

**ALASKA STATE LEGISLATURE
CONFERENCE COMMITTEE ON HB 111**

July 15, 2017
9:22 p.m.

MEMBERS PRESENT

Representative Geran Tarr, Chair
Representative Andy Josephson
Representative David Talerico

Senator Cathy Giessel, Chair
Senator Bert Stedman
Senator Donald Olson

MEMBERS ABSENT

All members present

OTHER MEMBERS PRESENT

Representative Gabrielle LeDoux
Representative Matt Claman
Representative Paul Seaton
Representative Neal Foster
Representative Dan Ortiz
Representative Dean Westlake
Representative Lora Reinbold
Representative Jennifer Johnston
Representative Dan Saddler

Senator Dennis Egan
Senator Berta Gardner
Senator Gary Stevens
Senator David Wilson
Senator Anna MacKinnon
Senator Peter Micciche

COMMITTEE CALENDAR

HOUSE BILL NO. 111

"An Act relating to the oil and gas production tax, tax payments, and credits; relating to interest applicable to delinquent oil and gas production tax; and providing for an effective date.

- MOVED CCS HB 111 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 111

SHORT TITLE: OIL & GAS PRODUCTION TAX; PAYMENTS; CREDITS

SPONSOR(s): RESOURCES

02/08/17	(H)	READ THE FIRST TIME - REFERRALS
02/08/17	(H)	RES, FIN
02/08/17	(H)	TALERICO OBJECTED TO INTRODUCTION
02/08/17	(H)	INTRODUCTION RULED IN ORDER
02/08/17	(H)	SUSTAINED RULING OF CHAIR Y23 N15 E2
02/08/17	(H)	RES AT 1:00 PM BARNES 124
02/08/17	(H)	Heard & Held
02/08/17	(H)	MINUTE(RES)
02/13/17	(H)	RES AT 1:00 PM BARNES 124
02/13/17	(H)	Heard & Held
02/13/17	(H)	MINUTE(RES)
02/17/17	(H)	RES AT 1:00 PM BARNES 124
02/17/17	(H)	Heard & Held
02/17/17	(H)	MINUTE(RES)
02/20/17	(H)	RES AT 1:00 PM BARNES 124
02/20/17	(H)	Heard & Held
02/20/17	(H)	MINUTE(RES)
02/22/17	(H)	RES AT 1:00 PM BARNES 124
02/22/17	(H)	Heard & Held
02/22/17	(H)	MINUTE(RES)
02/22/17	(H)	RES AT 6:30 PM BARNES 124
02/22/17	(H)	Heard & Held
02/22/17	(H)	MINUTE(RES)
02/24/17	(H)	RES AT 1:00 PM BARNES 124
02/24/17	(H)	Heard & Held
02/24/17	(H)	MINUTE(RES)
02/27/17	(H)	RES AT 1:00 PM BARNES 124
02/27/17	(H)	Heard & Held
02/27/17	(H)	MINUTE(RES)
02/27/17	(H)	RES AT 7:00 PM CAPITOL 106
02/27/17	(H)	Heard & Held
02/27/17	(H)	MINUTE(RES)
03/01/17	(H)	RES AT 1:00 PM BARNES 124
03/01/17	(H)	Heard & Held
03/01/17	(H)	MINUTE(RES)
03/01/17	(H)	RES AT 6:00 PM BARNES 124
03/01/17	(H)	Heard & Held
03/01/17	(H)	MINUTE(RES)
03/06/17	(H)	RES AT 1:00 PM BARNES 124
03/06/17	(H)	Scheduled but Not Heard

