

CS FOR HOUSE BILL NO. 111(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered: 3/15/17

Referred: Finance

Sponsor(s): HOUSE RESOURCES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the oil and gas production tax, tax payments, and credits; relating to
2 interest applicable to delinquent oil and gas production tax; relating to lease
3 expenditures; relating to information concerning oil and gas taxes and tax credits,
4 including information about expenditures that must be provided to claim an oil and gas
5 production tax credit for those expenditures; relating to the disclosure of that
6 information to the public or a member of the legislature; relating to a legislative
7 working group; and providing for an effective date."

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

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

11 LEGISLATIVE INTENT. It is the intent of the legislature to, contingent on the
12 passage of a fiscal plan, purchase a substantial portion of outstanding transferable and
13 production tax credit certificates issued before the effective date of this Act under AS 43.55.

1 * **Sec. 2.** AS 43.05.225 is amended to read:

2 **Sec. 43.05.225. Interest.** Unless otherwise provided,

3 (1) a delinquent tax

4 (A) under this title, before January 1, 2014, bears interest in
5 each calendar quarter at the rate of five percentage points above the annual rate
6 charged member banks for advances by the 12th Federal Reserve District as of
7 the first day of that calendar quarter, or at the annual rate of 11 percent,
8 whichever is greater, compounded quarterly as of the last day of that quarter;

9 (B) under this title, on and after January 1, 2014, except as
10 provided in (C) of this paragraph, bears interest in each calendar quarter at the
11 rate of three percentage points above the annual rate charged member banks
12 for advances by the 12th Federal Reserve District as of the first day of that
13 calendar quarter;

14 (C) under AS 43.55, on and after January 1, 2017,

15 [(i) FOR THE FIRST THREE YEARS AFTER A TAX
16 BECOMES DELINQUENT,] bears interest in each calendar quarter at
17 the rate of seven percentage points above the annual rate charged
18 member banks for advances by the 12th Federal Reserve District as of
19 the first day of that calendar quarter, compounded quarterly as of the
20 last day of that quarter; [AND

21 (ii) AFTER THE FIRST THREE YEARS AFTER A
22 TAX BECOMES DELINQUENT, DOES NOT BEAR INTEREST;]

23 (2) the interest rate is 12 percent a year for

24 (A) delinquent fees payable under AS 05.15.095(c); and

25 (B) unclaimed property that is not timely paid or delivered, as
26 allowed by AS 34.45.470(a).

27 * **Sec. 3.** AS 43.05.230(a) is amended to read:

28 (a) It is unlawful for a current or former officer, employee, or agent of the
29 state to divulge the amount of income or the particulars set out or disclosed in a report
30 or return made under this title, except

31 (1) in connection with official investigations or proceedings of the

1 department, whether judicial or administrative, involving taxes due under this title;

2 (2) in connection with official investigations or proceedings of the
3 child support enforcement agency, whether judicial or administrative, involving child
4 support obligations imposed or imposable under AS 25 or AS 47;

5 (3) as provided in AS 38.05.036 pertaining to audit functions of the
6 Department of Natural Resources;

7 (4) as provided in AS 43.05.405 - 43.05.499; and

8 (5) as otherwise provided in this section, AS 43.55.030(g),
9 43.55.165(n), or 43.55.890 [OR AS 43.55.890].

10 * **Sec. 4.** AS 43.05.230(l) is amended to read:

11 (l) **The** [FOR TAX CREDIT CERTIFICATES PURCHASED BY THE
12 DEPARTMENT IN THE PRECEDING CALENDAR YEAR UNDER AS 43.55.028,
13 THE] department shall make the following information public by April 30 of each
14 year:

15 (1) for tax credit certificates issued or purchased by the
16 department in the preceding calendar year under AS 43.55.028:

17 (A) the name of each person to which a transferable tax
18 certificate was issued or from which the department purchased a transferable
19 tax credit certificate; and

20 (B) [(2)] the aggregate amount of the tax credit certificates
21 purchased from the person in the preceding calendar year;

22 (C) the aggregate amount of the tax credit certificates
23 issued to the person in the preceding calendar year; and

24 (2) unless otherwise prohibited by law, information submitted
25 during the previous calendar year under AS 43.55.030(a)(10) and (e)(3).

26 * **Sec. 5.** AS 43.05.230 is amended by adding a new subsection to read:

27 (m) The department may disclose confidential tax information, documents, or
28 other materials related to a credit for oil and gas investment, exploration, production,
29 delivery, storage, or use against a tax imposed under AS 43.20 or AS 43.55 to a
30 legislator, an agent of a legislator or a legislative committee, or a contractor of a
31 legislator or a legislative committee if

1 (1) the information is disclosed during an executive session of a
 2 committee hearing or an executive session of a meeting of one house of the legislature
 3 as a committee of the whole;

4 (2) only legislators, agents, and contractors complying with the
 5 remainder of this subsection are in attendance at the committee meeting;

6 (3) written information, documents, or other materials are clearly
 7 labeled as confidential tax information;

8 (4) the legislator, agent, or contractor has executed an agreement with
 9 the department

10 (A) that acknowledges that tax information, documents, and
 11 materials received under this subsection are confidential by law;

12 (B) that acknowledges that it is illegal to publicly disclose
 13 confidential tax information, documents, or materials received under this
 14 subsection unless the information is otherwise publicly available; and

15 (C) in which the legislator, agent, or contractor agrees not to

16 (i) disclose the information received during the meeting
 17 or the contents of documents or materials viewed during a committee
 18 meeting under this section; and

19 (ii) remove any written information, documents, or
 20 materials from the physical location of the committee meeting.

