

CS FOR HOUSE BILL NO. 111(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/9/17

Referred: Today's Calendar

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 carried-forward**
3 **lease expenditures based on losses and limiting those lease expenditures to an amount**
4 **equal to the gross value at the point of production of oil and gas produced from the lease**
5 **or property where the lease expenditure was incurred; relating to information**
6 **concerning tax credits, lease expenditures, and oil and gas taxes; relating to the**
7 **disclosure of that information to the public; relating to an adjustment in the gross value**
8 **at the point of production; relating to a legislative working group; and providing for an**
9 **effective date."**

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

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

12 (n) Upon request of the commissioner of revenue, the commission shall

1 determine the commencement of regular production from a lease or property for
 2 purposes of AS 43.55.160(f) [AND (g)].

3 * **Sec. 2.** AS 40.25.100(a) is amended to read:

4 (a) Information in the possession of the Department of Revenue that discloses
 5 the particulars of the business or affairs of a taxpayer or other person, including
 6 information under AS 38.05.020(b)(11) that is subject to a confidentiality agreement
 7 under AS 38.05.020(b)(12), is not a matter of public record, except as provided in
 8 **AS 43.05.230(i) - (n)** [AS 43.05.230(i) - (l)] or for purposes of investigation and law
 9 enforcement. The information shall be kept confidential except when its production is
 10 required in an official investigation, administrative adjudication under AS 43.05.405 -
 11 43.05.499, or court proceeding. These restrictions do not prohibit the publication of
 12 statistics presented in a manner that prevents the identification of particular reports
 13 and items, prohibit the publication of tax lists showing the names of taxpayers who are
 14 delinquent and relevant information that may assist in the collection of delinquent
 15 taxes, or prohibit the publication of records, proceedings, and decisions under
 16 AS 43.05.405 - 43.05.499.

17 * **Sec. 3.** AS 43.05.225 is amended to read:

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

19 (1) a delinquent tax

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

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

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

31 [(i) FOR THE FIRST THREE YEARS AFTER A TAX

1 BECOMES DELINQUENT,] bears interest in each calendar quarter at
 2 the rate of seven percentage points above the annual rate charged
 3 member banks for advances by the 12th Federal Reserve District as of
 4 the first day of that calendar quarter, compounded quarterly as of the
 5 last day of that quarter; [AND

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

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

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

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

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

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

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

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

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

24 (C) **the aggregate amount of the tax credit certificates**
 25 **issued to the person in the preceding calendar year; and**

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

28 * **Sec. 5.** AS 43.05.230 is amended by adding new subsections to read:

29 (m) The department may disclose information otherwise publicly available

30 (1) on a return filed for a tax due under AS 43.55; or

31 (2) related to a credit received under AS 43.20.046, 43.20.047,

1 43.20.049, 43.20.052, or 43.20.053.

2 (n) The name of each person claiming a credit, the amount of credit received
3 for each oil refinery, and a description of the expenditures for which each credit is
4 claimed under AS 43.20.053 is public information. The department shall make the
5 following information public by April 30 of each year:

6 (1) the name of each person who claimed a tax credit under
7 AS 43.20.053 in the preceding calendar year;

8 (2) for each refinery for which a tax credit was claimed under
9 AS 43.20.053 in the preceding calendar year,

10 (A) the aggregate amount of tax credits claimed for that
11 refinery;

12 (B) a description of any potential benefits to the state or
13 residents of the state, including the estimated monetary value;

14 (3) a brief description of the qualified infrastructure expenditures for
15 which each tax credit claimed under AS 43.20.053 in the preceding calendar year was
16 claimed; and

17 (4) for each refinery for which an expenditure is the basis of a credit
18 under AS 43.20.053, the aggregate amount of unused tax credits or portions of tax
19 credits.

20 * **Sec. 6.** AS 43.55.011(e) is amended to read:

21 (e) There is levied on the producer of oil or gas a tax for all oil and gas
22 produced each calendar year from each lease or property in the state, less any oil and
23 gas the ownership or right to which is exempt from taxation or constitutes a
24 landowner's royalty interest or for which a tax is levied by AS 43.55.014. Except as
25 otherwise provided under (f), (j), (k), (o), and (p) of this section, for oil and gas
26 produced

27 (1) before January 1, 2014, the tax is equal to the sum of

28 (A) the annual production tax value of the taxable oil and gas
29 as calculated under AS 43.55.160(a)(1) multiplied by 25 percent; and

30 (B) the sum, over all months of the calendar year, of the tax
31 amounts determined under (g) of this section;

1 (2) on and after January 1, 2014, and before January 1, **2018** [2022],
 2 the tax is equal to the annual production tax value of the taxable oil and gas as
 3 calculated under AS 43.55.160(a)(1) multiplied by 35 percent;

4 (3) **on and after January 1, 2018, and before January 1, 2022, the**
 5 **tax is equal to the sum of**

6 (A) **the annual production tax value of the taxable oil and**
 7 **gas as calculated under AS 43.55.160(a)(1) multiplied by 25 percent; and**

8 (B) **the sum, over all the months of the calendar year, of the**
 9 **amounts determined under (g) of this section;**

10 (4) on and after January 1, 2022, the tax for

11 (A) oil is equal to the **sum of**

12 (i) **the** annual production tax value of the taxable oil as
 13 calculated under **AS 43.55.160(h)(1)** [AS 43.55.160(h)] multiplied by
 14 **25** [35] percent; **and**

15 (ii) **the sum, over all the months of the calendar**
 16 **year, of the amounts determined under (g) of this section;**

17 (B) gas is equal to 13 percent of the gross value at the point of
 18 production of the taxable gas; if the gross value at the point of production of
 19 gas produced from a lease or property is less than zero, that gross value at the
 20 point of production is considered zero for purposes of this subparagraph.

