

AMENDMENT # 4

OFFERED IN THE SENATE

BY SENATOR WIELECHOWSKI

TO: SCS CSHB 111(FIN)

1 Page 1, line 6, following "fund;":

2 Insert "**relating to an adjustment in the gross value at the point of production;**"

3

4 Page 1, following line 7:

5 Insert a new bill section to read:

6 **** Section 1.** AS 31.05.030(n) is amended to read:

7 (n) Upon request of the commissioner of revenue, the commission shall
8 determine the commencement of regular production from a lease or property for
9 purposes of AS 43.55.160(f) [AND (g)]."

10

11 Page 1, line 8:

12 Delete "**Section 1**"

13 Insert "**Sec. 2**"

14

15 Renumber the following bill sections accordingly.

16

17 Page 3, following line 18:

18 Insert a new bill section to read:

19 **** Sec. 5.** AS 43.55.020(a) is amended to read:

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

22 (1) for oil and gas produced before January 1, 2014, an installment
23 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied

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

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

11 (i) zero; or

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

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

22 (i) zero;

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

27 (iii) the sum of 25 percent and the tax rate calculated for
28 the month under AS 43.55.011(g) multiplied by the remainder obtained
29 by subtracting 1/12 of the producer's adjusted lease expenditures for the
30 calendar year of production under AS 43.55.165 and 43.55.170 that are
31 deductible for the oil and gas under AS 43.55.160 from the gross value

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

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

6 (i) zero; or

7 (ii) the sum of 25 percent and the tax rate calculated for
8 the month under AS 43.55.011(g) multiplied by the remainder obtained
9 by 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 under AS 43.55.160 for the oil or gas, respectively,
12 produced from the lease or property from the gross value at the point of
13 production of the oil or gas, respectively, produced from the lease or
14 property during the month for which the installment payment is
15 calculated;

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

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

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

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

1 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable
2 gas produced during the month for the amount of taxable gas produced during the
3 calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced
4 during the month for the amount of taxable oil produced during the calendar year;

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

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

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

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

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

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

1 the greater of

2 (i) zero; or

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

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

12 (i) zero;

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

17 (iii) 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 for the oil and gas under AS 43.55.160 from the gross value
21 at the point of production of the oil and gas produced from those leases
22 or properties during the month for which the installment payment is
23 calculated, except that, for the purposes of this calculation, a reduction
24 from the gross value at the point of production may apply for oil and
25 gas subject to AS 43.55.160(f) [OR (g)];

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

28 (i) zero; or

29 (ii) 35 percent multiplied by the remainder obtained by
30 subtracting 1/12 of the producer's adjusted lease expenditures for the
31 calendar year of production under AS 43.55.165 and 43.55.170 that are

1 deductible under AS 43.55.160 for the oil or gas, respectively,
2 produced from the lease or property from the gross value at the point of
3 production of the oil or gas, respectively, produced from the lease or
4 property during the month for which the installment payment is
5 calculated;

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

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

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

17 (6) an amount calculated under (5)(C) of this subsection for oil or gas
18 subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by
19 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as
20 applicable, for gas or set out in AS 43.55.011(k) for oil, but substituting in
21 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable
22 gas produced during the month for the amount of taxable gas produced during the
23 calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced
24 during the month for the 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; except as otherwise provided under (10) of this subsection, the
29 amount of the installment payment is the sum of the following amounts, less 1/12 of
30 the tax credits that are allowed by law to be applied against the tax levied by
31 AS 43.55.011(e) for the calendar year, but the amount of the installment payment may

1 not be less than zero:

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

4 (i) zero;

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

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

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

23 (i) zero; or

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

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

1 the sum of

2 (i) 35 percent multiplied by the remainder obtained by
3 subtracting 1/12 of the producer's adjusted lease expenditures for the
4 calendar year of production under AS 43.55.165 and 43.55.170 that are
5 deductible for the oil under AS 43.55.160(h)(3) from the gross value at
6 the point of production of the oil produced from the leases or properties
7 during the month for which the installment payment is calculated, but
8 not less than zero; and