03/06/17 (H) RES AT 6:30 PM BARNES 124
03/06/17 (H) Heard & Held
03/06/17 (H) MINUTE(RES)
03/08/17 (H) RES AT 1:00 PM BARNES 124
03/08/17 (H) Heard & Held
03/08/17 (H) MINUTE(RES)
03/08/17 (H) RES AT 6:00 PM BARNES 124
03/08/17 (H) Heard & Held
03/08/17 (H) MINUTE(RES)
03/09/17 (H) RES AT 5:00 PM BARNES 124
03/09/17 (H) -- MEETING CANCELED --
03/10/17 (H) RES AT 1:00 PM BARNES 124
03/10/17 (H) Heard & Held
03/10/17 (H) MINUTE(RES)
03/11/17 (H) RES AT 12:00 AM BARNES 124
03/11/17 (H) -- MEETING CANCELED --
03/13/17 (H) RES AT 1:00 PM BARNES 124
03/13/17 (H) <Bill Held Over from 3/11/17>
03/14/17 (H) RES AT 3:00 PM BARNES 124
03/14/17 (H) -- Continued from 3/13/17 Meeting at
1:00 PM --
03/15/17 (H) RES RPT CS(RES) NT 4DP 4DNP 1AM
03/15/17 (H) DP: PARISH, DRUMMOND, JOSEPHSON, TARR
03/15/17 (H) DNP: TALERICO, BIRCH, RAUSCHER, JOHNSON
03/15/17 (H) AM: WESTLAKE
03/20/17 (H) FIN AT 1:30 PM HOUSE FINANCE 519
03/20/17 (H) Heard & Held
03/20/17 (H) MINUTE(FIN)
03/21/17 (H) FIN AT 9:00 AM HOUSE FINANCE 519
03/21/17 (H) Heard & Held
03/21/17 (H) MINUTE(FIN)
03/21/17 (H) FIN AT 1:30 PM HOUSE FINANCE 519
03/21/17 (H) Heard & Held
03/21/17 (H) MINUTE(FIN)
03/22/17 (H) FIN AT 9:00 AM HOUSE FINANCE 519
03/22/17 (H) -- Continued from 3/21/17 at 1:30 PM --
03/22/17 (H) FIN AT 1:30 PM HOUSE FINANCE 519
03/22/17 (H) Heard & Held
03/22/17 (H) MINUTE(FIN)
03/23/17 (H) FIN AT 1:30 PM HOUSE FINANCE 519
03/23/17 (H) Heard & Held
03/23/17 (H) MINUTE(FIN)
03/24/17 (H) FIN AT 1:30 PM HOUSE FINANCE 519
03/24/17 (H) Heard & Held
03/24/17 (H) MINUTE(FIN)
03/25/17 (H) FIN AT 10:00 AM HOUSE FINANCE 519
03/25/17 (H) Heard & Held

03/25/17 (H) MINUTE(FIN)
03/27/17 (H) FIN AT 1:30 PM HOUSE FINANCE 519
03/27/17 (H) Heard & Held
03/27/17 (H) MINUTE(FIN)
04/07/17 (H) FIN AT 1:30 PM HOUSE FINANCE 519
04/07/17 (H) Heard & Held
04/07/17 (H) MINUTE(FIN)
04/08/17 (H) FIN AT 1:00 PM HOUSE FINANCE 519
04/08/17 (H) Moved CSHB 111(FIN) Out of Committee
04/08/17 (H) MINUTE(FIN)
04/09/17 (H) FIN RPT CS(FIN) NT 4DP 4DNP 2NR 1AM
04/09/17 (H) DP: GARA, GUTTENBERG, SEATON, FOSTER
04/09/17 (H) DNP: WILSON, THOMPSON, PRUITT, TILTON
04/09/17 (H) NR: ORTIZ, GRENN
04/09/17 (H) AM: KAWASAKI
04/10/17 (H) MOVED TO BOTTOM OF CALENDAR
04/11/17 (H) TRANSMITTED TO (S)
04/11/17 (H) VERSION: CSHB 111(FIN) (EFD FLD)
04/12/17 (S) READ THE FIRST TIME - REFERRALS
04/12/17 (S) RES, FIN
04/13/17 (S) RES WAIVED PUBLIC HEARING NOTICE, RULE
23
04/13/17 (S) FIN WAIVED PUBLIC HEARING NOTICE, RULE
23
04/14/17 (S) RES AT 3:00 PM BUTROVICH 205
04/14/17 (S) Heard & Held
04/14/17 (S) MINUTE(RES)
04/15/17 (S) RES AT 9:00 AM SENATE FINANCE 532
04/15/17 (S) Heard & Held
04/15/17 (S) MINUTE(RES)
04/15/17 (S) FIN AT 9:01 AM SENATE FINANCE 532
04/15/17 (S) <Pending Referral> Uniform Rule 23
Waived
04/15/17 (S) FIN AT 2:00 PM SENATE FINANCE 532
04/15/17 (S) <Pending Referral> Uniform Rule 23
Waived
04/15/17 (S) RES AT 2:00 PM SENATE FINANCE 532
04/15/17 (S) Heard & Held
04/15/17 (S) MINUTE(RES)
04/17/17 (S) RES AT 1:00 PM BUTROVICH 205
04/17/17 (S) Heard & Held
04/17/17 (S) MINUTE(RES)
04/17/17 (S) RES AT 5:00 PM BUTROVICH 205
04/17/17 (S) Heard & Held
04/17/17 (S) MINUTE(RES)
04/18/17 (S) RES AT 2:00 PM BUTROVICH 205
04/18/17 (S) Heard & Held