21 * **Sec. 7.** AS 43.55.011(g) is amended to read:

22 (g) **For purposes of (e) of this section,**

23 (1) **before January 1, 2014, for** [FOR] each month of a calendar year
 24 [BEFORE 2014] for which the producer's average monthly production tax value under
 25 AS 43.55.160(a)(2) of a BTU equivalent barrel of the taxable oil and gas is more than
 26 \$30, the amount of tax for purposes of (e)(1)(B) of this section is determined by
 27 multiplying the monthly production tax value of the taxable oil and gas produced
 28 during the month by the tax rate calculated as follows:

29 (A) [(1)] if the producer's average monthly production tax
 30 value of a BTU equivalent barrel of the taxable oil and gas for the month is not
 31 more than \$92.50, the tax rate is 0.4 percent multiplied by the number that

1 represents the difference between that average monthly production tax value of
2 a BTU equivalent barrel and \$30; or

3 **(B)** [(2)] if the producer's average monthly production tax value
4 of a BTU equivalent barrel of the taxable oil and gas for the month is more
5 than \$92.50, the tax rate is the sum of 25 percent and the product of 0.1 percent
6 multiplied by the number that represents the difference between the average
7 monthly production tax value of a BTU equivalent barrel and \$92.50, except
8 that the sum determined under this **subparagraph** [PARAGRAPH] may not
9 exceed 50 percent;

10 **(2) on or after January 1, 2018, and before January 1, 2022, for**
11 **each month of a calendar year for which the producer's production tax value**
12 **under AS 43.55.160(a)(2) of a BTU equivalent barrel of the taxable oil and gas is**
13 **more than \$60, the difference between the monthly production tax value of a**
14 **BTU equivalent barrel and \$60 multiplied by the volume of oil and gas produced**
15 **by the producer for the month multiplied by 15 percent;**

16 **(3) on or after January 1, 2022, for each month of a calendar year**
17 **for which the producer's production tax value under AS 43.55.160(h)(2) of a BTU**
18 **equivalent barrel of taxable oil is more than \$60, the difference between the**
19 **monthly production tax value of a BTU equivalent barrel and \$60 multiplied by**
20 **the volume of oil produced by the producer for the month multiplied by 15**
21 **percent.**

22 * **Sec. 8.** AS 43.55.011 is amended by adding new subsections to read:

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

28 (1) for gas produced on and after January 1, 2018, and before
29 January 1, 2022,

30 (A) four percent of the adjusted gross value at the point of
31 production when the average price per barrel for Alaska North Slope crude oil

1 for sale on the United States West Coast during the calendar year for which the
2 tax is due is more than \$25;

3 (B) three percent of the adjusted gross value at the point of
4 production when the average price per barrel for Alaska North Slope crude oil
5 for sale on the United States West Coast during the calendar year for which the
6 tax is due is more than \$20 but not more than \$25;

7 (C) two percent of the adjusted gross value at the point of
8 production when the average price per barrel for Alaska North Slope crude oil
9 for sale on the United States West Coast during the calendar year for which the
10 tax is due is more than \$17.50 but not more than \$20;

11 (D) one percent of the adjusted gross value at the point of
12 production when the average price per barrel for Alaska North Slope crude oil
13 for sale on the United States West Coast during the calendar year for which the
14 tax is due is more than \$15 but not more than \$17.50; or

15 (E) zero percent of the adjusted gross value at the point of
16 production when the average price per barrel for Alaska North Slope crude oil
17 for sale on the United States West Coast during the calendar year for which the
18 tax is due is \$15 or less;

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

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

24 (B) three percent of the adjusted gross value at the point of
25 production when the average price per barrel for Alaska North Slope crude oil
26 for sale on the United States West Coast during the calendar year for which the
27 tax is due is more than \$20 but not more than \$25;

28 (C) two 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 more than \$17.50 but not more than \$20;

1 (D) one 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 more than \$15 but not more than \$17.50; or

5 (E) zero percent of the adjusted gross value at the point of
 6 production when the average price per barrel for Alaska North Slope crude oil
 7 for sale on the United States West Coast during the calendar year for which the
 8 tax is due is \$15 or less.

9 (r) In (q) of this section, "adjusted gross value at the point of production"
 10 means the gross value at the point of production less a reduction from the gross value
 11 at the point of production under AS 43.55.160(f).

12 * **Sec. 9.** AS 43.55.014(b) is amended to read:

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

18 * **Sec. 10.** AS 43.55.020(a) is amended to read:

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

21 (1) for oil and gas produced before January 1, 2014, an installment
 22 payment of the estimated tax levied by AS 43.55.011(e), net of any tax credits applied
 23 as allowed by law, is due for each month of the calendar year on the last day of the
 24 following month; except as otherwise provided under (2) of this subsection, the
 25 amount of the installment payment is the sum of the following amounts, less 1/12 of
 26 the tax credits that are allowed by law to be applied against the tax levied by
 27 AS 43.55.011(e) for the calendar year, but the amount of the installment payment may
 28 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) the sum of 25 percent and the tax rate calculated for
4 the month under AS 43.55.011(g) multiplied by the remainder obtained
5 by 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;

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

13 (i) zero;

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

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

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) the sum of 25 percent and the tax rate calculated for
30 the month under AS 43.55.011(g) multiplied by the remainder obtained
31 by 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 or gas, respectively,
3 produced from the lease or property from the gross value at the point of
4 production of the oil or gas, respectively, produced from the lease or
5 property during the month for which the installment payment is
6 calculated;

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

8 (i) the sum of 25 percent and the tax rate calculated for
9 the month under AS 43.55.011(g) multiplied by the remainder obtained
10 by 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 and gas under AS 43.55.160 from the gross value
13 at the point of production of the oil and gas produced from the leases or
14 properties during the month for which the installment payment is
15 calculated, but not less than zero; or