21 * **Sec. 6.** AS 43.55.011(f) is amended to read:

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

23 (1) oil and gas produced before **January 1, 2018** [JANUARY 1,
 24 2022], from leases or properties that include land north of 68 degrees North latitude,
 25 other than gas subject to (o) of this section, may not be less than

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

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

1 the United States West Coast during the calendar year for which the tax is due
2 is over \$20 but not over \$25;

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

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

11 (E) zero percent of the gross value at the point of production
12 when the average price per barrel for Alaska North Slope crude oil for sale on
13 the United States West Coast during the calendar year for which the tax is due
14 is \$15 or less; [AND]

15 (2) **gas** [OIL] produced on and after **January 1, 2018, and before**
16 January 1, 2022, from leases or properties that include land north of 68 degrees North
17 latitude, **other than gas subject to (o) of this section,** may not be less than

18 (A) four percent of the gross value at the point of production
19 when the average price per barrel for Alaska North Slope crude oil for sale on
20 the United States West Coast during the calendar year for which the tax is due
21 is **less** [MORE] than **\$50; or** [\$25;]

22 (B) **five** [THREE] percent of the gross value at the point of
23 production when the average price per barrel for Alaska North Slope crude oil
24 for sale on the United States West Coast during the calendar year for which the
25 tax is due is **\$50 or more; and**

26 **(3) oil produced on and after January 1, 2018, from leases or**
27 **properties that include land north of 68 degrees North latitude may not be less**
28 **than**

29 **(A) four percent of the gross value at the point of**
30 **production when the average price per barrel for Alaska North Slope**
31 **crude oil for sale on the United States West Coast during the calendar**

1 year for which the tax is due is less than \$50; or

2 (B) five percent of the gross value at the point of production
 3 when the average price per barrel for Alaska North Slope crude oil for
 4 sale on the United States West Coast during the calendar year for which
 5 the tax is due is \$50 or more [OVER \$20 BUT NOT OVER \$25;

6 (C) TWO PERCENT OF THE GROSS VALUE AT THE
 7 POINT OF PRODUCTION WHEN THE AVERAGE PRICE PER BARREL
 8 FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED
 9 STATES WEST COAST DURING THE CALENDAR YEAR FOR WHICH
 10 THE TAX IS DUE IS OVER \$17.50 BUT NOT OVER \$20;

11 (D) ONE PERCENT OF THE GROSS VALUE AT THE
 12 POINT OF PRODUCTION WHEN THE AVERAGE PRICE PER BARREL
 13 FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED
 14 STATES WEST COAST DURING THE CALENDAR YEAR FOR WHICH
 15 THE TAX IS DUE IS OVER \$15 BUT NOT OVER \$17.50; OR

16 (E) ZERO PERCENT OF THE GROSS VALUE AT THE
 17 POINT OF PRODUCTION WHEN THE AVERAGE PRICE PER BARREL
 18 FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED
 19 STATES WEST COAST DURING THE CALENDAR YEAR FOR WHICH
 20 THE TAX IS DUE IS \$15 OR LESS].

21 * **Sec. 7.** AS 43.55.011 is amended by adding new subsections to read:

22 (q) Except as otherwise provided in this subsection, a credit under this chapter
 23 may not be applied to reduce the tax determined under (f) of this section. A credit
 24 under AS 43.55.024(i) may reduce the tax determined under (f) of this section, but not
 25 below

26 (1) for gas produced on and after January 1, 2018, and before
 27 January 1, 2022,

28 (A) four percent of the adjusted gross value at the point of
 29 production when the average price per barrel for Alaska North Slope crude oil
 30 for sale on the United States West Coast during the calendar year for which the
 31 tax is due is less than \$50; or

1 (B) five percent of the adjusted gross value at the point of
 2 production when the average price per barrel for Alaska North Slope crude oil
 3 for sale on the United States West Coast during the calendar year for which the
 4 tax is due is \$50 or more;

5 (2) for oil produced on and after January 1, 2018,

6 (A) four percent of the adjusted gross value at the point of
 7 production when the average price per barrel for Alaska North Slope crude oil
 8 for sale on the United States West Coast during the calendar year for which the
 9 tax is due is less than \$50; or

10 (B) five percent of the adjusted gross value at the point of
 11 production when the average price per barrel for Alaska North Slope crude oil
 12 for sale on the United States West Coast during the calendar year for which the
 13 tax is due is \$50 or more.