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

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

15 (i) zero; or

16 (ii) 35 percent multiplied by the remainder obtained by
17 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 under AS 43.55.160(h)(4) from the gross value at
20 the point of production of the oil produced from the leases or properties
21 during the month for which the installment payment is calculated;

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

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

29 (i) zero; or

30 (ii) 35 percent multiplied by the remainder obtained by
31 subtracting 1/12 of the producer's adjusted lease expenditures for the

1 calendar year of production under AS 43.55.165 and 43.55.170 that are
2 deductible under AS 43.55.160 for the oil produced from the lease or
3 property from the gross value at the point of production of the oil
4 produced from the lease or property during the month for which the
5 installment payment is calculated;

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

8 (i) zero; or

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

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

16 (9) for purposes of the calculation under (1)(B)(ii), (5)(B)(ii), and
17 (7)(A)(ii) of this subsection, the applicable percentage of the gross value at the point
18 of production is determined under AS 43.55.011(f)(1) or (2) but substituting the
19 phrase "month for which the installment payment is calculated" in AS 43.55.011(f)(1)
20 and (2) for the phrase "calendar year for which the tax is due";

21 (10) an amount calculated under (7)(F) or (G) of this subsection for oil
22 or gas 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
30 Renumber the following bill sections accordingly.

31

1 Page 4, line 20:

2 Delete "sec. 5"

3 Insert "sec. 7"

4

5 Page 6, following line 14:

6 Insert new bill sections to read:

7 **** Sec. 11.** AS 43.55.024(i) is amended to read:

8 (i) A producer may apply against the producer's tax liability for the calendar
9 year under AS 43.55.011(e) a tax credit of \$5 for each barrel of oil taxable under
10 AS 43.55.011(e) that receives a reduction in the gross value at the point of production
11 under AS 43.55.160(f) [OR (g)] and that is produced during a calendar year after
12 December 31, 2013. A tax credit authorized by this subsection may not reduce a
13 producer's tax liability for a calendar year under AS 43.55.011(e) below zero.

14 *** Sec. 12.** AS 43.55.024(j) is amended to read:

15 (j) A producer may apply against the producer's tax liability for the calendar
16 year under AS 43.55.011(e) a tax credit in the amount specified in this subsection for
17 each barrel of oil taxable under AS 43.55.011(e) that does not receive a reduction in
18 the gross value at the point of production under AS 43.55.160(f) [OR (g)] and that is
19 produced during a calendar year after December 31, 2013, from leases or properties
20 north of 68 degrees North latitude. A tax credit under this subsection may not reduce a
21 producer's tax liability for a calendar year under AS 43.55.011(e) below the amount
22 calculated under AS 43.55.011(f). The amount of the tax credit for a barrel of taxable
23 oil subject to this subsection produced during a month of the calendar year is

24 (1) \$8 for each barrel of taxable oil if the average gross value at the
25 point of production for the month is less than \$80 a barrel;

26 (2) \$7 for each barrel of taxable oil if the average gross value at the
27 point of production for the month is greater than or equal to \$80 a barrel, but less than
28 \$90 a barrel;

29 (3) \$6 for each barrel of taxable oil if the average gross value at the
30 point of production for the month is greater than or equal to \$90 a barrel, but less than
31 \$100 a barrel;

1 (4) \$5 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 \$100 a barrel, but less
3 than \$110 a barrel;

4 (5) \$4 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 \$110 a barrel, but less
6 than \$120 a barrel;

7 (6) \$3 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 \$120 a barrel, but less
9 than \$130 a barrel;

10 (7) \$2 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 \$130 a barrel, but less
12 than \$140 a barrel;

13 (8) \$1 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 \$140 a barrel, but less
15 than \$150 a barrel;

16 (9) zero if the average gross value at the point of production for the
17 month is greater than or equal to \$150 a barrel."
18

19 Renumber the following bill sections accordingly.
20

21 Page 7, line 8:

22 Delete "sec. 9"

23 Insert "sec. 13"

24

25 Page 14, line 26:

26 Delete "sec. 19"

27 Insert "sec. 23"

28

29 Page 16, following line 3:

30 Insert a new bill section to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8
9 Renumber the following bill sections accordingly.