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

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

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

31 (A) the applicable tax rate for oil provided under

1 AS 43.55.011(i), multiplied by the gross value at the point of production of the
 2 oil taxable under AS 43.55.011(i) and produced from the lease or property
 3 during the month; and

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

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

12 (5) for oil and gas produced on and after January 1, 2014, and before
 13 **January 1, 2018** [JANUARY 1, 2022], an installment payment of the estimated tax
 14 levied by AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for
 15 each month of the calendar year on the last day of the following month; except as
 16 otherwise provided under **(7)** [(6)] of this subsection, the amount of the installment
 17 payment is the sum of the following amounts, less 1/12 of the tax credits that are
 18 allowed by law to be applied against the tax levied by AS 43.55.011(e) for the
 19 calendar year, but the amount of the installment payment may not be less than zero:

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

24 (i) zero; or

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

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

3 (i) zero;

4 (ii) **the percentage applicable under AS 43.55.011(f)**

5 [ZERO PERCENT, ONE PERCENT, TWO PERCENT, THREE
6 PERCENT, OR FOUR PERCENT, AS APPLICABLE,] of the gross
7 value at the point of production of the oil and gas produced from the
8 leases or properties during the month for which the installment
9 payment is calculated; or

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

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

21 (i) zero; or

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

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

31 (i) 35 percent multiplied by the remainder obtained by

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

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

10 **(6) for oil and gas produced on and after January 1, 2018, and**
 11 **before January 1, 2022, an installment payment of the estimated tax levied by**
 12 **AS 43.55.011(e), net of any tax credits applied as allowed by law, is due for each**
 13 **month of the calendar year on the last day of the following month; except as**
 14 **otherwise provided under (7) of this subsection, the amount of the installment**
 15 **payment is the sum of the following amounts, less 1/12 of the tax credits that are**
 16 **allowed by law to be applied against the tax levied by AS 43.55.011(e) for the**
 17 **calendar year, but the amount of the installment payment may not be less than**
 18 **zero:**

19 **(A) for oil and gas not subject to AS 43.55.011(o) or (p)**
 20 **produced from leases or properties in the state outside the Cook Inlet**
 21 **sedimentary basin, other than leases or properties subject to**
 22 **AS 43.55.011(f), the greater of**

23 **(i) zero; or**

24 **(ii) the amount calculated for the month under**
 25 **AS 43.55.011(g), as applicable, and 25 percent multiplied by the**
 26 **remainder obtained by subtracting 1/12 of the producer's adjusted**
 27 **lease expenditures for the calendar year of production under**
 28 **AS 43.55.165 and 43.55.170 that are deductible for the oil and gas**
 29 **under AS 43.55.160 from the gross value at the point of production**
 30 **of the oil and gas produced from the leases or properties during the**
 31 **month for which the installment payment is calculated;**

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

3 (i) zero;

4 (ii) the percentage applicable under AS 43.55.011(f)
5 of the gross value at the point of production of the oil and gas
6 produced from the leases or properties during the month for which
7 the installment payment is calculated; or

8 (iii) the amount calculated for the month under
9 AS 43.55.011(g), as applicable, and 25 percent multiplied by the
10 remainder obtained by subtracting 1/12 of the producer's adjusted
11 lease expenditures for the calendar year of production under
12 AS 43.55.165 and 43.55.170 that are deductible for the oil and gas
13 under AS 43.55.160 from the gross value at the point of production
14 of the oil and gas produced from those leases or properties during
15 the month for which the installment payment is calculated, except
16 that, for the purposes of this calculation, a reduction from the gross
17 value at the point of production may apply for oil and gas subject
18 to AS 43.55.160(f);

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

21 (i) zero; or

22 (ii) the amount calculated for the month under
23 AS 43.55.011(g), as applicable, and 25 percent multiplied by the
24 remainder obtained by subtracting 1/12 of the producer's adjusted
25 lease expenditures for the calendar year of production under
26 AS 43.55.165 and 43.55.170 that are deductible under AS 43.55.160
27 for the oil or gas, respectively, produced from the lease or property
28 from the gross value at the point of production of the oil or gas,
29 respectively, produced from the lease or property during the
30 month for which the installment payment is calculated;

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

1 (i) the amount calculated for the month under
 2 AS 43.55.011(g), as applicable, and 25 percent multiplied by the
 3 remainder obtained by subtracting 1/12 of the producer's adjusted
 4 lease expenditures for the calendar year of production under
 5 AS 43.55.165 and 43.55.170 that are deductible for the oil and gas
 6 under AS 43.55.160 from the gross value at the point of production
 7 of the oil and gas produced from the leases or properties during the
 8 month for which the installment payment is calculated, but not less
 9 than zero; or

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

13 (7) [(6)] an amount calculated under (5)(C) or (6)(C) of this subsection
 14 for oil or gas subject to AS 43.55.011(j), (k), or (o) may not exceed the product
 15 obtained by carrying out the calculation set out in AS 43.55.011(j)(1) or (2) or
 16 43.55.011(o), as applicable, for gas or set out in AS 43.55.011(k) for oil, but
 17 substituting in AS 43.55.011(j)(1)(A) or (2)(A) or 43.55.011(o), as applicable, the
 18 amount of taxable gas produced during the month for the amount of taxable gas
 19 produced during the calendar year and substituting in AS 43.55.011(k) the amount of
 20 taxable oil produced during the month for the amount of taxable oil produced during
 21 the calendar year;

