January 1, 2027, from  
19 which commercial production has not begun, as adjusted under AS 43.55.170;

20            **(C)** [(3)] from leases or properties subject to AS 43.55.011(p)  
21 is the gross value at the point of production of that oil, less the producer's lease  
22 expenditures under AS 43.55.165 for the calendar year incurred to explore for,  
23 develop, or produce oil and gas deposits located in leases or properties subject  
24 to AS 43.55.011(p) or, before January 1, 2027, located in leases or properties  
25 in the state outside the Cook Inlet sedimentary basin, no part of which is north  
26 of 68 degrees North latitude from which commercial production has not begun,  
27 as adjusted under AS 43.55.170;

28            **(D)** [(4)] from leases or properties in the state no part of which  
29 is north of 68 degrees North latitude, other than leases or properties subject to  
30 **(B) or (C) of this paragraph** [(2) OR (3) OF THIS SUBSECTION], is the  
31 gross value at the point of production of that oil less the producer's lease

1 expenditures under AS 43.55.165 for the calendar year incurred to explore for,  
 2 develop, or produce oil and gas deposits located in the state south of 68  
 3 degrees North latitude, other than oil and gas deposits located in a lease or  
 4 property in the state that includes land north of 68 degrees North latitude, and  
 5 excluding lease expenditures that are deductible under **(B) or (C) of this**  
 6 **paragraph** [(2) OR (3) OF THIS SUBSECTION] or would be deductible  
 7 under **(B) or (C) of this paragraph** [(2) OR (3) OF THIS SUBSECTION] if  
 8 not prohibited by (b) of this section, as adjusted under AS 43.55.170; a  
 9 separate annual production tax value shall be calculated for

10 **(i)** [(A)] oil produced from each lease or property in the  
 11 Cook Inlet sedimentary basin;

12 **(ii)** [(B)] oil produced from each lease or property  
 13 outside the Cook Inlet sedimentary basin, no part of which is north of  
 14 68 degrees North latitude, other than leases or properties subject to **(C)**  
 15 **of this paragraph;**

16 **(2) AS 43.55.011(g)(3), the monthly production tax value of oil**  
 17 **taxable under AS 43.55.011(e) produced by a producer during a month**

18 **(A) from leases or properties in the state that include land**  
 19 **north of 68 degrees North latitude is the gross value at the point of**  
 20 **production of that oil, less 1/12 the producer's lease expenditures under**  
 21 **AS 43.55.165 for the calendar year incurred to explore for, develop, or**  
 22 **produce oil and gas deposits located in the state north of 68 degrees North**  
 23 **latitude or located in leases or properties in the state that include land**  
 24 **north of 68 degrees North latitude, as adjusted under AS 43.55.170;**

25 **(B) in a calendar year that is before or during the last**  
 26 **calendar year under AS 43.55.024(b) for which the producer could take a**  
 27 **tax credit under AS 43.55.024(a), from leases or properties in the state**  
 28 **outside the Cook Inlet sedimentary basin, no part of which is north of 68**  
 29 **degrees North latitude, other than leases or properties subject to**  
 30 **AS 43.55.011(p), is the gross value at the point of production of that oil,**  
 31 **less 1/12 the producer's lease expenditures under AS 43.55.165 for the**

1 calendar year incurred to explore for, develop, or produce oil and gas  
2 deposits located in the state outside the Cook Inlet sedimentary basin and  
3 south of 68 degrees North latitude, other than oil and gas deposits located  
4 in a lease or property that includes land north of 68 degrees North latitude  
5 or that is subject to AS 43.55.011(p) or, before January 1, 2027, from  
6 which commercial production has not begun, as adjusted under  
7 AS 43.55.170;

8 (C) from leases or properties subject to AS 43.55.011(p) is  
9 the gross value at the point of production of that oil, less 1/12 the  
10 producer's lease expenditures under AS 43.55.165 for the calendar year  
11 incurred to explore for, develop, or produce oil and gas deposits located in  
12 leases or properties subject to AS 43.55.011(p) or, before January 1, 2027,  
13 located in leases or properties in the state outside the Cook Inlet  
14 sedimentary basin, no part of which is north of 68 degrees North latitude  
15 from which commercial production has not begun, as adjusted under  
16 AS 43.55.170;

17 (D) from leases or properties in the state no part of which is  
18 north of 68 degrees North latitude, other than leases or properties subject  
19 to (B) or (C) of this paragraph, is the gross value at the point of  
20 production of that oil less 1/12 the producer's lease expenditures under  
21 AS 43.55.165 for the calendar year incurred to explore for, develop, or  
22 produce oil and gas deposits located in the state south of 68 degrees North  
23 latitude, other than oil and gas deposits located in a lease or property in  
24 the state that includes land north of 68 degrees North latitude, and  
25 excluding lease expenditures that are deductible under (B) or (C) of this  
26 paragraph or would be deductible under (B) or (C) of this paragraph if  
27 not prohibited by (b) of this section, as adjusted under AS 43.55.170; a  
28 separate monthly production tax value shall be calculated for