14 (r) The total amount of tax credits received under AS 43.55.024(i) or (j) that a
 15 producer applies against the tax levied by this section for a calendar year may not
 16 exceed the sum of the amount of the tax credits or fractions of tax credits that are
 17 allowed under AS 43.55.020(a) to be subtracted in calculating the installment
 18 payments of estimated tax for each month for that producer in the calendar year.

19 (s) In (q) of this section, "adjusted gross value at the point of production"
 20 means the gross value at the point of production less a reduction from the gross value
 21 at the point of production under AS 43.55.160(f) or 43.55.160(f) and (g).

22 * **Sec. 8.** AS 43.55.020(a) is amended to read:

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

25 (1) for oil and gas produced before January 1, 2014, 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 (2) 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 and gas not subject to AS 43.55.011(o) or (p)
3 produced from leases or properties in the state outside the Cook Inlet
4 sedimentary basin, other than leases or properties subject to AS 43.55.011(f),
5 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 for the oil and gas under AS 43.55.160 from the gross value
12 at the point of production of the oil and gas produced from the leases or
13 properties during the month for which the installment payment is
14 calculated;

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

17 (i) zero;

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

22 (iii) the sum of 25 percent and the tax rate calculated for
23 the month under AS 43.55.011(g) multiplied by the remainder obtained
24 by subtracting 1/12 of the producer's adjusted lease expenditures for the
25 calendar year of production under AS 43.55.165 and 43.55.170 that are
26 deductible for the oil and gas under AS 43.55.160 from the gross value
27 at the point of production of the oil and gas produced from those leases
28 or properties during the month for which the installment payment is
29 calculated;

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

1 (i) zero; or

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

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

12 (i) 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, but not less than zero; or

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

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

31 (3) an installment payment of the estimated tax levied by

1 AS 43.55.011(i) for each lease or property is due for each month of the calendar year
 2 on the last day of the following month; the amount of the installment payment is the
 3 sum of

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

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

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

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

24 (A) for oil and gas not subject to AS 43.55.011(o) or (p)
 25 produced from leases or properties in the state outside the Cook Inlet
 26 sedimentary basin, other than leases or properties subject to AS 43.55.011(f),
 27 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 for the oil and gas under AS 43.55.160 from the gross value
 2 at the point of production of the oil and gas produced from the leases or
 3 properties during the month for which the installment payment is
 4 calculated;

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

7 (i) zero;

8 (ii) **the percentage applicable under AS 43.55.011(f)**
 9 [ZERO PERCENT, ONE PERCENT, TWO PERCENT, THREE
 10 PERCENT, OR FOUR PERCENT, AS APPLICABLE,] of the gross
 11 value at the point of production of the oil and gas produced from the
 12 leases or properties during the month for which the installment
 13 payment is calculated; or

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

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

25 (i) zero; or

26 (ii) 35 percent multiplied by the remainder obtained by
 27 subtracting 1/12 of the producer's adjusted lease expenditures for the
 28 calendar year of production under AS 43.55.165 and 43.55.170 that are
 29 deductible under AS 43.55.160 for the oil or gas, respectively,
 30 produced from the lease or property from the gross value at the point of
 31 production of the oil or gas, respectively, produced from the lease or

1 property during the month for which the installment payment is
2 calculated;

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

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

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

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

22 (7) for oil and gas produced on or after January 1, 2022, an installment
23 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied
24 as allowed by law, is due for each month of the calendar year on the last day of the
25 following month; except as otherwise provided under (10) of this subsection, the
26 amount of the installment payment is the sum of the following amounts, less 1/12 of
27 the tax credits that are allowed by law to be applied against the tax levied by
28 AS 43.55.011(e) for the calendar year, but the amount of the installment payment may
29 not be less than zero:

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

1 (i) zero;

2 (ii) **the percentage applicable under AS 43.55.011(f)**
 3 [ZERO PERCENT, ONE PERCENT, TWO PERCENT, THREE
 4 PERCENT, OR FOUR PERCENT, AS APPLICABLE,] of the gross
 5 value at the point of production of the oil produced from the leases or
 6 properties during the month for which the installment payment is
 7 calculated; or

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

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

22 (i) zero; or

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

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

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

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

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

14 (i) zero; or

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

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

26 (F) for oil subject to AS 43.55.011(k), for each lease or
 27 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 produced from the lease or
 2 property from the gross value at the point of production of the oil
 3 produced from the lease or property during the month for which the
 4 installment payment is calculated;

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

7 (i) zero; or

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

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

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

20 (10) an amount calculated under (7)(F) or (G) of this subsection for oil
 21 or gas subject to AS 43.55.011(j), (k), or (o) may not exceed the product obtained by
 22 carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or 43.55.011(o), as
 23 applicable, for gas, or set out in AS 43.55.011(k) for oil, but substituting in
 24 AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the amount of taxable
 25 gas produced during the month for the amount of taxable gas produced during the
 26 calendar year and substituting in AS 43.55.011(k) the amount of taxable oil produced
 27 during the month for the amount of taxable oil produced during the calendar year;