22 (8) [(7)] for oil and gas produced on or after January 1, 2022, an
 23 installment payment of the estimated tax levied by AS 43.55.011(e), net of any tax
 24 credits applied as allowed by law, is due for each month of the calendar year on the
 25 last day of the following month; except as otherwise provided under (11) [(10)] of this
 26 subsection, the amount of the installment payment is the sum of the following
 27 amounts, less 1/12 of the tax credits that are allowed by law to be applied against the
 28 tax levied by AS 43.55.011(e) for the calendar year, but the amount of the installment
 29 payment may 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) **the amount calculated for the month under**
 9 **AS 43.55.011(g), as applicable, and 25** [35] percent multiplied by the
 10 remainder obtained by subtracting 1/12 of the producer's adjusted lease
 11 expenditures for the calendar year of production under AS 43.55.165
 12 and 43.55.170 that are deductible for the oil under
 13 **AS 43.55.160(h)(1)(A)** [AS 43.55.160(h)(1)] from the gross value at
 14 the point of production of the oil produced from those leases or
 15 properties during the month for which the installment payment is
 16 calculated, except that, for the purposes of this calculation, a reduction
 17 from the gross value at the point of production may apply for oil
 18 subject to AS 43.55.160(f) [OR 43.55.160(f) AND (g)];

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

24 (i) zero; or

25 (ii) **the amount calculated for the month under**
 26 **AS 43.55.011(g), as applicable, and 25** [35] percent multiplied by the
 27 remainder obtained by subtracting 1/12 of the producer's adjusted lease
 28 expenditures for the calendar year of production under AS 43.55.165
 29 and 43.55.170 that are deductible for the oil under
 30 **AS 43.55.160(h)(1)(B)** [AS 43.55.160(h)(2)] from the gross value at
 31 the point of production of the oil produced from the leases or properties

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

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

5 (i) **the amount calculated for the month under**
6 **AS 43.55.011(g), as applicable, and 25** [35] percent multiplied by the
7 remainder obtained by subtracting 1/12 of the producer's adjusted lease
8 expenditures for the calendar year of production under AS 43.55.165
9 and 43.55.170 that are deductible for the oil under
10 **AS 43.55.160(h)(1)(C)** [AS 43.55.160(h)(3)] from the gross value at
11 the point of production of the oil produced from the leases or properties
12 during the month for which the installment payment is calculated, but
13 not less than zero; and

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

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

20 (i) zero; or

21 (ii) **the amount calculated for the month under**
22 **AS 43.55.011(g), as applicable, and 25** [35] percent multiplied by the
23 remainder obtained by subtracting 1/12 of the producer's adjusted lease
24 expenditures for the calendar year of production under AS 43.55.165
25 and 43.55.170 that are deductible for the oil under
26 **AS 43.55.160(h)(1)(D)** [AS 43.55.160(h)(4)] 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 (E) for gas produced from each lease or property in the state
30 outside the Cook Inlet sedimentary basin, other than a lease or property subject
31 to AS 43.55.011(o) or (p), 13 percent of the gross value at the point of

1 production of the gas produced from the lease or property during the month for
2 which the installment payment is calculated, but not less than zero;

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

5 (i) zero; or

6 (ii) **the amount calculated for the month under**
7 **AS 43.55.011(g), as applicable, and 25** [35] percent multiplied by the
8 remainder obtained by subtracting 1/12 of the producer's adjusted lease
9 expenditures for the calendar year of production under AS 43.55.165
10 and 43.55.170 that are deductible under AS 43.55.160 for the oil
11 produced from the lease or property from the gross value at the point of
12 production of the oil produced from the lease or property during the
13 month for which the installment payment is calculated;

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

16 (i) zero; or

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

20 **(9)** [(8)] an amount calculated under **(8)(C)** [(7)(C)] of this subsection
21 may not exceed four percent of the gross value at the point of production of the oil and
22 gas produced from leases or properties subject to AS 43.55.011(p) during the month
23 for which the installment payment is calculated;

24 **(10)** [(9)] for purposes of the calculation under (1)(B)(ii), (5)(B)(ii),
25 **(6)(B)(ii)**, and **(8)(A)(ii)** [(7)(A)(ii)] of this subsection, the applicable percentage of
26 the gross value at the point of production is determined under AS 43.55.011(f)(1) or
27 (2) but substituting the phrase "month for which the installment payment is calculated"
28 in AS 43.55.011(f)(1) and (2) for the phrase "calendar year for which the tax is due";

29 **(11)** [(10)] an amount calculated under **(8)(F) or (G)** [(7)(F) OR (G)]
30 of this subsection for oil or gas subject to AS 43.55.011(j), (k), or (o) may not exceed
31 the product obtained by carrying out the calculation set out in AS 43.55.011(j)(1) or

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

7 * **Sec. 11.** AS 43.55.020(g) is amended to read:

8 (g) Notwithstanding any contrary provision of AS 43.05.225,

9 (1) before January 1, 2014, an unpaid amount of an installment
 10 payment required under (a)(1) - (3) of this section that is not paid when due bears
 11 interest (A) at the rate provided for an underpayment under 26 U.S.C. 6621 (Internal
 12 Revenue Code), as amended, compounded daily, from the date the installment
 13 payment is due until March 31 following the calendar year of production, and (B) as
 14 provided for a delinquent tax under AS 43.05.225 after that March 31; interest accrued
 15 under (A) of this paragraph that remains unpaid after that March 31 is treated as an
 16 addition to tax that bears interest under (B) of this paragraph; an unpaid amount of tax
 17 due under (a)(4) of this section that is not paid when due bears interest as provided for
 18 a delinquent tax under AS 43.05.225;

19 (2) on and after January 1, 2014, an unpaid amount of an installment
 20 payment required under (a)(3), (5), (6), [OR] (7), or (8) of this section that is not paid
 21 when due bears interest (A) at the rate provided for an underpayment under 26 U.S.C.
 22 6621 (Internal Revenue Code), as amended, compounded daily, from the date the
 23 installment payment is due until March 31 following the calendar year of production,
 24 and (B) as provided for a delinquent tax under AS 43.05.225 after that March 31;
 25 interest accrued under (A) of this paragraph that remains unpaid after that March 31 is
 26 treated as an addition to tax that bears interest under (B) of this paragraph; an unpaid
 27 amount of tax due under (a)(4) of this section that is not paid when due bears interest
 28 as provided for a delinquent tax under AS 43.05.225.

