

Original sponsor: Finance Committee

1 IN THE HOUSE BY THE RESOURCES COMMITTEE
2 CS FOR HOUSE BILL NO. 118 (Resources)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act relating to the oil and gas properties pro-
7 duction tax; and providing for an effective date."

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

9 * Section 1. AS 43.55.013(b) is repealed and reenacted to read:

10 (b) The economic limit factor for oil production of a lease or
11 property shall be computed according to the following formula:

12 $(1 - [PEL/TP]) \exp ([150,000/(TP/Days)] \exp [(460 \times WD)/PEL])$

13 where: PEL = the monthly production rate at the economic limit;

14 TP = the total production during the month for which the
15 tax is to be paid;

16 WD = the total number of well days in the month for which
17 the tax is to be paid;

18 Days = the number of days in the month for which the tax is
19 to be paid; and

20 exp = exponent.

21 * Sec. 2. AS 43.55.013(d) is repealed and reenacted to read:

22 (d) The monthly production rate at the economic limit for a
23 lease or property is 300 barrels times the number of well days for the
24 lease or property during the month for which the tax is to be paid.

25 * Sec. 3. AS 43.55.013(e) and 43.55.013(f) are repealed.

26 * Sec. 4. RETROACTIVE APPLICATION. This Act is retroactive to
27 January 1, 1989, and applies to oil produced after December 31, 1988.

28 * Sec. 5. ALTERNATIVE RETROACTIVE APPLICATION DATES. (a) If a court
29 makes a final determination that retroactive application under sec. 4 of

1 this Act is invalid, this Act is retroactive to the first day of the month
2 in which it takes effect, and applies to oil produced on or after that day.

3 (b) If a court makes a final determination that retroactive applica-
4 tion under (a) of this section is invalid, this Act applies to oil produced
5 on or after the effective date of this Act.

6 * Sec. 6. PAYMENT OF TAX DUE. The oil production tax payable as a
7 result of the retroactive application of this Act is due on the 20th day of
8 the calendar month following the effective date of this Act. If the tax
9 due and payable is not paid by the date specified in this section, the tax
10 becomes delinquent and subject to payment of interest and the provisions of
11 AS 43.10 relating to enforcement and collection of delinquent taxes.

12 * Sec. 7. OVERPAYMENT OF TAX UNDER REVISED FORMULA. The tax liability
13 of a party that is reduced by the retroactive application of this Act shall
14 be credited against the taxpayer's future tax liability. The provisions of
15 AS 43.05.280(a) and 43.05.280(b)(1) do not apply to, and interest is not
16 allowed on, the overpayment.

17 * Sec. 8. This Act takes effect immediately under AS 01.10.070(c).