28 **(11) for purposes of the calculation under (5)(B)(ii) or (7)(A)(ii) of**
 29 **this subsection, a credit under this chapter may not be applied to reduce an**
 30 **installment payment to less than the amount calculated using the applicable**
 31 **percentage under AS 43.55.011(f) or (g).**

1 * **Sec. 9.** AS 43.55.023(b) is amended to read:

2 (b) [BEFORE JANUARY 1, 2014, A PRODUCER OR EXPLORER MAY
 3 ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 25 PERCENT OF A
 4 CARRIED-FORWARD ANNUAL LOSS. FOR LEASE EXPENDITURES
 5 INCURRED ON AND AFTER JANUARY 1, 2014, AND BEFORE JANUARY 1,
 6 2016, TO EXPLORE FOR, DEVELOP, OR PRODUCE OIL OR GAS DEPOSITS
 7 LOCATED NORTH OF 68 DEGREES NORTH LATITUDE, A PRODUCER OR
 8 EXPLORER MAY ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 45
 9 PERCENT OF A CARRIED-FORWARD ANNUAL LOSS. FOR LEASE
 10 EXPENDITURES INCURRED ON AND AFTER JANUARY 1, 2016, TO
 11 EXPLORE FOR, DEVELOP, OR PRODUCE OIL OR GAS DEPOSITS LOCATED
 12 NORTH OF 68 DEGREES NORTH LATITUDE, A PRODUCER OR EXPLORER
 13 MAY ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 35 PERCENT OF
 14 A CARRIED-FORWARD ANNUAL LOSS. FOR LEASE EXPENDITURES
 15 INCURRED ON OR AFTER JANUARY 1, 2014, AND BEFORE JANUARY 1,
 16 2017, TO EXPLORE FOR, DEVELOP, OR PRODUCE OIL OR GAS DEPOSITS
 17 LOCATED SOUTH OF 68 DEGREES NORTH LATITUDE, A PRODUCER OR
 18 EXPLORER MAY ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 25
 19 PERCENT OF A CARRIED-FORWARD ANNUAL LOSS.] For lease expenditures
 20 incurred [ON OR AFTER JANUARY 1, 2017,] to explore for, develop, or produce oil
 21 or gas deposits located south of 68 degrees North latitude, a producer or explorer may
 22 elect to take a tax credit in the amount of 15 percent of a carried-forward annual loss,
 23 except that a credit for lease expenditures incurred to explore for, develop, or produce
 24 oil or gas deposits located in the Cook Inlet sedimentary basin may only be taken if
 25 the expenditure is incurred before January 1, 2018. A credit under this subsection may
 26 be applied against a tax levied by AS 43.55.011(e). For purposes of this subsection,

27 (1) a carried-forward annual loss is the amount of a producer's or
 28 explorer's adjusted lease expenditures under AS 43.55.165 and 43.55.170 for a
 29 previous calendar year that was not deductible in calculating production tax values for
 30 that calendar year under AS 43.55.160;

31 (2) for lease expenditures incurred on or after January 1, 2017, any

1 reduction under AS 43.55.160(f) or (g) is added back to the calculation of production
 2 tax values for that calendar year under AS 43.55.160 for the determination of a
 3 carried-forward annual loss.

4 * **Sec. 10.** AS 43.55.023(c) is amended to read:

5 (c) A credit or portion of a credit under this section may not be used to reduce
 6 a person's tax liability under AS 43.55.011(e) for any calendar year below zero **or the**
 7 **amount calculated under AS 43.55.011(f), if applicable,** and any unused credit or
 8 portion of a credit not used under this subsection may be applied in a later calendar
 9 year.

10 * **Sec. 11.** AS 43.55.023(d) is amended to read:

11 (d) A person that is entitled to take a tax credit under this section that wishes
 12 to transfer the unused credit to another person [OR OBTAIN A CASH PAYMENT
 13 UNDER AS 43.55.028] may apply to the department for a transferable tax credit
 14 certificate. **A person that is entitled to take a tax credit under (a) or (l) of this**
 15 **section that wishes to obtain a cash payment under AS 43.55.028 may apply to**
 16 **the department for a transferable tax credit certificate.** An application under this
 17 subsection must be in a form prescribed by the department and must include
 18 supporting information and documentation that the department reasonably requires.
 19 The department shall grant or deny an application, or grant an application as to a lesser
 20 amount than that claimed and deny it as to the excess, not later than 120 days after the
 21 latest of (1) March 31 of the year following the calendar year in which the qualified
 22 capital expenditure or carried-forward annual loss for which the credit is claimed was
 23 incurred; (2) the date the statement required under AS 43.55.030(a) or (e) was filed for
 24 the calendar year in which the qualified capital expenditure or carried-forward annual
 25 loss for which the credit is claimed was incurred; or (3) the date the application was
 26 received by the department. If, based on the information then available to it, the
 27 department is reasonably satisfied that the applicant is entitled to a credit, the
 28 department shall issue the applicant a transferable tax credit certificate for the amount
 29 of the credit. A certificate issued under this subsection does not expire.