29 * **Sec. 12.** AS 43.55.020(h) is amended to read:

30 (h) Notwithstanding any contrary provision of AS 43.05.280,

31 (1) an overpayment of an installment payment required under (a)(1),

1 (2), (3), (5), (6), [OR] (7), or (8) of this section bears interest at the rate provided for
 2 an overpayment under 26 U.S.C. 6621 (Internal Revenue Code), as amended,
 3 compounded daily, from the later of the date the installment payment is due or the date
 4 the overpayment is made, until the earlier of

5 (A) the date it is refunded or is applied to an underpayment; or

6 (B) March 31 following the calendar year of production;

7 (2) except as provided under (1) of this subsection, interest with
 8 respect to an overpayment is allowed only on any net overpayment of the payments
 9 required under (a) of this section that remains after the later of March 31 following the
 10 calendar year of production or the date that the statement required under
 11 AS 43.55.030(a) is filed;

12 (3) interest is allowed under (2) of this subsection only from a date that
 13 is 90 days after the later of March 31 following the calendar year of production or the
 14 date that the statement required under AS 43.55.030(a) is filed; interest is not allowed
 15 if the overpayment was refunded within the 90-day period;

16 (4) interest under (2) and (3) of this subsection is paid at the rate and in
 17 the manner provided in AS 43.05.225(1).

18 * **Sec. 13.** AS 43.55.020(k) is amended to read:

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

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

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

6 * **Sec. 14.** AS 43.55.020(l) is amended to read:

7 (l) For oil and gas produced on and after January 1, 2022, in making
8 settlement with the royalty owner for oil and gas that is taxable under AS 43.55.011,
9 the producer may deduct the amount of the tax paid on taxable royalty oil and gas, or
10 may deduct taxable royalty oil or gas equivalent in value at the time the tax becomes
11 due to the amount of the tax paid. If the total deductions of installment payments of
12 estimated tax for a calendar year exceed the actual tax for that calendar year, the
13 producer shall, before April 1 of the following year, refund the excess to the royalty
14 owner. In making settlement with the royalty owner for gas that is taxable under
15 AS 43.55.014, the producer may deduct the amount of the gas paid as in-kind tax on
16 taxable royalty gas or may deduct the gross value at the point of production of the gas
17 paid as in-kind tax on taxable royalty gas. Unless otherwise agreed between the
18 producer and the royalty owner, the amount of the tax paid under AS 43.55.011(e) on
19 taxable royalty oil for a calendar year, other than oil the ownership or right to which
20 constitutes a landowner's royalty interest, is considered to be the gross value at the
21 point of production of the taxable royalty oil produced during the calendar year
22 multiplied by a figure that is a quotient, in which

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

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

29 * **Sec. 15.** AS 43.55.023(b) is amended to read:

30 (b) [BEFORE JANUARY 1, 2014, A PRODUCER OR EXPLORER MAY
31 ELECT TO TAKE A TAX CREDIT IN THE AMOUNT OF 25 PERCENT OF A

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

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

28 (2) for lease expenditures incurred on or after January 1, 2017, any
 29 reduction under AS 43.55.160(f) [OR (g)] is added back to the calculation of
 30 production tax values for that calendar year under AS 43.55.160 for the determination
 31 of a carried-forward annual loss.

1 * **Sec. 16.** AS 43.55.023(c) is amended to read:

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

7 * **Sec. 17.** 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 **or the**
14 **amount calculated under AS 43.55.011(f) or (g), as applicable**.

15 * **Sec. 18.** AS 43.55.025(i) is amended to read:

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

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

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

24 * **Sec. 19.** AS 43.55.030(a) is amended to read:

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

30 (1) a description of each lease or property from which oil or gas was
31 produced, by name, legal description, lease number, or accounting codes assigned by

1 the department;

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

4 (3) the gross amount of oil and the gross amount of gas produced from
5 each lease or property, separately identifying the gross amount of gas produced from
6 each oil and gas lease to which an effective election under AS 43.55.014(a) applies,
7 the amount of gas delivered to the state under AS 43.55.014(b), and the percentage of
8 the gross amount of oil and gas owned by the producer;

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

12 (5) the name of the first purchaser and the price received for the oil and
13 for the gas, unless relieved from this requirement in whole or in part by the
14 department;

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

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

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

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

23 **(10) for each expenditure that is the basis of a lease expenditure**
24 **carried forward under AS 43.55.165(a)(3) or a credit claimed under AS 43.55.023**
25 **or 43.55.025, a description of the expenditure and a description of the lease or**
26 **property for which the expenditure was incurred.**

27 * **Sec. 20.** AS 43.55.030(e) is amended to read:

28 (e) An explorer or producer that incurs a lease expenditure under
29 AS 43.55.165 or receives a payment or credit under AS 43.55.170 during a calendar
30 year but does not produce oil or gas from a lease or property in the state during the
31 calendar year shall file with the department, on March 31 of the following year, a

1 statement, under oath, in a form prescribed by the department, giving, with other
2 information required **under a regulation adopted by the department**, the following:

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

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

9 **(3) for each expenditure that is the basis of a lease expenditure**
10 **carried forward under AS 43.55.165(a)(3) or a credit claimed under this chapter,**
11 **a description of the expenditure and a description of the lease or property for**
12 **which the expenditure was incurred.**

13 * **Sec. 21.** AS 43.55.150 is amended by adding a new subsection to read:

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

16 * **Sec. 22.** AS 43.55.160(a) is amended to read:

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

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

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

31 (B) oil and gas produced from leases or properties in the state

1 outside the Cook Inlet sedimentary basin, no part of which is north of 68
 2 degrees North latitude and that qualifies for a tax credit under AS 43.55.024(a)
 3 and (b); this subparagraph does not apply to

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

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

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

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

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

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

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

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

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

28 (B) oil and gas produced during a month from leases or
 29 properties in the state outside the Cook Inlet sedimentary basin, no part of
 30 which is north of 68 degrees North latitude, is the gross value at the point of
 31 production of the oil and gas taxable under AS 43.55.011(e) and produced by

1 the producer from those leases or properties, less 1/12 of the producer's lease
 2 expenditures under AS 43.55.165 for the calendar year applicable to the oil and
 3 gas produced by the producer from those leases or properties, as adjusted under
 4 AS 43.55.170; this subparagraph does not apply to gas subject to
 5 AS 43.55.011(o);

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

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

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

25 * **Sec. 23.** AS 43.55.160(e) is amended to read:

26 (e) Any adjusted lease expenditures under AS 43.55.165 and 43.55.170 that
 27 would otherwise be deductible by a producer in a calendar year but whose deduction
 28 would cause an annual production tax value calculated under (a)(1) or **(h)(1)** [(h)] of
 29 this section of taxable oil or gas produced during the calendar year to be less than zero
 30 may be used to establish a carried-forward annual loss under AS 43.55.023(b) **or**
 31 **43.55.165(a)(3)**. However, the department shall provide by regulation a method to

1 ensure that, for a period for which a producer's tax liability is limited by
 2 AS 43.55.011(j), (k), (o), or (p), any adjusted lease expenditures under AS 43.55.165
 3 and 43.55.170 that would otherwise be deductible by a producer for that period but
 4 whose deduction would cause a production tax value calculated under (a)(1)(C), (D),
 5 (E), or (F), or (h)(1)(C) [(h)(3)] of this section to be less than zero are accounted for as
 6 though the adjusted lease expenditures had first been used as deductions in calculating
 7 the production tax values of oil or gas subject to any of the limitations under
 8 AS 43.55.011(j), (k), (o), or (p) that have positive production tax values so as to
 9 reduce the tax liability calculated without regard to the limitation to the maximum
 10 amount provided for under the applicable provision of AS 43.55.011(j), (k), (o), or (p).
 11 Only the amount of those adjusted lease expenditures remaining after the accounting
 12 provided for under this subsection may be used to establish a carried-forward annual
 13 loss under AS 43.55.023(b) or 43.55.165(a)(3). In this subsection, "producer" includes
 14 "explorer."

15 * **Sec. 24.** AS 43.55.160(f) is amended to read:

16 (f) On and after January 1, 2014, in the calculation of an annual production tax
 17 value of a producer under (a)(1)(A) or (h)(1)(A) [(h)(1)] of this section, the gross
 18 value at the point of production of oil or gas produced from a lease or property north
 19 of 68 degrees North latitude meeting one or more of the following criteria is reduced
 20 by 20 percent: (1) the oil or gas is produced from a lease or property that does not
 21 contain a lease that was within a unit on January 1, 2003; (2) the oil or gas is produced
 22 from a participating area established after December 31, 2011, that is within a unit
 23 formed under AS 38.05.180(p) before January 1, 2003, if the participating area does
 24 not contain a reservoir that had previously been in a participating area established
 25 before December 31, 2011; (3) the oil or gas is produced from acreage that was added
 26 to an existing participating area by the Department of Natural Resources on and after
 27 January 1, 2014, and the producer demonstrates to the department that the volume of
 28 oil or gas produced is from acreage added to an existing participating area. This
 29 subsection does not apply to gas produced before 2022 that is used in the state or to
 30 gas produced on and after January 1, 2022. For oil and gas first produced from a lease
 31 or property after December 31, 2016, a reduction allowed under this subsection

1 applies from the date of commencement of regular production of oil and gas from that
 2 lease or property and expires after three years, consecutive or nonconsecutive, in
 3 which the average annual price per barrel for Alaska North Slope crude oil for sale on
 4 the United States West Coast is more than \$70 or after seven years, whichever occurs
 5 first. For oil and gas first produced from a lease or property before January 1, 2017, a
 6 reduction allowed under this subsection expires on the earlier of January 1, 2023, or
 7 January 1 following three years, consecutive or nonconsecutive, in which the average
 8 annual price per barrel for Alaska North Slope crude oil for sale on the United States
 9 West Coast is more than \$70. The Alaska Oil and Gas Conservation Commission shall
 10 determine the commencement of regular production of oil and gas for purposes of this
 11 subsection. A reduction under this subsection may not reduce the gross value at the
 12 point of production below zero. In this subsection, "participating area" means a
 13 reservoir or portion of a reservoir producing or contributing to production as approved
 14 by the Department of Natural Resources.