29 (i) oil produced from each lease or property in the  
30 Cook Inlet sedimentary basin;

31 (ii) oil produced from each lease or property outside

1                    **the Cook Inlet sedimentary basin, no part of which is north of 68**  
2                    **degrees North latitude, other than leases or properties subject to**  
3                    **(C) of this paragraph [(3) OF THIS SUBSECTION]."**  
4

5    Renumber the following bill sections accordingly.

6  
7    Page 19, line 18:

8            Delete "secs. 9, 12, and 15"

9            Insert "secs. 15, 18, and 21"

10

11    Page 19, line 23:

12            Delete "sec. 4"

13            Insert "sec. 10"

14            Delete "sec. 7"

15            Insert "sec. 13"

16

17    Page 19, line 24:

18            Delete "sec. 14"

19            Insert "sec. 20"

20

21    Page 19, line 31:

22            Delete "secs. 24 and 27"

23            Insert "secs. 32 and 35"

24

25    Page 20, line 1:

26            Delete "secs. 24 and 27"

27            Insert "secs. 32 and 35"

28

29    Page 20, line 11:

30            Delete "sec. 30"

31            Insert "sec. 38"

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Page 20, line 12:

Delete "sec. 30"

Insert "sec. 38"

Page 20, line 14:

Delete "sec. 30"

Insert "sec. 38"

Page 20, following line 14:

Insert a new bill section to read:

"\* **Sec. 44.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: PAYMENT OF TAX; FILING. (a) Notwithstanding the amendments to AS 43.55.020 by secs. 7 - 9 of this Act,

(1) a person subject to tax under AS 43.55 that is required to make one or more installment payments of estimated tax or other payments of tax under AS 43.55.020 for production before the effective date of secs. 7 - 9 of this Act shall pay the tax under AS 43.55.020, as that section read on the day before the effective date of secs. 7 - 9 of this Act;

(2) an unpaid amount of an installment payment required under AS 43.55.020 for production before the effective date of secs. 7 - 9 of this Act that is not paid when due bears interest under AS 43.55.020, as that section read on the day before the effective date of secs. 7 - 9 of this Act;

(3) an overpayment of an installment payment required under AS 43.55.020 for production before the effective date of secs. 7 - 9 of this Act bears interest under AS 43.55.020, as that section read on the day before the effective date of secs. 7 - 9 of this Act.

(b) The Department of Revenue may continue to apply and enforce AS 43.55.020, as that section read on the day before the effective date of secs. 7 - 9 of this Act, for a tax or installment payment for production before the effective date of secs. 7 - 9 of this Act."

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Renumber the following bill sections accordingly.

Page 20, line 18:

- Delete "sec. 29"
- Insert "sec. 37"

Page 20, line 19:

- Delete "secs. 22, 23, 25, and 28"
- Insert "secs. 29, 30, 33, and 36"

Page 20, line 20:

- Delete "sec. 29"
- Insert "sec. 37"

Page 20, line 24:

- Delete "sec. 29"
- Insert "sec. 37"

Page 20, line 26:

- Delete "sec. 29"
- Insert "sec. 37"

Page 20, line 27:

- Delete "sec. 29"
- Insert "sec. 37"

Page 21, lines 1 - 2:

- Delete "sec. 30"
- Insert "sec. 38"

1 Page 21, line 12:

2 Delete "Sections 3, 6, 8, 30, 35, and 37"

3 Insert "Sections 3, 12, 14, 38, 43, and 46"

4

5 Page 21, line 27:

6 Delete "Sections 2, 4, 7, 9, 12 - 15, 17, 19, 31, 32, 38, and 39"

7 Insert "Sections 2, 10, 13, 15, 18 - 21, 23, 25, 39, 40, 47, and 48"

8

9 Page 21, line 29:

10 Delete "Section 24"

11 Insert "Section 32"

12

13 Page 21, line 31:

14 Delete "sec. 39"

15 Insert "sec. 48"

16 Delete "secs. 3, 6, 8, 30, 35, and 37"

17 Insert "secs. 3, 12, 14, 38, 43, and 46"

18

19 Page 22, line 3:

20 Delete "sec. 39"

21 Insert "sec. 48"

22

23 Page 22, line 5:

24 Delete "secs. 40 - 42"

25 Insert "secs. 49 - 51"