30 * **Sec. 12.** AS 43.55.024(g) is amended to read:

31 (g) A tax credit authorized by (c) of this section may not be applied to reduce

1 a producer's tax liability for any calendar year under AS 43.55.011(e) below zero **or**
 2 **the amount calculated under AS 43.55.011(f), if applicable.**

3 * **Sec. 13.** AS 43.55.024(i) is amended to read:

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

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

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

21 (1) \$8 for each barrel of taxable oil if the average gross value at the
 22 point of production for the month is less than **\$60** [\$80] a barrel;

23 (2) \$7 for each barrel of taxable oil if the average gross value at the
 24 point of production for the month is greater than or equal to **\$60** [\$80] a barrel, but
 25 less than **\$70** [\$90] a barrel;

26 (3) \$6 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 **\$70** [\$90] a barrel, but
 28 less than **\$80** [\$100] a barrel;

29 (4) \$5 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 **\$80** [\$100] a barrel, but
 31 less than **\$90** [\$110] a barrel;

1 (5) \$4 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 \$90 [\$110] a barrel, but
3 less than \$100 [\$120] a barrel;

4 (6) \$3 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 \$100 [\$120] a barrel, but
6 less than \$110 [\$130] a barrel;

7 (7) [\$2 FOR EACH BARREL OF TAXABLE OIL IF THE
8 AVERAGE GROSS VALUE AT THE POINT OF PRODUCTION FOR THE
9 MONTH IS GREATER THAN OR EQUAL TO \$130 A BARREL, BUT LESS
10 THAN \$140 A BARREL;

11 (8) \$1 FOR EACH BARREL OF TAXABLE OIL IF THE AVERAGE
12 GROSS VALUE AT THE POINT OF PRODUCTION FOR THE MONTH IS
13 GREATER THAN OR EQUAL TO \$140 A BARREL, BUT LESS THAN \$150 A
14 BARREL;

15 (9) zero if the average gross value at the point of production for the
16 month is greater than or equal to \$110 [\$150] a barrel.

17 * **Sec. 15.** AS 43.55.025(g) is amended to read:

18 (g) **Except as provided in (q) of this section, an** [AN] explorer, other than an
19 entity that is exempt from taxation under this chapter, may transfer, convey, or sell its
20 production tax credit certificate to any person, and any person who receives a
21 production tax credit certificate may also transfer, convey, or sell the certificate.

22 * **Sec. 16.** AS 43.55.025(i) is amended to read:

23 (i) For a production tax credit under this section,

24 (1) a credit may not be applied to reduce a taxpayer's tax liability **for a**
25 **calendar year** under AS 43.55.011(e) below zero **or the amount calculated under**
26 **AS 43.55.011(f), if applicable** [FOR A CALENDAR YEAR]; and

27 (2) an amount of the production tax credit in excess of the amount that
28 may be applied for a calendar year under this subsection may be carried forward and
29 applied against the taxpayer's tax liability under AS 43.55.011(e) in one or more later
30 calendar years.

31 * **Sec. 17.** AS 43.55.025 is amended by adding a new subsection to read:

1 (q) An explorer is eligible for a tax credit of 15 percent of exploration
 2 expenditures incurred for drilling that results in a dry hole. A credit under this
 3 subsection is eligible for a tax credit certificate issued under (f)(5) of this section;
 4 however, a tax credit certificate issued under this subsection may not be transferred
 5 under (g) of this section. A credit under this subsection may only be allowed if

6 (1) the explorer does not produce oil or gas in the calendar year in
 7 which the credit is earned;

8 (2) all service contracts associated with the exploration activity earning
 9 a credit under this subsection are paid in full;

10 (3) the lease on which the dry hole is drilled returns to the state; and

11 (4) the expenditure that is the basis for the credit is not the basis for
 12 another credit claimed under this chapter.

13 * **Sec. 18.** AS 43.55.028(a) is amended to read:

14 (a) The oil and gas tax credit fund is established as a separate fund of the state.
 15 The purpose of the fund is to purchase transferable tax credit certificates issued under
 16 AS 43.55.023 **for a tax credit earned under AS 43.55.023(a) or (l)** and production
 17 tax credit certificates issued under AS 43.55.025 and to pay refunds and payments
 18 claimed under AS 43.20.046, 43.20.047, or 43.20.053.