10
11 Page 17, following line 11:

12 Insert a new bill section to read:

13 **"* Sec. 29.** AS 43.55.160(h) is amended to read:

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

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

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

1 and gas deposits located in a lease or property that includes land north of 68 degrees
2 North latitude or that is subject to AS 43.55.011(p) or, before January 1, 2027, from
3 which commercial production has not begun, as adjusted under AS 43.55.170;

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

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

21 (A) oil produced from each lease or property in the Cook Inlet
22 sedimentary basin;

23 (B) oil produced from each lease or property outside the Cook
24 Inlet sedimentary basin, no part of which is north of 68 degrees North latitude,
25 other than leases or properties subject to (3) of this subsection."
26

27 Renumber the following bill sections accordingly.
28

29 Page 19, following line 10:

30 Insert a new bill section to read:

31 **** Sec. 35.** AS 43.98.050 is amended to read:

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

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

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

7 (3) identify factors that affect investment in oil and gas exploration,
8 development, and production in the state, including tax structure, rates, and credits;
9 royalty requirements; infrastructure; workforce availability; and regulatory
10 requirements;

11 (4) review the competitive position of the state to attract and maintain
12 investment in the oil and gas sector in the state as compared to the competitive
13 position of other regions with oil and gas resources;

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

18 (6) make written findings and recommendations to the Alaska State
19 Legislature before

20 (A) January 31, 2015, or as soon thereafter as practicable,
21 regarding

22 (i) changes to the state's regulatory environment and
23 permitting structure that would be conducive to encouraging increased
24 investment while protecting the interests of the people of the state and
25 the environment;

26 (ii) the status of the oil and gas industry labor pool in
27 the state and the effectiveness of workforce development efforts by the
28 state;

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

31 (iv) the competitiveness of the state's fiscal oil and gas

1 tax regime when compared to other regions of the world;

2 (B) January 15, 2017, regarding

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

5 (ii) a tax structure that takes into account the unique
6 economic circumstances for each oil and gas producing area south of
7 68 degrees North latitude;

8 (iii) a reduction in the gross value at the point of
9 production for oil and gas produced south of 68 degrees North latitude
10 that is similar to the reduction in gross value at the point of production
11 in AS 43.55.160(f) and former AS 43.55.160(g) [(g)];

12 (iv) other incentives for oil and gas production south of
13 68 degrees North latitude;

14 (C) January 31, 2021, or as soon thereafter as practicable,
15 regarding

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

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

22 (iii) a review of the current effectiveness and future
23 value of any provisions of the state's oil and gas tax laws that are
24 expiring in the next five years."
25

26 Renumber the following bill sections accordingly.

27
28 Page 19, line 11:

29 Delete "is"

30 Insert "and 43.55.160(g) are"
31

1 Page 19, line 17:

2 Delete "sec. 2"

3 Insert "sec. 3"

4

5 Page 19, line 18:

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

7 Insert "secs. 13, 16, and 19"

8

9 Page 19, line 23:

10 Delete "sec. 4"

11 Insert "sec. 6"

12 Delete "sec. 7"

13 Insert "sec. 9"

14

15 Page 19, line 24:

16 Delete "sec. 14"

17 Insert "sec. 18"

18

19 Page 19, line 31:

20 Delete "secs. 24 and 27"

21 Insert "secs. 30 and 33"

22

23 Page 20, line 1:

24 Delete "secs. 24 and 27"

25 Insert "secs. 30 and 33"

26

27 Page 20, line 5:

28 Delete "sec. 1"

29 Insert "sec. 2"

30

31 Page 20, line 7:

1 Delete "sec. 1"

2 Insert "sec. 2"

3

4 Page 20, line 11:

5 Delete "sec. 30"

6 Insert "sec. 37"

7

8 Page 20, line 12:

9 Delete "sec. 30"

10 Insert "sec. 37"

11

12 Page 20, line 14:

13 Delete "sec. 30"

14 Insert "sec. 37"

15

16 Page 20, following line 14:

17 Insert new bill sections to read:

18 **** Sec. 43.** The uncodified law of the State of Alaska is amended by adding a new section to
19 read:

20 **TRANSITION: PAYMENT OF TAX; FILING.** (a) Notwithstanding the amendment
21 to AS 43.55.020 by sec. 5 of this Act,

22 (1) a person subject to tax under AS 43.55 that is required to make one or
23 more installment payments of estimated tax or other payments of tax under AS 43.55.020 for
24 production before the effective date of sec. 5 of this Act shall pay the tax under AS 43.55.020,
25 as that section read on the day before the effective date of sec. 5 of this Act;

26 (2) an unpaid amount of an installment payment required under AS 43.55.020
27 for production before the effective date of sec. 5 of this Act that is not paid when due bears
28 interest under AS 43.55.020, as that section read on the day before the effective date of sec. 5
29 of this Act;

30 (3) an overpayment of an installment payment required under AS 43.55.020
31 for production before the effective date of sec. 5 of this Act bears interest under

1 AS 43.55.020, as that section read on the day before the effective date of sec. 5 of this Act.

2 (b) The Department of Revenue may continue to apply and enforce AS 43.55.020, as
3 that section read on the day before the effective date of sec. 5 of this Act, for a tax or
4 installment payment for production before the effective date of sec. 5 of this Act.

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

7 **TRANSITION: GROSS VALUE REDUCTION.** Notwithstanding the repeal of
8 AS 43.55.160(g) by sec. 36 of this Act and the amendments to AS 43.55.020(a), 43.55.024(i),
9 and 43.55.160(a) and (h) by secs. 5, 11, 26, and 29 of this Act, a taxpayer who produces oil or
10 gas before January 1, 2018, that qualifies for a reduction in gross value under
11 AS 43.55.160(g), as that subsection read on the day before the effective date of sec. 36 of this
12 Act, may reduce the gross value at the point of production of and may qualify for a credit
13 under AS 43.55.024(i) for that oil or gas, in accordance with AS 43.55.160(g) and
14 43.55.024(i), as those subsections read on the day before the effective date of sec. 36 of this
15 Act."

16

17 Renumber the following bill sections accordingly.

18

19 Page 20, line 18:

20 Delete "sec. 29"

21 Insert "sec. 36"

22

23 Page 20, line 19:

24 Delete "secs. 22, 23, 25, and 28"

25 Insert "secs. 27, 28, 31, and 34"

26

27 Page 20, line 20:

28 Delete "sec. 29"

29 Insert "sec. 36"

30

31 Page 20, line 24:

1 Delete "sec. 29"

2 Insert "sec. 36"

3

4 Page 20, line 26:

5 Delete "sec. 29"

6 Insert "sec. 36"

7

8 Page 20, line 27:

9 Delete "sec. 29"

10 Insert "sec. 36"

11

12 Page 21, lines 1 - 2:

13 Delete "sec. 30"

14 Insert "sec. 37"

15

16 Page 21, line 12:

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

18 Insert "Sections 4, 8, 10, 37, 42, and 46"

19

20 Page 21, line 27:

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

22 Insert "Sections 3, 6, 9, 13, 16 - 19, 21, 23, 38, 39, 47, and 48"

23

24 Page 21, line 29:

25 Delete "Section 24"

26 Insert "Section 30"

27

28 Page 21, line 31:

29 Delete "sec. 39"

30 Insert "sec. 48"

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

1 Insert "secs. 4, 8, 10, 37, 42, and 46"

2

3 Page 22, line 3:

4 Delete "sec. 39"

5 Insert "sec. 48"

6

7 Page 22, line 5:

8 Delete "secs. 40 - 42"

9 Insert "secs. 49 - 51"