04/18/17 (S) MINUTE (RES)
 04/19/17 (S) RES AT 2:00 PM BUTROVICH 205
 04/19/17 (S) Heard & Held
 04/19/17 (S) MINUTE (RES)
 04/20/17 (S) RES AT 2:00 PM BUTROVICH 205
 04/20/17 (S) -- MEETING CANCELED --
 04/21/17 (S) RES AT 2:00 PM BUTROVICH 205
 04/21/17 (S) -- MEETING CANCELED --
 04/24/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
 04/24/17 (S) -- MEETING CANCELED --
 04/24/17 (S) RES AT 2:00 PM BUTROVICH 205
 04/24/17 (S) Moved SCS CSHB 111 (RES) Out of
 Committee
 04/24/17 (S) MINUTE (RES)
 04/25/17 (S) RES RPT SCS 4DP 2NR NEW TITLE
 04/25/17 (S) DP: GIESSEL, COGHILL, VON IMHOF, MEYER
 04/25/17 (S) NR: HUGHES, STEDMAN
 04/25/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
 04/25/17 (S) <Bill Hearing Canceled>
 04/25/17 (S) RES AT 3:30 PM BUTROVICH 205
 04/25/17 (S) -- MEETING CANCELED --
 04/26/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
 04/26/17 (S) Heard & Held
 04/26/17 (S) MINUTE (FIN)
 04/26/17 (S) RES AT 2:00 PM BUTROVICH 205
 04/26/17 (S) -- MEETING CANCELED --
 04/27/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
 04/27/17 (S) Heard & Held
 04/27/17 (S) MINUTE (FIN)
 04/27/17 (S) RES AT 3:30 PM BUTROVICH 205
 04/27/17 (S) -- MEETING CANCELED --
 04/28/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
 04/28/17 (S) Heard & Held
 04/28/17 (S) MINUTE (FIN)
 04/28/17 (S) RES AT 2:00 PM BUTROVICH 205
 04/28/17 (S) -- MEETING CANCELED --
 04/29/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
 04/29/17 (S) Heard & Held
 04/29/17 (S) MINUTE (FIN)
 05/01/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
 05/01/17 (S) -- MEETING CANCELED --
 05/02/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
 05/02/17 (S) -- MEETING CANCELED --
 05/03/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
 05/03/17 (S) -- MEETING CANCELED --
 05/04/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
 05/04/17 (S) Heard & Held

05/04/17 (S) MINUTE(FIN)
 05/05/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
 05/05/17 (S) Heard & Held
 05/05/17 (S) MINUTE(FIN)
 05/06/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
 05/06/17 (S) -- MEETING CANCELED --
 05/09/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
 05/09/17 (S) <Bill Hearing Canceled>
 05/10/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
 05/10/17 (S) <Bill Hearing Canceled>
 05/11/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
 05/11/17 (S) Heard & Held
 05/11/17 (S) MINUTE(FIN)
 05/12/17 (S) FIN RPT SCS 4DP 2NR 1AM NEW TITLE
 05/12/17 (S) DP: MACKINNON, BISHOP, VON IMHOF,
 HUGHES

 05/12/17 (S) NR: HOFFMAN, MICCICHE
 05/12/17 (S) AM: OLSON
 05/12/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
 05/12/17 (S) Moved SCS CSHB 111(FIN) Out of
 Committee

 05/12/17 (S) MINUTE(FIN)
 05/13/17 (S) FIN SCS ADOPTED Y15 N3 E2
 05/13/17 (S) FIN AT 9:00 AM SENATE FINANCE 532
 05/13/17 (S) -- MEETING CANCELED --
 05/15/17 (S) VERSION: SCS CSHB 111(FIN)
 05/18/17 (S) FIRST SPECIAL SESSION BILL
 05/18/17 (H) FIRST SPECIAL SESSION BILL
 05/22/17 (H) CONFERENCE COMMITTEE APPOINTED
 05/22/17 (H) TARR (CHAIR), JOSEPHSON, TALERICO
 06/01/17 (S) CONFERENCE COMMITTEE APPOINTED
 06/01/17 (S) GIESSEL (CHAIR), STEDMAN, OLSON
 06/09/17 (H) HB111 AT 9:00 AM BARNES 124
 06/09/17 (H) Heard & Held
 06/09/17 (H) MINUTE(HB111)
 06/23/17 (S) SECOND SPECIAL SESSION BILL
 06/23/17 (H) SECOND SPECIAL SESSION BILL
 07/12/17 (H) HB111 AT 3:00 PM Anch LIO Conf Rm
 07/12/17 (H) Heard & Held
 07/12/17 (H) MINUTE(HB111)
 07/15/17 (H) HB111 AT 1:00 PM BARNES 124

WITNESS REGISTER

No witnesses to record.