15 * **Sec. 25.** AS 43.55.160(h) is amended to read:

16 (h) For oil produced on and after January 1, 2022, except as provided in (b)
 17 **and** [,] (f) [, AND (g)] of this section, for the purposes of
 18 **(1) AS 43.55.011(e)(4)** [AS 43.55.011(e)(3)], the annual production
 19 tax value of oil taxable under AS 43.55.011(e) produced by a producer during a
 20 calendar year

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

28 **(B)** [(2)] before or during the last calendar year under
 29 AS 43.55.024(b) for which the producer could take a tax credit under
 30 AS 43.55.024(a), from leases or properties in the state outside the Cook Inlet
 31 sedimentary basin, no part of which is north of 68 degrees North latitude, other

1 than leases or properties subject to AS 43.55.011(p), is the gross value at the
 2 point of production of that oil, less the producer's lease expenditures under
 3 AS 43.55.165 for the calendar year incurred to explore for, develop, or produce
 4 oil and gas deposits located in the state outside the Cook Inlet sedimentary
 5 basin and south of 68 degrees North latitude, other than oil and gas deposits
 6 located in a lease or property that includes land north of 68 degrees North
 7 latitude or that is subject to AS 43.55.011(p) or, before January 1, 2027, from
 8 which commercial production has not begun, as adjusted under AS 43.55.170;

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

17 (D) [(4)] from leases or properties in the state no part of which
 18 is north of 68 degrees North latitude, other than leases or properties subject to
 19 (B) or (C) of this paragraph [(2) OR (3) OF THIS SUBSECTION], is the
 20 gross value at the point of production of that oil less the producer's lease
 21 expenditures under AS 43.55.165 for the calendar year incurred to explore for,
 22 develop, or produce oil and gas deposits located in the state south of 68
 23 degrees North latitude, other than oil and gas deposits located in a lease or
 24 property in the state that includes land north of 68 degrees North latitude, and
 25 excluding lease expenditures that are deductible under (B) or (C) of this
 26 paragraph [(2) OR (3) OF THIS SUBSECTION] or would be deductible
 27 under (B) or (C) of this paragraph [(2) OR (3) OF THIS SUBSECTION] if
 28 not prohibited by (b) of this section, as adjusted under AS 43.55.170; a
 29 separate annual production tax value shall be calculated for

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

1 (ii) [(B)] oil produced from each lease or property
2 outside the Cook Inlet sedimentary basin, no part of which is north of
3 68 degrees North latitude, other than leases or properties subject to (C)
4 of this paragraph;

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

7 (A) from leases or properties in the state that include land
8 north of 68 degrees North latitude is the gross value at the point of
9 production of that oil, less 1/12 the producer's lease expenditures under
10 AS 43.55.165 for the calendar year incurred to explore for, develop, or
11 produce oil and gas deposits located in the state north of 68 degrees North
12 latitude or located in leases or properties in the state that include land
13 north of 68 degrees North latitude, as adjusted under AS 43.55.170;

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

28 (C) from leases or properties subject to AS 43.55.011(p) is
29 the gross value at the point of production of that oil, less 1/12 the
30 producer's lease expenditures under AS 43.55.165 for the calendar year
31 incurred to explore for, develop, or produce oil and gas deposits located in

1 leases or properties subject to AS 43.55.011(p) or, before January 1, 2027,
 2 located in leases or properties in the state outside the Cook Inlet
 3 sedimentary basin, no part of which is north of 68 degrees North latitude
 4 from which commercial production has not begun, as adjusted under
 5 AS 43.55.170;

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

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

20 (ii) oil produced from each lease or property outside
 21 the Cook Inlet sedimentary basin, no part of which is north of 68
 22 degrees North latitude, other than leases or properties subject to
 23 (C) of this paragraph [(3) OF THIS SUBSECTION].

24 * **Sec. 26.** AS 43.55.165(a), as amended by sec. 29, ch. 4, 4SSLA 2016, is amended to read:

25 (a) For purposes of this chapter, a producer's lease expenditures for a calendar
 26 year are

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

28 (A) incurred by the producer during the calendar year after
 29 March 31, 2006, to explore for, develop, or produce oil or gas deposits located
 30 within the producer's leases or properties in the state or, in the case of land in
 31 which the producer does not own an operating right, operating interest, or

1 working interest, to explore for oil or gas deposits within other land in the
2 state; and

3 (B) allowed by the department by regulation, based on the
4 department's determination that the costs satisfy the following three
5 requirements:

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

8 (ii) the costs must be ordinary and necessary costs of
9 exploring for, developing, or producing, as applicable, oil or gas
10 deposits; and

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

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

16 **(3) lease expenditures incurred in a previous year, subject to (m)**
17 **and (n) of this section, that**

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

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

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

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

26 * **Sec. 27.** AS 43.55.165 is amended by adding new subsections to read:

27 (m) Beginning January 1 of the eighth calendar year after a lease expenditure
28 is carried forward under (a)(3) of this section, the lease expenditure shall decrease in
29 value each year by one-tenth of the amount carried forward in the first calendar year.
30 A lease expenditure carried forward under this section may not decrease in value for a
31 partial calendar year.

1 (n) A lease expenditure carried forward under (a)(3) of this section may not
 2 reduce a taxpayer's gross value at the point of production by an amount that exceeds
 3 the gross value at the point of production of the oil and gas produced from the lease or
 4 property where the lease expenditure was incurred during the calendar year the lease
 5 expenditure is applied.

6 * **Sec. 28.** AS 43.98.050 is amended to read:

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

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

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

13 (3) identify factors that affect investment in oil and gas exploration,
 14 development, and production in the state, including tax structure, rates, and credits;
 15 royalty requirements; infrastructure; workforce availability; and regulatory
 16 requirements;

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

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

24 (6) make written findings and recommendations to the Alaska State
 25 Legislature before

26 (A) January 31, 2015, or as soon thereafter as practicable,
 27 regarding

28 (i) changes to the state's regulatory environment and
 29 permitting structure that would be conducive to encouraging increased
 30 investment while protecting the interests of the people of the state and
 31 the environment;

1 (ii) the status of the oil and gas industry labor pool in
 2 the state and the effectiveness of workforce development efforts by the
 3 state;

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

6 (iv) the competitiveness of the state's fiscal oil and gas
 7 tax regime when compared to other regions of the world;

8 (B) January 15, 2017, regarding

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

11 (ii) a tax structure that takes into account the unique
 12 economic circumstances for each oil and gas producing area south of
 13 68 degrees North latitude;

14 (iii) a reduction in the gross value at the point of
 15 production for oil and gas produced south of 68 degrees North latitude
 16 that is similar to the reduction in gross value at the point of production
 17 in AS 43.55.160(f) and **former AS 43.55.160(g)** [(g)];

18 (iv) other incentives for oil and gas production south of
 19 68 degrees North latitude;

20 (C) January 31, 2021, or as soon thereafter as practicable,
 21 regarding

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

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

28 (iii) a review of the current effectiveness and future
 29 value of any provisions of the state's oil and gas tax laws that are
 30 expiring in the next five years.