19 * **Sec. 19.** AS 43.55.028(e) is amended to read:

20 (e) The department, on the written application of a person to whom a
 21 transferable tax credit certificate has been issued under AS 43.55.023(d) or former
 22 AS 43.55.023(m) or to whom a production tax credit certificate has been issued under
 23 AS 43.55.025(f), may use available money in the oil and gas tax credit fund to
 24 purchase, in whole or in part, the certificate. The department may not purchase a total
 25 of more than **\$35,000,000** [\$70,000,000] in tax credit certificates from a person in a
 26 calendar year. Before purchasing a certificate or part of a certificate, the department
 27 shall find that

28 (1) the calendar year of the purchase is not earlier than the first
 29 calendar year for which the credit shown on the certificate would otherwise be allowed
 30 to be applied against a tax;

31 (2) the application is not the result of the division of a single entity into

1 multiple entities that would reasonably be expected to apply as a single entity if the
2 \$35,000,000 [\$70,000,000] limitation in this subsection did not exist;

3 (3) the applicant's total tax liability under AS 43.55.011(e), after
4 application of all available tax credits, for the calendar year in which the application is
5 made is zero;

6 (4) the applicant's average daily production of oil and gas taxable
7 under AS 43.55.011(e) during the calendar year preceding the calendar year in which
8 the application is made was not more than 15,000 [50,000] BTU equivalent barrels;
9 and

10 (5) the purchase is consistent with this section and regulations adopted
11 under this section.

12 * **Sec. 20.** AS 43.55.030(a) is amended to read:

13 (a) A producer that produces oil or gas from a lease or property in the state
14 during a calendar year, whether or not any tax payment is due under AS 43.55.020(a)
15 for that oil or gas, shall file with the department on March 31 of the following year a
16 statement, under oath, in a form prescribed by the department, giving, with other
17 information required **under a regulation adopted by the department**, the following:

18 (1) a description of each lease or property from which oil or gas was
19 produced, by name, legal description, lease number, or accounting codes assigned by
20 the department;

21 (2) the names of the producer and, if different, the person paying the
22 tax, if any;

23 (3) the gross amount of oil and the gross amount of gas produced from
24 each lease or property, separately identifying the gross amount of gas produced from
25 each oil and gas lease to which an effective election under AS 43.55.014(a) applies,
26 the amount of gas delivered to the state under AS 43.55.014(b), and the percentage of
27 the gross amount of oil and gas owned by the producer;

28 (4) the gross value at the point of production of the oil and of the gas
29 produced from each lease or property owned by the producer and the costs of
30 transportation of the oil and gas;

31 (5) the name of the first purchaser and the price received for the oil and

1 for the gas, unless relieved from this requirement in whole or in part by the
2 department;

3 (6) the producer's qualified capital expenditures, as defined in
4 AS 43.55.023, other lease expenditures under AS 43.55.165, and adjustments or other
5 payments or credits under AS 43.55.170;

6 (7) the production tax values of the oil and gas under AS 43.55.160(a)
7 or of the oil under AS 43.55.160(h), as applicable;

8 (8) any claims for tax credits to be applied; [AND]

9 (9) calculations showing the amounts, if any, that were or are due
10 under AS 43.55.020(a) and interest on any underpayment or overpayment; **and**

11 **(10) for each expenditure that is the basis for a credit claimed**
12 **under AS 43.55.023 or 43.55.025, a description of the expenditure, a detailed**
13 **description of the purpose of the expenditure, and a description of the lease or**
14 **property for which the expenditure was incurred.**

15 * **Sec. 21.** AS 43.55.030(e) is amended to read:

16 (e) An explorer or producer that incurs a lease expenditure under
17 AS 43.55.165 or receives a payment or credit under AS 43.55.170 during a calendar
18 year but does not produce oil or gas from a lease or property in the state during the
19 calendar year shall file with the department, on March 31 of the following year, a
20 statement, under oath, in a form prescribed by the department, giving, with other
21 information required **under a regulation adopted by the department**, the following:

22 (1) the explorer's or producer's qualified capital expenditures, as
23 defined in AS 43.55.023, other lease expenditures under AS 43.55.165, and
24 adjustments or other payments or credits under AS 43.55.170; [AND]

25 (2) if the explorer or producer receives a payment or credit under
26 AS 43.55.170, calculations showing whether the explorer or producer is liable for a
27 tax under AS 43.55.160(d) or 43.55.170(b) and, if so, the amount; **and**

28 **(3) for each expenditure that is the basis for a credit claimed under**
29 **this chapter, a description of the expenditure, a detailed description of the**
30 **purpose of the expenditure, and a description of the lease or property for which**
31 **the expenditure was incurred.**

1 * **Sec. 22.** AS 43.55.030 is amended by adding a new subsection to read:

2 (g) Notwithstanding AS 43.05.230(a), the department shall annually report the
3 information submitted during the previous calendar year under (a)(10) and (e)(3) of
4 this section to the legislature within 10 days after the convening of each regular
5 legislative session. The department shall deliver the information to the senate secretary
6 and the chief clerk of the house of representatives and notify the legislature that the
7 information is available.

8 * **Sec. 23.** AS 43.55.150 is amended by adding a new subsection to read:

9 (d) For purposes of calculating the tax under this chapter, the gross value at
10 the point of production may not be less than zero.