ACTION NARRATIVE

[9:22:45 PM](#)

CHAIR GERAN TARR called the meeting to order at 9:22 p.m. Representatives Tarr, Josephson, and Talerico and Senators Olson, Stedman and Giessel were present at the call to order. Also in attendance were Representatives LeDoux, Claman, Seaton, Foster, Ortiz, Westlake, Reinbold, Johnston, and Saddler and Senators Egan, Gardner, Stevens, Wilson, MacKinnon, and Micciche.

HB 111-OIL & GAS PRODUCTION TAX;PAYMENTS;CREDITS

[9:22:58 PM](#)

CHAIR TARR announced that the only order of business would be HOUSE BILL NO. 111, "An Act relating to the oil and gas production tax, tax payments, and credits; relating to interest applicable to delinquent oil and gas production tax; and providing for an effective date."

[Before the committee were the CSHB 111(FIN) and SCS CSHB 111(FIN).]

[9:23:00 PM](#)

CHAIR TARR advised that the Alaska House of Representatives and the Senate had approved SCR 202, allowing the committee to take official action on HB 111. She briefly explained the points of agreement and major features of the bill to include as follows: the end of cash credits statewide, effective July 1, 2017; establish a carry forward annual loss program allowing 100 percent of the carry forward lease expenditures to be deducted in the calculation of future production taxes once the property comes into production; ring fencing that ensures carry forward lease expenditures may only be deducted in the calculation of future taxes after the project that incurred those expenses also comes into regular production; a down lift starting after the tenth year a lease expenditure had been carried forward on a non-producing property, or seventh year for a property in production, will be reduced in value by 10 percent based on the value of the preceding year; establish a working group to address oil and gas tax issues with new consultants; allow application of unpaid credits toward corporate income taxes and production tax audits with certain limitations, such as the CVR language; interest rates at 5.25 percent above the federal reserve rate; and technical amendments, suggested by the

Department of Revenue, related to retroactive regulation making to accommodate the July 1, 2017 effective date for the end of the cash credits, as well as the CVR language to clarify limitations.

[9:25:08 PM](#)

CHAIR TARR explained that the proposed conference committee bill makes changes to the versions passed in the House of Representatives and the Senate and therefore requires limited powers of free conference, detailed in a memorandum the committee will sign. She explained that Sec. 38 is entirely new and provides transition language to allow for the retroactive regulation making to accommodate the July 1, 2017 effective date for the elimination of cash credits and therefore requires free conference powers. Chair Tarr entertained a motion to request the necessary limited and free conference powers.

[9:25:40 PM](#)

CHAIR GIESSEL made a motion that the committee pass limited powers of free conference for HB 111, and that Uniform Rules 42(a) and 42(b) be suspended relating to tax credits eligible for purchase by the state during calendar year 2017. There being no objection, the motion passed.

[9:26:19 PM](#)

The committee took an at-ease from 9:26 p.m. to 9:28 p.m.

[9:28:01 PM](#)

CHAIR GIESSEL made a motion that pursuant to receiving the powers and suspension of the Uniform Rules as requested, the Conference Committee on HB 111 recommends that the House of Representatives and the Senate adopt CCSHB 111, Version 30-LS0450\OO, Shutts/Nauman, 7/15/17, and its forthcoming fiscal notes, with individual recommendations.

CHAIR TARR advised that the motion before the committee is to send the report to its respective bodies recommending the approval of Conference CSHB 111, Version 30-LS0450\OO.

[9:29:10 PM](#)

A roll call vote was taken. Representatives Tarr, Josephson, and Talerico and Senators Giessel, Stedman, and Olson voted in

favor of passing Conference CSHB 111, Version 30-LS0450\00, with its forthcoming fiscal notes, to the committee's respective bodies. There being no objection, Conference CSHB 111 passed out of the Conference Committee on CCS HB 111.

[9:30:02 PM](#)

ADJOURNMENT

There being no further business before the committee, the Conference Committee on HB 111 meeting was adjourned at 9:30 p.m.