31 * **Sec. 29.** AS 43.55.024(j), 43.55.029, and 43.55.160(g) are repealed.

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

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

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

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

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

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

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

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

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

25 (c) The working group consists of

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

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

31 (d) The co-chairs of the working group may form an advisory group to the working

1 group, composed of members who are not legislators and who have expertise and skills to
 2 assist in the review and development of a new plan for the tax structure and rates on oil and
 3 gas produced south of 68 degrees North latitude. The members of an advisory group may
 4 include commissioners or employees of state departments, members of the oil and gas
 5 industry or trade associations, and economists.

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

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

10 **APPLICABILITY.** (a) The additional limitations on the use of tax credits in
 11 AS 43.55.011(q), added by sec. 8 of this Act, AS 43.55.023(c), as amended by sec. 16 of this
 12 Act, AS 43.55.024(i), as amended by sec. 17 of this Act, and AS 43.55.025(i), as amended by
 13 sec. 18 of this Act, apply to credits applied to reduce a tax liability for a tax year starting on or
 14 after the effective date of secs. 8 and 16 - 18 of this Act.

15 (b) AS 43.55.023(b), as amended by sec. 15 of this Act, applies to lease expenditures
 16 incurred on or after the effective date of sec. 15 of this Act.

17 (c) The repeal of AS 43.55.029 by sec. 29 of this Act applies to a credit applied for on
 18 or after the effective date of sec. 29 of this Act.

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

21 **TRANSITION: CARRIED-FORWARD LEASE EXPENDITURES.**
 22 AS 43.55.165(a)(3), (m), and (n), added by secs. 26 and 27 of this Act, apply to a lease
 23 expenditure incurred on or after the effective date of secs. 26 and 27 of this Act.

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

26 **TRANSITION: ASSIGNMENT OF TAX CREDIT CERTIFICATES.**
 27 Notwithstanding the repeal of AS 43.55.029 by sec. 29 of this Act, the Department of
 28 Revenue may continue to apply and enforce AS 43.55.029 as that section read the day before
 29 the effective date of sec. 29 of this Act for a credit applied for before the effective date of sec.
 30 29 of this Act.

31 * **Sec. 34.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 TRANSITION: PAYMENT OF TAX; FILING. (a) Notwithstanding the amendments
3 to AS 43.55.020 by secs. 10 - 14 of this Act,

4 (1) a person subject to tax under AS 43.55 that is required to make one or
5 more installment payments of estimated tax or other payments of tax under AS 43.55.020 for
6 production before the effective date of secs. 10 - 14 of this Act shall pay the tax under
7 AS 43.55.020, as that section read on the day before the effective date of secs. 10 - 14 of this
8 Act;

9 (2) an unpaid amount of an installment payment required under AS 43.55.020
10 for production before the effective date of secs. 10 - 14 of this Act that is not paid when due
11 bears interest under AS 43.55.020, as that section read on the day before the effective date of
12 secs. 10 - 14 of this Act;

13 (3) an overpayment of an installment payment required under AS 43.55.020
14 for production before the effective date of secs. 10 - 14 of this Act bears interest under
15 AS 43.55.020, as that section read on the day before the effective date of secs. 10 - 14 of this
16 Act.

17 (b) The Department of Revenue may continue to apply and enforce AS 43.55.020, as
18 that section read on the day before the effective date of secs. 10 - 14 of this Act, for a tax or
19 installment payment for production before the effective date of secs. 10 - 14 of this Act.

20 * **Sec. 35.** The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 TRANSITION: GROSS VALUE REDUCTION. Notwithstanding the repeal of
23 AS 43.55.160(g) by sec. 29 of this Act and the amendments to AS 43.55.020(a), 43.55.023(b),
24 43.55.024(i), and 43.55.160(a) and (h) by secs. 10, 15, 17, 22, and 25 of this Act, a taxpayer
25 who produces oil or gas before January 1, 2018, that qualifies for a reduction in gross value
26 under AS 43.55.160(g), as that subsection read on the day before the effective date of sec. 29
27 of this Act, may reduce the gross value at the point of production of and may qualify for a
28 credit under AS 43.55.024(i) for that oil or gas, in accordance with AS 43.55.160(g) and
29 43.55.024(i), as those subsections read on the day before the effective date of sec. 29 of this
30 Act.

31 * **Sec. 36.** The uncodified law of the State of Alaska is amended by adding a new section to

1 read:

2 TRANSITION: RETROACTIVITY OF REGULATIONS. Notwithstanding any
3 contrary provision of AS 44.62.240, if the Department of Revenue expressly designates in a
4 regulation that the regulation applies retroactively, a regulation adopted by the Department of
5 Revenue to implement, interpret, make specific, or otherwise carry out this Act may apply
6 retroactively to the effective date of the law implemented by the regulation.

7 * **Sec. 37.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 RETROACTIVITY. Section 3 of this Act is retroactive to January 1, 2017.

10 * **Sec. 38.** Sections 3, 30, 36, and 37 of this Act take effect immediately under
11 AS 01.10.070(c).

12 * **Sec. 39.** Section 26 of this Act takes effect on the effective date of sec. 29, ch. 4, 4SSLA
13 2016.

14 * **Sec. 40.** Except as provided in secs. 38 and 39 of this Act, this Act takes effect January 1,
15 2018.