11 * **Sec. 24.** AS 43.55.160(e) is amended to read:

12 (e) Any adjusted lease expenditures under AS 43.55.165 and 43.55.170 that
13 would otherwise be deductible by a producer in a calendar year but whose deduction
14 would cause an annual production tax value calculated under (a)(1) or (h) of this
15 section of taxable oil or gas produced during the calendar year to be less than zero
16 may be used to establish a carried-forward annual loss under AS 43.55.023(b) **or**
17 **43.55.165(a)(3)**. However, the department shall provide by regulation a method to
18 ensure that, for a period for which a producer's tax liability is limited by
19 AS 43.55.011(j), (k), (o), or (p), any adjusted lease expenditures under AS 43.55.165
20 and 43.55.170 that would otherwise be deductible by a producer for that period but
21 whose deduction would cause a production tax value calculated under (a)(1)(C), (D),
22 (E), or (F), or (h)(3) of this section to be less than zero are accounted for as though the
23 adjusted lease expenditures had first been used as deductions in calculating the
24 production tax values of oil or gas subject to any of the limitations under
25 AS 43.55.011(j), (k), (o), or (p) that have positive production tax values so as to
26 reduce the tax liability calculated without regard to the limitation to the maximum
27 amount provided for under the applicable provision of AS 43.55.011(j), (k), (o), or (p).
28 Only the amount of those adjusted lease expenditures remaining after the accounting
29 provided for under this subsection may be used to establish a carried-forward annual
30 loss under AS 43.55.023(b) **or 43.55.165(a)(3)**. In this subsection, "producer" includes
31 "explorer."

1 * **Sec. 25.** AS 43.55.165(a) is amended to read:

2 (a) Except as provided in (j) and (k) of this section, for purposes of this
3 chapter, a producer's lease expenditures for a calendar year are

4 (1) costs, other than items listed in (e) of this section, that are

5 (A) incurred by the producer during the calendar year after
6 March 31, 2006, to explore for, develop, or produce oil or gas deposits located
7 within the producer's leases or properties in the state or, in the case of land in
8 which the producer does not own an operating right, operating interest, or
9 working interest, to explore for oil or gas deposits within other land in the
10 state; and

11 (B) allowed by the department by regulation, based on the
12 department's determination that the costs satisfy the following three
13 requirements:

14 (i) the costs must be incurred upstream of the point of
15 production of oil and gas;

16 (ii) the costs must be ordinary and necessary costs of
17 exploring for, developing, or producing, as applicable, oil or gas
18 deposits; and

19 (iii) the costs must be direct costs of exploring for,
20 developing, or producing, as applicable, oil or gas deposits; [AND]

21 (2) a reasonable allowance for that calendar year, as determined under
22 regulations adopted by the department, for overhead expenses that are directly related
23 to exploring for, developing, or producing, as applicable, the oil or gas deposits; **and**

24 **(3) 50 percent of the lease expenditures incurred in a previous**
25 **year, subject to (m) and (n) of this section, that**

26 **(A) met the requirements of AS 43.55.160(e) in the year that**
27 **the lease expenditures were incurred;**

28 **(B) have not been deducted in the determination of the**
29 **production tax value of oil and gas under AS 43.55.160(a) in a previous**
30 **calendar year;**

31 **(C) were not the basis of a credit under this title; and**

(D) were incurred to explore for, develop, or produce an oil or gas deposit located north of 68 degrees North latitude.

* **Sec. 26.** AS 43.55.165 is amended by adding new subsections to read:

(m) After the 50 percent reduction under (a)(3) of this section, lease expenditures carried forward under (a)(3) of this section shall accrue interest at seven percentage points above the annual rate charged member banks for advances by the 12th Federal Reserve District as of the first day of the calendar year, compounded annually. Interest under this subsection begins to accrue on January 1 of the calendar year immediately following the calendar year in which the lease expenditures were incurred and no longer accrues on December 31 of the calendar year immediately preceding the calendar year in which the carried-forward lease expenditures were applied. Interest accrued under this subsection has no value other than as a lease expenditure under this section. Interest may not accrue

(1) for a partial calendar year; or

(2) for more than seven calendar years.

(n) The Department of Natural Resources shall adopt regulations that require the pre-approval of lease expenditures carried forward under (a)(3) of this section. Regulations under this subsection may add additional requirements for or restrictions on the ability of a producer or explorer to carry forward a lease expenditure under (a)(3) of this section. For a lease expenditure to qualify under (a)(3) of this section, a producer or explorer shall provide to the Department of Natural Resources the information necessary to determine whether a lease expenditure qualifies to be carried forward under regulations adopted under this subsection.

* **Sec. 27.** AS 43.55.028(g)(3) and 43.55.029 are repealed.

* **Sec. 28.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE WORKING GROUP. (a) A legislative working group is established to analyze the Cook Inlet fiscal regime for oil and gas, review the state's tax structure and rates on oil and gas produced south of 68 degrees North latitude, recommend changes to the legislature for consideration during the Second Regular Session of the Thirtieth Alaska State Legislature, and develop terms for a comprehensive fiscal regime, including

1 (1) a tax structure that accounts for the unique circumstances for each oil and
2 gas producing area south of 68 degrees North latitude;

3 (2) incentives other than direct monetary support from the state for the
4 exploration, development, and production of oil and gas south of 68 degrees North latitude;

5 (3) consideration of the competitiveness of the area south of 68 degrees North
6 latitude to attract new oil and gas development;

7 (4) consideration of the unique market considerations of the Cook Inlet
8 sedimentary basin and the need to support energy supply security for communities in
9 Southcentral Alaska;

10 (5) alternative means of state support for the exploration, development, and
11 production of oil and gas in the Cook Inlet sedimentary basin, including loan guarantees or
12 other financial support through the Alaska Industrial Development and Export Authority, or
13 other state corporation or entity;

14 (6) the applicability of the recommended tax structure to gas currently subject
15 to AS 43.55.011(o).

16 (b) The recommended changes under (a) of this section may not include refundable or
17 deductible tax credits or carried-forward lease expenditures.

18 (c) The working group consists of

19 (1) two co-chairs, one of whom is a member of the house of representatives
20 appointed by the speaker of the house of representatives, and one of whom is a member of the
21 senate appointed by the president of the senate; and

22 (2) members appointed by the co-chairs; members must be legislators and
23 must include members of the majority and minority caucuses.

24 (d) The co-chairs of the working group may form an advisory group to the working
25 group, composed of members who are not legislators and who have expertise and skills to
26 assist in the review and development of a new plan for the tax structure and rates on oil and
27 gas produced south of 68 degrees North latitude. The members of an advisory group may
28 include commissioners or employees of state departments, members of the oil and gas
29 industry or trade associations, and economists.

30 (e) The working group may be supported by legislative consultants under contract
31 through the Legislative Budget and Audit Committee.

1 * **Sec. 29.** The uncodified law of the State of Alaska is amended by adding a new section to
2 read:

3 APPLICABILITY. (a) The additional limitations on the use of tax credits in
4 AS 43.55.011(q) and (r), added by sec. 7 of this Act, AS 43.55.023(c), as amended by sec. 10
5 of this Act, AS 43.55.024(g), as amended by sec. 12 of this Act, AS 43.55.024(i), as amended
6 by sec. 13 of this Act, and AS 43.55.025(i), as amended by sec. 16 of this Act, and the
7 adjustment to the calculation of a tax payment under AS 43.55.020(a)(11), added by sec. 8 of
8 this Act, apply to credits applied to reduce a tax liability for a tax year starting on or after the
9 effective date of secs. 7, 8, 10, 12, 13, and 16 of this Act.

10 (b) AS 43.55.023(b), as amended by sec. 9 of this Act, applies to lease expenditures
11 incurred on or after the effective date of sec. 9 of this Act.

12 (c) The repeal of AS 43.55.029 by sec. 27 of this Act applies to a credit applied for on
13 or after the effective date of sec. 27 of this Act.

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

16 TRANSITION: CARRIED-FORWARD LOSSES AND LEASE EXPENDITURES.

17 (a) Notwithstanding AS 43.55.023(d), as amended by sec. 11 of this Act, and
18 AS 43.55.028(a), as amended by sec. 18 of this Act, the Department of Revenue may
19 purchase a transferable tax credit certificate that was issued under AS 43.55.023(d) for a
20 credit earned under AS 43.55.023(b) before the effective date of secs. 11 and 18 of this Act,
21 under AS 43.55.023(d) and 43.55.028(a), as those subsections read on the day before the
22 effective date of secs. 11 and 18 of this Act.

23 (b) AS 43.55.165(a)(3) and 43.55.165(m) and (n), added by secs. 25 and 26 of this
24 Act, apply to a lease expenditure incurred on or after the effective date of secs. 25 and 26 of
25 this Act.

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

28 TRANSITION: ASSIGNMENT OF TAX CREDIT CERTIFICATES.

29 Notwithstanding the repeal of AS 43.55.029 by sec. 27 of this Act, the Department of
30 Revenue may continue to apply and enforce AS 43.55.029 as that section read the day before
31 the effective date of sec. 27 of this Act for a credit applied for before the effective date of sec.

1 27 of this Act.

2 * **Sec. 32.** The uncodified law of the State of Alaska is amended by adding a new section to
3 read:

4 TRANSITION: PAYMENT OF TAX; FILING. (a) Notwithstanding AS 43.55.020(a),
5 as amended by sec. 8 of this Act, a person subject to tax under AS 43.55 that is required to
6 make one or more installment payments of estimated tax or other payments of tax under
7 AS 43.55.020 for production before the effective date of sec. 8 of this Act shall pay the tax
8 under AS 43.55.020, as that section read on the day before the effective date of sec. 8 of this
9 Act.

10 (b) The Department of Revenue may continue to apply and enforce AS 43.55.020(a),
11 as that subsection read on the day before the effective date of sec. 8 of this Act, for a tax or
12 installment payment for production before the effective date of sec. 8 of this Act.

13 * **Sec. 33.** The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 RETROACTIVITY. Section 2 of this Act is retroactive to January 1, 2017.

16 * **Sec. 34.** Sections 1, 2, 28, and 33 of this Act take effect immediately under
17 AS 01.10.070(c).

18 * **Sec. 35.** Except as provided in sec. 34 of this Act, this Act takes effect January 1, 2018.